

Date	October 22, 2014	Court	Intellectual Property High Court, Fourth Division
Case number	2013 (Ne) 10089		
<p>– A case in which the appellees alleged that the appellant company's act, i.e., upon request of a customer, creating an electronic file by scanning a book without authorization of the copyright holder of the book and delivering the electronic file to the customer, is likely to infringe the appellees' copyrights (rights of reproduction), and sought an injunction and damages; the court found that the actor that conducts the act of reproduction in question is the appellant company and determined that the restriction to the right of reproduction by reason of reproduction for private use (Article 30, paragraph (1) of the Copyright Act) is not applicable in this case.</p>			

References: Article 21 and Article 30, paragraph (1) of the Copyright Act

#### Summary of the Judgment

The appellees are novelists, cartoonists, or original writers of cartoons. The appellant company engages in the service in which, upon request from a customer for creation of an electronic file of a book, the appellant company converts the book into an electronic file by using a scanner, and delivers the electronic file to the customer, without authorization of the copyright holders (the "Service"). The appellees allege that such act of the appellant company infringes the appellees' copyrights (rights of reproduction), and based on this allegation, the appellees sought an injunction to prohibit the appellant company from electronically reproducing any books containing the appellees' works upon request of a third party, and also claimed damages against the appellants.

The court of prior instance found that the appellant company's act is likely to infringe the appellees' copyrights and that its defense of reproduction for private use (Article 30, paragraph (1) of the Copyright Act) is groundless, and in conclusion, the court partially upheld the appellees' claims.

In this judgment, the court dismissed the appellants' appeal, holding as follows.

(1) The actor that conducts an act of reproduction can be interpreted to be a person who carries out an act of reproduction with the intention of reproduction. The appellant company decides the content of the Service at its own discretion, prepares the equipment, etc., invites customers by placing advertisement, carries out reproduction under its management and control, and gains compensation from customers. Thus, the appellant company is a party to an agreement with each customer on an equal footing, and conducts an act of reproduction in the course of providing the Service as an independent for-profit business entity. Therefore, the appellant company can be

Judgment rendered on October 22, 2014, the original received on the same date, court clerk

2013 (Ne) 10089 Appeal Case of Seeking Injunction against Copyright Infringement, etc.

(Court of prior instance: Tokyo District Court 2012 (Wa) 33525)

Date of conclusion of oral argument: September 17, 2014

#### Judgment

Parties concerned: As indicated in the attached List of the Parties

#### Main text

1. All of the appeals shall be dismissed.
2. The appeal costs shall be borne by the appellants.

#### Facts and reasons

##### No. 1 Objects of the appeal

1. The judgment in prior instance with respect to the part for which the appellants lost the case shall be revoked.
2. All of the claims of the appellees shall be dismissed.

##### No. 2 Outline of the case

The appellant, Yugen Kaisha Doraibareji Japan, shall be hereinafter referred to as "Appellant Doraibareji," while the appellant X as "Appellant X," and both "Appellant Doraibareji" and "Appellant X" collectively as the "appellants."

1. In this case, the appellees, consisting of novelists, cartoonists, and original writers of cartoons, alleged as follows: upon request from a customer for production of an electronic file of a book, Appellant Doraibareji converts the book into an electronic file by using a scanner (such act of converting a paper-based book into an electronic file is hereinafter referred to as "scan" or "scanning" in some cases), and delivers the electronic file to the customer (any customer who requests such service is hereinafter referred to as "user" in some cases); books for which the appellants have received scanning orders from customers are highly likely to have contained many of the works specified in 1 to 7 of the Work List attached to the judgment in prior instance, for which the appellees own copyrights (hereinafter collectively referred to as the "plaintiffs' works"); books for which the appellants may receive scanning orders from now on are highly likely to contain the plaintiffs' works; accordingly, there is a risk that appellee's copyrights (the rights of reproduction) would be infringed. Based on these allegations, the appellees [i] sought an injunction against Appellant Doraibareji under Article 112, paragraph (1) of the Copyright Act in order to prohibit Appellant Doraibareji from electronically reproducing any books containing plaintiffs' works upon request of a third

party and [ii] demanded that the appellants shall make a joint payment to the appellees as damages for the appellants' act of tort, more specifically, a payment of 210,000 yen per appellee as attorneys' fee (as an attendant claim, payment of delay damages accrued thereon at a rate of 5% per annum as specified in the Civil Code from the date following the date of the service of a statement of claim [December 2, 2012 in the case of Appellant Doraibareji and December 7, 2012 in the case of Appellant X] until the date of full payment).

