

Neutral Citation Number: [2021] EWHC 3511 (Ch)

Case No: IL-2021-000083

IN THE HIGH COURT OF JUSTICE BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES CHANCERY DIVISION INTELLECTUAL PROPERTY LIST (ChD)

Royal Courts of Justice, Rolls Building Fetter Lane, London, EC4A 1NL

Date: 21/12/2021

Before:

THE HONOURABLE MRS JUSTICE JOANNA SMITH DBE

Between:

NINTENDO CO. LTD

Claimant/ Applicant

- and -

(1) BRITISH TELECOMMUNICATIONS PLC
(2) EE LIMITED
(3) PLUSNET PLC
(4) SKY UK LIMITED
(5) TALKTALK TELECOM LIMITED
(6) VIRGIN MEDIA LIMTED

<u>Defendant/</u> Respondents

Mr Jaani Riordan (instructed by Mishcon de Reya LLP) for the Claimant/Applicant

Hearing dates: 17 December 2021

Approved Judgment

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

.....

Covid-19 Protocol: This judgment is to be handed down by the judge remotely by circulation to the parties' representatives by email and release to Bailii. The date for hand-down is deemed to be 21 December 2021.

Mrs Justice Joanna Smith:

- 1. By a Part 8 claim issued on 30 November 2021 and an application notice dated 2 December 2021, the applicant ("Nintendo") applied for the grant of a website blocking order under section 97A of the Copyright, Designs and Patents Act 1988 (the "CPDA") and/or pursuant to the inherent jurisdiction of the court under section 37(1) of the Senior Courts Act 1981 (the "SCA") against each of the respondents. I granted the Order sought following a hearing on 17 December 2021; these are my written reasons for doing so.
- 2. Nintendo is a world-famous video game company which develops, manufactures and sells video games for, among other platforms, the Nintendo Switch games console ("Nintendo Switch"). The Nintendo Switch was launched in March 2017 and Nintendo has, since then, sold more than 89 million Nintendo Switch consoles worldwide. By September 2021, Nintendo had sold almost 5.3 million Nintendo Switch devices in the UK, generating over £1,052 billion in sales revenue in the UK.
- 3. In addition to designing, manufacturing and selling games itself for the Nintendo Switch, Nintendo also licenses third party developers to develop and publish games for the Nintendo Switch under an authorised developer programme. I shall refer to all authorised Nintendo video games as "Nintendo Games". In the UK, Nintendo sells its products through Nintendo of Europe GmbH ("NOE"), its wholly owned subsidiary.
- 4. Nintendo Games can only be legitimately purchased on physical game cards for the Nintendo Switch or through Nintendo's online shop, the Nintendo e-Shop (the only legitimate source for downloadable Nintendo Games). To date, there are something in the region of 6,500 different Nintendo Games for the Nintendo Switch in the UK, all of which (in the case of games designed and manufactured by Nintendo) are protected by various intellectual property rights owned by Nintendo, to which I shall return in a moment.
- 5. Nintendo seeks an injunction to require the respondents ("the ISPs"), six major UK broadband and mobile internet service providers, to block or attempt to block access to two websites, known as "NSW2U" and "NSWROM" respectively (together with their existing or future mirror websites, domain names and Uniform Resource Locators ("URLs") ("the Target Websites")) which permit access (via links) to third party websites from which pirate Nintendo Switch video games ("Unauthorised Nintendo Games") may be downloaded.
- 6. The application is not opposed by the ISPs, who have all been subject to similar orders made in other proceedings before this court (including a blocking order obtained by Nintendo in relation to a website distributing piracy tools for use with the Nintendo Switch: see *Nintendo Co Ltd v Sky UK Ltd* [2019] EWHC 2376 (Ch)

- ("Nintendo v Sky")). The ISPs have all agreed the terms of the draft Order and, accordingly, they did not appear at the hearing.
- 7. Mr Riordan, on behalf of Nintendo, provided a detailed skeleton argument for the purposes of the hearing and dealt comprehensively during the hearing with my queries. I am extremely grateful for his assistance.
- 8. In support of the application, Nintendo relied upon:
 - i) A witness statement from Mr Neil Boyd, Head of Intellectual Property and Intellectual Property Enforcement at NOE, together with exhibits;
 - ii) A witness statement from Mr Jon Parker, an Intelligence Analyst employed by Fusion 85 Limited; and
 - iii) An expert report from Mr Andrew Clark, an expert in digital forensic investigation of information systems.

