

## WHITHER INTELLECTUAL PROPERTY LAW IN JERSEY?

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*Until very recently, intellectual property has played little part in the business life of Jersey. This article gives an overview of the main types of intellectual property and looks at how the law has developed in Jersey, and in comparison with certain other offshore jurisdictions. It also seeks to explore trends in this area of law, which is inextricably linked to developments in the use of technology, and how Jersey might look to develop its laws to meet these developments and to differentiate itself as a jurisdiction.*

### **1. Introduction**

1 The purpose of this article is to consider the question: “Whither intellectual property law in Jersey?” Put another way, with there having been some developments in recent years in intellectual property law in Jersey, the question might be “How is intellectual property law to develop further in Jersey?”

2 Jersey has for many years had businesses which manage international intellectual property portfolios or host intellectual property structures but Jersey’s attraction has been held back by its own lack of substantive intellectual property laws. Laws in Jersey can have one or more of several purposes: to attract business in some way to the Island,<sup>1</sup> to fulfil international responsibilities,<sup>2</sup> which may be voluntary or mandatory, in respect of its indigenous activities, or for the greater good of Jersey’s citizens.<sup>3</sup> Arguably, it is in the area of intellectual property that all these purposes can be satisfied.

3 So, what is meant by intellectual property?

“Intellectual property is the system of legal rights which governs the world of products of the mind: ideas and expressions of human creativity . . . [and it] is about the control and use of

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<sup>1</sup> For example, the Gambling (Remote Gambling Disaster Recovery) (Jersey) Regulations 2008 and the Gambling (Jersey) Law 2012.

<sup>2</sup> For example, the Taxation (Implementation) (International Tax Compliance) (Common Reporting Standard) (Jersey) Regulations 2015.

<sup>3</sup> For example, the Supply of Goods and Services (Jersey) Law 2009.

[such] ideas and products of human creativity in all its manifestations, ranging from technical inventions in every field of science and technology through to the ingenuity of traders in improving their position in any market and the works of artists and performers in all fields of the arts.<sup>74</sup>

4 There is a variety of intellectual property rights, most of which are designed to confer monopoly rights to varying extents and for differing periods of time. They also require different types of formality. A common feature, however, is that intellectual property rights are recognised worldwide and are the subject of a significant degree of international harmonisation.

5 It is not my intention to explore in great detail each different kind of intellectual property right but shall consider the following principal four categories of right as they apply in and to Jersey: (i) copyright and design rights, (ii) registered trade marks, (iii) registered designs, and (iv) patents.

6 These are the rights which figure most prominently within Jersey's legislative regime. Unregistered trade marks (and the law of passing off), confidential information, plant varieties and Internet domain names are other examples of intellectual property.

7 Of the four categories, copyright is probably the most widely known form of intellectual property right. It is worth noting that in the 2010 draft of the Intellectual Property (Unregistered Rights) (Jersey) Law 2012 ("IPURL"), which is now the source of law in Jersey dealing with copyright, it was commented—

"If Jersey wishes to be an attractive place for the creative industries to locate and do business, then the current law must be updated. The fact that much of the sector increasingly operates in the digital and online world means that the location of these industries can be very fluid. In the knowledge economy sustained by the Internet, creative content can be created in one territory, distributed from another and consumed anywhere, so creative businesses, and those licensed to disseminate creative content, increasingly operate in a global marketplace. A particular business may therefore relocate to a different jurisdiction if the legislative framework there is supportive. The intellectual property rights covered by this draft Law are, of course, not the only laws relevant to where a company in the creative industries' sector might locate, but rights fit for the digital age must be a

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<sup>4</sup> Bird & Bird, *Intellectual Property Law Handbook* (1st edn, The Law Society 2008).

cornerstone of what is needed to safeguard Jersey's competitive position."

8 The draft of the Intellectual Property (Registered Rights) (Miscellaneous Provisions) (Jersey) Law 2015 ("Registered Rights Law") stated as follows—

"Registered IP rights can be crucial to other areas that are innovative too. Many goods and services are still made available to the public in the physical world and trade marks can be just as important to these as they are to goods and services sold online. A registered design right can be sought for the shape or visual appeal of any product or part of a product. This includes both 3-dimensional and 2-dimensional products, whether they are industrially produced or handcraft items . . . Patents can apply to both products and processes that involve an inventive step. Businesses offering services to those who wish to acquire or already own IP rights are also affected by the nature of the law about registered IP rights. Ensuring the laws in Jersey about registered IP rights are modern and compliant with international conventions is therefore the priority now."

9 These excerpts articulate the States' public intention of seeking to improve the legislative framework for intellectual property rights in Jersey which some might suggest has been long overdue. In considering where Jersey now sits in terms of the four categories, the following will be considered:

- (a) the current position in Jersey in respect of the four categories;
- (b) the approach and legislative framework of Jersey in comparison with Guernsey and the Cayman Islands; and
- (c) current issues and what next for Jersey in relation to the evolution of its intellectual property laws.

## **2. Jersey—where are we now?**

10 Until recently, intellectual property law has played little part in the Island's legal history. This can most likely be attributed to the nature of Jersey's economy which, until the latter part of the twentieth century, centred on farming and agriculture, and tourism. Since then, we have seen the rapid growth of Jersey as an offshore finance centre with lawyers, accountants and fiduciary and corporate services businesses now providing the greatest focus of Jersey's economy. It is perhaps not surprising then, that there has been a dearth of cases before the Royal Court concerning intellectual property.

11 It was not until 1995 that there was a reported decision on an aspect of intellectual property law in Jersey. This was the case of

*Oliver v ABN-AMRO Bank NV*<sup>5</sup> and concerned copyright. It concerned, in particular, the potential infringement of copyright in a computer program. The judgment relates to two preliminary issues, the relevant one for these purposes being whether Jersey had laws which conferred protection by way of copyright in a computer program. In Jersey at that time, the UK Copyright Act 1911 had been applied by virtue of the Loi (1913) au sujet des droits d'auteur. In the UK, the 1911 Act had been repealed and replaced by the Copyright Act 1956. That Act was not extended to Jersey but subordinate legislation provided that the 1911 Act could continue to be part of the law of any country to which the 1911 Act had been extended. Given the time, the 1911 Act did not contemplate computer programs. Nevertheless, Hamon, Deputy Bailiff held that the 1911 Act, as extended to Jersey, afforded statutory protection to the author of a computer program against its unauthorised production, reproduction or recording. His reasoning for this was that a computer program was an "original literary work" within the meaning of the 1911 Act.

12 Copyright was next considered in 2002 in the case of *Comprop Ltd v Moran*.<sup>6</sup> In 1967, a Mr Perry was commissioned to make a map of Jersey for a one-off fee and it was published in 1969. The commissioner of the work subsequently sold the copyright in the map to a third party who in turn sold it to the owner of Perry's Ltd in 1992. Mr Moran was recruited to update Mr Perry's map. Prior to this he had made his own map of the Island. Under the terms of his contract of employment, Mr Moran sold and assigned the copyright in maps which he had already produced to Perry's Ltd. It later published *Perry's Island Map*, an updated version of Mr Perry's map. Mr Moran left Perry's Ltd in June 1996 and began to market maps of his own. On inspecting these maps, the second plaintiff concluded that either Mr Perry's map or *Perry's Island Map* had been copied as, although the maps differed in appearance, a substantial number of mistakes which appeared in its maps had been duplicated by the defendant. Comprop Ltd, which bought Perry's Ltd in January 1997, brought the action against the defendant alleging copyright infringement.

