

Copyright as One of Several Competing Rights in European Law

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It is a pleasure to return to Fordham University and to present a paper on copyright issues as these may play out in Europe within the context of Internet use.

The US and European approaches

On January 13, 1941, at the age of 58 James Joyce died of a stomach ulcer in Switzerland and was buried in Zurich's Fluntern Cemetery. It is only now that with the passage of 70 years since his death that his masterpieces may freely, and for free, be reproduced. And not just his masterpieces. The author's relationship with Ireland was conflicted, reflecting the tensions towards homeland, language, family and faith out of which his life evolved. Having a British passport since before Ireland's independence in 1922, he refused to change it to an Irish passport. He turned to Irish embassies abroad, nonetheless, when he needed consular assistance. As an appendix to this lecture, we have reproduced from the National Archives of Ireland, with permission of the acting director Frances McGee, a letter from Joyce looking for a passport for his daughter Lucia in December 1940/January 1941. He was in contact about this with the Irish Minister to Paris, Seán Murphy, as well as the Irish Chargé d'Affaires in Berne, Frank Cremins. Irish Documents on Foreign Policy is a distinguished series of publications.¹ The editors did not include this letter in the relevant volume. Copyright forbade it without the permission of the Joyce estate. That was not likely to be forthcoming. Joyce's legacy was guarded closely by his surviving grandson. The High Court decision in *Sweeney v. National University of Ireland Cork* exemplifies the strictures under which copyright operates in Ireland.² Cork University attempted to publish an anthology of Irish writing for students, and part of that was to be a 23 page extract from *Ulysses*. The grandson of the author required a large fee, so large that the university could not agree to it. The university proposed to proceed without paying him in advance but proposing a fair price later. He sought an injunction. Could not publication take place and let damages in the cause determine the appropriate fee? No, answered Smyth J.:

The nature of copyright is such that while the owner may voluntarily permit, licence or consent to the use in whole or part of a protected work (for a fee or otherwise), it is a right that cannot be wrested from the owner by a person even tendering the fee in full. The terms and conditions, if not agreed upon, cannot be imposed by [a publisher] proceeding in the face of objection and seeking to publish in whole or part a protected work in the hope or knowledge that it can pay a sum of money.³

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Note: For a copy of any Irish judgment mentioned in this paper, please see www.courts.ie or www.bailii.org. For judgments of the European Court of Justice, see http://curia.europa.eu/jcms/jcms/j_6/; and for judgments of the Courts of England and Wales, see www.bailii.org.

¹ National Archives of Ireland DFA Paris Embassy 49/16: see Appendix I.

² [2001] 2 I.R. 6

³ See fn. 2 above at p. 15.

Such are the strictures of Irish copyright law, operating as it does on the English model of an absolute right, in general, to prohibit publication, subject to specific defences such as scholarly commentary or private use.

The United States approach would be mediated by the defence of fair use. 17 USC § 107 provides:

Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include -

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;*
- (2) the nature of the copyrighted work;*
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole;*
- (4) the effect of the use upon the potential market for the value of the copyrighted work.*

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.

There is reason for admiration from across the Atlantic because while being flexible, this general defence allows for exactly what it says, a fair use of copyright material while being at least reasonably predictable. The exploitation of the work of another to substantial commercial disadvantage can never be fair,⁴ while reference, as opposed to plagiarism,⁵ and homage, as opposed to wholesale incorporation or transformation,⁶ tends to enable the defence. In the Joyce to Irish embassy example, fair use would focus on the nature of the communication and its importance to the public interest.⁷ A general example which springs to mind is a movie series, such as Toy Story, where reference is made to the copyright work of another. Barbie dolls, male and female, appear in Toy Story in speaking and moving roles and whereas in Europe that would unequivocally be a breach of copyright, in the United States it might be possible to argue that a fair use defence allows the Barbies to appear in supporting roles. The owner of copyright might not be predicted to react like the James Joyce estate, but be rather pleased instead. A fee might be sought, but that fee would be mediated by the possible defence of fair use; the plea of this defence means that the copyright owner is in danger of losing in court. Would the owner succeed in overcoming that defence? It depends. How many small girls watching the films, including my own daughters, would demand Barbie presents for birthdays and add new accessories to their existing collection? But, perhaps substantiality might be predicted to tilt the balance as, after all, an entire copyrighted work is used.⁸ As I understand it, lawyers in the United States will not sign off on a movie without everything being legally correct. In fair use, they at least have a negotiation chip.

In Europe we do not have a fair use defence. Simply copying a CD onto a personal music player infringes copyright. Fair use may be criticised for being unpredictable as a defence, but it is based on common sense and it has an attractive flexibility in terms of ensuring substantial justice.

⁴ *American Geophysical Union v. Texaco Inc.*, 60 F. 3d 913 (2nd Cir. 1994).

⁵ *Mattel Inc. v. Walking Mountain Productions*, 353 F. 3d 792 (9th Cir. 2003).

⁶ *Blanch v. Koons*, 467 F. 3d 244 (2nd Cir. 2006).

⁷ *Time Inc. v. Bernard Geis Associates*, 293 F. Supp. 130 (S.D.N.Y. 1968).

⁸ *Harper and Row v. Nation Enters* 471 U.S. 539 (1985).

Freedom

Human rights are now a prime implication in the control of Internet use and mobile communications. Ideas grow on the Internet. It is not only a frivolous medium. For many people, the Internet represents freedom. Reading Internet blogs about proposed legislation which may restrict even illegal activity over the Internet, such as copyright theft, it is striking how often the rhetoric of freedom is the touchstone. The Internet grew up as a space without regulation and there is a genuine call that the controlling hand of church or mosque, of government or dictator, of family or business, should leave it alone. Controls proposed over it are met with a vigorous defence. In America you are familiar with the Stop Online Piracy Act and the response that this proposal engendered. In Ireland, as a result of the High Court decision in *EMI Records (Ireland) Ltd v. UPC Communications Ireland Ltd*, which held that blocking mechanisms were not included in the Copyright and Related Rights Act 2000, the Irish Government moved to amend the law.⁹ On the day of publication of the amendment, the State came under attack on the Internet, with the official websites of the Department of Justice and the Department of Finance taken down for some hours.¹⁰

Characteristic of a free society is the degree to which thought and debate is left in the hands of its citizens. A democracy is a compact among the inhabitants of a nation whereby they participate in government: thus, whatever change is desired can occur through the strength of the principles they espouse. Not much in the sphere of ideas needs to be suppressed in a democracy because ideas are not dangerous to any society that is based on consent. In contrast, we have seen several revolutions over 2011-2012 where the dictatorial authorities immediately blocked mobile phone communication and email exchange. It was through instant communication that protestors were drawn physically to a location and, more importantly, ideas were subscribed to. Regrettably, there are many more examples of authoritarian governments controlling protest and ideas by striking at electronic communication. The downside of freedom is that it may only be ostensible. Stifling conformity to ideas, in our own time political correctness is a focus of constriction on free debate, can be a more subtle form of control. It is present in every society, to some degree. There may be, on the other hand, cause to query the degree of consent in societies which erect Internet firewalls and block television transmission by satellite from abroad while assuming a right to read email communications and intercept phone messages on a routine basis. This possibly leads to the conclusion that Internet freedom can emerge in law as a key indicator of social consent; the mark of a free society.

A clear view

The report of 16 May 2011 of the Special Rapporteur on the promotion and protection of the right to freedom of opinion and expression of the United Nations General Assembly Human Rights Council, not surprisingly, puts access to the Internet as a key component of the right to communicate. That Council sees the violation of copyright through the medium of the Internet as an insufficient basis for removing Internet access from any person:

78. While blocking and filtering measures deny users access to specific content on the Internet, States have also taken measures to cut off access to the Internet entirely. The Special Rapporteur considers cutting off users from Internet access, regardless of the justification provided, including on the grounds of violating intellectual property rights law, to be disproportionate

⁹ [2010] IEHC 377, (Unreported, High Court, Charleton J., 11 October, 2010).

¹⁰ See "Government websites targeted", *The Irish Times*, 25 January 2012, at <http://www.irishtimes.com/newspaper/breaking/2012/0125/breaking7.html>.

and thus a violation of article 19, paragraph 3, of the International Covenant on Civil and Political Rights.

79. *The Special Rapporteur calls upon all States to ensure that Internet access is maintained at all times, including during times of political unrest. In particular, the Special Rapporteur urges States to repeal or amend existing intellectual copyright laws which permit users to be disconnected from Internet access, and to refrain from adopting such laws.*¹¹

There, at least, it is plain. It is important to look to the direction that ideas of rights enshrined in the European Convention on Human Rights and Fundamental Freedoms, incorporated in the Treaty on European Union, through Articles 8 and 10, will be a continuing influence on the regulation of copyright into the future.¹² Some rights will arise naturally out of the nature of the human person as protected under the Convention and other rights will have to be declared by legislation. An example of the legislation necessitating intervention is the entitlement of those who grow from the embarrassing effusions of their teenage years to become forgotten by requiring social networking sites to remove photographs that might impact on job prospects.¹³

Of their nature, rights under the Convention are characterised by judicial definition, and therefore judicial control over the development of European law is now key in this area. The Internet is not a place or state, but its usefulness and the resources which it contains, including the facility of immediate and universal access make it especially prized.

So prized, that the Internet has been the fundamental engine of change in copyright law in Europe over the last decade. That is not all. It is difficult to construct a legal system which provides special defences to copyright infringement on the Internet but not for any other form of copying. Hence, what happens to copyright regulation over the Internet may be predicted to impact on the whole corpus of copyright law. It is not just law that matters. Part of European law is the concept of how law interacts with human rights. Fundamental rights form an integral part of the general principles of law which the Court of Justice of the European Union enforces. The Court says that it draws inspiration from the constitutional traditions common to the member states and from the guidelines supplied by international treaties for the protection of human rights on which they have collaborated.¹⁴ In this paper we concentrate on four rights that compete with the author's right to control reproduction of creative effort: the right to communicate; the right to privacy, possibly incorporating an entitlement to anonymity in Internet communications; the right to a judicial process in taking any Internet connection off service; and the right to certainty of law, especially in the field of prescriptive injunctive relief. We also look at the division between criminal and civil remedies.

¹¹ A/HRC/17/27.

¹² The accession of the European Union to the European Convention on Human Rights became a legal obligation under the Treaty of Lisbon, which entered into force on 1 December 2009. Article 6(2) of the Treaty on European Union now states: "*The Union shall accede to the European Convention for the Protection of Human Rights and Fundamental Freedoms. Such accession shall not affect the Union's competences as defined in the Treaties.*" Accession to the Convention is currently being negotiated.

¹³ See Proposal for a Regulation of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data and the free movement of such data (General Data Protection Regulation), COM (2012) 11 final. Article 17 of the Proposal provides for the data subject's right to be forgotten and to erasure. Recital 53 states that this right is particularly relevant where the data subject gave his/her consent as a child when not being fully aware of the risks involved by the processing and later wants to remove such data, especially from the Internet. In an EU Commission briefing the example is given of an Austrian law student who requested all the information that a social networking site kept about him on his profile. The social network sent him 1,224 pages of information, which included photos, messages and postings on his page dating back several years, some of which he thought he had deleted. See http://ec.europa.eu/justice/data-protection/document/review2012/factsheets/3_en.pdf.

¹⁴ Case C-36/2002 *Omega Spielhallen und Automatenaufstellungs GmbH v. Oberbürgermeisterin der Bundesstadt Bonn*, 2004 ECR I-9609 at 33-34.

To put that in context, a concise and up to date treatment of European Union law must be set out. But first the issue as it presents itself in Europe.

A European issue

Encountering the issue of copyright infringement in the United States of America, a person from Europe might be surprised at the nature of the problem. There is very little selling of counterfeited DVDs and CDs in any European country. Personally, we have seen such counterfeits offered on only two occasions whilst in Mediterranean countries. The big issue is the Internet as it is used to copy music and films and make them available to the world at large over peer-to-peer (P2P) networks. Most will be familiar with how this works. In ease of understanding, however, it is worthwhile quoting the evidence of Michael Walsh of the Irish consultancy firm, Kerna Communications Ltd, reproduced by Arnold J. of the England and Wales High Court in *Dramatico Entertainment Ltd and Others v. British Sky Broadcasting Ltd and Others* [2012] EWHC 268 (Ch):

- (a) *The user downloads and installs on his or her computer a piece of software, for example µTorrent (also known as uTorrent). This software is easily found using an Internet search engine and is downloaded for free without any personal identification required.*
- (b) *Once the software is installed on a computer, whenever that computer connects to the Internet it becomes part of a P2P network or system consisting of many other computers using the same software. P2P software often installs itself so that it runs in the background whenever the computer is started.*
- (c) *A user locates files for download in different places depending on the P2P technology in use. Bittorrent users may use The Pirate Bay because it is simple to search and find music, video, games and software.*
- (d) *Once a user is a participant in a P2P network, he or she can download files hosted and being made available by other users of the P2P network. At the same time the user's computer acts as an uploader, making the files that it has locally available to others. The files are not stored or hosted on a central server. Instead, each computer that is part of the network can act as a mini-server from which other P2P users on the network can download files.*
- (e) *P2P technology distributes large data files by breaking them up into small pieces (chunks) and sends them over the Internet to the requesting user. The P2P software may request chunks of the file from different members of the P2P network. When all the data is received by the user's computer, the file is reassembled as a whole.*
- (f) *Because of their organisation, where users in a P2P network will generally act both as a client and a server (i.e. uploader as well as downloader), each participant provides resources to the network such as bandwidth, storage space and computing power, thereby increasing capacity as the network grows. P2P networks scale well as they grow in size and are resilient where there is no central component.¹⁵*

The nature of the issue as it manifests in Europe has been described in several judgments: *EMI Records (Ireland) Ltd v. UPC Communications Ireland Ltd* in Ireland;¹⁶

¹⁵ At paragraph 19 of the judgment.

