

SYMPOSIUM ON THE JUDICIAL PROTECTION OF COPYRIGHTS ON THE INTERNET

SHANGHAI, 28-29 April 2009

Presentation by Martin Howe QC

Evidence and Case Handling (1)

Personal: Martin Howe is a Queen's Counsel (senior advocate) practising in London in the field of copyright and other intellectual property law. He is experienced in cases dealing with the infringement of intellectual property rights on the internet and the remedies and procedures for enforcement of those rights.

Remedies in the courts of different European countries

Remedies and procedures differ greatly between the courts of different European countries, because of very different histories of the legal systems. There is a very big historical divide between "common law" systems (England, Ireland, Malta and Cyprus) and the other systems based on Roman law. Generally, the procedure of common law courts makes greater use of oral appearances by advocates and witnesses giving evidence. Roman law courts make greater use of written submissions and evidence in writing.

Despite these historical differences, in the field of intellectual property it is increasingly recognised that the objectives to be pursued are similar in all countries. Enforcement of intellectual property rights should be effective and fair. This means that similar basic procedures should be made available in all countries, even if the details of these procedures

may be different.

The international treaty framework binding on European states requires the adoption of minimum standards. First, European states are parties to the TRIPs Agreement. Articles 41 to 50 and 61 of TRIPs (see Appendix 1) lay down minimum standards for civil, administrative and criminal enforcement of IP rights.

For the European Union countries, those Articles of TRIPs have been supplemented by European Union Directive 2004/48/EC on the enforcement of intellectual property rights (Appendix 2). It can be seen that the Directive generally follows the TRIPs Articles but lays down greater detail. Some procedures which are optional under TRIPs are made compulsory on European Union countries by the Directive.

Special problems on the internet

The internet poses special problems for the enforcement of IP rights. These problems are:-

1. *International nature of infringement problems:* for example, a website hosted on a server in one country makes infringing copies of copyright works available to people in a second country, but be controlled by an individual in a third country. The copyright owner enforcing the rights may come from a fourth country.

2. *Difficulty of identifying individuals responsible for infringing activities:* The nature of the internet makes it easy for individuals behind a website to hide their identities.

3. *Position of ISPs and other intermediaries and service providers:* These difficulties mean that it may be necessary to involve Internet Service Providers (ISPs) and other intermediaries and service providers in legal proceedings. But the internet could not function if intermediaries were automatically liable for all activities taking place using their services, so the law must find a balance between the protection of IP right holders and the protection of intermediary service providers.

Case study: examples of enforcement

It may be helpful to look at some real court orders made in real cases which involve these problems (the names and some details have been altered to hide the identity of the parties). Although the details of procedures will be different in the courts of different countries, the same problems need to be tackled.

The first case concerned an unknown individual who was 'hacking' into the claimant's subscription-only website, downloading copyright works (photographs) and then posting the photographs on other websites on the internet. Appendix 3 contains the first order made by the court, which ordered an ISP to disclose the identity of its customer who had been logged as using two IP addresses to carry out the hacking (see paragraph 3 of order).

The name of the infringer was then unknown, so the defendant is named as "John Doe" (a fictional name used in English legal procedure) and then identified by the acts he is alleged to have performed.

The ISP (described as "the non-party Respondent") was required in

paragraph 1 of the order to disclose the identity of the Defendant who had used the IP numbers. But note that the Claimant was required to pay the ISP's costs of complying with the order (see paragraph 3). The Claimant would normally expect to recover those costs from the Defendant at a later stage of the action (see paragraph 4).

Following the service of the order on the ISP, the Defendant was identified and the Court then made an order providing for searching of the premises of the Defendant for evidence.

The second example order (Appendix 4) was made in a case with multiple parties in different countries. Although it concerns a domain name adopted in infringement of a trade mark and not copyright, the provisions allowing service of the court order via email and out of the jurisdiction (in Canada) are similar to those which would be in a copyright infringement order.

