

Addressing websites that are substantially focused on infringement

Working paper submitted by the Rightsholder Group¹

The Potential for a Voluntary Code

This note has been produced by the Rightsholder Group as an initial response to a request from the Minister for Culture, Communications and the Creative Industries to see whether there is scope to move toward a cross-industry voluntary approach to inhibiting access to websites that are substantially focused upon infringement of copyright.

Our proposal is for a voluntary approach that will have a significant impact on the problem of infringement undertaken using the internet while being legally and technically feasible, cost-effective and proportionate.

Our proposal is advanced on the basis that sound internet policy should encompass notions of accountability to incentivise private sector participants to take commercially reasonable steps, where available, to prevent or limit those harms that flow from the products or services they offer.

This is a complex issue and we have addressed it here by offering a general approach based on core principles, exemplified by a more detailed explanation of the legal basis for the approach and of how such a system could work.

We welcome the participation of a representative of consumers/users in shaping a series of measures to promote a responsible and safe internet environment and believe that consumer representatives can and should also play an educational role in this regard.

This note is confidential, commercially sensitive and without prejudice. In particular, the proposal made in this note is entirely without prejudice to the rights of copyright owners under UK law, including (without limitation) the claims made in the action brought by the studios represented by the MPA, directed at blocking subscriber access to the Newzbin 2 website.

Our proposal focuses on the potential for the involvement of ISPs in reducing online infringement. Rightsholders will continue to employ all other available methods to protect their rights where those measures remain proportionate and effective.

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¹ Football Association Premier League Limited; the Publishers Association; BPI (British Recorded Music Industry) Limited; the Motion Picture Association; and the Producers Alliance for Cinema and Television.

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1. Introduction

The request from the Minister is to establish whether there is a practical, balanced and fair means of addressing the problem of websites that are substantially focused on infringement².

These will be sites, mainly hosted overseas, which make available, facilitate the making available of, or otherwise authorise the infringement of copyright content in the UK. This request follows acceptance that cease and desist procedures are often ineffective in the online environment where there is structural infringement taking place on the site and the operators of such sites can be hard to identify, unlikely to respect legal process in this area (or even to provide accurate data to service providers), are highly mobile, and/or operate from territories with weak IP provisions or weak enforcement.

In the online environment, the actions of intermediaries – notably ISPs and search engines – are crucial to achieving the effective prevention of infringement.

The objective is to establish a system that protects a copyright owner's property rights by substantially inhibiting infringement while protecting the legitimate interests of consumers, site operators and service providers, including (where relevant) access to services and information and freedom of expression.

Our proposed system ("the **Proposed Voluntary Scheme**") is capable of being proportionate in operation and cost-effective and is also able to support action that is timely, given the speed with which real damage can be inflicted on rights owners.

The Proposed Voluntary Scheme is based on, and works within, the parameters of existing law, notably Section 97A of the Copyright, Designs and Patents Act 1988 (S97A, CDPA) and Sections 17 and 18 of the Digital Economy Act 2010 (S17/18 DEA).

A voluntary self-regulatory solution - if fully effective - could largely supplant the need for S17/18 DEA, which should nevertheless be implemented to be available if S97A, CDPA is not held by a Court to be an adequate provision for these purposes and to be available if the Proposed Voluntary Scheme ceased to operate for any reason or the Scheme did not apply to certain types of site.

2. Overall Context: Promoting Legality On Line

Rightsholders support an integrated approach to dealing with the theft of intellectual property on the internet. The Proposed Voluntary Scheme is based on the explicit presumption that all stakeholders and participants in this process are prepared to take responsibility in bringing about an internet of legality in which the rules of society are respected and applied. Our approach:

² Our reference to websites that are substantially focused on infringement is intended to demonstrate that our proposal is directed at websites that might be regarded as favouring infringement in that they substantially devote themselves to infringement of copyright (directly or by authorisation). The notion that a website may be liable for infringement of copyright where it favours infringement has received general support in several informative cases, including *Twentieth Century Fox Film Corp v Newzbin Ltd* [2010] EWHC 608 (Ch.); *L'Oréal SA v eBay International AG* [2009] EWHC 1094 (Ch); *Roadshow Films Pty Ltd v IMNet Limited* [No. 3] [2010] FCA 24; *Roadshow Films Pty Ltd v IMNet Limited* [No. 4] [2010] FCA 645.

