

## Access denied: an international perspective on ISP blocking injunctions



*While the UK Court of Appeal has opened the door for broadband ISP blocking to combat trademark or copyright-infringing activities, the picture in the United States, China and Hong Kong is more complex*

“It is, it is a glorious thing, to be a Pirate King,’ said W.S. Gilbert: but he was speaking of ship pirates. Today we speak of film pirates. It is not a glorious thing to be, but it is a good thing to be in for making money.” So said celebrated English judge Lord Denning in a 1980 pirate video case. One could say that being an IP pirate king today is much less risky than it was then; it can certainly be more lucrative. It is logistically more straightforward, with an enormous potential global market for unlawful copies of commercial content and counterfeit goods, downloadable at the touch of a screen or delivered in small packages from almost anywhere in the world. Add to this the ease with which, at the first sign of serious trouble, your virtual pirate galleon can set sail and anchor at another server in a remote jurisdiction where it is not easily enforced against. Or, if sunk by a takedown request, it can simply be refloated and renamed. The 21st century Blackbeards and street market hustlers of cyberspace might well feel as if the World Wide Web was made specially for them.

However, what if the virtual galleon need not be sunk, but merely traced and the digital barges carrying the infringing content and offers of counterfeit goods denied access at the shores of the world's online markets?

This article focuses on whether internet service provider (ISP) blocking remedies are available to trademark and copyright owners in the United States, China and Hong Kong; but starts with a brief look at the position in the United Kingdom, where the courts have shown willing to adopt innovative solutions to this 21st century problem.

### United Kingdom



As a result of jurisprudence developed since 2011, this denial of access approach is exactly what has been happening in the United Kingdom, with orders being granted by first-instance courts against major UK broadband ISPs requiring them to block access to commercial content produced by the film, music, television and publishing industries and unlawfully made available

online by third parties to UK users. These injunctions have been grounded on an express provision – Section 97(a) of the Copyright, Designs and Patents Act 1988, which empowers the courts to “grant an injunction against a service provider, where that service provider has actual knowledge of another person using their service to infringe copyright”.

In July 2016, the Court of Appeal upheld a decision extending the grant of such injunctions to cases involving sites based outside the United Kingdom offering predominantly counterfeit goods to UK consumers in *Cartier/Richemont* ([2016] EWCA Civ 658 – see “[A welcome relief for brand owners fighting against counterfeiters: court rules in ISP case](#)”, *WTR* issue 63). While the Court of Appeal had no subject-matter specific legislative weapon available to deal with trademark-infringing goods offered online, it held that it was

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acceptable to base a blocking injunction with essentially the same mechanism on Section 37(1) of the Senior Courts Act 1981, which reads: “The High Court may by order (whether interlocutory or final) grant an injunction... in all cases in which it appears to be just and convenient to do so.”

The Court of Appeal's ruling, which in the process approved the Section 97(a) regime in the copyright context, has now opened the door for enforcement strategies against websites which offer counterfeit goods (and potentially other IP infringements) which need not necessarily involve laborious, repeated and frequently ineffective takedown requests.

## United States

In the United States, statutory safe harbours for ISPs and legal standards for injunctive relief make broadband providers more difficult targets than other types of ISP when it comes to website-blocking injunctions. As a result, plaintiffs seldom seek injunctive relief against broadband ISPs for copyright or trademark infringement, instead seeking to block infringing websites by obtaining orders against other types of ISP which facilitate web traffic, such as domain name registrars.



### Copyright-infringing sites

Under the safe harbour provisions of the Digital Millennium Copyright Act, ISPs receive different levels of protection depending on the type of service they provide. Broadband ISPs qualify for the strongest protection under Section 512(a), which applies to ISPs that transmit web traffic through automated processes which are indifferent to sender, receiver and content, and do not copy content except temporarily (*id* at §512(a)). These do not accept and implement plaintiffs' pre-litigation takedown notices requesting the removal of infringing web content; by contrast with content-hosting ISPs such as social media networks (regulated by §512(c)), which do.

The act also limits injunctions against broadband ISPs to:

- termination of access to a subscriber which is using the ISP's service to infringe; and
- reasonable steps to block access to a specific, identified online location outside the United States (*id* at §512(j)(B)).