The Target Websites

- 9. The application concerns existing websites located at (i) nsw2u.xyz ("NSW2U"); (ii) nsw2u.org; (iii) nsw2u.com; (iv) nsw2u.net and (v) nswrom.com ("NSWROM"). The second, third and fourth of these websites redirect, or include a link, to NSW2U, their sole or predominant purpose apparently being to enable access to NSW2U.
- 10. The evidence in support of the application shows that a very substantial number of Unauthorised Nintendo Games are made available for download via the home page of NSW2U, as well as via several other pages including those entitled "Switch" and "Emulator". Unauthorised Nintendo Games are also made available for download via several pages of NSWROM. The relevant pages each display images of the cover artwork (including Nintendo trade marks) for the Unauthorised Nintendo Game in question and those images incorporate a clickable link which enables the user to download the game. By way of example, amongst the many hundreds of games on offer, the Target Websites each offer the following, very well known, Unauthorised Nintendo Games: Super Mario Odyssey, The Legend of Zelda Skyward Sword, Animal Crossing: New Horizons, and Miitopia.
- 11. The prominent use of Nintendo trade marks throughout the Target Websites in game listings, on individual game pages and in social media and website logos appears deliberately designed to create the impression that the Target Websites are advertising genuine Nintendo Games.
- 12. The expert evidence confirms that the Target Websites collate large numbers of links to Unauthorised Nintendo Games in one place and that they are easy to navigate, allowing users to browse and select Unauthorised Nintendo Games to download. This makes them a ready substitute to legitimate Authorised Nintendo Games purchased from legitimate sources. Furthermore, the operators of the Target Websites have an incentive to make the process as simple as possible and to maximise the number of Unauthorised Nintendo Games downloaded because they generate income from advertising revenue via "click-through" arrangements with third parties. It is clear from this that the Target Website operators are engaged in commercial scale piracy

and are posting the links to the Unauthorised Nintendo Games with a view to making a profit. Particularly troubling for Nintendo, given that a substantial part of its target market includes children, is that there is evidence that, in addition to adverts, the download process displays explicit adult content to the consumer.

- 13. NSW2U (but not NWSROM) also makes games available for use on consoles developed by other video game console manufacturers including Playstation and Xbox. The evidence indicates that these games are also pirated and unauthorised, since genuine games for Playstation and Xbox (and the other third party platforms listed on NSW2U) are not available (and without charge) through websites that collate and index downloadable games from third parties.
- 14. The investigations undertaken by Nintendo's witnesses and experts have found no evidence of any legitimate products or services on NSW2U or NSWROM and it would appear that it is unlikely that there is any legitimate trade on either website. All the test downloads conducted by Mr Clark were pirate copies of Authorised Nintendo Games. I accept Mr Riordan's submission that all of the material on the Target Websites can therefore be assumed to be tortious and infringing either Nintendo's rights or the rights of another game developer and/or publisher.
- 15. Like other pirate sites of its kind, it appears that NSW2U frequently changes its names, URLs and domain names. Thus "nsw2u.xyz" was previously known as "nsw2u.com" and prior to that "switch-xci.com". Repeat users are shepherded from one domain to the next by means of social media announcements. In addition, the Target Website operators use multiple URLs and domain names, all of which are designed as "mirror" sites showing identical content ("nsw2u.xyz" is therefore also accessible via "nsw2u.org", "nsw2u.com" and "nsw2u.net"). It is Mr Clarke's evidence that it is likely that this is to ensure the continued access to NSWU2 in the event that one or more of the domain names linking to that site is suspended, thereby assisting consumers to circumvent attempts at enforcement by video game publishers.
- 16. Despite the extensive efforts of Nintendo's solicitors to contact its operators and take down its social media accounts (as described in the evidence), the activities of NSW2U have not been curtailed and nor have any links making available Unauthorised Nintendo Games been removed. Nintendo and its witnesses have been unable to locate any contact details for NSWROM and no social media accounts associated with it have been identified, although it is Mr Parker's evidence that NSWROM and NSW2U are likely to be under common operation and control. The Target Websites remain active and Unauthorised Nintendo Games are still available for download; hence this application.

Copyright Infringement

17. I am satisfied from the evidence of Mr Boyd that in the case of games developed and produced by Nintendo, it owns the UK copyright in the source and object code for the game, together with related underlying works such as text, graphics and sound effects within the game ("the Works"). Copyright subsists in the Works as (*inter alia*) literary works (in the case of source and object code and in-game text) and artistic works (in the case of graphics). Mr Boyd confirms that the product packaging for games developed and produced by Nintendo includes a copyright notice as follows: "©2017 Nintendo".