It can be seen that an order was made against Nominet UK, the body responsible for allocating co.uk domain names. Although not an infringer, it was ordered not to permit the transfer of the domain name tag. Claimant had to pay its costs and those of the ISP (see paragraph 2 of the undertakings at the end).

A third example case is an order made against an ISP which requires it to preserve the data contained in email mailbox and to disclose it to the claimant. I can provide a copy of this order if it is of interest.

Legal position of internet service providers

ISPs are protected in the European Union by the "E-Commerce Directive"

2003/31. Article 14 protects ISPs from liability if they host material for a customer if it “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”.

Article 15(2) states that Member States may establish obligations to communicate to competent authorities information which identifies the users of their services.

The European Court in Case C-275/06 *Promusicae v. Telefonica de Espana* (29 Jan 2008) decided that Member States are entitled to require ISPs to provide identity information in civil proceedings but need not do so. I believe that most European States do allow their courts to make orders for disclosure of this information against ISPs, and Article 8(1)(c) of the IP Enforcement Directive (see Appendix 2) seems to require this. This kind of order has been available in England for many years where the courts have jurisdiction to make orders to preserve infringing goods or obtain evidence against innocent parties who are involved in facilitating wrongful acts.

Damages and financial remedies

In many internet cases, damages and financial remedies are theoretical because the defendant does not have traceable assets against which an order for payment can be enforced.

But where it can be enforced, the remedies are:-

(1) payment of actual loss suffered, if the claimant can prove that the defendant's activities have caused loss of sales of legitimate copyright

works;

(2) payment of a royalty for the use made of the copyright, where such direct evidence of damage is not available;

(3) payment of the profits made by the infringer, as an alternative.

These remedies are specified in Article 45 of TRIPs and Article 13(1) of the IP Enforcement Directive.

APPENDIX 1: TRIPS

AGREEMENT ON TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS

Articles 41 to 50 and 61

PART III

ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS

SECTION 1: GENERAL OBLIGATIONS

Article 41

1. Members shall ensure that enforcement procedures as specified in this Part are available under their law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements. These procedures 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.

2. Procedures concerning the enforcement of intellectual property rights shall be fair and equitable. They shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.

3. Decisions on the merits of a case shall preferably be in writing and reasoned. They shall be made available at least to the parties to the

proceeding without undue delay. Decisions on the merits of a case shall be based only on evidence in respect of which parties were offered the opportunity to be heard.

4. Parties to a proceeding shall have an opportunity for review by a judicial authority of final administrative decisions and, subject to jurisdictional provisions in a Member's law concerning the importance of a case, of at least the legal aspects of initial judicial decisions on the merits of a case. However, there shall be no obligation to provide an opportunity for review of acquittals in criminal cases.

5. It is understood that this Part does not create any obligation to put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of law in general, nor does it affect the capacity of Members to enforce their law in general. Nothing in this Part creates any obligation with respect to the distribution of resources as between enforcement of intellectual property rights and the enforcement of law in general.

SECTION 2: CIVIL AND ADMINISTRATIVE PROCEDURES AND REMEDIES

Article 42

Fair and Equitable Procedures

Members shall make available to right holders [For the purpose of this Part, the term "right holder" includes federations and associations having legal standing to assert such rights] civil judicial procedures concerning the enforcement of any intellectual property right covered by

this Agreement. Defendants shall have the right to written notice which is timely and contains sufficient detail, including the basis of the claims. Parties shall be allowed to be represented by independent legal counsel, and procedures shall not impose overly burdensome requirements concerning mandatory personal appearances. All parties to such procedures shall be duly entitled to substantiate their claims and to present all relevant evidence. The procedure shall provide a means to identify and protect confidential information, unless this would be contrary to existing constitutional requirements.

Article 43

Evidence

1. The judicial authorities shall have the authority, where a party has presented reasonably available evidence sufficient to support its claims and has specified evidence relevant to substantiation of its claims which lies in the control of the opposing party, to order that this evidence be produced by the opposing party, subject in appropriate cases to conditions which ensure the protection of confidential information.