¹⁶ [2010] IEHC 377, (Unreported, High Court, Charleton J., 11 October 2010). See also *EMI Records (Ireland) Ltd v. Eircom plc* [2009] IEHC 411, (Unreported, High Court, Charleton J., 24 July 2009) on the grant of an injunction against the defendant Internet service provider to block access to The Pirate Bay, later declared to be incorrect in *EMI Records (Ireland) Ltd v. UPC Communications Ireland Ltd*; and *EMI Records & Ors. v. Eircom Ltd* [2010] 4 I.R. 349 upholding the validity from a data protection perspective of the three strikes and cut-off settlement as between the parties. It is understood that on 5 December 2011 the Irish Data Protection Commissioner issued an enforcement notice directing Eircom to stop implementing the agreement. The matter is now before the commercial division of the Irish High Court. See Mary Carolan, "Music firms in data legal challenge", *The Irish Times*, 29 February 2012: <http://www.irishtimes.com/newspaper/breaking/2012/0229/breaking39.html>.

and *Twentieth Century Fox Film Corporation & Ors. v. British Telecommunications plc (Newzbin 2)* in England and Wales being a representative sample.¹⁷ In the *Dramatico* case at paragraphs 27 to 29, Arnold J. described Internet copyright infringement through a website called The Pirate Bay as “*vast in scale*”. This website is mentioned continually as the source of the relevant downloads enabling copyright infringement. When its founders, earning substantial revenues through online advertising, were convicted in Sweden on charges of criminal copyright infringement, they fled to other countries. Arnold J. found that of the top 75 music albums available as of December 2011, 72 were available through The Pirate Bay. Access to that site was enjoined through the intermediaries of the main Internet service providers in Britain. The reasoning was that although they were conduits, authorisation of copyright infringement can occur where the action of the party charged goes beyond mere enablement, assistance or even encouragement. Participation occurs where there is a grant, or purported grant, of the right to do the tort complained of. This may be found on an analysis of the relationship between the alleged authoriser and the primary infringer; the equipment or other material supplied as a means to infringe; whether it was inevitable that such would be so used; the degree of control which the supplier retained; and whether that supplier has taken any steps to prevent infringement; see Kitchin J. in *Twentieth Century Fox Film Corporation & Ors. v. Newzbin Ltd* [2010] EWHC 608 (Ch) at paragraphs 85-89 (*Newzbin 1*). In addition, joint commission of a tort could occur where there is more than mere knowing assistance or facilitation to the degree that the party charged became so involved in the tort as to make it his own; same judgment at paragraphs 103-111. Arnold J. held that an injunction was required shutting off access through intermediaries to The Pirate Bay and that same was mandated by European copyright law. The previous year, in *Newzbin 2* (cited above), Arnold J. shut off the access of British Telecom Internet customers to sites called Newzbin 1 and Newzbin 2. These sites were being used to infringe copyright in motion pictures. The judge described the nature of the problem in this way:

*The Studios relied on two recent studies of the scale of the problem so far as the film and television industries are concerned. A study by Ipsos MediaCAT dated April 2010 analysing the scale of film and television piracy in the UK in 2009 estimated the overall loss from film piracy at £477 million and the overall loss from television piracy at £58 million. A study by Tera Consultants dated March 2010 concluded that in 2008 the audio and audiovisual industries in the UK lost almost 670 million euros in revenues to physical and digital piracy, with the larger proportion of that lost revenue attributable to digital piracy.*¹⁸

In all of these cases, it was required by court order that Internet service providers actually intervene in communications and block or divert the attempts by their customers to access these sites. This was done by the addition of technology onto the computer systems of these firms. A different view was taken of authorisation in terms of the facts both at trial and on appeal in Australia to the High Court in *Roadshow Films Pty Ltd v. iiNet Ltd*.¹⁹ These cases are either part of a growing trend

¹⁷ [2011] EWHC 1981 (Ch).

¹⁸ At paragraph 20 of the judgment.

¹⁹ [2012] H.C.A. 16. We quote from the judgment of French CJ., Crennan and Keifel JJ.:

The appellants' submission, that iiNet should be taken to have authorised the infringements unless it took measures with respect to its customers, assumes obligations on the part of an ISP which the Copyright Act does not impose. A consideration of the factors listed in s 101(1A) does not permit a conclusion that iiNet is to be held liable as having authorised the infringements. The extent of iiNet's power was limited to an indirect power to prevent a customer's primary infringement of the appellants' films by terminating the contractual relationship between them. The information contained in the AFACT notices, as and when they were served, did not provide iiNet with a reasonable basis for sending warning notices to individual customers containing threats to suspend or terminate those customers' accounts. For these reasons, iiNet's inactivity after receipt of the AFACT notices did not give rise to an inference of authorisation (by "countenancing" or otherwise) of any act of primary infringement by its customers. This final conclusion shows that the concept and the principles of the statutory tort of authorisation of copyright infringement are not readily suited to enforcing the rights of copyright owners in respect of widespread infringements occasioned by peer-to-peer file sharing, as occurs with the BitTorrent system.

to enforce copyright protection over the Internet; or they are the last manifestation of traditional respect for copyright that is enforced through injunctive relief and which is in the process of being submerged into issues of human rights that will neuter copyright enforcement over the Internet. But, first, let us briefly describe European copyright law.

European copyright law: an outline

At least as regards copyright law, European countries share similar attitudes. As the Irish regime is a good example of strict control with no defence of fair use, let us start with that. We will then consider the various European measures in this area.

Copyright is said to have existed in Ireland as a fundamental right as early as the 6th century. A monk by the name of Columba Ó Néill, later to become Saint Columcille and one of the three patron saints of Ireland, is reputed to have been the subject of the first copyright judgment. An ancient manuscript in the Royal Irish Academy recounts the tale:

At that time Columcille (521-597) went to the house of Finnian of Drum Finn and sought the loan of a book from him, viz. Finnian's copy of the Four Gospels, as it were to correct a book thereby. Finnian gave him the book, and Columcille copied it at night unknown to Finnian. Finnian learnt of the copying of the book in theft and was angered, and set about bringing him to law for it. "I will give you the judgment of the king of Ireland on it," said Columcille, "viz. Diarmuid Mac Cearbhaill." "I will accept that," said Finnian. Both sides went then to Tara where Diarmuid was and told him their tidings, and Finnian alleged the copying in theft, and that the copy of his book belonged to him. Columcille said that Finnian's book was none the worse for his copying from it. Said Diarmuid: "To every cow its calf, and to every book its copy".²⁰

Over time the common law rules regulating the area were replaced by statutory provision, starting with the statute of Queen Anne of 1710, but the respect for copyright remained.²¹ The Irish copyright regime developed in parallel to that in Britain and mirrors it in many respects. The relevant legislation is now the Copyright and Related Rights Act 2000, as amended ("the CRRA"). Copyright is declared to be a property right²² and as such is accorded constitutional protection: the State is prohibited pursuant to Article 43 of Bunreacht na hÉireann, the Constitution of Ireland, from abolishing the right, but may regulate its exercise in the interests of the common good. Keane J. considered copyright to be also one of the unenumerated rights protected by Article 40.3.2 of the Constitution and as having a pre-legislative origin and super-legislative effectiveness. He stated:-

... even in the absence of any statutory machinery, it is the duty of the organs of the State, including the courts, to ensure, as best they may, that these rights are protected from unjust attack and, in the case of injustice done, vindicated.²³

The difficulties of enforcement which such infringements pose for copyright owners have been addressed elsewhere, in constitutional settings different from our own, by specially targeted legislative schemes, some of which incorporate co-operative industry protocols, some of which require judicial involvement in the termination of internet accounts, and some of which provide for the sharing of enforcement costs between ISPs and copyright owners. The appeal should be dismissed with costs.

²⁰ In old Irish "*le gach bó a buinin agus le gach leabhar a chóip*" or "*le gach bain a bainin agus le gach leabhar a leabharín*". See 56 Seanad Debates Col 487. The above extract is from a Royal Irish Academy manuscript, No 24, p. 25. See Appendix II.

²¹ 8 Anne, c. 19 (1710).

²² Section 17(1) of the CRRA. Article 17(2) of the Charter of Fundamental Rights of the European Union also provides that intellectual property shall be protected as a property right.

²³ *Phonographic Performance (Ireland) Ltd v. Cody* [1998] 4 I.R. 504 at 511.

Our copyright regime, founded as it is on the absolute model, recognises copyright as a human right²⁴ and one that “cannot be wrested from the owner.”²⁵ The copyright owner has the exclusive right to copy his work; to make it available to the public; or to make an adaptation of it.²⁶ While there is no general “fair use” concept in Irish law, our legislation does provide for a number of specific defences to infringement, the most common being the “scholars defence”.²⁷ This defence allows us to quote, for example, a couple of lines from a Yeats poem or from the work of some other author, but we must not overdo it. The defence would not have allowed the reproduction, for instance, of Joyce’s letters to Seán Murphy or Frank Cremins, and nor would it have availed the National University of Ireland, Cork in using a 23 page extract from *Ulysses*. The scope of the defence is a question of degree and the purpose and extent of the use must not unreasonably prejudice the interests of the copyright owner.²⁸ A similar defence may be found in the UK Copyright, Designs and Patents Act 1988.²⁹

If asked to explain the foundations of Irish copyright law in one sentence, one might say: the author of a work is rewarded with a statutory monopoly over his work, which is subject only to certain specific exceptions. This is how copyright is understood in Ireland and Britain and how it has always been understood across Europe.³⁰ The European Copyright Directive, which seeks to harmonise the protection of copyright across the member states of the European Union, is similarly premised on a “high level of protection”.³¹ The Directive requires that authors be given, amongst other rights, the exclusive right to authorise, or indeed to prohibit, any communication to the public of their works.³² This right is to be understood in a broad sense: it covers communication to the public not present at the place where the communication originates and any transmission or retransmission of the work.³³ For example, the provision of television sets in hotel bedrooms and the distribution to those television sets of a signal received centrally is a “communication to the public”.³⁴ An hotelier who provides such facilities makes protected works available to a new public, i.e., to a public which was not taken into account by the author when he originally authorised the communication of his work. To avoid infringing copyright, the hotelier must obtain authorisation from the copyright owner. What about the broadcast of live sporting events? There is no copyright in a sporting event, but certain underlying features of the broadcast of a sporting event might be

²⁴ *EMI Records (Ireland) Ltd v. Eircom Ltd*, fn. 16 above at 366.

²⁵ *Sweeney v. National University of Ireland Cork*, fn. 2 above at 15.

²⁶ Sections 37 to 40 of the CRRA. The copyright owner also has the right to issue copies of the work to the public or to authorise others to do so (the distribution right) and to rent or lend copies of the work or to authorise others to do so (the rental and lending rights): sections 41 and 42 of the CRRA.

²⁷ Section 50(1) of the CRRA provides that “Fair dealing with a literary, dramatic, musical or artistic work, sound recording, film broadcast, cable programme, or non-electronic original database, for the purposes of research or private study, shall not infringe the copyright in the work.” See also section 51 (Fair dealing: criticism or review) and see generally Chapter 6 of the CRRA.

²⁸ Section 50(4) of the CRRA.

²⁹ See sections 29 and 30.

³⁰ See The International Convention for the Protection of Literary and Artistic Works signed at Berne on 9 September 1886, as amended (“the Berne Convention”); and The World Intellectual Property Organisation Copyright Treaty agreed in Geneva on 20 December 1996 (“the WIPO Copyright Treaty”) to which all member states of the European Union are party.

³¹ Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, O.J. L167/10 22.6.2001, Recital 9.

³² Article 3(1) of Directive 2001/29/EC (the Copyright Directive) provides that “Member States shall provide authors with the exclusive right to authorise or prohibit any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access them from a place and at a time individually chosen by them.” See also Article 2 (Reproduction Right) and Article 4 (Distribution Right).

³³ Directive 2001/29/EC (the Copyright Directive), Recital 23.