- 18. During the course of the hearing, I invited Mr Riordan to address me in particular on the evidence as to the extent to which the Target Websites make available the Works to the public in the UK and/or target UK users. He referred me to the following evidence:
 - i) There is ample evidence before the court of the popularity of Nintendo Games among the UK public; I have already referred to the sales of Nintendo Switch consoles in the UK running to in excess of 5 million. Sales of Nintendo Games for the Nintendo Switch are similarly successful. Super Mario Odyssey sold over 1.3 million copies in the UK, while Animal Crossing sold over 1.7 million copies in the UK.
 - ii) Animal Crossing has been at the top of the UK 'boxed games charts' on multiple occasions since its release in 2020. Mario Kart, Zelda and other games have also ranked highly in the UK.
 - Reports commissioned from SimilarWeb (a platform which provides website analytics services including website traffic data) show that NSW2U (and its mirror sites) is immensely popular in the UK. The website at "nsw2u.xyz" had approaching 40,000 unique monthly visitors in the UK alone in September 2021, with total visits in September from the UK (including repeat visits) reaching 434,000 and an overall ranking by reference to all websites accessed in the UK of 9,641. Between January and September 2021, all of the NSW2U sites had 2.8 million visits from the UK and the numbers of visitors appears on an upward trajectory.
 - iv) Whilst NSWROM seems to be less popular (and only appears to have been established in April 2021), the SimilarWeb report shows total visits between April and September 2021 of 26,652, with a peak in the summer and a levelling off in the Autumn.
- 19. There is no question from this evidence that Nintendo Games are extremely popular and the SimilarWeb reports clearly indicate the desire on the part of a substantial number of consumers to access them for free. I note that some of the most popular Nintendo Games in the UK are available for illegal downloading via the Target Websites and I consider it to be reasonable to infer that a large number of downloads of Unauthorised Nintendo Games are likely to be from the UK consumers visiting the sites.
- 20. Mr Clark expresses the view in his expert report that he considers the Target Websites to be "targeting English speaking customers, including UK customers, on the basis that they are in the English language and enable users in the UK to download games that are themselves in the English language". Mr Riordan submits that I can infer that the advertising on the Target Websites will be geo-targeted and that, whilst the digital files may be accessed globally, nevertheless the intention of the operators is clearly to target UK consumers (amongst others). Whilst I have seen no evidence from which I can make the inference suggested as to advertising, nonetheless, I accept the expert evidence that the Target Websites are targeting the substantial population of Nintendo Switch users in the UK.

- 21. Against that background, I am satisfied that the operators and users of the Target Websites infringe the copyright in the Works in the UK:
 - i) First, subscribers to the ISPs who are located in the UK perform acts of copying in the UK when they connect to the Target Websites and use them to access and download files containing the Unauthorised Nintendo Games onto electronic devices located in the UK. I infer from the high number of visits to the Target Websites by UK consumers (including repeat visits) together with the obvious purpose in providing a link to the Unauthorised Nintendo Games, that downloading is taking place and that copies of the Works are therefore being created in the memory of those devices. That there is a high level of downloads appears to be borne out by the Embargo report exhibited by Mr Boyd to his statement.
 - ii) Second, the operators of the Target Websites authorise and/or are liable as joint tortfeasors for such copying by UK users (see *Football Association Premier League Ltd v British Telecommunications plc* [No.1] [2017] ECC 17 per Arnold J (as he then was) at [39]).
- 22. Furthermore, I am satisfied on the evidence that the operators of the Target Websites perform acts of communication to the public in the UK (such that these acts are to be regarded as taking place here) when links to Unauthorised Nintendo Games are made available on the Target Websites. In arriving at this conclusion I have had regard in particular to the following:
 - The act of posting a link is capable of involving communication of the Works by electronic transmission to each user who clicks on that link: where, as here, the evidence indicates that the Target Websites are operated for profit, it is to be presumed that the act of posting a link amounts to 'communication with the public' (see *TuneIn Inc v Warner Music UK Ltd* [2021] EWCA Civ 441 at [104] referring to the CJEU's judgment in Case C-160/15 *GS Media BV v Sanoma Media Netherlands BV* at [51]).
 - while the presumption of knowledge is enough, here there is in any event clear evidence, at least in relation to NSW2U, that the operators know perfectly well that they are engaging in illegal activity. In addition to taking steps to preserve their anonymity, the operators of NSW2U warn their users to "use a VPN...to anonymize your torrenting" and they shift users from one mirror site to another in an attempt to circumvent the effects of takedown notices and other enforcement steps taken by Nintendo and other publishers. There is no evidence in relation to NSWROM to rebut the presumption of knowledge.
 - iii) The expert evidence confirms that the links are effective to enable consumers to download the Unauthorised Nintendo Games advertised on the Target Websites. It is Mr Clarke's opinion that the purpose of the Target Websites is to facilitate the downloading of the Unauthorised Nintendo Games.
 - iv) These acts of communication to the public are targeted at the public in the UK, and, as such, are to be regarded as taking place here (see the legal principles set out in *TuneIn Inc v Warner Music UK Ltd* [2021] EWCA Civ 441 at [60]-[61]). Whilst the mere existence of a website and its accessibility by local

