This book is dedicated to Jacques Bourgeois our dear friend and widely appreciated colleague, in honour of his 75 years of accumulated wisdom and 'savoir vivre'.
23. Magill revisited

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Jacques Bourgeois, when last I spotted him, arrived at my house beautifully dressed and elegantly accompanied (by two good-looking ladies), with vivacity, polyglot humour and gentle charm. Just a normal encounter with Jacques. In many, many years, I have seen him pressed and stressed and challenged, but never less than courteous, interesting, and well-informed.

To say that I was His Lawyer, once, is a point of pride, and to say that 'We Won' is a point of honour. This affectionate essay will tell the Magill story, warts and all. In the process, I will draw your attention, gentle reader; to the truth that famous cases look easy once they have been decided; and that once a seed has been sown, it can grow into something huge and surprising.

23.1 THE PHENOMENON

Television broadcasters want to attract viewers, which they do by offering good programmes at the right times. Today, public service television competes for attention with video games, social networking sites, personal computers and the many ways of accessing internet content. A satellite dish can offer hundreds of television channels, but last century, in 1985, viewers seated in front of a television screen had only a small selection of channels from which to choose. The BBC weekly magazine, the Radio Times, was the largest-selling publication in the UK and a substantial source of revenue for the BBC. It told viewers about BBC radio and television programmes for the week ahead. It related gossip, hints about the story-line, published interviews with stars, all material likely to attract viewers to BBC programmes, which were competing with those of ITV and RTE, the BBC's then rivals in the United Kingdom and Ireland.

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The BBC published details of every BBC programme scheduled for the next week, drawn up in 'listings'. The listings were sent every week to all magazines and newspapers, which were thus encouraged to publish daily the programmes of that day. But they were forbidden to reproduce them on a weekly basis, since each of the three broadcasters preferred to have no competitor offering a multi-channel weekly guide.

23.2 THE BETTER MOUSETRAP

Magill was a weekly magazine that built up a reputation as a sharp commentator on political affairs in the Republic of Ireland. It was founded by Vincent Browne and others in 1977. Publication ceased in the late 1990s; the magazine was relaunched in 2004 but closed in mid-2009 despite cutting costs by dropping from weekly to bi-weekly to monthly; another relaunch is rumoured for the near future. It is fair to say that it has become more famous to competition lawyers than to Irish aficionados of political scandal. Back in 1985, the publisher of Magill had the idea of producing something new—a weekly guide to the forthcoming programmes of the three broadcasters (BBC, RTE, ITV) whose channels were received in Ireland. The Magill TV Guide would not contain as much information about the next week's programming as the in-house television guides, but it would be a multi-channel weekly. The price would be 82 pence. (The Irish viewer who wanted to be well-informed about favourite programmes, interesting drama or good sport would be buying three weekly magazines costing a total of 124 pence.)

The first issue was published in May 1985. But the first issue was also the last. The three broadcasters separately but simultaneously, applied to the Irish High Court to enjoin further publications, and succeeded.

Magill complained to the European Commission in April 1986, asserting that the three broadcasters had cooperated with each other in breach of Article 85 of the EC Treaty to stifle the Magill TV Guide in the cradle. Magill was unable to produce a weekly magazine giving details of all forthcoming programmes, though it could have produced a daily one, since the information was sent to every newspaper in the country to advertise the television programmes on offer each day. The view within the Commission was that Article 86 was the sounder route: thus the accusation was that each of the three plaintiff broadcasters had separately abused its dominant position by refusing to license Magill to reproduce on a weekly basis listings of forthcoming television programmes.

In those days, there was a rush of competition decisions at the end of each year, and an exceptional rush at the end of a Commission mandate,
when long-blocked dossiers would get unblocked as policy deals were traded between different Commission services. After much internal debate, the Commissioners and their staff were able to unblock the controversial Magill dossier. And the unfortunate official in charge, Karen Williams, was given the job of drafting the Decision in a very few days, since the Commission would run out of mandate very shortly.