13 The Royal Court held that when considering whether copyright had been infringed, as defined by the 1911 Act, the correct approach was to identify those elements which had been copied from the original work, and to consider whether those elements formed a substantial part of the new work on a qualitative, not a quantitative basis. On the evidence, the court found that Mr Moran infringed the

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<sup>5</sup> *Oliver v ABN Amro Bank NV* 1995 JLR 270.

<sup>6</sup> *Comprop Ltd v Moran* 2002 JLR 222.

copyright in Mr Perry's map by copying a substantial part of it. However, copyright may only be transferred by a formal assignment; Comprop Ltd held only an equitable title to the copyright in Mr Perry's map by virtue of the previous arrangements concerning the acquisition of the copyright and Perry's Ltd. It was not, therefore, entitled to final judgment until it obtained the legal title.

14 The most recent occasion on which copyright has been considered by the Royal Court is in the case of *Nautech Services Ltd v CSS Ltd*<sup>7</sup> in 2014. Nautech is a maritime recruitment business, providing specialist staff to the offshore oil and gas industries. In April 2013, two employees left Nautech and joined CSS, which they had set up with the aid of others, in order to compete with Nautech. A third employee, a Mr Inns, also started to work for CSS in May 2013 following his dismissal from Nautech. Prior to leaving Nautech the three employees had copied large quantities of data from Outlook inboxes on Nautech's workstations. Further, Mr Inns copied over 600 work contacts from his Blackberry mobile phone to a personal Gmail account and then onto a new phone. He also copied the Gmail copy for the benefit of CSS. In April 2013, Nautech obtained an interim injunction against the three former employees and subsequently issued proceedings in May 2014 for contempt of the order, as Nautech had evidence that the injunction was being breached. As well as concluding that Nautech's database of contacts was confidential information, the court also considered whether the use by Mr Inns of this confidential information infringed Nautech's copyright.

15 Jersey enacted the IPURL as a replacement for the UK Copyright Act 1911 after the *Comprop* case. The IPURL is based substantially on the UK's Copyright, Designs and Patents Act 1988, which was a successor to its Copyright Act 1956. Like the 1988 Act, the IPURL provides that copyright subsists in an original literary work including a table, a compilation and a database. A database is a collection of independent works, data or other material which is arranged in a systematic or methodical way and is individually accessible by electronic or other means. To satisfy the test of originality in a database, one must show that the selection and arrangement of the contents of the database is the author's own intellectual creation. The Royal Court found that the selection and filing of emails by Mr Inns from existing and potential contractors of Nautech, and indeed their deletion if appropriate, constituted the requisite degree of intellectual creativity to create a literary work which was protected by copyright. The IPURL provides that work done by an employee in the course of

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<sup>7</sup> *Nautech Services Ltd v CSS Ltd* [2014] JRC 159; 2014 (2) JLR N [17].

his employment vests in his employer. Accordingly, the copying and use of client contact information from this database was an infringement of Nautech's copyright.

16 In respect of the registered types of intellectual property, Jersey does not operate its own territorial primary register. In other words, it is not possible to register this type of right in Jersey without it having already been registered in the UK. In the UK, registered designs are primarily dealt with by the Registered Designs Act 1949; patents by the Patents Act 1977 and trade marks by the Trade Marks Act 1994. The Registered Designs (Jersey) Law 1957 provides that the owner of a UK registration may apply to the Judicial Greffier for the registered design to be entered in the register of designs in Jersey so enabling the protection afforded by the UK registration to be extended to Jersey. There is no examination of the UK right. The Patents (Jersey) Law 1957 and the Trade Marks (Jersey) Law 2000 provide a similar process for the mirror registration of a UK patent and a UK registered trade mark respectively. The three registers also provide for the recording of assignments and other transmissions of such rights. As regards these registered rights, there are no published cases of the Royal Court.

17 The European Union Intellectual Property Office (prior to 23 March 2016 known as the Office for Harmonisation in the Internal Market (Trade Marks and Designs)) was established by the European Union pursuant to Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark ("Trade Mark Regulation") and deals with the registration and maintenance of European Union Trade Marks (known as Community Trade Marks prior to 23 March 2016) and registered Community Designs. Article 12 of the 2000 Law extends various provisions of the Trade Mark Regulation to Jersey so that the owner of a Community Trade Mark ("CTM")<sup>8</sup> can enforce it directly in Jersey. Like the Trade Mark Regulation, Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs introduced a unified system of registered industrial design right, called the Community Design, throughout the EU, however this regulation has not been extended to Jersey in a similar manner.

18 Article 13 of the 2000 Law provides that—

“the proprietor or licensee of a protected international trade mark shall have the same rights and remedies under this Law regarding use of that trade mark, in relation to the goods and services in

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<sup>8</sup> For the purposes of this article I shall continue to refer to EU trade marks as “CTMs”.

respect of which it confers protection, as if the proprietor or licensee was a registered proprietor or registered licensee, as the case may be, but, save as aforesaid, no person shall be entitled to any rights or remedies in respect of any protected international trade mark.”

For the purposes of this article a “protected international trade mark” is essentially a mark registered under what is termed the Madrid Protocol and accepted in the UK. The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks established an international primary registration system for trade marks. Registration through the Madrid System does not create an “international” registration, as in the case of a CTM. An application under the Madrid Protocol must be linked to a “base” application or registration for the trade mark already on file in the applicant’s home trade mark office which, for the purposes of the 2000 Law, is the UK.

19 It will be seen that intellectual property rights are, or have the potential to be, international in nature. As was highlighted in the draft IPURL—

“There are a number of international conventions and treaties in the intellectual property area, as well as obligations in the agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) [TRIPS Agreement], which is part of the agreement on the World Trade Organisation (WTO). If Jersey were to desire membership of the WTO, then complying with TRIPS would be essential, and this would not be possible without modernisation of copyright law and putting in place some of the other provisions in this draft Law.”

20 This published, but perhaps not widely articulated, aspiration concerning membership of the WTO also appears in the draft Registered Rights Law—

“Ensuring that the laws making provision about IP in Jersey are modern and consistent with international standards is therefore an important policy objective for encouraging businesses of many types to locate and invest in the Island. Membership of the World Trade Organisation (WTO) also requires IP laws to specified standards to be in place and so Jersey must meet these if it desires the wider benefits of WTO membership.”

21 While the IPURL is compliant with the requirements of the various international treaties and conventions relating to unregistered intellectual property rights, as well as the copyright and related rights

provision in the TRIPS Agreement, to date Jersey has only become a signatory to the Berne Convention<sup>9</sup> which was effective on 1 January 2014. The draft Registered Rights Law stated that there was a priority in ensuring that the laws in Jersey about registered intellectual property were modern and compliant with international conventions. The draft law goes on—

“UK laws comply with the main international conventions and treaties relevant to these types of IP and so in many respects the Jersey laws permitting IP to be re-registered in Jersey will also be consistent with these obligations. But Jersey does not belong to the relevant international conventions and treaties, in particular the most recent version of the Paris Convention for the Protection of Industrial Property [Paris Convention]. There are a few detailed points in the Jersey laws that would preclude compliance with that Convention. This draft Law therefore brings forward amendments to remove these problems, and so should in due course enable the Island to seek extension of the UK’s membership of that Convention to the Island.”

