

Neutral Citation Number: [2009] EWCA Crim 2293

Case No: 200805399 D3

IN THE COURT OF APPEAL (CRIMINAL DIVISION)
ON APPEAL FROM THE CROWN COURT AT WORCESTER
HH. JUDGE HOOPER QC

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 09/11/2009

Before :

LORD JUSTICE STANLEY BURNTON
MR JUSTICE PENRY DAVEY
and
MRS JUSTICE SHARPE DBE

Between :

CHRISTOPHER PAUL GILHAM
- and -
THE QUEEN

Appellant

Respondent

Andrew Alty (instructed by **Tuckers**) for the **Appellant**
Anthony Vines (instructed by **Jonathan Dollin, Legal Department, Worcestershire County Council**) for the **Respondent**

Hearing dates : 23 October 2009

Judgment

LORD JUSTICE STANLEY BURNTON :

Introduction

1. On 19 September 2008 at the Crown Court at Worcester before H.H. Judge Hooper QC and a jury the appellant was convicted of a number of offences arising from his commercial dealing in so-called modification computer chips (“modchips”), which were alleged by the prosecution to be devices, products or components “primarily designed, produced, or adapted for the purpose of enabling or facilitating the circumvention” of effective technological measures within the meaning of section 296ZB of the Copyright, Designs and Patents Act 1988 as amended (“the CDPA”). The offences of which he was convicted included importing, advertising and offering for sale, selling and possessing such devices in the course of a business. In addition, he was convicted of money-laundering offences relating to the proceeds of his sales of such devices.
2. The appellant appealed against his conviction with the certificate of the trial judge. We heard his appeal on 23 October 2009.
3. For the purposes of the appeal, the parties’ expert witnesses agreed certain facts in writing. We have incorporated some of those facts in this judgment.
4. At the conclusion of counsel’s submissions we stated that the appeal would be dismissed for reasons that we should give subsequently in writing.
5. These are our reasons for dismissing his appeal.

The facts

6. The modchips to which the charges under the CDPA related were for use in conjunction with Microsoft Xbox, Nintendo GameCube and Sony Playstation2 games consoles. Between October 2003 and January 2006 the appellant operated a business selling components and devices for such games consoles from his flat in Worcester, primarily through the website www.baldbouncer.co.uk.
7. Microsoft, Nintendo and Sony market games in DVDs and CD-Roms that can be played on their respective consoles. Each of them uses protective technological measures to prevent counterfeit or “pirate” copies of games from being played on their consoles. These measures were described by Jacob LJ in *Higgs* [2008] EWCA Crim 1324 as follows:
 4. The games consoles contain embedded codes and normally will only allow a game to be played if the CD-ROM contains a corresponding code. The codes on the CD-ROM are not copiable, at least for practical purposes. A principal effect of these measures is to prevent the playing of “pirate” games, that is to say games which have been copied without the permission of the owner or owners of any copyright material contained in the games, including copyright in images, sounds and so on.
8. The modchips sold by the appellant were the Xecuter for use with the Microsoft Xbox, the ViperGC and Qoob chips for use with the Nintendo Gamecube and the

Matrix Infinity for use with the Sony Playstation. The appellant sold the modchips either on their own, or already inserted into game consoles together with the paraphernalia needed to fit them. In some cases the purchaser of the modchip would have to download software from the Internet and install it in the modchip before it could be used. Once correctly installed, the modchips enable counterfeit games to be played on the consoles. It is right to point out that the modchips could be used for other purposes, for example to enable the user of the console to play a game he or she had created, but as will be seen that possibility is irrelevant to the issues on this appeal.

9. DVDs and CD-Roms on which games are sold for use with these game consoles contain substantial amounts of data in digital form. By way of example, the typical Xbox game disk incorporates some 3 gigabytes of data. For the purposes of this judgment, we can confine ourselves to DVDs: CD-Roms typically contain substantially less data, but raise no different issues.
10. During the playing of a game, data is taken from the disk into the random access memory or RAM of the console. As the game is played, the data in RAM is over-written by different data from the disk. Precisely what data is taken from the disk into RAM will vary with the way the game is played, and cannot be predicted. What is clear is that at any one time only a very small percentage (probably no more than 3 per cent, and possibly significantly less) of the data on the disk is present in RAM.
11. The games consoles are attached to television screens or computer monitors on which the game is displayed. In addition to the visual display, there will be sounds and may be music. The screen will display images of scenes, character and objects that have been created by those responsible for the composition of the game. The digital instructions for the display of those scenes, characters and objects and for the production of the sounds and music will be on the DVD, and as mentioned above will be taken into RAM temporarily, to be over-written by other data on the DVD as the game moves on.