Because the Digital Millennium Copyright Act does not impose a takedown duty on broadband ISPs without a court order, rights holders tend to focus their enforcement efforts on ISPs, which must often remove allegedly infringing content before a final determination of infringement. As a result, US courts have had no opportunity to interpret the act's injunctive relief provisions as applied to broadband ISPs.

The few copyright infringement cases applying the act to broadband providers have considered whether the provider qualified for liability protection under Section 512(a). To receive safe harbour protection, all ISPs must:

- adopt a policy which provides for the termination of access for subscribers who repeatedly use the service to infringe copyright;
- implement that policy in a reasonable manner; and
- inform subscribers of the policy (*id* at §512(i)(1)(a)).

In the two cases applying the requirement to broadband providers, the courts denied the broadband providers' motions for summary judgment on Digital Millennium Copyright Act immunity because the ISPs had insufficient policies for terminating access to subscribers who repeatedly used their services to infringe copyright (*Ellison v Robertson*, 357 F 3d 1072, 1080 (9th Cir 2004), reversing the lower court's summary judgment decision that the defendant ISP's repeat infringer policy qualified the ISP for protection; *BMG Rights Mgmt (US) LLC v Cox Commc'ns, Inc*, 149 F Supp 3d 634, 662 (ED Va 2015), granting the plaintiff's motion for summary judgment that the broadband provider's insufficient repeat infringer policy barred it from Digital Millennium Copyright Act protection). However, these cases scrutinised broadband providers' knowledge of infringement by individual customers; they did not consider how broadband providers should treat infringing websites which are not associated with their users. Only one case involved a plaintiff which sought to enjoin a broadband provider from allowing access to a

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website that infringed its copyright under Section 512(j)(1)(b)(ii), but the complaint was voluntarily dismissed before any court ruling (*Arista Records, Inc v AT&T Broadband Corp*, No 1:02CV06554, 2002 WL 34593743 (SDNY August 16 2002), seeking to enjoin several broadband providers to block websites which allegedly infringed music copyrights held by the record company plaintiffs). This dearth of case law on injunctive relief against broadband providers may also drive copyright holders to seek injunctions against other types of ISP instead.

### **Trademark-infringing sites**

The United States has not enacted a statute akin to the Digital Millennium Copyright Act for online trademark infringement. However, courts considering website-blocking injunctions in trademark cases do scrutinise the nature of the ISP's service in a way that protects broadband ISPs more than ISPs that deal directly with operators of infringing websites.

In the trademark context, there are two scenarios in which US courts have considered preliminary injunctions against ISPs to block infringing websites:

- actions naming ISPs as co-defendants accused of direct or contributory trademark infringement; and
- actions seeking to enjoin third-party ISPs on the grounds that they aided and abetted the defendants' infringing activities,

Both of these standards turn on whether the ISP knew of the activity and had sufficient control over it to prevent or reduce the infringement of the plaintiff's trademark rights.

### **Injunctions based on contributory infringement**

These typically fail due to the difficulty of proving that an ISP contributed to the infringement (eg, *Perfect 10, Inc v Cybernet Ventures, Inc*, 213 F Supp 2d 1146, 1188-89 (CD Cal 2002), where the court denied preliminary injunction against an online age verification service because the plaintiff did not have a strong likelihood of success on its contributory trademark infringement claim due to the defendant's lack of knowledge of the infringing activity). A plaintiff must show that the defendant intentionally induced another to infringe a trademark or continued to supply a product or service knowing that the recipient was using it to engage in trademark infringement (*Lockheed Martin Corp v Network Sols, Inc*, 194 F 3d 980, 983 (9th Cir 1999)). Since most ISPs do not solicit infringing activity, plaintiffs typically turn to the second option, which requires showing that the ISP knew of specific instances of infringement and exercised sufficient control over the infringing activity to prevent or significantly reduce it (*Tiffany (NJ) Inc v eBay Inc*, 600 F 3d 93, 105-06 (2d Cir 2010), where the court dismissed a contributory infringement claim against an online marketplace which did not have sufficient knowledge of sale listings for counterfeit products; see also *Lockheed* (194 F 3d at 985-87), where the court dismissed a contributory infringement claim against a registrar of internet domain names because it did not direct or control registrants' use of domain names). Courts typically find ISPs' involvement with users' activities insufficient to obtain an injunction under that standard. Broadband ISPs stand an even lower chance of being enjoined as contributory infringers since they interact with individual website owners less than domain name registrars, which frequently also host sites and accept fees from the owners.