The Decision was adopted three days before Christmas 1988.3 It said that the three broadcasters ‘use copyright as an instrument of the abuse, in a manner which falls outside the scope of the specific subject-matter of that intellectual property right’. Indeed, the Commission expressed doubts as to whether copyright existed in the controversial material, since the times and names of the programmes were mere utilitarian facts, like a railway timetable, and their arrangement in chronological order involved no “sweat of the brow” which could in the United Kingdom and Ireland justify a copyright claim. The Commission ordered the three broadcasters to license Magill and others, on reasonable and non-discriminatory terms, to reproduce lists of future programmes on a weekly basis.

23.3 CHOOSING COUNSEL

In March 1989, when the inevitable appeal arose, Jacques Bourgeois, then leading the Commission Legal Service competition team, elected to recruit the services of outside counsel, and was imprudent enough to retain a Scot.

Of course, as a youngish and hungry practitioner, I was delighted to have such an exciting mandate and began to think of irresistible arguments, powerful ripostes and sound policy themes. My ardour was somewhat dampened when a very senior member of the Legal Service told me that the Magill Decision had been a ‘disgrace’ and that he ‘very much hoped’ the Commission would lose on appeal. (Passion is still engendered by all encroachments on IP rights.) The immediate procedural challenge was to survive interim measures, suspending the effectiveness of the duty to comply with the operative of the Decision. They had been requested at the same time the appeal on the merits was submitted.

Before that, we had to agree on a fee. As best I can recall, the fee was 1,400,000 Belgian francs per case, or 4,200,000 Belgian francs (about $80,000 for the four years of litigation) for the three – the Commission tariff was not generous but its lawyers do not complain. Certainly this one was content.

3 Idem, recital 23.

Then came the argument on interim measures before President Koopmans. My instructions had been to focus on the procedural question: no one could suffer irreparable harm from negotiating with potential licensees. The Decision had ordered the three broadcasters to explore licensing terms with Magill. Whether the Decision was good or bad was not the point. The negotiations might lead to an agreement on terms agreeable to all parties. My instructions from Jacques were that we should ‘keep our powder dry’, that is to say we should not commit ourselves to any precise theory of the case. The relevant market was slippery, the nature of the abuse was not yet well defined, the Decision had been written at high speed, Irish copyright law was not clear, better not exclude or include any theory. Better to focus on the prematureness of seeking a suspension of the Commission Decision. The judge, however, had other ideas. He insisted on knowing what the infringement was. Blushing counsel said without fierce conviction there had been an abuse. The bench asked for a little more detail. Counsel offered a litany of possibly relevant wickednesses, but declined to be too specific; possibly it was discrimination, possibly it was unjustified refusal to supply, possibly it was other things also. The judge sniffed, as judges do, a whiff of lack of precision. What were the big principles at stake? How far did the Decision go? Was the Commission suggesting that if Samuel Beckett refused to allow someone to perform his plays, this was illegal? That Samuel Beckett was not dominant in the market for theatrical performances was brushed aside. What was the precise nature of the abuse? Why was a copyright holder not free to choose how to exploit his right? Jacques Bourgeois sat silent in the safety of the seats behind and wriggled sympathetically as Commission counsel endured heavy punishment. Jeremy Lever (no less), for the BBC, trumpeted with satisfaction, and lamented the futility of the Commission’s case.

In May 1989, the President granted interim measures, ordering the suspension of the compulsory licence.4 Things got worse. Two months later, in July 1989, the Irish High Court found that the claimed copyright, contrary to the Commission’s doubts, did exist.5 So the outcome was