In the judgment in prior instance, the court found that Appellant Doraibareji's act could constitute infringement of the appellees' copyrights and that the defense of reproduction for private use specified in Article 30, paragraph (1) of the Copyright Act is groundless and concluded that there are no reasons to deny the necessity for an injunction against the appellants, and thereby accepted the appellees' claim for an injunction against Appellant Doraibareji under Article 112, paragraph (1) of the Copyright Act and accepted the appellees' claim for payment of damages from the appellants to the extent that the appellants shall make a joint payment of 100,000 yen per appellee as damages for the appellants' act of tort. Dissatisfied with this judgment, the appellants filed this appeal.

2. Facts on which the decision is premised (the parties agree on the parts other than the parts for which evidence is cited)

(1) Appellees

The appellees consist of novelists, cartoonists, and original writers of cartoons (the entire import of the oral argument).

(2) Appellants

The appellants are Tokurei Yugen Kaisha (special limited liability company), which offers the service of scanning various types of books including novels, essays, and cartoons and converts them into electronic files in the course of trade upon request from a third party (the "Service").

Appellant X is a director of Appellant Doraibareji.

(3) Copyrights of the appellees

The work specified in 1 of the Work List attached to the judgment in prior instance was created by Appellee Y1, the work specified in 2 of said Work List was created by Appellee Y2, the work specified in 3 of said Work List was created by Appellee Y3, the work specified in 4 of said Work List was created by Appellee Y4, the work specified in 5 of said Work List was created by Appellee Y5, the work specified in 6 of said Work List was created by Appellee Y6, and the work specified in 7 of said Work List was created by Appellee Y7. Appellees 1 to 7 own copyrights for the aforementioned works

respectively (the entire import of the oral argument).

## 2. Issues

(1) Acceptability of the claim for an injunction under Article 112, paragraph (1) of the Copyright Act (Issue 1)

A. Occurrence of an act of reproduction by Appellant Doraibareji (Issue 1-1)

B. Applicability of Article 30, paragraph (1) of the Copyright Act (Issue 1-2)

C. Necessity for an injunction (Issue 1-3)

(2) Acceptability of the claim for payment of damages for an act of tort and the amount of damage (Issue 2)

(omitted)

## No. 3 Court decision

1. In addition to the presumed facts mentioned in No. 2, 2 above, the following facts can be found according to the evidence (presented below) and the entire import of the oral argument.

(1) Outline of the business of Appellant Doraibareji

Appellant Doraibareji provides the Service under the service name "スキャポン" (Skyapon).

The outline of the Service provided by Appellant Doraibareji is as follows.

A. Users are required to register for free membership on a website and then log into the members page to request the Service.

B. The maximum size of a book that can be covered by the Service is A4 (excluding certain types of books such as magazines that could generate static electricity and cause trouble to the process of scanning, as well as books whose pages are extremely thin such as dictionaries and telephone directories).

C. The service fee is 200 yen per book for "scanning," or 380 yen per book for "rapid scanning," which promises the delivery of an electronic file within 7 to 10 days after the arrival of the book (this service includes book cover scanning and OCR processing) (for any book that has more than 350 pages, an additional fee equivalent to the fee for a single book will be charged for every extra 200 pages). Appellant Doraibareji offers a service called "Tsūhan chokusoubin" (online shopping direct shipping service) and also offers fee-based optional services such as book cover scanning.

D. Users usually send books to the designated address, but can choose to directly send books from online bookstores such as Amazon.

E. Appellant Doraibareji cuts a book and scans the pages so that the book can be

electronically reproduced in the form of an electronic file. The format of the electronic file is PDF (it can be converted into JPEG by users).

This scanning process is carried out by using a system consisting of a scanner connected to a computer installed in the office of Appellant Doraibareji. Appellant Doraibareji cuts a book using an electric cutter, scans the book, and records the scanned content in the form of a PDF file. The PDF file stored in the computer is converted into a JPEG file for a correction process. The aforementioned system carries out Hough Transformation processing (detection of stripe noise due to paper powder) and calculation of vertical and horizontal lengths (detection of any page that is different from other pages in terms of a vertical or horizontal length). After the completion of the checking for defective data by use of the aforementioned system, the inspection system will present a list of files that are ready for visual inspection. Every page of these files in the list is visually inspected for the purpose of detecting folded pages, foreign objects, stripes due to paper powder, tilted page, distortion, and remaining adhesive and also detecting incorrect page sequence, missing pages, overlapping pages, etc. After visual inspection, a correction process is carried out by use of image editing software in order to remove all of the noise generated in the scanning process and reproduce the book as it is. After the correction process, the name of each PDF file is entered.