22 The technical details of the changes to the three Jersey laws are not relevant here, suffice it to say they are aimed at enabling compliance with the Paris Convention and also the TRIPS Agreement. What is perhaps more interesting is that the Registered Rights Law provides a mechanism to enable Jersey’s intellectual property laws to be more easily updated in the future. There are powers to make regulations in respect of each type of registered right. As the draft law stated, this power will mean it will be possible in future to make provision in relation to any of the following—

(a) registration, by first registration or otherwise, and the exercise and enforcement of any title or interest in rights, but so long as the provision is believed by the States to be consistent with any international convention which applies to Jersey;

(b) giving effect to any international convention which applies, or is to apply, to Jersey;

(c) implementing any obligation the UK has under EU Treaties, whether or not that obligation applies to Jersey;

(d) giving effect to any provision that applies in the UK.

23 The IPURL contains provision for the making of regulations to cover the implementation of international treaties and conventions.

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<sup>9</sup> The International Convention for the Protection of Literary and Artistic Works (Paris 1971 revision) (commonly known as the Berne Convention).



24 How Jersey's legal powers might be used to enhance its intellectual property law offering are considered below.

### **3. The approach of Jersey in comparison with Guernsey and the Cayman Islands**

25 Island economies such as Jersey, Guernsey and the Cayman Islands have, in the 21st century, realised that for various reasons it is beneficial to have modern intellectual property laws, at least covering the four categories. It is suggested that the main impetus for this has been to seek alternatives to the traditional offerings of these financial centres, in a world becoming increasingly dominated by the need to adhere to international regulation *eg* FATCA and CRS, and the costs associated with this. The desire to be attractive to innovators has prompted island economies to look to areas such as financial technology ("FinTech") and medical technology ("MedTech") and in doing so it has proved necessary to have in place modern intellectual property laws.

26 It has been reported in the past that, whilst businesses involved in intellectual property and e-commerce will locate their businesses in a jurisdiction for a variety of reasons—the tax and financial environment, communications, workforce demographics to name but a few—the legal environment is often a key factor. Whether a jurisdiction has a mature and comprehensive intellectual property law structure—both for business and citizens—can be of great relevance.

27 As has been seen, the four categories are the subject of a large degree of standardisation by virtue of a variety of international treaties. Nevertheless, differences do exist between countries. Not unsurprisingly, the likes of the Crown Dependencies and Overseas Territories have looked to the UK for a model for their intellectual property laws. The benefits of this are manifold:

(a) Notwithstanding their own legal systems, which in the case of Jersey and Guernsey originate from Norman France of the 11th century, there is a familiarity with the laws of the UK and the highest court of appeal is the Judicial Committee of Privy Council.

(b) The common laws of England and Wales and of Scotland often provide persuasive authority for offshore jurisdictions.

(c) By looking to the UK, rather than devoting time and resources to reviewing established ground, there is a ready-made source of laws which is compliant with international standards.

(d) Existing local legislation has been influenced by UK laws *eg* the Supply of Goods and Services (Jersey) Law 2009.

(e) Many laws are modelled on UK Acts of Parliament which provide a common framework and ease of updates.

28 Some years before Jersey implemented the IPURL, Guernsey had implemented a suite of ordinances following the Intellectual Property (Enabling Provisions) (Bailiwick of Guernsey) Law 2004 which, in the case of unregistered rights, was also modelled largely on the provisions of the 1988 Act. These ordinances included:

(a) the Copyright (Bailiwick of Guernsey) Ordinance 2005;

(b) the Unregistered Design Rights (Bailiwick of Guernsey) Ordinance 2005;

(c) the Performers' Rights (Bailiwick of Guernsey) Ordinance 2005, a number of which have since been amended.

29 Whilst Jersey and Guernsey have enacted their own laws dealing with unregistered rights, the copyright sections of the 1988 Act (with some modifications) were extended in 2015 to the Cayman Islands by UK statutory instrument.<sup>10</sup> Arguably, the benefit of this approach is that, unless it touches upon a modified provision, any change to the 1988 Act will automatically extend to the Cayman Islands, whereas Jersey and Guernsey would need to take steps to implement any change which it is desired to include within their own unregistered laws. Conversely, they have the freedom whether or not to adopt any change which might be made to the 1988 Act.

30 The principal difference between Jersey and Guernsey is in relation to registered rights. As discussed above, Jersey has adopted a secondary register in respect of trade marks, registered designs and patents. Under the Trade Marks (Bailiwick of Guernsey) Ordinance 2006, Guernsey has its own primary registry for trade marks. A trade mark that has never been registered in another jurisdiction (or has been registered in a jurisdiction that is not formally recognised by the Guernsey Intellectual Property Office) is (and must be) treated as an actual trade mark application. More akin to Jersey is the provision that a trade mark that has previously been registered in another recognised jurisdiction can be applied for in Guernsey, claiming support from the earlier registration. Broadly speaking, a "supported" registration can be applied for when the trade mark has first been registered as a UK mark, a CTM or a mark under the Madrid System. Interestingly, Jersey

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<sup>10</sup> The Copyright (Cayman Islands) Order 2015, SI 2015/795 subsequently amended by the Copyright (Cayman Islands) (Amendment) Order 2016, SI 2016/370.

provides for automatic recognition of CTMs whereas Guernsey does not.

31 Guernsey adopts a similar approach to Jersey in respect of registered designs and patents in that each can only be registered in Guernsey where there is an existing registration in certain designated overseas jurisdictions, although Jersey restricts the ability to have a “mirror” registration to where there is only an existing UK registration.

32 Previously, for the Cayman Islands, the Patents and Trade Marks Law 2011 governed the recording of patents and trade marks. The Cayman Islands registry, like Jersey and Guernsey, served to extend patent and trade mark rights that had been registered in other jurisdictions, rather than being a registry of original registration. The new Trade Marks Law 2016 came into force on 1 August 2017 and has created a new stand-alone trade mark registry system in the Cayman Islands that is no longer dependent on UK or EU registrations. The Design Rights Registration Law 2016 and the Patents and Trade Marks (Amendment) Law 2016 also came into force on 1 August 2017. The first of these laws provides owners of original UK-registered designs and registered Community designs with the opportunity to extend their rights to the Cayman Islands. The second removes all references to trade marks in the 2011 Law but maintains the regime for patents. The law also introduces anti-trolling provisions to prevent certain abuses of the patent registration system.

33 Significantly, in the Cayman Islands only registered agents in the jurisdiction may conduct business with the Cayman Islands Intellectual Property Office. Similarly, save for local residents, applications for patents and registered designs extensions may only be made by registered agents in Guernsey. In June 2015, Guernsey embarked on a general consultation with stakeholders and users of its intellectual property regime about specific areas of potential development.<sup>11</sup> The responses were published in October of that year.<sup>12</sup> One of the areas considered in the Consultation Paper concerned the establishment of a register of agents for all registered intellectual property in Guernsey. Responses were supportive of this idea and that there be a register of agents which would be limited to locally qualified persons, which might include Guernsey advocates, local patent attorneys and corporate service providers. Jersey is the only jurisdiction of the three to give automatic recognition to CTMs and it is to be noted that in the

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<sup>11</sup> Guernsey Commerce and Employment Dept Consultation Paper—*The Intellectual Property Consultation* 24 June 2015.

