

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

Claim No. HC14Co1382

BETWEEN

- (1) CARTIER INTERNATIONAL AG**
- (2) MONTBLANC-SIMPLO GMBH**
- (3) RICHEMONT INTERNATIONAL SA**

Claimants-

and -

- (1) BRITISH SKY BROADCASTING LIMITED**
- (2) BRITISH TELECOMMUNICATIONS PLC**
- (3) EVERYTHING EVERYWHERE LIMITED**
- (4) TALKTALK TELECOM LIMITED**
- (5) VIRGIN MEDIA LIMITED**

Defendants

- and -

OPEN RIGHTS GROUP

Proposed Interveners

**WRITTEN SUBMISSIONS ON BEHALF OF
THE PROPOSED INTERVENERS**

1. This proposed intervention by the Open Rights Group (“the ORG”) is in respect of two matters before this Court in this case. The first matter is in respect of the correct jurisdiction of this Court in determining whether to grant the proposed injunctions. The second matter is in respect of what should be the appropriate legal test to be applied in the event this Court decides that it has the jurisdiction to grant the proposed injunctions sought by the Claimants, and the considerations which this Court and any future court should have regard to in applying that test.

Jurisdiction

2. It is clear to the ORG that the proposed injunctions would not be permissible solely under section 37 of the Senior Courts Act 1981 (“SCA”), given the constraints imposed by House of Lords authority recently confirmed by the Judicial Committee of the Privy Council in *Tasarruf Mevduati Sigorta Fonu v Merrill Lynch Bank & Trust Company* [2011] UKPC 17 at §§57-58 and by the UK Supreme Court in *Ust-Kamenogorsk Hydropower Plant JSC v AES Ust-Kamenogorsk Hydropower Plant LLP* [2013] UKSC 35 at §20.
3. However, whilst reserving its position on this jurisdiction point, ORG makes these submissions on the presumption that this Court determines it has such power by virtue of the obligation imposed by Article 11 of the Enforcement Directive (Directive 2004/48/EC).

The Appropriate Test

4. The ORG’s specific submissions (a) on the appropriate test to be adopted follows at paragraph 35 and (b) on the relevant considerations for that test follow at paragraphs 36 to 38. The paragraphs that precede paragraph 35 set out the legal basis for the submitted test and the submitted relevant considerations.
5. The instant case is a test case. The reported decision of this Court will thereby provide influential guidance to future courts when exercising this jurisdiction, and it will also influence the conduct of rights holders and third parties. The ORG is anxious that this Court provides clear guidance on how any jurisdiction should be exercised in future. The ORG is particularly concerned that the reasoned judgment in this test case cannot be used by less worthy claimants in future to apply for (or threaten to apply for) orders under this jurisdiction. It is not so much what the Claimants are asking for in this case which worries the ORG, but what future, less worthy claimants may seek in other cases based on the wording of the judgment in this case. The ORG is also mindful that this judgment may perhaps be relied on respect of rights holders of intellectual property rights other than trade marks seeking similar injunctions.

6. In the instant case, nothing in the ORG's submissions should be taken to be giving any comfort or support to counterfeiters. The ORG, like the Defendants, is entirely neutral as regards any claims for infringement that the Claimants may have against the alleged counterfeiters in this case. The ORG's concerns are about third parties other than the alleged counterfeiters.

7. This intervention is informed by the dictum of Arnold J in *Dramatico Entertainment Ltd and others v British Sky Broadcasting Ltd and others* [2012] EWHC 1152 (Ch) at [11] (emphasis added):

*“...it does not necessarily follow that they are proportionate as between the Claimants and users of the Defendants' services. Accordingly, **it is the duty of the Court** not simply to rubber stamp the terms agreed by the parties, but **independently to consider the proportionality of the proposed orders from the perspective of individuals affected by them who are not before the Court**”.*

8. The ORG strongly agrees with this dictum: it is for this Court (a) to form an entirely independent view as to whether any proposed order meets the relevant legal tests, and (b) to ensure that this view has careful regard to the impact on the legitimate interests of third parties.