### **Injunctions based on aiding and abetting**

Trademark owners have enjoyed more success through the use of third-party injunctions to compel an ISP to block an infringing website. The Federal Rules of Civil Procedure allow courts to enjoin third parties "who are in active concert or participation with" defendants engaged in unlawful activities (Fed R Civ P 65(d)(2)(c)). US courts have interpreted this to mean that they can impose preliminary injunctions on ISPs which have the ability to identify the subject websites and block internet users from accessing them over their systems (see *Arista Records, LLC v Tkach*, 122 F Supp 3d 32, 38 (SDNY 2015), enforcing a preliminary injunction against a third-party Internet Protocol (IP) address directing service; *N Face Apparel Corp v Fujian Sharing Imp & Exp LTD Co* (No 10 CIV 1630 (AKH), 2011 WL 12908845, at \*2 (SDNY June 24 2011)), where the court granted a permanent injunction against a domain name registrar hosting infringing websites).

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### **Third-party injunctions**

Third-party injunctions – which, as in the United Kingdom, involve no finding of liability by the enjoined party – require a lower degree of knowledge and control on the part of the ISP. One court found that an IP address directing service, which connected domain names and IP addresses indifferently with regard to content, had sufficient knowledge of its users and control over their activities to justify an injunction to block the domain names of infringing websites (*Tkach*, 122 F Supp 3d at 37-38). In a case targeting a website selling counterfeits, another court reasoned that an ISP had sufficient knowledge of the infringement upon receiving a temporary restraining order to be enjoined as a third-party aider and abettor (*N Face Apparel Corp*, 2011 WL 12908845, at \*2).

The readiness of US courts to enjoin ISPs as third parties suggests openness to the UK approach of requiring broadband ISPs to block access to both copyright- and trademark-infringing websites on this basis. It is certainly a strategy worth considering in suitable cases.

### **Hong Kong**



To date, there have been no reported cases in which Hong Kong courts have ordered ISPs to block websites in trademark or copyright infringement cases, with IP actions against ISPs few and far between. Nevertheless, in the right circumstances, it would be open to a trademark or copyright owner to argue for such an order with at least a reasonable prospect of success.

#### **Potential basis for ISP site-blocking orders**

Despite the absence of cases in Hong Kong, it would appear that courts can in theory grant injunctions against ISPs, requiring them to block access to websites. Decisions issued by UK courts are of persuasive value in Hong Kong and are frequently relied on when courts consider issues new to the jurisdiction. It is possible that Hong Kong courts will thus follow the approach in *Cartier* when it comes to issuing website-blocking injunctions.

First, Section 21L(1) of the High Court Ordinance – which mirrors Section 37(1) of the UK Senior Courts Act 1981 – gives the Hong Kong courts broad power to grant injunctions in “all cases in which it appears to the Court to be just or convenient”. So, the same door is open for the Hong Kong courts as it was in the United Kingdom in *Cartier* to grant blocking orders even where there is no specific legislation setting out a precise basis for them.

Second, courts in Hong Kong are not limited to making orders against wrongdoers. In one case, an ISP was ordered to disclose information about subscribers to its services – which were used for the illegal uploading and sharing of music files – under Norwich Pharmacal principles (which cover the duties of innocent parties who become mixed up in the wrongdoing of others). These principles were applied by analogy in *Cartier*.

Third, there is no jurisdictional obstacle in Hong Kong similar to that raised in *Cartier* – namely, that the UK government did not pass legislation to implement Article 11 of the EU IP Enforcement Directive, which requires EU member states to ensure that rights holders can apply for an injunction against intermediaries whose services are used by a third party to infringe an IP right.

Knowledge on the part of the ISP that its services are being used by others to infringe IP rights will likely be a prerequisite for a site-blocking order. This may be established, for example, by giving the ISP written notice. The seven requirements set out in *Cartier* for a site-blocking order are likely to be relevant for Hong Kong as well. In addition, it may be relevant to consider the proportion of infringing content on the website and how clear-cut the infringement is.

### **ISP liability for copyright or trademark infringement**

It would appear that there is even more reason for Hong Kong courts to make site-blocking orders where ISPs themselves are found liable for copyright or trademark infringement.

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For example, ISPs may incur civil liability for online piracy if they expressly or implicitly authorise another person to carry out an infringing act under the Copyright Ordinance or if they have deliberately collaborated with the infringer as part of a common design.