The statutory provisions

12. The following provisions of the CDPA are relevant::

1. *Copyright and copyright works*

- (1) Copyright is a property right which subsists in accordance with this Part in the following descriptions of work—

- (a) original literary, dramatic, musical or artistic works,
- (b) sound recordings, films [or broadcasts], and
- (c) the typographical arrangement of published editions.

- (2) In this Part “copyright work” means a work of any of those descriptions in which copyright subsists.

(3) Copyright does not subsist in a work unless the requirements of this Part with respect to qualification for copyright protection are met (see section 153 and the provisions referred to there).

16 The acts restricted by copyright in a work

(1) The owner of the copyright in a work has, in accordance with the following provisions of this Chapter, the exclusive right to do the following acts in the United Kingdom--

- (a) to copy the work (see section 17);
- (b) to issue copies of the work to the public (see section 18);

....

and those acts are referred to in this Part as the "acts restricted by the copyright".

(2) Copyright in a work is infringed by a person who without the licence of the copyright owner does, or authorises another to do, any of the acts restricted by the copyright.

(3) References in this Part to the doing of an act restricted by the copyright in a work are to the doing of it--

- (a) in relation to the work as a whole or any substantial part of it, and
- (b) either directly or indirectly;

and it is immaterial whether any intervening acts themselves infringe copyright.

(4) ...

17 Infringement of copyright by copying

(1) The copying of the work is an act restricted by the copyright in every description of copyright work; and references in this Part to copying and copies shall be construed as follows.

(2) Copying in relation to a literary, dramatic, musical or artistic work means reproducing the work in any material form.

This includes storing the work in any medium by electronic means.

(3) ...

(4) Copying in relation to a film [or broadcast] includes making a photograph of the whole or any substantial part of any image forming part of the film [or broadcast].

(5) ...

(6) 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.

296ZB Devices and services designed to circumvent technological measures

(1) A person commits an offence if he--

- (a) manufactures for sale or hire, or
- (b) imports otherwise than for his private and domestic use, or
- (c) in the course of a business--
 - (i) sells or lets for hire, or
 - (ii) offers or exposes for sale or hire, or
 - (iii) advertises for sale or hire, or
 - (iv) possesses, or
 - (v) distributes, or
- (d) distributes otherwise than in the course of a business to such an extent as to affect prejudicially the copyright owner,

any device, product or component which is primarily designed, produced, or adapted for the purpose of enabling or facilitating the circumvention of effective technological measures.

(2) A person commits an offence if he provides, promotes, advertises or markets--

- (a) in the course of a business, or
- (b) otherwise than in the course of a business to such an extent as to affect prejudicially the copyright owner,

a service the purpose of which is to enable or facilitate the circumvention of effective technological measures.

(3)

(4) A person guilty of an offence under subsection (1) or (2) is liable--

(a) on summary conviction, to imprisonment for a term not exceeding three months, or to a fine not exceeding the statutory maximum, or both;

(b) on conviction on indictment to a fine or imprisonment for a term not exceeding two years, or both.

(5) It is a defence to any prosecution for an offence under this section for the defendant to prove that he did not know, and had no reasonable ground for believing, that--

(a) the device, product or component; or

(b) the service,

enabled or facilitated the circumvention of effective technological measures.

296ZF Interpretation of sections 296ZA to 296ZE

(1) In sections 296ZA to 296ZE, "technological measures" are any technology, device or component which is designed, in the normal course of its operation, to protect a copyright work other than a computer program.

(2) Such measures are "effective" if the use of the work is controlled by the copyright owner through--

(a) an access control or protection process such as encryption, scrambling or other transformation of the work, or

(b) a copy control mechanism,

which achieves the intended protection.