9. So what would be the relevant test for granting an injunction in this case, in the event this Court determine it has the jurisdiction to grant such an injunction? The ORG believes the correct starting point for this Court in exercising any jurisdiction to grant injunctions such as the type sought by the Claimants in this case (that is, under Article 11 of the Enforcement Directive) is that this Court must have careful regard to wording of Article 3(2) the “Enforcement Directive” (Directive 2004/48/EC), which states:

“...measures, procedures and remedies shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse”.

10. Article 11 of the Enforcement Directive has to be read subject to Article 3(2), and so any injunction granted in respect of Article 11 must be:
 - a. proportionate and applied in such a manner as to avoid the creation of barriers to legitimate trade;
 - b. effective and dissuasive (to the extent the latter differs from it being effective); and
 - c. subject always be to safeguards against abuse.

11. Here this Court should also have careful regard to Recital 24 of the Enforcement Directive, which includes the following important requirement:

“...corrective measures should take account of the interests of third parties including, in particular, consumers and private parties acting in good faith”.

12. The ORG observes that Recital 24 is not limited to protecting the exercise of property rights by third parties and would appear to cover any legitimate activity.

13. The ORG also reminds this Court that in the *L’Oréal SA* case (C-324/09) in response to a reference from the High Court, the European Court of Justice upheld the following requirements in respect of a copyright case, holding at [144]:

“...injunctions must be effective, proportionate, and dissuasive and must not create barriers to legitimate trade”.

14. Taking together Recital 24 and Article 3(2) of the Enforcement Directive, and the decision of the European Court of Justice in *L’Oréal SA*, it is plain that the correct basis for granting any injunction in this case goes significantly further than what the Claimants have said in their Particulars of Claim: ie, it *“would be effective, proportionate and appropriate for the Court to grant an injunction against the Defendants pursuant to Article 11 of the Enforcement Directive”* (§28 of the Particulars of Claim). Effectiveness and proportionality (and “appropriateness”) are not enough by themselves. Recital 24 and Article 3(2) of the Enforcement Directive and *L’Oréal SA* require this Court to also have regard to (a) safeguards against abuse and (b) interests of third parties.

15. Accordingly, this Court when considering any injunction under Article 11 of the Enforcement Directive must be satisfied (as a minimum) that any relevant measure, procedure or remedy:
- a. is proportionate and does not create barriers to legitimate trade;
 - b. is effective (and dissuasive); and
 - c. should have safeguards against abuse.

Unless all three of these criteria are fulfilled, then it will not be open as a matter of law to this Court to grant an order under Article 11 of the Enforcement Directive.

16. The ORG also reminds this Court that section 37 SCA provides that orders made under that section always must be “*just and convenient*”. In any situation of injunctions which may affect the legitimate activities of third parties, the ORG believes that this means that the order has to be just and convenient in respect of those third parties as well as between the applicants and respondents.

17. To assist this Court, the ORG refers to the wording of section 97A of the Copyright, Designs and Patents Act 1988 (“CDPA”). Although the instant case is (of course) not directly about section 97A CDPA, this Court is reminded that sub-section s 97A(2) requires a court to “*take into account all matters which appear to it in the particular circumstances to be relevant*” and that the examples of circumstances which then follow at section 97A (a) and (b) are not an exhaustive list.

18. Also in respect of s 97A CDPA, the ORG notes that in *Twentieth Century Fox Film Corp and others v Newzbin Ltd* [2010] EWHC 608 (Ch) Kitchin J refused to make an order under s 97A(2) on three grounds, one of which was (at [135]):

“...the rights of all other rights holders are wholly undefined and consequently the scope of the injunction would be very uncertain.”

19. This Court will be fully aware that parliament has not legislated in respect of trade marks (or any other “intellectual property right”) as it has done for copyright under section 97A CPDA. In the absence of any legislative deliberation (and any consultation exercise in advance of legislation), this Court should be very careful to ensure that appropriate consideration is given to the rights of third parties.

