

Enforcement of Copyright – A Reflection on Injunctions in the Information Society

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1 Copyright Infringements

Copyright infringements are traditionally characterized by a protected work being used without authorization, by unauthorized copying of a work and by plagiarism. The information society may have altered this characterization and added unauthorized availability to the public as a primary field of infringement, although this type of infringement may, of course, be labelled as the unauthorized use of works. File sharing systems and services (“P2P services”),¹ and the use thereof, are without doubt the single most-used methods of infringing artistic works today.²

Participants in P2P systems who exchange files of copyright protected works infringe the exclusive right of rightholders to make the works available to the public.³ The participants are not distributing copies, as that would require physical copies, nor are they showing the works publicly. Those participants who upload works, and those who directly facilitate these works being made available to the public are, under Icelandic law, most likely publicly performing the works themselves, or at least contributing thereto.⁴

In the context of P2P services, and similar venues of piracy activity, it should be kept in mind that an act of infringement has been committed against the exclusive right of the rightholder to make the works available to the public, even if no one has downloaded a copy. The mere act of offering a copy for sale, lending or renting it, is a fully committed infringement, and is not just an attempt to commit such an infringement.⁵ The same should, of course, also apply to the offering of works for downloading. The rightholder does not have to make it likely or prove that actual downloading has taken place. An attempt to infringe the exclusive right of a rightholder would, on the other hand, be to keep illegal physical copies in a storage place, with the intention of distributing them later,⁶

¹ Peer-to-peer (P2P) may be defined as a network that allows a group of internet users, with the same networking program installed on their computers, to connect with **one another** and directly access files from one another's hard drives or, more commonly, through a server. The servers are often referred to as hubs. The hub will host a member list and all the attributes to that member list, such as information on the files that are ready to be shared. The hubs can be everything from one to an endless number (in theory) and some systems allocate the status of a hub to a user's computer that has considerable bandwidth and processing powers. Other major venues of digital piracy are news groups and FTP servers.

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² On P2P piracy, the economic impact thereof, and alternative measures to taking legal action, see: White, Black, *A new era for content – protection, potential and profit in the digital world*, in IP Value 2004, Building and enforcing intellectual property value, An international guide for the boardroom, Globe White Page, London 2004.

³ *Birting* in the Icelandic Copyright Act No. 72/1973, *göras tilgænglig for allmänheten* in the Swedish Copyright Act and *gøres tilgængeligt for almenheden* in the Danish Copyright Act.

⁴ See, e.g., a judgment of the Swedish Supreme Court on 15 June 2000, case no. B 413-00 (the so-called Tommy O. case). See, however, the **most**, surprising judgment of Eidsivating Lagmannsrett in Norway on 3 March 2004, case no. 03-000482ASI-ELAG (the so-called Napster.no case), which fails, among other things, to address the background to the Tommy O. case, as opposed to the Tommy O. case itself. The judgment has been appealed to the Supreme Court of Norway.

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⁵ Schönning, Peter, *Ophavsretloven med kommentarer*, GadJura, Copenhagen 1995, p. 560.

⁶ Schönning, Peter, *Ophavsretloven med kommentarer*, GadJura, Copenhagen 1995, p. 560.

or to make copies on a computer with intent to make them available to all, or some, internet users.

In accordance with general rules, any person who believes that his or her rights have been infringed, bears the burden of proof as to whether the conduct in question was in fact an infringement. It has to be decided whether the use of the works was without authorization, or whether the use was in fact authorized by law or contract, including whether the use in question fitted within the limitations to the exclusive rights of the rightholder, cf. Chapter II of the Icelandic Copyright Act No. 73/1972 – for example, the right to make copies for private use. On the other hand, if the use of works that was supposed to be authorized by the limitations to the exclusive rights of the rightholder, does not comply with these limitations, the consequence is that the exclusive rights of the rightholder have in fact been infringed.⁷ To name one example, a user who exchanges files of works protected by copyright via a P2P system, is not using the works in accordance with these limitations, as a copy made on a computer (which in itself may be made for private use) is in fact made available to the public as soon as the user makes it a part of the files he is willing to share with other users. Thus the user not only infringes the exclusive right of the rightholder to make the works available to the public, but also the exclusive right of the rightholder to make copies of works – that is, the copy made on his computer was not made for private use.

2 Enforcement of Copyright

It derives from the nature of copyright that rightholders will often not be in position to protect their rights by their own alertness.⁸ The rights are not of a physical nature and most copyrights are characterized by their ability to be used by many, at the same time and in the same manner, and they are not destroyed when copyright laws are breached.⁹

⁷ Schönning, Peter, *Ophavsretloven med kommentarer*, GadJura, Copenhagen 1995, p. 560.

⁸ Koktvedgaard, Mogens, *Det ophavsretlige sanktionsystem*, Juristen 1966, p. 49.