(3) In this section, the reference to--

(a) protection of a work is to the prevention or restriction of acts that are not authorised by the copyright owner of that work and are restricted by copyright; and

(b) use of a work does not extend to any use of the work that is outside the scope of the acts restricted by copyright.

(4) Expressions used in sections 296ZA to 296ZE which are defined for the purposes of Part 1 of this Act (copyright) have the same meaning as in that Part.

13. The present section 296 and sections 296ZA to 296ZE were inserted into the CDPA by the Copyright and Related Rights Regulations 2003 in order to implement Directive 2001/29/EC “on the harmonisation of certain aspects of copyright and related rights in the information society”.

The issues at trial

14. In order to establish that an offence under, by way of example, section 296ZB (c)(i) of the CDPA has been committed in relation to games such as those concerned in the present appeal, the prosecution must prove:

- (1) That the game is or includes copyright works within the meaning of section 1.
- (2) That the playing of a counterfeit DVD on a game console involves the copying of a copyright work.
- (3) That such copying is of the whole or a substantial part of a copyright work: section 16(3)(a).
- (4) That the game consoles and/or genuine DVDs (i.e. copies of the copyright work or works created by or with the licence of the owner of the copyright) include effective technological measures within the meaning of section 296ZF designed to protect those copyright works.
- (5) That in the course of a business the defendant sold or let for hire a device, product or component which was primarily designed, produced, or adapted for the purpose of enabling or facilitating the circumvention of those technological measures. It is to be noted that this issue does not depend on the intention of a defendant who is not responsible for the design, production or adaptation of the device, product or component: his intention is irrelevant.

15. At the trial of the appellant, it was proved that computer games are and include copyright works: indeed, the contrary is indisputable. The issues for the jury were those set out in sub-paragraphs (2) to (5) above. The trial followed shortly after the judgment of this Court, differently constituted, in *Higgs*. In that case, like the present, the appellant had been convicted of offences contrary to section 296ZB. In that case, unlike the present, the prosecution did not seek to prove that during the playing of a game, data was copied from a DVD or CD-Rom onto the RAM of a games console, and the prosecution failed. However, Jacob LJ made it clear that if that had been so proved, the appellant’s convictions would have been upheld. He said:

8. The prosecution contended that Mr Higgs was providing devices which enabled the circumvention of ETMs. But it is very important to understand the factual basis of the contention. It was not that the use of a modified console to play a game

from an infringing CD-ROM itself involved any infringement of copyright. No attempt was made to prove that when such a CD-ROM is placed in a console, the console reads into its memory (particularly its random access memory, its “RAM”) the program and copyright material included with it such as images and sound.

9. If such had been contended and proved (as it would seem very probable it could have been), it is difficult to see what defence there might have been. After all s.17 of the Act provides:

...

It follows that the making of transient copies of copyright material into a RAM is a restricted act. In this context taking even a single frame of a cinematograph film is also probably an infringement (see *Spelling Goldberg v BPC Publishing* [1981] RPC 225). Putting it another way, the playing of a pirate game on a console would itself be an infringement. And even a narrow interpretation of ETM would seemingly catch that. Mr Vaitilingam, Counsel for Mr Higgs, whilst not positively so accepting, acknowledged that he did not see how it could be otherwise.

10. So much was indeed held to be so in the civil case of *Sony v Ball* [2004] EWHC 1738, [2005] FSR 9. Laddie J held, on an application for summary judgment, on facts near identical to those in this case, that there was infringement of the civil provisions corresponding to those in question here. The only factual difference is that, unlike this case, before Laddie J it was asserted that transient copying into the console took place – and the defendant so admitted.

16. It is not surprising that the prosecution in the present case sought to make good the omission of the prosecution in *Higgs*. Particular attention was focused on the issue at paragraph 14(3) above. It was proved that during the playing of a game from a counterfeit DVD, data is copied into the RAM of the games console.
17. On behalf of the present appellant, it was submitted that although there was such copying, it did not represent at any one time the whole or a substantial part of the games data on the DVD, and it followed that playing a counterfeit game does not involve copying that infringes the rights of the copyright owner. In *Higgs*, this issue had not fallen for decision, and Jacob LJ’s *dicta* were not binding. The judge directed the jury that in this context “substantial has its plain English meaning of ‘more than minimal’”.
18. As already mentioned, the appellant was convicted of the offences under section 296ZB. It follows that the jury were satisfied that the disputed requirements of conviction set out under paragraph 14 above had been proved.

