Review of the CJEU Judgment on the Application of Site Blocking Order

Ya-Chi Chiang¹

DOI: 10.6521/NTUTJIPLM.2014.3(2).12

Quick View

I. Background of UPC v. Constantin Case

To tackle rampant copyright piracy in the digital world, in the past decade copyright holders have relied more and more on the contribution from the private third parties.² The technical powers owned by Internet Service Providers ("ISP") have never been underestimated in the fight against copyright infringers.³ The growing demand of ISP technical obligations has posed many legal challenges to the legislators and courts. Among various technical obligations imposed on ISP, and one of the most widely-used is to demand ISP to block copyright infringing sites.⁴ Leaning against the backdrop, in March 2014, the Court of Justice of European Union ("CJEU") has made a judgment interpreting the justification and appropriateness of site blocking orders of EU Copyright Directive under the request of Austrian Supreme Court.⁵

¹ Assistant Professor, Graduate Institute of Intellectual Property, National Taipei University of Technology. Ph.D, University of Durham (UK); LL.M., University of Leeds (UK); LL.B., National Taiwan University (Taiwan). Contact email: christy@mail.ntut.edu.tw.
⁵ See UPC Telekabel Wien GmbH v Constantin Film Verleih GmbH, Wega Film produktionsgesellschaft mbH, Case C-314/12, Mar. 27, 2014, http://curia.europa.eu/juris/document/document.jsf;jsessionid=9ea7d0f130d55af5f05befec41e9873ff77df482333f.e34KaxiLc3eQe40LaxqMbN4Obh4Me0?text=&docid=149924&pageindex=0&doclang=EN&mode=lst&dir=&occ=first&part=1&cid=722256 (hereinafter, “Case C-314/12”).
Briefed in a press release of CJEU, a Germany company Constantin Film Verleih and an Austrian company We ga Filmproduktionsgesellschaft noted that their films could be viewed or downloaded from the website “kino.to” without their consent. In 2011, these two companies later requested the Austrian courts to order UPC Telekabel Wien, an Austrian ISP, from providing its customers with access to that site. UPC Telekabel argued that such an injunction to it was not justified, because it did not have any business relationship with the operators of kino.to and it was never established that its own customers acted unlawfully. In addition, UPC Telekabel argued that the site blocking measures could be technically circumvented, not to mention it was not fair for it to bear the costs of those measures. By order of 27 October 2011, the Oberlandesgericht Wien (Higher Regional Court, Vienna) (Austria), as an appeal court, partially reversed the order of the court of first instance in so far as it had wrongly specified the means that UPC had to introduce in order to block the website at issue and thus execute the injunction. In order to reach that conclusion, the Oberlandesgericht Wien held that Austrian laws must be interpreted in the light of Article 8(3) of Directive 2001/29. UPC Telekabel then appealed on a point of law to the Oberster Gerichtshof (Supreme Court) (Austria).

Because the arguments made by UPC involved the interpretation of Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society (hereinafter referred to as Directive 2001/29), the Austrian Supreme Court referred the case to CJEU, and CJEU made the subsequent judgment which further clarified the justification and the appropriateness of argued Articles of EU Copyright Directive.

This request of Austrian Supreme Court concerns the interpretation of Article 5(1) and (2)(b) and Article 8(3) of Directive 2001/29. The main issues including whether the UPC qualified as “intermediaries” in Article 8(3) while making access to infringing sites available to customers, and how to balance fundamental rights in an event of issuing a site blocking order by the courts.

In summary, regarding the first issue, CJEU ruled against UPC and

---


7 See Case C-314/12, supra note 5, at para.14.


9 See Case C-314/12, supra note 5, at para. 1.
decided it is an “intermediary” which falls within the scope of Article 8(3).
Regarding the second issue, CJEU weighed the conflicts between the freedom to conduct a business, the freedom of information of internet users and the copyright protection, finally decided that a site blocking order is justified and proportionate on various grounds.

II. Justification of Site Blocking Order in *UPC v. Constantin* Case

The Oberster Gerichtshof (Austrian Supreme Court) decided to stay the proceedings and to refer the following questions to the CJEU for a preliminary ruling:

1. Is Article 8(3) of Directive 2001/29 … to be interpreted as meaning that a person who makes protected subject-matter available on the internet without the right holder’s consent [for the purpose of Article 3(2) of Directive 2001/29] is using the services of the [internet] access providers of persons seeking access to that protected subject-matter?