In the trademark context, Hong Kong courts may follow the same line as the European Court of Justice in *L'Oreal v eBay*, so that ISPs may be held liable for trademark infringement where they play an active role in promoting the infringing products, or where they were aware of the presence of infringing products on the website, but failed to act promptly to remove the posts or to disable access.

### **Proposals**

The Hong Kong government has acknowledged the adoption of judicial site blocking in other jurisdictions, but has no immediate plans to enact similar legislation, despite previously indicating that it would consider this issue in the next round of copyright review. As the passage of the copyright bill has been delayed several times, the issue of judicial site blocking is likely to be further put on hold.

In the meantime, there are options for rights holders. Unlike in the European Union, where the EU E-commerce Directive limits liability of intermediary service providers for third-party content, there are currently no such general safe harbours for ISPs in Hong Kong. Owing to this uncertainty, some ISPs respond positively (on a voluntary basis) to requests from rights holders to block access to infringing websites.

### **China**

Few IP actions are brought against ISPs in China compared with actions against (state-licensed) internet content providers. To date, no orders requiring ISPs to block websites in copyright or trademark infringement cases have come to light.

Despite the absence of any known ISP site-blocking orders, China's Tort Law and the Regulations on Protection of Right of Dissemination via Information Networks may provide a route for rights holders.



#### **Potential basis for ISP site-blocking orders in China**

Article 36 of the Tort Law sets out that:

- a) *The internet users and internet service providers shall assume tort liability if they utilize the internet to infringe upon civil rights and interests of others.*
- b) *If an internet user commits tortious acts through internet services, the infringed party shall be entitled to inform the internet service provider to take necessary measures, including, inter alia, deletion, blocking and unlinking. If the internet service provider fails to take necessary measures in a timely manner upon notification, it shall be jointly and severally liable with the said internet user for the extended damage.*
- c) *If an internet service provider is aware that an internet user is infringing on the civil rights and interests of others through its internet services and fails to take necessary measures, it shall be jointly and severally liable with the said internet user for such infringement.*

Accordingly, an ISP may be held jointly and severally liable with a third-party IP infringer if it knowingly facilitates such infringement without taking necessary measures to stop it. This would form, at a high level, a legal basis for attempting to obtain a site-blocking order.

#### **What needs to be proven?**

Should one decide to pursue a site-blocking order, the subject bears the burden of proving that the ISP has knowledge of the infringement, is capable of detecting it and is obliged to stop it if notified of its existence and that the balance of interests between the rights holder, internet users and the ISP merits the grant of a site-blocking order.

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The ISP's knowledge of the copyright or trademark infringement can be proven through a takedown notice issued to it. In this regard, the rights holder should follow Article 14 of the Regulations on Protection of Right of Dissemination via Information Networks, which requires a sufficient takedown notice to identify the rights holder and the infringing work, and the provisions of preliminary evidentiary materials proving the existence of infringement.

Whether ISPs are obliged to detect or stop copyright or trademark infringement on the Internet is an arguable issue. ISPs provide internet infrastructure or connection services and are often deemed not to be content providers. Under the regulations, internet content providers are obliged to respond to valid takedown notices pertaining to copyright infringement, whereas ISPs have no such obligation. It would be difficult for a Chinese court to ignore this distinction in the regulations and impose a similar obligation on an ISP.

Should an ISP blocking case be brought under the Tort Law, balancing the various parties' interests will be an extremely delicate matter, especially given that no court has ever granted a site-blocking order in the past. Further, an ISP could argue that a site-blocking order, if misused, could jeopardise the public's access to the Internet; this too is likely to make the courts hesitant to grant an unprecedented site-blocking order.

### **Outlook**

While in theory ISP site-blocking orders may be possible under Chinese law, the path will be challenging to pursue given the legal hurdles outlined above. Moreover, from a practical standpoint, the fact that all ISPs in China are controlled or backed by state-owned companies is likely to discourage Chinese courts from issuing ISP blocking orders against ISPs. Add to that the technical and commercial issues around limiting IP infringement on networks in China, which handle about 624 million internet users each day, and one can see why the courts may be reluctant to burden ISPs with the task of doing so.

### **Conclusion**

While the United States, Hong Kong and China do not yet have well-established means of implementing broadband ISP blocking to combat trademark- or copyright-infringing activities, tools are available in each of these to be used by creative rights holders and bold courts in suitable cases.

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