

Bird & Bird & IP & IT Bytes

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IP and IT

Copyright: communication to the public.

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Copyright: architect's drawings.

The High Court has held that copyright in an architect's drawings was infringed where the property developer who obtained the planning permission and commissioned the drawings was neither the original landowner nor the developer who built the building in accordance with the drawings.

Trade marks infringement and passing off: consent to use and targeting.

The High Court has rejected trade mark infringement and passing off claims in relation to the domain www.argos.com in conjunction with Google AdSense ads.

Copyright: communication to the public

Summary

The Advocate General (AG) has opined that peer-to-peer (P2P) file-sharing search engine operators communicate copyright works to the public if they fail to prevent access to a work despite being aware the copyright holder has not consented to its availability.

Background

EU member states must 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 (*Article 3(1), Copyright Directive (2001/29/EC)*).

Article 11 of the Intellectual Property Enforcement Directive (*2004/48/EC*) provides that EU member states shall also ensure that rights holders are in a position to apply for an injunction against intermediaries whose services are used by a third party to infringe an intellectual property right.

Article 8(3) of the Copyright Directive (Article 8(3)) contains a provision to the same effect.

The European Court of Justice (ECJ) has given guidance on the availability of injunctions under Article 8(3) in *Svensson and others v Retriever Sverige AB* and *GS Media BV v Sanoma Media Netherlands BV and others* (see *News briefs "Linking and framing copyright material: guidance at last"*, www.practicallaw.com/4-558-3665; *"Hyperlinking to unauthorised content: ECJ imposes conditions"*, www.practicallaw.com/2-633-7919).

Member states must ensure that the service provider is not liable for the information stored at the request of a recipient of the service, on condition that one of the following applies:

- The provider does not have actual knowledge of illegal activity or information.
- The provider, on obtaining this knowledge or awareness, acts expeditiously to remove or to disable access to the information (*Article 14(1), E-commerce Directive (2000/31/EC)*) (Article 14(1)).

Facts

A Dutch foundation, B brought proceedings in the Netherlands against two internet service providers (together, Z), seeking an order that they should block their subscribers from using a website, T, which was a search engine for P2P file-sharing. B alleged that T was facilitating large-scale copyright infringements.

The Dutch Supreme Court referred to the ECJ on whether there was a communication to the public in these circumstances so that T was a primary infringer, and if not, if an injunction could be granted against an intermediary facilitating the acts of third parties in this way.

Decision

The AG considered that T was a primary infringer so it was not necessary to consider the intermediary question.

When a website operator made it possible to find copyright works that were offered for sharing on a P2P network, it was communicating a work to the public within the meaning of Article 3(1) of the Copyright Directive, as long as the operator was aware that a work was made available on the network without the rights holder's consent and it failed to take action to make access to that work impossible.

P2P networks operated by means of a de-centralised structure, with each peer (the computer of a network user) acting not only as a recipient of information, but also as a server which stored information. Not all of files were being shared unlawfully, but about 90-95% were being made available in infringement of copyright. Although technically possible to find such files without using a search engine such as T, the average internet user would need to use one.

Potential users of this kind of network were a "public", being an undefined and significant number of people. Where the rights holder had not consented to the work being communicated to that group of people, they constituted a new public.

Although users were intentionally making works available to each other, this was only made possible by search engines like T. Intermediaries did not control whether a particular file appeared on the network and had no decisive role if the search engine was unaware that a work was being made available illegally or if, having been informed of this, acted in good faith to rectify the matter. However, if it was aware and failed to block access to the work, it might be regarded as intending expressly to allow the illegal making available of that work to continue.

Actual knowledge was necessary, for example because the rights holder had notified the search engine that works were appearing illegally on the site. The site should not be presumed to have this knowledge, as this would amount to imposing an obligation on it to actively monitor the indexed content.

Here, the intervention of the search engine was necessary and deliberate in accordance with the criteria laid down in *GS Media* and therefore the search engine operator should be considered as, together with the network users, originating the making available of copyright works to the public without authorisation from the rights holders, provided they were aware of the illegality and took no action to block access to those works.