2. In cases in which a party to a proceeding voluntarily and without good reason refuses access to, or otherwise does not provide necessary information within a reasonable period, or significantly impedes a procedure relating to an enforcement action, a Member may accord judicial authorities the authority to make preliminary and final determinations, affirmative or negative, on the basis of the information presented to them, including the complaint or the allegation presented

by the party adversely affected by the denial of access to information, subject to providing the parties an opportunity to be heard on the allegations or evidence.

Article 44

Injunctions

1. The judicial authorities shall have the authority to order a party to desist from an infringement, *inter alia* to prevent the entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of an intellectual property right, immediately after customs clearance of such goods. Members are not obliged to accord such authority in respect of protected subject matter acquired or ordered by a person prior to knowing or having reasonable grounds to know that dealing in such subject matter would entail the infringement of an intellectual property right.

2. Notwithstanding the other provisions of this Part and provided that the provisions of Part II specifically addressing use by governments, or by third parties authorized by a government, without the authorization of the right holder are complied with, Members may limit the remedies available against such use to payment of remuneration in accordance with subparagraph (h) of Article 31. In other cases, the remedies under this Part shall apply or, where these remedies are inconsistent with a Member's law, declaratory judgments and adequate compensation shall be available.

Article 45

Damages

1. The judicial authorities shall have the authority to order the infringer to pay the right holder damages adequate to compensate for the injury the right holder has suffered because of an infringement of that person's intellectual property right by an infringer who knowingly, or with reasonable grounds to know, engaged in infringing activity.

2. The judicial authorities shall also have the authority to order the infringer to pay the right holder expenses, which may include appropriate attorney's fees. In appropriate cases, Members may authorize the judicial authorities to order recovery of profits and/or payment of pre-established damages even where the infringer did not knowingly, or with reasonable grounds to know, engage in infringing activity.

Article 46

Other Remedies

In order to create an effective deterrent to infringement, the judicial authorities shall have the authority to order that goods that they have found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder, or, unless this would be contrary to existing constitutional requirements, destroyed. The judicial authorities shall also have the authority to order that materials and implements the

predominant use of which has been in the creation of the infringing goods be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to minimize the risks of further infringements. In considering such requests, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account. In regard to counterfeit trademark goods, the simple removal of the trademark unlawfully affixed shall not be sufficient, other than in exceptional cases, to permit release of the goods into the channels of commerce.

Article 47

Right of Information

Members may provide that the judicial authorities shall have the authority, unless this would be out of proportion to the seriousness of the infringement, to order the infringer to inform the right holder of the identity of third persons involved in the production and distribution of the infringing goods or services and of their channels of distribution.

Article 48

Indemnification of the Defendant

1. The judicial authorities shall have the authority to order a party at whose request measures were taken and who has abused enforcement procedures to provide to a party wrongfully enjoined or restrained

adequate compensation for the injury suffered because of such abuse. The judicial authorities shall also have the authority to order the applicant to pay the defendant expenses, which may include appropriate attorney's fees.

2. In respect of the administration of any law pertaining to the protection or enforcement of intellectual property rights, Members shall only exempt both public authorities and officials from liability to appropriate remedial measures where actions are taken or intended in good faith in the course of the administration of that law.

Article 49

Administrative Procedures

To the extent that any civil remedy can be ordered as a result of administrative procedures on the merits of a case, such procedures shall conform to principles equivalent in substance to those set forth in this Section.

SECTION 3: PROVISIONAL MEASURES

Article 50

1. The judicial authorities shall have the authority to order prompt and effective provisional measures:

(a) to prevent an infringement of any intellectual property right from occurring, and in particular to prevent the entry into the channels of

commerce in their jurisdiction of goods, including imported goods immediately after customs clearance;

(b) to preserve relevant evidence in regard to the alleged infringement.

