

The Empire Strikes Back? Lessons from the Supreme Court's judgment in *Lucasfilm Limited and others (Appellants) v. Ainsworth and another (Respondents)* [2011] UKSC 39, July 2011"

Tim Vollans*

Coventry Law School,
Coventry University, UK
lsx013@coventry.ac.uk

Abstract. *The recent UK Supreme Court case Lucasfilm v. Ainsworth has highlighted the complexities of enforcing Intellectual Property Rights in the UK. This note explores the substantive points argued in those proceedings before briefly commenting on the procedural issues encountered. Finally, it suggests that a specialist dispute resolution forum external to the court structure could expedite dispute resolution and improve access to justice.*

© 2012 Tim Vollans . Published by JICLT. All rights reserved.

1. Introduction

Jurists readily recognise that rights granted without effective means of enforcement are not rights at all; and this truism holds good as much for property rights as for civil rights. As a consequence, the true value of rights, and particularly those pertaining to property 'ownership', lies not just in the formulated rights themselves but in the facility with which the legal system offers an accessible and appropriate system for their assertion, access to justice, and enforcement. This is no less the case for Intellectual Property (IP) rights which are commonly overlaid with the added complication of an international jurisdictional dimension so that any consideration of IP rights necessarily synthesises the 'local' with the 'global' and the 'substantive' with the 'procedural' as illustrated by the recent UK Supreme Court judgment in *Lucasfilm Limited and others (Appellants) v. Ainsworth* [2011] UKSC 39 (hereafter '*Lucasfilm*'). In that case, in order to apply copyright protection, the Supreme Court judges had to clarify not only a 'simple' statutory definition, but also the extent of foreign jurisdictional 'reach' - thereby conjoining substantive law and legal rights with domestic legal systemic issues.

The purpose of this short paper is to focus upon those issues; to recognise the systemic challenges and hurdles encountered in upholding and enforcing substantive legal rights; to distinguish those systemic challenges and hurdles from those specifically encountered in upholding substantive intellectual property rights; and finally to draw out of the Supreme Court judgments some basic systemic adjustments capable of reinforcing access to justice in the context of intellectual property rights. This paper will start by summarising the facts and legal issues raised in the case, before proceeding to comment briefly on the judgments. Such brief commentary offers neither a procedural paradigm nor a prescription of best policy or practice; but it does offer itself as a modest contribution to initiate, and as an initial contribution to, a wider discussion between interested parties (individuals, organisations, and governments) and to inform the subsequent formulation of legislation, policy and process. It does not claim to address all issues or to offer universal solutions; but it does highlight the imperative that whilst IP enjoys many unique facets, it is not so different from its juristic cousins. It does assert that an effective and maintained systemic legal access to justice predicates respect for the substantive legal rights, not least those pertaining to IP.

2. Lucasfilm in the Supreme Court

Copyright law aims to maintain a balance between, on the one hand, the exclusive protection in favour of the proprietor of the IP right to exploit the work and, on the other hand, allowing others to reproduce the work as part of 'fair dealing'. Also in this balance lie financial interests and potential financial (and fiscal) advantages flowing from successful commercial exploitation. Globalisation has extended the available markets for the designs, but also the possible jurisdictional battlefields of IP protection as the facts and arguments in Lucasfilm reveal.

The case concerned the IP rights in an Imperial Stormtrooper helmet made for use in the first Star Wars film released in 1977– subsequently known as “Star Wars Episode IV – A New Hope”. George Lucas created the film’s story-line and its characters including the ‘threatening’ Imperial Stormtrooper in “fascist white armoured suits”. Ralph McQuarrie expressed them in two dimensional drawings and paintings and Andrew Ainsworth took them into three-dimensional form as vacuum-moulded helmets. It was accepted that the Lucasfilm (the appellants) owned the copyright in the ‘artistic works created for the Star Wars films’ and enjoyed considerable commercial success in licensing models, including those of Imperial Stormtroopers whose helmets had become iconic. Mr Ainsworth recognised this success and in 2004, using his original tools, made for sale to the public, versions of the Imperial Stormtrooper helmet estimated to be worth up to \$30,000 in the United States. Such actions attracted the attention of Lucasfilm who initiated proceedings in the UK under the Copyright Designs and Patents Act 1988 (the Act) in addition to proceedings to enforce in the UK an order of a US court. At first instance, Mann J dismissed all Lucasfilm’s claims based on UK copyright law.

3. Copyright Designs and Patents Act 1988

The relevant UK copyright law is the Act which aims to protect artistic work; and at first instance, Mann J. was asked to determine whether the helmets fell within that definition. His Lordship observed that:

“One of the most abiding images in the film was that of the Imperial Stormtroopers. These were soldiers clad in white armour, including a white helmet which left no part of the face uncovered... The purpose of the helmet was that it was to be worn as an item of costume in a film, to identify a character, but in addition to portray something about that character – its allegiance, force, menace, purpose and, to some extent, probably its anonymity. It was a mixture of costume and prop.” ([2008] EWHC 1878 (Ch), at paras [2] and [121]).

