



Neutral Citation Number: [2016] EWCA Civ 658

Case No: A3/2014/3939 (Claim No: HC14 C01382)
& A3/2014/4238 (Claim No: HC 14 C001056)

IN THE COURT OF APPEAL (CIVIL DIVISION)
ON APPEAL FROM THE HIGH COURT OF JUSTICE
CHANCERY DIVISION (INTELLECTUAL PROPERTY)

The Hon Mr Justice Arnold
[2014] EWHC 3354 (Ch) & [2014] EWHC 3915 (Ch)
& [2014] EWHC 3794 (Ch)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 06/07/2016

Before:

LORD JUSTICE JACKSON
LORD JUSTICE KITCHIN
and
LORD JUSTICE BRIGGS

Between:

(1) Cartier International AG
(2) Montblanc-Simplo GMBH
(3) Richemont International SA

**Claimants/
Respondents**
**(HC14
C01382)**

- and -

Cartier International AG

**Claimant/
Respondent**
**(HC14
C001056)**

-and-

(1) British Sky Broadcasting Limited
(2) British Telecommunications plc
(3) EE Limited
(4) TalkTalk Telecom Limited
(5) Virgin Media Limited

**Defendants/
Appellants**
**(HC14
C01382 &
HC14
C001056)**

-and-

The Open Rights Group

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Intervener

Miss Charlotte May QC and Dr Jaani Riordan (instructed by Reed Smith LLP)
for the Defendants/Appellants

Adrian Speck QC and Benet Brandreth (instructed by Wiggin LLP)
for the Claimants/Respondents

Greg Callus (instructed by Preiskel & Co LLP) for the Open Rights Group (Intervener)

Hearing dates: 13 and 14 April 2016

Approved Judgment

Lord Justice Kitchen:

1. These are appeals by five English internet service providers (Sky, BT, EE, TalkTalk and Virgin, collectively “the ISPs”) against orders made on 11 November and 5 December 2014 by Mr Justice Arnold which required them to block or attempt to block access by their customers to certain websites (“the target websites”) which were advertising and selling counterfeit copies of the respondents’ goods.
2. The ISPs are the five main retail internet service providers in the United Kingdom and between them have a market share of around 95% of United Kingdom broadband users. The respondents (collectively, “Richemont”) own a large number of United Kingdom registered trade marks for Cartier, Montblanc, IWC and other brands (“the registered trade marks”).
3. On 2 April 2014 Richemont made an application for the first of the orders the subject of this appeal. They contended that the operators of the target websites were infringing the registered trade marks and were using the services of the ISPs to do so. That application was opposed by the ISPs. Both sides relied on a considerable body of evidence, including expert evidence. As the judge observed at the outset of the comprehensive judgment which he handed down on 17 October 2014 ([2014] EWHC 3354 (Ch)) (“the main judgment”), the application raised five central questions, namely first, whether the court had jurisdiction to make an order of the kind sought; secondly, if the court had jurisdiction, what threshold conditions, if any, had to be satisfied if the court was to make an order; thirdly, whether those threshold conditions were satisfied in the present case; fourthly, if those threshold conditions were satisfied, what principles should be applied in deciding whether or not to make such an order; and fifthly, whether, applying those principles, an order should be made in the present case.
4. The judge also recorded that, over the previous three years, a series of orders had been made requiring the ISPs to block or attempt to block access to websites pursuant to s.97A of the Copyright, Designs and Patents Act 1988 (“the 1988 Act”) which implements Article 8(3) of Directive 2001/29/EC of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society (“the Information Society Directive”). Many of these orders had been made by the judge himself and neither the ISPs nor the rightholders had appealed against any aspect of them, including those aspects which dealt with the costs of obtaining the orders and implementing them.
5. The judge considered that the application now before him raised different considerations, however, and that was so for two main reasons. First, this was the first application for a website blocking order to combat infringement of registered trade marks; and secondly, Richemont could not invoke a statutory equivalent in the field of trade marks to s.97A of the 1988 Act.
6. The judge nevertheless concluded that he had jurisdiction to make the order sought by Richemont and that it was appropriate to do so. He also held that the ISPs should bear the costs of its implementation. Following further argument he awarded the costs of the substantive hearing to Richemont and he also settled the detailed terms of the order. In parallel, he made an order in respect of the second application which was directed at two additional websites.

7. The ISPs now appeal against both orders. They contend, in broad outline, that they are wholly innocent parties and are not alleged to be wrongdoers; that the court had no jurisdiction to make any such order; that if the court did have jurisdiction, the jurisdictional threshold requirements were not satisfied in the circumstances of these cases; that the judge failed properly to identify the correct principles that should be applied in deciding whether or not to make an order; that the orders made were disproportionate having regard to the evidence before the court; and that the judge fell into error in making the orders that he did in relation to costs.
8. It is convenient to address each of the submissions advanced by the ISPs using the clear and logical structure adopted by the judge in the main judgment. But before doing so I must first set the scene and provide a little more of the factual background. I must also acknowledge the written submissions we have received from the intervener, the Open Rights Group (the “ORG”). As it did before the judge, the ORG has focused on the position of third parties who are potentially affected by website blocking orders. Its submissions are relatively concise and I have found them very helpful.

The background

9. The background is set out by the judge from [12] to [71] of the main judgment. The following summary is drawn in large part and with gratitude from those paragraphs.
10. Richemont produce and sell luxury goods under the very well-known trade marks to which I have referred. Unfortunately and as is well known, luxury goods attract the attention of counterfeiters and Richemont and other such producers suffer significant losses each year as a result of the international trade in counterfeit goods. In 2014 the European Commission published its *Report on EU Customs Enforcement of Intellectual Property Rights: Results at the EU Border* in which it stated that in 2012 the customs authorities at the external borders of the EU seized over 39.9 million counterfeit articles with a market value of almost €900 million, and that the authorities in the UK seized more articles than the authorities in any other Member State. In 2011 Frontier Economics Ltd published a report entitled *Estimating the Global Economic and Social Impacts of Counterfeiting and Piracy* in which it estimated that the value of internationally traded counterfeit and pirated goods would increase to US\$960 billion by 2015.
11. The sale of counterfeit goods damages trade mark owners like Richemont in various ways. First, they suffer a loss of sales. Secondly, counterfeit goods are almost always of lower quality than the genuine articles and the circulation of such counterfeit goods diminishes the reputation attaching to the famous brand names. Thirdly, the cachet associated with luxury articles depends at least in part upon their expense and this is eroded by the availability of cheap replicas. Finally, the availability of counterfeit goods tends to damage the confidence of consumers in the legitimate market for luxury articles.
12. There can be no doubt that a good deal of the business of counterfeiters is conducted using the internet. In 2008 the Organisation for Economic Co-operation and Development published a report entitled *The Economic Impact of Counterfeiting and Piracy* in which it observed that the online environment attracted counterfeiters for various reasons including anonymity, flexibility, the size of the market and the ease

with which customers can be deceived. The European Commission also observed in its 2014 report that the top six categories of goods seized were all goods of a kind which are often shipped by post or courier after an order placed via the internet.

13. The ISPs have invested in blocking systems which enable them to operate their services in such a way that requests by subscribers to access a particular website are not returned. It is possible to circumvent each of these systems and the techniques they employ but that involves the adoption of a technical workaround and in practice, as I shall explain, website blocking orders have proved to be effective.
14. Prior to the main judgment and the orders the subject of this appeal, blocking systems had been used by the ISPs essentially for three purposes. The first was to implement the blocking regime of the Internet Watch Foundation (“IWF”). The judge described the IWF blocking regime in these terms at [28]:

“... In summary, the IWF aims to minimise the availability of images of child sexual abuse on the internet. To this end, the IWF produces a list of URLs, updated twice daily, that contain images of child abuse. The URLs may be for whole domains, but more commonly they are for subdomains or specific pages. This list is supplied in encrypted form to the ISPs, who then implement automated blocking measures to prevent, or at least impede, access to these URLs by their subscribers. In addition to the blocking regime, the IWF operates a notice and takedown regime to remove such images from websites hosted in the UK.”

15. The second had been to allow their customers to make an active choice over what sort of content they wished to allow their children to access. In 2013 Sky, BT, TalkTalk and Virgin all agreed to offer to all new customers family-friendly network level filtering by the end of December 2013. These measures were reviewed by OFCOM in a report entitled *Report on Internet Safety Measures* which was published on 22 July 2014. It included the following assessment:

“Circumventing filters

5.9 There is a broad consensus that all filtering solutions face risks of circumvention, by a dedicated and technically competent user, supported by a range of advice available online. All four ISPs provide their subscribers with advice about the complementary actions they should take, as parents, to help secure their children’s online safety.

5.10 Although the possibility of filter circumvention remains, each ISP has taken some steps to limit the extent of circumvention. For example, ISPs include lists of “proxy sites” whose primary purpose is to bypass filters or increase user anonymity as part of their standard blocking lists. In some cases, specific adaptations have been introduced to the filtering system to maintain blocks on sites which use encryption (such as Facebook and Twitter) but to which parents wish to restrict

access. However, the use of wholly encrypted connections, as is the case when a VPN service is active, would bypass all selective filtering services.

Impact on internet access

5.11 Each ISP states that the filtering service has no impact on the general quality of the internet access service opted-in subscribers receive and that they undertake continuous monitoring to ensure this is the case. The primary concern about quality noted by the ISPs was over the possibility of incorrect categorisation of sites and services; and each ISP has processes in place, described in paragraphs 2.26 to 2.37 above, address reports of incorrect filter operation.”

16. EE did not offer a network level parental control service but instead offered customers the option to buy parental control software developed by a third party which could be downloaded onto the user’s computer.
17. The third had been to implement s.97A orders. By the date of the hearing, s.97A orders had been obtained by three groups of rightholders, namely film studios, record companies and the FA Premier League. The judge also observed that the costs of an unopposed s.97A order worked out at around £14,000 per website.
18. An important feature of all of the orders made pursuant to s.97A has been that they have included a provision for the rightholders to notify additional IP addresses or URLs to the ISPs in respect of the websites which have been ordered to be blocked. This has allowed the rightholders to respond to efforts made by the website operators to circumvent the orders by changing their IP addresses or URLs. Responsibility has fallen on the rightholders to identify IP addresses and URLs which are to be notified to ISPs in this way. For this purpose, the film studios have engaged a business called Incopro to monitor the server locations and domain names used by the target websites. The judge found that this service and the costs of collating, checking and sending notifications to the ISPs amounted to around £3,600 per website per year.
19. The judge also reviewed the costs of implementing the s.97A orders. This is a matter upon which the ISPs place particular reliance and accordingly I must cite the judge’s findings in full:

“61. *Sky*. Sky’s evidence is that the cost of implementing a new order is a sum in the mid three figures while the cost of an update is around half that. In addition, Sky incurs monitoring costs in a low four figure sum per month. Sky estimates that the cost of implementing the order sought in this case would be a low four figure sum given that it is a new type of order.

62. *BT*. BT’s evidence is that, at present, approximately 60 days of employee time per year are spent implementing section 97A orders using Cleanfeed and about 12 additional days of employee time per year are spent implementing section 97A orders using Nominum. Each new order takes about 8 hours of

BT's in-house lawyers' time, 7 hours of the Cleanfeed team's time and 6 hours of the Nominum team's time to implement. Each update takes about 1 hour of BT's in-house lawyers' time, 7 hours of the Cleanfeed team's time and 6 hours of the Nominum team's time to implement. It is not clear from this evidence whether the costs incurred by BT are in excess of the estimate BT made at the time of the *20C Fox v BT* case of £5,000 for initial implementation and £100 for each subsequent notification (see *20C Fox v BT (No 2)* at [32]).

63. *EE*. Each new order takes about 30 minutes of EE staff time and about 3 hours of BT staff time to implement. As I understand it, updates take the same time. EE's evidence is that it pays BT a fee approaching four figures for each update. I assume that the fee for implementing the original order is about the same. In addition, about 36 hours are spent on yearly maintenance and management.

64. *TalkTalk*. TalkTalk's evidence is that implementation of a new order takes about two hours of legal personnel's time and about 2½ hours of an engineer's time. I assume that a similar amount of time is taken for updates. TalkTalk estimates that a total of approximately 60 days of a senior engineer's time is required each year to deal with the implementation of new orders and updates, costing a low six figure sum a year.

65. *Virgin*. Virgin's evidence is that three of its internet security staff are involved part-time in website blocking at an estimated cost of a low five figure sum per year. Virgin's evidence also includes a higher figure for implementation and updating of section 97A orders over the last year, but this figure includes substantial time spent by other personnel, and in particular time spent on responding to comments on social media. As I understand to be common practice among the ISPs, Virgin directs subscribers who attempt to access a blocked website to a page which informs them both that the site has been blocked and why ..."

20. Save for some incidents involving over blocking and some relatively minor attacks of one kind or another upon the ISPs, the implementation of the s.97A orders has proceeded relatively smoothly and, as I have said, they have proved to be effective. Indeed, such had been the success of these orders that Richemont decided to make the applications for the orders in issue on this appeal.
21. The first application concerned six target websites which were advertising and selling counterfeit goods. The websites were chosen because each was directed to consumers in the United Kingdom and was offering for sale and selling replicas of a single brand, that is to say Cartier or Montblanc or IWC. Further, each of the websites incorporated the brand name in its domain name. As the judge explained, it was very clear that some of the websites were offering for sale counterfeit goods but for others it was less clear. However, there was before the court evidence of a trap purchase from each

website by a purchaser resident in the United Kingdom and the judge accepted that all of the goods purchased in this way were both counterfeit and of significantly lower quality than the genuine articles.

22. The orders sought by Richemont and made by the judge were in essentially the same form as those made under s.97A and the general form of those orders is set out in the main judgment at [72].

The legal framework

23. It is convenient to set out at this stage the main legal provisions with which this appeal is concerned. In doing so I will adopt the abbreviations that appear in the main judgment.

Senior Courts Act 1981

24. Section 37(1) of the Senior Courts Act 1981 (“the 1981 Act”), previously the Supreme Court Act 1981, 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.”

E-Commerce Directive

25. European Parliament and Council Directive 2000/31/EC of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market (“the E-Commerce Directive”) addresses, inter alia, the privileges and responsibilities of the ISPs. Recitals (45) to (48) and Articles 12 to 15 provide, so far as relevant:

“(45) The limitations of the liability of intermediary service providers established in this Directive do not affect the possibility of injunctions of different kinds; such injunctions can in particular consist of orders by courts or administrative authorities requiring the termination or prevention of any infringement, including the removal of illegal information or the disabling of access to it.

(46) In order to benefit from a limitation of liability, the provider of an information society service, consisting of the storage of information, upon obtaining actual knowledge or awareness of illegal activities has to act expeditiously to remove or to disable access to the information concerned; the removal or disabling of access has to be undertaken in the observance of the principle of freedom of expression and of procedures established for this purpose at national level; this Directive does not affect Member States' possibility of establishing specific requirements which must be fulfilled expeditiously prior to the removal or disabling of information.

(47) Member States are prevented from imposing a monitoring obligation on service providers only with respect to obligations of a general nature; this does not concern monitoring obligations in a specific case and, in particular, does not affect orders by national authorities in accordance with national legislation.

(48) This Directive does not affect the possibility for Member States of requiring service providers, who host information provided by recipients of their service, to apply duties of care, which can reasonably be expected from them and which are specified by national law, in order to detect and prevent certain types of illegal activities.

...

Article 12

‘Mere conduit’

1. Where an information society service is provided that consists of the transmission in a communication network of information provided by a recipient of the service, or the provision of access to a communication network, Member States shall ensure that the service provider is not liable for the information transmitted, on condition that the provider:

- (a) does not initiate the transmission;
- (b) does not select the receiver of the transmission; and
- (c) does not select or modify the information contained in the transmission.

...

3. This Article shall not affect the possibility for a court or administrative authority, in accordance with Member States' legal systems, of requiring the service provider to terminate or prevent an infringement.

Article 13

‘Caching’

1. Where an information society service is provided that consists of the transmission in a communication network of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the automatic, intermediate and temporary storage of that information, performed for the sole purpose of making more

efficient the information's onward transmission to other recipients of the service upon their request, on condition that:

- (a) the provider does not modify the information;
- (b) the provider complies with conditions on access to the information;
- (c) the provider complies with rules regarding the updating of the information, specified in a manner widely recognised and used by industry;
- (d) the provider does not interfere with the lawful use of technology, widely recognised and used by industry, to obtain data on the use of the information; and
- (e) the provider acts expeditiously to remove or disable access to the information it has stored upon obtaining actual knowledge of the fact that the information at the initial source of the transmission has been removed from the network, or access to it has been disabled, or that a court or an administrative authority has ordered such removal or disablement.

2. This Article shall not affect the possibility for a court or administrative authority, in accordance with Member States' legal systems, of requiring the service provider to terminate or prevent an infringement.

Article 14

Hosting

1. Where an information society service is provided that consists of the storage of information provided by a recipient of the service, Member States shall ensure that the service provider is not liable for the information stored at the request of a recipient of the service, on condition that:

- (a) the provider does not have actual knowledge of illegal activity or information and, as regards claims for damages, is not aware of facts or circumstances from which the illegal activity or information is apparent; or
- (b) the provider, upon obtaining such knowledge or awareness, acts expeditiously to remove or to disable access to the information.