2. The judicial authorities shall have the authority to adopt provisional measures *inaudita altera parte* where appropriate, in particular where any delay is likely to cause irreparable harm to the right holder, or where there is a demonstrable risk of evidence being destroyed.

3. The judicial authorities shall have the authority to require the applicant to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the applicant is the right holder and that the applicant's right is being infringed or that such infringement is imminent, and to order the applicant to provide a security or equivalent assurance sufficient to protect the defendant and to prevent abuse.

4. Where provisional measures have been adopted *inaudita altera parte*, the parties affected shall be given notice, without delay after the execution of the measures at the latest. A review, including a right to be heard, shall take place upon request of the defendant with a view to deciding, within a reasonable period after the notification of the measures, whether these measures shall be modified, revoked or confirmed.

5. The applicant may be required to supply other information necessary for the identification of the goods concerned by the authority that will execute the provisional measures.

6. Without prejudice to paragraph 4, provisional measures taken on the basis of paragraphs 1 and 2 shall, upon request by the defendant, be revoked or otherwise cease to have effect, if proceedings leading to a decision on the merits of the case are not initiated within a reasonable period, to be determined by the judicial authority ordering the measures where a Member's law so permits or, in the absence of such a determination, not to exceed 20 working days or 31 calendar days, whichever is the longer.

7. Where the provisional measures are revoked or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have the authority to order the applicant, upon request of the defendant, to provide the defendant appropriate compensation for any injury caused by these measures.

8. To the extent that any provisional measure can be ordered as a result of administrative procedures, such procedures shall conform to principles equivalent in substance to those set forth in this Section.

SECTION 5: CRIMINAL PROCEDURES

Article 61

Members shall provide for criminal procedures and penalties to be applied at least in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale. Remedies available shall include

imprisonment and/or monetary fines sufficient to provide a deterrent, consistently with the level of penalties applied for crimes of a corresponding gravity. In appropriate cases, remedies available shall also include the seizure, forfeiture and destruction of the infringing goods and of any materials and implements the predominant use of which has been in the commission of the offence. Members may provide for criminal procedures and penalties to be applied in other cases of infringement of intellectual property rights, in particular where they are committed wilfully and on a commercial scale.

APPENDIX 2: IP ENFORCEMENT DIRECTIVE (EXTRACTS)

Directive 2004/48/EC of the European Parliament and of the Council on the enforcement of intellectual property rights

CHAPTER II

MEASURES, PROCEDURES AND REMEDIES

Section 1

General provisions

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 4

Persons entitled to apply for the application of the measures, procedures and remedies

Member States shall recognise as persons entitled to seek application of the measures, procedures and remedies referred to in this chapter:

- (a) the holders of intellectual property rights, in accordance with the provisions of the applicable law;
- (b) all other persons authorised to use those rights, in particular licensees, in so far as permitted by and in accordance with the provisions of the applicable law;
- (c) intellectual property collective rights-management bodies which are regularly recognised as having a right to represent holders of intellectual property rights, in so far as permitted by and in accordance with the provisions of the applicable law;
- (d) professional defence bodies which are regularly recognised as having a right to represent holders of intellectual property rights, in so far as permitted by and in accordance with the provisions of the applicable law.

Article 5

Presumption of authorship or ownership

For the purposes of applying the measures, procedures and remedies provided for in this Directive,

- (a) for the author of a literary or artistic work, in the absence of proof to the contrary, to be regarded as such, and consequently to be entitled to

institute infringement proceedings, it shall be sufficient for his/her name to appear on the work in the usual manner;

(b) the provision under (a) shall apply mutatis mutandis to the holders of rights related to copyright with regard to their protected subject matter.

Section 2

Evidence

Article 6

Evidence

1. Member States shall ensure that, on application by a party which has presented reasonably available evidence sufficient to support its claims, and has, in substantiating those claims, specified evidence which lies in the control of the opposing party, the competent judicial authorities may order that such evidence be presented by the opposing party, subject to the protection of confidential information. For the purposes of this paragraph, Member States may provide that a reasonable sample of a substantial number of copies of a work or any other protected object be considered by the competent judicial authorities to constitute reasonable evidence.