If the answer to the first question is in the negative:

2. Are reproduction for private use [within the meaning of Article 5(2)(b) of Directive 2001/29] and transient and incidental reproduction [within the meaning of Article 5(1) of Directive 2001/29] permissible only if the original of the reproduction was lawfully reproduced, distributed or made available to the public?

If the answer to the first question or the second question is in the affirmative and an injunction is therefore to be issued against the user’s [internet] access provider in accordance with Article 8(3) of [Directive 2001/29):

3. Is it compatible with Union law, in particular with the necessary balance between the parties’ fundamental rights, to prohibit in general terms an [internet] access provider from allowing its customers access to a certain website (thus without ordering specific measures) as long as the material available on that website is provided exclusively or predominantly without the right holder’s consent, if the access provider can avoid incurring coercive penalties for breach of the prohibition by showing that it had nevertheless taken all reasonable measures?

If the answer to the third question is in the negative:

---

10 *Id.* at para. 17.
4. Is it compatible with Union law, in particular with the necessary balance between the parties’ fundamental rights, to require an [internet] access provider to take specific measures to make it more difficult for its customers to access a website containing material that is made available unlawfully if those measures require not inconsiderable costs and can easily be circumvented without any special technical knowledge?

The CJEU has answered the first and the third questions with a thorough reasoning process. The judgment of these two questions will be discussed in the following sections.

III. Article 8(3) of EU Directive 2001/29

The first question raised in this case was about whether Article 8(3) of Directive 2001/29 must be interpreted as meaning that a person who makes protected subject-matter available to the public on a website without the agreement of the right holder, for the purpose of Article 3(2) of that directive, is using the services of the internet service provider of the persons accessing that subject-matter, which is to be regarded as an intermediary within the meaning of Article 8(3) of Directive 2001/29.

First of all, the CJEU confirmed that given that right holders have the exclusive right to authorize or prohibit any act of making available to the public, making protected subject-matter available to internet users without the consent of the right holders in Article 3(2) of Directive 2001/29 infringes copyright and related rights.11

Subsequently the CJEU confirmed12 that to remedy such a situation of copyright, Article 8(3) of Directive 2001/29 provides for the possibility for right holders of member states to apply for an injunction against intermediaries whose services are used by a third party to infringe one of their rights.13

The CJEU further cited Recital 59 of Directive 2001/29 to stress the role of intermediaries to bring infringements to an end.14 Recital 5915 reads as

11 See id. at para. 23-25.
12 See id. at para. 26.
13 Article 8(3) of the Directive 2001/29 provides, “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.”
14 See Case C-314/12, supra note 5, at para. 27.
“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.”

According to Recital 59, intermediaries are in best position to bring copyright infringements to an end especially in the digital environment, which provided a legal ground to impose technical obligations on intermediaries.

Nonetheless, UPC Telekabel disputed it was not an “intermediary” of Article 8(3), even though the infringers used its services to make access of unauthorized content available to the public. UPC argued that there’s no business relation between copyright infringers and it, furthermore, no evidence shown that its customers actually accessed those unauthorized content on the internet.

The CJEU ruled that 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, it must be held that an ISP 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. Accordingly, for Article 8(3) of Directive 2001/29 to be applicable, it is not necessary to establish there’s a contractual link between the ISP and the copyright infringer.

Regarding the evidence of customers’ actual behaviors, the CJEU decided that 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, the Court emphasized that to add such requirement which not specified in the Directive would diminish the legal protection promised to the copyright holders which is state in the objective of the directive.

---

16 See Case C-314/12, supra note 5, at para. 32.
17 See id. at para. 34.
18 See id. at para. 35.
19 See id.
The CJEU further took previous cases as examples to stressed that 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.\textsuperscript{20} 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.\textsuperscript{21}

In brief, it is important that the CJEU clarified that for ISP to be qualified as an intermediary does not require any business links with copyright infringers, nor does it need evidence of customers’ actual behaviors for ISP to be held responsible to bear technical obligations. From the wording of the judgment, this answer was made on grounds of high legal protection to copyright holders promised by the Directive and preventive steps are allowed to tackle copyright infringements.

\section*{IV. Non-Specific Injunction}

If the CJEU’s answer to the first question confirmed the justification of site blocking order to an ISP under the Directive 2001/29, the third question is essentially about whether a non-specific injunction order is allowed. From the perspective of ISP, a non-specific injunction which does not specify the measures an ISP must take and when that ISP can avoid incurring coercive penalties for breach of that injunction by showing that it has taken all reasonable measures, would inevitably lay heavy burden on its own discretion and costs concerning what measures to take.