F. Appellant Doraibareji uploads the completed electronic file to a server. The user accesses the website where the file is available and downloads the file. The user can choose to request the delivery of a DVD containing the electronic file. (Exhibits Ko 12 to 17 and 24; Hei 2, 9, 10, 11-1 to 11-4, 13 and 14)

(2) Response from Appellant Doraibareji to the questions from 122 writers

A. 122 writers including the appellees and seven publishing companies sent a questionnaire dated September 5, 2011 to about 100 scanning companies in order to notify that the aforementioned 122 writers had not licensed them to use their works and ask whether they would scan books containing any works of the aforementioned 122 writers if requested by users. In response, Appellant Doraibareji sent an answer dated September 15, 2011, notifying that Appellant Doraibareji would not scan any of the works of the aforementioned 122 writers, even if requested by users. Subsequently, Appellant Doraibareji posted a list of 120 authors on its webpage titled "Copyrights" and stated that the works of said authors cannot be scanned (Exhibits Ko 18, 21, 23 and 24).

B. The attorney of the appellees, Tetsuo Maeda, requested a research company to research whether Appellant Doraibareji would, if requested by a customer, scan a work of any of the aforementioned authors who has not granted a license to scanning

companies. On July 31, 2012, users requested to do so by the research company placed orders for scanning of comics, namely "Buchou Shima Kousaku" (13 volumes in total) and "Chinmoku no Kantai" (32 volumes in total), which are works of Appellee Y6 and P respectively. On August 14, 2012, Appellant Doraibareji delivered to those users DVDs containing PDF files produced by scanning said works. On September 2, 2012, Appellant Doraibareji returned to them the comics, which had undergone the cutting process (Exhibit Ko 36).

Appellee Y6 and P are included in the list of authors who have not consented to the use of their works in scanning business. Said list is presented on a webpage titled "Copyrights" of Appellant Doraibareji.

C. From October 2011, which is the month following the month in which Appellant Doraibareji sent the aforementioned answer, to the end of January 2013, Appellant Doraibareji scanned a total of 557 books of the plaintiffs' works upon request of users and converted them into electronic files (47 books in October 2011, 28 books in November 2011, 14 books in December 2011, 10 books in January 2012, 6 books in February 2012, 29 books in March 2012, 83 books in April 2012, 65 books in May 2012, 97 books in June 2012, 30 books in July 2012, 45 books in August 2012, 31 books in September 2012, 13 books in October 2012, 33 books in November 2012, 20 books in December 2012, and 6 books in January 2013). Appellant Doraibareji delivered those electronic files to users by uploading the electronic files to a server to make them available for download by users (admitted by the appellants).

Based on the aforementioned facts, the following issues are examined below.

2. Occurrence of an act of reproduction by Appellant Doraibareji (Issue 1-1)

(1) "The author of a work has the exclusive right to reproduce the work" (Article 21 of the Copyright Act). The term "reproduce" means "reproducing a work in a physical form through printing, photography, or replication, or by recording its sound or visuals" (Article 2, paragraph (1), item (xv) of said Act). The actor that conducts an act of reproduction can be interpreted to be a person who carries out an act of reproduction with the intention of reproduction.

As found in 1 (1) above, the Service is provided in the following steps: [i] a user requests Appellant Doraibareji to produce an electronic file of a book, [ii] the user sends the book to Appellant Doraibareji, [iii] Appellant Doraibareji cuts the book to facilitate scanning, [iv] after the cutting process, Appellant Doraibareji scans the book by using the scanner managed by Appellant Doraibareji and produces an electronic file of the book, and [v] the user downloads the electronic file from a website or receives a DVD, etc. containing the electronic file from Appellant Doraibareji. It is obvious that, in the

course of providing the Service, the act specified in [iv] above, i.e., an act of cutting and scanning the book and producing an electronic file of the book, constitutes an act of producing a physical copy of a book, i.e., an act of reproduction of a work. Said act is carried out solely by Appellant Doraibareji, which provides the Service, whereas users are not involved in said act at all.

As an independent company, Appellant Doraibareji developed the Service at its own discretion for the purpose of gaining profits, prepared and secured the equipment and office necessary for scanning and reproduction, and then, in the course of providing the Service, invites a large number of general customers to become users of the Service by advertising the Service through the Internet, cuts the books sent from users under the management and control of Appellant Doraibareji, reproduces the books by scanning them and producing electronic files thereof, inspects the electronic files and delivers them to users, and gains compensation from the users.