...

3. This Article shall not affect the possibility for a court or administrative authority, in accordance with Member States'

legal systems, of requiring the service provider to terminate or prevent an infringement, nor does it affect the possibility for Member States of establishing procedures governing the removal or disabling of access to information.

Article 15

No general obligation to monitor

1. Member States shall not impose a general obligation on providers, when providing the services covered by Articles 12, 13 and 14, to monitor the information which they transmit or store, nor a general obligation actively to seek facts or circumstances indicating illegal activity.

2. Member States may establish obligations for information society service providers promptly to inform the competent public authorities of alleged illegal activities undertaken or information provided by recipients of their service or obligations to communicate to the competent authorities, at their request, information enabling the identification of recipients of their service with whom they have storage agreements.”

26. The E-Commerce Directive was transposed into domestic law by the Electronic Commerce (EC Directive) Regulations 2002, SI 2002/2013.

The Information Society Directive

27. I need only refer to recital (59) and Article 8(3) which read:

“(59) In the digital environment, in particular, the services of intermediaries may increasingly be used by third parties for infringing activities. In many cases such intermediaries are best placed to bring such infringing activities to an end. Therefore, without prejudice to any other sanctions and remedies available, rightholders should have the possibility of applying for an injunction against an intermediary who carries a third party’s infringement of a protected work or other subject-matter in a network. This possibility should be available even where the acts carried out by the intermediary are exempted under Article 5. The conditions and modalities relating to such injunctions should be left to the national law of the Member States.

...

8 (3) 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.”

28. The Information Society Directive was transposed into domestic law by the Copyright and Related Rights Regulations 2003, SI 2003/2498. This inserted s.97A into Part I (and s.191JA into Part II) of the 1988 Act. Section 97A says:

“97A Injunctions against service providers

(1) The High Court (in Scotland, the Court of Session) shall have power to grant an injunction against a service provider, where that service provider has actual knowledge of another person using their service to infringe copyright.

(2) In determining whether a service provider has actual knowledge for the purpose of this section, a Court shall take into account all matters which appear to it in the particular circumstances to be relevant and, amongst other things, shall have regard to –

(a) whether a service provider has received a notice through a means of contact made available in accordance with regulation 6(1)(c) of the Electronic Commerce (EC Directive) Regulations 2002 (SI 2002/2013); and

(b) the extent to which any notice includes –

(i) the full name and address of the sender of the notice;

(ii) details of the infringement in question.

(3) In this section ‘service provider’ has the meaning given to it by regulation 2 of the Electronic Commerce (EC Directive) Regulations 2002.”

The Enforcement Directive

29. European Parliament and Council Directive 2004/48/EC of 29 April 2004 on the enforcement of intellectual property rights (“the Enforcement Directive”) reads, so far as material (recitals (23) and (32) and Articles 3, 9 and 11):

“(23) Without prejudice to any other measures, procedures and remedies available, rightholders should have the possibility of applying for an injunction against an intermediary whose services are being used by a third party to infringe the rightholder’s industrial property right. The conditions and procedures relating to such injunctions should be left to the national law of the Member States. As far as infringements of copyright and related rights are concerned, a comprehensive level of harmonisation is already provided for in Directive 2001/29/EC. Article 8(3) of Directive 2001/29/EC should therefore not be affected by this Directive.

...

(32) This Directive respects the fundamental rights and observed the principles recognised in particular by the Charter of Fundamental Rights of the European Union. In particular, this Directive seeks to ensure full respect for intellectual property rights, in accordance with Article 17(2) of that Charter.

...

Article 3

General obligation

1. Member States shall provide for the measures, procedures and remedies necessary to ensure the enforcement of the intellectual property rights covered by this Directive. Those measures, procedures and remedies shall be fair and equitable and shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.

2. Those measures, procedures and remedies shall also be effective, proportionate and dissuasive and shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

...

Article 9

Provisional and precautionary measures

1. Member States shall ensure that the judicial authorities may, at the request of the applicant:

(a) issue against the alleged infringer an interlocutory injunction intended to prevent any imminent infringement of an intellectual property right, or to forbid, on a provisional basis and subject, where appropriate, to a recurring penalty payment where provided for by national law, the continuation of the alleged infringements of that right, or to make such continuation subject to the lodging of guarantees intended to ensure the compensation of the rightholder; an interlocutory injunction may also be issued, under the same conditions, against an intermediary whose services are being used by a third party to infringe an intellectual property right; injunctions against intermediaries whose services are used by a third party to infringe a copyright or a related right are covered by Directive 2001/29/EC;

...

Article 11

Injunctions

Member States shall ensure that, where a judicial decision is taken finding an infringement of an intellectual property right, the judicial authorities may issue against the infringer an injunction aimed at prohibiting the continuation of the infringement. Where provided for by national law, non-compliance with an injunction shall, where appropriate, be subject to a recurring penalty payment, with a view to ensuring compliance. Member States shall also ensure that rightholders 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, without prejudice to Article 8(3) of Directive 2001/29/EC.”

30. The Enforcement Directive was transposed into domestic law primarily by the Intellectual Property (Enforcement, etc.) Regulations 2006, SI 2006/1028. However, no specific steps have been taken to implement the third sentence of Article 11.

The Charter of Fundamental Rights of the European Union

31. As the judge explained, the Charter of Fundamental Rights of the European Union (“the Charter”) was originally proclaimed by the European Parliament, Council and Commission at Nice in December 2000. It was amended in December 2007 and it became legally binding upon the coming into force of the Lisbon Treaty in December 2009. It provides, so far as relevant:

“Article 11

Freedom of expression and information

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.

...

Article 16

Freedom to conduct a business

The freedom to conduct a business in accordance with Union law and national laws and practices is recognised Article 17.

Article 17

Right to property

...

2. Intellectual property shall be protected.

...

Article 51

Field of application

1. The provisions of this Charter are addressed to the institutions, bodies, offices and agencies of the Union with due regard for the principle of subsidiarity and to the Member States only when they are implementing Union law. They shall therefore respect the rights, observe the principles and promote the application thereof in accordance with their respective powers and respecting the limits of the powers of the Union as conferred on it in the Treaties.
2. The Charter does not extend the field of application of Union law beyond the powers of the Union or establish any new power or task for the Union, or modify powers and tasks as defined in the Treaties.

Article 52

Scope and interpretation of rights and principles

1. Any limitation on the exercise of the rights and freedoms recognised by this Charter must be provided for by law and respect the essence of those rights and freedoms. Subject to the principle of proportionality, limitations may be made only if they are necessary and genuinely meet objectives of general interest recognised by the Union or the need to protect the rights and freedoms of others.
2. Rights recognised by this Charter for which provision is made in the Treaties shall be exercised under the conditions and within the limits defined by those Treaties.
3. In so far as this Charter contains rights which correspond to rights guaranteed by the Convention for the Protection of Human Rights and Fundamental Freedoms, the meaning and scope of those rights shall be the same as those laid down by the said Convention. This provision shall not prevent Union law providing more extensive protection.
4. In so far as this Charter recognises fundamental rights as they result from the constitutional traditions common to the Member States, those rights shall be interpreted in harmony with those traditions.
5. The provisions of this Charter which contain principles may be implemented by legislative and executive acts taken by institutions, bodies, offices and agencies of the Union, and by acts of Member States when they are implementing Union law,

in the exercise of their respective powers. They shall be judicially cognisable only in the interpretation of such acts and in the ruling on their legality.

6. Full account shall be taken of national laws and practices as specified in this Charter.

7. The explanations drawn up as a way of providing guidance in the interpretation of this Charter shall be given due regard by the courts of the Union and of the Member States.”

32. That brings me to the first issue, namely whether the court has jurisdiction to make a website blocking order in a case involving infringement of registered trade marks.

Jurisdiction

33. The ISPs contended before the judge that the court had no jurisdiction to make website blocking orders in cases involving infringement of registered trade marks because, whereas the United Kingdom implemented Article 8(3) of the Information Society Directive by amending the 1988 Act to insert s.97A, the United Kingdom did not pass any legislation to implement the third sentence of Article 11 of the Enforcement Directive. Richemont responded that the court had jurisdiction to make such orders pursuant to s.37(1) of the 1981 Act. They developed this argument in two ways. They contended first, that the court had the necessary jurisdiction upon what they called a purely domestic interpretation of s.37(1); and secondly, if it did not, then s.37(1) could and should be construed consistently with the third sentence of Article 11 in accordance with the *Marleasing* principle so as to achieve that result.
34. The judge adopted the two stage approach urged upon him by Richemont and so began by considering the domestic interpretation of s.37(1) of the 1981 Act. He held that, upon a purely domestic interpretation of s.37(1), the court had jurisdiction to make the orders sought by Richemont and that there was a principled basis for doing so. He then proceeded to consider whether s.37(1) should be interpreted in accordance with the third sentence of Article 11 of the Enforcement Directive, and, if so, how this affected its scope. In this regard, he held that, even if the court did not have the power to make the orders upon a purely domestic interpretation of s.37(1), the section could and should be construed in accordance with the third sentence of Article 11 by virtue of the *Marleasing* principle.
35. For reasons to which I shall come, I do not believe that the issue before the judge fell naturally into these two distinct albeit related parts. That is not to say that I believe that the conclusion to which the judge came was wrong, however. To the contrary, I am in no doubt that his conclusion was entirely correct.
36. The reasoning of the judge in relation to the first stage involved the following steps. First, the decision of the House of Lords in *Fourie v Le Roux* [2007] UKHL 1, [2007] 1 WLR 320 and the decision of the Court of Appeal in *Broadmoor Special Hospital Authority v Robinson* [2000] QB 775 show that the practice of the court is not immutable. Secondly, the class of persons against whom an injunction may issue is not limited to wrongdoers. Thirdly and by analogy with the equitable protective duty described in *Norwich Pharmacal Co v Customs and Excise Commissioners* [1974]

AC 133, once an ISP has become aware that its services are being used by third parties to infringe an intellectual property right, then it becomes subject to a duty to take proportionate measures to prevent or reduce such infringements even though it is not itself liable for them. Finally, the scope of the jurisdiction to grant an injunction in circumstances such as those the subject of these proceedings has been confirmed by the decision of the Court of Appeal in *Samsung Electronics (UK) Ltd v Apple Inc* [2012] EWCA Civ 1339, [2013] FSR 9.

37. As for the second stage, the judge's analysis ran as follows. First, when considering implementation of Article 11 of the Enforcement Directive, the Government issued a paper entitled *Consultation Paper: The UK Implementation of the Directive on the Enforcement of Intellectual Property Rights* (Patent Office, August 2005) which showed that it believed that existing law complied with the third sentence of Article 11 and nothing more needed to be done to implement it. Secondly, it was plain from the decision of the Court of Justice in Case C-324/09 *L'Oréal v eBay* [2011] ECR I-6011 that s.37(1) should, if possible, be interpreted as empowering the court to grant an injunction against an intermediary who was not an infringer so as to comply with the third sentence of Article 11. Thirdly, there was no reason why s.37(1) should not be construed in this way.
38. Miss Charlotte May QC, who has appeared with Dr Jaani Riordan on behalf of the ISPs, submits that the judge has fallen into error at each and every point in his reasoning. Miss May emphasises that the ISPs are entirely innocent of any wrongdoing. Further, she continues, they do not owe to Richemont any duty to prevent trade mark infringements committed by third parties, including those who operate websites offering counterfeit goods for sale. Moreover, there is nothing in the Trade Marks Act 1994 ("the 1994 Act") which imposes a duty upon a party who is not an infringer to prevent infringement by third parties; and at common law, an innocent party is not subject to a duty to prevent or not to facilitate others from infringing: see for example the decision of the House of Lords in *CBS Songs Ltd v Amstrad plc* [1988] 1 AC 1013. Turning next to s.37(1) of the 1981 Act, Miss May submits that this provision and its predecessors have not conferred on the courts a power to grant injunctions where none existed before, and that it is a fundamental feature of the court's practice that it is not generally possible to obtain injunctive relief against a party without a substantive cause of action against him. Moreover, she continues, it was wholly inappropriate to invoke the *Norwich Pharmacal* jurisdiction because the ISPs were not mixed up in the infringements of the operators of the target websites and did not facilitate their wrongdoing.
39. As for the second stage of the judge's analysis, Miss May contends that it is not possible to adopt a conforming interpretation of s.37(1) of the 1981 Act because first, the Enforcement Directive is a later EU instrument; secondly, s.37(1) embodies the original jurisdiction of the Court of Chancery and so is not susceptible to such an interpretation; and thirdly, the exercise of the interpretative obligation cannot require courts to make decisions for which they are not equipped or which give rise to practical repercussions which they cannot properly evaluate. Miss May submits the judge's approach to interpretation offends against each of these principles.
40. In assessing these submissions I must begin, as did the judge, with the origin of s.37(1) of the 1981 Act. The judge explained it in these terms with which neither side took issue and which I gratefully adopt:

“94. Prior to 1854 the only court which had power to grant injunctions was the Court of Chancery, which claimed an inherent jurisdiction to do so. The courts of common law had no such power. Section 79 of the Common Law Procedure Act 1854 conferred a statutory jurisdiction upon the common law courts. Section 16 of the Supreme Court of Judicature Act 1873 (“the Judicature Act”) provided that the new High Court of Justice created by the Judicature Act should have the jurisdiction previously vested in, or capable of being exercised by, the Court of Chancery, the Court of Queen’s Bench and various other superior courts. Section 25(8) of the Judicature Act provided that “an injunction may be granted ... by an interlocutory order in all cases in which it shall appear to the court to be just or convenient that such order shall be made”. Section 25(8) was replaced by section 45(1) of the Supreme Court of Judicature (Consolidation) Act 1925, which was in turn replaced by section 37(1) of the 1981 Act. The only difference between section 37(1) and its predecessors is that section 37(1) expressly recognises the Court’s jurisdiction to grant a final, as opposed to an interlocutory, injunction.”

41. The effect of the Judicature Act 1873 was to confer on a single court the jurisdiction to grant injunctions of the common law courts and the Courts of Chancery. But the Judicature Act did not confer a power to grant an injunction where none had existed before. As Brett LJ observed in *North London Ry. Co. v Great Northern Ry. Co.* (1883) 11 QBD 30 at pages 36 to 37: “if no court had the power of issuing an injunction before the Judicature Act, no part of the High Court has power to issue such an injunction now”. So also, James LJ said in *Day v Brownrigg* (1878) 10 Ch. D. 294 at page 307: “the power given to the court by s.25, subsection 8, of the Judicature Act 1873, to grant an injunction in all cases in which it shall appear to the court to be ‘just or convenient’ to do so, does not in the least alter the principles on which the court should act”. It follows that the power of the court was confirmed by but was not derived from s.25(8) of the 1873 Act, and the same must be true of its successors, including s.37(1) of the 1981 Act.
42. The judge went on to identify many of the cases in recent years in which the House of Lords, the Privy Council and the Supreme Court have considered the extent of the court’s power to grant injunctions. However, as I have explained, he focused on the decision of the House of Lords in *Fourie v Le Roux* and the decision of the Court of Appeal in *Broadmoor*. Miss May, however, began with the decisions of the House of Lords in the *Siskina (Owners of cargo lately laden on board) v Distos Compania Naviera S.A.* [1979] A.C. 210 and *South Carolina Insurance Co v Assurantie Maatschappij “De Zeven Provinciën” NV* [1987] AC 24; [1986] 3 WLR 398; [1986] 3 All ER 487, HL(E). In the *Siskina* Lord Diplock (with whom the other members of the House of Lords agreed) said this at page 256:

“The words used in sub-rule (i) [of Order 11, rule 1(1)] are terms of legal art. The sub-rule speaks of “the action” in which a particular kind of relief, “an injunction” is sought. This presupposes the existence of a cause of action on which to found

"the action." A right to obtain an interlocutory injunction is not a cause of action. It cannot stand on its own. It is dependent upon there being a pre-existing cause of action against the defendant arising out of an invasion, actual or threatened by him, of a legal or equitable right of the plaintiff for the enforcement of which the defendant is amenable to the jurisdiction of the court. The right to obtain an interlocutory injunction is merely ancillary and incidental to the pre-existing cause of action. It is granted to preserve the status quo pending the ascertainment by the court of the rights of the parties and the grant to the plaintiff of the relief to which his cause of action entitles him, which may or may not include a final injunction.

Since the transfer to the Supreme Court of Judicature of all the jurisdiction previously exercised by the court of chancery and the courts of common law, the power of the High Court to grant interlocutory injunctions has been regulated by statute. That the High Court has no power to grant an interlocutory injunction except in protection or assertion of some legal or equitable right which it has jurisdiction to enforce by final judgment, was first laid down in the classic judgment of Cotton L.J. in *North London Railway Co. v. Great Northern Railway Co.* (1883) 11 Q.B.D. 30, 39-40, which has been consistently followed ever since."