³⁴ Case C-306/05 *Sociedad General de Autores y Editores de Espana (SGAE) v. Rafael Hoteles SA*; see also Case C-136/09 *Organismos Sillogikis Diacheirisis Dimiourgon Theatrikon kai Optikoakoustikin Ergon v. Divani Akropolis Anonimi Xenodocheiaki kai Touristiki Etairia* [2010] ECR I-37. See also Case C-162/10 *Phonographic Performance (Ireland) Ltd v. Ireland & Attorney General* which applies a similar interpretation to the term “communication to the public” in Article 8(2) of Directive 2006/115/EC of the European Parliament and of the Council of 12 December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property, O.J. L376/28 27.12.2006.

protected. In a recent decision, the European Court of Justice held that the showing in a public house of live Premier League soccer matches using a television and speakers is a communication to the public. Publicans who, without authorisation, show such matches using foreign decoder cards therefore risk infringing the copyright in the Premier League anthem and logo.³⁵

Defences: All of this is very well until you introduce the Internet and the use of peer-to-peer (P2P) technology. How then can the copyright owner exercise control over his work? Can he look to the Internet service providers for assistance? The E-Commerce Directive provides Internet service providers with specific defences to claims of copyright infringement.³⁶ The “mere conduit” defence in Article 12 arises when the Internet service provider does not initiate the transmission; does not select the receiver of the transmission; and does not select or modify the information contained therein. Article 13 provides a defence where the Internet service provider is merely caching information or websites, for instance to enable more ready access to popular search targets; and Article 14 provides a defence in circumstances where the Internet service provider is merely hosting information or websites. Further, Article 15 prohibits member states from imposing on Internet service providers a general obligation to monitor the information which they transmit or store and in appropriate circumstances they may be able to argue that the mere provision of facilities for enabling or making a communication is not a breach of copyright.³⁷

Injunctive relief: By virtue of their very function, Internet service providers are the best placed to bring online infringements to an end. This is expressly recognised in the Copyright Directive which requires that copyright owners have the option to apply for an injunction against an intermediary whose services are used by a third party to infringe copyright, even where the Internet service provider is itself exempted from liability.³⁸ A similar provision is repeated in the Enforcement Directive which also alludes to the possibility of an interlocutory injunction: “*provisional measures for the immediate termination of infringements*”.³⁹ Similarly, the E-Commerce Directive states that the limitations on the liability of intermediaries do not affect the possibility of injunctions of different kinds.⁴⁰ Injunctive relief cannot, however, be “*unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays*”, as mandated by Article 3 of the Enforcement Directive. The basis for injunctive relief against an Internet service provider is similar to the basis of what is known as a Norwich Pharmacal order: where a person, perhaps without fault, gets entangled in the tortious acts of others in a way that facilitates their wrongdoing, while no personal liability may be incurred, a duty is established to assist the person wronged by disclosure of relevant information and of the identity of the wrongdoer.⁴¹

National courts have demonstrated that they are willing to uphold copyright by granting injunctive relief against Internet service providers. Injunctions have been

³⁵ Joined Cases C-403/08 and C-429/08 *Football Association Premier League Ltd & Ors v. QC Leisure & Ors* [2011] ECR I-0000; *Football Association Premier League Ltd & Ors v. QC Leisure & Ors* [2012] EWHC 108 (Ch). See also Joined Cases Case C-431/09 *Airfield NV v. Belgische Verebiging van Auteurs, Componisten en Uitgevers CVBA (Sabam)* and Case C-432/09 *Airfield NV v. Agicoa Belgium BVBA*. The English High Court has referred to the European Court of Justice the question of whether the live streaming of television programmes to computers and other devices as part of a subscriber service is a “communication to the public”: *ITV Broadcasting Limited & Ors. v. TV Catchup Ltd* [2011] EWHC 1874 (Pat); and [2011] EWHC 2977 (Pat).

³⁶ Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (Directive on electronic commerce), O.J. L178/1 17.7.2000.

³⁷ Directive 2001/29/EC (the Copyright Directive), Recital 27.

³⁸ Directive 2001/29/EC (the Copyright Directive), Recitals 58 and 59 and Article 8(3).

³⁹ Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights O.J. L195/16 2.6.2004, Recitals 22, 23 and 24 and Article 11.

⁴⁰ Directive 2000/31/EC (the E-Commerce Directive), Recital 45.

⁴¹ *Norwich Pharmacal v. Custom and Excise* [1974] AC 133.

granted by the English and Wales High Court;⁴² the President of the Tribunal de première instance in Brussels;⁴³ the Copenhagen City Court⁴⁴ and the Frederiksberg Court in Denmark;⁴⁵ the Swedish Court of Appeal;⁴⁶ and the Commercial Court of Austria.⁴⁷ The Irish High Court was “*regrettably*” unable to grant an injunction against UPC, an Internet service provider to about 15% of the Irish market, due to a gap in our national legislation, which may since have been remedied; that may be the subject of a future case.⁴⁸ Some might think, however, that the European Court has been less obliging. We return to this point at the end of this paper.

Competing rights

Consider the difference of approach between the national court and the European Court in Case C-70/10 *Scarlet Extended S.A. v. Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)*. In 2004, SABAM, a Belgian society representing authors, composers and publishers, initiated proceedings against Belgian Internet service provider, Scarlet, at the time called Tiscali SA. SABAM sought a blocking order to bring to an end the illegal downloading of protected works by means of peer-to-peer (P2P) networks on Scarlet’s server. Belgian legislation provided that where a third party uses the services of an intermediary to infringe the intellectual property of another, the Belgian courts can order the intermediary to bring the infringement to an end. In a judgment delivered on 26 November 2004, the President of the Tribunal de première instance, Brussels found that copyright had been infringed and appointed an expert to assess the feasibility of the technical solutions proposed by SABAM. The expert identified one possible solution, namely CopySense produced by Audible Magic, but expressed reservations as to its capacity to deal with high volumes of traffic; its high acquisition and operating costs; and its potentially short (2-3 years) lifespan.⁴⁹ On hearing further submissions from the parties however, the Court concluded in a further judgment on 29 June 2007 that “*future potential encryption [in peer-to-peer networks] cannot today be an obstacle to injunctive measures since this one is currently technically possible and capable of producing a result*” and that “*today there exist possible effective technical measures to prevent copyright infringements found in the 26 November 2004 judgment.*” Scarlet raised a number of legal arguments against the granting of the order, including that (i) it would constitute a general obligation to monitor contrary to Article 15 of the E-Commerce Directive; (ii) it would be contrary to the mere conduit defence in Article 12 of the E-Commerce Directive; and (iii) it would violate fundamental rights in particular the rights to privacy, confidentiality of correspondence and freedom of

⁴² *Twentieth Century Fox Film Corporation & Ors. v. Newzbin Ltd* [2010] EWHC 608 (Ch); and *Twentieth Century Fox Film Corporation & Ors. v. British Telecommunications plc* [2011] EWHC 1981 (Ch).

⁴³ *Société belge des auteurs, compositeurs et éditeurs SCRL v. Tiscali*, 29 June 2007: order requiring Internet service provider to filter and block infringing content.

⁴⁴ *IFPI Danmark v. Tele 2 A/S*, 25 October 2006: order granted requiring Internet service provider to block access to www.allofmymp3.com.

⁴⁵ *IFPI Danmark v. DMT2 A/S*, 29 October 2008: order requiring Internet service provider to block access to www.thepiratebay.org.

⁴⁶ *Columbia Pictures Industries Inc v. Portlane AB*, 4 May 2010: order granted requiring Internet service provider to block access to a tracker website associated with The Pirate Bay.

⁴⁷ *Constantin Film v. UPC*, 13 May 2011: order granted requiring Internet service provider to block access to www.kino.te.

⁴⁸ *EMI Records (Ireland) Ltd & Ors. v. UPC Communications Ireland Ltd*, see fn. 16 above. See also the European Union (Copyright and Related Rights) Regulations 2012, S.I. No. 59 of 2012. The Regulations amend the CRRA by inserting the following: “*The owner of the copyright in a 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 Copyright Directive] 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 be notified of the application) as the court considers appropriate in all of the circumstances.*” A similar provision is also inserted in respect of performers’ rights.

⁴⁹ For a technical description of how CopySense operates, see *EMI Records (Ireland) Ltd & Ors v. UPC Communications Ireland Ltd*, fn. 16 above, at paras. 43 to 49.

expression. These arguments were rejected and the Belgian court proceeded to grant the order sought.

Scarlet appealed to the Brussels Cour d'Appel and a reference to the European Court followed. The Court asked:

- (i) whether European legislation, including Articles 8 and 10 of the European Convention on Human Rights, allows member states to authorise a national court to order an Internet service provider to install as a preventive measure a system filtering all electronic communications passing through its service to identify on its network the movement of electronic files containing a protected work and subsequently to block the transfer of such files?; and
- (ii) if so, whether national courts are required to apply the principle of proportionality when deciding on the effectiveness and dissuasive effect of the measure sought?

Advocate General Cruz Villalón delivered his opinion on 14 April 2011.⁵⁰ He considered that the first question ought to be answered in the negative and accordingly that it was not necessary to answer the second question. He regarded the measure ordered by the Belgian court as being “*general in all respects, whether personal, spatial or temporal*”: it was for an unlimited period; it covered all communications passing through Scarlet’s network; it applied to transmissions sent from any Scarlet subscriber to another web user and from other web users to Scarlet subscribers; it would apply *in abstracto* and as a preventive measure; it was at the cost of Scarlet; and it was doubtless intended to be applied on a widespread basis, across all Internet service providers and to other major players involved in the Internet, not only in Belgium but beyond.

The Advocate General then considered the impact of the Charter of Fundamental Rights and Freedoms of the European Union and the European Convention on Human Rights. Brief reference was made to the Convention above, but we might pause here a moment to consider how both these measures fit into the debate on online copyright piracy. The European Court of Justice interprets EU legislation in accordance with fundamental rights principles and often looks to the Convention and the jurisprudence of the European Court of Human Rights for guidance in this regard.⁵¹ Further, following a recent amendment to the Treaty on European Union, the Charter became binding on all member states when implementing EU law.⁵² Article 52 of the Charter provides that any limitation on Charter rights must be provided for by law and must be proportionate, necessary and meet objectives of general interest recognised by the Union or the need to protect the rights and freedoms of others. To the benefit of the Internet service providers, and indirectly the copyright infringers, the European Court now has the opportunity to weigh Charter and Convention rights in the balance, including the right to privacy;⁵³ the right to protection of personal data;⁵⁴ the right to freedom of expression and information;⁵⁵

⁵⁰ At the time of writing, the Advocate General’s Opinion has not been translated into English and we are here relying on a review of the Opinion based on an unofficial translation obtained by The Hon Mr Justice Arnold and discussed in his judgment in *Twentieth Century Fox Film Corporation & Ors v. British Telecommunications plc* [2011] EWHC 1981 (Ch) at paras. 175; and the Court of Justice of the European Union Press Release No 37/11.

⁵¹ In Ireland, section 2(1) of the European Convention on Human Rights Act 2003 provides that “*in interpreting and applying any statutory provision or rule of law, a court shall, in so far as is possible, subject to the rules of law relating to such interpretation and application, do so in a manner compatible with the State’s obligations under the Convention provisions.*”

⁵² The amendment referred to is the Treaty of Lisbon which entered into force on 1 December 2009. Article 51 of the Charter provides that “*the provisions of this Charter are addressed to ...the Member States only when they are implementing Union law. They shall therefore respect the rights, observe the principle and promote the application thereof in accordance with their respective powers.*”

⁵³ Article 7 of the Charter; Article 8 of the Convention.

⁵⁴ Article 8 of the Charter.

⁵⁵ Article 11 of the Charter; Article 10 of the Convention.

the freedom to conduct a business;⁵⁶ and the right to a fair trial.⁵⁷ As Articles 8 and 10 of the Convention appear to be the most frequently cited, it is apposite to set out these provisions in full:

ARTICLE 8

Right to respect for private and family life

1. *Everyone has the right to respect for his private and family life, his home and his correspondence.*
2. *There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others.*

ARTICLE 10

Freedom of expression

1. *Everyone has the right to freedom of expression. This right shall include freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers. This Article shall not prevent States from requiring the licensing of broadcasting, television or cinema enterprises.*
2. *The exercise of these freedoms, since it carries with it duties and responsibilities, may be subject to such formalities, conditions, restrictions or penalties as are prescribed by law and are necessary in a democratic society, in the interests of national security, territorial integrity or public safety, for the prevention of disorder or crime, for the protection of health or morals, for the protection of the reputation or rights of others, for preventing the disclosure of information received in confidence, or for maintaining the authority and impartiality of the judiciary.*

None of these rights are explicitly referred to in the relevant directives, although it follows from Article 1(5)(b) of the E-Commerce Directive, Article 9 of the Copyright Directive and Article 8(3)(e) of the Enforcement Directive that the protection of copyright cannot affect the requirements of the protection of personal data.⁵⁸ Further, the Framework Directive, as recently amended, requires that measures taken by member states regarding end-users access to and use of services and applications through electronic communications networks must respect the fundamental rights and freedoms of natural persons as guaranteed by the Convention and general principles of EU law.⁵⁹ We consider this later.

Returning now to the Advocate General's opinion, he took the view that the order of the Belgian court was likely to have a negative effect on the enjoyment by Scarlet's customers of their Charter rights, in particular the right to privacy, the right to protection of personal data and the right to freedom of expression. Applying the case law of the European Court of Human Rights, the Advocate General considered that the legal basis for any restriction on the exercise of Charter rights must meet requirements concerning "the quality of the law" at issue: a national law which restricts Charter rights must be accessible, clear and predictable. The relevant

⁵⁶ Article 16 of the Charter.

⁵⁷ Article 47 of the Charter; Article 6 of the Convention.

⁵⁸ Directive 2000/31/EC (E-Commerce Directive); Directive 2001/29/EC (Copyright Directive); and Directive 2004/48/EC (Enforcement Directive).

⁵⁹ Directive 2002/21/EC of the European Parliament and of the Council of 7 March 2002 on a common regulatory framework for electronic communications networks and services, O.J. L108/33 24.4.2002; Directive 2009/140/EC of the European Parliament and of the Council of 25 November 2009 amending Directives 2002/21/EC on a common regulatory framework for electronic communications networks and services, 2002/19/EC on access to, and interconnection of, electronic communications networks and associated facilities, and 2002/20/EC on the authorisation of electronic communications networks and services O.J. L337/37 18.12.2009.

Belgian law did not, in the Advocate General's opinion, meet these requirements and and thus there was no adequate basis for the order granted.

The judgment of the European Court was delivered on 24 November 2011. It mirrored to a large extent the opinion of Advocate General Cruz Villalón. The Court did not look favourably on the breadth of the injunction which it considered would impose on Scarlet a general monitoring obligation contrary to Article 15 of the E-Commerce Directive. Further, it did not consider that the order properly balanced the property rights enjoyed by the copyright owners against Scarlet's right to conduct its business. The Court was particularly concerned that the expense of installing the technology required would fall solely on Scarlet, contrary to Article 3 of the Enforcement Directive which requires that remedies not be unnecessarily complicated or costly. The Court also considered that a filtering system would infringe the rights of Scarlet's users since it would involve the collection and identification of users' IP addresses contrary to Article 8 of the Charter and could potentially lead to a blocking of lawful communications thus undermining the freedom of information contrary to Article 11. The Court did not put it much further than that.

