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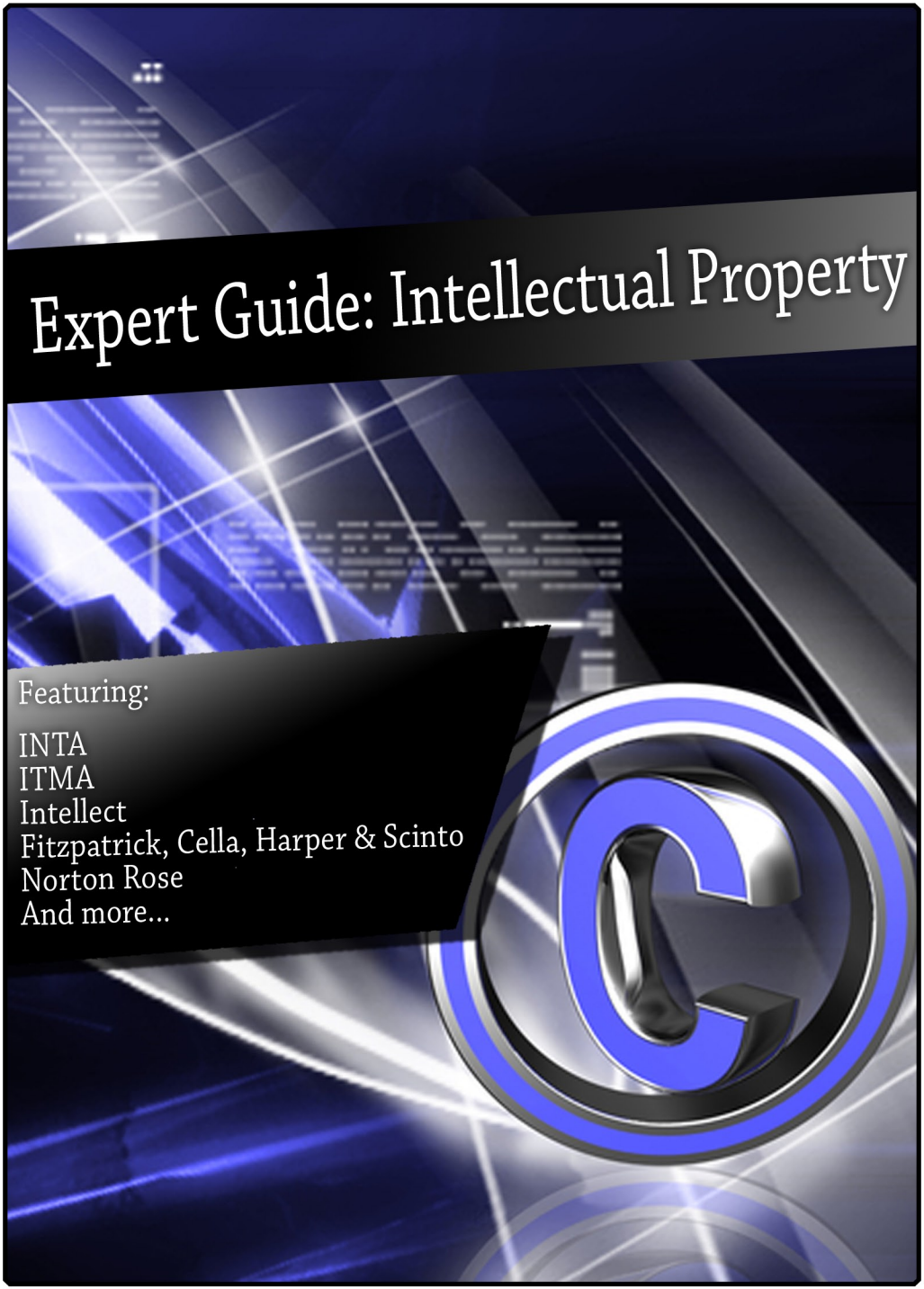

Copyright across borders

By Sarah Byrt and Daniel Hart

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Three recent cases – on Darth Vader, digital rights and databases respectively – all shed light on where you can sue for intellectual property infringement and how you can enforce your rights to get an effective remedy. Each relates to the media sector but raises issues which are of interest to all business which regard IP rights as important assets.

The Star Wars case – UK claims for overseas infringements

The litigation between George Lucas' company, Lucasfilm, and Andrew Ainsworth, who helped create the Stormtrooper helmets used in Star Wars, went all the way up to the Supreme Court in England and hit the headlines. Lucasfilm had obtained a Californian default judgment for $20 million against Mr Ainsworth for his sales of replica helmets from a UK website, but could not enforce that judgment because Mr Ainsworth had not set foot in the US.

The English courts said that merely operating a website targeting US customers was not enough, for enforcement purposes, to show that he was subject to the jurisdiction of the US courts. So Lucasfilm pursued a fresh claim in the UK for infringement of US copyright, arguing that the English courts could and should hear that claim instead. (Its UK copyright claim failed because of the way in which UK law denies copyright protection to many 3D products.)

EU rules govern the question of where an EU defendant may be sued within the EU. Lucasfilm sued Mr Ainsworth in his home country, the UK – an approach which is usually permissible[1] except in limited circumstances. Since the case concerned copyright, an unregistered IP right, the international rules did not require it to be heard in the country of registration.