43. In the course of his speech in the *South Carolina* case, Lord Brandon stated three basic principles at pages 39 to 40:

"In considering the question which I have formulated, it will be helpful in the first place to state certain basic principles governing the grant of injunctions by the High Court. The first basic principle is that the power of the High Court to grant injunctions is a statutory power conferred on it by section 37 (1) of the Supreme Court Act 1981, which provides that "the High Court may by order (whether interlocutory or final) grant an injunction in all cases in which it appears to the court to be just and convenient to do so." That provision is similar to earlier provisions of which it is the successor, namely, section 45 (1) of the Supreme Court of Judicature (Consolidation) Act 1925 and section 25 (8) of the Supreme Court of Judicature Act 1873. The second basic principle is that, although the terms of section 37 (1) of the Act of 1981 and its predecessors are very wide, the power conferred by them has been circumscribed by judicial authority dating back many years. The nature of the limitations to which the power is subject has been considered in a number of recent cases in your Lordships' House: *Siskina (Owners of cargo lately laden on board) v. Distos Compania Naviera S.A.* [1979] A.C. 210; *Castanho v. Brown & Root (U.K.) Ltd.* [1981] A.C. 557; and *British Airways Board v.*

Laker Airways Ltd. [1985] A.C. 58. The effect of these authorities, so far as material to the present case, can be summarised by saying that the power of the High Court to grant injunctions is, subject to two exceptions to which I shall refer shortly, limited to two situations. Situation (1) is when one party to an action can show that the other party has either invaded, or threatens to invade a legal or equitable right of the former for the enforcement of which the latter is amenable to the jurisdiction of the court. Situation (2) is where one party to an action has behaved, or threatens to behave, in a manner which is unconscionable. The third basic principle is that, among the forms of injunction which the High Court has power to grant, is an injunction granted to one party to an action to restrain the other party to it from beginning, or if he has begun from continuing, proceedings against the former in a foreign court. Such jurisdiction is, however, to be exercised with caution because it involves indirect interference with the process of the foreign court concerned.”

44. The two exceptions to which Lord Brandon referred were first, the grant of an injunction to restrain a party from pursuing proceedings in a foreign court where that is not the *forum conveniens* for the trial of the dispute between them, and secondly, the grant of a *Mareva* injunction. The other members of the House of Lords agreed with Lord Brandon, subject to the reservation expressed by Lord Goff (with which Lord Mackay agreed) at page 44:

“I am reluctant to accept the proposition that the power of the court to grant injunctions is restricted to certain exclusive categories. That power is unfettered by statute; and it is impossible for us now to foresee every circumstance in which it may be thought right to make the remedy available. In particular, I do not regard the exercise of the power to restrain a person from commencing or continuing proceedings in a foreign forum as constituting an exception to certain limited categories of case in which it has been said that the power may alone be exercised. In my opinion, restraint of proceedings in a foreign forum simply provides one example of circumstances in which, in the interests of justice, the power to grant an injunction may be exercised.”

45. Founding herself upon the speeches of Lord Diplock in the *Siskina* and Lord Brandon in *South Carolina*, Miss May contends that the ISPs have not invaded or threatened to invade any legal or equitable right vested in Richemont; nor have they behaved or threatened to behave in an unconscionable manner. It follows, she says, that the judge had no basis upon which to make the website blocking orders in issue in this case.
46. It is clear, however, that matters have moved on since 1986 and the courts have shown themselves ready to adapt to new circumstances by developing their practice in relation to the grant of injunctions where it is necessary and appropriate to do so to avoid injustice, just as Lord Goff anticipated. The importance of this ability to adapt

to changing circumstances was emphasised by Lord Nicholls in his dissenting judgment in *Mercedes Benz v Leiduck* [1996] AC 284 at page 308:

“...the jurisdiction to grant an injunction, unfettered by statute, should not be rigidly confined to exclusive categories by judicial decision. The court may grant an injunction against a party properly before it where this is required to avoid injustice, just as the statute provides and just as the Court of Chancery did before 1875. The court habitually grants injunctions in respect of certain types of conduct. But that does not mean that the situations in which injunctions may be granted are now set in stone for all time. The grant of Mareva injunctions itself gives the lie to this. As circumstances in the world change, so must the situations in which the courts may properly exercise their jurisdiction to grant injunctions. The exercise of the jurisdiction must be principled, but the criterion is injustice. Injustice is to be viewed and decided in the light of today’s conditions and standards, not those of yester-year.”

47. So also, in *Broadmoor*, Lord Woolf MR explained (at [20] to [21]) that the dictum of Lord Diplock in the *Siskina* that “an injunction is available in protection or assertion of some legal or equitable right which [the High Court] has jurisdiction to enforce by final judgment” has to be applied with a degree of caution for it is far from being an exhaustive statement of the extent of the court's powers to grant an injunction or a guide as to who is entitled to bring proceedings to claim an injunction. Lord Woolf continued that the correct position was succinctly summarised in *Spry, The Principles of Equitable Remedies*, 5th ed. (1997), page 323 in the following terms:

"The powers of courts with equitable jurisdiction to grant injunctions are, subject to any relevant statutory restrictions, unlimited. Injunctions are granted only when to do so accords with equitable principles, but this restriction involves, not a defect of powers, but an adoption of doctrines and practices that change in their application from time to time. Unfortunately there have sometimes been made observations by judges that tend to confuse questions of jurisdiction or of powers with questions of discretions or of practice. The preferable analysis involves a recognition of the great width of equitable powers, an historical appraisal of the categories of injunctions that have been established and an acceptance that pursuant to general equitable principles injunctions may issue in new categories when this course appears appropriate."

48. As Arnold J noted, the same passage appears in the 9th edition of *Spry* (2014) at page 333 and is elaborated upon at pages 342 to 343, which also merit recitation here (with footnotes omitted):

“Where, in England and in other jurisdictions, the superior courts now exercise the powers of the former Court of Chancery, whether or not they are also able to grant legal injunctions or are affected by special Judicature Act provisions,

their powers of granting injunctions are unlimited, provided that they have jurisdiction over the defendant in the circumstances in question. These powers are however exercised in accordance with the principles set out hereunder.

First, an injunction may issue in the protection of any legal right whatever, save for an applicable statutory provision provides to the contrary. For these purposes the relevant legal right must ordinarily be a present right of the plaintiff, as opposed to a right that he merely expects or hopes to acquire in the future.

Secondly, an injunction may issue in the enforcement of any equitable right. Here on a strict analysis the right to the injunction itself represents pro tanto the equitable right in question. Hence in ascertaining whether an injunction may be obtained on this basis it is necessary to determine whether injunctions of the relevant kind were formally granted in the exclusive or concurrent jurisdiction of courts of equity, and if not, whether the principles underlying those jurisdictions should nonetheless now be treated as rendering the grant of the injunction appropriate.

Thirdly, an injunction may issue pursuant to its natural power to grant injunctions conferred in respect of a particular subject matter, such as family law or trade practises law.

Fourthly, an injunction may issue in the protection of a legal privilege or freedom. So an injunction may be obtained to prevent a person from harassing the plaintiff. Likewise even if, on the principles that have been set out here, an injunction is not otherwise obtainable to enjoying the bringing or continuation of proceedings in another court - whether in an inferior court, a court of special jurisdiction or a foreign court - it may nevertheless be obtained if the bringing or continuation of those proceedings would be unconscionable. Injunctions of these kinds may be granted whether or not inconsistent proceedings have been or will be commenced in the forum.

Fifthly, an injunction (such as a Mareva injunction or freezing order) may issue in other cases in which, on miscellaneous grounds, the conduct restraint would be unconscionable. It has been said in the House of Lords that this term includes conduct which is oppressive or vexatious or which interferes with the due process of the court. Here s.37 of the Supreme Court Act 1981 and other such provisions merely confirm the width of the court's inherent powers."

49. That brings me to the decision of the House of Lords in *Fourie v Le Roux*. Lord Scott (with whom the other members of the House of Lords agreed) reiterated at [25] that the jurisdiction to grant an injunction must be distinguished from the power to do so.

Jurisdiction may be founded upon the presence of a person within the territorial jurisdiction of the court and the ability properly to serve proceedings upon him. The power to grant an injunction derives from the pre-Supreme Court of Judicature Act 1873 powers of the Chancery courts. Whether it is proper to exercise the power may, however, depend upon an examination of the restrictions and limitations which have been placed by a combination of judicial precedent and rules of court on the circumstances in which the injunctive relief in question can properly be granted. After reviewing the relevant authorities, Lord Scott explained (at [30]) that the practice of the court regarding the grant of injunctions has not stood still:

“30. My Lords, these authorities show, in my opinion, that, provided the court has in personam jurisdiction over the person against whom an injunction, whether interlocutory or final, is sought, the court has jurisdiction, in the strict sense, to grant it. The practice regarding the grant of injunctions, as established by judicial precedent and rules of court, has not stood still since *The Siskina* [1979] AC 210 was decided and is unrecognisable from the practice to which Cotton LJ was referring in *North London Railway Co v Great Northern Railway Co* (1883) 11 QBD 30, 39–40 and to which Lord Diplock referred in *The Siskina*, at p256. Mareva injunctions could not have been developed and become established if Cotton LJ's proposition still held good. In *The Siskina* the jurisdiction of the court over the defendant depended upon the ability of the plaintiff to obtain leave to serve the defendant out of the jurisdiction. Once the leave that had been granted had been set aside there was no jurisdictional basis on which the grant of the injunction could be sustained. On the other hand, if the leave had been upheld, or if the defendant had submitted to the jurisdiction, it would still have been open to the defendant to argue that the grant of a Mareva injunction in aid of the foreign proceedings in Cyprus was impermissible, not on strict jurisdictional grounds, but because such injunctions should not be granted otherwise than as ancillary to substantive proceedings in England. In 1977 Mareva injunctions were in their infancy and the House might well have agreed (cf *Mercedes-Benz AG v Leiduck* [1996] AC 284).”

50. If any further illustration were needed of the width of the power to grant injunctions then I agree with the judge that it can be found in the decision of the Court of Appeal in *Samsung Electronics (UK) Ltd v Apple Inc* [2012] EWCA Civ 1339, [2013] FSR 9. The appeal gave rise to the question whether the court had the power to make an order requiring Apple to publicise the decision of the court that Samsung's devices did not infringe its registered designs. The Court of Appeal concluded that it did have the power to make such a publicity order in favour of a non-infringer who had been granted a declaration of non-infringement. Whether it was just to make an order would depend upon all the circumstances of the case. In that particular case, Apple had created uncertainty in the market and justice required that it should dispel it.

51. Moreover, I think the judge was entitled to draw an analogy with the equitable protective duty described by Buckley LJ in the Court of Appeal in *Norwich Pharmacal Co v Customs and Excise Commissioners* [1974] AC 133 at pages 145 to 146.

“The reason why Messrs. Diaper were exposed to the risk of an injunction was, I think, similar to the reason why Messrs. Elkan were in fact restrained by injunction from parting with control of the cigars. If a man has in his possession or control goods the dissemination of which, whether in the way of trade or, possibly, merely by way of gifts (see *Upmann v. Forester*, 24 Ch.D. 231) will infringe another's patent or trade mark, he becomes, as soon as he is aware of this fact, subject to a duty, an equitable duty, not to allow those goods to pass out of his possession or control at any rate in circumstances in which the proprietor of the patent or mark might be injured by infringement ensuing. The man having the goods in his possession or control must not aid the infringement by letting the goods get into the hands of those who may use them or deal with them in a way which will invade the proprietor's rights. Even though by doing so he might not himself infringe the patent or trade mark, he would be in dereliction of his duty to the proprietor. This duty is one which will, if necessary, be enforced in equity by way of injunction: see *Upmann v. Elkan*, L.R. 12 Eq. 140; 7 Ch.App 130.”

52. As the judge observed, this principle is not directly applicable in the present case. Nevertheless, he continued, it was not a long step from this to conclude that, once an ISP became aware that its services were being used by third parties to infringe an intellectual property right, it became subject to a duty to take proportionate measures to prevent or reduce such infringements even though it was not itself liable for them. I agree, subject to the qualification that the duty is more precisely characterised, I think, as a duty to take these steps to assist the person wronged when requested to do so.
53. Also relevant, in my judgment, is the approach adopted by the House of Lords on further appeal in the same case to the duty imposed upon those who through no fault of their own get mixed up in the tortious acts of others so as to facilitate their wrongdoing. As Lord Reid explained at page 175, such persons have a duty to assist the person wronged by giving full information and disclosing the identity of the wrongdoers. Justice requires they must co-operate in righting the wrong if they unwittingly facilitated its perpetration:

“My noble and learned friends, Lord Cross of Chelsea and Lord Kilbrandon, have dealt with the authorities. They are not very satisfactory, not always easy to reconcile and in the end inconclusive. On the whole I think they favour the appellants, and I am particularly impressed by the views expressed by Lord Romilly M.R. and Lord Hatherley L.C. in *Upmann v. Elkan* (1871) L.R. 12 Eq. 140; 7 Ch.App. 130. They seem to me to point to a very reasonable principle that if through no fault of his own a person gets mixed up in the tortious acts of others so

as to facilitate their wrong-doing he may incur no personal liability but he comes under a duty to assist the person who has been wronged by giving him full information and disclosing the identity of the wrongdoers. I do not think that it matters whether he became so mixed up by voluntary action on his part or because it was his duty to do what he did. It may be that if this causes him expense the person seeking the information ought to reimburse him. But justice requires that he should co-operate in righting the wrong if he unwittingly facilitated its perpetration.”

54. I recognise that the ISPs are not guilty of any wrongdoing. They have not infringed Richemont’s trade marks, nor have they engaged in a common design with the operators of the websites offering counterfeit goods for sale. I also accept that it is clear in light of the decision of the House of Lords in *CBS Songs Ltd v Amstrad plc* that they do not owe a common law duty of care to Richemont to take reasonable care to ensure that their services are not used by the operators of the offending websites. But that is not the end of the analysis for I reject Miss May’s submission that the power of the court to grant injunctions is limited to the particular situations described by Lord Diplock in the *Siskina* or Lord Brandon in *South Carolina*. In my judgment that would impose a straightjacket on the court and its ability to exercise its equitable powers which is not warranted by principle. As Lord Woolf explained, the preferable analysis involves a recognition of the great width of those equitable powers, an historical appraisal of the categories of injunctions that have been established and an acceptance that pursuant to general equitable principles injunctions may issue in new categories when this course appears appropriate.
55. I come therefore to consider whether there exists a principled basis for making website blocking injunctions against the ISPs who are aware that their services are being used by third parties to infringe registered trade marks and other intellectual property rights. The judge considered that there was indeed a principled basis upon which such orders could be made and he relied in that connection upon three linked points. First, Dr Spry’s formulation of the first category of case in which an injunction might be granted is not restricted to injunctions against infringers of the right in question. Secondly, if, which the judge did not appear disposed to accept, there must at minimum be a prior legal or equitable or public law duty upon the defendant which the grant of an injunction would enforce, an analogy can be drawn with the equitable protective duty described in the *Norwich Pharmacal* case. Thirdly, the breadth of the court’s jurisdiction under s.37(1) and the fact that the jurisdiction can be exercised in new ways has been confirmed by the decision in the *Samsung* case.
56. In my judgment each of these three points is well made. The operators of the target websites need the services of the ISPs in order to offer for sale and sell their counterfeit goods to consumers in the United Kingdom, and the ISPs are therefore inevitable and essential actors in those infringing activities. But there is, I think, a further and important consideration, namely the effect of Article 11 of the Enforcement Directive. As I have explained, the judge concluded that, even if the court did not have the power to grant a website blocking injunction in a trade mark case upon a purely domestic interpretation of s.37(1), this provision should nevertheless be interpreted in compliance with Article 11 in light of the *Marleasing*

principle. It seems to me, however, that the logically anterior question is whether Article 11 provides a further basis for developing the practice of the court in connection with the grant of injunctions to include website blocking injunctions against ISPs in such cases.

57. The approach adopted by the Government to the implementation of Article 8(3) of the Information Society Directive and Article 11 of the Enforcement Directive is not in dispute and is set out by the judge in the main judgment from [112] to [120]. In brief, the Government initially took the view that it did not need to take any action to implement Article 8(3). However, after consultation it changed its mind and decided that, in order to avoid uncertainty, Article 8(3) should be implemented in United Kingdom law, as emerges clearly from the *Consultation on UK Implementation of Directive 2001/29/EC on Copyright and Related Rights in the Information Society: Analysis of Responses and Government Conclusions* (Patent Office, 2003):

“8.3 The consultation paper suggested that no specific action might be needed to implement Article 8.3, requiring that right owners be able to apply for injunctions against intermediaries whose services are used by third-parties to infringe rights, on the basis that it is already possible to seek such injunctions under common law in the UK. Right owner organisations generally expressed strong concern that, unless specific provision is made to implement Article 8.3, there would be uncertainty as to whether right owners can apply for injunctions, the more so because the Article 5.1 exception means that intermediaries will not themselves be infringing rights in the circumstances set out in that article. Some representatives of internet service providers, the main ‘intermediaries’ to whom A.8.3 relates, also sought clarity as to the position.