5 Lardner J declined to recognise a difference between the work of drawing up the day’s viewing and the factual record of that effort. He reasoned as follows: ‘I am satisfied by the evidence that the BBC’s weekly TV programme schedules as published in Radio Times are the end product of a long process of planning, preparation, arrangement and revision which involves a great deal of work and experience and the exercise of skill and judgment. They are the creation of the BBC and in my judgment they constitute an original literary work in the sense of a compilation within Sections 2 and 8 of the Copyright Act 1963 in which the BBC
anything but certain. The Commission had invested some intellectual capital in doubting if the right existed. There were sceptical articles. The appeal before the freshly-hatched CFI then proceeded on the merits. Magill was granted leave to intervene in support of the Commission’s conclusions. On the one hand, there was the common-sense observation that the broadcasters were delivering to hundreds of newspapers, free-of-charge, advertising materials about their own programmes and were claiming a semi-sacred copyright entitlement to block the weekly reproduction of that material. They were claiming that they were free to use their copyright rights without constraint, even where the only motive was to prevent competition with their single-channel guides. But they correctly observed that any IP right includes the power to exclude: the right-holder has a right that it can invoke or not invoke. What would be the limiting factor? What would be the criteria to examine future refusal to license? Did the nature of the content mean that other utilitarian works like maps and recipes were liable to a compulsory licence? Where were the governing principles? The Commission argued that consumers had to buy three television guides if they wanted to plan a week’s viewing. Does that mean that saving money is a reason for ordering a compulsory licence? There was a lot of debate about whether the encroachment on the broadcasters’ rights went to the ‘specific subject-matter’ of the right. This notion had arisen in the free movement IP cases of the 1970s, when the European Court, rationalizing the obligation on right-holders to tolerate unwelcome trade in genuine goods between member states, asserted that the then Articles 30 to 36 left the core rights (‘specific subject-matter’) of patentees and trademark-holders intact while encroaching on other peripheral (‘incidental’) rights. Those arguments never seemed very convincing to me since the few authorities (notably Volvo vs Veng) did not suggest that the distinction was relevant in cases of abuse. Volvo vs Veng suggested that an action was only valid if there was abuse in specific circumstances. The Volvo vs Veng judgment said that an IP right could be invoked without thereby being abusive, but that it could become abusive if there were aggravating factors (one example was denying Veng’s right to manufacture Volvo parts that Volvo itself would not supply).

and BBC Enterprises Limited have shown that they are entitled to copyright in the Republic of Ireland. (RTÉ & ors v Magill TV Guide Ltd & ors [1990] ILRM 534, at p. 530).


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On the other hand, what was the exact nature of the abuse? One infelicitous justification offered by the BBC for taking action in the Republic of Ireland was a fear that exports of the Magill TV Guide would spread contagion in England, which was free of multi-channel guides. This seemed to be a damaging concession at a time when parallel trade was celebrated as a civil religion by the European Commission and Courts. There were dozens of multi-channel guides in continental Europe, so it seemed frivolous for the broadcasters to say their public mission obligations were under threat due to the emergence of a multi-channel weekly guide. The companies invoked high moral principles and the Commission replied that the precious material was freely-distributed advertising. The Commission stressed the nature of the material, the lack of R&D or research effort involved in producing it, and the sharing free-of-charge with allies but not competitors. Was it a refusal to supply, or a discrimination? What were the limits to the duty? The argument before the CFI went better for the Commission. Antonio Saggio presided over a chamber formed of Judges Verarís, Brité, Barrington and Biancarelli. They seemed sympathetic to the practical absurdity being remedied. The unhappy counsel for ITP mistook his time to plead and, after two warnings, was ordered to sit down in mid-speech. The Commission conceded that copyright existed in the material and argued that although there was an encroachment on the rights of the copyright-holders, the burden was very modest and the required licence could be remunerated. As to the suggestion that the Magill case might be invoked to justify shockingly encroachments yet unthought of, these were qualified as ‘fervently discounting’. I received a kind letter from one judge after the argument. The bruises of interim measures faded.

The Court of First Instance very strongly upheld the Commission’s Decision, reasoning that the circumstances of the case warranted subjecting the refusal to license to scrutiny under EU competition rules.

Conduct of that type clearly goes beyond what is necessary to fulfil the essential function of the copyright as permitted in Community law. The applicant's refusal was arbitrary as not justified either by the specific needs of the broadcasting sector ... or by those peculiar to ..., publishing television magazines ... The applicant’s conduct cannot, therefore, be covered in Community law by the protection conferred by its copyright in the programme listings.

