

Case Summary

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Blocking injunctions for ISPs]

The England and Wales Court of Appeal (**EWCA**) has upheld a High Court decision granting injunctions, referred to as website-blocking orders (the **orders**) against a number of internet service providers (**ISPs**) in the UK, requiring those ISPs to block access to a number of websites accused of selling counterfeit luxury goods.

This appears to be the first such order to be made by an English Court, and shows that the class of persons against whom injunctions may be made is not limited to actual wrongdoers. *Cartier International AG v British Sky Broadcasting Limited* [2016] EWCA 658 (6 July 2016) is discussed below, along with the question of whether a similar order might be made in New Zealand.

Background facts and EWCA decision

The claimants hold trademarks for a number of luxury brands sold in the UK, including Cartier, Montblanc and others (the **luxury goods**). The claimants became aware of a number of websites targeting consumers in the UK, selling counterfeits of the luxury goods (the **counterfeit websites**). The claimants applied for the orders requiring the defendants, ISPs who together provide access to the internet for around 95% of broadband users in the UK, to block access to the counterfeit websites.

Since 2010, the UK courts have ordered ISPs to block a large number of websites pursuant to s 97A of the Copyright, Designs and Patents Act 1988. However, there remains no equivalent section or legislation in

England dealing with infringements of trademarks.

Despite this, the website-blocking order was granted by the High Court (and upheld by the EWCA) on the basis that, once the ISPs became aware that the counterfeit websites were infringing the claimants' rights (i.e. their trademarks over the luxury goods), the ISPs had a duty to take steps to assist the claimants when requested to do so, including by blocking access for their customers to the counterfeit websites.

A duty to take proportionate measures to prevent or reduce infringements even though the defendant is not itself liable for such infringement

The EWCA had little difficulty finding it had jurisdiction to grant the orders. This was because s37(1) of the Senior Courts Act 1981 empowers the Court to "grant an injunction...in all cases in which it appears to be just and convenient to do so". That section was to be interpreted broadly, and in light of the EU's E-Commerce Directives (the **Directives**), which contemplate the issue of injunctions against third party intermediaries whose services are used to infringe intellectual property rights.

Having found it had jurisdiction to make the orders, the Court went on to consider whether it should make the orders. Again, the Court upheld the High Court's decision to make the orders for the following reasons:

- The order would make access to the counterfeit websites difficult and would seriously discourage users from accessing the websites (i.e. the order would be effective).
- The order could be strictly targeted so it would not be a barrier to

legitimate trade.

- It was proportionate to grant the order (requiring that a fair balance be struck between the claimants' intellectual property rights and the ISPs' freedom to conduct business).
- The costs to the ISPs of implementing the order would be modest compared to the ISPs' operating costs and that cost was a cost of doing business and could be passed on to their subscribers.
- The activities of counterfeiters including the counterfeit websites cause significant damage to the claimants.
- It is economically more efficient to require intermediaries to take action to prevent infringement than to require rights holders to take action directly against infringers who may be difficult to identify and/or resident offshore
- There were no real alternative measures open to the claimants that would be equally effective.

Would a similar order be made in New Zealand?

While concerns might be raised over the potential impact of website-blocking injunctions on freedom of expression and legitimate content, the EWCA judgment in *Cartier* may be persuasive to New Zealand courts.

As in the UK, New Zealand has enacted provisions in the Copyright Act 1994 requiring ISPs to delete or block access to any material that infringes

copyright upon becoming aware of the infringement.

While there is no legislation that expands this obligation on ISPs to other intellectual property rights, such as trademarks, the New Zealand High Court has jurisdiction to grant an injunction under its inherent jurisdiction (s 16 Judicature Act 1908) "whenever required by justice" (*TV3 Network Ltd v Eveready New Zealand Ltd* [1993] 3 NZLR 435 (CA) per Cooke P).

That an order in the form of an injunction would be available in respect of trademarks is also supported by the Copyright Act 1994, which, while setting out the ability of the Court to grant website blocking orders, expressly also preserves rights holders' abilities to apply for injunctions against ISPs.

As the key consideration in New Zealand is whether the grant of an injunction is "required by justice" (compare the English rules, which allow the grant of injunctions where "just and convenient to do so"), New Zealand courts are likely to carry out a similar analysis as the EWCA in *Cartier*, likely with similar results.