8.4 On further consideration, the Government has concluded that, in order to avoid uncertainty, Article 8.3 should be specifically implemented in UK law, by way of provisions in Parts I & II of the CDPA enabling the High Court (or Court of Session in Scotland) to grant injunctions against service providers, where the latter have actual knowledge of a third party using the service to infringe rights. ...”

58. That is what the Government proceeded to do and s.97A was introduced into the 1988 Act in the manner I have described. The Government took no equivalent action in relation to Article 11 of the Enforcement Directive, however, for it once again took the view that existing domestic law complied with the third sentence of Article 11 and nothing needed to be done to implement it, and on this occasion there was no change of mind.
59. That leaves the question of what Article 11 actually requires, and this was the subject of a reference by Arnold J to the Court of Justice in *L’Oréal SA v eBay International AG* [2009] EWHC 1094 (Ch), [2009] RPC 21. L’Oréal had established a number of infringements of its trade marks and sought an injunction requiring eBay, which was not itself an infringer, to prevent the same or similar infringements occurring in the

future. The question referred by the judge asked, in substance, whether, in a case where the services of an intermediary, such as the operator of a website, have been used to infringe a registered trade mark, Article 11 requires Member States to ensure that the trade mark proprietor can obtain an injunction against the intermediary to prevent further infringements, and if so what form that injunction should take.

60. The Court of Justice answered this question in its judgment in Case C-324/09 [2011] ECR I-6011. In doing so it clarified a number of points. It explained first, that the jurisdiction conferred in accordance with the third sentence of Article 11 on national courts must allow those courts to order an online service provider, such as the provider of an online marketplace, to take measures that contribute not only to bringing to an end the actual infringements committed through that marketplace, but also to preventing further infringement (see at [131] to [134]).
61. Secondly, the rules for the operation of the injunctions for which the Member States must provide (such as those relating to the conditions to be met and the procedure to be followed) are a matter for national law; but those measures must be effective and dissuasive (see at [136]).
62. Thirdly and in light of the fact that the United Kingdom had taken no specific steps to implement Article 11, that the referring court was required to apply national law, so far as possible, in light of the wording and purpose of the third sentence of Article 11. In that regard, the Court said this:

“137. Moreover, in view of the fact, stated in the order for reference and referred to at [24] of this judgment, that the United Kingdom has not adopted specific rules to implement the third sentence of art.11 of Directive 2004/48, the referring court will, when applying national law, be required to do so, as far as possible, in the light of the wording and the purpose the third sentence of art.11 (see, by analogy, *Marleasing SA v La Comercial Internacional de Alimentacion SA* (C-106/89) [1990] E.C.R. I-4135; [1992] 1 C.M.L.R. 305 at [8], *Angelidaki v Organismos Nomarkhiaki Aftodiikisi Rethimnis* (C-378–380/07) [2009] E.C.R. I-3071; [2009] 3 C.M.L.R. 15 at [106]).”

63. Fourthly, the rules laid down by Member States and their application by national laws must observe the limitations arising from the Enforcement Directive and from the other sources of law to which that directive refers. So, for example, consistently with the E-Commerce Directive, an online service provider cannot be required actively to monitor all the data of each of its customers in order to prevent any future infringement of intellectual property rights via that provider’s website. Further, the measures imposed must be fair and proportionate, must not be excessively costly and must not create barriers to legitimate trade ([139] to [140]).
64. The Court concluded:

“144. In view of the foregoing, the answer to the tenth question is that the third sentence of art.11 of Directive 2004/48 must be interpreted as requiring the Member States to ensure that the national courts with jurisdiction in relation to the

protection of intellectual property rights are able to order the operator of an online marketplace to take measures which contribute, not only to bringing to an end infringements of those rights by users of that marketplace, but also to preventing further infringements of that kind. Those injunctions must be effective, proportionate, dissuasive and must not create barriers to legitimate trade. ”

65. It seems to me to be clear from this guidance that Article 11 does indeed provide a principled basis for extending the practice of the court in relation to the grant of injunctions to encompass, where appropriate, the services of an intermediary, such as one of the ISPs, which have been used by a third party to infringe a registered trade mark. There is no dispute that the ISPs are intermediaries within the meaning of Article 11 and accordingly, subject to the threshold conditions to which I shall shortly come, I believe that this court must now recognise pursuant to general equitable principles that this is one of those new categories of case in which the court may grant an injunction when it is satisfied that it is just and convenient to do so.
66. I therefore believe that court had jurisdiction to make the orders the subject of this appeal. Nevertheless and since we heard argument upon it, I will also express my view about the correctness of the conclusion of the judge as to the proper interpretation of s.37(1) in light of the *Marleasing* principle.
67. The judge expressed his preliminary view at [127] in these terms:
- “127. It seems to me to be plain from the judgment of the CJEU in *L’Oréal v eBay*, and in particular what it said at [137], that section 37(1) should, if possible, be interpreted as empowering the Court to grant an injunction against an intermediary who is not an infringer so as to comply with the third sentence of Article 11. On the face of it, there is no difficulty in interpreting section 37(1) in that manner. On the contrary, the wording of section 37(1) is extremely broad and, interpreted literally, does precisely that.”
68. He then addressed various submissions made by counsel for the ISPs as to why it was not possible to construe s.37(1) consistently with the third sentence of Article 11 and, having dismissed them all, reached his final conclusion at [132]:
- “132. Accordingly, I conclude that, even if the Court would not have power to grant a website blocking injunction in a trade mark case upon a purely domestic interpretation of section 37(1), section 37(1) can and should be interpreted in compliance with the third sentence of Article 11 by virtue of the *Marleasing* principle. If it were otherwise, the UK would be in breach of its obligations under the Directive.”
69. Miss May contends that the judge fell into error in three respects. She submits first, that the English courts have no power to construe the 1981 Act in conformity with the Enforcement Directive for it is a later EU instrument.

70. I cannot accept this submission. It is well established that in applying national law, whether the provision in issue was adopted before or after the relevant directive, the national court called upon to interpret it is required to do so, so far as possible, in light of the wording and purpose of the directive.
71. Secondly, submits Miss May, s.37(1) merely re-enacts in substantially identical terms provisions going back to the Judicature Act 1873 and embodies the powers previously exercised by the Court of Chancery and those of the common law courts, and such powers are not susceptible to a conforming interpretation. Moreover, in these circumstances, a conforming interpretation would necessarily go against the grain of the legislation.
72. I recognise the force of this point and in my judgment it is more appropriate to consider, as I have done, whether Article 11 provides a further basis for developing the practice of the court in connection with the grant of injunctions. Be that as it may, the obligation on the English courts to adopt a conforming interpretation is broad and far reaching and is not constrained by conventional rules of construction. Had it been necessary to do so, I am satisfied that it would have been appropriate to adopt a conforming interpretation of s.37(1). It provides that an injunction may be granted in all cases where it is just and convenient to do so. I see no difficulty in construing these words in such a way as to include the grant of an injunction in an appropriate case against an intermediary whose services are used by a third party to infringe a registered trade mark.
73. Finally, Miss May submits that the exercise of the interpretative obligation cannot require courts to make decisions for which they are not equipped or which give rise to practical repercussions which they cannot properly evaluate. Yet here, Miss May continues, that is precisely what the judge's approach to interpretation requires the court to do.
74. I cannot accept this submission. As I shall explain a little later in this judgment, the judge proceeded to identify a series of threshold conditions for the exercise of this jurisdiction. He has done so having appropriate regard to the recitals and terms of the Enforcement Directive and the E-Commerce Directive, and by drawing upon the threshold conditions applicable to the grant of a blocking injunction to prevent an infringement of copyright under s.97A of the 1988 Act. In my judgment he has in this way identified a principled and proper basis upon which the court may exercise its powers under s.37(1) of the 1981 Act.

Provided for by law

75. It was common ground before the judge that the website blocking orders sought by Richemont would amount to a limitation on the ISPs' rights under Article 16, and on their subscribers' rights under Article 11, of the Charter. Article 52 provides that any limitation on the exercise of the rights and freedoms recognised by the Charter must be provided for by law and respect the essence of those rights and freedoms. The ISPs argued before the judge and maintain on this appeal that the blocking orders in issue are not provided for by law in two important respects. First, they have no statutory or other proper basis under English law, and that they might be made was not foreseeable. In this regard they contend that whereas s.97A of the 1988 Act confers an express power on the court to grant an injunction against ISPs where those ISPs have

actual knowledge of other persons using their services to infringe copyright, there is no equivalent transposing provision in relation to registered trade marks or other intellectual property rights. Secondly, the orders require the ISPs to block access to other websites which Richemont or their solicitors say are engaged in unlawful activities. This confers upon Richemont an ability to secure the blocking of other sites at their discretion and without the supervision of the court.

76. I am unable to accept either of these contentions. As for the first, I am satisfied for the reasons I have given that the court did have jurisdiction to make the orders in issue under s.37(1) of the 1981 Act as interpreted in light of Article 11 of the Enforcement Directive. The law is and has always been accessible and in my judgment the orders were at all material times foreseeable.
77. As for the second, I must begin by providing a little more background. The ISPs rightly say that access to a website may be blocked in different ways, one of which is called IP address blocking. Every website has an IP address, which is a numerical value that directs traffic to the web server that hosts that website. It is possible for one or more websites to be hosted by the same web server and in that way to share the same IP address. If an IP address is blocked, this prevents access to any websites hosted at that IP address. A blocking order directed to IP addresses can for this reason result in the blocking of non-infringing sites and so has the potential to interfere with the legitimate businesses of third parties. In this case all of the target websites (save one) shared their respective IP addresses with one or more third party websites. The judge nevertheless required the ISPs to implement his orders using IP address blocking. The ISPs say he was wrong to have done so.
78. I accept that the orders were likely to have the effect of blocking access to the websites of third parties. But this was a matter of which the judge was acutely conscious and his orders were carefully framed to deal with it. Specifically, the orders provide that where a server hosting a target website also hosts another website, then an ISP which is required to adopt IP address blocking measures is only required to block the target website's IP address where Richemont or its agents certify that the third party site is engaged in unlawful activity and that, if the website has disclosed a means of contact, appropriate notice has been sent to the operator of that site informing it of, inter alia, the order, why it is appropriate for the website to be blocked and that it may move the website to a different server. In my judgment this is a regime which deals in an entirely proportionate and appropriate way with the necessary mechanics of making a blocking order effective without interfering with the legitimate interests of other operators. It does not involve any activity which is not provided for by law.
79. It follows that the orders in issue do not give rise to any illegitimate or otherwise inappropriate limitation on the exercise of the rights and freedoms recognised by the Charter.

The threshold conditions

80. The judge considered, rightly in my view, that the court's discretion under s.37(1) to grant website blocking orders is not unlimited and that it must be exercised consistently with the terms of the Enforcement Directive, including, in particular, Articles 3 and 11, and with the terms of the E-Commerce Directive, including, in

particular, Articles 12 to 15. He then proceeded to identify the following threshold conditions which must be satisfied before a website blocking order is made. First, the ISPs must be intermediaries within the meaning of the third sentence of Article 11. Secondly, either the users or the operators of the website must be infringing the claimant's trade marks. Thirdly, the users or the operators of the website must use the services of the ISPs. Fourthly, the ISPs must have actual knowledge of this.

81. As the judge observed, each of the first three conditions follows from the wording of Article 11 itself. The fourth follows from the E-Commerce Directive, for if ISPs could be required to block websites without having knowledge of the infringing activity then this would effectively impose on them an obligation to monitor. The ISPs have made no specific criticism of any of these four threshold conditions and I would endorse them.

Are the threshold conditions satisfied in this case?

82. It is convenient to take each of the four threshold conditions in turn, as did the judge.

Are the ISPs intermediaries?

83. It was conceded by the ISPs before the judge that they are intermediaries, and they have not sought to resile from that concession upon this appeal.

Are the operators of the target websites infringing the trade marks?

84. Richemont alleged before the judge that the operators of the target websites were infringing their registered trade marks by offering and exposing for sale, selling and supplying counterfeit goods which were identical to those for which the trade marks were registered and which bore signs identical to the trade marks. In support of these contentions Richemont adduced evidence about the nature and content of each of the target websites, and they carried out a trap purchase from each site of a counterfeit article.

85. The judge was satisfied in light of the evidence before him that all of the allegations of infringement had been established. He held that the operators of each of the target websites were offering and advertising for sale and selling counterfeit goods in a manner that was aimed at consumers in the United Kingdom, and that in this way the operators had used signs which were identical to the registered trade marks in relation to goods which were identical to those for which the trade marks were registered. In my judgment the judge was plainly right to make these findings and there has been no challenge to them on this appeal.

Do the operators of the target websites use the ISPs' services to infringe?

86. There was, however, a major dispute before the judge as to whether the target websites had used the services of the ISPs to infringe the registered trade marks and Miss May, for the ISPs, submitted to the judge that this was a matter upon which the guidance of the Court of Justice was required. She drew the attention of the judge to two decisions of the Court of Justice in which this issue had arisen in relation to allegations of infringement of copyright, namely *Case C-557/07 LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten GmbH v Tele2 Telecommunication GmbH*

[2009] ECR I-1227 (“*Tele2*”) and Case C-314/12 *UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH* [EU:C:2014:192], [2014] Bus LR 541 (“*UPC v Constantin*”), but pointed out that the Court had not yet considered the issue in relation to allegations of infringement of registered trade marks.

87. The judge had no doubt that the services of the ISPs were indeed being used and he summarised his conclusion in these terms:

“155. ... As discussed above, the operators of the Target Websites are infringing the Trade Marks by placing on the internet advertisements and offers for sale which are targeted at UK consumers. The ISPs have an essential role in these infringements, since it is via the ISPs’ services that the advertisements and offers for sale are communicated to 95% of broadband users in the UK. It is immaterial that there is no contractual link between the ISPs and the operators of the Target Websites. It is also immaterial that UK consumers who view the Target Websites may not purchase any goods, since the first type of infringement is already complete by then. It is also immaterial that, if a UK consumer does purchase an item, the item will be transported by courier or post, since the contract of sale will be concluded via the website.”

88. Miss May submits there are two fundamental flaws in the judge’s reasoning. First, the judge wrongly conflated the approach adopted in copyright cases, where the offending work is itself transmitted using the services of the service providers, with the approach to be adopted in the present case where the substantive act of infringement, that is to say the supply of the counterfeit goods, is performed by other means, such as by post or courier. Secondly, there was no evidence before the judge that the services of each of the ISPs were actually used to transmit any offers or advertisements from each of the target websites to any actual or potential customers in the United Kingdom. I will address these submissions in turn.
89. Miss May has developed her first submission as follows. She contends that the nature of the use with which Article 8(3) of the Information Society Directive is concerned must be considered in light of recital (59) of that directive. It is apparent from this recital that Article 8(3) is concerned with intermediaries who are well placed to bring the infringement of the copyright in a protected work to an end because they are actually carrying the infringement in the network. Put another way, Article 8(3) is concerned with intermediaries whose services are used physically to transmit or disseminate protected material over a network. Miss May then turns to the last sentence of Article 11 of the Enforcement Directive and submits that, since this wording is effectively identical to that of Article 8(3), it must be concluded that the term intermediaries in the context of Article 11 calls for the same kind of relationship. Moreover, it is not a relationship that exists between the ISPs and the operators of the websites offering counterfeit goods in this case. The offending acts of those operators and, in particular, their acts of offering and advertising counterfeit goods for sale are effectively complete when the offers and advertisements are uploaded to the host of the target websites.

90. I agree with Miss May that the third sentence of Article 11 of the Enforcement Directive must be construed consistently with Article 8(3) of the Information Society Directive, but I do not accept that this leads to the conclusion for which she contends. To the contrary, it seems to me that both provisions are concerned with those providers who allow their customers to access the offending materials on the internet and that is so irrespective of whether they actually exercise any control over the particular services those customers make use of. They are in this way inevitable actors in the infringement. Moreover, no specific relationship between the service providers and the operators of the offending websites is required. All of these matters emerge from the *Tele2* and *UPC v Constantin* cases considered by the judge.
91. *Tele2* concerned a dispute between a collecting society, LSG, and a service provider, Tele2, which assigned to its clients IP addresses. LSG sought an order requiring Tele2 to disclose the names and addresses of persons to whom it had provided an internet access service and whose IP addresses were known so that it could pursue claims against them in respect of infringements of the rights of the producers and artists it represented. The Austrian Supreme Court sought the guidance of the Court of Justice as to whether Tele2 was an intermediary within the meaning of Article 5(1)(a) and Article 8(3) of the Information Society Directive and, in particular, whether the term included a party which did not exercise any control over the services of which the user made use.
92. The Court of Justice responded as follows:
- “42. ... under Article 8(3) of Directive 2001/29, Member States are to 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.
43. Access providers who merely enable clients to access the Internet, even without offering other services or exercising any control, whether *de iure* or *de facto*, over the services which users make use of, provide a service capable of being used by a third party to infringe a copyright or related right, inasmuch as those access providers supply the user with the connection enabling him to infringe such rights.
44. Moreover, according to Recital 59 in the preamble to Directive 2001/29, rightholders should have the possibility of applying for an injunction against an intermediary who ‘carries a third party’s infringement of a protected work or other subject-matter in a network’. It is common ground that access providers, in granting access to the Internet, make it possible for such unauthorised material to be transmitted between a subscriber to that service and a third party.
45. That interpretation is borne out by the aim of Directive 2001/29 which, as is apparent in particular from Article 1(1) thereof, seeks to ensure the legal protection of copyright and related rights in the framework of the internal market. The protection sought by Directive 2001/29 would be
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substantially diminished if ‘intermediaries’, within the meaning of Article 8(3) of that directive, were to be construed as not covering access providers, which alone are in possession of the data making it possible to identify the users who have infringed those rights.