Search engines such as T were used by third parties to infringe copyright and so fell within the concept of intermediaries in Article 8(3). Blocking access to the T site would affect T as well as its users.

Article 8(3) was designed to remedy a situation where the website operator itself had been held liable for copyright infringement using the services of the intermediary to which the injunction was addressed. T was not in this position, as it was not itself making works available to the public without copyright authorisation. It was therefore only indirectly liable. This liability was a matter for national law, as it had not been the subject of EU harmonisation. Although T might have fallen within Article 14(1), if it was merely hosting the offending information and had no knowledge of it, the evidence showed that it did have knowledge and chose not to remove or disable access to the information. So, Article 14(1) did not apply.

Z had argued that blocking the site would be ineffective because it could easily be circumvented by informed internet users by using other search engines. However, blocking would make it difficult or impossible for most users to find and download the infringing content. The same blocking measures could also be taken against other search engines. Whether the blocking was proportionate to the seriousness of the copyright infringements was for the national court to determine.

Comment

The AG distinguished this case from *Svensson* and *GS Media* because those cases concerned hyperlinking where the works had already been placed on the internet with the consent of the copyright owner. In contrast here the user's sharing on the P2P network was an original communication to the public. To the extent that T was aware that a work was made available on the network without the rights holder's consent and failed to take action to make access impossible, it participated as a primary infringer in the user's communication to the public.

In *GS Media* the ECJ held that those who post hyperlinks for profit should be presumed to be aware of the possibility that the linked-to copies are unauthorised. Here, the AG considered that the presumption of knowledge should not apply to P2P indexers, but they should be held to a knowledge and removal standard similar to that in the hosting provisions of Article 14(1).

Case: Stichting Brein v Ziggo BV and another C-610/15.

Copyright: architect's drawings

Summary

The High Court has held that copyright in an architect's drawings was infringed where the property developer who obtained the planning permission and commissioned the drawings was neither the original landowner nor the developer who built the building in accordance with the drawings.

Background

The court may award additional damages in particular having regard to the flagrancy of the infringement and any benefit accruing to the defendant by reason of the infringement (*section 97(2), Copyright, Designs and Patents Act 1988*) (*section 97(2)*).

Facts

A property developer, S, obtained planning permission for a block of flats on the basis of the drawings of its architect, C, but was unable to secure finance to buy the site and complete the project. The site was subsequently sold to F. Copyright in the drawings was originally owned by C but was assigned to S in order that it might issue proceedings.

The planning permission was granted on condition that the development was carried out in complete accordance with C's drawings (the drawings)]. The drawings were published on the local authority planning portal with a copyright notice that limited their use to consultation purposes, for comparing current applications with previous schemes and for checking whether developments had been completed in accordance with approved plans.

S sued F for infringement of copyright in the drawings in relation to the promotion, marketing and construction of the development on the site.

Decision

The court found that F had infringed S's copyright in a number of the drawings by using them for marketing the properties developed on the site, tendering and estimating purposes, making altered versions of the drawings, making AutoCAD versions of the drawings, and constructing a building in accordance with the drawings.

There is no statutory or intellectual property right in planning permission. The permission relates to the land and anyone may make use of it so long as they satisfy its conditions.

Copyright did subsist in the drawings despite F's arguments that they lacked sufficient originality because they were based on a previous set of drawings, were dictated to some extent by the shape of the building and the position of the lift shafts and stairs and because the remaining divisions of the space were entirely commonplace, logical and utilitarian. The bar for the subsistence of copyright is not high. So, the court found there was sufficient intellectual skill in the drawings for copyright to subsist.

The court rejected F's argument that it had an implied licence from the architect to use the drawings as it had paid a premium for the planning permission. F had not itself engaged the architect. It had also not bought the land from the copyright owner, S, which had applied for the planning permission but rather from a third-party land owner.