- Begins with a commitment to ensuring that there are legitimate offers in the marketplace, adapted to the changing opportunities provided by digital technology;
- Supports the education of consumers on the application of copyright as it affects them in the digital environment, including information and targeted education to broadband subscribers (under the DEA) where there is evidence that specific accounts have been used unlawfully, backed up by credible deterrent consequences for persistent repeat offenders;
- Would require notice (where possible) to the operators of websites and other internet services to cease and desist making available copyrighted material unlawfully;
- Gives responsibility to Rightsholders to initiate action where the evidence is that the sites in question are substantially focused on infringement of copyright;
- Introduces a voluntary code that may be overseen by an expert body to review whether it is appropriate for the particular site to be blocked;
- Ensures that a Court order is obtained in respect of each website; and
- Would be speedy enough to deal with urgent time sensitive material (such as live events).

A voluntary code approach to infringement will not succeed unless it properly respects consumer interests. We believe that our proposal does this, most importantly by allowing enforcement to focus in appropriate cases on sites offering infringing content, thereby lessening the need to focus on consumers accessing infringing content via such sites. In addition it is based on the assumption that there will be attractive legitimate offers in the marketplace that respond to technological developments and consumer demand and that consumer education will be a priority. Furthermore, the system proposed is not aimed at casual infringement but at those sites, proportionately few in number, which focus on infringement. The operation of the code would explicitly include the requirement to assess the scale of infringement and weigh the balance of interests in each individual case. Lastly, it has to be in the long-term consumer interest to be served by an internet economy that respects the law, offers high standards in consumer protection, and is conducive to continued high levels of investment in quality content.

3. Judicial Approval of Proposed Measures to Inhibit Access to Major Infringing Sites

We consider that the need for the system to be robust, fair and proportionate in an environment where fundamental rights may be at issue and the need to secure industry wide voluntary participation is such that there should be judicial oversight of the voluntary measures proposed in this paper³.

We are therefore proposing a scheme based on an agreed voluntary code which defines the circumstances upon which a site qualifies for expedited court procedures and includes such other agreed criteria as needed. Such a voluntary code - if sufficiently robust, supported by all the relevant stakeholders (including Government) and in line with judicial guidance – could provide the basis for an expedited judicial order.

³ A court process is not necessary in all circumstances, in particular given that often an intermediary will have power to act under its own contractual terms. However, we recognise the need for a broad consensus in this instance.

This process could be overseen by a duly mandated neutral expert body, which body would have regard to the overall problem of infringement and would also assess whether it is prepared to recommend that the Court should order that the site should be blocked. The body would also guide ISPs on measures that may be implemented by them and upon the technological enhancements that may be needed to keep pace with methods of online infringement.

Under the Proposed Voluntary Scheme, the relevant rightsholder would make an application to the Court based on prior confirmation by such a body (or compliance with the Code, if an expert body is not required) that the site in question qualifies for action in accordance with the requirements of an agreed Code. We consider that existing Court structures provide appropriate mechanisms for judicial oversight which would avoid the significant costs that might be incurred in establishing a separate judicial body.

Approved/Code compliant applications to Court for an appropriate order would be dealt with in the Applications Court of the High Court. This is a judicial forum in which applications can be heard within days (or shorter on an urgent basis) provided that the time estimate for the hearing is less than two hours. Provided that the Proposed Voluntary Scheme is properly implemented and codified we consider that applications could readily be addressed within this timeframe, because of the preceding notification to the apparently offending website, prior consideration of the evidence by the expert body (or compliance with the Code) and given the cooperation of ISPs in such circumstances.

The judicial phase of the scheme may be governed by a bespoke set of judicial guidelines ("the Court Guidelines") which we envisage may be incorporated into the Civil Procedural Rules ("CPR"). An alternative would be an agreed Code that identifies the procedure and matters to be considered by the Court.

4. The Basis for a Voluntary Code

A Voluntary Code that underpins the Proposed Voluntary Scheme could offer significant advantages of timeliness and simplicity. The issues involved are both important and contentious and the proposed Code would therefore require judicial approval of any measures proposed to inhibit the infringements undertaken by and using a specific site. The Proposed Voluntary Scheme, in our view, should incorporate the following stages:

- Identification of website by rightsholder;
- Notification procedure to the website concerned (where possible)*;
- Review of evidence by the expert body against defined criteria (see below) or compliance with an agreed Code;
- Judicial decision as to whether to order the proposed measures to inhibit access to the site;
- Implementation of technical measures by internet service providers;

⁴ If notification is not possible, for example because it is not possible to identify or communicate with the site operators, then the site would be considered under the Code/by the expert body without notice having been sent to the site operator.

- Right for website operator to apply to set aside the Order in respect of technical measures.

5. The Potential Role for an Expert Body

The expert body could manage and implement the Voluntary Code to ensure that there is a robust and dependable system and to ensure that action is effective in dealing with the infringements undertaken by and using sites that are substantially focused on infringement while also being proportionate and reasonable. The Code would be a voluntary partnership between rightsholders and ISPs, and would incorporate proper protections for the interests of users/consumers.