<sup>12</sup> Guernsey Commerce and Employment Dept Consultation Response Paper—*The Intellectual Property Consultation* 27 October 2015.

responses to the Guernsey Consultation Paper<sup>13</sup> there was no support for having a similar position in Guernsey so as not to detract from the opportunity for first and supporting registrations.

34 By the Image Rights (Bailiwick of Guernsey) Ordinance 2012, Guernsey has sought to differentiate itself by creating a registrable personality or image right. Those working in the sports and entertainment world will be familiar with the concept of image rights and their exploitation (being common in such jurisdictions as the US, Spain and Germany). Image rights refer to an individual's proprietary right (among other things) to their individual name, physical characteristics, personal likeness or personal marks (such as their signature). However, under English law there is no identifiable intellectual property right in an "image right" *per se* (although certain characteristics are capable of protection in others ways *eg* as a registered trade mark).<sup>14</sup> Nevertheless, often in keeping with overseas practice, over the last 20 years it has become common, particularly for footballers, to assign or license an asset commonly referred to collectively as one of "image rights" to an image rights company. A high profile player's remuneration package may include his basic wage under his playing (employment) contract and a separate image rights payment for commercial revenue, payable under a separate agreement with the image rights company. HM Revenue & Customs has often sought to scrutinise the image rights arrangements concluded between players and clubs, especially with overseas structures, claiming that these are simply "disguised remuneration" which should be subject to tax and National Insurance Contributions.

35 Whilst the benefit of this law remains to be established (bearing in mind that, like any registered right, its protection is territorial in nature), it may prove to be useful in arguing that image rights *do* exist, and so they are capable of recognition, registration, assignment/licence, and management and exploitation by third parties.

36 A final point, worthy of comparison, is the prominence given to intellectual property in the three jurisdictions. For 10 years, Guernsey has had its Intellectual Property Office which has a website<sup>15</sup> providing general advice and assistance on the four categories as well as how to make applications for the various types of registrable right. The improvements to intellectual property protection in the Cayman

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<sup>13</sup> *Ibid.*

<sup>14</sup> Blum and Ibbetson (Bristows LLP), "Rihanna in the right place at the right time: Rihanna v Topshop passing off ruling upheld" (2015) 10 (7) *J Intellectual Property Law & Practice* 498.

<sup>15</sup> <http://ipo.guernseyregistry.com>.

Islands are seen as going hand-in-hand with the development of its Cayman Enterprise City,<sup>16</sup> a special economic zone which can include internet and technology, media and marketing, and biotechnology businesses, all of which are heavily dependent on intellectual property, and the emphasis is shown on the website of the Cayman Islands Intellectual Property Office. At the States level, Jersey does not promote its intellectual property regime other than stating that certain registrations are conducted through the office of the Judicial Greffe.<sup>17</sup>

37 Given the limitation on resources in island economies, it does make sense for the intellectual property law environment of what is perhaps the closest major jurisdiction in terms of culture, history and legal framework, namely the UK, to be looked to when seeking to put in place a suitable legal architecture for intellectual property. That said, such economies need to consider what aspects are most pertinent to absorb into their own regimes and, as examined below, there are areas that can be considered, or looked at afresh, which depart from the law of the UK.

#### **Current issues and what next for Jersey**

38 Having established the intellectual property regime in Jersey for the four categories it can be seen that Jersey's laws have been greatly influenced by those in the UK, especially as regards copyright. The general absence of a modern copyright law resulted in the enactment of the IPURL which is based almost exclusively on the 1988 Act. It is important to bear in mind that the structure of the UK's intellectual property laws has arisen in large part due to its membership of the European Union.

39 Since the 1988 Act was originally enacted, regulations have been made to enable a variety of EU Directives to be implemented which have resulted in amendments to the 1988 Act. For example, the UK Copyright and Related Rights Regulations 2003<sup>18</sup> transpose Directive 2001/29/EC<sup>19</sup> of the European Parliament, often known as the Information Society or InfoSoc Directive, into UK law and amended certain provisions of the 1988 Act. The UK Trade Marks Act 1994

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<sup>16</sup> <http://www.caymanenterprisecity.com/intellectual-property>.

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<http://www.gov.je/Government/NonexecLegal/JudicialGreffe/Pages/WhoWeAre.aspx>.

<sup>18</sup> The Copyright and Related Rights Regulations 2003, SI 2003/2498.

<sup>19</sup> Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society.

gave effect to the Trade Mark Directive<sup>20</sup> (Directive 89/104/EEC) although this means of implementation is rare and Directives are normally implemented through secondary legislation.

40 EU law and initiatives on intellectual property have developed at a pace and a question for Jersey is whether it should adopt more of these EU instigated laws.

41 In his 2011 report “Digital Opportunity—A Review of Intellectual Property” (“the Hargreaves Report”)<sup>21</sup> Professor Ian Hargreaves stated—

“Intellectual Property Rights . . . support growth by promoting innovation through the offer of a temporary monopoly to creators and inventors. But such rights can also stifle growth where transaction costs are high or rights are fragmented in a way that makes them hard to access. Poorly designed IP rules can help established players in a market obstruct new players by impeding their access to technology and content. A carefully designed and dynamic IP system can, by contrast, complement the spur which competition gives to innovation by enabling follow on-innovation.”

Accordingly, any system of intellectual property has to balance the interests of intellectual property holders against those of innovators. The Hargreaves Report made a number of recommendations in respect of copyright against a background of the increasing prevalence of activities being conducted within a digital environment, one of which is copyright exceptions.

### ***Copyright exceptions***

42 Whilst copyright creates a monopoly right, international laws permit certain copyright exceptions. The Hargreaves Report comments—

“Copyright exceptions are designed to allow uses of content that offer benefits deemed either more important than those delivered by the core aims of copyright and/or benefits that do not significantly detract from those aims. The copyright exceptions

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<sup>20</sup> Council Directive No 89/104/EEC (repealed by EU Directive 2008/95/EC) of 21 December 1988 to approximate the laws of the member states relating to trade marks.

<sup>21</sup> Department for Business, Innovation and Skills, *Digital Opportunity: A Review of Intellectual Property and Growth* (an independent report by Professor Ian Hargreaves, 18 May 2011).

for educational purposes and for research are intended to promote knowledge, skills and innovation in the economy, without unduly undermining the incentive for educational and academic publishers to create the works that students, teachers and researchers need.”<sup>22</sup>

43 The Berne Convention limits the range of exceptions by a three step test. This requires that exceptions are confined to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the rights holder. The US has the concept of “fair use” which is a defence within the US copyright framework. The InfoSoc Directive contains a list of categories which operate as copyright exceptions and leaves individual member states to implement these exceptions as they see fit.

44 A recommendation of the Hargreaves Report was that, as permitted by the InfoSoc Directive, the UK should introduce an exception for private copying or format shifting. With format shifting, content is illegally copied onto a digital device or medium from the original legal format. By way of example, although carried out by millions of people, it is currently illegal in the UK and Jersey for an individual to transfer a lawfully purchased CD onto their computer and then download it to their portable music device. The response of the UK government was to introduce in October 2014 the Copyright and Rights in Performances (Personal Copies for Private Use) Regulations 2014 which amended the 1988 Act to allow individuals to make copies of copyright works they had bought in the manner described above but did not allow personal copies to be shared with others.