46. In view of the foregoing, the answer to the first question is that access providers which merely provide users with Internet access, without offering other services such as email, FTP or file-sharing services or exercising any control, whether *de iure* or *de facto*, over the services which users make use of, must be regarded as ‘intermediaries’ within the meaning of Article 8(3) of Directive 2001/29.”

93. *UPC v Constantin* concerned another request for a preliminary ruling in proceedings in which Constantin Film and Wega sought an order requiring UPC Telekabel to block its customers’ access to a website which was making available to the public some of their films without their consent. UPC Telekabel argued that its services could not be considered to be used to infringe a copyright or related right because it did not have a business relationship with the operators of the offending website and it had not been established that its own customers had acted unlawfully. The Austrian Supreme Court sought the guidance of the Court of Justice in relation to various questions, the first of which again concerned the proper interpretation of Article 8(3) of the Information Society Directive, and whether an internet provider which allows its customers to access protected subject matter made available on the internet by a third party is an intermediary whose services are being used by the website operator to infringe a copyright within the meaning of Article 8(3).

94. The Court answered this question in the affirmative in these terms:

“31. Having regard to the objective pursued by Directive 2001/29, as shown in particular by Recital 9 thereof, which is to guarantee rightholders a high level of protection, the concept of infringement thus used must be understood as including the case of protected subject-matter placed on the internet and made available to the public without the agreement of the rightholders at issue.

32. Accordingly, given that the internet service provider is an inevitable actor in any transmission of an infringement over the internet between one of its customers and a third party, since, in granting access to the network, it makes that transmission possible (see, to that effect, the order in Case C-557/07 *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten* [2009] ECR I-1227, paragraph 44), it must be held that an internet service provider, such as that at issue in the main proceedings, which allows its customers to access protected subject-matter made available to the public on the internet by a third party is an intermediary whose services are used to infringe a copyright or related right within the meaning of Article 8(3) of Directive 2001/29.

33. Such a conclusion is borne out by the objective pursued by Directive 2001/29. To exclude internet service providers from the scope of Article 8(3) of Directive 2001/29 would substantially diminish the protection of rightholders sought by that directive (see, to that effect, order in *LSG-Gesellschaft zur Wahrnehmung von Leistungsschutzrechten*, paragraph 45).

34. That conclusion cannot be called into question by the argument that, for Article 8(3) of Directive 2001/29 to be applicable, there has to be a contractual link between the internet service provider and the person who infringed a copyright or related right.

35. Neither the wording of Article 8(3) nor any other provision of Directive 2001/29 indicates that a specific relationship between the person infringing copyright or a related right and the intermediary is required. Furthermore, that requirement cannot be inferred from the objectives pursued by that directive, given that to admit such a requirement would reduce the legal protection afforded to the rightholders at issue, whereas the objective of that directive, as is apparent *inter alia* from Recital 9 in its preamble, is precisely to guarantee them a high level of protection.

36. Nor is the conclusion reached by the Court in paragraph 30 of this judgment invalidated by the assertion that, in order to obtain the issue of an injunction against an internet service provider, the holders of a copyright or of a related right must show that some of the customers of that provider actually access, on the website at issue, the protected subject-matter made available to the public without the agreement of the rightholders.

37. Directive 2001/29 requires that the measures which the Member States must take in order to conform to that directive are aimed not only at bringing to an end infringements of copyright and of related rights, but also at preventing them (see, to that effect, Case C-70/10 *Scarlet Extended* [2011] ECR I-11959, paragraph 31, and Case C-360/10 *SABAM* [2012] ECR, paragraph 29).

38. Such a preventive effect presupposes that the holders of a copyright or of a related right may act without having to prove that the customers of an internet service provider actually access the protected subject-matter made available to the public without their agreement.

39. That is all the more so since the existence of an act of making a work available to the public presupposes only that the work was made available to the public; it is not decisive that

persons who make up that public have actually had access to that work or not (see, to that effect, Case C-306/05 *SGAE* [2006] ECR I-11519, paragraph 43).”

95. Reverting to the present case, the services of the ISPs allowed consumers in the United Kingdom to access the target websites. The advertisements and offers for sale of the counterfeit goods were communicated to consumers in the United Kingdom using the services of the ISPs, and the agreements to sell and supply counterfeit goods to consumers in the United Kingdom were made using the services of the ISPs. I reject the submission that the infringing activities of the website operators were complete once they had uploaded the offending materials to the website hosts. It seems to me that their infringing activities and their use for this purpose of the services of the ISPs continued for as long as the websites remained active. Further, it matters not that there was no contractual relationship between the ISPs and the operators of the websites, or that the ISPs did not exercise any control over the particular services of which those consumers made use. The ISPs were essential actors in all of the communications between the consumers and the operators of the target websites. I also reject the suggestion that the services of the intermediary must be used physically to transmit or disseminate protected material, as may be the case in relation to some infringements of copyright or related rights. It is clear from recital (23) of the Enforcement Directive (and, indeed, the decision of the Court of Justice in *L'Oréal v eBay*) that the third sentence of Article 11 is intended to ensure that holders of intellectual property rights other than copyrights should have the opportunity to apply for an injunction against intermediaries whose services are being used by third parties to infringe those rights. I therefore have no doubt that the judge came to the right conclusion on this issue.
96. I turn then to consider Miss May's second submission, namely that there was no evidence before the judge that the services of each of the ISPs were actually used to transmit any offers or advertisements from each of the target websites to any actual or potential customers in the United Kingdom.
97. I reject this submission. Each of the target websites was directed to consumers in the United Kingdom and the operators of those sites were advertising and offering for sale counterfeits of the goods of one of the named claimants. As I mentioned at the outset of this judgment, the ISPs together have a market share of 95% of the users of broadband in the United Kingdom. If and in so far as the target websites had not yet been accessed by consumers in the United Kingdom using the services of each of the ISPs there was plainly a real risk that they would be in the future. The judge was entitled to make an order to try to prevent this happening for the third sentence of Article 11 of the Enforcement Directive and Article 8(3) of the Information Society Directive are concerned not only with measures aimed at bringing infringements of intellectual property rights to an end but also with measures aimed at preventing them, as the Court of Justice explained in *UPC v Constantin* at [37] to [38] (cited at [94] above).

Do the ISPs have knowledge of this?

98. There was no dispute before the judge that if the operators of the target websites used the services of the ISPs to infringe then the ISPs had knowledge of this. Accordingly I need say no more about this condition.

Conclusion on threshold conditions

99. For all of the reasons I have given I am satisfied that the judge was right to hold that the threshold conditions were satisfied in this case.

Principles to be applied

100. The judge turned next to the principles to be applied in considering whether to make a website blocking order. In that regard he explained that counsel for the ISPs had identified seven requirements which must be satisfied, namely the relief must (i) be necessary; (ii) be effective; (iii) be dissuasive; (iv) not be unnecessarily complicated or costly; (v) avoid barriers to legitimate trade; (vi) be fair and equitable and strike a “fair balance” between the applicable fundamental rights; and (vii) be proportionate.

101. The judge observed, rightly in my view, that it was also necessary to consider two other matters: first, the substitutability of other websites for the target websites; and secondly, the requirement in Article 3(2) of the Enforcement Directive that remedies should be applied in such a manner as to provide safeguards against their abuse.

102. There followed a consideration by the judge of the nature of these different requirements and the principles underlying them. I must outline the reasoning of the judge and the principles he identified for his ultimate conclusions depend upon them. There is also one area of dispute concerning the requirement of effectiveness, as I shall explain.

Necessary

103. The judge dealt with this issue in the main judgment from [160] to [162]. He identified the key provisions for this purpose as being Article 3(1) of the Enforcement Directive which requires Member States to make available to rightholders the range of remedies which is necessary to combat infringement of intellectual property rights, including injunctions in accordance with the third sentence of Article 11; and also Article 52(1) of the Charter which states “... limitations may be made only if they are necessary...”.

104. Miss May submitted to the judge that these provisions meant that Richemont had to show that the blocking orders were necessary to ensure the enforcement of the trade marks. She did not submit that blocking orders must be the measure of last resort but she did contend that Richemont had to show that blocking was the least onerous measure that could achieve a particular level of protection.

105. The judge explained that Article 3(1) of the Enforcement Directive is directed to Member States and requires them to make available to rightholders the remedies necessary to combat infringement of intellectual property rights, and that such remedies must include injunctions in accordance with the third sentence of Article 11. This is achieved by s.37(1) of the 1981 Act. Article 3(2) of the Enforcement Directive says that such remedies shall be proportionate. The judge then reasoned as follows:

“162. ... As for Article 52(1), what this means is that the rights protected by the Charter can only be restricted where this is necessary to protect other rights protected by the Charter.

Where two rights, or sets of rights, are in conflict, then the conflict must be resolved by applying the principle of proportionality to each and striking a balance between them. For both reasons, it must be shown that the orders are proportionate. As I shall discuss below, I accept that, when assessing whether the orders are proportionate, the court is required to consider whether alternative measures are available which are less onerous. Accordingly, I shall carry out that exercise in the context of assessing the proportionality of the orders.”

106. I do not understand the ISPs seriously to challenge this approach and I would endorse it.

Effectiveness

107. Remedies for the enforcement of intellectual property rights must be effective. This requirement is derived from Article 3(2) of the Enforcement Directive. The ISPs contended before the judge that it followed that a remedy should not be granted if it would not be effective, and further, that it was incumbent on Richemont to show that that the order sought would be likely to achieve a significant reduction in the overall levels of access to infringing content.
108. The judge addressed these submissions in the main judgment from [163] to [176]. He accepted that it would be pointless to grant a remedy if it would be wholly ineffective but he did not accept that it followed that it was incumbent upon the rightholder to demonstrate that the remedy sought would be effective in reducing the overall level of infringement of its intellectual property rights. The judge then gave careful consideration to the decisions of the Court of Appeal of The Hague in *Ziggo BV v Stichting Bescherming Rechten Entertainment Industrie Nederland (BREIN)* (28 January 2014) and of the Court of Justice in *UPC v Constantin*, both of which addressed this issue.
109. Finally the judge expressed his conclusions at [173] to [176], from which I think that the following main points emerge: first, Article 3(2) of the Enforcement Directive does not require rightholders to establish that the relief sought is likely to reduce the overall level of infringements of their rights; secondly, the applicable criterion of efficacy when considering a website blocking order is whether the measures required by the order will at least seriously discourage users from accessing the target website; and thirdly, the likely efficacy of a website blocking order in terms of preventing or impeding access to the target website is an important factor to consider in assessing the proportionality of the order, as is the number of alternative websites that are likely to be equally accessible and appealing to interested users.
110. Miss May submits that the judge has here fallen into error for he has failed properly to apply the guidance given by the Court of Justice in *UPC v Constantin*. She contends that this decision establishes that the court cannot grant a website blocking order against an ISP in relation to infringement of registered trade marks unless it will be effective to prevent unauthorised access to those trade marks or will (a) make access to those trade marks difficult to achieve and (b) will seriously discourage internet users from using the ISPs’ services to access those trade marks.

111. I have summarised the background to the decision of the Court of Justice in *UPC v Constantin* earlier in this judgment. It is relevant to the issue of efficacy because the Court was asked by the Austrian Supreme Court a third question arising from the decision of the Higher Regional Court of Vienna that UPC Telekabel could be required by court order to forbid its customers from gaining access to the website at issue, but that it had to be free to decide how that would be achieved. This third question asked, in substance, whether the rights recognised by EU law must be interpreted as precluding a court injunction prohibiting an internet service provider from allowing its customers access to a website placing protected subject matter online without the agreement of the rightholder when that injunction did not specify the particular measures the access provider had to take and when the access provider could avoid coercive penalties for breach of the injunction by showing that it had taken all reasonable measures.
112. The Court of Justice answered this question in its judgment from [42] to [64]. It summarised the rights in issue at [47]:
- “47. In the present case, it must be observed that an injunction such as that at issue in the main proceedings, taken on the basis of Article 8(3) of Directive 2001/29, makes it necessary to strike a balance, primarily, between (i) copyrights and related rights, which are intellectual property and are therefore protected under Article 17(2) of the Charter, (ii) the freedom to conduct a business, which economic agents such as internet service providers enjoy under Article 16 of the Charter, and (iii) the freedom of information of internet users, whose protection is ensured by Article 11 of the Charter.”
113. The Court then addressed from [48] to [54] the freedom of the internet service provider to conduct a business; and from [55] to [57] the right of internet users to freedom of information. In that connection it said at [56]:
- “56. In this respect, the measures adopted by the internet service provider must be strictly targeted, in the sense that they must serve to bring an end to a third party’s infringement of copyright or of a related right but without thereby affecting internet users who are using the provider’s services in order to lawfully access information. Failing that, the provider’s interference in the freedom of information of those users would be unjustified in the light of the objective pursued.”
114. Finally, the Court addressed the protection of intellectual property and reasoned from [58] to [64]:
- “58. As regards intellectual property, it should be pointed out at the outset that it is possible that the enforcement of an injunction such as that in the main proceedings will not lead to a complete cessation of the infringements of the intellectual property right of the persons concerned.

59. First, as has been stated, the addressee of such an injunction has the possibility of avoiding liability, and thus of not adopting some measures that may be achievable, if those measures are not capable of being considered reasonable.

60. Secondly, it is possible that a means of putting a complete end to the infringements of the intellectual property right does not exist or is not in practice achievable, as a result of which some measures taken might be capable of being circumvented in one way or another.

61. The Court notes that there is nothing whatsoever in the wording of Article 17(2) of the Charter to suggest that the right to intellectual property is inviolable and must for that reason be absolutely protected (see, to that effect, *Scarlet Extended*, paragraph 43).

62. None the less, the measures which are taken by the addressee of an injunction, such as that at issue in the main proceedings, when implementing that injunction must be sufficiently effective to ensure genuine protection of the fundamental right at issue, that is to say that they must have the effect of preventing unauthorised access to the protected subject-matter or, at least, of making it difficult to achieve and of seriously discouraging internet users who are using the services of the addressee of that injunction from accessing the subject-matter made available to them in breach of that fundamental right.

63. Consequently, even though the measures taken when implementing an injunction such as that at issue in the main proceedings are not capable of leading, in some circumstances, to a complete cessation of the infringements of the intellectual property right, they cannot however be considered to be incompatible with the requirement that a fair balance be found, in accordance with Article 52(1), in fine, of the Charter, between all applicable fundamental rights, provided that (i) they do not unnecessarily deprive internet users of the possibility of lawfully accessing the information available and (ii) that they have the effect of preventing unauthorised access to protected subject-matter or, at least, of making it difficult to achieve and of seriously discouraging internet users who are using the services of the addressee of that injunction from accessing the subject-matter that has been made available to them in breach of the intellectual property right.

64. In the light of the foregoing considerations, the answer to the third question is that the fundamental rights recognised by EU law must be interpreted as not precluding a court injunction prohibiting an internet service provider from allowing its customers access to a website placing protected

subject-matter online without the agreement of the rightholders when that injunction does not specify the measures which that access provider must take and when that access provider can avoid incurring coercive penalties for breach of that injunction by showing that it has taken all reasonable measures, provided that (i) the measures taken do not unnecessarily deprive internet users of the possibility of lawfully accessing the information available and (ii) that those measures have the effect of preventing unauthorised access to the protected subject-matter or, at least, of making it difficult to achieve and of seriously discouraging internet users who are using the services of the addressee of that injunction from accessing the subject-matter that has been made available to them in breach of the intellectual property right, that being a matter for the national authorities and courts to establish.”

115. Miss May submits that the focus of this analysis is the protected subject matter which is itself “a reference back” to the fundamental right at issue, namely the intellectual property right. She also contends that the judge fell into error because he confused the target websites with the protected subject matter, which might be available on multiple websites so making a website blocking order pointless. The relevant question is, she submits, whether users would continue to use the services of the service providers to access other websites which are selling different but still infringing goods.
116. I reject these submissions. First, I think it is clear that the protected subject matter to which the Court of Justice was referring in the passages of its decision in *UPC v Constantin* which I have cited was the subject matter which had been made available online at the target website. It was concerned not with the activities of the operators of different websites but with the activities of the operators of the target website and whether the measures the service provider was required to implement would bring the infringing activities of those operators to an end. In that regard it pointed out that the measures might not lead to a complete cessation of the infringement for the two reasons set out at [59] to [60]. Nevertheless, such measures must at least have the effect of making access to the target website difficult to achieve and of seriously discouraging internet users from accessing it.
117. Secondly and as the judge himself explained, Article 3(2) of the Enforcement Directive is directed to all kinds of infringement, online and offline. It would be absurd if rightholders seeking injunctive relief against counterfeiters were required to prove that the relief would be likely to reduce the overall level of infringement of their trade marks, still more so if they were required to prove that the relief would make it difficult for members of the public to access other counterfeits from quite different sources.
118. Nevertheless I agree with the judge’s observation at [176] of the main judgment that although the rightholder does not have to show that blocking access to the target website is likely to reduce the overall level of infringement in order to obtain relief, blocking access to the target website is less likely to be proportionate if there is a large number of alternative websites which are likely to be equally accessible and appealing to the interested user than if that is not the case.