⁹ Journal of the Parliament of Iceland (Alþt.), 1971, parliamentary documents (þingskjöl), p. 1307. Lawrence Lessig takes this point further. He points out that intellectual property differs from properties such as houses and properties that can be consumed, e.g., apples. He also points out that if someone uses a house while the owner uses it, there is less for the owner to use. His argument is in effect that the use of intellectual property doesn't rob the rightholder of its property. That if someone takes your idea, you still have it and that the consumption of intellectual property is non-rivalrous. The basic conclusion may be summed up as that due to this, one should not look upon the unauthorized use of intellectual property in the same manner as infringement of rights in physical property - that ideas can be shared with no reduction to the amount that the owner can consume. (Lessig, Lawrence, *Code and other laws of cyberspace*, Basic Books, New York, 1999, p. 131-132) This argument is inherently faulty. Copyright is a property just as a financial instrument or a physical property, e.g., a house. If a person owns a house, but only uses parts of it, keeping other parts empty, and another person decides to take up living in the empty parts, the ownership rights of the owner of the property have been infringed upon, even if the owner had absolutely no intention to, e.g., rent the space to someone else and the presence of the infringer in the empty parts does not disturb him in the least. Ownership rights are infringed even if the person concerned is

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Copyright is rather young, a product of a society adding information or creativity to its wealth of valuable assets along with physical assets. As a consequence of these rights being young, public awareness of them is often less than that of property rights with their longer history in society. The young history of copyright, and its particular nature as described above, furthermore means that legal protection and enforcement is for the most part separate from that of physical property rights.

In accordance with the above, remedies in cases of breach of copyright have for the most part been made available in the Copyright Acts of the Nordic Countries, cf. Chapter VII. of the Icelandic Copyright Act, entitled *Penalties, compensation, claim procedures, etc.* In general, both procedural law and the Icelandic General Penal Code No. 19/1940 (the “Penal Code”) will also apply, unless specifically decided otherwise. The Icelandic Copyright Act provides three types of remedy for the infringement of copyright:

1. Penalties according to Article 54 of the Copyright Act.
2. Seizure and destruction according to Article 55 of the Copyright Act. This includes the seizure of illegal copies without payment; the surrender of illegal copies and objects used or which may be used for preparation or production thereof to the copyright holder, against payment, or the decision to destroy the aforementioned or otherwise make it unserviceable for unlawful use.
3. Damages according to Article 56 of the Copyright Act.

Outside the scope of the Icelandic Copyright Act there are specific remedies in procedural law, that is, summary process (installation, action taken by a magistrate to grant possession of goods) and injunction, that play an important role in protecting and enforcing copyright. One should also mention Article 50(a) of the Customs Act No. 55/1987, which stems from Iceland being party to the TRIPS agreement, and addresses cessation of customs clearance procedures of products infringing copyright. Furthermore, the EC Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce (the “E-Commerce Directive”) was implemented into Icelandic law on 16 April

not **exercising** these rights. It does **not** matter if the property as such is still intact, and that the act of the infringer does not prevent the owner **from using** the house as he wants to use it. The owner is entitled to the disposal of his property and, if he cares to, to rent it either free or for a payment to another person. These rights are inherent in the ownership right and taking up living in the empty parts of the owner’s house robs him of these rights even if there are still some empty parts of the house left for his disposal. The rightholder of a copyright is likewise entitled to dispose of his copyright, and if he cares to, to license it either for free or for a payment to another person. These rights are inherent in the copyright and using the copyright without authorization robs the rightholder of these rights, even if he has control of other copies of the work and has the opportunity **of collecting** fees for the use of these copies. The point is that the exact copy of his works, which is made and used without his authorization, robs him of the opportunity to both dispose of his works and to **make** financial gains from **them**, and thus there is less to “consume”.

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2002, with the adoption of the Act on Electronic Commerce and other Electronic Services No. 30/2002 (the “E-Commerce Act”). Article 14 of the e-Commerce Act provides indirectly for a so-called “notice and takedown procedure”. This means that a rightholder may notify an internet service provider of a violation of copyright, who must take action if he hosts the material, or otherwise be held liable for an infringement.

The main problem today of taking advantage of the remedies provided for in copyright legislation such as the Icelandic Copyright Act (and this applies to most of the infringement to artistic works that takes place via the internet) is in identifying the person committing the infringement and in securing evidence - to basically stop the offence. Whereas the remedies themselves used to be sufficient to safeguard copyrights, putting them into effect today has become much more difficult, as difficult as preventing infringements from taking place. The mere existence of penalties and damages is no longer a sufficient deterrent. This brings our attention to procedural law and its role in enabling the effective protection of copyright, and to legislation that allows one simply to stop a copyright infringement, or the effects of such an infringement.

The European Union has recognized the importance of this aspect of copyright protection, not only with the aforementioned possibility of an indirect notice and takedown procedure, but also with Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonization of certain aspects of copyright and related rights in the information society (the “InfoSoc Directive”)¹⁰ and more importantly with the proposal for a Directive of the European Parliament and of the Council on measures and procedures to ensure the enforcement of intellectual property rights (COM (2003) 46, 2003/0024/COD), definitely adopted by the Council of Ministers on 26 April 2004 (the “Enforcement Directive”).

The Enforcement Directive addresses the following key issues under Chapter II on measures and procedures, which is the main chapter of the Directive:

- 1 General issues on who can enforce copyrights and conditions of proof of copyright
 - Persons entitled to apply for the application of the measures and procedures
 - Presumption of authorship and ownership
- 2 Evidence
 - Order to opposing party to produce evidence
 - Measures for protecting evidence

¹⁰ Not implemented in Iceland and Norway at the time of writing of this article, due to a disagreement between EFTA and EU concerning Article 4(2) in the Directive.

