

THE HIGH COURT
COMMERCIAL

[2012 12381 P]

[2012 No. 225 COM]

BETWEEN

EMI RECORDS (IRELAND) LIMITED SONY MUSIC AND ENTERTAINMENT (IRELAND) LIMITED UNIVERSAL MUSIC IRELAND LIMITED

AND

WARNER MUSIC IRELAND LIMITED

PLAINTIFFS

AND

UPC COMMUNICATIONS IRELAND LIMITED VODAFONE IRELAND LIMITED IMAGINE TELECOMMUNICATIONS LIMITED DIGIWEB LIMITED HUTCHINSON 3G IRELAND LIMITED AND BY ORDER OF THE COURT TELEFONICA IRELAND LIMITED

DEFENDANTS

JUDGMENT of Mr. Justice Brian J. McGovern delivered on the 12th day of June, 2013

1. This application comes before the court pursuant to s. 40(5A) of the Copyright and Related Rights Act 2000 (as amended), for an injunction requiring the defendants to block or otherwise disable access by their subscribers to the website known as 'The Pirate Bay', and related domain names, IP addresses and URLs listed in the Schedule to the plenary summons, together with such other domain names, IP addresses and URLs as may be reasonably notified as related to main names by the plaintiffs to the defendants from time to time.

2. The plaintiffs may loosely be described as recording companies who record and release music and video for sale. In these proceedings, they seek injunctions against the defendants who are internet service providers (ISPs) to prevent a breach of their copyright by third parties illegally downloading material over the internet. The issues arising in this application were considered extensively by Charleton J. in a judgment delivered on 11th October, 2010, in *EMI Record (Ireland) Limited and Others v. UPC Communications Ireland Limited* [2010] IEHC 377. The facts in issue in that case were identical to the matter before me. Having considered the matter in great detail, Charleton J. concluded that the legislative basis which would enable him to grant a blocking injunction did not exist in Irish law as it exists in many European jurisdictions. Notwithstanding his having concluded that a blocking injunction in the manner sought was not available in Irish Law, he went on to state at para. 1.34:-

"Were it available, I would grant it."

3. The *lacuna* referred in that judgment has been filled by S.I. No. 59 of 2012, the European Union (Copyright and Related Rights) Regulations 2012 which inserted s. 40(5A) into the Copyright and Related Rights Act 2000 ("the Act"). Section 40(5A) reads as follows:-

"(5A)(a) The owner of the copyright in work may, in respect of that work, apply to the High Court for an injunction against an intermediary to whom paragraph 3 of Article 8 of the Directive 2001/4/EC of the European Parliament and of the Council of 22nd May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society applies.

(b) In considering an application for an injunction under this subsection, the Court shall have due regard to the rights of any person likely to be affected by virtue of the grant of any such injunction and the Court shall give such direction (including, where appropriate a direction requiring a person to be notified of the application) as the Court considers appropriate in all of the circumstances".

4. Section 205 of the Act was amended by inserting after subsection 9, the following subsection:-

"(9A)(a) The rightsowner of any right conferred by Parts III and IV may, in respect of that right, apply to the High Court for an injunction against an intermediary to whom paragraph 3 of Article 8 of Directive 2001/29/EC of the European Parliament and of the Council of 22nd May 2001, on the harmonisation of such aspects of copyright and related rights in the information society applies.

(b) In considering an application for an injunction under this subsection, the Court shall have due regard to the rights of any person likely to be affected by virtue of the grant of any such injunction and the Court shall give such directions (including where appropriate, a direction requiring a person to be notified of the application) as the Court considers appropriate in all of the circumstances".

5. A draft order and attachments has been provided to the court. This is the fruit of discussions which took place between the plaintiffs and the defendants over a period of time. The defendants indicated that they were neutral on the application and would submit to any order that seemed appropriate to the court to make. Insofar as the defendants had an input to the draft order, most of their concerns related to the issue of "over-blocking" and how this might affect legitimate activities on some websites. The draft

order contains the final agreed position of the parties on that issue.