Dissuasiveness

119. The judge dealt with this quite shortly (at [178] to [189]). He observed that Article 3(2) of the Enforcement Directive requires that remedies for intellectual property infringement shall not merely be effective, but also “dissuasive”. As he went on to explain, the distinction between the two is that effectiveness relates to the defendant, whereas dissuasiveness relates to third parties, and he concluded that, when deciding whether or not to grant a website blocking injunction, it is relevant to the court to consider whether it is likely to have a dissuasive effect. I agree with the judge’s analysis.

Not unnecessarily complicated or costly

120. Article 3(1) of the Enforcement Directive provides that remedies “shall not be unnecessarily complicated or costly” and this means that it should not be unnecessarily costly or complicated for the rightholder to obtain remedies. But, as the judge rightly held, it extends to intermediaries against whom orders are made. Such is clear from the decision of the Court of Justice in Case C-70/10 *Scarlet Extended SA Société Belge des Auteurs, Compositeurs et Editeurs Scrl (SABAM)* [2011] ECR I-11959 at [48]:

“Accordingly, such an injunction would result in a serious infringement of the freedom of the ISP concerned to conduct its business since it would require that ISP 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.”

121. The judge also drew attention to the decision of the Court of Justice in *UPC v Constantin* at [50]:

“50. An injunction such as that at issue in the main proceedings constrains its addressee in a manner which restricts the free use of the resources at his disposal because it obliges him to take measures which may represent a significant cost for him, have a considerable impact on the organisation of his activities or require difficult and complex technical solutions.”

122. I think it is tolerably clear from these decisions that the Court is acknowledging that the costs of implementation may be borne by the intermediary. Nevertheless the measures the intermediary must take must not be unnecessarily costly or difficult, and these are matters which must also be taken into account in assessing proportionality.

Avoidance of barriers to legitimate trade

123. The requirement in Article 3(2) of the Enforcement Directive that remedies “shall be applied in such a manner as to avoid the creation of barriers to legitimate trade” requires the measures adopted by the ISP to be strictly targeted so that they do not affect users who are using the ISPs’ services in order lawfully to access information.

Fair and equitable

124. Similarly, the requirement in Article 3(1) of the Enforcement Directive that remedies shall be “fair and equitable” is met (at least in the present context) by ensuring that remedies are proportionate.

Proportionality

125. That brought the judge to proportionality. He held, correctly in my judgment, that this requires a fair balance to be struck between, on the one hand, the intellectual property rights guaranteed by Article 17(2) of the Charter and, on the other hand, the ISPs’ freedom to conduct business under Article 16 of the Charter and the freedom of information of internet users under Article 11 of the Charter. The applicability of the proportionality principle was not in dispute and the Court of Justice explained in Case C-2/10 *Azienda Agro-Zootecnica Franchini Sarl v Regione Puglia* (2011) [ECLI:EU:C:2011:502] at [73] that it:

“... requires that measures adopted by Member States in this field do not exceed the limits of what is appropriate and necessary in order to attain the objectives legitimately pursued by the legislation in question; where there is a choice between several appropriate measures recourse must be had to the least onerous and the disadvantages caused must not be disproportionate to the aims pursued.”

126. The judge himself also gave this helpful guidance in *Golden Eye (International) Ltd v Telefónica UK Ltd* [2012] EWHC 723 (Ch), [2012] RPC 28 at [117]:

“117. ... First, the Claimants’ copyrights are property rights protected by Article 1 of the First Protocol to the ECHR and intellectual property rights within Article 17(2) of the Charter. Secondly, the right to privacy under Article 8(1) ECHR/Article 7 of the Charter and the right to the protection of personal data under Article 8 of the Charter are engaged by the present claim. Thirdly, the Claimants’ copyrights are ‘rights of others’ within Article 8(2) ECHR/Article 52(1) of the Charter. Fourthly, the approach laid down by Lord Steyn where both Article 8 and Article 10 ECHR rights are involved in *Re S* [2004] UKHL 47, [2005] 1 AC 593 at [17] is also applicable where a balance falls to be struck between Article 1 of the First Protocol/Article 17(2) of the Charter on the one hand and Article 8 ECHR/Article 7 of the Charter and Article 8 of the Charter on the other hand. That approach is as follows: (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.”

The relevant considerations

127. In light of all of the foregoing the judge identified the following considerations as being particularly important in the case of the application before him:
- i) The comparative importance of the rights that were engaged and the justifications for interfering with those rights.
 - ii) The availability of alternative measures which were less onerous.
 - iii) The efficacy of the measures which the order required the ISPs to adopt, and in particular whether they would seriously discourage the ISPs' subscribers from accessing the target websites.
 - iv) The costs associated with those measures, and in particular the costs of implementing the measures.
 - v) The dissuasiveness of those measures.
 - vi) The impact of those measures on lawful users of the internet.
 - vii) The substitutability of other websites for the target websites.
128. The judge also acknowledged the importance of safeguards against abuse, a matter highlighted by the ORG.

The overall conclusion

129. The judge proceeded to apply the principles I have summarised and carried out his assessment by reference to each of the considerations he had identified. I must return to aspects of the assessment in due course but at this stage can go straight to the judge's overall conclusion:

“260. None of the arguments and evidence that I have heard and read in this case have caused me to alter my view as to the proportionality of the section 97A orders which have been granted by this Court. It does not necessarily follow that the orders sought by Richemont are proportionate, however. The Court is being asked to exercise its jurisdiction in a new situation.

261. In my view the key question on proportionality is whether the likely costs burden on the ISPs is justified by the likely efficacy of the blocking measures and the consequent benefit to Richemont having regard to the alternative measures which are available to Richemont and to the substitutability of the Target Websites. Having given this question careful consideration, the conclusion I have reached, after some hesitation, is that it is justified. Accordingly, I consider that the orders are proportionate and strike a fair balance between the respective rights that are engaged, including the rights of

individuals who may be affected by the orders but who are not before the Court.”

130. After dealing with particular safeguards against abuse, the judge decided to make the order the subject of the first appeal. The second order raises no separate issues.
131. The ISPs now make eight different attacks on the judge’s assessment. I will deal with each of them in turn.

Costs of implementing the blocking order

132. It is convenient to take this issue first because the judge’s approach to it has a bearing upon many aspects of his assessment and it has formed a major focus of Miss May’s oral submissions. The judge addressed it in the main judgment from [239] to [253] and, as he explained, it had two aspects. The first concerned the costs regime which should be applied if website blocking orders based upon trade mark infringement were granted. The second concerned the consequences of that approach including, in particular, its consequences for the ISPs in terms of the costs of its implementation. At this stage, I will address only the first aspect.
133. The judge recorded that before him both sides took as their starting point the costs regime which the court had previously adopted in relation to orders made under s.97A of the 1988 Act, that is to say that the rightholders bear the costs of the application (other than costs occasioned by the ISPs’ resistance to the making of the order) and that the ISPs bear the costs of implementing the order. Similarly, the rightholders bear the costs of monitoring the targeted websites after implementation of the order and notifying the ISPs of necessary updates, and the ISPs bear the costs of implementing those updates. I should reiterate at this point that no ISP has sought to appeal against this or indeed any other aspect of the orders made under s.97A.
134. There is no indication in the judgment that this aspect of the costs regime was the subject of any major disagreement at the hearing and the judge expressed his view upon it in concise terms at [240]:

“240. So far as this aspect of the matter is concerned, I adhere to the view that, for the reasons I gave in *20C Fox v BT (No 2)* at [53], the rightholders should pay the costs of an unopposed application. I also adhere to the view that, for the reasons I gave in *20C Fox v BT (No 2)* at [32], the ISPs should generally bear the costs of implementation as part of the costs of carrying on business in this sector. Indeed, it seems to me that my reasoning is supported by the subsequent judgment of the CJEU in *UPC v Constantin* at [50]. Nevertheless, as I said in *20C Fox v BT (No 2)* at [33], I do not rule out the possibility of ordering the rightholder to pay some or all of the implementation costs in an appropriate case. Equally, I consider that it makes sense for the rightholders to bear the costs of monitoring and the ISPs to bear the costs of implementation of updates, subject to the same caveat.”

135. In light of the importance the ISPs now attach to this issue, I must also refer to the decision of the judge in *Twentieth Century Fox Film Corpn v British Telecommunications plc* [2011] EWHC 2714 (Ch), [2012] Bus LR 1525 (“*20C Fox v BT (No 2)*”). There he said at [32] to [33]:

“32. Each side contends that the other should pay the costs of implementing the order. In my judgment the costs of implementing the order should be borne by BT. The studios are enforcing their legal and proprietary rights as copyright owners and exclusive licensees, and more specifically their right to relief under article 8(3). BT is a commercial enterprise which makes a profit from the provision of the services which the operators and users of Newzbin2 use to infringe the studios' copyright. As such, the costs of implementing the order can be regarded as a cost of carrying on that business. It seems to me to be implicit in recital 59 of the Information Society Directive that the European legislature has chosen to impose that cost on the intermediary. Furthermore, that interpretation appears to be supported by the Court of Justice's statement in *L'Oréal SA v eBay International AG* [2012] Bus LR 1369, para 139 that such measures “must not be excessively costly”. The cost of implementing the order is a factor that can be taken into account when assessing the proportionality of the injunction, and in the present case I have done so: see the main judgment (ante), at para 200. Indeed, my conclusion there that the cost to BT “would be modest and proportionate” is supported by the evidence subsequently filed by BT, which estimates the initial cost of implementation at about £5,000 and £100 for each subsequent notification.

33. I do not rule out the possibility that in another case the applicant may be ordered to pay some or all of the costs of implementation, but for the reasons given above I do not consider that such an order is appropriate in this case.”

136. The judge went on to hold that the rightholders should bear the costs of preparing and making the applications, however, and that was so for the reasons he gave at [53]:

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

137. Miss May now submits that the judge fell into error in following his own decision in *20C Fox v BT (No 2)* and that this led him to start his proportionality assessment at the wrong point. He ought rather to have found that the costs of implementation of a website blocking order should be borne by the rightholders, here Richemont. In particular, Miss May continues, the judge was wrong to conclude that the EU legislature has imposed the costs of implementation of such an order on the intermediary. He ought instead to have found that costs are left to be dealt with as a matter of national law; and that it is well established as a matter of English law that the making of an order against a respondent non-wrongdoer under the equitable protective jurisdiction is normally conditional upon the applicant undertaking to pay the costs of the respondent incurred in dealing with both the application and the implementation of the order.
138. Miss May also fairly points out that in considering the issue of jurisdiction the judge drew an analogy, as would I, with the equitable protective duty described in *Norwich Pharmacal*. She properly reminded us that on appeal to the House of Lords ([1974] AC 133), Lord Reid explained in the passage of his speech at page 175 (cited at [53] above) that “It may be that if this causes him expense the person seeking the information ought to reimburse him”. And at page 176, Lord Reid concluded:
- “I would therefore allow this appeal. The respondents were quite right in requiring the matter to be submitted to the court. So they are entitled to their costs down to the date of the judgment of Graham J. Thereafter the appellants caused much extra expense by putting their case much too high. In the circumstances I would award no costs in the Court of Appeal or in this House.”
139. Similarly, Lord Cross said at page 199:
- “... in any case in which there was the least doubt as to whether disclosure should be made the person to whom the request was made would be fully justified in saying that he would only make it under an order of the court. Then the court would have to decide whether in all the circumstances it was right to make an order. In so deciding it would no doubt consider such matters as the strength of the applicant's case against the unknown alleged wrongdoer, the relation subsisting between the alleged wrongdoer and the respondent, whether the information could be obtained from another source, and whether the giving of the information would put the respondent to trouble which could not be compensated by the payment of all expenses by the applicant. The full costs of the respondent of the application and any expense incurred in providing the information would have to be borne by the applicant.”
140. Further helpful guidance was given by Aldous LJ, in giving the judgment of the Court of Appeal, in *Totalise plc v The Motley Fool Ltd* [2002] 1 WLR 1233 at [29] to [30]:

“29. ... *Norwich Pharmacal* applications are not ordinary adversarial proceedings, where the general rule is that the

unsuccessful party pays the costs of the successful party. They are akin to proceedings for pre-action disclosure where costs are governed by CPR r 48.3. That rule, we believe, reflects the just outcome and is consistent with the views of Lord Reid and Lord Cross in the *Norwich Pharmacal* case [1974] AC 133, 176, 199. In general, the costs incurred should be recovered from the wrongdoer rather than from an innocent party. That should be the result, even if such a party writes a letter to the applicant asking him to draw to the court's attention to matters which might influence a court to refuse the application. Of course such a letter would need to be drawn to the attention of the court. Each case will depend on its facts and in some cases it may be appropriate for the party from whom disclosure is sought to appear in court to assist. In such a case he should not be prejudiced by being ordered to pay costs.

30. The court when considering its order as to costs after a successful *Norwich Pharmacal* application should consider all the circumstances. In a normal case the applicant should be ordered to pay the costs of the party making the disclosure including the costs of making the disclosure. There may be cases where the circumstances require a different order, but we do not believe they include cases where: (a) the party required to make the disclosure had a genuine doubt that the person seeking the disclosure was entitled to it; (b) the party was under an appropriate legal obligation not to reveal the information, or where the legal position was not clear, or the party had a reasonable doubt as to the obligations; or (c) the party could be subject to proceedings if disclosure was voluntary; or (d) the party would or might suffer damage by voluntarily giving the disclosure; or (e) the disclosure would or might infringe a legitimate interest of another.”

141. Drawing the threads together, Miss May submits that the judge’s starting point should have been that intermediaries, such as the ISPs, which are innocent of any wrongdoing, should not be required to pay for the costs of implementing a website blocking order and that such costs should instead be borne by the rightholders. Further, as I understand Miss May’s submission, those implementation costs should include both the ISPs’ marginal costs of implementing any particular order and an appropriate contribution to the capital costs of the technical systems which they need for that purpose.
142. These are powerful submissions but I find myself unable to accept them. I have come to that conclusion for all of the following reasons. At the outset it is, I think, important to have well in mind that Article 11 of the Enforcement Directive and Article 8(3) of the Information Society Directive require Member States to ensure that rightholders 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.
143. Secondly, Article 11 and Article 8(3) must be seen as a part of the larger scheme which includes the immunities from infringement claims and the exception from

monitoring conferred on intermediaries by Articles 12 (mere conduit), 13 (caching), 14 (hosting) and 15 (monitoring) of the E-Commerce Directive. These immunities from infringement and any requirement to monitor plainly support and benefit the businesses of intermediaries such as the ISPs. Moreover, as the judge himself said in *20C Fox v BT (No 2)*, the intermediaries make profits from the services which the operators of the target websites use to infringe the intellectual property rights of the rightholders, and the costs of implementing the order can therefore be regarded as a cost of carrying on the business. I can detect no fault in this reasoning.

144. Thirdly, it is true to say that recital (23) of the Enforcement Directive and recital (59) of the Information Society Directive provide that the conditions and procedures relating to applications for injunctions against an intermediary should be left to national courts but I think it is implicit in both recitals that it would be entirely appropriate for a national court to order that the costs of implementation of any such injunction should be borne by the intermediary.
145. Fourthly, the jurisprudence of the Court of Justice also supports the foregoing conclusion. In *L'Oréal SA v eBay* the Court explained at [139] that measures required of an online service provider pursuant to the Enforcement Directive must not be excessively costly:

“139. First, it follows from art.15(1) of Directive 2000/31, in conjunction with art.2(3) of Directive 2004/48, that the measures required of the online service provider concerned cannot consist in an active monitoring of all the data of each of its customers in order to prevent any future infringement of intellectual property rights via that provider’s website. Furthermore, a general monitoring obligation would be incompatible with art.3 of Directive 2004/48, which states that the measures referred to by the directive must be fair and proportionate and must not be excessively costly.”
146. Similarly, as we have seen, in *UPC v Constantin*, the Court of Justice said at [50] that an injunction of this kind constrains its addressee in a manner which restricts the free use of the resources at his disposal because it obliges him to take measures which may represent a significant cost for him.
147. It can be seen that in both of these cases the Court contemplated that the intermediary would bear the costs of implementation. But of course, the fact that these costs are to be borne by the intermediary will be a highly material consideration in assessing the proportionality of any order the rightholders may seek.
148. Fifthly, I do not accept that the judge was invoking the *Norwich Pharmacal* jurisdiction in making the orders the subject of this appeal. The judge drew what I consider to be an entirely appropriate analogy with that jurisdiction, but its foundations (whether considering the equitable protective jurisdiction or the disclosure jurisdiction) are rather different from those of website blocking orders. Moreover, as the judge pointed out in his decision in relation to the costs of these proceedings given on 11 November 2014 ([2014] EWHC 3794) (“the costs judgment”), the proceedings were not in any sense preparatory to proceedings against

the wrongdoers, and there was never any real prospect of Richemont recovering the costs of the proceedings from the wrongdoers.