45 The good news was short lived. A judicial review was brought by the British Academy of Songwriters, Composers and Authors of the form of the exception introduced.<sup>23</sup> Under art 5(2)(b) of the InfoSoc Directive, member states may provide for an exception to copyright infringement for private, non-commercial use “on condition that right holders receive fair compensation”. Unlike other EU jurisdictions, there was no accompanying levy structure to compensate rights holders. It was argued by the UK government that the justification for introducing the exception without a compensation scheme was that any private copying was already factored into the initial price of the work (so-called “pricing in”) and therefore there is no harm to rights holders. Right holders had also been given a right to use “restrictive measures” (such as digital rights management) to prevent the copying

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<sup>22</sup> *Loc cit*, at para 5.5.

<sup>23</sup> *R (British Academy of Songwriters Composers and Authors) v Secy of State for Business Innovation and Skills* [2015] EWHC 1723 (Admin).

of their works for private use. Nevertheless, whilst the court decided most of the substantive issues in favour of the Secretary of State, it did conclude that the Secretary of State's conclusion that no (or minimal) harm would be caused to right holders was not justified based on the evidence and therefore the decision to introduce the exception was unlawful.

46 Unlike many other European jurisdictions, the illegality of format shifting remains in the UK and, generally, in Jersey (art 49 of IPURL allows a visually-impaired person to copy a copyright work to enable it to become accessible to him/her). Article 44 of IPURL, however, permits the States to make regulations to amend the provisions of IPURL dealing with the acts which may be done in relation to copyright works, notwithstanding the subsistence of copyright. Jersey has both the framework and opportunity to remedy this situation.

47 Hargreaves was also a proponent of an exception to permit parody suggesting that—

“the most important issues in that area concern freedom of expression and in that respect sit outside this review's terms of reference. Here too, however, there is an economic link. Video parody is today becoming part and parcel of the interactions of private citizens, often via social networking sites, and encourages literacy in multimedia expression in ways that are increasingly essential to the skills base of the economy.”

48 In response, the UK government brought in the Copyright and Rights in Performances (Quotation and Parody) Regulations 2014<sup>24</sup> on 1 October 2014, modifying the 1988 Act to provide that “fair dealing with a work for the purposes of caricature, parody or pastiche does not infringe copyright in the work”. These regulations do not offer any definition for “parody, caricature and pastiche” which may be relevant for the increasingly popular pastime of the “viral” circulation of works known as “mash-ups”. The availability of copyright works in easily editable formats over the internet has given rise to this type of “work” which combines existing musical works or films. A question, therefore, is whether the concept of “parody” can include such viral works whose humour is derived not from any comment on the original work, but from some ironic, surrealist or, simply, idiotic intent.

49 The IPURL does not cater for the parody exception and in a world of social media where such expression can be commonplace this

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<sup>24</sup> The Copyright and Rights in Performances (Quotation and Parody) Regulations 2014, SI 2014/2356.



should be rectified so as to bring Jersey in line with the UK and other jurisdictions.

50 On 14 September 2016, the European Commission published its communication unveiling a proposed Directive on Copyright in the Digital Single Market. Under the proposed Directive, member states will be required to provide three new mandatory exceptions to allow limited use of copyright material without permission of the right holder. This contrasts with the current regime under the InfoSoc Directive where most exceptions were optional and fell to member states to choose whether and how to implement them. One of the three mandatory exceptions will be text and data mining carried out by research organisations for the purposes of scientific research. Text or data mining is an increasingly important area. The Hargreaves Report commented that—

“Research scientists, including medical researchers, are today being hampered from using computerised search and analysis techniques on data and text because copyright law can forbid or restrict such usage. As data farming becomes routine in systems across the economy, from the management of transport to the administration of public services, copyright issues become ever more important as potential obstacles. In these circumstances, copyright in its current form represents a barrier to innovation and economic opportunity.”<sup>25</sup>

51 Generally, data or text mining is the process of finding correlations or patterns among dozens of fields in large relational databases. The term is a misnomer actually, as the goal is the extraction of patterns and knowledge from large amounts of data, not the extraction (mining) of data itself.

52 In June 2014 the Copyright and Rights in Performances (Research, Education, Libraries and Archives) Regulations 2014<sup>26</sup> came into force in the UK. They provide that copyright holders can require researchers to pay to access their content but cannot then restrict text or data mining for non-commercial purposes thereafter. However, researchers that use the text or data they have mined for anything other than a non-commercial purpose will be said to have infringed copyright, unless the activity has the consent of rights holders. In addition, the sale of the text or data mined by researchers is prohibited.

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<sup>25</sup> Department for Business, Innovation and Skills, *loc cit*, at para 5.10.

<sup>26</sup> The Copyright and Rights in Performances (Research, Education, Libraries and Archives) Regulations 2014, SI 2014/1372.

53 None of the current UK, EU and Jersey laws permits this type of research unless it is non-commercial and the mining of databases is often excluded by the contract for accessing the relevant database. Not being a member of the EU, Jersey has an opportunity to look at copyright exception alternatives, one of which could be the concept of “fair use”. In November 2013, the Australian Law Reform Commission (ALRC) published its final report on “Copyright and the Digital Economy”.<sup>27</sup> The ALRC recommended the introduction of a fair use exception into Australian copyright law. It stated—

“ . . . fair use differs from most current exceptions to copyright in Australia in that it is a broad standard that incorporates principles, rather than detailed prescriptive rules. Law that incorporates principles or standards is generally more flexible and adaptive than prescriptive rules. Fair use can therefore be applied to new technologies and new uses, without having to wait for consideration by the legislature.

Fair use is also an appropriate tool to assess whether other transformative uses should be permitted without a licence, such as data mining and text mining, caching, indexing and other technical functions . . . ”

54 The main exceptions to copyright infringement in Australia come under the general heading “fair dealing”. In order to be a fair dealing under Australian law, a use must fall within a range of specific purposes akin to the copyright exceptions present in the 1988 Act and the IPURL. For example, under s 41A of the Australian Copyright Act 1968 (added by the Copyright Amendment Act 2006)—

“A fair dealing with a literary, dramatic, musical or artistic work, or with an adaptation of a literary, dramatic or musical work, does not constitute an infringement of the copyright in the work if it is for the purpose of parody or satire.”

55 Fair dealing is not the same as fair use. The ALRC recommended that the fair use exception contain three elements:

- (a) an express statement that a fair use of another’s copyright material does not infringe copyright;
- (b) a non-exhaustive list of four fairness factors to be considered in determining whether use of that copyright material is fair; and
- (c) a non-exhaustive list of illustrative uses or purposes.

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<sup>27</sup> Australian Law Reform Commission, *Copyright and the Digital Economy* (ALRC Report 122, November 2013).

56 In its report, the ALRC highlighted that stakeholders had indicated that there was a need for proper evidence before any law reform was introduced. However, the ALRC stated that, given the available economic evidence was incomplete and contested, and the unlikelihood that reliable empirical evidence would become available in the near future, law reform should proceed, based on a “hypothesis-driven approach”. To date, the ALRC’s recommendation of a general fair use exception remains to be taken further.

57 Looking to the US, its copyright law is governed by the Copyright Act of 1976 and is set out in Title 17 of the US Code. It states that—

“Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.

The fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors.”

58 In 2015 the Association of Research Libraries (a non-profit organisation of 124 research libraries in the US and Canada) released a briefing<sup>28</sup> which refers to the fact that text and data mining has been upheld as fair use. As content mining is transformative, that is, it does not supplant the original work, it is viewed as being lawful under fair use. For example, as part of the Google Books settlement in 2013<sup>29</sup>

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<sup>28</sup> KL Cox *Text and Data Mining and Fair Use in the United States* (2015).