- 3 Right of information on the origin and distribution networks of goods and service that infringe an intellectual property right
- 4 Provisional measures
 - a. Interlocutory injunction or forbiddance against the person committing the infringement
 - b. Seizure or delivery of goods suspected of infringing intellectual property rights
- 5 Measures resulting from a decision on the merits of the case
 - a. Corrective measures, i.e. recall or removal from the channels of commerce and destruction
 - b. Injunction, both against the person committing the infringement and intermediaries
 - c. Alternative measures; pecuniary compensation instead of the above measures, if the person has acted in good faith
- 6 Damages and recovery of legal costs
- 7 Publicity measures

Some of these measures and procedures may be said to already exist in Icelandic legislation to some extent, or the full extent, in the form set out in the directive, such as damages, recovery of legal costs and seizure of goods. Others are new, such as corrective measures, alternative measures and publicity measures, or exist quite differently in Icelandic procedural legislation, such as measures for protecting evidence.

Much of these remedies set out in the directive will be important in taking legal action against digital piracy, including action against users of P2P services, as well as the P2P service providers themselves.¹¹ However, one should also consider the fact that infringing conduct is always taking place via the services of some internet service provider. An effective way of stopping infringements from taking place via P2P services, and which would at least be more effective than taking action against the users, who are vast in number and remain hidden behind IP numbers, would be to stop internet service providers from transmitting copyright protected works. We shall now turn to specific remedies or measures against intermediaries, and in particular injunctions.

¹¹ There are many strong arguments (and precedents that give guidance in this respect) for P2P service providers having today the status of infringer or a contributory party to an infringement. See, e.g., Schlüter, Johan and Mathiasen, Jakob Plesner, *Medvirken til ophavsretskrænkelser på Internettet*, in *Festskrift til Mogens Koktvedgaard*, Jurist- og Økonomforbundets Forlag, Copenhagen 2003.

3 Injunction

3.1 *Liability for a Copyright Infringement?*

Before discussing the injunction procedure it is appropriate to discuss briefly who the responsible party is for a copyright infringement. The general rule is that the person committing the breach against copyright legislation is liable for the infringement. Those who can be held liable are natural persons, or legal persons provided that the infringement has been carried out on behalf of the legal person.¹² The general rule on vicarious liability (employer's liability) for losses caused by an employee in his or her work applies in this field in accordance with general rules, cf. the reference in Article 56(1) of the Icelandic Copyright Act to the general rules of tort law, in which vicarious liability is a general rule. When it comes to the internet, the owner, or the person or persons offering access to a database or similar, may be liable for illegal copying and other copyright infringements.¹³ If an illegal copy is ordered it would usually be the person who made the order who is liable and if a legal copy is made with the assistance of a third party, cf. Article 11(2)(3) of the Copyright Act, which concerns private copying, it is the person who ordered the copy to be made who is liable for the copy only being used privately.¹⁴

Other parties may be held liable for a contribution to the infringement. Under Icelandic law, liability for a contribution can be incurred by any person who by inducement, advice, or by other acts, has contributed to the infringement. This applies for both civil and criminal liability. When it comes to intermediaries, liability may be direct or secondary (contribution), depending upon the circumstances, but intermediaries, such as internet service providers, may in some circumstances not be liable at all, in which the injunction procedure may be at its most value, as further discussed below.

3.2 *Injunction Procedures and Civil Cases*

In Iceland, an injunction, which is granted by the district magistrates, is not a final, independent remedy. It is, by law, granted by the district magistrates on a preliminary basis and an injunction must be followed up by the filing of a suit for a confirmation of the courts of the injunction, which is an ordinary civil case, within one week from when the injunction award was finalized, cf. Article 36 of the Act of Arrest, Injunction etc. No. 31/1990 (the "Act of Arrest and Injunction"). If the petitioner fails to do this, or if confirmation is rejected by the courts, the injunction is rescinded.

In general, rightholders can skip the injunction procedure before the district magistrates, and make all the same claims in an ordinary civil case procedure

¹² Aðalsteinsson, Ragnar, *Bótareglur höfundalaga*, inin Afmælisrit Gizur Bergsteinsson níræður 18. apríl 1992, Sleipnir hf., Reykjavík 1992, p. 170.

¹³ Schønning, Peter, *Ophavsretloven med kommentarer*, GadJura, Copenhagen 1995, p. 567.

¹⁴ Schønning, Peter, *Ophavsretloven med kommentarer*, GadJura, Copenhagen 1995, p. 567.

before a court, as they could have petitioned for in an injunction procedure. The person who believes his or her copyright has been infringed, can file a civil suit for the recognition of the relevant behaviour being illegal and such judgment can form the basis of a damages settlement between the parties.¹⁵ In accordance with general rules, it is also possible to seek a judgment of recognition that the person committing the infringement is forbidden from using the relevant copyright, without any injunction having been set. This remedy, along with the court's confirmation of an injunction, is more valuable in practice than the remedies in the copyright legislation concerning penalties or destruction.¹⁶

The reason for applying for an injunction, instead of just filing a normal suit for civil case, is speed. The whole purpose of an injunction is to quickly stop or prevent certain actions that disturb, or are likely to disturb, the rights of a person.¹⁷ Injunction procedure is in fact often the only reasonable remedy in practice in cases of infringement of copyright. Rightholders will have a substantial interest in being able to enforce their rights by speedier means than is possible, by filing a civil suit and thus initiate normal civil case proceedings. If infringement can be responded to quickly, the more the chances are that the financial losses of the rightholder will be avoided or limited.