And...

while it is plain that the exercise of the exclusive right to reproduce a protected work is not in itself an abuse, that does not apply when... that right is exercised in such ways and circumstances as in fact to pursue an aim manifestly contrary to the objectives of Article 86. In that event, the copyright is no longer exercised in a manner which corresponds to its essential function, within the meaning of Article 36 of the Treaty, which is to protect the moral rights in the work and ensure a reward for the creative effort...

The judgment from the CFI went too far in support of the Commission in asserting that there had been no encroachment on the essential rights conferred by copyright, thus forgetting the right of first publication which the copyright-holder enjoys. As we will see, it was left to the ECI to find the best formulation of the abuse.

The argument in Luxembourg on 21 February 1991 was not without drama and uncertainty. Julian Currall was the agent of the Commission as Jacques had moved on to other duties. The hearing coincided with thick-snow-blocked roads, abandoned cars and more than the usual level of doubt. Before the argument, the President asked the Juge Rapporteur (Judge Rodriguez Iglesias) if he had any questions to counsel, and received the provocative reply that the case was clear and straightforward, so no questions were necessary. Opposing counsels' eyes met under collectively-raised brows. The argument was lively and thorough. At the end, the various counsel (Willy Alexander and Gerard van der Wal (RTF), Alan Tyrrell (ITP), Julian Currall and me (European Commission), Jeremy Lever and Christopher Bellamy (BBC), John Cooke (Magill), David Vaughan (the intervening Intellectual Property Owners)) each felt they had done respectably and that it was impossible to tell which way the case would go.

Advocate General Gulmann felt the Decision should be annulled.9 His opinion was very long but contained well-stated elements of the 'conservative' approach:

Paragraph 13: 'The copyright laws of the Member States have thus duly balanced the various interests that must be protected by society... In principle, where copyright law confers an exclusive right, that must be respected by competition law.'


Paragraph 26: ‘...the judgments of the Court of First instance drew criticism from academics.'

Paragraph 38: ‘It is plain that a corollary of an exclusive right to reproduce the protected work is the right to refuse licences. Accordingly the right to refuse licences forms part of the specific subject-matter of copyright.'

Paragraph 39: ‘...it is thus not disputed that the exercise of the exclusive right of reproduction by refusing to grant licences does not in itself constitute an abuse of a dominant position. The Commission has stressed that it agrees.'

Paragraph 40: ‘The question is whether there may exist such special circumstances in connection with a refusal to licence that it can no longer be regarded as a refusal to licence in itself.'

Paragraph 44: ‘the Court of Justice's case law shows... that it is possible to identify a number of core rights which the owner of an intellectual property right enjoys under national law and whose exercise is not affected by the Treaty rules on the free movement of goods and undistorted competition.'

Paragraph 67: ‘The Court of First Instance’s premiss seems to be that the aim pursued by Article 86 outweighs the aim of copyright. As I understand the case-law of the Court of Justice, the contrary premiss is the right one.'

Paragraphs 79–80: ‘The determination of which rights fall under the specific subject-matter depends on a balancing of on the one hand the concern of protecting the intellectual property right in question and on the other the concern for free movement of goods or undistorted competition... The fact that there is a balance does not signify that both interests must be given equal weight. The balance must always be in favour of the intellectual property rights. The starting point set out in the Treaty is that intellectual property rights can be exercised even if that leads to obstacles to trade or restrictions on competition. Consequently if an exercise of a given intellectual property right is necessary in order for that right to be able to fulfill its essential function, that exercise is not affected by the Treaty rules. It

is only where an exercise is not necessary in order to fulfil the essential function that the interest of free movement of goods or the interest of free competition must prevail over the interest of the owner of the right to engage in that exercise.  

Paragraph 57: ‘As regards in particular the right to refuse licences, it is clear that a requirement to grant licences constitutes a serious interference in copyright since it would be reduced merely to the right to receive an economic reward. There must therefore exist particularly substantial and weighty competition grounds for the right to refuse licences to be regarded as having been exercised in circumstances signifying that that exercise cannot be regarded as necessary for copyright to fulfil its essential function.’  

