

UK Supreme Court decides brand owners should pay costs of implementing blocking injunctions

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Julius Stobbs, Katherine Thompson (Stobbs IP)

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In a recent decision (Cartier International AG and others (Respondents) v British Telecommunications Plc and another (Appellants) [2018] UKSC 28), the UK Supreme Court has ruled that brand owners must pay Internet Service Providers' (ISPs) costs for implementing website blocking injunctions. This is a reversal of the previous Court of Appeal decision, and whilst these blocking orders remain a useful tool for tackling counterfeiters, the costs to brand owners will increase.

Throughout its lifespan, *Cartier* has been a test case. The courts have been called on to decide whether website blocking injunctions should be available at all in cases of trade mark infringement, and then to work out the practicalities of how such an order should be obtained and implemented. UK law provides specifically that these injunctions should be available where a website is infringing copyright, but has no equivalent for trade marks. Therefore, when *Cartier* first came to trial at the High Court, Arnold J was required to refer to the EU Directives to reach the conclusion that the same sort of injunction should be available to prevent access to a website selling counterfeit goods which infringe a trade mark right.

Readers may be wondering why the UK Supreme Court, and not the Court of

Justice of the European Union, was called on to determine a point in a case largely governed by EU law. The Supreme Court's decision deals with this point at some length. Whilst the EU legislation states that something like these website blocking injunctions must be available to rights owners, it provides very little guidance on precisely what these should look like, how courts should deal with applications, and, particularly, how costs should be determined. These are all matters for member states' national laws.

There is a well-established body of case law in the UK determining when and how a third party can be compelled to assist a claimant whose rights are infringed. These cases deal with the role of an innocent intermediary who has no active involvement in the infringement. That line of case law states that the claimant should bear the costs of implementing these orders (e.g. for impounding goods at a port, or providing information about an infringer), given it is the claimant who benefits from them.

The Court of Appeal had ruled that, as the ISPs gain commercially from providing access to infringing websites (via subscription fees from their customers, who may well use their internet connection to access infringing websites), and benefit from the safe harbour provisions of the EU directives, the *quid pro quo* is that they should pay the costs of implementing blocking orders. The Supreme Court disagreed with this reasoning and found that it was not supported by the existing case law. Accordingly, the brand owners in this case have been ordered to pay the ISPs' costs for implementing the block.

The big question for brand owners is how much the ISPs will ask them to pay to implement one of these orders. The ISPs have agreed that the cost of setting up, maintaining and managing the systems required to block these websites should be excluded from any such calculation. ISPs use these systems anyway, in order to block access to child abuse images and provide parental controls. However, the ISPs argue that rights holders should bear the costs of:

- a) processing the application and configuring their system to block a specific website,
- b) updating the block over the lifetime of the order as an infringing

website moves to different Internet locations, and

- c) any liabilities that may be incurred if the blocking malfunctions through no fault of the ISP.

Evidence given at earlier stages in the proceedings suggests that these costs could range from £500 – £5,000 per ISP. Five major ISPs serve more than 90% of the UK market, so in order for a block to be broadly effective, the claimant would need to pay these costs to all five major ISPs. Whilst most brand owners with the resources available to obtain an injunction from the courts could probably cover a further £2,500, if the overall cost of implementing a blocking order comes closer to £25,000, it risks putting these injunctions out of the financial reach of many brand owners.

These blocking orders remain a useful tool in a brand owner's arsenal. Most orders are not defended by the ISPs, so they are relatively easy to obtain. Unlike other mechanisms, such as take-down notifications or domain name complaints, where infringing content can often be quickly reposted or moved to another domain, these blocks can track the infringing website to a number of different Internet locations. However, in practical terms, we must wait and see how much the ISPs ask brand owners to pay to implement one of these blocking injunctions before we can know for sure whether they will remain within the reach of less wealthy brand owners.