2. Under the same conditions, in the case of an infringement committed on a commercial scale Member States shall take such measures as are necessary to enable the competent judicial authorities to order, where appropriate, on application by a party, the communication of banking,

financial or commercial documents under the control of the opposing party, subject to the protection of confidential information.

Article 7

Measures for preserving evidence

1. Member States shall ensure that, even before the commencement of proceedings on the merits of the case, the competent judicial authorities may, on application by a party who has presented reasonably available evidence to support his/her claims that his/her intellectual property right has been infringed or is about to be infringed, order prompt and effective provisional measures to preserve relevant evidence in respect of the alleged infringement, subject to the protection of confidential information. Such measures may include the detailed description, with or without the taking of samples, or the physical seizure of the infringing goods, and, in appropriate cases, the materials and implements used in the production and/or distribution of these goods and the documents relating thereto. Those measures shall be taken, if necessary without the other party having been heard, in particular where any delay is likely to cause irreparable harm to the rightholder or where there is a demonstrable risk of evidence being destroyed.

Where measures to preserve evidence are adopted without the other party having been heard, the parties affected shall be given notice, without delay after the execution of the measures at the latest. A review, including a right to be heard, shall take place upon request of the parties affected with a view to deciding, within a reasonable period after the notification of the measures, whether the measures shall be modified,

revoked or confirmed.

2. Member States shall ensure that the measures to preserve evidence may be subject to the lodging by the applicant of adequate security or an equivalent assurance intended to ensure compensation for any prejudice suffered by the defendant as provided for in paragraph 4.

3. Member States shall ensure that the measures to preserve evidence are revoked or otherwise cease to have effect, upon request of the defendant, without prejudice to the damages which may be claimed, if the applicant does not institute, within a reasonable period, proceedings leading to a decision on the merits of the case before the competent judicial authority, the period to be determined by the judicial authority ordering the measures where the law of a Member State so permits or, in the absence of such determination, within a period not exceeding 20 working days or 31 calendar days, whichever is the longer.

4. Where the measures to preserve evidence are revoked, or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have the authority to order the applicant, upon request of the defendant, to provide the defendant appropriate compensation for any injury caused by those measures.

5. Member States may take measures to protect witnesses' identity.

Section 3

Right of information

Article 8

Right of information

1. Member States shall ensure that, in the context of proceedings concerning an infringement of an intellectual property right and in response to a justified and proportionate request of the claimant, the competent judicial authorities may order that information on the origin and distribution networks of the goods or services which infringe an intellectual property right be provided by the infringer and/or any other person who:

(a) was found in possession of the infringing goods on a commercial scale;

(b) was found to be using the infringing services on a commercial scale;

(c) was found to be providing on a commercial scale services used in infringing activities;

or

(d) was indicated by the person referred to in point (a), (b) or (c) as being involved in the production, manufacture or distribution of the goods or the provision of the services.

2. The information referred to in paragraph 1 shall, as appropriate, comprise:

(a) the names and addresses of the producers, manufacturers,

distributors, suppliers and other previous holders of the goods or services, as well as the intended wholesalers and retailers;

(b) information on the quantities produced, manufactured, delivered, received or ordered, as well as the price obtained for the goods or services in question.

3. Paragraphs 1 and 2 shall apply without prejudice to other statutory provisions which:

(a) grant the rightholder rights to receive fuller information;

(b) govern the use in civil or criminal proceedings of the information communicated pursuant to this Article;

(c) govern responsibility for misuse of the right of information;

or

(d) afford an opportunity for refusing to provide information which would force the person referred to in paragraph 1 to admit to his/her own participation or that of his/her close relatives in an infringement of an intellectual property right;

or

(e) govern the protection of confidentiality of information sources or the processing of personal data.