An almost identical question was referred to the European Court, again from Brussels, in Case C-360/10 *Belgische Vereniging van Auteurs, Componisten en Uitgevers CVBA (SABAM) v. Netlog NV*. This time the blocking order was sought against a social networking site. The judgment might have been predicted: the injunction sought required the installation of a general monitoring system; it was a serious infringement of the hosting service provider's right to conduct a business; it infringed the fundamental rights of the users to protection of their personal data and their freedom to impart information; in such circumstances, the rights of the copyright owners must give way. So now rights to communicate, to due process, to run a business and to privacy are also in the mix in any copyright enforcement action.

It is best to approach this issue of several rights competing on a concrete basis, by way of expanding on that case example. Before, as we have said, a case of copyright enforcement analysed: the legal property of the plaintiff in the copyright material; the infringement alleged; the defences open to the defendant of scholars' exception, insubstantiality or non-participation; and the result was a judgment. In the present day, with the incorporation into the equation of fundamental rights, the analysis proffered continues to be correct, but added to the equation are a myriad of societal defences which have as their origin judicial interpretation of the floor of rights provided to Europe in the aftermath of the Second World War in the European Convention on Human Rights and Fundamental Freedoms. We have previously mentioned these, but how does this interaction work out in practice? In general, the answer may be by shifting the balance away from the property rights of the copyright owner and in favour of the entitlement of consumers and service providers to plead privacy, business interests and communication as equal competing norms that undermine the enforcement of intellectual property.

In Case C-360/10 *SABAM v. Netlog NV* the plaintiff, a management company representing authors and composers and film makers, obtained an injunction against the defendant, a social networking platform. This site contained private details of members and attached on to their personal photos were their favourite compositions. These were freely shared despite the members not having any right to copy from the authors. The injunctive relief implied that the defendant should introduce a preventative measure, at its own cost and for an unlimited period, a system for filtering most of the information stored on its servers in order to identify musical, audio-visual, and cinematographic files (books and poetry were not mentioned) and block their exchange among members. The issue for the European Court of Justice could be said to centre on the one sided burden involved: centring on the introduction into a network of users of a preventative measure, the burden of

integration, maintenance and purchase which would be solely on the service provider. It may be argued in future cases, as in the *Newzbin* cases above, that the extreme nature of this burden is part of the underlying rationale of the decision against the grant of such injunctive relief. Even though proportionality is a concept in European law, it is not one found to be as yet applicable in such an adjudication as this one. In the British and Irish models of injunctive relief, whether an order is just and convenient is a matter for the discretion of the court having due regard to all the factors in the case. Some may wonder how that squares with legal certainty. The European Court of Justice struck down the injunction granted by the Brussels Court of First Instance. We quote extensively from the judgment in order to obviate comment:

The protection of the right to intellectual property is indeed enshrined in Article 17(2) of the Charter of Fundamental Rights of the European Union (“the Charter”). There is, however, nothing whatsoever in the wording of that provision or in the Court’s case-law to suggest that that right is inviolable and must for that reason be absolutely protected...

As paragraphs 62 to 68 of the judgment in Case C-275/06 Promusicae [2008] ECR I-271 make clear, the protection of the fundamental right to property, which includes the rights linked to intellectual property, must be balanced against the protection of other fundamental rights.

More specifically, it follows from paragraph 68 of that judgment that, in the context of measures adopted to protect copyright holders, national authorities and courts must strike a fair balance between the protection of copyright and the protection of the fundamental rights of individuals who are affected by such measures.

Accordingly, in circumstances such as those in the main proceedings, national authorities and courts must, in particular, strike a fair balance between the protection of the intellectual property right enjoyed by copyright holders and that of the freedom to conduct a business enjoyed by operators such as hosting service providers pursuant to Article 16 of the Charter...

In the main proceedings, the injunction requiring the installation of the contested filtering system involves monitoring all or most of the information stored by the hosting service provider concerned, in the interests of those rightholders. Moreover, that monitoring has no limitation in time, is directed at all future infringements and is intended to protect not only existing works, but also works that have not yet been created at the time when the system is introduced.

Accordingly, such an injunction would result in a serious infringement of the freedom of the hosting service provider to conduct its business since it would require that hosting service provider to install a complicated, costly, permanent computer system at its own expense, which would also be contrary to the conditions laid down in Article 3(1) of Directive 2004/48, which requires that measures to ensure the respect of intellectual-property rights should not be unnecessarily complicated or costly...

In those circumstances, it must be held that the injunction to install the contested filtering system is to be regarded as not respecting the requirement that a fair balance be struck between, on the one hand, the protection of the intellectual-property right enjoyed by copyright holders, and, on the other hand, that of the freedom to conduct business enjoyed by operators such as hosting service providers...

Moreover, the effects of that injunction would not be limited to the hosting service provider, as the contested filtering system may also infringe the fundamental rights of that hosting service provider’s service users, namely their right to protection of

their personal data and their freedom to receive or impart information, which are rights safeguarded by Articles 8 and 11 of the Charter respectively.

Indeed, the injunction requiring installation of the contested filtering system would involve the identification, systematic analysis and processing of information connected with the profiles created on the social network by its users. The information connected with those profiles is protected personal data because, in principle, it allows those users to be identified...

Moreover, that injunction could potentially undermine freedom of information, since that system might not distinguish adequately between unlawful content and lawful content, with the result that its introduction could lead to the blocking of lawful communications. Indeed, it is not contested that the reply to the question whether a transmission is lawful also depends on the application of statutory exceptions to copyright which vary from one Member State to another. In addition, in some Member States certain works fall within the public domain or may be posted online free of charge by the authors concerned...

Consequently, it must be held that, in adopting the injunction requiring the hosting service provider to install the contested filtering system, the national court concerned would not be respecting the requirement that a fair balance be struck between the right to intellectual property, on the one hand, and the freedom to conduct business, the right to protection of personal data and the freedom to receive or impart information, on the other...⁶⁰

Behind every judicial enquiry are human feelings as to what is fair or unfair. A colleague of the first author has stated that there are three principles in litigation: show the judge you are the good guys; map out a way for the judge to hold in your favour; and make that task as easy as possible through clear and concise submissions and documents. To that might be added: the remedy sought should be demonstrably fair. There is a lot of that sort of judicial response underlying many court decisions one suspects. The copyright community therefore need not necessarily regard this decision as the end of the road and the end of copyright. Simple unfairness at requiring an uninterested third party to bear the entire burden of complex and intrusive machinery is central to the judgment. A failure to focus on the defences available in European law, specifically against general monitoring, is another. Unlimited and never to be reviewed burdens over time would make any court balk. It is possible that lesser burdens, limited by time, specified to particularly popularly infringed items, where monitoring is done by the rights holder, may yet succeed. A pessimist might, on the other hand, point to the limitless scope for judicial activism in rights to communicate, privacy and the contending reply of "I am running a business too" as strong indicators as to where this whole issue may go. It cannot be predicted. It may be thought that more focus, coupled with a willingness to share the burden may, if not predict success, at least give a fighting chance. We have already commented that rights of privacy should be asserted and adjudicated on evidence and not simply on what the parties argue. As always, evidence and precision of remedy bring focus. That is what is needed in this context.

Privacy and the right to anonymity

What is privacy under Article 8 of the European Convention on Human Rights and Fundamental Freedoms? Many define the right to privacy as the right to be left alone.⁶¹ That, however, is trite. Privacy is perhaps the bundle of expectations held by reasonable citizens that communications in confidence will be respected through not

⁶⁰ Paras. 41 to 51 of the judgment.

⁶¹ *Kennedy v. Ireland* [1987] 1 I.R. 587 at p. 592; and *Dudgeon v. United Kingdom* (1981) 4 E.H.R.R. 149, dissenting opinion of Walsh J.

being enquired into or disseminated outside the sphere within which the trust of others, through contract or the reposing of trust, is expected not to be betrayed. Breach of privacy is thus the unwelcome intrusion of others into a situation of information shared in confidence. It is hard to say more than that.

The difficulty about privacy as a legal concept is that it is amorphous. Impossible of clear definition, it will depend on judicial reaction as to what situation must be protected. In commercial matters, the English courts have worked out reasonably defined rules for protecting industrial secrets and commercially sensitive information.⁶² In the realm of the Internet, privacy issues assume the shape of an impossibly vague set of problems. People place very personal details on social networking sites. That can hardly be said to be the creation by them of a personal space into which intrusion would be unwelcome. If there is a strict membership rule, as in joining an exclusive club, as to those who can see information, then an argument on privacy grounds becomes possible. If anyone, in practical terms, can join and share what is already put online by members, privacy is much less easy to argue.

If the members of an online Internet social networking site are putting up, let us say, copyright protected photos by Louis Hine of the building of the Empire State building, that is an infringement. If a similar genius photographed the construction of the Trump Tower, that would be a more recent example. If members attach to their personal details a list of their favourite songs and post these online for all other members to share, why is that not a breach of copyright? Furthermore, if their site is checked by their Internet service provider and such infringements are warned against, or removed, or blocked from being communicated to other members, is that a breach of privacy? Could it be further said that the right to communicate incorporates an entitlement to take the intellectual property of others and, in breach of law, disseminate it without the author's permission? Reading through the judgment of the European Court of Justice in Case C-360/10 *SABAM v. Netlog NV* some might wonder if there is any analysis in depth of these issues. The Court simply holds that there is a right to communicate and that it is wrong to search into so-called personal details posted online in order to filter out breaches of copyright. It might be asked: what has this to do with privacy?

What is absent from that judgment is any expert assessment of whether privacy rights might arise in those circumstances. There has been but one case in Europe, as far as we are aware to date, where sworn expert evidence was called on the issue of privacy rights, namely *EMI Records (Ireland) Ltd v. UPC Communications Ireland Ltd* in the High Court in Ireland.⁶³ The context there was the use of The Pirate Bay technology to set up sharing swarms of availability of copyright protected material on the Internet. The quotation as to the technology taken from the *Dramatico* case above sufficiently describes it. Neither the witness on behalf of the recording companies seeking to enforce rights, Professor Paddy Nixon of the National University of Ireland, nor Thomas Sehested on behalf of the Internet service providers, took any view that privacy rights were thereby engaged. Professor Nixon first:

⁶² The information is required to have what is called "the necessary quality of confidence about it"; the circumstances of imparting the information must import an obligation of confidence; and an unauthorised use must be proven; see *Coco v. AN Clarke (Engineers) Ltd* [1969] R.P.C. 41, 47 and *OBG Ltd v. Allan* [2008] 1 A.C. 1. The information must remain, however, confidential; useless information or trivia is excluded from protection; and some countervailing interest such as the public's right to know may outweigh protection: *Attorney General v. Guardian Newspapers (No 2)* [1990] 1 A.C. 109, 280 and see also the *OBG* case where these principles are approved by Lord Walker for the minority. Even very simple information may be protected, such as an idea for a television series, since it is recognised that the simpler an idea the easier it is to take and the more likely it is to need protection; *Fraser v. Thames Television* [1984] Q.B. 44. Generally see Clerk and Lindsell on Torts (20th edition, 2010) chapter 27.

⁶³ See fn. 16 above.

If to achieve the goal of identifying that you have to do other things, like store the IP addresses of where it came from and where it went to, and various other things, and you are spotting those for infringing and non infringing uses, then I would start to worry about that information being stored, and how it is being used, for what purposes... In a graduated response, they are not, the DtecNet guys are looking at every communication that goes through the UPC network. What they are doing they are joining a particular stream of communications that is in this peer-to-peer network, which has by default at this moment in time, lets say 60%, 70%, 90% of the people who are on it are sharing infringing material, and you pick those people and you store the information. Now I don't think so - I think that is reasonable... nobody is exposing anything in these networks, apart from the fact that they have an IP address, some made up user name, and the files that they are infringing, or the files they are not infringing. So, that information is made publicly available [over the network anyway] so, that is fine.⁶⁴

The defendant's expert Thomas Sehested did not contradict him:

I mean all of the information that we capture is publicly transmitted information that anyone with an Internet communication and a peer-to-peer programme, that is freely downloadable, would be able to capture. Again all the files that we capture here are files that are actively made available by the users... [i]n this case specifically we are solely looking for sound recording. So we only look for content that is part of that file that we have been given to monitor for.⁶⁵

These are direct quotes from their testimony in an adversarial context.

The matter of privacy is certainly worth debating. Such a discussion may best take place, some might suggest, by hearing what experts have to say and forming a balanced view as to the preponderance of available intelligence. In contrast, some might argue, is the apparently unsupported statement of Advocate General Cruz Villalón in his opinion for the European Court in Case 70/10 *Scarlet Extended S.A. v. SABAM* that there is a right to remain anonymous in cyberspace. He said that the ability to remain anonymous on the Internet preserves fundamental rights in cyberspace. Presumably this right is the right to privacy and the right to communicate.⁶⁶

Some countries have what is called “whistle blower protection”; legislation that allows anonymity to those who reveal malpractice in public administration. The parameters are clearly defined because anonymous communications do not, in general, have a good reputation. Where, it might also be asked, is this private life in cyberspace to which reference is made? How does one set it up where one makes personal details available to all who join a site or where one goes into the marketplace of the Internet with goods, the copyright of others, to exchange to whosoever will randomly join that enterprise? People are entitled to privacy under

⁶⁴ See fn. 16 above, at paragraph 68.

⁶⁵ See fn. 16 above, at paragraph 69.