Therefore, it can be said that Appellant Doraibareji, which is an equal partner of each user as a party to conclude an agreement, conducts an act of reproduction in the course of providing the Service. It is reasonable to consider that Appellant Doraibareji is the actor committing an act of reproduction in the course of providing the Service because Appellant Doraibareji carries out an act of reproduction in the course of providing the Service as an independent company for the purpose of gaining profits.

(2) The appellants pointed out that "reproduction" means an act of producing physical copies containing the same information as the one contained in the original or a copy thereof and, at the same time, increasing the number of copies as a result of the act of reproduction. The appellants alleged that, in the course of providing the Service, the number of copies does not increase because Appellant Doraibareji cuts a book, which is a copy of the original, and scans the information contained therein and converts it into electronic data, and basically disposes of the book after the cutting process and that, since an act of "reproduction" has not been conducted, no copyright (reproduction right) has been infringed.

However, as mentioned in (1) above, "reproduction" means "reproducing a work in a physical form through printing, photography, or replication, or by recording its sound or visuals" (Article 2, paragraph (1), item (xv) of said Act). In the course of providing the Service, Appellant Doraibareji scans a book and produces an electronic file. It is obvious that a work, i.e. a book, is reproduced in a physical form and therefore that an act of reproduction is committed. The determination of "reproduction" should be made regardless of how many works or copies are produced as a result of reproduction in a physical form.

Therefore, the aforementioned allegation of the appellants is unacceptable.

(3) The appellants alleged that, in the course of providing the Service, since it is impossible to make electronic files of books unless owners of the "specified" books (those who have the right to dispose of the books) acquire and send them to the appellants, the users' act of acquiring and sending the "specified" books is "prerequisite" or even "indispensable" for production of electronic files of the books. Appellant Doraibareji further alleged that users can produce electronic files of books even without using the Service and Appellant Doraibareji does not enable users to carry out an act of reproduction that is impossible for the users to conduct by themselves nor produce electronic files of books that had not been acquired or cannot be acquired by users and therefore that the act of Appellant Doraibareji cannot be considered to be "essential" for reproduction of the books, and that Appellant Doraibareji is not the actor that conducts an act of reproduction.

However, as mentioned in (1) above, as an independent company, Appellant Doraibareji developed the Service, secured and prepared the equipment and office necessary for scanning and reproduction, and then, in the course of providing the Service, invites a large number of general customers to become users of the Service by advertising the Service through the Internet, cuts the books sent from users under the management and control of Appellant Doraibareji, reproduces the books by scanning them and producing electronic files thereof, inspects the electronic files and delivers them to users, and thereby gains compensation from the users. Therefore, even if users acquire books for the purpose of reproduction and send them to Appellant Doraibareji and request production of electronic files thereof, this does not deny the fact that Appellant Doraibareji conducts an act of reproduction with the intention of reproduction as an independent company. It is true that, if users do not acquire and send books to Appellant Doraibareji, Appellant Doraibareji would not produce electronic files thereof. However, the act of acquiring and sending books itself does not constitute an act of "reproduction." An act of reproduction, i.e. production of electronic files of books, is conducted solely under the management and control of Appellant Doraibareji. While Appellant Doraibareji produces electronic files of books upon request of users, users should be considered to be merely using the Service specified in 1 (1) above, which is provided by Appellant Doraibareji. Under these circumstances, it cannot be said that the production of electronic files of books by Appellant Doraibareji is conducted under the management of users. It is possible for users to scan books and produce electronic files thereof without using the Service. However, this does not deny the fact that Appellant Doraibareji is an actor that conducts an act of reproduction with the intention of



reproduction as an independent company.

(4) The appellants pointed out that, in the case of the Service, a user plans to obtain an electronic file of a book, acquires the book, sends it to Appellant Doraibareji, requests Appellant Doraibareji to make an electronic file of the book, and uses the electronic file, which is a copy of the book, by himself or herself; that the electronic file is made available for download from a website that is accessible only by the relevant user; that Appellant Doraibareji disposes of the book from which an electronic file was produced and has established a system of adding personal information (the address, name, order number, etc. of the user) to the electronic file so that any user who has distributed or reused the data would be easily held liable; that each user can be considered to be liable for production of an electronic file of a book because he or she is involved in the entire process of planning production of an electronic file, acquiring and shipping a book, and using the electronic file of the book; and that the production of an electronic file of a book is not conducted in a manner that is impossible for the user to carry out by himself or herself. The appellants alleged that, in the case of the Service, the acquisition and shipment of a book has an important meaning and that, since an electronic file of a book is produced under the "management" of a user, it can be said that the actor of scanning is the user and that Appellant Doraibareji is merely the user's "assistant" or "right hand," and therefore that it cannot be said that Appellant Doraibareji is an actor of the act of reproduction.