Section 4

Provisional and precautionary measures

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;

(b) order the seizure or delivery up of the goods suspected of infringing an intellectual property right so as to prevent their entry into or movement within the channels of commerce.

2. In the case of an infringement committed on a commercial scale, the Member States shall ensure that, if the injured party demonstrates circumstances likely to endanger the recovery of damages, the judicial authorities may order the precautionary seizure of the movable and immovable property of the alleged infringer, including the blocking of

his/her bank accounts and other assets. To that end, the competent authorities may order the communication of bank, financial or commercial documents, or appropriate access to the relevant information.

3. The judicial authorities shall, in respect of the measures referred to in paragraphs 1 and 2, have the authority to require the applicant to provide any reasonably available evidence in order to satisfy themselves with a sufficient degree of certainty that the applicant is the rightholder and that the applicant's right is being infringed, or that such infringement is imminent.

4. Member States shall ensure that the provisional measures referred to in paragraphs 1 and 2 may, in appropriate cases, be taken without the defendant having been heard, in particular where any delay would cause irreparable harm to the rightholder. In that event, the parties shall be so informed without delay after the execution of the measures at the latest.

A review, including a right to be heard, shall take place upon request of the defendant with a view to deciding, within a reasonable time after notification of the measures, whether those measures shall be modified, revoked or confirmed.

5. Member States shall ensure that the provisional measures referred to in paragraphs 1 and 2 are revoked or otherwise cease to have effect, upon request of the defendant, if the applicant does not institute, within a reasonable period, proceedings leading to a decision on the merits of the case before the competent judicial authority, the period to be determined by the judicial authority ordering the measures where the law of a Member State so permits or, in the absence of such determination, within

a period not exceeding 20 working days or 31 calendar days, whichever is the longer.

6. The competent judicial authorities may make the provisional measures referred to in paragraphs 1 and 2 subject to the lodging by the applicant of adequate security or an equivalent assurance intended to ensure compensation for any prejudice suffered by the defendant as provided for in paragraph 7.

7. Where the provisional measures are revoked or where they lapse due to any act or omission by the applicant, or where it is subsequently found that there has been no infringement or threat of infringement of an intellectual property right, the judicial authorities shall have the authority to order the applicant, upon request of the defendant, to provide the defendant appropriate compensation for any injury caused by those measures.

Section 5

Measures resulting from a decision on the merits of the case

Article 10

Corrective measures

1. Without prejudice to any damages due to the rightholder by reason of the infringement, and without compensation of any sort, Member States shall ensure that the competent judicial authorities may order, at the request of the applicant, that appropriate measures be taken with regard to goods that they have found to be infringing an intellectual

property right and, in appropriate cases, with regard to materials and implements principally used in the creation or manufacture of those goods. Such measures shall include:

(a) recall from the channels of commerce;

(b) definitive removal from the channels of commerce;

or

(c) destruction.

2. The judicial authorities shall order that those measures be carried out at the expense of the infringer, unless particular reasons are invoked for not doing so.

3. In considering a request for corrective measures, the need for proportionality between the seriousness of the infringement and the remedies ordered as well as the interests of third parties shall be taken into account.

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.

Article 12

Alternative measures

Member States may provide that, in appropriate cases and at the request of the person liable to be subject to the measures provided for in this section, the competent judicial authorities may order pecuniary compensation to be paid to the injured party instead of applying the measures provided for in this section if that person acted unintentionally and without negligence, if execution of the measures in question would cause him/her disproportionate harm and if pecuniary compensation to the injured party appears reasonably satisfactory.

Section 6

Damages and legal costs

Article 13

Damages

1. Member States shall ensure that the competent judicial authorities, on application of the injured party, order the infringer who knowingly, or with reasonable grounds to know, engaged in an infringing activity, to pay the rightholder damages appropriate to the actual prejudice suffered

by him/her as a result of the infringement.