⁶⁶ Case C-70/10 *Scarlet Extended S.A. v. Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)*. Opinion of the Advocate General at paragraph 71: “Les articles 7, 8 et 11 de la charte garantissent respectivement, comme l'on sait, le droit au respect de la vie privée et familiale, le droit à la protection des données personnelles et la liberté d'expression et d'information. Il n'est guère nécessaire de souligner que d'autres droits fondamentaux sont en cause dans la présente affaire, et en particulier le droit de propriété, garanti par l'article 17, paragraphe 1, de la charte, et, plus spécifiquement, le droit au respect de la propriété intellectuelle, garanti par l'article 17, paragraphe 2, de la charte, dont la violation du fait du téléchargement illégal sur Internet prend des proportions massives, qui sont évidemment au cœur du litige au principal. Toutefois, au regard de la mesure sollicitée et du système de filtrage et de blocage exigé ainsi que des termes de la question posée, ce sont principalement les droits garantis par les articles 7, 8 et 11 de la charte qui font question, le droit de propriété n'étant concerné que secondairement, pour autant que la mise en place du système doit l'être aux frais exclusifs du FAF.”

European law in their communication with each other by email and by telephone.⁶⁷ The relevant Irish measure mirrors the obligations throughout Europe. It is Regulation 5 of the European Communities (Electronic Communications Networks and Services) (Privacy and Electronic Communications) Regulations 2011 which provides that subject to exceptions, like authorised wire tapping, and necessary network maintenance “*the listening, tapping, storage or other kinds of interception or surveillance of communications and the related traffic data by persons other than users, without the consent of the users concerned, is prohibited.*”⁶⁸

One wonders, and remember that the European Court of Justice has not pronounced on this matter: what are the circumstances in which a private sphere of confidential communications are set up on the Internet?

Certainty of law

The entitlement of citizens of a democracy to be governed by the rule of law encompasses the concept that the law must be clearly defined and thus predictable in operation. Legal certainty is a fundamental concept in European law. As an independent actor on legal norms, legal certainty can give rise to entitlements based on legitimate expectation,⁶⁹ and will generally forbid non-retroactivity of legislation.⁷⁰ In terms of legal measures promulgated by the European institutions, the principle of certainty of law requires that legislation be clear and predictable.⁷¹ In the same way that under the Anglo-American approach taxation legislation carries no equity, but requires the entire of the burden to be imposed by the taxpayer to arise out of the precise terms of the financial statute, in all legal measures the principle of legal certainty demands that obligations imposed by European law should be clear and understandable. Professor Takis Tridimas puts the general concept this way:

*The principle of legal certainty expresses the fundamental premise that those subject to the law must know what the law is so as to be able to plan their actions accordingly. The affinity of the principle with the rule of law is evident. In Black Clawson Ltd v. Papierwerke AG, Lord Diplock stated that “the acceptance of the rule of law as a constitutional principle requires that a citizen, before committing himself to any course of action, should be able to know in advance what are the legal consequence that will flow from it {[1975] AC 591 at 638}”...The principle acquires particular importance in economic law. Economic and commercial life is based on advance planning so that clear and precise legal provisions reduce transaction costs and promote efficient business. Legal certainty may thus be seen as contributing to the production of economically consistent results.*⁷²

An example is Case C-456/08 *Commission v. Ireland* where a requirement that public procurement judicial review be brought “*at the earliest opportunity and at any*

⁶⁷ Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (Directive on privacy and electronic communications) O.J. L 201/37 31.7.2002; Directive 2006/24/EC of the European Parliament and of the Council of 15 March 2006 on the retention of data generated or processed in connection with the provision of publicly available electronic communications services or of public communications networks and amending Directive 2002/58/EC O.J. L105/54 13.4.2006; and Directive 2009/136/EC of the European Parliament and of the Council of 25 November 2009 amending Directive 2002/22/EC on universal service and users’ rights relating to electronic communications networks and services, Directive 2002/58/EC concerning the processing of personal data and the protection of privacy in the electronic communications sector and Regulation (EC) No 2006/2004 on cooperation between national authorities responsible for the enforcement of consumer protection laws O.J. L337/11 18.12.2009.

⁶⁸ S.I. No. 336 of 2011.

⁶⁹ Craig and de Búrca, *EU Law: Text, Cases and Materials*, 4th ed., (London, 2008) at pp. 551 to 558.

⁷⁰ Hartley, *The Foundations of European Community Law*, 6th ed., (London, 2007) at pp. 146 to 149.

⁷¹ *Duff & Ors. v. Minister for Agriculture and Food, Ireland, and the Attorney General* Case C-63/93, [1996] E.C.R. I-569.

⁷² Tridimas, *The General Principles of EC Law*, (Oxford, 1999) at p. 163.

event within three months” of the alleged wrong was struck down as it carried the risk that even within the relevant time limit a case could be refused because of delay.⁷³

Thus, national rules of law must give those that the law addresses a sufficiently clear and predictable statement of their rights and obligations. The function of courts, in that context, is not to invent or develop law. Rather, it is to ensure that the legal measures promulgated with certainty are enforced undeviatingly. Provisions of a national law which are too general in character may be insufficient to properly transpose a European legal measure into national law.⁷⁴ It is thus fair to characterise the requirement of legal certainty as being that “*laws must satisfy requirements of clarity, stability and intelligibility so that those concerned can with relative accuracy calculate the legal consequences of their actions as well as the outcome of legal proceedings.*”⁷⁵

The problem: Here comes the problem. Copyright law is in a state of flux principally because the means of delivery and of copying are changing rapidly. From long playing records we have gone to cassettes, to CDs, to MP3 players, to downloads, to streaming, to P2P and to the general availability of material on what is called the cloud. With each of these technologies, and we are far from at the end of them yet, legislative response may be predicted. But, not just any response – the response must fairly predict the interaction of the technology with the law. Technological solutions are what are required by copyright holders to stop the illegal copying of material over the Internet, through peer to peer technology or from the cloud. As these develop, the method of copying changes. As downloaders become more sophisticated in their solutions to technological blocking or diversion, so must copyright holders respond. Before, when there was just a book or a record, you could buy it and read or listen to it and then lend or give it to a friend. That involved no copying. Now, the general availability makes every Internet user a potential friend.⁷⁶ The technological solutions need to be mighty. Some may involve a burden on the system of the Internet service providers, such technology may last a few years, it may be expensive, it may interfere with speed of access or be a burden on systems. How can this be predicted with certainty by the law; most especially in the field of injunctive relief?

In Case C-70/10 *Scarlet Extended S.A. v. SABAM*, the Advocate General was intent on moving legal certainty centre stage in recommending to the European Court that an injunction requiring equipment to be placed on an Internet service provider to prevent downloading was not predicted by law.⁷⁷ The Court did not uphold the

⁷³ The European Court of Justice held at paragraph 61: “*However, the objective of rapidity pursued by Directive 89/665 must be achieved in national law in compliance with the requirements of legal certainty. To that end, Member States have an obligation to create a legal situation that is sufficiently precise, clear and foreseeable to enable individuals to ascertain their rights and obligations (see, to that effect, Case C-361/88 Commission v. Germany [1991] ECR I-2567, paragraph 24, and Case C-221/94 Commission v. Luxembourg [1996] ECR I-5669, paragraph 22).*”

⁷⁴ Case C-236/95 *Commission v. Greece* [1996] ECR I-1653.

⁷⁵ Elina Paunio, “Beyond Predictability: Reflections on Legal Certainty and the Discourse Theory of Law in the EU Legal Order”, (2009) German Law Journal, Volume 10, No. 11.

⁷⁶ See William Partry, “We need to redefine what copyright means”, *The Guardian*, 14 March 2012, at <http://www.guardian.co.uk/law/2012/mar/13/how-to-fix-copyright-extract>.

⁷⁷ We feel we should quote paras. 94 and 95 of the Advocate General’s Opinion: “*La Cour européenne des droits de l’homme a itérativement jugé que les dispositions de la CEDH subordonnant l’ingérence dans l’exercice d’un droit ou la restriction à l’exercice d’une liberté qu’elle garantit à la condition qu’elle soit prévue par la loi impliquaient non seulement que la mesure repose sur une base légale en tant que telle, ait une base en droit interne, mais imposaient en outre des exigences tenant, pour reprendre l’expression qu’elle a consacrée, à la qualité de la loi en question. Cette loi doit, en effet, être suffisamment accessible et prévisible, c’est-à-dire formulée avec assez de précision pour permettre au justiciable – en s’entourant au besoin de conseils éclairés – de régler sa conduite, de prévoir ses conséquences pour lui, de prévoir, à un degré raisonnable dans les circonstances de la cause, les conséquences pouvant résulter d’un acte déterminé. La loi doit donc être suffisamment claire et prévisible quant au sens et à la nature des mesures applicables, définir avec une netteté suffisante l’étendue et les modalités d’exercice du pouvoir d’ingérence dans l’exercice des droits garantis par la CEDH. Une loi qui confère un pouvoir d’appréciation ne se heurte pas en soi à cette exigence, à condition que l’étendue et les modalités d’exercice d’un tel pouvoir se trouvent*

principle in that context. The argument clearly remains potent. Perhaps in countries like the United Kingdom, where the law in the Digital Millennium and Copyright Act 2000 provides for the testing of technology prior to injunctive relief, it might be argued that legal certainty is established. And elsewhere – that is anyone’s guess.

Other rights clearly interact beyond legal certainty as a filtering concept to legislative enforcement.

Criminal Law Exclusivity for Penal Remedies

We will look now at a possible future area. How the approach of the United States of America and the European Union to damages differs. Fundamentally, the issue is that the compensatory approach is allowed in civil cases in European law whereas anything beyond that, carrying resonance of criminal penalties, potentially could be argued to move the case into conflict with generally accepted principles of law and with fundamental human rights.

Ireland: Aggravated & Exemplary Damages: In theory Irish law adheres to a clear civil/criminal divide: the purpose of the civil law being to compensate for wrongs done; and the purpose of the criminal law being to punish those who commit such wrongs. In practice the dividing line can become somewhat blurred, exemplary damages in particular being something of an anomaly.⁷⁸

The remedies available under the CRRA in respect of a copyright infringement include damages, an injunction, and an account of profits. As regards damages, section 128 provides as follows:

- (1) *The court may, in an action for infringement of copyright award such damages as, having regard to all the circumstances of the case, it considers just.*
- (2) *Without prejudice to any other remedy, where, in an action for infringement of the copyright in a work, it is shown that at the time of the infringement the defendant did not know and had no reason to believe that copyright subsisted in the work to which the action relates, the plaintiff is not entitled to damages against the defendant.*
- (3) *In exercising its powers under subsection (1) in addition to or as an alternative to compensating the plaintiff for financial loss, the court may award aggravated or exemplary damages or both aggravated and exemplary damages.*

This provision was considered recently by Kelly J., the presiding judge of the commercial division of our High Court, in *Retail Systems Technology Ltd v. McGuire* [2008] 1 I.R. 541. Kelly J. acknowledged the compensatory nature of an award of damages and cited with approval the following passage from the speech of Lord Wilberforce in *General Tire Co v. Firestone Tyre Co Ltd* [1975] 1 W.L.R. 819, a patent infringement case:

As in the case of any other tort (leaving aside cases where exemplary damages can be given) the object of damages is to compensate for loss or injury. The general rule at any rate in relation to "economic" torts is that the measure of damages is to be, so far as possible, that sum of money which will put the injured party in the same position as he would have been in if he had not sustained the wrong (Livingstone v. Rawyards Coal Co. (1880) 5 App.Cas. 25, per Lord Blackburn, at p. 39).

définies avec une netteté suffisante, eu égard au but légitime en jeu, pour fournir à l'individu une protection adéquate contre l'arbitraire. Une loi conférant un pouvoir d'appréciation doit ainsi en fixer la portée."

⁷⁸ See generally Law Reform Commission Report on Aggravated, Exemplary and Restitutionary Damages, LRC 60- 2000, at paragraph 1.08.

... *There are two essential principles in valuing [a damages] claim: first, that the plaintiffs have the burden of proving their loss: second, that, the defendants being wrongdoers, damages should be liberally assessed but that the object is to compensate the plaintiffs and not punish the defendants (Pneumatic Tyre Co. Ltd. v. Puncture Proof Pneumatic Tyre Co. Ltd. (1899) 16 R.P.C. 209. 215).*⁷⁹

The predecessor to section 128, namely section 22(4) of the Copyright Act 1963, allowed the court to award “*additional damages*” where, having regard to the flagrancy of the infringement and the fact that benefits had accrued to the defendant by reason of the infringement, the court was satisfied that the plaintiff would not otherwise get effective relief. The equivalent provision of the UK Copyright, Designs and Patents Act 1988 retains a similar form of wording.⁸⁰ Such “*additional damages*” were recognised by our High Court as being penal in nature.⁸¹ In a video piracy case, additional damages in the sum of £50,000 were awarded, the Court having heard evidence of the difficulty of policing pirate operations and the “*devastating effect on a local legitimate retail or rental outlet, which cannot compete with the pirates and in the past, has resulted in the insolvency of legitimate traders*”.⁸²

Section 128(3) of the CRRA moved away from the “*additional damages*” wording and now makes specific reference to aggravated and exemplary damages. While aggravated damages have loosely been described as “*compensatory*” in nature, the better view would seem to be that it is something of a compensatory-exemplary hybrid.⁸³ In any event, the inclusion of an express power to award aggravated and exemplary damages clearly crosses the traditional civil/criminal divide. In *Retail Systems Technology Ltd v. McGuire* aggravated damages were awarded to demonstrate the court’s disapproval of the defendants’ unlawful conduct and the manner in which they conducted the litigation: “*There is no doubt but that [the defendants’] behaviour throughout this litigation has been less than satisfactory. They procrastinated and delayed on many occasions.*”⁸⁴

The Irish courts have been slow to award exemplary damages, not only in respect of copyright infringements but as regards civil wrongs generally. Various arguments have been proffered both in favour and against such damages. In favour, it is said: the criminal law is not always adequate to deter outrageous or socially harmful conduct; and exemplary damages provide a means by which the individual can vindicate his rights, including constitutional rights. And against, it is said: the defendant would be exposed to double punishment where an exemplary damages

⁷⁹ See also *Gerber Garment Technology Inc v. Lectra Systems Ltd* [1997] R.P.C. 443 where the English Court of Appeal, again in a patent infringement case, held that patent infringement was a statutory tort and that one would expect the damages recoverable to be governed by the same rules as with other torts. Staughton L.J. set out the elementary rules at p. 452: “*1. that the victim should be restored to the position he would have been in if no wrong had been done, and 2. that the victim could recover loss which was: i. foreseeable (i.e. not too remote); ii. caused by the wrong, and iii. not excluded from recovery by public or social policy.*” In *Retail Systems Technology Ltd v. McGuire* at p. 556, Kelly J. stated that this approach applies equally to cases of copyright infringement.