149. Finally, the judge has made clear that he has not ruled out the possibility that in another case the applicant for an injunction against an intermediary may be ordered to pay some or all of the costs of its implementation. But he came to the conclusion that such an order was not appropriate in this case.
150. I am satisfied in light of all of these matters that the judge was entitled to require the ISPs to bear the costs of the implementation of the orders in issue. He took proper account of the Enforcement Directive and the other parts of the EU legislative scheme, the guidance given by the Court of Justice, the nature of the orders sought and the circumstances of the case. He has made no error of principle and in my judgment there is no basis upon which this court can interfere with the conclusion to which he came.
151. The second aspect of this part of the judgment concerned the consequences of adopting this approach. The ISPs make various criticisms of the judge's reasoning in this regard but to put those criticisms in context, I must first summarise the steps in this part of the judge's analysis.
152. The judge first recorded that the ISPs did not seriously dispute that the costs of implementing a single blocking order were modest. He also noted that the ISPs had the necessary technology at their disposal and that much of the capital investment in that technology had been made for other reasons, in particular to implement the IWF blocking regime and parental controls. But as he rightly recognised, this was not the whole story because what mattered to the ISPs was not the costs of implementing a single order, but the cumulative cost of implementing all such orders. In that regard, the ISPs emphasised first, that the overall costs burden imposed by implementing s.97A orders was already significant and was growing rapidly; and secondly, that if the court were to sanction orders on the grounds of trade mark infringement, the overall costs burden would become substantially greater.
153. In evaluating these submissions the judge took the following matters into consideration. First, rightholders had over the preceding three years used their resources to seek relief only against the most egregious infringers. Secondly, it was nevertheless manifest that granting website blocking orders in respect of infringements of trade marks would increase the costs burden on the ISPs. Thirdly, it was possible that a large number of applications for such orders would be made. In that regard, Richemont had identified nearly 240,000 potentially infringing websites of which 46,000 had been confirmed as infringing. Fourthly, the costs of preparing applications for website blocking orders and the costs of monitoring the effectiveness of such orders would impose a constraint upon the rightholders but it was difficult to predict how effective this would be. Fifthly, the implementation costs incurred by ISPs were presently small compared to the operating costs of the ISPs' internet access businesses, but were likely to increase. It was difficult to say by how much, however. Sixthly, the EU legislators had decided that it was economically more efficient to require intermediaries to take action to prevent infringements occurring using their services than it was to require rightholders to take action directly against infringers. Seventhly, the ISPs could either absorb the costs themselves or pass them on to their customers.

154. After weighing all of these matters together, the judge expressed his conclusion in these terms:

“253. My conclusion on the question of costs is that, assuming the same costs regime is applied as in the case of section 97A, the likely cost to the ISPs of implementing website blocking orders is an important factor in assessing the proportionality of the orders sought. I am not persuaded, however, that the implementation costs on their own lead to the conclusion that the orders should be refused.”

155. I now turn to the criticisms made by the ISPs about this aspect of the judgment. They form the next four attacks on the judge’s assessment.

No evidence web blocking would achieve any material benefit

156. Miss May submits that, although the judge described at [261] the “key question on proportionality” as being whether the benefits of blocking exceeded the costs, he completely ignored evidence of the target websites’ lack of popularity when making his assessment. In that regard Miss May points to the availability of global rankings, known as Alexa rankings, of the popularity of different websites as measured by the number of times each website is visited, with lower ranking numbers denoting greater popularity. Here, she continues, there was unchallenged evidence before the court that three of the target websites had very high global rankings while the remainder were not ranked at all. By contrast, applicants for website blocking orders under s.97A of the 1988 Act have focused on the most popular sites for infringing materials such as The Pirate Bay which had a United Kingdom ranking of 43 at the time a website blocking order was made against it.

157. I agree with Miss May that it is important that judges by whom such applications are heard consider very carefully the evidence before them as to the benefits that are likely to accrue from the order sought and that these benefits are weighed carefully against the costs that are likely to be incurred in implementing the order. But I reject the submission that the judge failed properly to carry out that exercise in this case. To the contrary, the ranking of the target websites was one of two points which the judge considered very powerful and which caused him considerable concern, as emerges clearly from the main judgment at [246] to [248]:

“246. In this connection, counsel for the ISPs made two powerful points. The first concerns the sheer number of websites which infringe trade marks. In the case of Richemont alone, it is Richemont’s own evidence that Richemont have identified approximately 239,000 potentially infringing websites of which approximately 46,000 websites have been confirmed as infringing and are waiting for enforcement action. These are huge numbers.

247. The second point concerns the Target Websites. On what basis were the Target Websites selected for the present application, as opposed to the thousands of other websites? Other than a statement that the Target Websites were identified

using Google searches, this question has not been directly answered in Richemont's evidence, even though it was raised by the ISPs' evidence. Nor is it at all easy to discern the basis on which the Target Websites were selected from the evidence that is before the Court. Unlike websites like TPB, none of them appears to be very popular. The most popular is cartierloveonline.com with a global Alexa ranking of 5,575,490. Two others have global rankings of 6,837,762 and 15,003,668, while the remainder have too little global traffic to be ranked. (None of the Target Websites has enough UK traffic for Alexa to calculate a UK ranking.) Nor is there anything about the nature of the infringements being committed by the Target Websites to distinguish them from many other infringing websites.

248. These two points cause me considerable concern. If the orders sought by Richemont on the present application are granted, then there is clearly the potential for Richemont to apply for a large number of similar orders. The same must be true of many other trade mark owners. The only constraints upon the trade mark owners will be the need to gather the requisite evidence, to bear the costs of the application and to bear the ongoing costs of monitoring the situation to provide updates to the ISPs. Those are real constraints, but it is difficult to predict the extent to which trade mark owners will be inhibited by them.”

158. Moreover, Mr Adrian Speck QC, who has appeared on these appeals with Mr Benet Brandreth on behalf of Richemont, submits and I accept that in assessing the benefits that are likely to accrue from making an order of this kind the judge must consider all of the evidence before the court, and that rankings, while undoubtedly important, may present a far from complete picture. In the context of this case, for example, the evidence also established that Richemont's brand names were famous and long standing; that these brands were a target of counterfeiters; that the operators of each of the target websites were offering and exposing for sale counterfeit copies of the products sold under just one of Richemont's brand names and that it was therefore hardly surprising that they had higher rankings (denoting that they were less frequently visited) than websites such as The Pirate Bay; that these activities and the activities of other counterfeiters cause significant damage to Richemont; and that the order sought would probably be highly effective.

159. Accordingly I do not accept the submission that the judge failed properly to consider the evidence concerning the popularity of the target websites. Furthermore the judge's assessment is not undermined by the approach he adopted to this issue.

ISPs not “best placed” to bring the infringing activities to an end

160. The ISPs next contend that in assessing the costs issue the judge placed undue reliance upon recital (59) of the Information Society Directive. It will be recalled that this says (with emphasis added):

“59. In the digital environment ... the services of intermediaries may increasingly be used by third parties for infringing activities. *In many cases such intermediaries are best placed to bring such infringing activities to an end.* Therefore, ... rightholders should have the possibility of applying for an injunction against an intermediary who carries a third party’s infringement of a protected work or other subject-matter in a network.”

161. In that regard the judge said this at [251]:

“251. Before expressing a conclusion on the question of costs, it is necessary to consider the economic dimension of the problem. Surprisingly, this was not something that was addressed by either side, whether in argument or evidence. As can be seen from recital (59) to the Information Society Directive, the economic logic of granting injunctions against intermediaries such as ISPs is that they are the “lowest cost avoiders” of infringement. That is to say, it is economically more efficient to require intermediaries to take action to prevent infringement occurring via their services than it is to require rightholders to take action directly against infringers. Whether that is correct as a matter of economics is not for me to judge. Nor is it for me to judge whether it is good policy in other ways. That judgement has already been made by the legislators when they adopted Article 8(3) of Information Society Directive and Article 11 of the Enforcement Directive, in return for the immunities from infringement claims and the exception from general monitoring granted to ISPs and others under Articles 12-15 of the E-Commerce Directive. ”

162. Miss May submits that the judge regarded this recital as expressing a policy decision that intermediaries are always best placed to prevent infringement. But, she continues, that is not what recital (59) says. An intermediary may be best placed to bring an infringing activity to an end, or it may not be. Moreover, the intermediary who was best placed here to deal with the infringements was the host of each target website and it was perverse of the judge to find otherwise.

163. I reject these submissions. The judge has made two points in this paragraph. First, the economic logic of granting injunctions against intermediaries, whether they be website hosts or ISPs, is that it is economically more efficient to require intermediaries to take action to prevent infringement occurring using their services than it is to require rightholders to take action directly against the infringers. Secondly, this judgment was made by the legislators when they adopted Article 8(3) of the Information Society Directive and Article 11 of the Enforcement Directive and in return conferred upon ISPs and other intermediaries the immunities from infringement claims and the exception from general monitoring set out in Articles 12 to 15 of the E-Commerce Directive. However, I do not understand the judge to be saying here that it will always be proportionate to make a blocking order directed to an intermediary; still less that it will always be proportionate to make an order directed to an ISP rather than another intermediary. The judge has instead identified

the legislative policy underlying Article 8(3) of the Information Society Directive and the third sentence of Article 11 of the Enforcement Directive and it seems to me that he has done so correctly. Indeed, in this case the judge gave his anxious consideration to whether the order sought was proportionate and in so doing he analysed, among many other matters, the availability of alternative measures, efficacy and costs.

164. As for the suggestion that it was perverse of the judge not to conclude that the hosts of the target websites were best placed to bring the infringements to an end, this was a matter which the judge considered in detail in assessing the alternative enforcement measures open to Richemont and I will consider it in that context.

Cost and complexity

165. It is convenient at this point to address four general criticisms made by the ISPs about the approach the judge adopted to the cost of implementing the order. They contend first, that he failed to consider cost and complexity as a freestanding issue; secondly, that although he properly took into account the cumulative costs the ISPs would incur in implementing all blocking orders made against them, he effectively held that these cumulative costs could never be unnecessarily costly or disproportionate; thirdly, he wrongly attached weight to an irrelevant consideration, namely that the ISPs could either absorb the costs or pass them on to their customers; and finally, that he failed to consider whether the order was unnecessarily costly relative to the benefits likely to be derived from blocking in each particular case.
166. As for the first of these criticisms, the judge had well in mind that the requirement imposed by Article 3(1) of the Enforcement Directive that remedies shall not be unnecessarily complicated or costly calls for a consideration not only of the cost and complexity of remedies to the rightholder but also to innocent third parties such as the ISPs and, as I have explained (at [120] above), he expressly cited the decision of the Court of Justice in *Scarlet*. Moreover, in applying those principles to the facts of the case, he found at [253] (cited at [154] above) that the implementation costs were not on their own a reason to refuse the order but were nevertheless an important factor to take into account in assessing proportionality. It is therefore clear that he did consider cost and complexity both as a freestanding issue and as a matter to take into account in the proportionality assessment.
167. As for the second criticism, the judge gave his anxious consideration to the cumulative costs the ISPs would have to bear and in that regard properly took into account, among other matters, that there had not been a flood of applications for blocking orders in relation to copyright infringement; that the costs incurred by the rightholders in gathering evidence, making the applications and monitoring the effects of the orders did impose a constraint upon them; and that the ISPs' estimates as to the costs of implementation they would have to bear in the future involved a considerable degree of speculation. I reject the suggestion that the judge effectively held that these cumulative costs could never be unnecessarily costly or disproportionate. To the contrary, I think it is clear from the judgment that this was a matter that the judge believed should be kept under review in future applications, and I entirely agree with him.
168. I must also deal at this point with an application by the ISPs dated 1 April 2016 for permission to adduce further evidence on this appeal. It consists of a short witness

statement of their solicitor, Mr Skrein, dated 31 March 2016 and is said to establish that the costs of implementation have been just as high as the ISPs feared they would be. I would refuse this application. In my judgment the evidence is far too general to have any real probative value.

169. Turning to the third criticism, I am satisfied this is not warranted. The judge properly considered the economic impact of website blocking orders upon the businesses of the ISPs and explained, rightly in my view, that they could either bear these costs themselves or pass them on to their subscribers in the form of higher subscription charges. This was a material consideration but the judge did not suggest that it carried any great weight, and rightly so, in my view.
170. I also reject the fourth criticism. The judge correctly identified the key question as being whether the likely costs burden on the ISPs was justified by the likely efficacy of the blocking order and the benefit it would confer on Richemont, having regard also to the alternative measures which were available and the substitutability of the target websites. His reasoning is, in my view, unassailable.

Cost of carrying on business and revenues as a benchmark

171. The ISPs contend that the judge wrongly imposed the costs burden of implementing the orders on the ISPs as a cost of their businesses; and that he also fell into error in comparing the implementation costs to the ISPs' overall turnover.
172. In this regard Miss May submits that treating the costs of implementation as a cost of the business involves circular reasoning for it assumes that which it sets out to prove. I disagree. I am satisfied that the judge was entitled to require the ISPs to bear the costs of implementing the orders for the reasons I have given at [142] to [150] above. This involves no circular reasoning at all.
173. I also reject the submission that the judge erred in considering the implementation costs in the context of the costs of the ISPs' overall businesses. The judge accepted that the implementation costs were relatively small; however, he went on to say that these costs were likely to increase but it was difficult to foresee by how much. In my judgment these considerations were relevant to the proportionality assessment for they provided some context for the judge's consideration of how onerous the order sought would be.

Failure to assess alternative measures

174. The ISPs contend that the judge failed properly to consider and take into account the alternative enforcement measures which were open to Richemont and which would have been at least as effective as a website blocking order but cheaper and easier to deploy.
175. The judge dealt with this issue from [197] to [217]. He gave full and careful consideration to the possibility of taking action against the operators, sending notice to the website hosts demanding that the target websites be taken down, asking the payment processors such as Visa to suspend the operators' merchant accounts, seizing the domain names of the target websites, sending notice to the search engine providers

such as Google requesting them to de-index the target websites, and customs seizure. Having done so, he expressed his conclusion at [217]:

“217. ... I am not persuaded that there are alternative measures open to Richemont which would be equally effective, but less burdensome, with the consequence that Richemont’s application should be refused on that ground alone. Nevertheless, I do accept that the availability of some of the measures discussed above is a factor to be taken into account in assessing the proportionality of the orders sought by Richemont.”

176. In light of the emphasis placed by the ISPs upon the possibility of giving notice to the website hosts demanding that the target websites be taken down (referred to as “notice and takedown”), I must explain how the judge dealt with it. The judge recorded at the outset that it was common ground that, in principle, this was the most effective means of removing offending websites from the internet; and that where a website is hosted by a reputable host it is usually possible for rightholders to get infringing websites taken down. Moreover, here the target websites all appeared to be hosted by reputable hosts which were mostly based in the EU or the USA. However, he continued, the problem with notice and takedown, which was borne out by the experience of the rightholders in dealing with infringements of copyright, was that, as soon as the website was taken down by one host, the almost invariable response of the operator was to move the website to a new host, and sooner or later to a host which did not respond to reasonable notice and takedown requests. The judge was also fully conscious of the burden that website blocking orders placed on the ISPs and he urged the parties to have constructive discussions about the way the necessary processes could be streamlined. He then concluded at [204]:

“204. Turning to the position of the rightholders, I accept that website blocking has advantages over notice-and-takedown. Accordingly, I am not persuaded that, overall, notice-and-takedown is an equally effective, but less onerous, measure. The key question, to my mind, is whether the benefits of website blocking, which accrue to the rightholders, justify the costs, and in particular the implementation costs which are imposed on the ISPs. This question is central to the assessment of proportionality.”

177. The ISPs contend that the judge was not entitled to come to this conclusion on the evidence before him and that he did not carry out a fair evaluation of the relative merits of the two measures. I reject these contentions. The judge’s conclusion was amply supported by the evidence before him and he was in my judgment entitled to find as he did that notice and takedown would be unlikely to achieve anything more than short-term disruption of the target websites. He recognised that website blocking orders impose compliance costs on the ISPs whereas notice and take down requests do not but rightly found that, for the rightholders, website blocking had advantages. The key question was therefore whether these benefits justified the costs burden imposed on the ISPs. That was a matter he considered in carrying out his overall proportionality assessment.

178. I am satisfied that the ISPs' criticisms of the judge's assessment of the other alternative measures are equally unmeritorious. In each case the judge made findings which were open to him on the evidence before him and in doing so he took proper account of the experience of the rightholders. The judge has made no error of principle and I am wholly unpersuaded it would be appropriate for this court now to interfere with the conclusions to which he came.