3.3 *Injunction in Cases of Copyright Infringement*¹⁸

Injunction does not apply as a remedy when the infringement has already happened and is over, but in these instances seizure and destruction can be used as remedies¹⁹ - for example, against those persons who have copies of works on their computers.

There are no sections in the Icelandic Copyright Act on injunctions. The remedy is provided in the aforementioned Act of Arrest and Injunction. Article 24 of the Act of Arrest and Injunction states the following (in author's translation):

Injunction can be granted against an act of a natural person, or the representative of a company or an institution, that has begun or is pending, if the petitioner proves or shows that it is probable that the act infringes, or will infringe, upon his rights that are protected by law, and that the respondent has already initiated the act or will do so and that his rights will be forfeited, or will be subject to notable harm if he is forced to wait for a judgment.

¹⁵ Aðalsteinsson, Ragnar, *Bótareglur höfundalaga*, inin Afmælisrit Gizur Bergsteinsson níræður 18 Apríl 1992, Sleipnir hf., Reykjavík 1992, p. 169.

¹⁶ Vilhjálmsson, Árni, *Gæsla hugverkaréttinda samkvæmt lögum og lagaframkvæmd*, in Afmælisrit Gizur Bergsteinsson níræður 18. apríl 1992, Sleipnir hf., Reykjavík 1992, p. 161.

¹⁷ *Aðför, kyrrsetning, lögbann o.fl.*, a handbook issued by the Ministry of Justice and Ecclesiastical Affairs, Reykjavík 1992, p. 185.

¹⁸ Examples of Icelandic court cases concerning injunction in cases of copyright infringement are Hrd. 1952:167, Hrd 1982:1124, Hrd. 1986:993 and Hrd. 1989:1080.

¹⁹ Kockvedgaard, Mogens, *Det ophavsretlige sanktionssystem*, Juristen 1966, p. 60. A claim of seizure and destruction will not be admitted by the courts unless the claim is based upon the fact that the person the suit is filed against is the one who has committed the infringement.

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Injunction will not be granted against governmental acts of those who hold the administrative powers of the state or local authorities.

Injunction will not be granted against an act:

- 1 if it is to be concluded that laws concerning penalties or damages for the disturbance of the interests of the petitioner will secure these rights in a sufficient manner;
2. if it is shown that there is a vast difference between the interests of the respondent in the act taking place and the interests of the petitioner of preventing it, provided that the respondent may be held to place a guarantee for the losses that the act will result in for the petitioner.

Article 25 of the Act of Arrest and Injunction includes two types of possibility for so-called supporting actions to an injunction. One being that the respondent can be made to carry out certain acts in connection with the injunction, and the other being an authorization to repossess from the respondent goods that he uses, or could clearly use, to violate the injunction. Such supporting actions cannot be any major actions. In other words, the supporting action cannot be difficult on the respondent.²⁰

Injunction can be an important remedy for copyright infringement that has started or is pending.²¹ In Denmark, injunction has been considered to have much practical significance in copyright cases, cf. comments in the preamble to the conclusion in *U 1991. 352 Ø*. This case concerned the public performance of music without a licence being in place from KODA. The comment was that injunction was the predominant remedy to prevent infringement of the rights of music authors when music was publicly performed without a licence from the relevant copyright holders association. In Icelandic jurisprudence it has thus far been considered the most important procedural legislation measure in copyright infringement cases.²²

The importance of an injunction lies first and foremost in the fact that the material right is often weak when tested, both with regard to the extent of losses and subjective conditions of penalties, and where the interests of the victim of an infringement are first and foremost in stopping the alleged infringement as soon as possible.²³ The disadvantage of taking injunction measures is that a formidable guarantee may have to be placed for the injunction if the financial interests at stake are high.²⁴ Furthermore, there are always certain risks involved

²⁰ *Aðför, kyrrsetning, lögbann o.fl.*, a handbook issued by the Ministry of Justice and Ecclesiastical Affairs, Reykjavik 1992, p. 192.

²¹ Sigurðsson, Páll, *Höfundaréttur. Meginreglur íslensks réttar um höfundarvernd*, Háskólaútgáfan, Reykjavik 1994, p. 254. See, also, Kockvedgaard, Mogens, in *Lærebog i Immaterialret*, 6. edition, Jurist- og Økonomforbundets Forlag, Copenhagen 2002, p. 416

²² Tómasson, Eiríkur, *Réttarfar í höfundarréttarmálum*, Tímarit lögfræðinga Vol. 3 1985, p. 179.

²³ Vilhjálmsson, Árni, *Gæsla hugverkaréttinda samkvæmt lögum og lagaframkvæmd*, in Afmælisrit Gizur Bergsteinsson níræður 18. apríl 1992, Sleipnir hf., Reykjavik 1992, p. 156.

²⁴ Tómasson, Eiríkur, *Réttarfar í höfundarréttarmálum*, Tímarit lögfræðinga Vol. 3 1985, p. 179.

in petitioning for an injunction. If the conclusion of a confirmation case is that the injunction is rescinded, the petitioner may face liability in damages. One example is *U 1971. 61 H*, in which damages were granted due to an unjustified injunction that had prevented the use of copyright in Tarzan books for more than three years. It can even go against proper lawyer's practice to petition for an injunction if there are not sufficiently strong grounds for the petition.²⁵ Injunction can also have very severe consequences for free competition in the relevant market, cf. the aforementioned judgment, but on the other hand, competition rules do not prevent the granting of an injunction against an infringement of copyright. One can mention in this context *U 1994. 397 Ø*, where competition rules were not considered sufficient grounds to prevent an injunction against the broadcasts of a radio that broadcasted without a licence from KODA.