In general, if a person who is not a direct actor of a certain act is considered to have managed or controlled the act of the direct actor to such an extent that said person can be considered to have used said direct actor as his or her right hand, said person, who is not a direct actor of the act, can be legally considered to be an actor of the act in substance and can be held liable for said act.

However, as explained in (1) and (3) above, a user merely requests the Service in accordance with the procedure established by Appellant Doraibareji, acquires and sends a book, and places an order for production of an electronic file of the book. Appellant Doraibareji accepts the aforementioned order as a company and conducts an act of reproduction such as scanning. In this way, the user is not involved in the process of reproduction such as scanning conducted by Appellant Doraibareji.

Therefore, it is clear that a user does not manage or control Appellant Doraibareji's act of reproduction to such an extent that the user can be considered to have Appellant Doraibareji produce an electronic file of a book by using Appellant Doraibareji as the user's right hand. Therefore, it cannot be said that Appellant Doraibareji is the user's "assistant" or "right hand."

Thus, the aforementioned allegation of the appellants is unacceptable.

(5) A. The appellants alleged the actor of reproduction is not Appellant Doraibareji, but users, in consideration of various factors such as the subject matter and method of reproduction, the manner and degree of the appellants' involvement in the use of the copies, the actual business practices adopted by the Service, and social changes that resulted in the expansion of the scope of private use as well as the following factors: [i] In order to determine who is the actor of an act of reproduction, the most important factor is who decides what should be copied. In the case of the Service, it is a user that freely chooses a "specific" book to make an electronic file through an act of reproduction and requests and orders production of such an electronic file to Appellant Doraibareji, ships the book to Appellant Doraibareji, and uses the electronic file, which is a copy of the book. Unless a user chooses, purchases, and ships a book for production of an electronic file and requests and orders production of an electronic file, Appellant Doraibareji would be unable to scan the book and produce an electronic file thereof. Appellant Doraibareji is not involved in the aforementioned act and process carried out by the user. [ii] In general, if a publishing company brings in a manuscript to a printing company and requests printing of a book without the consent of the author, the act of printing would constitute an act of reproduction. The role of the publishing company is so important that the publishing company could be considered to be the actor of reproduction under the Copyright Act. If the Service is examined from this perspective, a user can be considered to be the actor of reproduction in view of the fact that a user plans to produce an electronic file of a book and purchases the book, provides (ships) the book, and requests production of an electronic file of the book to Appellant Doraibareji, [iii] The objective of Article 30, paragraph (1) of the Copyright Act, which permits reproduction of a work for private use, is to ensure the freedom of private use based on the understanding that reproduction for private use is extremely limited and small in scale and that the influence on the right holders would be insignificant. In the case of the Service, since the number of copies stays the same, the scale of reproduction can be considered to be extremely limited and small in scale. The appellants' act of producing an electronic file of a book would have very little influence on the right holders including the appellees. In view of the fact that a user, i.e. a private person, uses the Service only for the purpose of private use, the Service satisfies the objective of said provision concerning reproduction for private use and therefore does not violate the objective.

B. However, as explained in (1) and (3) above, the fact that Appellant Doraibareji is the actor of reproduction, who engages in the act of reproduction with the intention of

reproduction as an independent company would not be affected by the fact that a user purchases a "specific" book out of an unlimited number of books at his or her own free will or chooses a "specific" book out of the book for which the user has already paid compensation with the hope of making an electronic file of the book, requests and orders production of an electronic file to Appellant Doraibareji, ships the book to Appellant Doraibareji, and uses the electronic file, which is a copy of the book. Despite the facts that Appellant Doraibareji would not scan the book and produce an electronic file thereof unless the user chooses, purchases, and ships the book for production of an electronic file and requests and orders production of an electronic file and that, since production of an electronic file of the book is a simple and mechanical task, any private person could easily procure by use of a widely available scanning device, this does not deny the fact that Appellant Doraibareji is an actor that conducts an act of reproduction with the intention of reproduction as an independent company.

C. While the appellants presented an example case where a publishing company brings in a manuscript to a printing company without the consent of the author, this example does not apply to the Service. In the case of the Service, in most cases, Appellant Doraibareji could easily understand whether the production of an electronic file of a book constitutes infringement of the author's right of reproduction. Under these circumstances, Appellant Doraibareji decided what should be offered in the Service, invites a large number of general customers to become users of the Service by advertising the Service through the Internet, accepts a request from a user for production of an electronic file, and conducts an act of reproduction with the awareness of the title, author, etc. of the book. Therefore, it would be unreasonable to consider the relationship between Appellant Doraibareji and a user as similar to the one between a printing company and a publishing company. Appellant Doraibareji cannot be considered to be the right hand of a user.