6. A number of issues arise for consideration. The first issue is the appropriateness of making the order. Having heard the parties, no one argued that it would be inappropriate to make an order blocking *The Pirate Bay* website having regard to the current state of legislation and the existing jurisprudence of Ireland, the UK and the European Court.

7. The second issue is whether fresh applications will have to be made to the Court if *The Pirate Bay* website changes its location on the internet. While counsel for the plaintiffs indicated that there was some difference between the defendants on this issue, a common position emerged in the course of the hearing, namely, that the parties would abide by whatever order the court made in that regard. The draft order and protocol is cast in terms that would not require fresh applications to be made to the court if *The Pirate Bay* website changes its location on the Internet. In the second of two judgments handed down by Arnold J. in *20th Century Fox Film Corporation v. British Telecoms Plc* [2012] Bus. LR 1461 at p. 1528, para. 12, the learned judge stated:-

"In my judgment an injunction limited to 'sole purpose' would be too easily circumvented to be effective. Furthermore I do not consider that the studio should be obliged to return to court for an order in respect of every single IP address or URL that the operators of newzbin2 may use. In my view the wording proposed by the studio strikes the appropriate balance. If there is a dispute between the parties as to whether the predominate purpose of an IP address or URL is to enable or facilitate access to newzbin2, they will be able to apply to the court for a resolution of the dispute. In saying this, I do not mean that BT will be obliged to check IP addresses, or URLs notified by the studios. It will be the studios' responsibilities accurately to identify IP addresses and URLs to be notified to BT."

8. The protocol which is recommended to the court by the plaintiffs in this case takes account of those observations and seems both proportionate and reasonable. In the course of the hearing, the parties accepted that they should bear the costs of implementation of the blocking in accordance with any order made.

9. The final issue relates to the costs of the proceedings. In these proceedings, the plaintiffs claim that they are suffering substantial losses on an ongoing basis as a result of online copyright infringement. In the *EMI and UPC* case before Charleton J., these were estimated at approximately €20m per annum. The plaintiffs claim that the extent and ongoing nature of the losses requires that a blocking injunction be made urgently.

10. I am fortunate that the factual background to this case and the legal principles which are applicable have been so fully set out in the judgment of Charleton J. delivered on 11th October, 2010, in *EMI Records (Ireland) Ltd. & Ors. v. UPC Communications Ireland Ltd.* [2010] IEHC 377.

11. I am entirely in agreement with that judgment. Allowing for the fact that he would clearly have given the blocking injunction in that case but for the lacuna in the law, which has now been rectified, his judgment effectively reflects the current jurisprudence in England and Wales as expressed in *20th Century Fox Film Corporation & Ors. v. British Telecommunications plc. and Dramatico Entertainment Ltd. & Ors. v. British Sky Broadcasting Ltd. & Ors.* [2012] EWHC 268 (Ch.) and *Dramatico Entertainment Ltd. & Ors. v. British Sky Broadcasting Ltd. & Ors. (No. 2)* [2012] EWHC 1152 (Ch.) and *EMI Records Ltd. & Ors. v. British Sky Broadcasting Ltd. & Ors.* [2013] EWHC 379 (Ch.).

12. I am quite satisfied on the facts outlined in the affidavits presented to the court that the plaintiffs are entitled to a blocking injunction in accordance with the terms of the draft order and protocol submitted to the court.

13. I am also satisfied that there is nothing in the legislation which would prevent the court directing that the defendants bear their own costs involved in implementing the necessary blocking mechanisms pursuant to the court order. Indeed, the defendants have all conceded that this should be so. I therefore direct that the costs associated with implementing the order should be borne by each of the defendants.