As has been stated before, the district magistrates (termed as "bailiffs" in Denmark) grant an injunction in accordance with a petition, and depending on the circumstances, subject to a guarantee by the petitioner. In those cases where a guarantee is a condition, the injunction will not be granted unless the guarantee has been placed. When the amount of the guarantee is decided, the losses that the respondent may face due to the injunction are considered.²⁶ Article 24(2)(2) of the Act of Arrest and Injunction provides that if it is manifested that there is a great difference in the interest of the respondent in the action taking place and the interest of the petitioner in preventing it, an injunction will not be granted, on the condition that the respondent, depending on the circumstances, will place a guarantee for the losses the action may cause the petitioner. In *U 1985. 1014 H*, the respondent offered a guarantee, but that was not considered sufficient to prevent the injunction from being granted. It is thus not a prevention of an injunction being granted that the respondent offers a guarantee for the losses of the petitioner, and the Article only applies in those cases where the interests of the respondent are vastly greater than the interests of the petitioner in getting the injunction granted. Nordic legal scholars, however, are of the opinion that this rule that appears in Article 24(2)(2) of the Act of Arrest and Injunction, has limited bearing in the field of copyright.²⁷

As to the question of who can be a party to injunction proceedings, the petitioner can be the holder of the copyright that is being infringed. The respondent, as the legislation stands now, is the person who performs, or will imminently perform, the action that infringes the rights of an author or another rightholder. The position may be such that the petition is directed towards a number of parties to achieve the same goal, and one can mention as an example when an injunction is granted against the distribution of a literary work, the

²⁵ Plesner, Mogens, *Om retsskridt inden process inden for immaterialretten*, in *Vennebog til Mogens Koktvedgaard, Nerenius & Santérus*, Stockholm 1993, p. 348.

²⁶ Borchert, Erling, *Produktefterligninger*, 2. edition, GadJura, Copenhagen 2003, p. 242.

²⁷ See, e.g., Plesner, Mogens, *Om retsskridt inden process inden for immaterialretten*, in *Vennebog til Mogens Koktvedgaard, Nerenius & Santérus*, Stockholm 1993, p. 335, and Koktvedgaard, Mogens, in *Lærebog i Immaterialret*, 4. edition, Jurist- og Økonomforbundets Forlag, Copenhagen 1996, p. 389. The Icelandic term is "meðalhófsregla" and in Danish "proportionalitetsgrundsætning". A counterpart rule in English law is the rule of "balance of interest".

respondents may be the publisher as well as the booksellers the book has been distributed to.²⁸

The conditions for granting an injunction are provided for in the Act of Arrest and Injunction, cf. the aforementioned Article 24. The burden of proof lies with the petitioner. The petitioner is required to prove that he or she is the holder of the copyright that is being infringed, and needs to prove that the action of the respondent infringes or will infringe against that copyright. The petitioner does not necessarily have to prove that his or her rights have actually been breached, but does have to establish that this is a strong likelihood, or, in other words, establish the probability that the action infringes, or will infringe, the protected copyright. The violation must be unambiguous in relation to the petitioner according to the current substantial rules, but the respondent does not necessarily have to realize that the action is an infringement.²⁹

In Danish jurisprudence, the view is that if a petition is made for an injunction against the sale and distribution of illegal copies, the petitioner cannot demand that the respondent recalls the copies that have been sold to third parties who are planning to commercially sell the copies.³⁰ Such demand is considered to be a demand of an obligation to act that falls outside the scope of an injunction. Under Icelandic law, such a demand cannot be made as supporting action to an injunction, cf. Article 25 of the Act of Arrest and Injunction, and it is considered that such demands fall outside the scope of the Article. On the other hand, it is possible to grant an injunction against the distribution of copies that are to be sold commercially.³¹

Article 24(2)(1) of the Act of Arrest and Injunction provides that an injunction will not be granted if the rules on damages and punishment for the disturbance of the interests of the petitioner sufficiently ensure the petitioner's interests. The question is whether this clause affects the application for injunction in copyright cases in consideration of Articles 54 and 56 of the Icelandic Copyright Act. Árni Vilhjálmsón believes this may be the situation in certain cases but does not reason this further.³² Eiríkur Tómasson maintains that an injunction can be the appropriate remedy for authors, not least because many infringements cannot be atoned for afterwards by the payment of damages, let alone by expiation of criminal punishment.³³ Tómasson asserts that this is particularly relevant when an author believes his or her works to be perverted or abused in such a manner that it infringes upon moral rights, and furthermore that

²⁸ *Aðför, kyrrsetning, lögbann o.fl.*, a handbook issued by the Ministry of Justice and Ecclesiastical Affairs, Reykjavík 1992, p. 193.

²⁹ Vilhjálmsón, Árni, *Gæsla hugverkaréttinda samkvæmt lögum og lagaframkvæmd*, in Afmælisrit Gizur Bergsteinsson níræður 18. apríl 1992, Sleipnir hf., Reykjavík 1992, p. 164.

³⁰ Borchert, Erling, *Produktefterligninger*, GadJura, Copenhagen 1995, p. 138. See also Borchert's comment in this regard on page 232 in the 2. edition of the book, published in 2003.