If the helmet were to be a “sculpture”, its copying of the helmets would infringe Lucasfilm’s copyright. Lucasfilm contended that the helmet had no practical function at all, but was ‘wholly artistic, to make a visual impression on the filmgoer’. His Lordship saw the helmets as a substantial reproduction of original works executed for Lucasfilm, but that they expressed ‘an idea as part of character portrayal in the film’ (and, so, fulfilled a primarily utilitarian function). His Lordship had held that the helmet was not protected as it lacked ‘the necessary quality of artistic creation required of a sculpture’.

Before the UK Supreme Court, Lucasfilm’s claim was again expressed as a claim that the helmets (irrespective of the degree of artistic quality) qualified for copyright protection under English law as “sculptures” in which copyright was capable of subsisting under section 4 of the Act. If the Supreme Court found the helmets to be ‘sculptures’, copying by Mr Ainsworth (even though it had been he who had created the three dimensional form) would have infringed Lucasfilm’s copyright; but if it found it not to be a sculpture (and, so, not a “work of

artistic craftsmanship”), by virtue of section 51, there would be no protection available against infringement of the design or even of Mr McQuarrie’s copyright in the original two dimensional design document. In the case, this analysis crystallised the question before the Supreme Court as simply whether the definition of “sculpture” extended to a three-dimensional object having ‘both an artistic purpose and a utilitarian function’ as had the asset in contemplation (the helmet).

Mindful of Lord Hoffmann’s dicta in *Designers Guild Ltd v Russell Williams (Textiles) Ltd* ([2000] 1 WLR 2416) the courts should not hurry to depart from that nature of ‘judgmental conclusion’, the Supreme Court agreed with both the High Court and Court of Appeal, and decided that whilst the term ‘sculpture’ was capable of extension, the definition was not susceptible of excessive extension from its usual meaning; that not every three dimensional representation of a concept qualifies; and that, so, the helmet was not a sculpture. The rationale was that the law applied a multi-factorial approach: as the term “sculpture” would not normally be applied to a 20th century military helmet used in a film, ‘however great its contribution to the artistic effect of the finished film’, it could not be applied to an ‘Imperial Stormtrooper helmet’. Notwithstanding that the film had become a ‘the work of art’, the helmet remained merely an element in the process of the film’s production and therefore utilitarian.

4. US proceedings

The second assertion of the Lucasfilm before the Supreme Court was that an English court could exercise jurisdiction in a claim against persons domiciled in England for infringement of US copyright. The broad principle remained that the English courts generally accepted that sovereignty extends over a state’s own nationals and those finding themselves in its jurisdiction. This lack of any limitation on the territorial extent of an Act of Parliament was famously exemplified by Sir Ivor Jennings in 1959: ‘If [Parliament] enacts that smoking in the streets of Paris is an offence, then it is an offence’. Conversely in *Mortensen v Peters* (1906) 8 F (J) 93, Lord Salvesen questioned whether the British Parliament would pass legislation to impose an obligation upon British fishermen and not to extend it to foreigners within UK waters: “I think ... if legislation of this nature had been proposed ...it would never have been submitted by a responsible minister or have received the approval of Parliament.”

As a foreign court would not enforce UK laws, the corollary remained that UK courts would refuse to enforce judgments of foreign courts (but not to ignore the issues raised). In *Lucasfilm* this issue of jurisdictional reach had direct importance specifically in copyright litigation. The High Court had accepted that US copyright had been infringed and that the United States’ copyright claims were justiciable a view rejected by the Court of Appeal.

Part of the difficulty is that the creation of a modern film is rarely mono-jurisdictional. Although George Lucas and his corporations were based in the USA, and some filming had taken place in Tunisia, the fashioning of the early clay models and vacuum moulding of the helmets had occurred in England. When the Lucasfilm sought to enforce in the UK the order already obtained in the USA, Mann J held that US copyright claims were justiciable in England; and moreover that as Mr Ainsworth had infringed those rights, an extra-territorial injunction could be granted in the British courts against him subject to his being liable to *in personam* jurisdiction.

Upon appeal, the Court of Appeal recognized that the modern trend favours the enforcement of foreign intellectual property rights, although distinguishing the blind enforcement of an order of a foreign court from the recognition (and enforcement) of foreign rights through litigation in UK courts. In this approach it affirmed that there was no reason for the English court refusing to take jurisdiction over an English defendant in a claim for breach of foreign copyright even though there was no international regime for the mutual recognition of copyright jurisdiction and of copyright judgments. The question to be addressed was formulated as:

‘Whether an English court may exercise jurisdiction in a claim against persons domiciled in England for infringement of copyright committed outside the European Union in breach of the copyright law of that country?’