So the Supreme Court decided that the English courts could and should[2] hear the claim, despite the fact that it was for US copyright infringement, simply because Mr Ainsworth was domiciled in England - thereby providing Lucasfilm with effective recourse against Mr Ainsworth in respect of his US activities. (The same principles would not apply to registered rights such as patents, where claims very often involve arguments about the validity of the registered right and might have to be brought in the country of registration.)

Mr Ainsworth had only sold $8,000-$30,000 worth of replica helmets in the US. Assuming that the English courts applied their domestic rules on quantification of damage (albeit within US "heads of loss")[3], one might expect a much smaller award than that made in California.

In most non-contractual claims going forward however, the foreign law governing the claim will apply to the quantification exercise too, according to the new Rome II Regulation[4]. Although this might raise the spectre of US-style damages awards, public policy and other arguments could still be deployed as against any "non-compensatory" element[5].

Newzbin – taking action against ISPs when the infringer moves its servers offshore

In 2010, various film studios successfully took action against the operators of the Newzbin site, which had facilitated and encouraged the downloading of pirate copies of movies. After that first case, the original site and company closed down and a "Newzbin 2" site started up with servers in the Seychelles.

Some of the legal arguments relied on in the original case could still have been used against an offshore operation. Specifically, Newzbin 1 had been found to "authorise" copyright infringement by individual users who were downloading films and English case law establishes that infringement by authorising can take place even where the authoriser is offshore. However, the movie industry faced significant difficulties in enforcing against the shadowy figures behind Newzbin (who adopted "Reservoir Dogs" style nicknames such as "Mr White").

In the first case of its kind, the film studios successfully used a provision of English copyright law derived from EU legislation to take action against the UK's largest internet service provider, British Telecom. BT was found to have sufficient knowledge, in general terms, of the use of the Newzbin 2 site to infringe copyright and has been ordered to block access to the site (although "Mr White" and his friends claim that they can circumvent the blocking technology).

Football Dataco – where is UK database right infringed?

The third case relates to the use of data about English Premier League football matches and is en route to the Court of Justice of the EU ("CJ"). Football Dataco is the Premier League-owned company used to sell match data, such as who scored when, and how many red cards have been given.

> *"the film studios successfully used a provision of English copyright law derived from EU legislation to take action against the UK's largest internet service provider"*

It believes that the data is being taken without its authority by Sportradar, a Swiss-owned German company with servers in Germany and Austria (and a back-up server in Holland). Sportradar is apparently supplying the data to UK-based betting sites – but Football Dataco does not want to sue those websites because they are also its customers.m Football Dataco therefore sued Sportradar in England for copyright and database right infringement. Subsequently, Sportradar sued in Germany seeking negative declarations.

The English Court of Appeal held that the data did not benefit from copyright protection, so Football Dataco's copyright claim failed.

However, the data can be protected by database right (created by EU harmonising legislation to protect database contents where these have been put together using substantial investment). Football Dataco made two "database right" claims: first, that Sportradar directly infringed such rights by transmitting the data; second, that Sportradar was joint-tortfeasor with those UK entities accessing it.

Unlike in the Star Wars case, the defendants were not domiciled in the UK. However, tortious claims against German/Swiss defendants may instead be brought in the country in which the harmful event occurred6.

Data was allegedly being sent from the German and Austrian servers to UK-based websites and then being used by UK punters. Thus, an issue arose in the "direct infringement" claim as to whether the act of sending the data was an act of "extraction" or "utilisation" (the ways in which database right is infringed), and where that act occurred.

Did it occur in Germany/Austria/Holland via the hosting of the data (the "emission theory"), or also in England where it was accessed (the "transmission theory")? The Court of Appeal considered that these issues were unclear and referred appropriate questions to the CJ.

In the "joint-tortfeasor" claim, by contrast, the harmful event clearly occurred in England. However, a jurisdictional complication remained.

Sportradar argued that the English claim, as originally formulated, did not properly identify any cause of action justiciable in the English courts.

Accordingly, it asserted that the German courts were "first seised"7 of the relevant "causes of action", and that thus the English courts had to decline jurisdiction8. The Court of Appeal disagreed.

It applied a wide interpretation of the term "cause of action", and ruled that the English courts were "first seised" of a claim for database infringement. Further, the "joint-tortfeasor" element of that claim could proceed forthwith since it was not dependent on the questions referred to the CJ.

The CJ's answers will affect where "direct infringement" claims may be commenced in future. If infringement also occurs in an EU country other than that of the defendant's domicile, a claimant may have the luxury of picking its preferred forum.

1 - Article 2 of the Brussels I Regulation.
2 - See Owusu v Jackson (t/a Villa Holidays Bal Inn Villas) (Case C-281/02) [2005] E.C.R. I-1383.
3 - Section 14(3) of the Private International Law (Miscellaneous Provisions) Act 1995, and Boys v Chaplin [1971] A.C. 356 and Harding v Wealands [2006] UKHL 32.
4 - Article 15(c) of the Rome II Regulation (to be contrasted with Article 12(1)(c) of the Rome I Regulation in relation to contractual claims).
5 - Article 26 of the Rome II Regulation; see also Articles 1(3) and 16 and Recital (32), and also the Protection of Trading Interests Act 1980.
6 - Article 5(3) of the Brussels I Regulation and Lugano Conventions
7 - Article 30 of the Brussels I Regulation
8 - Article 27 of the Brussels I Regulation

Sarah Byrt, is a partner in the London office of Mayer Brown has more than two decades of experience in intellectual property and information technology law.

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