F admitted that it had obtained the drawings from the local authority's portal, but argued that it did not copy the drawings as it had engaged its own architects, who had visited the site and produced their own drawings. However, because the build had to satisfy the conditions of the planning consent, there were instances in their use of the drawings where the new architects' drawings were sufficiently similar to constitute copyright infringement.

F's architects also created a number of drawings which were based on the drawings, but which had been altered. Here the court had to determine whether a substantial part of the drawings had been reproduced in the new drawings. This included a consideration of the constraints placed on the architects by virtue of the characteristics of the building itself. The court held in some cases that the new drawing did reproduce a substantial part of the drawings and in some cases that there was insufficient similarity or that what had been taken was too trivial for a finding of infringement.

The court made an order for an enquiry as to damages or an account of profits. Additional damages under section 97(2) could not be awarded. There had been no instances of flagrant use and the benefit gained by F had not been a result of the copyright infringement as distinct from the planning permission. The court did not grant injunctive relief despite the fact that a few remaining promotional pictures remained on the internet. The building had been sold and neither party had a continuing interest in the drawings.

Comment

This decision demonstrates the potential pitfall when buying land with the benefit of planning permission where the development is not carried out by the party who obtained the planning permission. In particular, it illustrates the importance of obtaining an appropriate assignment of copyright, or a licence to use, the relevant drawings in order to avoid infringing copyright in the drawings that form the basis for the planning permission.

Where a site owner instructs architects to prepare design drawings on the basis of which planning permission is granted and then sells the site to a third party, normally that party can use the drawings without infringing copyright on the basis of an implied licence to use these for all purposes connected with the erection on the site of the development to which the plans relate. Here, however, F did not buy the land from the property developer S, who had instructed the architect and obtained the planning permission, as S did not own the land. So the landowner had no implied licence which he could transfer to F.

Case: Signature Realty Ltd v Fortis Developments Ltd and another [2016] EWHC 3583 (Ch).

Trade marks infringement and passing off: consent to use and targeting

Summary

The High Court has rejected trade mark infringement and passing off claims in relation to the domain www.argos.com in conjunction with Google AdSense ads.

Background

A Community trade mark (CTM) entitled the proprietor to prevent third parties not having his consent from using in the course of trade any sign which was:

- Identical with the CTM in relation to goods or services which were identical with those for which the CTM is registered (*Article 9(1)(a), CTM Regulation (207/2009/EC) (now the EU Trade Mark Regulation)* (Article 9(1)(a)).
- Identical with, or similar to, the CTM in relation to goods or services which were not similar to those for which the CTM was registered, where the latter had a reputation in the Community and where use of that sign without due cause took unfair advantage of, or was detrimental to, the distinctive character or the repute of the CTM (*Article 9(1)(c), CTM Regulation*) (Article 9(1)(c)).

Google AdWords enables advertisers them to create advertisements which will appear on relevant Google search results pages and partner sites.

Google AdSense enables website operators to contract with Google for advertising space on their websites. It delivers Google AdWords ads to individuals' websites. Google then pays web publishers for the ads displayed on their site based on user clicks or ad impressions.

Facts

In 1973, AUK began trading under the name ARGOS through catalogues and retail stores, primarily in the UK and the Republic of Ireland. In 1996, it registered the domain name www.argos.co.uk, which it launched as an e-commerce website in 2004.

In 1991, a US software company, AUS, began trading under the name ARGOS. In 1992, it registered the domain name www.argos.com, using it as a commercial website and for email. AUS traded only in the US and South America and had no clients in the EU.

AUK brought proceedings for trade mark infringement under Articles 9(1)(a) and (c), as well as passing off, against AUS, in relation to two CTMs for the word mark ARGOS, registered for advertising services and retail and related services.

AUK argued that the use of the www.argos.com domain name in conjunction with ads was trade mark infringement. AUK also argued that by participating in the Google AdSense programme AUS was able to generate advertising revenue from visitors to its website, many of whom were visiting it in the mistaken belief that www.argos.com was AUK's website address.