⁸⁰ Section 97. As to the interpretation of “*additional damages*”, compare the approach of *Cala Homes (South) Ltd v. McAlpine Homes East Ltd (No. 2)* [1996] F.S.R. 36 with the approach of the Court of Session (Inner House) in *Redrow Homes Ltd v. Bett Brothers plc* [1997] S.L.T. 1125.

⁸¹ *Folens v. Ó Dubhghaill* [1973] I.R. 255 at p. 266.

⁸² *Universal City Studios Incorporated v. Mulligan (No. 3)* [1999] 3 I.R. 407 at p. 411.

⁸³ See *Conway v. Irish National Teacher’s Organisation* [1991] 2 I.R. 305 where Finlay C.J. described aggravated damages as being compensatory and as being “*in part a recognition of the added hurt or insult to a plaintiff who has been wronged, and in part also a recognition of the cavalier or outrageous conduct of the defendant.*” The Law Reform Commission in its report (LRC 60-2000) stated at paragraph 5.15 that “*this direct reliance on the culpability of the defendant as a ground for the assessment of the award is out of character with compensatory awards in general, and therefore suggests a conception of aggravated awards as a compensatory-exemplary hybrid.*” See also *Rookes v. Barnard* [1964] 1 All E.R. 367 where Lord Devlin categorised aggravated damages as being compensatory in nature and envisaged an award of aggravated damages where “*the injury to the plaintiff has been aggravated by malice or the manner of doing the injury, that is, insolence or arrogance by which it is accompanied.*” Compare with *Kralj v. McGrath* [1986] 1 All E.R. 54 where Woolf J. saw aggravated damages as introducing non-compensatory elements into causes of action for which the remedy was traditionally exclusively compensatory.

⁸⁴ [2008] 1 I.R. 541 at p. 560.

award is made in addition to the imposition of a criminal sanction; an award of exemplary damages results in a “windfall” to the plaintiff; and the civil law is procedurally unsuited to the imposition of such harsh punitive measures, and is inadequate to protect the rights of the defendant to due process and fair procedures.⁸⁵ Even so, the power exists in the case of copyright infringement and an objective observer might consider that it might properly be invoked in a case of mass illegal downloading, where there is potential to do “*untold damage to the development of the legitimate music industry*” and to cause “*major damage to traditional CD sales and to legal internet sales*”.⁸⁶

Penal damages, in reality, do not now exist in the laws of Ireland or England. Damages under Irish law must be assessed on the basis of actual loss suffered and even a contractual provision providing for pre-assessed damages risks being struck down as a penalty clause where it is not a genuine pre-estimate of actual loss sustained.⁸⁷

USA statutory damages: Statutory damages may be traced back to the Statute of Monopolies 1624 which allowed recovery of “*three times so much as the damages*” incurred in a patent case.⁸⁸ Perhaps their origin goes back even further, we do not know. Statutory damages feature in a number of statutes of the United States, principally intellectual property and consumer protection statutes. Title 17 U.S.C. § 504 provides that a copyright owner may elect to recover actual damages or statutory damages, the latter ranging from a minimum of \$750 to \$30,000 for each act of infringement. Where the infringement is found to have been committed wilfully, the maximum award is increased to \$150,000, and where the infringement is innocent the minimum award is decreased to \$200. When Congress set the current levels of statutory damages in 1999, it intended that statutory damages be substantially higher than actual damages: “*It is important that the cost of infringement substantially exceed the cost of compliance, so that persons who use or distribute intellectual property have a strong incentive to abide by copyright laws.*”⁸⁹

The U.S. Supreme Court in *Douglas v. Cunningham* 294, U.S. 207 (1935), referring to the Copyright Act 1909 explained that the rationale for statutory damages:

*... to give the owner of a copyright some recompense for injury done him, in a case where the rules of law render difficult or impossible proof of damages or discovery of profits. In this respect the old law was unsatisfactory. In many cases plaintiffs, though proving infringement, were able to recover only nominal damages, in spite of the fact that preparation and trial of the case imposed substantial expense and inconvenience. The ineffectiveness of the remedy encouraged wilful and deliberate infringement.*⁹⁰

The evidentiary difficulties of assessing the true level of compensatory damages are also an issue. In peer-to-peer (P2P) file sharing cases that problem, even in the absence of statutory intervention in favour of multiples of compensatory damages, is acute. The issues have been neatly summarised by the Motion Picture Association of America in an *amicus curiae* brief:

⁸⁵ LRC Report 60-2000, at paras. 1.12 to 1.38.

⁸⁶ Quoting from the evidence of Willie Kavanagh, the Chairman of EMI Records (Ireland) Ltd in *EMI Records (Ireland) Ltd v. UPC Communications Ireland Ltd*, fn. 16 above, at paragraph 12.

⁸⁷ *Irish Telephone Rentals v. I.C.S. Building Society* [1992] 2 I.R. 525.

⁸⁸ Section 4.

⁸⁹ H.R. Rep. No. 106-216, at 6 (1999).

⁹⁰ 294, U.S. 207 (1935) at 209; See also *Cass County Music Co. v. C.H.L.R., Inc*, 88 F.3d 635, 643 (8th Cir. 1996) stating that “*statutory damages... are intended not only to put the plaintiff in the position he would have been but for the infringement, but also, and arguably pre-eminently, to punish the defendant*” and also “*statutory damages are by definition a substitute for unproven or unprovable actual damages*”; and *F.W. Woolworth Co. v. Contemporary Arts, Inc.*, 344 U.S. 228, 231 (1952) stating that statutory damages are intended to permit “*the owner of a copyright some recompense for injury done to him, in a case where the rules of law render difficult or impossible proof of damages or discovery of profits.*”

*When a movie or television program is “shared” over a P2P network by an individual, the ensuing illegal distribution is exponential. The recipients of the illegal download from that individual may redistribute that movie or TV show to several more computer users, who in turn redistribute to countless others, and so on. What begins as one distribution quickly results in hundreds, thousands, or millions of digital copies distributed throughout the world—without the knowledge, consent, or remuneration of the copyright owner. The copyright owner has no way of determining precisely how many people downloaded that movie or TV show down the redistribution chain after the first act of infringement. Thus, the copyright owner cannot estimate accurately the magnitude of actual harm caused by a specific distribution of a work because such harm is inexorably tied to the actual number of subsequent distributions of that work.*⁹¹

Removing the need to prove actual damage might be argued to restore the balance in favour of the copyright owner. It might also be said that statutory damages provide certainty as copyright infringers have clear notice of their potential liability, albeit within a wide range.⁹² However, the level of such awards has given rise to due process concerns and the United States Court of Appeals for the First Circuit recently commented that Congress may wish to examine the application of the Copyright Act.⁹³

Given that an award of statutory damages can rise to \$150,000 per infringing work, the potential exposure to what in Europe would be in danger of being regarded as a criminal penal sanction is evident. In researching this paper, two recent cases struck us. The first was *Capitol Records Inc., & Ors. v. Thomas-Rasset*.⁹⁴ Ms. Jammie Thomas-Rasset was found to have willfully infringed the plaintiff’s copyright in 24 sound recordings, using KaZaa a peer-to-peer (P2P) file sharing network. Three jury trials were required to determine the quantum of damages. The first had to be vacated due to erroneous jury instructions. The jury in the second trial awarded statutory damages of \$80,000 per song, being a total of \$1,920,000, an award subsequently described by the Court as “*shocking and unjust*”. The jury in the third trial calculated the appropriate sum at \$62,500 per song, being \$1,500,000 in total.

A motion to amend the judgment was brought before the United States District Court in the District of Minnesota. The Court was loathe to interfere with the jury’s decision but felt compelled to act. It stated that: “*there is no doubt that a multi-million dollar penalty is overkill to deter a private individual from obtaining free songs online. The need for deterrence cannot justify a \$1.5 million verdict for stealing and illegally distributing 24 songs for the sole purpose of obtaining free music.*”⁹⁵ The Court substituted an award of \$2,250 per song, or a total award of \$54,000, which it considered to be the maximum amount consistent with due process. In reaching this conclusion, the Court adopted what is known as the *Williams* standard. Under *Williams* an award of statutory damages satisfies due process so long as it is not “*so severe and oppressive as to be wholly disproportioned to the offense or unreasonable.*” In this regard, the Court noted: (i) the significant public interest in vindicating copyright; (ii) the “*numberless opportunities for committing the offense*” of

⁹¹ Page 29 of the Brief of the Motion Picture Association of America, Inc., as *amicus curiae* in support of the plaintiffs/appellants in *Capitol Records, Inc. & Ors. v. Thomas-Rasset*, on appeal from the United States District Court for the District of Minnesota, Appellate Nos. 11-2820, 11-2858. Brief filed on 8 December 2011.

⁹² *Capitol Records Inc. & Ors. v. Thomas-Rasset* 680 F. Supp. 2D 1045, 1054 (D. Minn. 2010).

⁹³ *Sony BMG Music Entertainment v. Tenenbaum*, United States Court of Appeals for the First Circuit, Nos. 10-1883, 10-1947, 10-2052 (16 September 2011).

⁹⁴ 680 F. Supp. 2D 1045, 1054 (D. Minn. 2010).

⁹⁵ The Court also described the award as an “*outrageously high verdict*” and stated that “*an award of \$1.5 million for stealing and distributing 24 songs for personal use is appalling. Such an award against an individual consumer, of limited means, acting with no attempt to profit, is so severe and oppressive as to be wholly disproportioned to the offense and obviously unreasonable.*”

illegally downloading and distributing sound recordings online using peer-to-peer networks such as KaZaa; and (iii) the need for deterrence.⁹⁶ The Court did accept, however, that even the reduced award was “*a higher award than the Court might have chosen to impose.*”⁹⁷

The second case was *Arista Records LLC v. LimeWire LLC*, No. 06 CV 5936 (S.D.N.Y. Mar. 10, 2011). Here the plaintiffs sought to further expand the scope for damages. The defendant had been found by the Court to have induced multiple users of the LimeWire online file-sharing programme to infringe the plaintiff’s copyrights. Almost 11,000 sound recordings were said to have been infringed. The plaintiffs sought to argue that Title 17 U.S.C. § 504(c) entitled them to a separate award of statutory damages per each individual’s infringement of each work. The Court rejected this argument as untenable. It noted that, as matters stood, the defendants faced a damages award that could be in the hundreds of millions of dollars, if not over a billion dollars. If the plaintiffs could pursue a statutory damages theory predicated on the number of direct infringers per work, the damages could reach into the trillions. The plaintiffs were seeking an award that amounted, as the defendants put it in admirable colour, to “*more money than the entire music recording industry has made since Edison’s invention of the phonograph in 1877.*” Accordingly, the Court held that the plaintiffs were entitled to a single statutory damages award from the defendants per work infringed, regardless of how many users directly infringed that particular work.⁹⁸

European Union: Pre-established Damages: The Enforcement Directive sets out the minimum measures, procedures and remedies necessary to ensure enforcement of intellectual property rights across the European Union.⁹⁹ Article 3 requires that any measures, procedures or remedies must be “*effective, proportionate and dissuasive*”. As regards damages, Article 13 provides:

1. Member States shall ensure that the competent judicial authorities, on application of the injured party, order the infringer who knowingly, or with reasonable grounds to know, engaged in an infringing activity, to pay the rightholder damages appropriate to the actual prejudice suffered by him/her as a result of the infringement.

When the judicial authorities set the damages:

(a) they shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the rightholder by the infringement;

or

(b) as an alternative to (a), they may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question.

2. Where the infringer did not knowingly, or with reasonable grounds know, engage in infringing activity, Member States may lay down that the judicial

⁹⁶ *St. Louis, I.M. & S. Ry. Co. v. Williams*, 251 U.S. 63, 67 (1919). In *Williams*, the U.S. Supreme Court set out three factors which should be analysed when considering whether a statutory damages award complies with the due process clause in the U.S. Constitution: (i) the interests of the public; (ii) the numberless opportunities for committing the offense; and (iii) the need for securing uniform adherence.

⁹⁷ The authors understand that this decision is the subject of an appeal before the United States Court of Appeals for the Eighth Circuit.

⁹⁸ The authors understand that this case settled in May 2011 for \$105 million.

⁹⁹ See fn. 58 above.