When the judicial authorities set the damages:

(a) they shall take into account all appropriate aspects, such as the negative economic consequences, including lost profits, which the injured party has suffered, any unfair profits made by the infringer and, in appropriate cases, elements other than economic factors, such as the moral prejudice caused to the rightholder by the infringement;
or

(b) as an alternative to (a), they may, in appropriate cases, set the damages as a lump sum on the basis of elements such as at least the amount of royalties or fees which would have been due if the infringer had requested authorisation to use the intellectual property right in question.

2. Where the infringer did not knowingly, or with reasonable grounds know, engage in infringing activity, Member States may lay down that the judicial authorities may order the recovery of profits or the payment of damages, which may be pre-established.

Article 14

Legal costs

Member States shall ensure that reasonable and proportionate legal costs and other expenses incurred by the successful party shall, as a general rule, be borne by the unsuccessful party, unless equity does not allow this.

Section 7

Publicity measures

Article 15

Publication of judicial decisions

Member States shall ensure that, in legal proceedings instituted for infringement of an intellectual property right, the judicial authorities may order, at the request of the applicant and at the expense of the infringer, appropriate measures for the dissemination of the information concerning the decision, including displaying the decision and publishing it in full or in part. Member States may provide for other additional publicity measures which are appropriate to the particular circumstances, including prominent advertising.

CHAPTER III

SANCTIONS BY MEMBER STATES

Article 16

Sanctions by Member States

Without prejudice to the civil and administrative measures, procedures and remedies laid down by this Directive, Member States may apply other appropriate sanctions in cases where intellectual property rights have been infringed.

**APPENDIX 3: SPECIMEN COURT ORDER AGAINST INTERNET
INFRINGEMENT**

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
INTELLECTUAL PROPERTY
Before Mr Justice Jones
7th November 2008
IN AN INTENDED ACTION BETWEEN

AB PHOTOGRAPHS LIMITED Claimant

- and -

JOHN DOE Defendant

(being the person or person(s) who downloaded from the Claimant's website the following photographs: on 6th October 2008 photographs of Jane Smith using the login account "abc123456"; on 27th September 2008 photographs of Herbert Price using the account "def7891011".)

- and -

INTERNET SERVICES PLC Non-Party Respondent

ORDER

AN APPLICATION was made today, 7 November 2008, by Counsel for the Claimant to Mr Justice Jones who heard the application. The order was made at a hearing on notice to the Non-Party Respondent, but without notice to the Defendant. The Judge read the witness statements listed in Schedule B at the end of this Order and accepted the undertakings by the Applicant listed in Schedule A at the end of this Order. As a result of the application IT IS ORDERED:

PROVISION OF INFORMATION.

1. The Non-Party Respondent, not being a party to this action, shall give disclosure forthwith of a document or document(s) detailing the name, address, telephone number and email address (or such of that information as is within its possession power custody or control) of the registered subscriber(s) assigned to the following IP addresses and each of them:

82.143.67.39

91.64.123.19

PROHIBITED ACTS.

2. Except for the purpose of obtaining legal advice, the Respondent must not directly or indirectly inform anyone of these proceedings or of the contents of this Order, or warn anyone that proceedings have been or may be brought against him by the Claimant until 4.30 p.m. on 28 November 2008 or further Order of the Court.

COSTS.

3. The Claimant shall pay to the Non-Party Respondent the Non-Party Respondent's reasonable costs of complying with this Order.

4. The foregoing clause is without prejudice to the question of whether the Claimant be entitled to recover its costs of this Application, and / or any sums paid to the Non-Party Respondent pursuant to clause 5 above, from the Defendant, whether by way of an order for costs or as damages, as to which the Claimant is given permission to apply.

RESTRICTIONS ON SERVICE.

5. This order may only be served between 9 a.m. and 5 pm. and on a weekday.

VARIATION AND DISCHARGE OF THIS ORDER

6. Anyone served with or notified of this order may apply to the court at any time to vary or discharge this order (or so much of it as affects that person), but they must first inform the Claimant's solicitors. If any evidence is to be relied upon in support of the application, the substance of it must be communicated in writing to the Claimant's solicitors in advance.