³¹ *Aðför, kyrrsetning, lögbann o.fl.*, a handbook issued by the Ministry of Justice and Ecclesiastical Affairs, Reykjavík 1992, p. 192.

³² Vilhjálmsón, Árni, *Gæsla hugverkaréttinda samkvæmt lögum og lagaframkvæmd*, in Afmælisrit Gizur Bergsteinsson níræður 18. apríl 1992, Sleipnir hf., Reykjavík 1992, p. 164.

³³ Tómasson, Eiríkur, *Réttarfar í höfundarréttarmálum*, Tímarit lögfræðinga Vol. 3 1985, p. 179.

it can be difficult to establish afterwards the losses an author has suffered due to the infringement. In such circumstances, one must conclude that Articles 54 and 56 of the Icelandic Copyright Act will not ensure the rights of the author sufficiently enough for an injunction not being granted. One can mention that in Denmark, the view is that articles on penalties and damages in copyright law do not prevent injunctions from being granted.³⁴

3.4 “Notice and Takedown” Procedure vs. Injunction against an Intermediary

As has been stated before, the E-Commerce Act provides indirectly for a notice and takedown procedure. The question that needs to be answered is whether this remedy renders injunctions against intermediaries irrelevant or unnecessary to any extent. The notice and takedown procedure is set forth in Articles 14 and 15 of the E-Commerce Act, albeit only indirectly, as has been stated before.

What Article 14 of the E-Commerce Act actually provides for, is that a service provider who hosts information provided by the recipient of the service is not liable for the information, provided that he promptly removes it or disables access to it on receiving notification pursuant to Article 15 of the Act, in the event of a purported violation of copyright legislation. Article 15 of the Act states the information that the notification must include, which measures should be taken if the notification is incomplete, as well as the consequences of an incomplete notification.

The notice and takedown procedure has limited use when it comes to P2P services, as a P2P service provider or another Internet service provider will rarely carry out the hosting. The procedure furthermore only applies in cases when particular information, for example, illegal copies of works, have already been hosted, whereas an injunction can also be used to stop an impending infringement. The answer to the question above is therefore definitely, No.

To the extent, if any, that the procedure has a relevance, it should be pointed out that the limitation of liability does not apply, according to Article 14 of the E-Commerce Act, when the recipient of the service acts under the authority or control of the service provider. This is important with regard to P2P services, as these services and the use thereof is, in some cases of the more popular P2P systems today, very much under the control of the P2P service provider, despite that fact that the files are shared directly between users.³⁵ Users often will not be allowed into the “community” or onto specific levels of the community, without fulfilling certain conditions decided by the P2P service provider, for example, with regard to bytes of material ready to be shared.³⁶ Members may also be

³⁴ See, e.g., Borchert, Erling, *Produktefterligninger*, 2. edition, GadJura, Copenhagen 2003, p. 233.

³⁵ The level of decentralization of the particular system in question will often be an indicator of how much control the provider has over users. Systems that are under no or little control, are very decentralized, and are vulnerable to being filled with files containing junk, as well as viruses, and are therefore not the most popular systems today.

³⁶ To name one example, members of deilir.is, a dc++ services in Iceland, need to be able to

expelled from the community by the P2P service provider for behaviour that the service provider finds unacceptable for some reason - for example, bad language, attacks on other users within chat rooms or for sharing pornographic material.

3.5 *Limited Liability of Internet Service Providers for Transmissions*

Whether or not P2P service providers or other Internet service providers carry out hosting, the transmission of illegal copies of works will inevitably be undertaken by an Internet service provider. Article 12 of the E-Commerce Act provides the following with regard to the liability of Internet service providers for transmissions:

A service provider who transmits information provided by the recipient of a service over a communications network or provides access to a communications network shall not be held liable for the transmission of the information, provided that the service provider:

- 1 does not initiate the transmission
- 2 does not select the receiver of the transmission and
- 3 neither selects nor modifies the information transmitted.

The provisions of Paragraph 1 apply to automatic, intermediate and transient storage of the information transmitted, provided that:

- 1 the storage is unavoidable for the transmission and
- 2 the information is not stored for longer than necessary for the transmission.

A recent case in Denmark casts light on the interaction between the stipulations of limited liability of Internet service providers for transmissions in E-Commerce Act and injunctions, that is, the order of Østre Landsret, in the appeal case No. B-1677-03, dated 29 April 2004 (the “TDC-case”). This case is quite likely the first of its kind within the EEA and may set an important precedent.

The case concerned the transmission of copyright protected works between two identified FTP servers. The ownership of the FTP servers was unknown. A number of copyright associations petitioned for an (preliminary) injunction against TDC Totalløsninger A/S, the Internet service provider (“TDC”). Based upon what had been presented concerning the contents of the FTP servers, the court found that it had been rendered probable that the owners of the servers had unlawfully and by the defendant’s transmission via certain IP addresses carried out a public performance of the works. When considering the content of the servers in question, as demonstrated by screen shots, the unlawful performance

share 1gb of data to have access to the first level hub, 25gb before being allowed onto the second level hub, and 75gb before being allowed onto the third and top level hubs.

was deemed to represent the major part of the transmissions to and from the two FTP servers.