*authorities may order the recovery of profits or the payment of damages, which may be pre-established.*¹⁰⁰

The Commission originally proposed that the rights-holder be entitled to either (a) fixed rate damages equal to double the amount of the royalties or fees which would have been due if the infringer had requested authorisation; or (b) compensatory damages corresponding to the losses suffered. As regards (a), the Commission stated:

*... the aim [is] to provide for full compensation for the prejudice suffered, which is sometimes difficult for the right holder to determine. This provision does not constitute punitive damages; rather, it allows for compensation based on an objective criterion while taking account of the expense incurred by the right holder such as administrative expenses incurred in identifying the infringement and researching its origin.*¹⁰¹

It would appear that consensus on the proposal for “double damages” was not forthcoming, with many member states apparently opposed to deterrent sanctions, and the proposal was dropped during the legislative process. It is noteworthy, however, that the final wording of Article 13(1)(b), refers to lump sum damages on the basis of “at least” the amount of the royalty which should have been paid. This is the minimum which must be provided for: it would seem that member states may go further and provide for double or maybe even triple royalties lost.¹⁰²

The final wording of Article 13(2) also introduced the option for member states to provide for pre-established damages in cases of innocent infringement. A report on the application of the Directive notes the low level of damages awarded by member states.¹⁰³ According to information received from right holders, “damages awards do not currently appear to effectively dissuade potential infringers from engaging in illegal activities. This is particularly so where damages awarded by the courts fail to match the level of profit made by the infringers.” Our belief, however, is that sooner or later at least an argument as to the inapplicability of criminal and punitive sanctions as a remedy for copyright breach will surface before the European Court of Justice.

Future Developments: Before concluding this section, brief reference should be made to the Anti-Counterfeiting Trade Agreement (ACTA) negotiated between the European Union and its member states, the United States, Australia, Canada, Japan, Mexico, Morocco, New Zealand, Singapore, South Korea and Switzerland. Article 9, which deals with damages, requires that parties establish or maintain a system that

¹⁰⁰ Recital 26 provides that “...where it would be difficult to determine the amount of the actual prejudice suffered, the amount of damages might be derived from elements such as royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question. The aim is not to introduce an obligation to provide for punitive damages but to allow for compensation based on objective criteria while taking account of the expenses incurred by the rightholder, such as the costs of identification and research.”

¹⁰¹ See Proposal for a Directive of the European Parliament and of the Council on measures and procedures to ensure the enforcement of intellectual property rights, COM (2003) 46 final (30 January 2003) at p. 23.

¹⁰² Austria, Belgium, Czech Republic, Germany, Greece, Lithuania, Poland, Romania and Slovenia are reported to have gone beyond the minimum rules set out in the Enforcement Directive by introducing lump sum damages set as multiple (mostly double) amounts of royalties due. See Commission Staff Working Document, Analysis of the application of Directive 2004/48/EC of the European Parliament and the Council of 29 April 2004 on the enforcement of intellectual property rights in the Member States: Accompanying document to the Report from the Commission to the Council, the European Parliament and the European Social Committee on the application of Directive 2004/48/EC of the European Parliament and the Council of 29 April 2004 on the enforcement of intellectual property rights, COM (2010) 779 final (22 December 2010) at p. 12.

¹⁰³ Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions on the Application of Directive 2004/48/EC of the European Parliament and the Council 29 April 2004 on the enforcement of intellectual property rights, COM (2010) 779 final (22 December 2010) at p. 8.

provides for one or more of: (a) pre-established damages; (b) presumptions for determining the amount of damages sufficient to compensate the right holder for the harm caused by the infringement; or (c) at least for copyright, additional damages.

The European Commission has referred ACTA to the European Court of Justice to assess whether it is incompatible in any way with fundamental rights and freedoms. We will then begin to see where we stand on this issue.

Right to due process

There is yet a further layer of complexity. In 2009, as part of its reform of a number of telecommunications directives, the EU introduced what has become known as the “Internet freedom” provision. This provision is to be found in Article 1(3a) of the Framework Directive, as amended.¹⁰⁴ It reads as follows:

Measures taken by Member States regarding end-users’ access to, or use of, services and applications through electronic communications networks shall respect the fundamental rights and freedoms of natural persons, as guaranteed by the European Convention for the Protection of Human Rights and Fundamental Freedoms and general principles of Community law.

Any of these measures regarding end-users’ access to, or use of, services and applications through electronic communications networks liable to restrict those fundamental rights or freedoms may only be imposed if they are appropriate, proportionate and necessary within a democratic society, and their implementation shall be subject to adequate procedural safeguards in conformity with the European Convention for the Protection of Human Rights and Fundamental Freedoms and with general principles of Community law, including effective judicial protection and due process. Accordingly, these measures may only be taken with due respect for the principle of the presumption of innocence and the right to privacy. A prior, fair and impartial procedure shall be guaranteed, including the right to be heard of the person or persons concerned, subject to the need for appropriate conditions and procedural arrangements in duly substantiated cases of urgency in conformity with the European Convention for the Protection of Human Rights and Fundamental Freedoms. The right to effective and timely judicial review shall be guaranteed.

This provision was required to be transposed into the laws of member states by 5 May 2011.

Judicial process is now required before any measure is taken which might interfere with an end user’s access to or use of the Internet. What does this mean for a “three strikes and you’re out” or graduated response scheme?¹⁰⁵ Vice-President of the European Commission and EU Commissioner for Justice, Fundamental Rights and Citizenship, who vigorously campaigned for the inclusion of the provision, has said that “*under this provision, “three-strikes laws”, which could cut off Internet access without a prior fair and impartial procedure or without effective and timely judicial*

¹⁰⁴ See fn. 59 above.

¹⁰⁵ Eircom, one of Ireland’s largest Internet service providers, has been operating a “three strikes and you’re out” scheme since 2010. It is reported that in 2011 it temporarily withdrew Internet access from 100 of its subscribers and issued 29,000 warning letters; but that it has not yet permanently disconnected any subscriber. See Mark Tighe, “Eircom cut off 100 illegal downloaders”, *The Irish Times*, 4 March 2012. In his report of 16 May 2011, the special rapporteur on the promotion and the protection of the right to freedom of opinion and expression of the United Nations General Assembly Human Rights Council stated at paragraph 49 that “*he is alarmed by proposals to disconnect users from Internet access if they violate intellectual property rights. This also includes legislation based on the concept of ‘graduated response’, which imposes a series of penalties on copyright infringers that could lead to suspension of Internet service, such as the so-called ‘three-strikes-law’ in France and the Digital Economy Act 2010 of the United Kingdom.*”

*review, will certainly not become part of European law.*¹⁰⁶ The Constitutional Court of France, the Conseil Constitutionnel, struck down a “three-strikes” provision which allowed an administrative body to terminate Internet access. This was found to be an unacceptable encroachment on the presumption of innocence. Under a revised provision, the administrative body may investigate alleged breaches of copyright law, but any decision to cut off Internet access must be taken by the courts.¹⁰⁷ This would appear to be compatible with the Directive.

And what of the case where the restriction on an end user’s access to or use of the Internet is indirect, as where a court order is being sought against an intermediary? Is every end user who might be adversely affected entitled to due process before a court of law? Arnold J. of the England and Wales High Court considered a similar issue in his judgment in the *Dramatico* case, albeit without reference to the Internet freedom provision.¹⁰⁸ The question before the Court in that case was whether the users and operators of The Pirate Bay website were infringing the copyright of the claimants. No user of the website had been joined to the proceedings and nor had the proceedings been served on any user. However, the Court was satisfied that there was no jurisdictional requirement for such joinder or service: the Court had jurisdiction under Article 8(3) of the Copyright Directive to grant an injunction against an intermediary whose services are used by a third party to infringe copyright.¹⁰⁹ It further noted that the courts in the member states of the EU have so far proceeded on the basis that it is not necessary to serve or join an end user. A judgment of the District Court of the Hague was cited in this regard: *Stichting Berscherming Rechten Entertainment Industrie Neederland BREIN v. Ziggo BC*, Case 374634/HA ZA 10-3184, 1 January 2012. Judges Blok, Kalden and Loos held at paragraph 4.42 that:

The imposing of the claimed order meets the requirements of due process. After all the measure is imposed after a prior, fair and impartial procedure, i.e. the present proceedings... It is not required that all its subscribers are parties to the proceedings or are heard. It provides that “the person or persons concerned” must be heard. In a case like the present one, in which an order is claimed against intermediaries, such intermediaries can be considered to be the persons concerned in the sense of this provision... Any different interpretation would render the regulation for orders against intermediaries which the European legislator has implemented with the Enforcement Directive meaningless...¹¹⁰

The impracticability of joining and serving the users of The Pirate Bay was also cited, the Court having heard evidence of a considerable number of UK users. While in theory it might be possible to identify users of the website by means of Norwich Pharmacal orders, the Court accepted that “*it would be wholly disproportionate to attempt to join or serve all such users, and there would be no basis for singling out particular users for joinder or service.*”

The Norwich Pharmacal jurisdiction: Norwich Pharmacal orders have been granted by the Irish High Court in Internet copyright infringement cases, albeit at considerable expense to the applicants. In *EMI v. Eircom* [2005] 4 I.R. 148, Kelly J. made a series

¹⁰⁶ See Memo 09/491: Statement by Viviane Reding, Vice-President of the European Commission and EU Commissioner for Justice, Fundamental Rights and Citizenship, on freedom of expression and information via the Internet, attempts to block websites, “three-strikes-laws”, and ACTA, Brussels 5 November, 2009.

¹⁰⁷ Haute Autorité pour la Diffusion des Oeuvres et la Protection des droits sur Internet (HADOPI) law “Loi favorisant la diffusion et la protection de la création sur Internet”, passed by the French National Assembly on 12 May 2009.

¹⁰⁸ *Dramatico Entertainment Ltd and Others v. British Sky Broadcasting Ltd and Others* [2012] EWHC 268 (Ch).

¹⁰⁹ Directive 2001/29/EC. Article 8(3) states: “Member States shall ensure that rightholders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe a copyright or related right.”

¹¹⁰ Quoted at paragraph 11 of the *Dramatico* judgment, see fn. 108 above.

of orders compelling Eircom to give the IP addresses of users detected through DtecNet technology of infringing copyright on the Internet. He described the jurisdiction to grant such orders as one to “*be exercised sparingly*”: there must be *prima facie* evidence of copyright infringement; and the rights of the applicants must be balanced with the obligation of the Internet service provider to respect the privacy of its subscribers, and also with the rights of the subscribers who are not represented before the court. It may, of course, turn out that a particular subscriber is not in fact guilty of any wrongdoing: the blame might lie with a teenage son or an employee wasting company time, for example. The Court must bear this risk in mind and will typically require an undertaking from the parties that the names disclosed will be kept absolutely confidential. The process is subject to judicial scrutiny; due process requires this.

Yet the need for due process must be balanced against the need to provide copyright owners with an efficient, effective and inexpensive method of identifying infringers. In Ireland, applications for a Norwich Pharmacal order are made to the High Court. The applicant must pay all the costs: its own legal costs; the legal costs of the Internet service provider; and the costs of complying with the order. In the *Eircom* case, the legal costs for three sets of orders which identified 89 names were €600,080 (\$1,000,000). On any view, this cannot be regarded as an “*effective*” measure to protect one’s property or one that is “*not unnecessarily complicated or costly*”, as is required by Article 3 of the Enforcement Directive. As a solution to Internet piracy it might better be described as “*burdensome and, ultimately, futile*”.¹¹¹ A more effective, or at least a more cost efficient, solution might be to allow our local District Courts to administer the process: it is difficult at the moment to see a reason why not.¹¹²

The U.K. approach: On the same day as we were considering this section of the paper, the High Court of England and Wales delivered a judgment on the Norwich Pharmacal jurisdiction: *Golden Eye (International) Ltd & Ors. v. Telefónica UK Ltd* [2012] EWHC 723 (Ch). Golden Eye (International) Ltd and thirteen other claimants sought Norwich Pharmacal orders against Telefonica UK Ltd, trading as O2. The thirteen claimants fell into two groups. The first group consisted of Ben Dover Productions, the copyright owner in a number of pornographic films, and Golden Eye, the exclusive licensee of the copyrights in the films. The remaining twelve claimants made up the second group. These claimants were the owners of the copyright in a number of pornographic films who had licensed to Golden Eye, not the copyright in the works, but the right to act in relation to alleged breaches of copyright arising out of peer-to-peer (P2P) copying across the Internet. Under this agreement Golden Eye was to keep 75% of any revenues obtained.

The names of 9,124 O2 subscribers were sought. These 9,124 subscribers were said to be “*intended defendants*” in possible copyright infringement actions. As they were not represented before the Court, Arnold J. directed that a consumer protection group, Consumer Focus, be allowed to make representations on their behalf. Consumer Focus raised concerns that the claim was “*a manifestation of a more unsavoury practice called ‘speculative invoicing’*”. This practice involves the sending of letters before action to thousands of subscribers whose names and addresses are obtained by means of Norwich Pharmacal orders without first seeking to confirm whether each individual subscriber is the person responsible for the infringement. Such letters typically demand payment of an arbitrary sum, often in the range of £500 to £1,000Stg. Invariably there is a profit-sharing arrangement between the person conducting the litigation and the copyright owner, with the former getting the lion’s share. A threat of court proceedings is made to scare people into paying the sum demanded, although there may be no real intention to issue or to pursue such

¹¹¹ *EMI Records (Ireland) Ltd v. UPC Communications Ireland Ltd*, at fn. 16 above, paragraph 62.

¹¹² *EMI Records (Ireland) Ltd v. UPC Communications Ireland Ltd*, at fn. 16 above, paragraph 128.

proceedings: it is more profitable to collect monies from those who pay rather than incur substantial costs in pursuing those who do not.¹¹³

Arnold J. considered the arguments: there was sufficiently cogent evidence to establish a good arguable case that peer-to-peer (P2P) filesharing of the claimants' copyright works had taken place *via* the IP addresses identified; many, but not necessarily all, of the subscribers to whom those IP addresses were allocated by O2 were the persons engaged in such filesharing; it is not a requirement for the grant of Norwich Pharmacal relief that the claimant intend, still less undertake, to bring proceedings against the wrongdoer; and a claimant faced with multiple infringers is entitled to be selective as to which subscribers, if any, he sues, and may have regard to the costs of litigation.