D. Regarding the objective of Article 30, paragraph (1) of the Copyright Act, the appellants alleged that the Service satisfies the conditions for reproduction for private use, and does not violate the conditions. However, even if a user of the Service can be considered to have requested reproduction for private use as specified in said provision, it would not provide sufficient grounds to deny the facts that a person other than the user actually conducted an act of reproduction and that said person can be considered to be the actor of reproduction.

Even putting this point aside, it is still obvious that, in the course of providing the Service, Appellant Doraibareji makes a copy of a work, i.e. a book, in a physical form. As mentioned in (2) above, the number of works or copies after reproduction in a

physical form would not affect the determination as to whether "reproduction" occurred or not. Since an electronic file of a book would make it easier to repeatedly transfer the content of the book to a third party, it cannot be concluded as alleged that reproduction that occurs in the Service is extremely limited and small in scale and the influence on right holders would be insignificant.

E. On these grounds, even if various factors are taken into consideration such as the subject matter and method of reproduction, the manner and degree of involvement in the use of the copies, the actual business practices adopted by the Service, and social changes that resulted in the expansion of the scope of private use, the appellants' allegation that Appellant Doraibareji is not the actor of reproduction in the Service is groundless.

### 3. Applicability of Article 30, paragraph (1) of the Copyright Act (Issue 1-2)

(1) Article 30, paragraph (1) of the Copyright Act restricts the exercise of the right of reproduction of the copyright owner of a work against reproduction of the work for private use under the following conditions: [i] "if the reproduction is for personal or family use or for any other use of a similarly limited scope" and [ii] "a user may reproduce a work."

As mentioned in 2 above, since Appellant Doraibareji can be considered to be the actor of reproduction in the course of providing the Service, the issue lies in whether Appellant Doraibareji satisfies the aforementioned conditions. Appellant Doraibareji fails to satisfy the conditions specified in [i] above because Appellant Doraibareji's act of producing copies, i.e. electronic files, for the purpose of delivering and providing them to its customers, i.e. a large number of unspecified users, in order to gain profits, does not fall under the case where "the reproduction is for personal or family use or for any other use of a similarly limited scope." Also, Appellant Doraibareji fails to satisfy the conditions specified in [ii] above because the situation where an electronic file, which is a copy of a book, is produced not for private use by Appellant Doraibareji, which is the actor of reproduction, but for private use by a user.

Therefore, Article 30, paragraph (1) of the Copyright Act is not applicable to Appellant Doraibareji.

(2) The appellants alleged that, if the act of reproduction is carried out by someone who can be considered to be the right hand of a user, said act can be legally interpreted to be an act of reproduction conducted by a "user" as specified in Article 30, paragraph (1) of the Copyright Act and that, as a user, as the actor of reproduction, is considered to have carried out reproduction for private use as specified in the aforementioned provision and is not considered to have committed infringement of the reproduction right, the person

who conducted reproduction as the right arm of the user should not be considered to have infringed the reproduction right either. The appellants also alleged that, even if Appellant Doraibareji is considered to be the actor of reproduction, the user can also be considered to be the actor of reproduction in this case and that, in other words, the act of reproduction can be considered to have been conducted jointly by two actors, i.e. the user and Appellant Doraibareji. The appellants alleged that, since Appellant Doraibareji acted as the right arm of the user in the production of an electronic file of the book, Appellant Doraibareji should be subject to the aforementioned provision.

However, as mentioned in 2 (4) above, in the case of the Service, since Appellant Doraibareji cannot be considered to be a user's "assistant" or "right hand," the aforementioned allegation of the appellants should be considered to be unacceptable due to the nonexistence of the presumed fact.

(3) The appellants pointed out that the objective of Article 30, paragraph (1) of the Copyright Act is to enable a private person to act freely because the scale of reproduction for private use is so small that such reproduction would not have any significant effect on the copyright owner, that the purpose of the Service is to merely produce an electronic file of a book on behalf of the user even though the user can easily and freely make such file by himself or herself in his or her private territory, and that, in light of the fact that a user chooses, purchases, and ships a book and gives specific instructions, etc. with regard to the format of an electronic file, it can be said that the Service merely enables a user to freely carry out what he or she wants to do in his or her private territory. The appellants alleged that, in consideration of the facts that, in the case of the Service, the user legally acquires a book to make an electronic file and pays compensation to the right holder, that, after an electronic file of a book is made, the book will be disposed of and will not be repeatedly used to produce more copies in order to prevent production of a large number of copies, that the Service is not provided to any user who requests production of an electronic file of any work whose author explicitly opposes the conversion of his or her book into an electronic file, and that, since the scale of the Service is extremely small, copyright owners would not suffer any economic disadvantages, said provision is applicable to the production of an electronic file of a book by use of the Service. The appellants also alleged that, even if Appellant Doraibareji cannot be considered to be the right hand of a user, said provision is applicable because an act of reproduction by Appellant Doraibareji can be considered to be an act of reproduction by a "user."