The court discussed and pointed out that TDC's transmission was covered by Article 14 of the Danish Act on Information Society Services, including certain aspects of the electronic commerce (the Danish E-Commerce Act), which corresponds to Article 12 in the Icelandic E-Commerce Act. The court referred to the preparatory remarks to Article 14, in which it had been stated that the provisions of Articles 14-16 in the Danish E-Commerce Act aimed in part at the exemption from liability for the storage of information, which takes place in connection with activities included in the provisions, and in part at the exemption from liability for the contents of the information transmitted or stored. However, it was found that the provisions on exemption from liability did not include the preliminary remedies, which may be exercised to prevent or end unlawful conduct or to investigate or inquire, on whether such conduct had taken place.

The court also referred to the preparatory remarks, provided that this meant that the current Danish provisions on preliminary measures could be upheld, and that this also applied to the criminal liability or the liability in damages that could be imposed on any person that intentionally violated or assisted in violating a prohibitive injunction, in accordance with Article 651 of the Danish Act of Administration of Justice (the "AJ Act").

Two judges out of three concluded that preliminary injunction could thus be applied against TDC, even if TDC, as a provider of the transmissions was exempt from liability. Therefore, and as TDC was presumed to continue the transmissions from and to the FTP servers, unless a preliminary injunction was granted, and as an injunction, in view of the nature of the particular field of law, was deemed necessary in order to end such continuous, extensive, unlawful performance, the judges found that the conditions for granting an injunction had been met, cf. Article 642 of the AJ Act. The two judges stated that lawful transmissions could possibly be affected by the injunction. However, that this must be related to the way TDC had organized the transmissions TDC provided for payment. From an overall assessment, the two judges found that this was a risk that had to be borne by TDC.

In the minority vote, one judge pointed out that the preliminary injunction would force TDC to shut down the internet connection of the two servers, whereby lawful transmissions would also be terminated. The judge also referred to the fact that the petitioners had the legal right to get TDC to reveal the identity of the owners of the servers.³⁷ The petitioners could then hold the owners of the servers liable for the copyright infringement, as well as to direct an injunction

³⁷ This would, however, have meant the infringement would have gone on for a substantially longer time. A motion for discovery procedure, i.e., to request that the internet service provider revealed the identity of a person paying for the internet use of a computer with a certain IP address, could have taken considerable time – not only because of the time the court procedure itself would have taken, but also because of the fact that the internet service provider would not have to respond within a certain time limit to the court's conclusion. Motion for discovery is provided in Article 77 of the Icelandic Civil Case Procedural Act No. 91/1991.

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against them. Therefore, and with consideration to the far-reaching, and somewhat unpredictable consequences that the grant of the injunction would have for TDC, and which the judge considered to be out of proportion to the petitioner's interests in the granting of the injunction, the judge concluded that the conditions set out in Article 642 of the AJ Act, when compared with Article 643(2), had not been met.

The court's order was, in accordance with the majority vote, that TDC was prohibited from transmitting copyright protected works, to which the petitioners had exclusive rights, that is, in connection with making the works available via the two FTP servers, situated at certain IP addresses that were specified in the court's order.

Preparatory remarks to the Icelandic E-Commerce Act do not lead to the conclusion that the limited liability of Internet service providers as such in any respect limits the application of injunction towards Internet service providers. However, it is certainly the traditional view in Iceland that an injunction will only be granted to prevent certain actions that are preconceived as being *delict*, being illegal as such,³⁸ which does not apply to this particular conduct of internet service provider. That situation and a conclusion to reject copyright owners in their attempts to obtain injunctions on conducts of internet service providers, who transmit works protected by copyright, will, however, go against the InfoSoc Directive, further reinforced by the Enforcement Directive. It seems to be a reasonable conclusion that the TDC case should be viewed in light of the InfoSoc Directive, further discussed below.

3.6 *The InfoSoc Directive and the Enforcement Directive*

Article 8(3) of the InfoSoc Directive provides that the Member States shall ensure that rightholders are in position to apply for an injunction against intermediaries whose services are used by a third party to infringe a copyright or a related right. Recital 59 to the directive further explains the Article. In the recital the Parliament and the Council point out that the services of intermediaries may increasingly be used by third parties for infringing activities, in particular in the digital environment. Rightholders should therefore be able to apply for an injunction against intermediaries who carry a third party infringement of protected works or other subject matter in a network. It is furthermore stated that this possibility of action should be available even where the acts carried out by the intermediary are exempted under Article 5 of the Directive. Article 5(1) of the InfoSoc Directive deals with exemptions from the reproduction rights of authors, performers, phonogram producers, film producers and broadcasting organizations, with regard to temporary acts of reproduction. Acts of temporary reproduction which are transient or incidental and an integral and essential part of a technological process are to enable (a) a transmission in a network between third parties by an intermediary, or (b) a lawful use, of a work

³⁸ Jóhannesson, Ólafur, *Lög og réttur, Þættir um íslenska réttarskipan*, 4. edition, Hið íslenska bókmenntafélag, Reykjavík 1985, p. 352. This general condition for granting an injunction may be referred to as the theory on the objective illicitness of a conduct.

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or other subject matter, to be made and which has no independent economic significance, and shall be exempted from the reproduction rights.

The conditions and modalities of such injunctions as provided for in Article 8(3) are left to the national law of the Member States. It is, however, clear from the above that the eventual liability of an intermediary shall not affect rightholders in relation to the possibility of applying for an injunction against such intermediary. On the other hand, it should also be clear that applying for an injunction against an intermediary by no means infers that the intermediary in question is exempted from liability, which would entirely depend upon the circumstances in the relevant case.