The CJEU firstly cited Recital 59 of Directive 2001/29 which states, that “The conditions and modalities relating to such injunctions should be left to the national law of the Member States” and confirmed that it’s a matter of national law to decide the appropriateness of the injunction. Nonetheless, the CJEU’s responsibility is to examine the application of national law is consistent with EU law, therefore necessary to take account whether it is consistent with the protection of the applicable fundamental rights, and to do so in accordance with Article 51 of the Charter of Fundamental Rights of the European Union (hereinafter referred to as the Charter).\textsuperscript{22}

The CJEU pointed out that In this case, the injunction at issue might conflict with the following fundamental rights\textsuperscript{23}: (i) copyrights and related

\begin{itemize}
  \item \textsuperscript{20} See id. at para. 37 (citing Case C-70/10 Scarlet Extended [2011] ECR I-11959, paragraph 31, and Case C-360/10 SABAM [2012] ECR, paragraph 29).
  \item \textsuperscript{21} See id. at para. 38.
  \item \textsuperscript{22} See id. at para. 45.
  \item \textsuperscript{23} The English version of the Charter of Fundamental Rights of the European Union is
\end{itemize}
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.

Regarding the protection of copyright, Article 17(2) of the Charter assures that intellectual property shall be protected, this raised the question whether an injunction would be justified by protecting intellectual properties. In this respect, this question is the same as the first question which examines the justification of an site blocking order. The CJEU reiterated an injunction might not cease copyright infringements but it would have preventive effects. While Article 17(2) implies 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.24

Article 16 of the Charter states, “The freedom to conduct a business in accordance with Community law and national laws and practices is recognized.”

The CJEU explained that the freedom to conduct a business under Article 16 includes the right for any business to be able to freely use, within the limits of its liability for its own acts, the economic, technical and financial resources available to it.25

The CJEU recognizes that an injunction in this case would inevitably restrict the free use of the resources because the injunction obliges an ISP to take measures which may have significant cost to it,26 yet such such an injunction does not seem to infringe the very substance of the freedom of an ISP to conduct a business.27

There are two reasons provided by the CJEU that an injunction does not violate the substance of freedom to conduct a business.28 First, a non-specific injunction such as the injunction in this case leaves the ISP to determine what measures to take, an ISP has the freedom to decide how to best dispose its resources. Secondly, an ISP can avoid possible penalties by


24 See Case C-314/12, supra note 5, at para. 62.
25 See id. at para. 49.
26 See id. at para. 50.
27 See id. at para. 51.
28 See id. at paras. 52-54.
proving that it has taken all reasonable measures, therefore it is not an unbearable sacrifices and seems justified.

Regarding the freedom of expression enshrined by Article 11 of the Charter,\(^{29}\) the CJEU emphasized in the judgment that the injunction measures adopted must comply with the rights of internet users’ freedom of information.\(^{30}\) To ensure the protection, the ISP must not affect the internet users’ lawful access to information while taking reasonable measures. Despite the CJEU notes that, if the internet service provider adopts measures which enable it to achieve the required prohibition, the national courts will not be able to carry out such a review at the stage of the enforcement proceedings if there is no challenge in that regard, It is also important for national courts to check that is the case. Accordingly, in order to prevent the fundamental rights recognised by EU law from precluding the adoption of an injunction, the national procedural rules must provide a possibility for internet users to assert their rights before the court once the implementing measures taken by the internet service provider are known.

In brief, to justify the adoption non-specific injunction and reconcile the conflicts between copyright protection, rights to conduct a business and right to information, the CJEU ruled that as long as the measures proved to have preventive effects to copyright infringement, it is not necessary to prove to be able to fully cease infringing activities. Furthermore, a non-specific injunction does not violate the very substance of ISP’s freedom to conduct a business, conversely, it assures freedom to some extent for an ISP to decide how to best place its resources to achieve the goal. Lastly, The adoption of any reasonable measures to prevent copyright infringements should assures the lawful access to information of internet users at the same time. It is also required to allow internet users to challenge that point in the court.

V. Summary

In the judgment, the CJEU reiterated that an injunction in this case is justified in light of copyright protection, and in accordance with the trend of urging more cooperation from the private third parties to fight against digital piracy, the CJEU highly recognized the role of an ISP as intermediary without the requirements of proving actual links between ISP and copyright infringers. While it is not surprising that the Court emphasized the importance to protect internet users’ freedom of information, it is worth

\(^{29}\) Article 11 of the Charter provides, “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. 2. The freedom and pluralism of the media shall be respected.”