Article 30, paragraph (1) of the Copyright Act was established in consideration of the necessity to guarantee each person's freedom of activities in his or her private

territory and the insignificance of economic damage expected to be caused to copyright owners as a result of the small-scale use of works within a closed private territory. The objective of said provision is to permit only the small-scale reproduction for personal use or in a closed private territory such as a household, to prevent any third party from getting involved in the process of reproduction for private use, and restrict the amount of reproduction for private use. In order to achieve the objective of said provision, the following two conditions are imposed by said provision: [i] the scope of the use of a work should be limited to the case where "the reproduction is for personal or family use or for any other use of a similarly limited scope" (reproduction for private use) and [ii] "a user may reproduce a work." Therefore, the act of reproduction conducted in the course of providing the Service can be considered to be an act that is carried out by a user himself or herself within his or her private territory. Even if a user is allowed to choose a work to make a copy by using the Service, since Appellant Doraibareji, which is the provider of the Service, engages in reproduction of a work, i.e. production of an electronic file of a book, as an independent copying service provider, it has to be said that a third party has been involved in the process of reproduction for private use and that it could increase the amount of reproduction and would therefore go against the objective of said provision established for the purpose of restricting the amount of reproduction for private use, and cause disadvantages to copyright owners in substance. Thus, it should be interpreted that the condition that "a user may reproduce a work" is not satisfied.

Furthermore, all of the allegations made by the appellants concerning the condition that "a user may reproduce a work" are unacceptable because they failed to provide grounds to prove that the objective of said provision is satisfied.

Therefore, the aforementioned allegation of the appellants is unacceptable.

(4) On these grounds, the act of reproduction conducted in the course of providing the Service cannot be considered to be legal under Article 30, paragraph (1) of the Copyright Act.

#### 4. Necessity for an injunction (Issue 1-3)

(1) As mentioned in 1 (1) above, Appellant Doraibareji is engaged in scanning business and, upon request from a user who has been registered as a member, scans a book and produces an electronic file thereof by electronically reproducing the book.

As found in 1 (2) above, Appellant Doraibareji received the Questionnaire from 122 writers including the appellees and seven publishing companies, which asked whether Appellant Doraibareji would, if requested by a user, scan a work of any of said writers, who have not consented to the use of their works in scanning business. Appellant

Doraibareji responded to the Questionnaire by saying that it would not scan, even if requested by a user, any of the works of said writers and posted on its website a list of 120 authors including the appellees as a list of authors whose works cannot be scanned. However, upon request of users, Appellant Doraibareji produced PDF files by scanning works of Appellee Y6 and P, who are included in the list posted on Appellant Doraibareji's website to show whose works cannot be scanned. Appellant Doraibareji delivered DVDs containing said PDF files to those users. From October 2011, i.e. the month following the month in which Appellant Doraibareji responded to the Questionnaire, until January 2013, Appellant Doraibareji scanned a total of 557 books of the plaintiffs' works, produced electronic files thereof, and delivered them to users.

Thus, it should be said that Appellant Doraibareji is likely to continue to infringe the appellees' copyrights by scanning plaintiffs' works and producing electronic files thereof in the course of providing the Service. It is necessary to issue an injunction against Appellant Doraibareji's act of electronically reproducing books containing plaintiffs' works upon request of third parties.

(2) On these grounds, the appellees' claim for an injunction against Appellant Doraibareji under Article 112, paragraph (1) of the Copyright Act is well grounded.

5. Acceptability of the claim for payment of damages for an act of tort and the amount of damage (Issue 2)

(1) If a copyright owner seeks an injunction against an infringer or a possible infringer of the copyright under Article 112, paragraph (1) of the Copyright Act, the copyright owner is liable to allege and prove copyright acquisition and copyright infringement or a risk thereof in each specific case, as in the case of demanding payment of damages for an act of tort on the grounds of copyright infringement. The matters that a copyright owner is required to cover in the aforementioned allegation and proof are almost the same as those covered in the allegation and proof provided by the copyright owner demanding payment of damages for an act of tort (the matters that must be covered by a right holder demanding payment of damages for an act of tort are different in that said right holder is required to allege and prove the incurrance of damage and the amount thereof in addition to the existence of willfulness or negligence). In light of these facts, it can be said that the right to seek an injunction under Article 112, paragraph (1) of the Copyright Act is a type of right that cannot be exercised in judicial proceedings without designating an attorney as an agent.