<sup>29</sup> *Authors Guild Inc v Google, Inc*, US District Court, Southern District of New York, No 05-08136. On 18 April 2016 the Supreme Court of the United

Google's digitisation project of in-copyright books was ruled lawful, in part because of the transformative uses that the digitisation project displayed—one being text and data mining. US Circuit Judge Denny Chin commented—

“Google Books is also transformative in the sense that it has transformed book text into data for purposes of substantive research, including data mining and text mining in new areas, thereby opening up new fields of research. Words in books are being used in a way they have not been used before. Google Books has created something new in the use of book.”

59 Copyright exceptions remains an area which can usefully be looked at for Jersey given that it is even falling behind those exceptions permitted by the InfoSoc Directive, and arguably unhampered by it, and could allow Jersey to be only the third country after Japan and the UK specifically to allow data mining.

### *3D printing and artistic designs*

60 One of the major concerns with the advent of 3D technology is how to protect intellectual property. This new printing technology is often described as a “disruptive technology” as it challenges the intellectual property framework. It has implications both for consumers (can I lawfully reproduce an object in 3D?) and business (can I enable consumers lawfully to reproduce an object in 3D?).

61 In order to copy an object, two things are needed: an electronic schematic of the object and a 3D printer. 3D printing might infringe various types of intellectual property right at different stages of the process, unregistered design right and copyright being the most common. Both the 1988 Act and the IPURL provide for unregistered design right (which generally has a 10 or 15 year duration depending on when the article was designed or first marketed). This covers the 3D shape and configuration of an object. One can differentiate between 3D computer-aided design (CAD) files (the term “design document” is used in the respective laws of the UK and Jersey) and 3D replicas themselves. The creation of a 3D CAD file might be considered infringing design rights, as might the creation of the 3D article itself, as well as any dissemination or offering to the public. Unregistered design right is not without its pitfalls, however, as not every three-dimensional object will necessarily qualify for that

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States declined to hear any further challenge to Google's digitisation project, thereby ending the decade-long case.

protection; the right does not cover surface decoration and there are complicated criteria to satisfy.

62 Copying a CAD file infringes literary copyright but does making a work from a CAD file infringe copyright? Both the 1988 Act and the IPURL provide that if a design file is what is termed a design document, printing an article from a design file does not infringe copyright in the design file unless the article itself constitutes an artistic work. A “design document” is any record of a design, whether in the form of a drawing, a written description, a photograph, data stored in a computer or otherwise. Therefore, there seems to be a limitation to resorting to copyright infringement where the 3D article is not an artistic work. This lacuna is something which could be looked at by Jersey.

63 Since 1 October 2014 and the UK Intellectual Property Act 2014 (“the 2014 Act”) coming into force there has been a difference between the UK position and that of Jersey in terms of the commissioning of designs. Following the introduction of unregistered design right in 1989 in the UK, the treatment of commissioned designs has been different from the way commissioned works in related fields, such as copyright, have been treated. In the IPURL, and until recently in the UK, designs have been owned by the commissioning party unless an agreement provided otherwise. Since the 2014 Act, in the UK, this has changed so that in the case of registered design, unregistered design right and copyright, the first owner of the work will be the designer unless a contract provides otherwise. Also, the definition of “design” in the 1988 Act has been amended by the 2014 Act and is now defined as “the design of the shape or configuration (whether internal or external) of the whole or part of an article”. The definition used to incorporate “any aspect of the shape or configuration”. This has now been removed making it less likely an action would be brought against someone if their design appeared to have copied a trivial part of someone else’s design or “a part of a part”. The IPURL retains the former UK definition and in both cases it remains an infringement to copy part of an unregistered design.

64 In July 2016, s 52 of the 1988 Act was repealed (to align UK law with a decision of the European Court of Justice (“ECJ”)). This section limited the term of copyright protection for artistic works which have been exploited by an industrial process (that is, more than 50 articles being produced) to 25 years (the maximum period available for registered designs). This is significantly less than the duration for other artistic works, which is the artist’s life plus 70 years. Article 80 of the IPURL is in identical terms to s 52. Removing the 25 year limitation may give owners of some designs the opportunity to pursue copyists where previously there were no rights they could rely on.

65 For the purposes of copyright and the 1988 Act and the IPURL, representing a two-dimensional artistic work in three dimensions is a reproduction for the purposes of copyright infringement, as is representing a three-dimensional artistic work in two dimensions. The repeal also affects two dimensional images of protected products. This could affect such businesses as book publishers where they show images of iconic products. Depending on the product protected, it may be that these organisations will now need a licence. A similar repeal of art 80 could help certain creators in Jersey of artistic works.

### *Trade marks*

66 Turning to another of the four categories, the EU announced a trade mark reform and harmonisation package on 21 April 2015. The reform package proposed to recast current EU law to harmonise further the national laws of member states, streamline procedures, facilitate co-operation between member states, support anti-counterfeiting and to reflect better the modern business environment. The amended (Community Trade Mark) Regulation 2015/2424 came into force on 23 March 2016 and implemented certain changes. Member states also have until 14 January 2019 to transpose the provisions of the (Trademarks) Directive 2015/2436.

67 As was seen in the previous section, Jersey does not have its own primary trade mark registration; it is not possible to register a trade mark in Jersey without it having already been registered in the UK, although CTMs may be directly enforced in Jersey. In contrast to the Jersey position, Guernsey has adopted a different approach. It has not yet sought to join the international treaties (although it is now a signatory to the Berne Convention and is stated to be actively progressing the extension of international agreements to the Bailiwick) but has established a primary registry (as seen above).

68 In view of what Guernsey has shown, and what the Cayman Islands are to implement, it would be worthwhile to establish empirically whether there is a case for a primary registry for trade marks. Anecdotally, there are feelings in some quarters in Jersey that in the absence of a primary registry, international structures and organisations designed to protect major brands would not consider Jersey as a business location and that this continues to show that Jersey is not as serious about intellectual property as it might be. Further, it is thought that having a primary registry would make Jersey attractive as a first filing location so as to attract global brand management, and in the long term provide a revenue stream for the States and for local intellectual property management businesses.

69 The States should consider a formal consultation/investigation since it cannot have gone unnoticed that Guernsey has had an aircraft

registry, e-gaming (via Alderney) and modern intellectual property laws long before Jersey, as well as a thriving captive insurance industry, and in the past, an international pensions market. Further, review is required as to what registrations of trade marks, registered designs and patents ought to be entitled to secondary registration in Jersey outwith a UK registration, and, in the case of trade marks, which is a CTM.

### ***Confidential information and trade secrets***

70 One of the “external” justifications for a modern intellectual property law infrastructure is to be attractive to those involved in FinTech and MedTech. The Monetary Authority of Singapore announced in 2015 a S\$225 million initiative aimed at driving FinTech innovation. In July 2015 the States of Guernsey in collaboration with PwC published its strategic vision for FinTech in Guernsey.<sup>30</sup> This report is stated “to guide the future of FinTech . . . sector in Guernsey and to ensure that Guernsey is well positioned to take advantage of the opportunities in this sector” and as part of it sets out its intellectual property credentials.