The issues on this appeal

19. Before us, the appellant abandoned his grounds of appeal relating to requirements (4) and (5). Thus the only issue on this appeal was whether the playing of a counterfeit DVD involves substantial copying of a copyright work. In that connection, it was submitted that the judge had wrongly directed the jury as to the meaning of “substantial” in the present context.
20. “Substantial” is a difficult word. It may indeed mean “not insubstantial”. But another dictionary meaning is “of ample or considerable amount, quantity, or dimensions”. Laddie, Prescott and Vitoria, *The Modern Law of Copyright*, third edition, state:

3.131 copyright in a work is infringed by taking a substantial part of it; but what is the meaning of "substantial". It is a question of fact and degree, a matter for the jury in those days when copyright actions were tried by juries. Sheer arithmetical quantity alone is not the first; for a short extract may be a vital part of a work, and "the question whether he has copied a substantial part depends much more on the quality than on the quantity of what he has taken". ... The true principle, at any rate in the compilation cases, is that "the defendant is not at liberty to use or to avail himself of the Labour which the [claimant] has been at for the purpose of producing his work; that is, in fact, merely to take away the result of another man's labour or, in other words, this property". ... and there is high authority in favour of the "rough practical test that what is worth copying is prima facie worth protection"; but the words "rough" and "prima facie" ought to be emphasised, for otherwise the proposition obviously proves too much. In particular, there are instances where appropriation of a minor part would be regarded as fair and legitimate use.

21. The test is helpfully summarised in *Copinger and Skone James on Copyright*, fifteenth edition, at paragraphs 7-25 and 7-27. For present purposes, it is sufficient to cite part of paragraph 7-27:

... the application of the substantial part test varies with the type of work, whether literary, dramatic, musical, artistic and so on. ... some general propositions can be stated:

(a) ... the overriding question is whether, in creating the defendant's work, substantial use has been made of the skill and labour which went into the creation of the claimant's work and thus those features which made it an original work.

(b) the quality or importance of what has been taken is much more important than the quantity. The issue last depends therefore not just on the physical amount taken but on its substantial significance or importance to the copyright work, so that the quality, or importance, of the part is frequently more

significant than the proportion which the borrowed part bears to the whole.

22. It can be seen that the application of the substantial part test is more complex than was indicated by the judge's direction.
23. Both of the above textbooks, and the judicial authorities, recognise the problem that arises when a defendant regularly takes a small amount of material from the claimant's work: the "little and often" case. It was this problem that was raised by the appellant in the present case. He relies on the decision of Kitchin J in *Football Association Premier League Ltd and others v QC Leisure and others* [2008] EWHC 1411 Ch. That case concerned the use of foreign decoder cards in the UK to access foreign transmissions of live Premier League football matches. The claimants complained that the dealing in and use of such cards in the UK involved an infringement of their rights under s.298 of the CDPA and of the copyrights in various artistic and musical works, films and sound recordings embodied in the Premier League match coverage. The facts bore certain similarities to the present. The decoder that received the broadcast signal stored fragments of the various film works, the musical work and the sound recording that were broadcast sequentially, and those fragments were replaced as the broadcast continued. Kitchin J held that when considering copying of a film, the few frames that were stored in the decoder at any one time did not constitute a substantial part of a film, and that the fragments of a film that were copied could not be considered on a cumulative basis. On the face of it, his decision is inconsistent with the approach of Jacob LJ in *Higgs*. It is also inconsistent with the decision of the late and much lamented Laddie J in *Sony v Ball*, to which Jacob LJ referred. That case too was concerned with Sony games consoles, and acts alleged to infringe the copyright in their games. Laddie J, who of course had very considerable experience in this field, said:

13. Sony alleges that use of either of these, enabled by the Messiah2 chip, inevitably results in infringement of Sony copyright and the creation of infringing copies. When the game is inserted into the console, the program and other creative works (or substantial parts of them) are read from the CD or DVD and copied into a Random Access Memory chip ("RAM") in the console. This is an act of reproduction. Mr Kime does not dispute that. Furthermore the RAM containing the reproduced digital data from the CD or DVD is an infringing copy. This is disputed by Mr Kime. He points to the fact that the copy of the copyright works in RAM only exist for a small fraction of a second. He says that that is far too ephemeral to turn the RAM into an infringing copy. He says that a copy which lasts for such a short period is not an article. It is a temporary creation produced during a dynamic act of copying. He draws my attention to the Obscene Publications Act 1959, the Factories Act 1937, the Supply Powers Act 1975, the Aviation Security Act 1982, the Sale of Food and Drugs Act 1875 and the Prison Act 1865 to illustrate different ways in which the word "article" has been used in legislation. He argues that the legislature only uses the word "article" in

relation to what he calls “tangible substances”. He says that a RAM chip containing a copy of the whole or a substantial part of Sony’s copyright works is not such a tangible substance.

14. There can be no doubt that silicon chips are articles. Mr Kime does not suggest otherwise. Further he accepts that were the Sony material to be loaded into a Read Only Memory (“ROM”), that is to say a silicon chip designed to retain the loaded material substantially permanently, the chip so loaded would constitute an article. Again, if the copy were unlicensed it would be an infringing copy within the definition in the Act. He also accepts that if the same material were loaded into an Erasable Programmable Read Only Memory (“EPROM”), a type of silicon chip which can record digital data and will retain it until it is instructed to delete or override the data, it would constitute an article, even if it were decided to erase the material within a second or two. He says that the EPROM containing the copy would be a “tangible substance”. The only exclusion covers the case when the digital material is copied into a RAM chip as happens in the PS2 console. Although the RAM chip itself is an article, he argues that the RAM containing the copy of Sony’s digital data is too short lived to be regarded as tangible. Mr Kime is not able to indicate how short the life of the copy in the chip has to be before the chip containing the copy ceases to be an article. He argues that, wherever the border lies, in the case of the PS2 console, the life is too short to count.

15. I do not accept this argument. The silicon RAM chip is an article. When it contains the copy data, it is also an article. The fact that it did not contain the copy before and will not contain the copy later does not alter its physical characteristics while it does contain a copy. It is always an article but it is only an infringing article for a short time. There is nothing in the legislation which suggests that an object containing a copy of a copyright work, even if only ephemerally, is for that reason to be treated as not an article. On the contrary, the definition in s 27 points to the instant of making of the copy as crucial to the determination of whether or not it is an infringing article. An article becomes an infringing article because of the manner in which it is made. Whether it is an infringing article within the meaning of the legislation must be determined by reference to that moment. It matters not whether it remains in that state, since retention as a copy is no part of the definition in the section.

24. In the present case, if the only copyright work that is copied is the game as a whole, the “little and often” would be material, and the correctness of Laddie J’s judgment and of Jacob LJ’s *dicta* would have to be decided. But the game as a whole is not the sole subject of copyright. The various drawings that result in the images shown on the

television screen or monitor are themselves artistic works protected by copyright. The images shown on the screen are copies, and substantial copies, of those works. If the game is the well-known *Tomb Raider*, for example, the screen displays Lara Croft, a recognisable character who has been created by the labour and skill of the original artist. It matters not that what is seen on screen is not precisely the drawing, because the software may cause her to be seen performing actions that are not an exact copy of any single drawing. It is clear that what is on screen is a substantial copy of an original: see *King Features Syndicate Inc v O and M Kleeman Ltd* [1941] 1 AC 417. The respondents in that case had made brooches based on the cartoon character Popeye the Sailor. Lord Russell of Killowen said, at 432:

For my purpose it is sufficient to refer to sketch No. 3, of which I think a substantial part is reproduced in the brooches. The question of colour is immaterial, but I find reproduced in the figure of which the brooches consist the following salient features of Popeye in sketch No. 3, namely, the sailor's cap, the nose, the chin, the mouth, the swollen forearms, the baggy trousers, and the enlarged feet. This, I consider, constitutes a reproduction of a substantial part of sketch No. 3. Further, I am of opinion that a comparison of the brooch with the sketch in question raises a strong presumption (not displaced by any evidence) that the figure of the brooch was copied directly or indirectly from that sketch. ...