SCHEDULE A

UNDERTAKINGS GIVEN TO THE COURT BY THE APPLICANT

7. The Applicant will not, without the permission of the court, use any information or documents obtained as a result of carrying out this order nor inform anyone else of these proceedings except for the purposes of these proceedings (including adding further Respondents) or commencing civil proceedings in relation to the same or related subject matter to these proceedings.

**APPENDIX 4: SPECIMEN COURT ORDER WITH SERVICE BY
EMAIL OUTSIDE THE JURISDICTION OF THE COURT**

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
INTELLECTUAL PROPERTY
MR JUSTICE JONES
31st May 2008
BETWEEN:-

ABC LIMITED

Applicant

-and-

(1) INTERNET MEDIA INC. (a company incorporated under the laws of the Canadian province of Ontario)

(2) ROBERT SMITH

(3) NOMINET UK

(4) XYZ NETWORKS INC. (a company incorporated under the laws of the US state of Delaware)

Respondents

ORDER

PENAL NOTICE

**IF YOU DISOBEY THIS ORDER YOU MAY BE HELD TO BE IN
CONTEMPT OF COURT AND LIABLE TO IMPRISONMENT OR
FINED OR HAVE YOUR ASSETS SEIZED**

AND UPON the Applicant giving the Undertakings set out below,

IT IS ORDERED THAT:

Service out of the Jurisdiction

1. The Applicant has permission under rule 6.20 of the Civil Procedure Rules 1998 to serve the First Respondent at its registered office, [address] Ontario, Canada N9A 4J4, or elsewhere in Canada.

2. The Applicant has permission to serve the First Respondent with the claim form and this Order by e-mail, provided that copies of thereof are sent by post to the above address within 7 days thereafter.

3. The First Respondent has 22 days after service on it of the claim form in which to respond by either:

- a. filing or serving an admission,
 - b. filing or serving a defence, or
 - c. filing and serving an acknowledgement of service,
- and, where an acknowledgement of service is filed and served, the First Respondent has a further 14 days in which to file and serve his defence.

4. The Applicant has permission to serve the First Respondent by e-mail on or before 5 June 2008 with a notice of application returnable on the return date.

General matters

5. Anyone served with or notified of this Order may apply to the court at any time to vary or discharge this Order (or so much of it as affects that person), but they must first inform the Applicant's solicitors. If any evidence is to be relied upon in support of the application, the substance of it must be communicated in writing to the Applicant's solicitors in advance.

6. There will be a further hearing in respect of this Order on 12th June 2008 ('the return date').

Interim Injunction

7. Until the return date or further order of the Court, each and all of the Respondents shall forthwith take all steps within their power to

a. render the domain name "abc.co.uk" inoperative to direct users of the internet to any website or in particular any website of the First Respondent.

b. prevent transfer of the domain name "tag" to any fresh Internet Service Provider.

8. This Order applies to the Second Defendant whether or not he acts by himself or through others acting on his behalf or on his instructions or with his encouragement.

9. This Order applies to the First, Third and Fourth Respondents whether they act by themselves or by their directors, officers, partners, employees or agents or by any other method.

Information

10. The First, Second and Fourth Respondents shall by 4 p.m. on Wednesday 5th June 2008 provide all information available to them regarding the identity, address and other contact details of the person or persons who registered the domain name "abc.co.uk" and/or gave instructions to host that domain name and/or redirect internet traffic arising from that domain name and shall supply to the Applicant's solicitors copies of any documents in their possession which relate thereto.

Costs

11. The costs of this application are reserved to the judge hearing the application on the return date.

UNDERTAKINGS given to the Court by the Applicant:

1. If the Court later finds that this Order has caused loss to any of the Respondents and decides that any of the Respondents should be compensated for that loss, the Applicant will comply with any Order the Court may make.

2. The Applicant will pay the reasonable costs of the Third and Fourth Respondents which have been incurred as a result of this Order.