

# Hells Angels Hath No Fury: An Insight Into Internet Intermediaries

**Laksha Prasad, Graduate, HWL Ebsworth, considers the Hells Angels claim against Redbubble.**

Earlier this year, the Federal Court of Australia ruled on a copyright and trade mark infringement claim brought by the local chapter of the Hells Angels motorcycle club (HAA), against online marketplace Redbubble.

The allegations, which concerned Redbubble's use of the club's name and notorious 'death head' trade mark (as well as its derivative, the 'Fuki' death head), touched on the liability of internet intermediaries for infringements perpetrated by their users.

The Melbourne-based marketplace provides a platform for users to upload their creative works to the Redbubble website so that customers can select and order prints of the works on a range of paraphernalia, including t-shirts and phone cases. However, the infamous bikie club found that a number of their registered trade marks were being uploaded by Redbubble users, printed onto merchandise and sold without their permission.

As a result, HAA claimed that Redbubble either directly infringed HAA's copyright by communicating HAA copyright works to the public, or that Redbubble was jointly liable with its users for authorising the upload of the works and trade marks onto the Redbubble website.

Redbubble refuted the allegation by stating that it only acts as an agent for its users by enabling a transaction to occur between independent users and buyers operating within its marketplace. Further, Redbubble argued that any infringing conduct was beyond the jurisdiction of Australia IP law since its servers were located in the United States. Nonetheless,

Redbubble removed the offending material from its site (which did not stop HAA from demanding compensation for the money Redbubble made from selling the items) and entered a cross-claim on the basis of non-use of registered trade marks owned by Hells Angels' US-based parent company.

In its consideration of HAA's copyright claim, the Court considered the subsistence of copyright in the 'death head' membership card image and the 'Fuki' death head design.

While HAA asserted that they were 'granted' an exclusive licence in the copyright works for use in Australia by the club's American headquarters (HAMC US) - it was held that Redbubble did not infringe HAA's copyright since it could not be established that HAMC US was the original copyright owner of the works (which would have otherwise seen Redbubble deemed as a primary infringer of HAA's copyright) and therefore could not grant a licence to HAA. Similarly, copyright was not found to have subsisted separately in the 'Fuki' design since it was a derivative work of the membership card and no effort, skill or work was exercised by the artist when producing the work.

The question of trade mark use, however, appeared to have a more favourable outcome for the bikie club. The court examined Redbubble's business model and deemed that Redbubble had exercised sufficient management, control and power over the chain of supply of the relevant goods to conclude that three of the four HAMC US-owned trade marks had been infringed. Specifically, the court was satisfied that Redbubble

had 'used' the relevant trade marks in Australia as a 'badge of origin' - resulting in the award of \$5000 in damages for the use of the marks owned by HAMC US.

Redbubble's cross-claim also failed on the basis that HAA was able sufficiently to establish itself for which the relevant trade marks were registered. Accordingly, the Court refused to exercise its discretion to remove the marks from the register.

The trade mark left out of the infringing pile - an image of a child with a demon (together a 'hells angel') - was not considered to have constituted a 'use' of a HAA trade mark since it was seen as a mere parodic composition.

The HAA decision is comparable to the earlier *Pokémon v Redbubble* case, which saw the notable Japanese franchise commence proceedings against the online marketplace over merchandise that bore approximately 29 of the 800 Pokémon characters and associated logos of them on the Redbubble website.

Of particular note was the use of the most recognisable Pokémon character Pikachu, which sparked allegations that Redbubble had infringed sections 18(1), 29(g) and (h) of the Australian Consumer Law. The Court ultimately held that the use of Pokémon's images misled consumers as to the authenticity of the merchandise sold on the website and, as such, Redbubble had made representations that the relevant 'works' supplied on their site were authorised by Pokémon.

Pagone J found that copyright subsisted in the 'artistic works' hosted on Redbubble's website and

that Pokémon was the owner of such copyright on the basis of its United States copyright registration certificate; and that Redbubble infringed Pokémon's copyright by communicating Pokémon images to the public by offering/exposing/exhibiting the works by way of trade through the Redbubble website and authorising reproduction of the works in Australia.

Notwithstanding Pokémon's success on these points, the Court only awarded Pokémon \$1 in nominal damages (and 70% of their court costs) to be paid by Redbubble, on the basis that most of the infringing items were 'mash-ups' that would not entitle Pokémon to royalties, and no loss or damage had actually been suffered.

In both cases, the Court took note of the inherent commercial risks of Redbubble's business model, namely the prospect of an online

marketplace without an adequate intellectual property policy. That's not to say that Redbubble didn't have any in place - it had some form of intellectual property policy and a team dedicated to ensuring advertised products were compliant with copyright law, both of which were crucial to the Courts' ruling that the infringements weren't 'flagrant' in nature. Nevertheless, such a business did pose inherent risks.

Given the lack of significant penalties being awarded in respect of Redbubble's conduct, the Court highlighted how other internet intermediaries may seek to follow Redbubble's lead in employing bare takedown procedures and IP policies as a means to mitigate any future IP infringement claims.

However, the Court also rejected Redbubble's defence in the HAA case, namely that it acts as an

agent in the transactions entered into by the artists and the artists' customers. Instead, the Court considered the nature of internet intermediaries to go beyond an agent-principal relationship. Rather, given the amount of autonomy such online marketplaces exercise in hosting, sponsoring and arranging certain products on their websites, such sites play a role more reflective of an 'independent contractor' in such transactions - which will always expose them to some level of liability.

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