\(^{30}\) See Case C-314/12, supra note 5, at para. 55-57.
attention that the CJEU considered that a non-specific injunction provides more freedom to conduct a business rather than curbs it. The judgment could be problematic while there are limited legal methods of blocking sites and lays the burden of solution finding to the ISP.

A. Disparities of Site Blocking Order Application in Member States

Although the CJEU confirmed that application of non-specific site blocking order in this case, courts in member states have adopted different attitudes towards site blocking order. For example, courts in Germany, Netherlands and Ireland rejected to issue site blocking injunctions. In comparison, Belgium, UK and Denmark have been issuing site blocking injunctions with specific technical measures.

In the Sabam v. Netlog case, the Belgian court initially ordered an injunction of more general nature, stating that an ISP shall stop copyright infringements by disabling file sharing through P2P without giving technical specifications. While the case was referred to the CJEU, the Court ruled that no Deep Packet Inspection shall be ordered in this type of case. It is because the CJEU decided that DPI system would filter all traffic files and performs a general monitoring function without prejudice to all users, which would be in conflict with human rights protected in the Charter of Fundamental Rights of the EU, most notably the freedom to do business, privacy of individual customers and freedom of expression.

In UK, a site-blocking injunction which specifying several technical measures seems to be widely adopted by the court. For example, in July 2011, the court ordered the ISP (British Telecom) to block the website Newzbin2. In April 2012, several internet service providers were ordered to block the Pirate Bay. In February 2013, the same providers were ordered to block different websites.

In the ruling of Fox v. BT case in 2011, the High Court stated two specific technical measures to block the site at issue:

The technology to be adopted is:

31 See Wang, surpa note 4, at 8.
32 See id.
33 See Wesselingh, surpa note 2, at 66.
34 Case C-360/10, 16 February 2012.
35 See Wesselingh, surpa note 2, at 66.
(i) IP address blocking in respect of each and every IP address from which the said website operates or is available and which is notified in writing to the Respondent by the Applicants or their agents.

(ii) DPI based blocking utilising at least summary analysis in respect of each and every URL available at the said website and its domains and sub domains and which is notified in writing to the Respondent by the Applicants or their agents.

Notably that in Newzbin ruling the UK High Court still recognized the application of DPI method to be one of the acceptable technical measures. Shortly after the Newzbin ruling, the CJEU ruled in the Scarlet v Sabam case and excluded the DPI on the ground of fundamental rights protection. Therefore in the case Dramatico v B Sky B, the High Court stated the technical means to be adopted should be:\[40\]

(i) IP blocking in respect of each and every IP address from which the said website operates and which is:
   (a) notified in writing to the Respondent by the Applicants or their agents; and
   (b) in respect of which the Applicants or their agents notify the Respondent that the server with the notified IP address blocking does not also host a site that is not part of the Newzbin2 website.

(ii) IP address re-routing in respect of all IP addresses that provides access to each and every URL available URL available from the said website and its domains and sub-domains and which URL is notified in writing to the Respondent by the Applicants or their agents; and

(iii) URL blocking in respect of each and every URL available from the said website and its domains and sub-domains and which is notified in writing to the Respondent by the Applicants or their agents.

Considering different methods of site blocking measures are subject to the review of CJEU and might be excluded under EU laws, the non-specific injunction adopted by the Austrian Court in the first place seems to be a solution to balance the freedom of business and avoid the possibility of being ruled out later by the CJEU.\[41\] Nonetheless, a non-specific injunction has raised legal insecurity to ISP and may require a more careful examination by

\[41\] See Wesselingh, surpa note 2, at 70.
the court to weigh on different values in conflict.

B. Conclusion Remarks

Copyright holders, intermediaries, users and website operators each have different interests, it is impossible to satisfy all of them. To issue a site blocking injunction order, the national courts must follow the guidance set by the CJEU precedents and establish the proportionality analysis to weigh on various interests in conflict. In the case of *UPC v. Constantin*, the CJEU affirmed a non-specific site blocking order is not only lawful under EU laws but also better protects freedom of conduct a business. For national courts which intend to adopt site blocking method to protect copyright, it may be time not to specify any technical measures on the order but leave the question to the discretion of the enterprise at issue.

Cited as:


---

43 See id.