Therefore, if a copyright owner is forced to file a lawsuit to seek an injunction under Article 112, paragraph (1) of the Copyright Act and designates an attorney as an agent to undergo judicial proceedings, the attorney's costs should be considered to have been

proximately caused by the copyright infringement or the risk thereof as long as said costs should be limited to the reasonable amount calculated in consideration of the level of difficulty of the case and other factors.

(2) If this case is examined from this perspective, as mentioned in 4 (1) above, Appellant Doraibareji notified 122 writers including the appellees to the effect that Appellant Doraibareji would not scan any work of said writers even if requested by users and posted on its website a list of 120 authors including the appellees as a list of authors whose works cannot be scanned. However, upon request of users, Appellant Doraibareji produced PDF files by scanning works of Appellee Y6 and P, who are included in the list posted on Appellant Doraibareji's website to show whose works cannot be scanned. Appellant Doraibareji delivered DVDs containing said PDF files to those users. From October 2011 to January 2013, Appellant Doraibareji scanned a total of 557 books of the plaintiffs' works, produced electronic files thereof, and delivered them to users. Due to this behavior of Appellant Doraibareji, the appellees were forced to file a lawsuit to seek an injunction against the appellants and designate an attorney as an agent to carry out judicial proceedings. On these grounds, Appellant Doraibareji can be at least held liable for negligence.

According to the evidence (Exhibits Ko 3, 12, 21 and 23; Hei 2 and 8), Appellant X is the sole director and representative of the Appellant Doraibareji and has been managing the Service as the service manager. Since Appellant X can be considered to have been aware of the receipt of the Questionnaire, Appellant X as well as Appellant Doraibareji can be considered to be negligent at least. Both Appellant X and Appellant Doraibareji should be jointly held liable for an act of tort.

Therefore, the appellees can be considered to have the right to demand payment of damages for the appellants' act of tort. As mentioned in (1) above, the attorney's fee paid by the appellees to seek an injunction against Appellant Doraibareji can be considered to be the damage proximately caused by the infringement of the appellees' copyrights or a risk thereof. It is reasonable to calculate the attorney's fee paid by the appellees to seek an injunction as 100,000 yen per appellee in consideration of various factors related to this case such as the nature of this case, the progress in judicial proceedings, and the details of the claim for an injunction. The appellants should be jointly held liable for payment of the aforementioned amount of damages.

### (3) Summary

As described above, the appellees' claim against the appellants for payment of damages for the act of tort is well grounded to the extent that the appellees demand joint payment of 100,000 yen per appellee (as an attendant claim, payment of delay damages



accrued thereon at a rate of 5% per annum as specified in the Civil Code from December 2, 2012, the date following the date of the service of a statement of claim, in the case of Appellant Doraibareji and from December 7, 2012, the date following the date of the service of a statement of claim, in the case of Appellant X until the date of full payment).

#### 6. Conclusion

On these grounds, the judgment in prior instance is reasonable. Since all of the appeals made by the appellants are groundless, the judgment shall be rendered in the form of the main text.

Intellectual Property High Court, Fourth Division

Presiding judge: TOMITA Yoshinori

Judge: TANAKA Yoshiki

Judge: MASEKI Sumiko

(Attachment)

List of the Parties

Appellant: Yugen Kaisha Doraibareji Japan

Appellant: X

Appellee: Y1

Appellee: Y2

Appellee: Y3

Appellee: Y4

Appellee: Y5

Appellee: Y6

Appellee: Y7

regarded as the actor that conducts the act of reproduction in the Service.

(2) Since the appellant company engages in the act of reproduction to deliver and provide electronic files made by copying to a large number of unspecified customers for the purpose of gaining profit, it cannot be deemed to meet the condition of reproduction for private use, i.e. "the reproduction is for personal or family use or for any other use of a similarly limited scope." In addition, while the appellant company is the actor that conducts the act of reproduction, it is its customers that use the reproduced electronic files for private purpose, and thus, the appellant company cannot be deemed to meet the condition that "a user reproduces a work." Consequently, Article 30, paragraph (1) of the Copyright Act is not applicable to the appellant company.