20. If this Court takes the view that (notwithstanding the omission by parliament) it can make an order in respect of trade marks (similar to its power under section 97A CDPA) then the ORG believes that third parties should not have any less protection in the test adopted by the court than if the order was in respect of a claim in copyright. ORG believes this Court should ensure that any analogous order in respect of trade marks should similarly take into account all matters which appear to it in the particular circumstances to be relevant, including the rights of third parties.

Proportionality

21. As noted above, this Court said in *Dramatico* that it had to “*independently...consider the proportionality of the proposed orders from the perspective of individuals affected by them who are not before the Court*”. So what does “proportionality” mean in concrete terms?
22. If this Court accepts that it has a duty to consider the proportionality of the proposed orders in this case, a preliminary question is how it identifies those “*individuals affected by them who are not before the court*”.
23. Here the ORG believes the Court should have special regard to the following types of third party individuals:
- a. the current and any future owners of the domains on which the relevant web pages may be hosted (for, as this Court will know, domains are a form of property);
 - b. any person using the relevant website to engage in lawful commercial activities, including vendors, business purchasers and consumers;
 - c. any person who may be legitimately buying and selling trade marked goods on the relevant web site; and
 - d. any person simply using the relevant website for lawful non-commercial activities, such as to obtain and impart information.
24. Unfortunately in the instant case, the Claimants make little express reference to third parties in the Particulars of Claim other than the operators of the (allegedly) infringing websites. The only reference to any other third parties appears to be at

§27 of the Particulars of Claim where the Claimants make the bare assertion that “[t]he relief sought is proportionate as regards consumers in that it seeks only to prevent or restrict access to a limited set of identified websites”. In turn, the Defendants do not appear to have pleaded against §27 of the Particulars of Claim. Left to the Claimants and Defendants there would be little before this Court in respect of the legitimate rights of third parties, notwithstanding the requirements of the Enforcement Directive to consider the impact on third parties when providing any remedy.

25. In the instant case the ORG also note the Claimants appear to contend that the websites containing the allegedly infringing materials do not contain any legitimate material. The ORG does not (and cannot) make any submissions on that point. However, the ORG reminds this Court that not all websites which may contain allegedly infringing materials will be devoted to the sale of infringing material. A website may contain both infringing and non-infringing materials. In such circumstances, an order under Article 11 of the Enforcement Directive should never be made unless the Court is satisfied that the rights of third parties as guaranteed by Recital 24 and Article 3(2) of the Enforcement Directive are protected.

Effectiveness

26. In regard to the requirement of effectiveness, the Court should be alert to the trite technological facts that internet “blocks” can be relatively easy to circumvent and that people are becoming more aware of how to do this. An injunction is an equitable remedy and should not be granted in vain. This is not an argument in principle against granting any such injunction; it is instead a reminder that the Court should be satisfied that any such order should in practice be effective. In respect of the “effectiveness” of the remedies sought, the Defendants have correctly set out that the remedies sought will be relatively ineffective (§§ 26 and 27 of the Defence).
27. This Court should also have careful regard to the possible link between “effectiveness” and proportionality. As the Defendants have rightly pointed out in this case, the orders sought do not provide a complete remedy. The websites will still be in place and the items will still be available to be bought and sold. As a general point, the ORG urges this Court that when a remedy is not a complete remedy then it should have special regard to the various third parties who may also be affected,

as it is conceivable that any advantages which the order may give to claimants may be outweighed by the inconvenience which can be caused to third parties in their legitimate activities.

28. The ORG believes it is not open to this Court to grant casually a remedy just because it will have some partial effect which would “be better than nothing”. This Court should instead carefully balance that possible partial effect against the possible detriment to others engaged in any lawful activity.