71 According to a report by Accenture,<sup>31</sup> investment in FinTech tripled in 2014, exceeding US\$12 bn worldwide. FinTech essentially refers to technological innovation in the financial services context. FinTech includes both innovation which improves the current processes (*eg* more secure payment systems or improved fraud detection tools), and innovation which challenges the fundamental business models of existing financial services institutions (*eg* Bitcoin wallets). FinTech covers such areas as payments (*eg* payment systems, P2P currency exchanges), digital currencies, lending (*eg* P2P (peer-to-peer) financing, crowdfunding), personal finance and wealth management, to institutional tools (*eg* data analytics).

72 The most common forms of protection for FinTech innovations are by copyright, patent and as trade secrets and one is usually dealing with software. Copyright protection only protects the expression of ideas, but not ideas themselves, and it only protects such expression from substantial copying. An advantage of trade secret protection is that it is potentially indefinite, however, protection is lost once the trade secret becomes public information. Also, like copyright, trade secrets cannot protect against independent creation so that there is no

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<sup>30</sup> States of Guernsey and PricewaterhouseCoopers CI LLP, “A strategic vision for FinTech” (2015).

<sup>31</sup> Accenture, “The future of FinTech and banking: digitally disrupted or reimaged?” (2015).

right to stop a rival from doing the same thing if they developed it themselves. Patents protect different aspects of software to copyright. While copyright protects only the form of expression found in the software, patents can protect the underlying ideas and functions. Patents can therefore protect FinTech inventions more meaningfully, as well-drafted patent applications can potentially cover rivals' activities even if their codes are written differently, as long as they perform the same functions. Patent protection lasts for 20 years from the filing date. This is a relatively short time compared with that for copyright and trade secrets but is not likely to be a problem given the fast-moving nature of the FinTech industry.

73 In the IPURL (like the 1988 Act), copyright protection lasts for 70 years from the death of the author, or for 50 years if computer-generated, from the end of the year in which the work was made. There are, however, some limits to copyright protection, when considering the area of confidential information and trade secrets. Certain protection was seen in the *Nautech* case, including if the information can satisfy the criteria for being a database. The efficacy of common (customary) laws on the protection of confidential information can vary depending on the circumstances.

74 In December 2015 a provisional agreement was reached between representatives of the European Parliament and EU Council on the EU Trade Secrets Directive.<sup>32</sup> The Directive was formally adopted on 26 May 2016, with member states having a two-year window in which to implement its provisions. Under the agreed text, there is a common definition of a "trade secret" and extensive remedies for breach. Member states will be able to adopt "more far-reaching protection" of trade secrets if they wish to do so (*ie* the Directive only seeks to impose a minimum standard).

75 In July 2016, the Confidential Information Disclosure Law 2016 came into force in the Cayman Islands replacing the Confidential Relationships (Preservation) Law 2015. The introduction of the new law means that a breach of duty of confidentiality is no longer a criminal offence in Cayman. However, a person whose confidentiality is breached can sue the person who divulged the confidential information.

76 Given the importance of confidential information to businesses, especially those involved in technological innovation, might this be a subject for legislation which Jersey could similarly implement?

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<sup>32</sup> <http://data.consilium.europa.eu/doc/document/ST-15382-2015-REV-1/en/pdf>.



***The future***

77 The intellectual property landscape in the UK comprises—

(a) laws created by UK statute to implement EU harmonising Directives in relation to UK trade marks, database rights and registered designs;

(b) laws which are directly applicable via Regulations providing for EU-wide rights, *eg* CTMs;

(c) laws where, although there has not been complete harmonisation, there are Directives that partly harmonise them, *eg* copyright law in the UK which is still governed primarily by the 1988 Act but with influences from various Directives; and

(d) laws which are in the UK statute book or in common law which have no EU element such as passing off, confidential information (both common law based) and current patent law (Patents Act 1977) which incorporates the requirements of the European Patent Convention into UK patent law.

78 Following the vote for Brexit, the nature of the UK's intellectual property environment will change when it leaves the EU. It will lose the laws which are Regulation-only (although they could be the subject of domestic legislation) but will still have the laws that have been implemented by Directive, although these will no longer be subject to references to ECJ for interpretation of the Directive upon which they were based. Any CTM, Community Design Right and Community Registered Design will continue to apply in all the other member states but a separate UK registered design or UK trade mark registration will be needed to cover the UK (which will have to be enforced separately). In relation to the CTM, this could be converted into multiple national rights if registered via an international registration under the Madrid System. The loss of the Community Design Right could be mitigated by the existence of the UK unregistered design right. Whilst leaving the EU will not change the UK's status as a signatory to the European Patent Convention (which is not an EU instrument), nor access to the European Patent Office for UK companies wishing to apply for European Patents in any of the currently possible countries, it could potentially prevent the UK from being part of the new Unitary Patent and Unified Patent Court system (although in November 2016 the UK indicated it would ratify the Unified Patent Court Agreement).

79 Like Jersey, the UK will not be able to participate in EU initiatives and will have to consider what developments it might wish to explore independently of the EU. So, given the type of initiatives which are being brought forward by the EU in an ever-changing technological

world, what might the priorities be for Jersey and its intellectual property laws? On a practical level, unlike Guernsey, and now the Cayman Islands, Jersey makes little effort to promulgate its intellectual property laws via such channels as a government or quasi-government website despite the strides that have been made in terms of unregistered rights. To be attractive to innovators, Jersey's own government needs to provide a portal for it to promote its intellectual property credentials.

80 Looking more broadly, Sir Richard Arnold, QC, the High Court judge who is very involved in cases relating to intellectual property, in the 2014 Herchel Smith Intellectual Property Lecture held by Queen Mary University of London<sup>33</sup> advocated seven reasons why a new UK Copyright Act was needed. Of these he commented in respect of his first (at 124)—

“... it is 26 years since the 1988 Act was passed ... During that period, technological change relevant to copyright has accelerated and has become more transformative. We have had the advent of the world wide web, the whole online world including Internet television and social media, smart phones, tablet computers, and now 3D printing. Furthermore, these technological changes have led to massive changes to the business models for exploiting copyright works. Although much amended, the 1988 Act remains rooted in the analogue world.”

81 Such a comment holds true for the IPURL given its parentage. Similarly (at 126)—

“... the Act as it presently stands is considerably longer than the Act as originally enacted, considerably more complicated, cannot be understood in isolation from the EU Directives and the implementing regulations and lacks coherence. As a result, the law is inaccessible to creators, exploiters and users of copyright works ...”

82 Should Jersey, therefore, be giving greater thought to how its intellectual property laws can operate in a technologically evolving world?

83 In May 2015 the European Commission published its draft Digital Single Market strategy<sup>34</sup>. It identified a number of areas where work is

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<sup>33</sup> R Arnold, “The need for a new Copyright Act: a case study in law reform”, (2015) 5 (2) *Queen Mary J of Intellectual Property* at 110.

<sup>34</sup> Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee

needed to create this single market, including cross-border e-commerce rules, removing geo-blocking, and a copyright framework to afford better access to digital content. Jersey will need to be alive to international change on its doorstep. Not all will be appropriate to Jersey. In order to ensure that it does not revert to its previous status as an intellectual property backwater, however, it needs to be able to respond quickly to changes in the technological environment internationally. Whilst the current “hygienic” approach of the adherence to international treaties is welcome (especially following Brexit and the aspiration of WTO membership), the adoption of some changes and ideas promulgated by the EU could be to the benefit of Jersey business and consumers.

