on eBay were counterfeit did not mean that a substantial number were not authentic. In that case, while the Court was prepared to find that eBay had generalised knowledge that some portion of the goods was counterfeit, this was not sufficient to impose an affirmative duty to remedy the problem. The provisions of the Act worked in a similar way, the Court concluding:

General knowledge that infringement is 'ubiquitous' does not impose a duty on the service provider to monitor or search its service for infringements.

The Court distinguished the Grokster case and other similar cases, which involved peer-to-peer file sharing networks not covered by the safe harbour provisions. Grokster addressed the more general law of contributory liability for copyright infringement which was not relevant here, and did not mention the Act. Its business model was quite different to that of YouTube. Another case which was distinguished involved "an admitted copyright thief". A number of other claims by Viacom were dismissed as not affecting YouTube's safe harbour protection.

The outcome of the case is that YouTube's business model is intact. YouTube has reportedly implemented additional detection tools since it was purchased by Google for $1.6b in 2006.

It is understood that Viacom is to appeal.

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Nintendo v Playables: Circumvention of Copy Protection Devices on Games Consoles

The High Court in the United Kingdom recently decided a case on the circumvention of copy protection devices under the Copyright, Designs and Patents Act 1988 (UK). In this article, Brett Farrell provides a summary of the case and discusses the implications of the decision for the gaming industry.

In Nintendo v Playables[1] Mr Justice Floyd of the UK High Court decided that Playables had both infringed Nintendo's copyright and had circumvented electronic copy protection measures. He also allowed a greater portion of damages to Nintendo in this case than has previously been allowed in similar cases such as Sony Computer Entertainment Inc. v Ball & Ors.[2]

Whilst the Nintendo case contained some esoteric legal points which excite lawyers, the practical consequences of this case are not as far reaching for most of the gaming community. In fact, the only people who should be worried by the case are people or companies inside the United Kingdom (**UK**) who are dealing in devices which can circumvent gaming company security measures or breach their copyright.

what this case has done is achieve a small expansion of the remedy of damages which a gaming company can claim.

The issue of circumventing gaming company security measures goes beyond the Defendants in the Nintendo case and if someone wanted a device to circumvent standard copy protection mechanisms, they are most likely available from someone in your local pub or via the internet from outside the UK. This case is not going to stop that. However, what this case has done is achieve a small expansion of the remedy of damages which a gaming company can claim.

If over time the gaming companies keep chipping away (pardon the pun) at these cases, they may slowly achieve more expansive remedies, and copyright infringers, or people who provide circumvention devices, might truly be worried. As it stands, there does not appear any great disincentive to stop infringement or circumvention and to encourage users to buy authorised versions of these games.

What happened

Nintendo commenced proceedings against two Defendants, Playables Limited and Wai Dat Chan, on two grounds: that the Defendants circumvented Nintendo's copy protection devices; and infringed Nintendo's copyright.

The Defendants imported and dealt with the R4 device which, when connected to a Nintendo DS game machine, could itself have a micro SD card inserted containing illegal downloads of Nintendo games.

The first limb of the claim regarding circumvention of copy protection was covered by sections 296 and 296 ZD of the Copyright Designs and Patents Act 1988 (UK) (**Act**).

Section 296

Section 296 of the Act deals with the technical measures applied to copyright works in computer programs. It says:

> (1) This section applies where— (a) a technical device has been applied to a computer program; and (b) a person (A) knowing or having reason to believe that it will be used to make infringing copies— (i) manufactures for sale or hire, imports,

1 Nintendo Co Ltd and Nintendo of Europe GmbH v Playables Ltd and Wai Dat Chan [2010] EWHC 1932 (Ch).

2 [2004] EWHC 1738 (Ch).

> distributes, sells or lets for hire, offers or exposes for sale or hire, advertises for sale or hire or has in his possession for commercial purposes any means the sole intended purpose of which is to facilitate the unauthorised removal or circumvention of the technical device; or (ii) publishes information intended to enable or assist persons to remove or circumvent the technical device ....

The Defendants, in essence, raised the defence that they did not know of or had no reason to believe that the devices would be used to make infringing copies.