consumers is not enough to establish a territorial link, here there is evidence (i) that the UK is a very substantial market for the Nintendo Games; (ii) that the Target Websites include games which are extremely popular in the UK market such that the content of the Target Websites (which are English language websites) will be of interest to them and (iii) of a very substantial number of visits to the Target Websites by UK consumers. It is reasonable to infer that, whilst the nature of the products offered by the Target Websites is inherently cross border in nature and has given rise to blocking orders obtained by Nintendo against NSW2U (and predecessors to NSW2U) in Spain, Italy, Portugal and other jurisdictions, nonetheless a large number of the downloads of Unauthorised Nintendo Games from the Target Websites are likely to be from the UK. Certainly, the high level of access by UK consumers to the Target Websites indicates, in my judgment, that UK consumers/the UK public regard the content on the Target Websites as directed to and meant for them.

23. As with all orders under section 97A, the Order I have granted also aims to restrain future infringements of Nintendo's rights (see *Football Association Premier League Ltd v British Telecommunications plc* [No.1] [2017] ECC 17 at [40]).

Trade Mark Infringement

- 24. Although not strictly necessary in circumstances where I have already found copyright infringement, I am satisfied on the evidence at paragraph 3.10 of Mr Boyd's statement that it is clear that the operators of the Target Websites are infringing various Nintendo UK registered trade marks by using identical signs in the course of trade in relation to identical goods (namely video games and downloadable programs in Class 9) contrary to section 10(1) of the Trade Marks Act 1994. The Target Websites are targeting average consumers in the UK for reasons I have already identified.
- 25. I agree with Mr Riordan that the marks are here being used to promote and distribute counterfeit versions of the games, a quintessential example of infringement. I also agree that there is no plausible basis to suppose that the use of the marks is merely descriptive; they are being used to denote (falsely) the origin of the games and thereby to drive traffic to the websites for the purposes of making a profit. This is not in accordance with honest practice.

Jurisdiction

26. As has been said in various other similar cases, the legal principles to be applied by the court when considering whether to make an order under section 97A CDPA are now well established. As Falk J observed in *Columbia Pictures Industries Ltd v British Telecommunications plc* [2021] EWHC 2799 (Ch) ("*Columbia*") at [23]:

"In summary, the jurisdiction to grant an order under section 97A is dependent on the court being satisfied that (1) the ISPs are service providers; (2) users and/or operators of the Target Websites infringe copyright; (3) users and/or operators use the services of the ISPs to do that; and (4) the ISPs have actual knowledge of that fact. If the court has jurisdiction, then it must consider whether, in all the circumstances and in particular

having regard to proportionality, it is appropriate to make the order sought."

27. Insofar as the exercise of the jurisdiction under section 37(1) SCA is concerned, the threshold requirements are broadly the same as those applicable to section 97A CDPA, save that any civil or criminal wrongdoing will suffice. In *Cartier International AG v British Sky Broadcasting Ltd* [2016] EWCA Civ 658, in the context of a claim for trade mark infringement, LJ Kitchen said this at [80]:

"The judge considered, rightly in my view, that the court's discretion under s.37(1) to grant website blocking orders is not unlimited and that it must be exercised consistently with the terms of the Enforcement Directive, including, in particular, Articles 3 and 11, and with the terms of the E-Commerce Directive, including, in particular, Articles 12 to 15. He then proceeded to identify the following threshold conditions which must be satisfied before a website blocking order is made. First, the ISPs must be intermediaries within the meaning of the third sentence of Article 11. Secondly, either the users or the operators of the website must be infringing the claimant's trade marks. Thirdly, the users or the operators of the website must use the services of the ISPs. Fourthly, the ISPs must have actual knowledge of this."