The above stance is reinforced by the Enforcement Directive with regard to all intellectual property rights. Article 10 provides that Member States shall ensure that the judicial authorities may, at the request of the applicant, issue an *interlocutory injunction* against intermediaries whose services are used by a third party to infringe an intellectual property right, but it is also stated that injunctions against intermediaries whose services are used by a third party to infringe a copyright or a related right are covered by the InfoSoc Directive. Article 15 deals with *injunctions* and provides that Member States shall ensure that, when a judicial decision has been taken finding an infringement of an intellectual property right, the judicial authorities may issue an injunction against the person committing the infringement aimed at prohibiting the continuation of the infringement. The Article also states that 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 an intellectual property right, without prejudice to Article 8(3) of the InfoSoc Directive. Recital 22a to the Directive furthermore states that Article 8(3) of the InfoSoc Directive should not be affected by the Enforcement Directive.

Article 8(3) of the InfoSoc Directive was addressed in preparatory remarks when the InfoSoc Directive was implemented into Danish law, that is, into the Danish Copyright Act.³⁹ In the bill of law, the rule found in Article 8(3) of the InfoSoc Directive was said to be already present in the general rules on (preliminary) injunctions in the AJ Act, chapter 57. It was also stated that Section 11 a of the bill, which implements the aforementioned Article 5(1) in the directive, exempted certain technical copies from the exclusive right of authors. This form of copying was thus considered legal as a general rule. However, Article 11(3) of the Danish Copyright Act provided that an original copy, which is used in connection with the exemptions from the exclusive rights of authors, had to be a legal copy, or one which was legal to make available to the public.⁴⁰ It was stated in the bill that this meant that a network operator's distribution of material that infringed copyright would, regardless of section 11 a, be illegal, and that the rightholder would therefore be able to exercise the possibility of

³⁹ *Forslag til lov om ændring af ophavsretsloven (Gennemførelse af infosoc-direktivet, nye aftalelicenser m.v.*, presented to the Danish Parliament on 2 October 2002. The bill is accessible (22 May 2004) at: http://www.folketinget.dk/Samling/20021/lovforslag_som_fremset/L19.htm

⁴⁰ It is important to note that the Icelandic Copyright Act has no similar clause.

obtaining an injunction, so long as the conditions for obtaining an injunction in the AJ Act were met.

The statement in the bill raises a number of questions - for example, with regard to the E-Commerce Directive. But the most important one is whether an inferred liability of an intermediary is a condition for an injunction being obtained against such intermediary, or, more precisely, whether the transmission of the material must be an illegal conduct of the intermediary, in order to obtain an injunction. Such conclusion would be in clear defiance of Article 8(3) of the InfoSoc Directive, that refers specifically to third party infringement, which is further supported by the fact that Recital 59 states that the possibility of injunction should be available *even* when an intermediary is exempted under Article 5 of the directive. As has been stated before, one must view the conclusion of the majority vote of the TDC case in the light of those facts.

4 Conclusions

Once the InfoSoc Directive is implemented into Icelandic law, appropriate consideration must be paid to whether the rule found in Article 8(3) is actually present in the Icelandic Act of Arrest and Injunction, since a condition of illegal conduct of an intermediary before granting an injunction will not comply with the InfoSoc Directive.

What is clearly present in the legislation today is that it is a condition that *the conduct* itself that an injunction is granted against must be in breach of the legally protected rights of the person who demands the injunction to be granted⁴¹ and that respondent should be the person who is performing, or will foreseeably perform, the conduct which allegedly breaches the legally protected rights of another person.⁴² There is presently a condition of the illicitness of the conduct itself that is the subject of the injunction.

Article 8(3) of the InfoSoc Directive, on the other hand, presumes a passive role of the intermediary, that a third party is using his services to infringe upon a copyright and that the intermediary does not have to be liable at all to be a respondent to an injunction. These facts alone, and the different roles of a passive intermediary versus, for example, a bookseller who sells illegal copies of a book, lead to the conclusion that the rule found in Article 8(3) in the InfoSoc Directive is not present today in Icelandic law.

Should the Icelandic Parliament decide to follow the Danish example, despite everything aforementioned, and consider the rule to be present in Icelandic law, due consideration should be paid in practice to Article 3 of the Act on the European Economic Area No. 2/1993. Article 3 of the Act on the European

⁴¹ *Aðför, kyrrsetning, lögbann o.fl.*, a handbook issued by the Ministry of Justice and Ecclesiastical Affairs, Reykjavik 1992, p. 189.

⁴² *Aðför, kyrrsetning, lögbann o.fl.*, a handbook issued by the Ministry of Justice and Ecclesiastical Affairs, Reykjavik 1992, p. 193. It is furthermore clear that when granting an injunction, due consideration must be paid to the respondent (intermediary) freedom of speech. (*Aðför, kyrrsetning, lögbann o.fl.*, a handbook issued by the Ministry of Justice and Ecclesiastical Affairs, Reykjavik 1992, p. 189.) Freedom of speech includes both the right to part and receive information.

Economic Area states that laws and regulations, must, as much as that is appropriate, be interpreted in accordance with the Agreement on the European Economic Area and rules based upon the Agreement. This may possibly render the courts obligated to interpret the Act of Arrest and Injunction in accordance with Article 8(3) of the InfoSoc Directive.