Under section 296 of the Act Nintendo had to prove that there was:

(a) a "technical device" which had been applied to a computer program,

(b) that the Defendants had manufactured, imported, distributed, sold, etc,

(c) the sole purpose of which was to facilitate the unauthorised removal or circumvention of a technical device, and

(d) knew or had reason to believe it would be used to make infringing copies.

Nintendo's case was relatively straight forward. The Defendants, in essence, raised the defence that they did not know of or had no reason to believe that the devices would be used to make infringing copies. This "it ain't me Guv" defence was at the heart of the case. The parties were asking the Judge to determine whether or not a device which could be used legitimately and also illegitimately was acceptable. The Judge disagreed with the Defendants and said:

> I do not think that the Defendants have a realistic prospect of asserting that they did not know of the unlawful uses to which the devices would be put.

The Judge held that the Defendants' actions in selling the device were contrary to section 296.

Section 296ZD

Section 296ZD of the Act deals with the technical measures applied to copyright works other than computer programs. It says:

> (1) This section applies where— (a) effective technological measures have been applied to a copyright work other than a computer program; and (b) a person ...(C) manufactures, imports, distributes, sells or lets for hire, offers or exposes for sale or hire, advertises for sale or hire, or has in his possession for commercial purposes any device, product or component, or provides services which— (i) are promoted, advertised or marketed for the purpose of the circumvention of, or (ii) have only a limited commercially significant purpose or use other than to circumvent, or (iii) are primarily designed, produced, adapted or performed for the purpose of enabling or facilitating the circumvention of, those measures ...

Under section 296ZD, Nintendo needed to prove that:

(a) there were technological measures, that had been applied to a copyright work and that they are effective (**ETM**); and

(b) the Defendants manufactured, imported, distributed, sold, etc, a device product or component which circumvented the ETM, has little other purpose or use other than to circumvent the ETM, or is primarily designed to circumvent the ETM.

Previous cases have established that this section of the Act creates strict liability.[3] Notwithstanding this, the Defendants argued that they did not know or had any reason to believe that their devices would be used to make infringing copies and, in any event, argued there are lawful uses for the devices outside of downloading illegal games. They argued that players might make their own games and use this technology as a way to play them. Once again, Justice Floyd disagreed and said the defences did not have any "realistic prospect of success".

Ordinary Copyright

The second limb of Nintendo's case was a claim of copyright infringement. Nintendo asserted that the source code was an original computer program (a literary work according to the Act) and the NLDF[4] was either in a literary work or an original artistic work and these were both infringed. Nintendo did not claim that the Defendants directly infringed its copyright, but rather that they authorised others (for people who bought these devices) to infringe Nintendo's copyright. Nintendo, however, only won on the NLDF authorisation point with the Judge calling the devices "templates for infringement".

Expanded Jurisdiction

The Defendants were not only selling their devices within the UK but exporting them as well.

Justice Floyd said that section 296ZD is concerned with dealings in the UK in devices **capable of** circumvention, distinguishing it from the device **actually being used** in the UK for circumvention. On that basis he departed from the earlier decision of Sony v Ball and granted Nintendo summary judgment on export sales as well as sales within the UK. This meant Nintendo had the basis for a greater damages calculation. In this Justice Floyd expanded the existing law.

So What?

So what does all this mean? Well, not much really, although it did for Nintendo. The fact that Nintendo went to the trouble to fully prosecute aspects of a case which had been partially settled suggests it had a point to prove and it was certainly successful in doing that.

It is unlikely that it will have a detrimental impact on the trade in illegal devices except, of course, for those based in the United Kingdom who fall under the jurisdiction of the English Courts and who have sales at a level that could attract the attention of the gaming companies.

For the rest of us it will just provide interesting fodder for debating the old issue of gaming companies wanting to protect their investment in intellectual property and those who, for whatever reason, disagree with that.

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3 Sony Computer Entertainment Inc. v Ball & Ors [2004] EWHC 1738 (Ch).

4 The NLDF is the Nintendo Logo Data File. This file enables Nintendo to prevent circumvention of its technical security measures by preventing unlawful games copies from loading or playing.