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English High Court: ISPs Ordered to Block Websites Infringing Trademarks and Must Pay for Implementation

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On 6 July 2016, the *Court of Appeal of England and Wales* upheld the validity of injunctions requiring the five leading *Internet service providers ("ISPs")* in the UK to block consumer access to websites marketing counterfeit goods and infringing trademarks. Significantly, the ISPs, as intermediaries for the infringement, were burdened with the costs of implementing the blocking injunctions.

The ruling confirms the status of online blocking injunctions as an important tool for brand owners seeking to prevent the online infringement of their trademarks. The decision is a logical extension of the rights afforded to trademark owners to reflect the rights given to copyright owners, and made express under UK copyright legislation.

Background

In 2014, Richemont, owner of <u>Cartier</u>, <u>Montblanc</u>, <u>IWC</u>, and other luxury brands, sought injunctions in the <u>English High Court</u> against a number of ISPs, requiring the ISPs to block access to a number of websites that advertised and sold counterfeit products infringing their brands' trademarks (see our earlier post on the High Court decision <u>here</u>). Website blocking injunctions of this kind in the copyright context are well-established in statute and have been implemented by the courts on a number of occasions. There is, however, no statutory equivalent with relation to trademarks (Article 11 of the EU IP Enforcement Directive, which provides that injunctions can be granted against intermediaries whose services are used by a third party to infringe *any* IP right, was never implemented into UK domestic law). Notwithstanding the lack of a statutory basis, the High Court, relying on the broad, general <u>power of the courts</u> to grant injunctions where it is "just and convenient to do so", granted the blocking injunctions in favour of Richemont.

Court of Appeal ruling

The Court of Appeal agreed with the High Court that the UK courts have jurisdiction to grant blocking injunctions to block online access to trademark infringing content, in the absence of any express domestic law provision giving the court a basis for doing so because it can be "just and convenient to do so".

Having established that the injunctions *could* be granted, the Court of Appeal confirmed the various principles to be taken into account in considering *whether* to make a website blocking order. The principles include that the blocking should:

- be necessary;
- be effective;
- be dissuasive;
- not be unnecessarily complicated or costly;
- avoid barriers to legitimate trade;
- be fair and equitable and strike a "fair balance" between the applicable fundamental rights; and
- be proportionate.

The Court of Appeal held that it is not necessary for an applicant to show that the blocks would lead to an overall reduction in the level of infringement of their trademarks, only that the order would at least seriously discourage users from accessing the target infringing website.

Finally, and importantly, it was held that ISPs, rather than trademark owners, are responsible for the costs of implementing the website-blocking injunctions. The ISPs argued that they should not be responsible for the associated implementation but the Court of Appeal viewed the costs as a cost of carrying on the internet access business. This is not necessarily a settled position, however. The Court of Appeal noted that the issue of costs should be kept under review in future applications, especially in light of the ISPs' concerns about the cumulative costs of implementation, which could be passed on to internet service subscribers in the form of higher subscription charges.

The blocking injunction safeguards put in place by the High Court remain unchanged, namely that:

- blocking orders be subject to a "sunset clause" so that they cease to have effect at the end of a defined period (provisionally two years); and
- the blocked sites contain adequate notifications informing ISP subscribers as to why access
 has been blocked, the parties that obtained the order, and that subscribers have the right to
 apply to the court to discharge or vary the order.

Comment

For brand owners with registered trademarks, this judgment is indicative of the growing brand protection measures available in the UK. The extension of the present regime of website blocking orders from online piracy to trademark infringement is logical and provides an additional avenue of redress for brand owners whose products are distributed without authorization online. The present framework requiring ISPs to pay for the costs related to implementation is an additional bonus for brand owners.

The Court's implementation of principles of EU law not expressly transposed into UK law is particularly significant in light of the UK's recent referendum vote to leave the EU. The decision may provide some reassurance to UK brand owners that the UK courts are empowered, under domestic law, to protect brand owners' interests to a similar level to that enjoyed under EU law.

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