Paragraph 127: ‘... the fact that the programme listings are less deserving of protection is also not a circumstance that can justify interference with the exercise of copyright therein.’  

The Court of Justice did not follow the Advocate General. It confirmed the lower court’s decision, but did so in more scientific language that could more comfortably be applied in future.11 It stated that ‘the exercise of an exclusive right by the proprietor may, in exceptional circumstances, involve abusive conduct’.12 Such circumstances were present because:  

(1) the refusal to license concerned a product (the weekly programme listings) the supply of which was indispensable to the publication of a multi-channel weekly television guide13 (necessity not desirability must indeed be the right test);  

(2) the refusal prevented the appearance of a new product, a comprehensive weekly guide to television programmes, which the television companies in question did not offer and for which there was potential consumer demand.14 The broadcasters reserved for themselves a secondary market, the market for weekly television guides, by excluding all competition on that market: the right was being used to prevent the emergence of something desired by the public that the broadcasters could have made but did not.15 This second test was a good rationale: it potentially offered a way to distinguish bad refusals from good refusals, and it rooted the abuse in consumer harm;  

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13 Idem, para. 53.  
14 Idem, para. 54.  
15 Idem, para. 56.  
17 Idem, para. 55.
The 1,860 zone map was a de facto industry standard. IMS had developed the map together with its customers to match their needs and then invoked copyright to prevent NDC from offering its services in that format. Thus, the Commission could have based its case on the theory that IMS was claiming IP rights over a standard developed with the client industry for the abusive purpose of excluding competition by preventing its competitors from using the standard. The Commission, however, never pursued this avenue. I would have felt more confident of the soundness of the attack in this case.

The President of the Court of First Instance suspended the Commission Decision ordering the grant of a licence by IMS. The Commission did not ultimately rule on the merits, so there was no appeal. Instead, the Court of Justice gave a preliminary reference ruling in response to questions from a German court before which the national case was pending. The IMS judgment came out just one month after the Commission's next adventure in compulsory licensing, *Microsoft*. The Court of Justice, building on and referring to *Magill*, held that a refusal to license will be deemed abusive if four conditions are satisfied: (1) the protected product or service is 'indispensable' for carrying on a particular business; (2) the refusal is 'such as to exclude any competition on a secondary market'; (3) the refusal prevents the emergence of a new product for which there is a potential consumer demand; and (4) the refusal is not justified by any 'objective considerations'.

The access to the material had to be indispensable for carrying out business on a particular market. It must be, in other words, absolutely necessary. As the Court clarified, the indispensability condition would not be satisfied if there are 'alternative solutions, even if they are less advantageous'. Thus a licensee who wished to bring out a copy of the original product with purple stripes or with added chlorophyll or at a lower price would not be making something new. The party requesting the licence would need to launch something wholly different from the product offered by the owner of the right, and plan to produce new goods or services not offered by the owner of the right and for which there is a potential consumer demand.

*Magill* and IMS provoked a stream of lively academic and policy debate. So much concern was generated that when the Department of Justice held

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22 Idem, para. 28.
The prize at stake was Microsoft’s newly-developed directory technology, called Active Directory. Viewed from one perspective, this was an engineering innovation that was very attractive to users, as it reinforced the ease and convenience of choosing Microsoft software to control large networks of PCs. Viewed another way, the complex interactions between servers performing directory functions (every Active Directory server acted like a perfect replica of every other one) tended to exclude or make less attractive to customers servers from Microsoft’s competitors. The remedy imposed was intrusive; several hundred Microsoft engineers had to research how the relevant server software functioned, describe that in some 10,000 electronic pages, and then license it. This would allow competitors to write a new software program where the electronic zeroes and ones were different to the Microsoft software thus described, but the functionality of the program would be identical. Thus what the Commission said was unthinkable in Magill came to pass some 15 years later in Microsoft.