The regular activities of an expert body (if so required) would be under the guidance of a Council composed of those with the relevant skills and experience but who do not have current direct interests in the relevant industries. The Council could comprise individuals with the right skills and experience to be able to make considered assessments of the legal, public policy, consumer and technical issues before them.

The expert body could be managed by a small executive function.

If a Code alone is not considered sufficient, the expert body could be responsible for:

- Receiving and reviewing evidence from rightsholders related to allegedly infringing websites;
- Assessing the referred website against the criteria set down in the Code and if the criteria are satisfied, confirming that in their view the complaint is justified and obstructing access to the site is appropriate;
- Reviewing and reporting periodically on the operation and effectiveness of the Voluntary Code and on the measures taken by ISPs to keep pace with technological enhancements.

The expert body could report its reviews, inter alia, to Ofcom and could be required to publish the findings.

Affiliation with the expert body could provide ISPs with a “kite mark” indicating responsible practices regarding copyright. If a particular ISP is unwilling to cooperate with the voluntary body then it may lose “kite mark” status.

6. The Process for Identifying and Notifying Infringing Sites

It would be the responsibility of rightsholders to identify sites that potentially meet the criteria and to gather the appropriate evidence. This evidence should be sufficient to reasonably identify that a website is indeed substantially focused on infringement.

It is not intended that relatively small amounts of infringing material inadvertently offered by a website should be sufficient to trigger blocking of a site. We would therefore propose an objective assessment be undertaken, by or at the direction of the expert body, of apparently infringing sites to examine whether a focus on infringement is a substantial part of the website’s operation or whether the site causes substantial commercial harm. Guidance can be taken from relevant UK, EU and international case law.

Identified sites should have a proper opportunity to correct the infringements concerned or refute the allegations. The process of prior notification (where possible) by the rightsholder would be an important part of the Code.

7. The Standards Required for the Expert Body to Certify Blocking

The evidence would need to make clear that the imposition of the measures by the Court as recommended by the expert body is reasonable in the circumstances of the case. The objective is to demonstrate that the measures being sought are a proportionate and targeted means to protect UK consumers and UK rightsholders from deliberate infringements by entities that are often based overseas whose conduct cannot otherwise effectively be controlled through action in the UK.

The evidence would need to be sufficient to satisfy any expert body (and subsequently the Court) that the target site taken as a whole substantially focuses on infringement and has failed to take available action to remedy the situation in response to a notice (where a notice is possible). It is likely that the evidence would need to include evidence of the type and scale of the infringement and that content is being made available to consumers in the UK.

Evidence should also be submitted to show the urgency with which the measures are sought to inform any balance that needs to be struck by the expert body and the Court between the need for swift action and the need for sufficient evidence.

8. Ensuring Fairness and the Opportunity to Set Aside a Court Order

Rightsholders understand and support the view that proceedings in this area should not be peremptory and should give website operators, and others directly involved, adequate notice of the fact that measures may be applied to the site if infringement continues. The expert body would be able to consider any representation made by a site that has received notice of infringement from the rightsholder.

Further, we propose that a Court order would provide that the site operator may apply to set aside the order on notice to the rightsholder.

Such a proposal for prior notification and liberty to apply strikes the correct balance in ensuring that the system is effective and proportionate in inhibiting the abuse of intellectual property rights by websites.

The costs of any application by a site operator and the overall costs of applications to Court for orders can be reduced by the adoption of Court Guidelines that set out procedural rules for applications to be pursued in a way that reflects the procedures in the Patents County Court.

As part of the process of securing ISP engagement in the Proposed Voluntary Scheme, it is recognised that the Court order may need to provide for a cross-undertaking in damages by the applicant rightsholder in favour of the ISPs ordered to implement the measures. Such a cross-undertaking to the Court would not normally be provided for where a Court will have determined that an order is appropriate on a final basis. However, the Rightsholder Group are willing to provide a cross-undertaking as part of the Proposed Voluntary Scheme to provide ISPs with further

protection against any potential liability to the site operator that the ISP may face. No indemnity in favour of the site operator as such will be appropriate given the notice already given to the operator and the balancing exercise employed by the Court.

9. Conclusion

We offer this proportionate and considered proposal in a spirit of co-operation. We look forward to engaging in further discussion with the aim of securing cooperation from ISPs in addressing the infringements of copyright that take place where websites are focused on infringement. We believe action to inhibit the infringements that occur via websites that are focused on infringement would be in the interests of all stakeholders, consumers and society and would help to promote an online environment that can allow legitimate access to content to flourish. This proposal is not a panacea for the problem but is potentially effective if implemented in conjunction with other appropriate methods of promoting legitimate material and inhibiting the use of infringing material on the internet.

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