Efficacy

179. The judge had before him a considerable body of evidence concerning the efficacy of the website blocking orders made under s.97A of the 1988 Act and he considered it with great care. He concluded:

“236. Overall, the conclusion which I draw from the evidence is that, in the section 97A context, blocking of targeted websites has proved reasonably effective in reducing use of those websites in the UK. No doubt it is the casual, inexperienced or lazy users who stop visiting those websites, whereas the experienced and determined users circumvent the blocking measures; but that does not mean that it is not a worthwhile outcome.”

180. He then considered the likely efficacy of the blocking order sought in this case:

“237. Turning to the present case, how effective would the blocking measures sought by Richemont be in reducing use of the Target Websites by consumers in the UK? In my judgment there is no reason to believe that the blocking would be materially less effective in reducing UK traffic to the Target Websites than the blocking of the websites targeted by the section 97A orders. If anything, it is probable that it will be more effective. This is because the evidence suggests that users have little “brand loyalty” to websites like the Target Websites, whereas websites like TPB do have quite a loyal user base.”

181. There was a faint attempt by the ISPs to challenge these findings by referring us to a limited number of passages in the evidence. I did not find them helpful. The judge has made no error of principle in the way he has addressed this issue and I am wholly unpersuaded it would be appropriate to re-evaluate all of the evidence on this appeal.

Impact on privacy and data protection

182. The ISPs contend that the judge failed properly to consider the impact of the blocking measures embodied in the order upon the data protection and privacy rights of the ISPs' subscribers. In particular, they continue, the order requires four of the five ISPs to use deep-packet-inspection technology or proxy servers and both of these involve real-time monitoring and invasive analysis of all subscribers' communications. They argue that if the judge had properly weighed the impact of these measures on subscribers' rights in carrying out his proportionality assessment, he would have found that they were not justified.

183. I disagree. The judge considered the various blocking techniques in issue in the main judgment at [25]. As he explained, none of these involves detailed and invasive analysis of subscribers' communications of the kind which the ISPs describe. I am wholly unpersuaded that the judge has made any error in making these factual findings and in my judgment this criticism of the judge's approach to proportionality therefore falls away.

Costs of the action

184. The judge ordered the ISPs to pay the costs of the proceedings for the reasons he gave in the costs judgment. In view of the sums at stake, I must set out the judge's reasoning in some detail.
185. Richemont contended that the ISPs should pay the costs of the proceedings because they had not adopted a neutral stance but rather one of outright opposition, and had prepared and relied upon detailed evidence and instructed leading and junior counsel.
186. The ISPs contended that Richemont should bear the costs of the proceedings for four main reasons. First, this was a test case which was likely to be followed by others, and the law, both as to jurisdiction and as to the applicable principles, was unclear. The judge accepted these propositions but did not consider they justified a departure from the normal rule that the loser should pay the costs.
187. Secondly, the ISPs were not wrongdoers. The judge accepted this too but again considered that it did not justify a departure from the normal rule.
188. Thirdly, the ISPs had adopted an essentially neutral stance in the proceedings. The judge rejected this submission in these terms at [6]:

“6. ... That I simply do not accept. While the ISPs have professed neutrality, the reality is that their stance in relation to this application has been one of all-out opposition. To that end, they have served both factual and expert evidence, they have instructed leading and junior counsel, and they have resisted the application upon a multiplicity of grounds. The proof of the pudding is in the eating. The ISPs have served a costs schedule in support of their application, if successful in principle with regard to costs, for interim payment, which does not purport to be a comprehensive statement of their costs, but nevertheless runs to over £620,000. A neutral party does not spend over £620,000 opposing an application.”

189. Fourthly, this was not really an *inter partes* dispute. Richemont's real complaint was about the infringing activities of the website operators, but they were seeking a remedy against the ISPs. Accordingly, for the reasons explained by the House of Lords in *Norwich Pharmacal* and the Court of Appeal in *Totalise*, no order in respect of costs should be made against them. The judge considered this to be the ISPs' most important point but nonetheless rejected it for the reasons he gave at [9]:

“9. I accept the analogy so far as it goes, but, as it seems to me, it does not make any difference to the basic point that the

present jurisdiction is to be distinguished from the *Norwich Pharmacal* jurisdiction, whether one is referring to the *Norwich Pharmacal* disclosure jurisdiction or the equitable protective jurisdiction. Specifically, in the present case, these proceedings are not in any sense preparatory to proceedings against those wrongdoers, nor is there any realistic likelihood of Richemont being able to recover the costs of these proceedings against the ultimate wrongdoers.”

190. The judge then expressed his conclusion in these terms at [10]:

“10. Accordingly, I conclude that the correct order as to costs is the normal order in circumstances where an application has been made and unsuccessfully resisted, namely, that the unsuccessful party should pay the successful party’s costs. In the present case, for the reasons given at the outset of this judgement, those costs will be the costs from the service of the proceedings.”

191. Upon this appeal the ISPs advance what are in substance the same points all over again. Miss May submits that Richemont’s entitlement to relief was not clear; that the judge came to the conclusion he did only after some hesitation; that the order sought was likely to affect the legitimate interests of third parties; and that the ISPs were not in any way implicated in the wrongful activities of the operators of the target websites and were entitled to make submissions as to the approach the court should adopt in considering whether to make the order sought. Miss May also submits that the judge erred in failing to apply the principles explained by the House of Lords in *Norwich Pharmacal* and the Court of Appeal in *Totalise*.

192. I recognise that Richemont’s entitlement to relief was not clear. I also accept that the ISPs were entitled wholeheartedly to oppose the application as they did, and for that purpose to instruct solicitors and counsel and prepare and serve all of the evidence upon which they have relied. But these matters do not of themselves justify a departure from the rules about costs contained in CPR Part 44, including the general rule that the unsuccessful party will be ordered to pay the costs of the successful party. Nor do I accept that the orders sought were likely to affect the legitimate interests of third parties for the judge was concerned to ensure that the blocking did not adversely affect lawful users.

193. Accordingly the critical question, to my mind, is whether, as Miss May submits, applications of the kind with which we are here concerned should be treated in the same way as *Norwich Pharmacal* applications and that, in accordance with the guidance given by Lord Reid and Lord Cross on appeal to the House of Lords, the costs of the respondent ISPs should normally be paid by the applicant rightholders. Miss May accepts that there may be circumstances which require the making of a different order but she submits that they do not arise in a case such as this where it must be accepted, as I do, that there was a genuine doubt as to whether Richemont was entitled to the relief it sought.

194. In my judgment these submissions must be rejected for much the same reasons as those I have given at [142] to [150] above in addressing the ISPs’ contention that

Richemont should bear the costs of implementing the orders. In short, I do not accept that in making the order the court was invoking the *Norwich Pharmacal* jurisdiction. The order was made in the exercise of the court's equitable powers in light of Article 11 of the Enforcement Directive and, in contrast to *Norwich Pharmacal* orders, was not in any way preparatory to proceedings against the wrongdoers. Moreover, Article 11 of the Enforcement Directive and Article 8(3) of the Information Society Directive must be seen in the context of the whole legislative scheme of which they form a part, including the immunities conferred upon the ISPs by the E-Commerce Directive. Against that background and where, as here, the intermediaries adopted a far from neutral position, it was my judgment entirely appropriate for the judge to hold that the normal costs rules should apply.

The second order

195. The position of the ISPs in relation to the second order is no better than it is in relation to the first and I need say no more about it.

Overall conclusion

196. For all of the reasons I have given, I would dismiss these appeals.

Lord Justice Briggs:

197. Subject only to one point, I agree with both the analysis and conclusions of Kitchin LJ. Like him I wish to pay tribute to the comprehensively thorough description of the facts and issues provided by Arnold J.
198. My point of difference relates to the question who, as between the applicant rightsholder and the ISP, should undertake the burden (in terms of cost and expenses) of implementing the blocking order. In my judgment the cost burden attributable to the implementation of a particular blocking order should fall upon the rightsholder making the application for it. Since the costs in question are modest, and I am dissenting on this issue, I shall express my reasons in relatively summary form.
199. The starting point is that, as my Lord notes at paragraph 144, both the Enforcement Directive and the Information Society Directive provide that rightsholders "should have the possibility of applying for an injunction against an intermediary" who either carries a third party's infringement of a protected work in a network (in copyright cases) or whose services are being used by a third party to infringe the rightsholder's industrial property right (in relation to trademarks). In both cases it is then provided that the "conditions and modalities relating to such injunctions", or the "conditions and procedures relating to such injunctions" should be left to the national law of the Member States. Those two recitals sensibly contemplate that the courts of different Member States might already have the requisite injunction jurisdiction (with its attendant conditions, procedures and modalities) or might have to create one in order to comply with the Directives.
200. In the case of the UK, the courts of England and Wales had jurisdiction for the grant of injunctions conferred in the most general terms, now to be found in section 37(1) of the Senior Courts Act 1981, but in substance reflecting an originally unfettered jurisdiction exercised by the Court of Chancery on equitable principles. Well before

the end of the twentieth century those principles had been developed so as to include a general equitable duty upon a person who had innocently become mixed up in the wrongdoing of another, so as to facilitate that wrongdoing, to provide, upon reasonable request, assistance to the victim of the wrongdoing. It was identified in that way in the *Norwich Pharmacal* case by Lord Reid (in the passage cited by my Lord at paragraph 53 above), in relation to the duty to assist the victim of a tort. It was applied by the Court of Appeal in *Bankers Trust Co v Shapira* [1980] 1WLR 1274 so as to require a bank to disclose the state of its customer's account, notwithstanding its duty of confidentiality to its customer, in aid of victims of a tort seeking to trace, follow or otherwise recover property of theirs which had been misappropriated by the wrongdoers. As Lord Denning put it, at page 1282A:

“So here the Discount Bank incur no personal liability: but they got mixed up through no fault of their own, in the tortious wrongful acts of these two men: and they come under a duty to assist the Bankers Trust Co. of New York by giving them and the court full information and disclosing the identity of the wrongdoers. In this case the particular point is “full information”.”

201. *Bankers Trust* type orders are now regularly sought and obtained against banks in the pursuit of what may loosely be called proprietary or tracing claims, not merely in relation to tortious wrongdoing, but also breach of trust. The innocent bank requires a court order so as to excuse what would otherwise be a breach of its contractual duty of confidence to its customer, just as the ISP is entitled to have the court decide whether it should have to comply with a request from a rightsholder to block an internet site to which it provides access as part of its business.
202. This was therefore a well-established jurisdiction of these courts to grant relevant injunctions long before the coming into force of the relevant Directives. In both the *Bankers Trust* and *Norwich Pharmacal* types of case, a standard condition or ‘modality’ for the grant of an injunction requiring the relevant disclosure was that the cost reasonably incurred by the innocent respondent should be reimbursed by the applicant. In both the leading cases, this is treated as an obvious condition, and the reasons for it are not spelt out in detail, beyond the common feature of all such cases, namely that the respondent has not, in becoming mixed up in the relevant wrongdoing, incurred any personal liability to the applicant.
203. That reasoning is in my judgment entirely consistent with an underlying principle generally affecting those who owe equitable obligations, and applicable both to trustees and fiduciaries, namely that although the trustee or fiduciary may not charge remuneration for his services without a contract to that effect or other express right to do so, he is not expected to have to put his hand in his own pocket for the purpose of performing his duties: see e.g. *Snell's Equity* (33rd Ed) at paragraphs 7-030, 031, and *Re Beddoe* [1893] 1 Ch 547, at 558 per Lindley LJ. Although the trustee or fiduciary has no right of indemnity against a beneficiary personally for such expenses, he may generally exercise a lien for his expenses on any trust property within his control.
204. The performance of the equitable duty recognised in the *Norwich Pharmacal* and *Bankers Trust* cases typically will not enable the person under the equitable duty to exercise a lien, because it will have no custody of the relevant property, if any. But

the court has been able to ensure full indemnification by making that a condition of the injunction for which the victim applies.

205. Like both the judge and my Lord, I consider that the reason why the courts of England and Wales have jurisdiction to make blocking orders of the relevant type is that they are indeed a natural development of the court's enforcement of the equitable duty to assist so that, in the context of trade marks, the government was right to conclude that no specific legislation for that purpose was required. In my view, the courts could and probably would have developed this jurisdiction regardless of the requirement in the two Directives that it be made available as specified. It was a jurisdiction with existing well-recognised conditions or modalities, one of which was that the victim indemnify the innocent party for its cost of complying with the court's order.
206. I have not been persuaded that any of my Lord's reasons for doing so justify a departure from this condition or modality. On the contrary, it seems to me to be well justified by the typical facts of a blocking order case. The starting point in my judgment is that the applicant is taking steps to maximise the exploitation of a property right, in this case a trademark, and in the earlier cases copyright. In circumstances where valuable intangible rights of this kind need to be protected from abuse by others, I regard it as a natural incident of a business which consists of, or includes, the exploitation of such rights, to incur cost in their protection, to the extent that it cannot be reimbursed by appropriate orders against wrongdoers.
207. It is suggested that, to the contrary, the cost of complying from time to time with internet blocking orders should be regarded as an incidental cost of carrying on a business of an ISP. The same might have been said of the conduct of banking business by the numerous banks which are regularly subjected to *Bankers Trust* type orders but that has never, so far as I am aware, been suggested. Nonetheless I would accept that the capital cost to an ISP in designing and installing software which would enable it to comply promptly with an internet blocking order when sought and obtained from a court of competent jurisdiction is a cost of carrying on the business of an ISP within jurisdictions where the power to grant such an injunction exists. In the present case the ISPs sought to add to the specifically identifiable costs of complying with particular blocking orders a *pro rata* proportion of the cost incurred in designing and installing the requisite software. I would not allow that capital cost to be included within the recoverable costs and expenses of compliance with particular orders, mainly for that reason. The ISP must, as a condition of carrying on its business, be equipped to comply promptly with a blocking order, once made. I would also regard it as virtually impossible to identify an appropriate apportionment of the capital cost among applicants which thereafter apply for internet blocking orders, since the number of such orders will necessarily remain uncertain until the moment before any particular software programme is about to be replaced by a successor.
208. I acknowledge that a careful reading of the *L'Oréal SA v eBay* case and the *UPC v Constantin* case may suggest that the Court of Justice may have assumed that the conditions or modalities for the grant of such injunctions in the Member States concerned may have left the intermediary to bear the costs of implementation. That may have been a correct assumption in the Member States concerned but it would have been an incorrect assumption in relation to the established jurisdiction of the courts of England and Wales, of which the blocking order is in my view a natural development. It does not seem to me that, contrary to the relevant recitals in both

Directives, the Court was intending to lay down any rule of general application within the EU that the intermediary should bear the costs of intervention, even if the courts of some Member States might do so.

209. My Lords are supported in their view that the cost of implementing internet blocking orders may be viewed differently from *Norwich Pharmacal* and *Bankers Trust* type orders because both those home-grown types are usually followed by proceedings against the wrongdoers, in which they can be made to refund the victim for having paid the implementation costs of the innocent intermediary, whereas there is little prospect of such recovery after an internet blocking order. I accept that there is little prospect of recovery, but this is often the case in relation to proprietary tracing claims, backed by a *Bankers Trust* order. The cost of implementation is payable by the applicant regardless of prospective views about the outcome of later proceedings, in terms of recovery of implementation costs. The order frequently reveals an asset trail, and sometimes facilitates recovery of assets or their proceeds, without identifying a potential defendant worth powder and shot.
210. Nor am I persuaded that to recognise and apply the established principle that compliance by an innocent party with an equitable duty to assist the victim of a wrongdoing should generally be at the victim's expense would, in relation to blocking orders in connection with trademarks, give rise to a conflict with any established principle in relation to blocking orders to protect copyright. It is only in this appeal (and only on appeal, in any depth) that this issue has been raised for argument. Had I not been dissenting, I acknowledge that the question whether a general rule that the victim must pay the intermediary's costs of implementation would give rise to a need to reconsider the copyright cases. It may be that there are significant distinctions between the two types, not least because, but for the specific immunity conferred by the European legislation, the ISP would have been liable for breach of copyright, but would probably not, regardless of immunity, have been liable for trademark infringement.
211. So, I would have allowed this appeal to the extent of imposing upon the applicant for a trademark blocking order the specific cost incurred by the respondent ISP in complying with that order, but not the cost of designing and installing the software with which to do so whenever ordered. It is, according to the evidence, a modest cost but one which in principle the rightsholder ought to defray as the price of obtaining valuable injunctive relief for the better exploitation of its intellectual property. I consider that, while there may be exceptional cases justifying a different order, the judge was wrong in principle in concluding that the ISP ought usually to pay the costs of implementation.
212. That conclusion would have fortified the view already reached by my Lords (with which I agree) that the proportionality test was satisfied in relation to these orders. It might have had some modest consequence in relation to the costs of the action and of this appeal but, since I am dissenting on this point, I need consider those issues no further.

Lord Justice Jackson:

213. In my view these appeals should be dismissed for the reasons given by Kitchin LJ.

214. On the issue which divides my Lords, I consider that the ISPs should bear the implementation costs, essentially for the reasons stated by Kitchin LJ at paragraphs 132 to 150 of his judgment. Those costs are relatively modest. They are part of the price which the ISPs must pay for the immunities which they enjoy under the two Directives.