Some advertisements placed on AUS's website in this way were for AUK, and were placed on AUS's website by Google as a result of AUK's participation in the Google AdWords programme. AUK claimed that AUS's use of the www.argos.com domain name in these circumstances was abusive, because it amounted to unfair free-riding on, and was liable to damage, the distinctive character and reputation of AUK's trade marks. AUS denied the claims and counterclaimed for declarations of non-infringement. It also claimed an indemnity under a contract made between AUK and Google.

AUS also argued that no act had been performed within the territory of AUK's rights, because AUS's website did not target consumers in the UK or the EU.

It also argued that AUK had consented to the acts complained of since it chose to participate in the Google AdWords programme.

Decision

The High Court dismissed AUK's trade mark and passing off claims, and AUS's indemnity claim. However, it did not decide on AUS's claim for declarations of non-infringement.

AUK did not and could not have objected to AUS's use of the sign ARGOS in its domain name, without more. AUK had also expressly and unequivocally consented to AUS's use of the sign ARGOS in its domain name, together with and in the context of also displaying AUK's advertisements on AUS's website, on the AdWords terms. So any claims by AUK depending upon AUS's display of AUK's ads on AUS's website must fail, because AUK had consented to AUS acting in that way.

Consent, for the purposes of Article 9 of the CTM Regulation, did not require AUK to know that AUS was using the sign in that way. Even if AUK did not know that www.argos.com had been registered by a third party, or did not know that the third party was AUS or that the sign ARGOS was being used by the third party in the third party's domain name, it was sufficient that AUK did not exercise its right to exclude any website having the www.argos.com domain name from those which were otherwise included in AUK's grant of rights to Google and its partners.

There was also evidence that AUK knew that its ads were being displayed on AUS's website while AUS also used the sign ARGOS in AUS's domain name, including that the agent who managed AUK's advertising campaigns had information concerning the performance of AUS's website as a placement for AUK's ads.

The court's jurisdiction was limited to acts of trade mark infringement and passing off in the territory of EU member states. This depended on the concept of targeting.

Most UK visitors to the website visited it by mistake and left it almost instantly. Since the display of Google ads was the determinative factor when assessing the issue of targeting, this raised a question of how ads were perceived by the average internet user. The court considered that the average internet user would know or suspect that the Google ads which appeared would be affected by an individual's conduct or characteristics, particularly browsing history.

On the evidence, having regard to the perceptions of the average consumer, the court could not hold that the proportion of UK visitors to AUS's website who would have regarded the site or any part of it as aimed or directed at them warranted the conclusion that it was targeted at them. Only a few average UK internet users would regard any ads on AUS's website as being directed at them by AUS, as opposed to by advertisers.

Statistics as to bounce rates and the duration of visits made to AUS's website by UK users made it likely that the vast majority of UK visitors did not look at the ads at all. As the ads were the only part of the website aimed at UK visitors, most would not have regarded AUS's website or any part of it as being directed at them. Most individuals searching for AUK's website would have realised instantly that they had reached a website that was not, and was not related to, AUK's website.

Comment

This decision explores new ground regarding the extent to which Google AdWords or AdSense generated advertisements can give rise to a website proprietor being liable for trade mark infringement or passing off. Previous decisions have concerned the use of third party trade marks in a metatag or in search engine keyword advertising, such as Google's AdWords service.

A crucial factor was that AUK had, by accepting the Google AdWords terms, clearly consented to AUS's use of the sign ARGOS in its domain name, together with and in the context of also displaying AUK's advertisements on AUS's website. Those signing up to the Google AdWords terms should consider whether to exclude any websites.

The decision has interesting analysis as to what amounts to targeting, noting that there was no hard and fast rule that regard must be had to the entirety of the website. Depending on the circumstances, if part of a website is configured to attract a substantial number of UK users, it may be appropriate to have regard to that part of the website alone even if viewed globally the website is clearly not directed to UK users.

Case: Argos Ltd v Argos Systems Inc [2017] EWHC 231 (Ch).



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