
United Kingdom: Brand Owners Must Pay Costs for Website Blocking Orders

Cartier Int'l AG v. British Telecom Plc, [2018] UKSC 28.

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Three Richemont maisons, including Cartier, recently sued five of the largest internet service providers (ISPs) in the United Kingdom. At issue was who is responsible for paying an ISP's costs for implementing a blocking order issued by a court to protect Richemont's trademarks. The order required the ISPs to terminate websites that contained infringing content or that were selling counterfeit goods. Details of that decision can be viewed [here](#).

In the recent suit, the ISPs claimed that they incurred five different types of costs associated with implementing the blocking orders: (i) the cost of hardware and software required to block the target sites; (ii) the cost to manage the blocking system; (iii) the cost of implementing an order; (iv) the cost of updating the block over the lifetime of the orders; and (v) the costs and liabilities that may be incurred if a block malfunctions. The ISPs argued that brand owners seeking blocking orders should be required to indemnify an ISP for the costs of items (iii), (iv), and (v).

The question of which party must bear the costs for website blocking orders obtained pursuant to the copyright statutes was previously resolved in *Twentieth Century Fox Film Corp. v British Telecommunications plc* (No 2), [2012] 1 All ER 869, a decision that placed the full burden on the ISP. The same question with regards to orders issued pursuant to the trademark laws had not been answered by the UK's highest court.

To reach its conclusion, the Court looked to English law to determine whether the ISP was in control of the information posted using its servers. In previous cases, the Court had held that an intermediary must have been “mixed up in the tortious acts of others.” An “intermediary who was free to terminate his involvement in the infringing trade ... could have been required to do” more than merely provide information. However, the intermediary comes under this duty without incurring personal liability. *Totalise Plc v The Motley Fool Ltd*, [2001] EWCA Civ 1897 (“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.”) Thus, the Court held that the intermediary was entitled to the costs of compliance with the court’s order.

The Court also looked to the European e-Commerce Directive and held that the ISPs were acting as “mere conduits” as defined in the directive, and the immunity granted by the Directive “is not conditional on any active steps being taken other than compliance with court orders.” Article 10(2) of the European Enforcement Directive obligates member states to provide for courts to direct the destruction or the recall or removal from commerce of infringing goods “at the expense of the infringer.”

In the Court’s opinion, “the incidence of compliance costs is a matter for English law, within the broad limits set by the EU principles of effectiveness and equivalence, and the requirement that any remedy should be fair, proportionate and not unnecessarily costly. As a matter of English law, the ordinary principle is that unless there are good reasons for a different order, an innocent intermediary is entitled to be indemnified by the rights-holder against the costs of complying with a website-blocking order.”

An ISP is considered a “mere conduit” under the relevant European Directives and would not incur liability for trademark infringement under English law. In the Court’s opinion, an ISP “has no means of knowing what use is being made of his network by third parties to distribute illegal content. Even when it is informed of this, it does not have the limited duty to take proactive steps to stop access to illegal content which is implicit in the conditions governing the immunities for caching and hosting. Its only duty is to comply with an order of the Court.”

The Court held that website-blocking injunctions only benefit rights-holders, as the order only protects a claimant’s legal rights. Protecting an intellectual property right is “ordinarily and naturally a cost of the business which owns those rights.” Although the ISP financially benefits from hosting content from all users, including those that blatantly infringe the rights of others, the ISP merely provides the network on

which the infringement occurs. Therefore, a rights-holder should not look to an ISP to defray the costs of protecting its rights, but rather should seek to recover any such damages directly from the infringers. Therefore, a rights-holder seeking a website blocking order should be prepared to indemnify an ISP for its costs related to implementing and maintaining that order, as well as for the costs and liabilities should the block put in place by the ISP malfunction.

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