14. The only contentious issue in this case is who should bear the costs of the application to the court. The plaintiffs claim that there should be no order as to costs on the basis that this application is necessary and was made pursuant to a statutory regime which enables the plaintiffs to bring injunctive proceedings against the defendants even though they are mere conduits for the illegal downloading of copyright material. The plaintiffs say that, formerly, the defendants would have been liable in respect of any breach of copyright arising but that they now are given immunity from liability under the current statutory regime where, as a *quid pro quo*, they should bear their own costs of implementation of the order and of the legal proceedings. The plaintiffs say that such costs would be part of the costs of doing business and the costs of complying with the statutory regime, under which the defendants obtain enormous advantage in having an immunity from liability.

15. Counsel for the plaintiffs referred the court to the decision of Arnold J. in *20th Century Fox Film Corporation v. British Telecoms plc.* [2012] Bus. LR 1461 at 1537, where he said:

"53. Each side contends that the other should pay the costs of the application. In my judgment, the starting point is that, even though the studios are enforcing their legal rights, including their right to an injunction under Article 8(3), the rather unusual nature of the remedy under Article 8(3) means that it was reasonable for BT to require the matter to be scrutinised by the court. BT was entitled to a court order for its own protection, and it was reasonable for BT to require the studios to adduce sufficient evidence to establish both that the court had jurisdiction to make the order and that it was appropriate in the exercise of the court's discretion to do so. Accordingly, I consider that the costs of the application down to 16th December 2010 should be borne by the studio."

54. Thereafter, however, BT did not consent to the order or even adopt a neutral stance on the application. On the contrary, BT's stance was one of all-out opposition. To that end, it served evidence in opposition, instructed two leading counsel and resisted the application on eight different grounds. Each of those grounds failed. In my view, the costs of the application from 17th December 2010 to 28th July 2011 should be borne by BT."

55. As far as the costs of the applications since 28th July 2011, to some extent these have involved points of detail on the order which it would have been reasonable for BT to raise even if it had adopted a neutral stance on the principle of an order being made. Furthermore, each side has had some measure of success, accordingly I will order each side to bear its own costs since 28th July 2011."

16. In this case, there is no question of the defendants maintaining a stance of "all-out opposition" to the application so the question of awarding the plaintiffs' costs against the defendants or any of them does not arise. The plaintiffs do not seek such an order.

17. The issues arising in this application do not constitute a novel issue of law in this jurisdiction. The issues arising in this case were substantially covered by the *ex tempore* judgment given by Charleton J. in *EMI Records (Ireland) Ltd. & Ors. v. Eircom plc.* [2009] IEHC 411, in an *ex parte* application for a blocking injunction and in *EMI Records (Ireland) Ltd. & Ors. v. Eircom Ltd.* [2010] 4 I.R. 349, and *EMI Records (Ireland) Ltd. & Ors. v. UPC Communications Ireland Ltd.* [2010] IEHC 377, to which I have already referred earlier in this judgment. It is true that the lacuna in the law referred to by Charleton J. in the latter case has now been filled, but all the factual and legal issues arising in that decision were essentially the same and no new ground has been covered here other than the filling of that legislative gap. In *EMI Records (Ireland) Ltd. & Ors. v. UPC Communications Ireland Ltd & Ors.* [2013] IEHC 204, Kelly J., in a judgment delivered on 3rd May, 2013, stated at para. 70:

"Insofar as reliance is placed upon the fact that this is a test case in relation to what is described as a 'novel statutory power', I am of opinion that that argument is not made out. It is undoubtedly true that this is the first time that a court in this jurisdiction is being asked to make orders authorised by S.I. 59 of 2012. But that Statutory Instrument does no more than give effect to Article 8.3 of the Copyright Directive of 2001 in respect of which there is now a body of case law both in the European Court of Justice, the United Kingdom Courts and to a limited extent, the Irish courts."