84 It is in the area of unregistered rights where there is the most scope for development, and where changes in technology impact most. As highlighted above, the Copyright and Rights in Performances (Personal Copies for Private Use) Regulations 2014 fell foul of the need to provide fair compensation and in November 2015, the ECJ in the *Hewlett-Packard Belgium v Reprobel* case<sup>35</sup> eviscerated the system of fair compensation provided for by the Belgian law on copyright for not conforming with the InfoSoc Directive. Jersey is not constrained by the InfoSoc Directive and could use its current powers to ensure that the illegality of format shifting for private use is remedied. As Sir Richard Arnold, QC highlighted (see above) we live in a digital era and now have the likes of “downloading”, “streaming”, “hyperlinking and framing” and “file sharing”, all of which present a challenge to the law of copyright. To what extent are Jersey’s laws able to deal with such issues.

85 The primary infringement of copyright is unauthorised copying. Both the IPURL and the 1988 Act provide that copying in relation to any description of work includes the making of copies which are transient or are incidental to some other use of the work.<sup>36</sup> Can this apply to the provision of hyperlinks?<sup>37</sup> In the last few years there have

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of the Regions: A Digital Single Market Strategy For Europe (Brussels, 6.5.2015 COM(2015) 192 final).

<sup>35</sup> *Hewlett-Packard Belgium SPRL v Reprobel SCRL* C-572/13.

<sup>36</sup> Section 17(6) Copyright, Designs and Patents Act 1988; art 31(6) Intellectual Property (Unregistered Rights) (Jersey) Law 2011.

<sup>37</sup> Hypertext mark-up language (html), the language in which web pages are generated, is what permits those pages to be easily linked to one another. In the context of the web, a “hypertext link” (“hyperlink” or “link” for short) is a selectable connection enabling the web page operator to link to the address, or Uniform Resource Locator (URL), of another web page. The most

been a number of cases both in the UK and before the ECJ dealing with extent to which the use of hyperlinks can result in copyright infringement. These include—

(a) *Newspaper Licensing Agency Ltd v Meltwater Holding BV*<sup>38</sup>—a headline can amount to an original literary work in its own right provided that it is the author’s intellectual creation and using headlines as links can constitute an infringement of the reproduction right if that title is deemed to be the author’s own intellectual creation.

(b) *Public Relations Consultants Assn Ltd v Newspaper Licensing Agency Ltd*<sup>39</sup>—on-screen and cached copies made when browsing the internet are temporary copies for the purpose of art 5(1) of the InfoSoc Directive (the equivalent of the temporary copying exception in the 1988 Act and the IPURL) and could therefore be made without the authorisation of website publishers.

(c) As well as the primary infringement of copying, s 20 of the 1988 Act provides that copyright is infringed where there is the unlawful communication of a copyright work to the public, and this includes “the making available to the public of the work by electronic transmission in such a way that members of the public may access it from a place and at a time individually chosen by them”. Somewhat circuitously, the IPURL provides for the same.<sup>40</sup> In *Dramatico Entertainment Ltd v British Sky Broadcasting Ltd*,<sup>41</sup> Sir Richard Arnold considered whether the users of The Pirate Bay website had infringed copyright in various record companies’ sound recordings. The Pirate Bay website was the world’s largest BitTorrent tracker. BitTorrent is a P2P file-sharing protocol that is used to distribute large amounts of data. Arnold, J held that the users who had accounts with the defendant ISPs had infringed the claimants’ right of communication to the public under s 20 of the 1988 Act. He considered that the users communicated the recordings by electronic transmission in such a way that members of the public could access the recordings from a place and at a time individually chosen by them under s 20(2)(b).

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common form of linking on the web is a highlighted word or picture that can be selected by the user (typically by clicking on the link with a mouse), resulting in the immediate delivery of a view of new information, whether on the same or a different website.

<sup>38</sup> [2010] EWHC 3099 (Ch).

<sup>39</sup> Case C-360/13; [2014] 1 AC 1438.

<sup>40</sup> Articles 35 and 2(2)(b) Intellectual Property (Unregistered Rights) (Jersey) Law 2011.

<sup>41</sup> [2012] EWHC 268 (Ch).

(d) In February 2014 in *Svensson v Retriever Sverige AB*,<sup>42</sup> the ECJ held that providing on a website clickable links to works freely available on another website is not a communication to the public of copyright works under art 3(1) of the InfoSoc Directive. This was because the provision of the link would not lead to the works being communicated to a new public, the works having already been made available to all internet users.

(e) More recently in *GS Media v Sanoma Media*<sup>43</sup> the ECJ concluded that where the underlying material was posted to the internet without the copyright owner's consent, hyperlinks to such material can be a communication to the public and so may amount to copyright infringement. It held that in order to assess whether this was such a communication, it must first be determined whether the links are provided other than for financial gain by someone who did not know, and could not reasonably have known, that the linked-to publication was unauthorised. If this is the case, the link will not be a communication to the public. If the link was provided by someone acting for financial gain, then knowledge of illegality will be presumed. The link will then constitute a communication to the public unless the presumption of knowledge can be rebutted.

86 A more recent example of the impact of technology can be seen in the March 2016 judgment of the High Court of England and Wales where the court held that the use of a mobile phone app offering the ability to upload and view clips featuring highlights of cricket matches infringed copyright in the television broadcast and films contained within that broadcast. It is notable for the finding that an eight-second clip can amount to a substantial part of a broadcast and did not constitute fair dealing for the purposes of reporting current events.<sup>44</sup>

87 Whilst the IPURL generally covers the same ground as the 1988 Act, in both cases and in this very limited review, the limitations of current laws can be seen when it comes to new technologies.

### **Concluding remarks**

88 In March 2016, the draft of the Intellectual Property (Plant Varieties) (Jersey) Law 2016 was published and it is worth noting that the States observed that—

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<sup>42</sup> *Svensson v Retriever Sverige AB*, Case C-466/12, 13 February 2014.

<sup>43</sup> *GS Media v Sanoma Media*, Case C-160/15 GS.

<sup>44</sup> *England and Wales Cricket Board and Sky UK Ltd v Tixdaq Ltd and Fanatix Ltd* [2016] EWHC 575 (Ch).

“Although having modern IP laws consistent with international standards is therefore an important policy objective by itself, especially in order to encourage businesses of many types to locate and invest in the Island, the two earlier Laws are also important if Jersey wishes to have the UK’s membership of the World Trade Organisation (“WTO”) extended to the Island.”

In the draft law it was also conceded that there would be little recourse to this law.

89 Therefore, whilst the current laudable but “hygienic” approach of the adherence to international treaties is welcome, I would not agree that the current system of laws is really sufficient to encourage business to locate and invest in the Island. I would argue that already Jersey’s unregistered rights law is failing to keep pace both with technology and developments internationally. Further, its registered rights laws, despite recent amendment, require substantive review if Jersey is to maximise their potential when compared with other island jurisdictions. I would suggest that this is critical if Jersey’s expressed desire to be taken seriously in the world of innovation,<sup>45</sup> particularly in the area of FinTech, is to be realised and to attract this type of business to the Island.

*Nick Marshall, Advocate and Senior Associate at the Jersey law firm Collas Crill, based on his dissertation for the Institute of Law’s LLM and updated as at 31 December 2017.*

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<sup>45</sup><http://www.digital.je/target-sectors>.