25. It follows that even if the contents of the RAM of a game console at any one time is not a substantial copy, the image displayed on screen is such. As we said in the course of argument, it may help to consider what is shown on screen if the “pause” button on a game console is pressed. There is then displayed a still image, a copy of an artistic work, generated by the digital data in RAM. The fact that players do not normally pause the game is immaterial, since it is sufficient that a transient copy is made.
26. This conclusion is supported by paragraphs 232 and 235 of the judgment of Kitchin J in the *Football Association Premier League* case. He said:

232. I have to say that I entertain some doubt as to whether those who framed the CDPA ever contemplated that displaying an image on a television screen amounts to copying. However, s.17 must be construed in the light of the Directive and, despite my reservations, I have reached the conclusion that it is indeed this broad. The words of Article 2 and the section are clear. The reproduction right includes the making of temporary copies by electronic means, subject to the defence to which I refer below and the copies may be transient. I am confirmed in this view by the decision of Aldous J in *Bookmakers Afternoon Greyhound Services v Wilf Gilbert (Staffordshire) Ltd* [1994] FSR 723, a decision under the Copyright Act 1956 which, like the CDPA, restricted “reproducing the work in any material form”. Aldous J held that the defendants infringed the copyright subsisting in race cards by showing them on television monitors in their shops. This, he found, involved reproducing them in a material

form. In my judgment the position under the CDPA is no different.

...

234. I conclude that copies of a substantial part of the films, the musical work and the sound recording are not made in the decoder or on the television screen. This conclusion is reinforced in relation to the Opening Sequence, Previous Highlights, Match Highlights and Next Match Preview Films which are, as I have mentioned, comprised to varying degrees of other film. In so far as they rely upon any element of collocation for originality it is even harder to see how a part lasting no more than a fraction of a second could be said to be substantial.

235. But the position in relation to the artistic works (the various graphics, devices and logos) is different. I accept that these are reproduced in full within one frame of the broadcast signal in the decoder and as seen on the television.

27. Mr Alty valiantly submitted that the display on a screen cannot be a substantial copy of a copyright work because it is seen for only an instant. But, as we have already stated, this is irrelevant. Section 17(6) expressly provides that a transient copy is a copy.
28. It follows that the appellant was rightly convicted of the offences charged under the CDPA, and of the money-laundering offences relating to the proceeds of his sales. We reach this conclusion with satisfaction. The recitals to Directive 2001/29/EC emphasise the importance of protecting copyright and related rights in multimedia products such as computer games, and if devices such as modchips could be sold with impunity, the UK would not be conferring the protection of those rights required by the Directive. Secondly, it seems to us to accord with common sense that a person who plays a counterfeit DVD on his games console, and sees and hears the visions and sounds that are the subject of copyright, does indeed make a copy of at least a substantial part of the game, even though at any one time there is in the RAM and on the screen and audible only a very small part of that work. In other words, had it been necessary to decide this appeal on the “little and often” point, we should have followed the judgment of Jacob LJ in *Higgs*. In the event, however, we have not had to base our judgment on that point.
29. We add two matters. First, given that the focus at trial was on the “little and often” point, we considered whether fairness required the appeal to be allowed, the convictions quashed and a re-trial ordered which would focus on the basis on which we have decided this appeal. However, Mr Alty was unable to suggest that he would have adduced or could now adduce any evidence to meet the points made in this judgment. In these circumstances, fairness does not require a new trial, which would be costly and could have only one outcome.
30. Lastly, we repeat with emphasis what Jacob LJ said in *Higgs* about the trial of cases involving recondite issues of copyright law before a jury. Cases that, for example,

involve determination of difficult questions whether a copy is of a substantial part of a copyright work, can and should be tried in the Chancery Division before specialist judges. They can be so tried much more efficiently in terms of cost and time than before a jury, and questions of law can if necessary be determined on appeal on the basis of clear findings of fact. In appropriate cases, the Court will grant injunctive relief, and a breach of an injunction will lead to punishment for contempt of court. If the facts proven against a defendant show that he has substantially profited from criminal conduct, proceedings for the civil recovery of the proceeds of his crimes may be brought under Part 5 of the Proceeds of Crime Act 2002.