Safeguards against abuse

29. The ORG urges that this Court should ensure that the proposed orders have safeguards against abuse.
30. In respect of safeguards against abuse, the ORG believes that the “landing page” which the ISP will have to put in place for anyone blocked from accessing the website by reason of a court order should contain (as a minimum) the following information:
 - a. that there is an order of this Court blocking access to the site (and, if possible, a copy of the order);
 - b. the duration of that order;
 - c. the party who has applied for the order;
 - d. details on how that order may be discharged or varied.
31. The ORG believes that the granting of the order should not relieve the rights holder from ongoing attempts to contact the domain owner or counterfeiter and that the continuation of the order should depend on the rights holder continuing to make reasonable efforts to enforce their rights directly on the domain owner or counterfeiter.
32. The ORG is also concerned that the threat of such injunctions should not be used by rights holders in respect of websites which contain criticism and discussion of the rights holders or contain parodies of the rights holder or of its trade mark. On this point, this Court is reminded of Recital 3 of the Harmonisation Directive (Directive 2001/29/EC) which rightly states that property rights (including intellectual property rights) are on a par with freedom of expression and the public interest.

33. The ORG believes that the jurisdiction to grant injunctions against third parties in respect of intellectual property rights should never be used unless the target website is engaged wholly in commercial activity in respect of infringing materials.

Submissions

34. If the Court is not just to be some “rubber stamp” then the question becomes what objective approach the Court should adopt so as to protect individuals who may be affected but who are not before the Court. The ORG therefore submits the appropriate test and also the relevant considerations.

35. For the reasons set out above, the ORG submits that this Court should adopt the following overall test in respect of injunctions such as the type sought by the Claimants in this case:

This Court should not grant an injunction against internet service providers in respect of alleged infringements of trade marks or any other intellectual property right unless:

- a. *the Court is satisfied that the order is proportionate, and not only proportionate as between the parties but also in respect of third parties;*
 - b. *the Court is satisfied that the order is effective (and dissuasive, to the extent that has a different meaning); and*
 - c. *the Court is satisfied that the order contains safeguards against abuse.*
36. In respect of *proportionality*, the ORG submits that in granting any proposed order this Court should have regard to the following considerations:
- a. the duration of the order and that it will not endure longer than necessary;
 - b. the scope of the order and that it does not cover more webs sites than necessary;
 - c. the relevant third parties (other than the alleged counterfeiters) and how the proposed order will affect them;
 - d. whether the rights holder undertakes to compensate any third party whose lawful activities are interfered with by the order;
 - e. any defences that may be available to the alleged counterfeiters; and

- f. whether the proposed order creates any barriers to any legitimate activity (including trade).
37. In respect of *effectiveness* (and *dissuasion*), the ORG submits that in granting any proposed order this Court should have regard to the following considerations:
- a. whether the remedy would be completely or only partially effective;
 - b. the current states of the relevant technology and of the technological knowledge of internet users, and any evidence that the order can be circumvented; and
 - c. whether any dissuasive effect is balanced against the inconveniences caused to third parties engaged in lawful activity.
38. In respect of *safeguards against abuse*, the ORG submits that in granting any proposed order this Court should have regard to the following considerations:
- a. whether the rights holder has made any real attempt (and not just perfunctory attempt) to seek a more direct remedy against the alleged infringers and the hosts the website and that the application before it is a genuine last resort;
 - b. whether the alleged infringers are engaged in commercial or non-commercial activity, and here the Court should have special regard to forms of non-commercial speech such as parody and criticism;
 - c. whether the rights holder will continue to make efforts to identify and enforce its rights directly against the domain holder and alleged counterfeiter;
 - d. whether the terms of the order mean that the ISP will ensure that anyone going to the landing page(s) (including the domain holder) will have sufficient information on that page to apply to vary or discharge the order (and ideally a copy of the order);
 - e. whether the terms of the order mean that the ISP will ensure that the proposed replacement landing site will serve no commercial purpose for the rights holder (and whether there will be a safeguard against the site being used by the rights holder for advertisements or redirections to commercial sites); and
 - f. whether the correspondence or other conduct of the rights holder shows that the jurisdiction of the Court may be being abused.

David Allen Green

Solicitor for the Open Rights Group

Preiskel & Co LLP

17 September 2014