The order sought was "*plainly necessary*": without the information the claimants could not issue proceedings to protect their copyright. But was it proportionate? A proportionality assessment was required for two reasons: (i) Article 3(2) of the Enforcement Directive requires that measures for the enforcement of intellectual property rights be proportionate; and (ii) the European Court of Justice has held that national courts must strike a fair balance between the protection of intellectual property rights and the protection of the fundamental rights of individuals who are affected by such measures.¹¹⁴ Arnold J. identified the competing rights: the claimants' property rights (Article 1 of the First Protocol to the European Convention on Human Rights; and Article 17(2) of the Charter); and the intended defendants' rights to privacy (Article 8(1) of the Convention and Article 7 of the Charter) and their right to the protection of their personal data (Article 8 of the Charter). He adopted the approach previously laid down by the House of Lords:¹¹⁵

*(i) neither Article as such has precedence over the other; (ii) where the values under the two Articles are in conflict, an intense focus on the comparative importance of the specific rights being claimed in the individual case is necessary; (iii) the justifications for interfering with or restricting each right must be taken into account; (iv) finally, the proportionality test – or "ultimate balancing test" – must be applied to each.*¹¹⁶

The two groups of claimants were considered separately. As regards the first group, a Norwich Pharmacal order was proportionate: the claimants' interests in enforcing their copyrights outweighed the intended defendants' interests in protecting their privacy and data protection rights. However, as regards the second group, Arnold J. did not think it appropriate to endorse an arrangement under which the claimants had surrendered total control of the litigation to Golden Eye which was to receive 75% of the revenues in return:

*On the contrary, I consider that that would be tantamount to the court sanctioning the sale of the Intended Defendants' privacy and data protection rights to the highest bidder. Accordingly, in my judgment, to make such an order would not proportionately and fairly balance the interests of the Other Claimants with the Intended Defendants' interests. (I do not consider Golden Eye to have any legitimate interest separate from those of the Other Claimants for this purpose.) If the Other Claimants want to obtain redress for the wrongs they have suffered, they must obtain it themselves.*¹¹⁷

¹¹³ For an example of speculative invoicing, see *Media CAT v. A* [2010] EWPC 17; *Media CAT v. Adams* [2011] EWPC 6, [2011] F.S.R. 8.

¹¹⁴ Case C-275/06 *Productores de Música de España (Promusicae) v. Telefónica de España SAU* [2008] ECR I-271; and Case C-70/10 *Scarlet Extended S.A. v. Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)*.

¹¹⁵ *In re S (A Child) (Identification: Restrictions on Publication)* [2005] 1 A.C. 593.

¹¹⁶ [2012] EWHC 723 (Ch) at paragraph 117.

¹¹⁷ [2012] EWHC 723 (Ch) at paragraph 146.

Arnold J. made the order sought in respect of the first group of claimants; although he did amend the draft order presented to the Court in a number of respects, notably by removing the demand for payment by each subscriber of £700, this being an arbitrary and unsupportable sum.

One wonders whether the European court would have balanced the rights in the same manner.

Europe: A case on the compatibility of infringer identity disclosure mechanisms, such as Norwich Pharmacal orders, with European data protection legislation is pending before the European Court of Justice: *Case-461/10 Bonnier Audio AB v. Perfect Communication Sweden AB*. Advocate General Jääskinen gave his opinion on 17 November 2011. It is not available in English but the relevant passage has helpfully been translated in the judgment of Arnold J. in *Golden Eye (International) Ltd & Ors. v. Telefónica UK Ltd* (cited above). In the Advocate General's opinion:

Directive 2006/24 ... and amending Directive 2002/58/EC... [do] not preclude the application of a national provision under which, in the context of civil proceedings, in order to identify a specific subscriber, the judge ordered a provider access to the Internet to disclose to the holder of copyright, or his successor in title, information concerning the identity of the subscriber to whom the trader has allocated an IP address that would have been used to achieve that right. However, this information must be retained in order to be disclosed and used for this purpose in accordance with detailed national legislation, which were adopted in compliance with EU law on the protection of personal data.¹¹⁸

Conclusion

On reading the case law in this area, the tension between tradition and innovation and between the European legal centre and the periphery of individual national legislative order becomes apparent: national courts are striving to uphold copyright and protect creative endeavour on the basis of national legislation implementing the numerous EU directives, only in many instances to be reversed by the European Court. One might wonder whether the practical approach of Arnold J. in the *Newzbin 2* case would have survived a reference to the European Court of Justice. Arnold J. saw fit to distinguish the order he proposed to make from the order made by the Belgian Court in *SABAM v. Scarlet/ Tiscali*.¹¹⁹

...the order sought by the Studios is clear and precise; it merely requires BT to implement an existing technical solution which BT already employs for a different purpose; implementing that solution is accepted by BT to be technically feasible; the cost is not suggested by BT to be excessive; and provision has been made to enable the order to be varied or discharged in the event of a future change of circumstances.¹²⁰

¹¹⁸ The original version provides at paragraph 150: "La directive 2006/24/CE du Parlement européen et du Conseil, du 15 mars 2006, sur la conservation de données générées ou traitées dans le cadre de la fourniture de services de communications électroniques accessibles au public ou de réseaux publics de communications, et modifiant la directive 2002/58/CE, ne s'applique pas au traitement des données à caractère personnel à d'autres fins que celles visées à l'article 1^{er}, paragraphe 1, de cette directive. Par conséquent, ladite directive ne s'oppose pas à l'application d'une disposition nationale au titre de laquelle, dans le cadre d'une procédure civile, aux fins d'identifier un abonné déterminé, le juge enjoint à un fournisseur d'accès à Internet de divulguer au titulaire de droits d'auteur, ou à son ayant droit, des informations relatives à l'identité de l'abonné à qui ledit opérateur a attribué une adresse IP qui aurait servi à l'atteinte audit droit. Toutefois, ces informations doivent avoir été conservées pour pouvoir être divulguées et utilisées à cette fin conformément à des dispositions législatives nationales détaillées, qui ont été adoptées dans le respect du droit de l'Union en matière de protection des données à caractère personnel."

¹¹⁹ See fn. 42 above.

¹²⁰ See fn. 17 above at paragraph 177.

Some might argue that the European Court has tilted the balance too far in the wrong direction. Take the weight given to an ISP's right to conduct its business, for instance. Ought some regard not be had to an ISP's motives in refusing to engage with Internet piracy in circumstances where it has been informed and shown evidence of persistent and wholesale copyright infringements on its networks?¹²¹ Is the right of an ISP to conduct its business to be given preference to the property rights of others where it is known that its business is the hosting system or the key communication system of a network on which illegal activity is taking place? Are the human rights of the end users always to outweigh the human rights of the copyright owner?

One might ask: where does this leave other forms of intellectual property? Would patent holders be faced with a defence that those infringing were running a business; would trade mark holders face arguments in court that those putting their carefully fostered distinguishing features on counterfeit goods were expressing themselves; are industrial secrets subject to fundamental rights defences?

On copyright, it is hard to predict where matters may go from here. In an opinion piece in *The Irish Times* on 23 February 2012, Karlin Lillington offered an ostensibly informed view as to where this might go:

The European Union doesn't seem inclined to support the reasons given for needing such an instrument, either. Indications at European Commission level recently – following on EU level case law – are that the commission, like the European court, does not support injunctions for the purpose of web blocking.

Officials in the European Commission's internal markets division and its justice division, which deal directly with legislation in the areas of the Internet, business and copyright, tell me the commission "strongly" opposed website blocking or requiring Internet service providers to "police" users or "screen the Internet".

Justice commissioner Viviane Reding backed this position publicly at a German Internet conference in January, saying: "You'll never have from Europe a blocking of the Internet – that's not the European option." A spokesman for Reding told me a ruling by the European Court of Justice last November on the Sabam (Société Belge des Auteurs, Compositeurs et Editeurs/the Belgian society for collecting music royalties) case (Case C-70/10 Sabam) – which concluded it is unlawful to force an ISP to implement filtering and blocking technologies – "is quite significant".

Notably, Reding last month proposed fresh data protection legislation precisely because, as she told a seminar in Brussels that I attended, the old legislation from the 1990s preceded the development of the Internet for services, social interaction and business. That, and inconsistency across member states in implementing the old directive, was limiting the growth of trade and Internet business in Europe, and damaging public confidence in the net.¹²²

Some may think: confusion reigns! Some may argue that there is an appearance of the removal of the letter of the law in favour of judicial discretion on reading of the internal battles fought by competing rights to intellectual property as a property right, on the one hand, and the doughty opponent of fundamental rights, on the other. In the United States of America, there is a healthy debate between those who would interpret the Constitution literally and in accordance with its text and those who see the history and tradition of the nation as supporting judicial activism. In

¹²¹ *EMI Records (Ireland) Ltd v. UPC Communications Ireland Ltd*, at fn. 16 above.

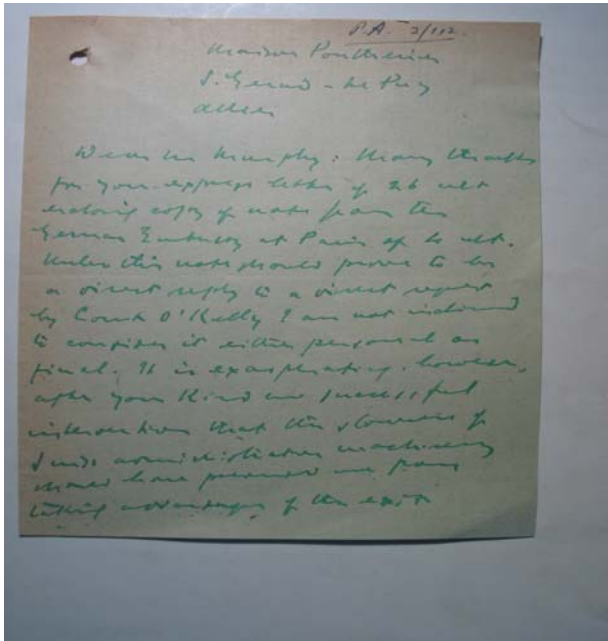
¹²² See Karlin Lillington, "Move on copyright not needed - and unwise", *The Irish Times*, 23 February 2012, at <http://www.irishtimes.com/newspaper/finance/2012/0223/1224312240877.html>.

Europe, within the context of written constitutions promulgating general human rights, we have always had to cope with the unexpected appearance in legal debate of principles vaguely circumscribed by decided cases that can overturn the letter of the law in favour of an outcome that the courts may say is more fair. In the European legal system, fundamental rights are based on terse notions of privacy and what can be built up as legal norms by reference to the nature of the human condition within a democratic society. It is from such norms, expressed as an entitlement to legal process, to privacy, to run a business as a component of the right to property, to communicate, to freedom in cyberspace and to predictability of law that new precedents will be created.

In respect of the most important resource for communications in the modern world, the Internet, it may be claimed by some that there is an irony in the European legal system being so uncertain despite European law having as a core value the ordering of the economy through the predictability and certainty of the legal order.

Appendix I - The Joyce correspondence

Here is a facsimile of the Joyce letter, first page reproduced with the permission of Frances McGee, acting director of the National Archives of Ireland:



The context as taken from the Irish Documents on Foreign Policy published by the Royal Irish Academy No. 388 NAI DFA Paris Embassy 49/16 is that the British authorities were contacted and asked for help. They were sympathetic to a change of apparent nationality. The German legation was also contacted but they were not at all cooperative. In No. 395 NAI DFA Paris Embassy 49/16 Letter from Seán Murphy to Francis T. Cremins (Berne) this was made clear:

I received a note from the German authorities to the effect that a journey to Switzerland by Miss Joyce on her passport could not take place. The contents of this note I communicated in due course to Mr. JOYCE. He later asked me whether I thought there was anything further I could do in the matter. I said I did not think there was in view of the contents of the German note. He then enquired whether it would be well to have his daughter obtain an Irish passport. I told him she was perfectly entitled to claim citizenship by registration and that, if she should apply for registration, I would be prepared to issue her a passport valid for one year pending the decision of the Minister for Justice on her application. I added, however, that, in view of the fact that the Germans had already considered her case and, therefore, knew she had a British passport, it was quite possible that her holding an Irish passport, issued subsequently might not weigh with them in securing her permission to leave and that her applying for one at that stage might only be regarded by them as a ruse. I suggested that in all the circumstances the best thing to do might be for him to endeavour to get his daughter out of France through the good offices of the American Foreign Service, entrusted with British interests. I understood from Mr. Joyce, before he finally left for Switzerland, that he intended to try this course.

Joyce died slightly afterwards. His daughter was not disturbed in her hospital and she died on 12 December 1982 in Northampton having been transferred to England in 1951. The correspondence between her and her father, written in Italian which

was her first language, was also the subject of a copyright case that was settled out of court on 25 March 2007.

Appendix II - Icon of Saint Columcille

It could be that Columba Ó Néill was the losing party of the first copyright case in Europe. He later, in penance over the battle that ensued when he did not accept the judgment, exiled himself to Iona in Scotland bringing with him Irish monks and the love of the illumination of books that led to the creation of the Book of Kells. When the Vikings attacked his monastery on Iona, the monks fled back to Ireland to the monastery of Kells, completing the book, and the illuminated manuscript is now kept in the library of Trinity College Dublin. He is shown here as Naomh Colmcille, patron saint of Ireland, in an icon written in Russia by Ekaterina Platoshechkina:



Appendix III – The right in European law to remain at all times anonymous on the internet (Advocate General Cruz Villalón)



(New York Times copyright: we claim a fair use defence!)