18. The defendants argue that they should be entitled to their costs because they adopted a neutral position in most cases and, where they did raise issues, these were legitimate issues of concern to the defendants, in particular in relation to the issue of "over-blocking". Counsel for the second named defendant argued that an innocent defendant should get its costs if it cooperated and claims that the second named defendant in fact proposed a protocol which is now part of the draft order.

19. In particular, counsel for the second named defendant argued that his client was in an even stronger position than a party against whom an order of the type outlined in *Norwich Pharmacal Co. v. Customs & Excise Commissioners* [1974] AC 133 was made. Counsel argued that this was not (as in *Norwich Pharmacal*) a mere application for a list of names or addresses or even a few documents, but was, in effect, an order directing the defendants to take some complicated and reasonably costly technical steps in order to block notified websites and also to put in place an administrative system for handling notifications and ensuring that such a system remained in place. Counsel said that in the particular circumstances of this case it was in a stronger position than a defendant in a *Norwich Pharmacal* case who would be entitled to an order for costs against the applicant. He drew attention to the distinction drawn by Arnold J. between Article 8(3) and the *Norwich Pharmacal* jurisdiction in the *20th Century Fox Film Corporation* case, where the learned Judge held at para. 30, p. 1533:

"Although Article 8(3) does confer a legal right to an injunction on right holders, it remains the case that the intermediary has not committed any legal wrong. Furthermore, the Court of Justice also held in L'Oréal S.A. v. eBay International AEG [2012] Bus. LR 1369, para. 139, that measures under Article 11 of the Enforcement Directive (and hence Article 8(3) of the Information Society Directive) must be fair and proportionate."

20. I have considered the book of correspondence in this case and I am satisfied that the correspondence shows that the defendants, by and large, adopted a neutral position on the application subject to seeking assurances on the "over-blocking" issue. In the case of the second named defendant, it does appear that it had had a substantial input into the final terms of the protocol to be attached to the draft order and that these were "watered down" from the original terms of the protocol presented by the plaintiffs. While one of the defendants raised an issue regarding a reference to the Court of Justice of the European Union by the Austrian *Oberster Gerichtshof* on a similar matter, in the case of *UPC Telekabel Wien GmbH v. Constantin Film Verleih GmbH (Munich)* (Case C-314/12), the solicitor for that party did not seek a reference in this case but merely sought that the court should consider the fact that such a reference had been made.

21. None of the defendants are wrongdoers in this case. But if that be so, they are the conduit through which the wrongful activity conducted by *The Pirate Bay* has been effected. There is no doubt but that this activity has caused (and continues to cause) substantial financial damage to the plaintiffs. It seems to me that each of the defendants has adopted a neutral stance to the application, save for some legitimate dialogue taking place between them and the plaintiffs prior to the court hearing with a view to reducing the areas of dispute between the parties and putting the draft order and protocol in a form which would be broadly acceptable to all the parties. In short, it seems that in this case, ". . . each side has had some measure of success" as stated by Arnold J. in the *20th Century Film Corporation* case. In the case of the second named defendant, there is a slight distinction to be drawn. In the first place, the correspondence from the plaintiffs' solicitors indicates that the plaintiffs agreed to pay the reasonable costs of the second defendant on the basis that it did not actively participate in the proceedings. Thereafter, discussions took place between the plaintiffs and the second defendant on the terms of the protocol to be attached to the draft order submitted in this case and in particular the striking of a balance to on the issue of possible over-blocking. I accept that the second defendant had a significant input into the drafting of the protocol attached to the draft order and that these matters were resolved through correspondence and discussions up to 4th February, 2013. At that stage, all significant issues between the plaintiffs and the second defendant had been resolved other than the issue of costs.

22. In the case of the second defendant, it seems reasonable to award it costs against the plaintiffs up to and including 4th February, 2013. Thereafter, the second defendant should bear its own costs. I will therefore grant an order in those terms.

23. With regard to the remaining defendants, I think that a fair and proportionate order is to direct that each of them will bear their own costs.