- 28. In the circumstances, I consider that the threshold requirements under sections 97A CDPA and 37(1) SCA may be taken together.
- 29. I am satisfied that the court has jurisdiction:
 - i) There is no doubt that the ISPs are service providers within the meaning of regulation 2 of the Electronic Commerce (EC Directive) Regulations 2002 (SI 2002/2013) in that they are providing an information society service. They are also intermediaries (see *Nintendo v Sky* at [40]);
 - ii) For the reasons given above, the operators of the Target Websites are infringing Nintendo's rights in the UK;
 - The evidence establishes that the operators and users of the Target Websites use the ISPs' internet access services to commit these infringements, since they play an essential role in enabling users to access the Target Websites and thereby obtain copies of the Works (see *Football Association Premier League Ltd v British Telecommunications plc* [No.1] [2017] ECC 17 at [41]);
 - iv) The ISPs have actual knowledge of the use of their services to infringe, given the advance notice they were given of this application, which included the evidence, together with the service of the application and supporting evidence on them, and further their expressed lack of opposition to the Order.

Discretion and Proportionality

30. In *Columbia*, Falk J set out the equally "well established" principles to be applied by the court when determining whether to exercise its discretion to grant an order under section 97A CDPA (and by analogy, section 37(1) SCA). As she said, they were summarised in *Nintendo v Sky* at [41]:

"The injunction must be (i) necessary, (ii) effective, (iii) dissuasive, (iv) not unduly costly or complicated, (v) avoid barriers to legitimate trade, (vi) a fair balance between the fundamental rights engaged, (vii) proportionate and (viii) safeguarded against abuse. Of these factors, proportionality is the key one, since consideration of the other factors feeds into the proportionality analysis."

- 31. The principal rights engaged are on the one hand, Article 1 of the First Protocol to the European Convention on Human Rights ("ECHR") and the intellectual property rights of Nintendo, and on the other hand rights to freedom of expression under Article 10 ECHR of the ISPs and of the operators and users of the Target Websites.
- 32. Nintendo submits, and I accept, that in the present case the criteria identified are satisfied for very similar reasons to those given by Arnold J in *Nintendo v Sky* at [43]:
 - i) The injunction sought is necessary to prevent, or at least reduce, substantial damage to Nintendo. It appears that numerous downloads of Unauthorised Nintendo Games have been facilitated by the Target Websites and that Nintendo has sustained significant losses as a result. The presence of the Target Websites diverts internet traffic away from Nintendo's own website, as well as physical retail stores selling legitimate Nintendo products, thereby reducing exposure to authorised Nintendo Games. Aside from substantial lost sales (including in the run up to a peak sales season), Nintendo's reputation is damaged by the circulation of pirated games which may be unreliable or error prone and also by the appearance of adult content during the download No alternative measures are realistically available to Nintendo since Nintendo has been unable to identify the operators of the Target Websites. None of the actions taken by Nintendo's solicitors to deter ongoing infringement and disable the Target Websites (including sending multiple take down notices, writing to the hosts and domain name registrars used by the Target Websites and bringing UDRP domain name proceedings) has proved successful.
 - Blocking injunctions are now generally accepted to be effective in reducing traffic to target websites (see *Nintendo v Sky* at [43(ii)]). In other jurisdictions where predecessor sites have been blocked, traffic has significantly declined. There is every reason to suppose that this Order will have a material impact on the public's ability to access infringing material from the Target Websites;
 - iii) Similarly, blocking injunctions are dissuasive. Moreover the ISPs are required to display information about the block, which helps to dissuade users.
 - iv) Blocking injunctions are not difficult for the ISPs to implement. They have agreed the terms of the Order and have the necessary technology already available to them. Moreover, as a result of the decision of the Supreme Court

- in Cartier International AG v British Telecommunications plc [2018] UKSC 28, Nintendo must bear the ISPs' incremental costs of implementing the injunction. Thus there is no additional cost for the ISPs.
- v) The evidence shows that the injunction sought by Nintendo in this case will have no impact on legitimate trade, because none of the Target Websites appears to carry on any legitimate trade.
- vi) The injunction strikes a fair balance between protecting Nintendo's rights and the rights engaged: the ISPs' right to carry on business is unaffected and the public has no legitimate interest in being informed about, or gaining access to, websites whose sole purpose is to provide access to pirated copies of Nintendo Games (and other pirated content) and thus to infringe Nintendo's rights to its significant detriment. Any interference with the rights of the public and the ISPs is justified by the legitimate aim of preventing such infringement. No complaints were made under the previous *Nintendo v Sky* order and there have been no reports of over-blocking or other difficulties.
- vii) For these reasons, the injunction is proportionate.
- viii) The Order that I have granted contains the usual safeguards adopted in previous cases, including notification provisions, liberty to apply to the Target Website operators and anyone affected by the Order, together with a "sunset clause" bringing the operation of the Order to an end in just over 2 years' time (see the first instance decision in *Cartier International AG v British Telecommunications Plc* [2014] EWHC 3354 (Ch) at [265]).

Conclusion

33. For the reasons set out above, I grant the Order requested by Nintendo in the terms discussed at the hearing.