23.5 ENVOI

There are very few formal decisions by the European Commission and European courts on the desirability of compelling an already-dominant player to deal against its will. The law on refusals to deal has developed in a jerky, uneven fashion. In less than 20 years, we have moved from anything being surprising (Magill) to everything being possible (Microsoft). This difficulty of predicting outcomes is reinforced by the difference between how the law is promulgated by the European Court of Justice to courts making references (principled, rather cautious), and how the European Courts perform their appellate function (deferential, confined to a review of the legality of the act). The courts are much more cautious in the former cases and much less critical in the latter.

So where does the story leave us? Who won? Who lost? Did it matter? Well, in a technical sense, the European Commission won the litigation and Magill got some financial compensation for its lost opportunity. The lawyers had a wonderful tussle, as the case presented fundamental legal questions, arguing which was an honour. (I was approached in October 2010 in New Delhi by a bright young lawyer who seemed to regard my having participated in the Magill case as being as remarkable and as temporally remote as having survived the Battle of Trafalgar.) The Magill TV Guide never emerged from the cradle in which it was untimely stitted. Its counsel, John Cooke, became a judge of the Court of First Instance; Karen Williams became the Commission’s Hearing Officer. The world continued to turn. Listeners in Ireland and the United Kingdom gained access to multi-channel guides. Multi-channel guides therefore competed more directly with each other since they had become substitutes for each other. I expect that the BBC’s Radio Times was the principal commercial winner in the circulation war, as it offered a better and richer publication than the other guides, so I suspect that it became stronger for eschewing its monopoly.

23.6 WHERE DO WE STAND NOW, LEGALLY SPEAKING?

Now that the dust of Microsoft has settled, it is appropriate to consider where we stand as to compulsory licences. The right-holder should, in principle, be allowed to exclude others from using its IP and should be able to choose freely whom to license. Only truly egregious circumstances should create a need for antitrust intervention. I suggest that the following list of considerations, some rooted in case law, all based on common sense, should be helpful.

Is the requested input objectively essential for entering the market, or would it just be very convenient? Is the concession necessary to do business, or is it only necessary for doing the business in a particular way? Does the law of the IP right offer the would-be licensee absolutely no alternative?

Proper consideration should be given to the circumstances preceding the creation of the protected subject-matter. How big has been the investment in time, skill, effort and resources in creating the protected subject-matter? How much investment went into developing it? Is it a fruit of skilled or laborious effort? Is its real value as a gatekeeper or is it intrinsically valuable? A patented cure for cancer that is the fruit of years of research and huge financial expenditure should not, I suggest, be treated in the same way as television listings, but the law at this stage does not clearly say so.

The presumption of legality should be rebutted more easily in cases where the encroachment on the IP rights and the commercial freedom of the right-holder is relatively minor. Notably, both in Magill and in IMS, the copyrighted subject-matter was widely reproduced and, at least under certain constraints, available free of charge. Is the input secret or is it widely dispersed? If it is already widely accessible, perhaps free of charge, it seems less justifiable to restrict access to it, less shocking to compel its wider reproduction. Again, the law does not clearly say so, as can be seen from the Microsoft case.

Is the compulsory licence likely to create specific benefits for consumers? This condition is most likely to be satisfied when, as a result of the
compulsory licence, the consumer would obtain access to a completely new product that the dominant company perhaps may, but does not, offer.

I would hope that such mushy, adjectival concepts as 'exceptional circumstances' or 'objective justification' may become obsolete, if the foregoing factors were prudently analysed. Economic crimes demand articulated and foreseeable criteria.

23.7 FINALLY …

Contrary to my predictions, the law changed immensely due to Magill. The Microsoft case was a child of Magill. Far from being a circumscribed European law corrective for an aberrant national IP right, the notion of compulsory licensing spread after Magill, to be adopted in most surprising circumstances.

Jacques Bourgeois, who performed the delicate function of being the Commission's lawyer in a fiercely controversial case, did not change, however. He remained as ever. Calm, cheerful, positive, and sympathetic to his counsel, in good times and in adversity, a man who knows the wisdom of an English poet.25

But this I know:
From quiet homes and first beginning
Out to the undiscovered ends,
There's nothing worth the wear of winning
But laughter and the love of friends.