The Supreme Court acknowledged British courts’ endeavours to avoid conflict with foreign jurisdictions and distinguished many of the the leading cases as having ‘involved unusual factual situations in which the claim had major political ramifications’ such as in *Hesperides Hotels Ltd v Aegean Turkish Holidays Ltd* [1979] AC 508. In that case (which related to the hotels in Turkish Federated State of North Cyprus) Lord Wilberforce identified the problems of “possible conflict with foreign jurisdictions, and the possible entry into and involvement with political questions of some delicacy.”

It was widely recognised that UK courts were reluctant to adjudicate on matters previously considered to be non-justiciable, such as “the transactions of foreign sovereign states” (*Buttes Gas and Oil Co v Hammer (No 3)* ([1982] AC 888, at 931) all of which would be inconsistent with international law. In *British South Africa Co v Companhia de Moçambique* ([1893] AC 602) the courts were faced with determining the competing claims of a Portuguese company (with substantial British ownership) effectively in control of Mozambique and Cecil Rhodes’ British South Africa Co over mines in territories which were claimed by Portugal: but that should be distinguished from exercising jurisdiction *in personam* where the party was in jurisdiction. Moreover, European legislation (e.g. Regulation (EC) No 864/2007 of the European Parliament and of the Council on the law applicable to non-contractual obligations) showed there to be no public policy against bringing litigation in Member States for infringement of foreign copyright.

In the Supreme Court, Lord Mance agreed with the reasons given by Lord Walker and Lord Collins that the appeal failed on the first issue (sculpture) and succeeded on the second (i.e. justiciability of a claim for infringement of a foreign copyright) but offered a separate judgment expressing no view about the application or scope of the doctrine of act of state in relation to issues of validity of foreign intellectual property rights which (unlike copyright) may be said to depend upon state grant.

5. Analysis of the judgments

The judgments produced no great surprises. The Lucasfilm’s claim to exercise copyright over the helmets made for the film had been founded on two distinct bases. Firstly on the application of (UK) domestic legislation and secondly on the application (in the UK) of an extant US court order. Whilst sharing a common objective of controlling the respondent’s exploitation of the design of the helmets, these two bases engage fundamentally different principles and issues.

Before the Supreme Court the domestic law question had been reduced to whether the helmet constituted a ‘sculpture’ for the purposes of the domestic legislation. The five judges delivered an agreed and clear view: notwithstanding that the film had become a ‘work of art’, the Stormtrooper Helmet remained merely an element in the process of the film’s production and therefore merely utilitarian, failing to satisfy the relevant criteria (for being a sculpture), and so to enjoy copyright protection under the 1988 Act. The second issue - of international jurisdiction - had proved more engaging; but the judicial reluctance to enforce a foreign judgment had been tempered by the acceptance of the justiciability of a claim for a breach of foreign copyright, were one to be presented in the UK courts.

5.1 Lessons learnt?

The first (domestic) question followed the nature of many cases before the Supreme Court – that of statutory interpretation. Absent a written constitution in the United Kingdom, the most important and difficult aspect of

statute law is concerned with interpretation. In *Johnson v Moreton* [1980] AC 37, Lord Hailsham LC observed that nine-tenths of all cases reaching the House of Lords turned on statutory interpretation; and that role remains for its successor, the Supreme Court. So, the statutory interpretation triggered in *Lucasfilm* can hardly be described as atypical or abnormal. Of greater interest, and importance, was the perceived need to litigate up to the Supreme Court over the apparently clear qualifying test for protection under the 1988 Act. The helmets were stated to be worth up to \$30,000 – a figure certainly dwarfed by the costs of the litigation (including those of exceptional commercial counsel) and also hearings extending over several weeks in 2008, 2009, and 2011. One must question whether such an expensive process could be eased?

Secondly, the time-frame of such litigation is excessive. The seven years from the original ‘alleged infringement’ to a final judgment inhibited progress and the corollary is that it could have allowed an unscrupulous infringer to irreparably damage through adverse exploitation the value of the design whose protection was being litigated. Criticisms of the cost, delay, and uncertainty of litigation – whether seeking private or commercial justice - are not new. Michael Napier’s Gresham Lecture ‘Access to Justice: Keeping the doors open’ explored the ‘various doors that need to be located, and then opened, if people are to gain access to justice.’ He recognised that “those who seek access to justice need to know how to negotiate the route” and drew on Charles Dickens’ Bleak House, for criticism of the cost of litigation:

'London 1853. Michaelmas term lately over... This is the Court of Chancery... which gives to monied might the means abundantly of wearying out the right, which so exhausts finances, patience, courage, hope, so overthrows the brain and breaks the heart, that there is not an honourable man among its practitioners who would not give - who does not often give - the warning 'suffer any wrong that can be done rather than come here!'.

Furthermore, the issues and technicalities triggered by the global reach of IP protection seem to facilitate progressive appeals to the highest courts.

That the appeal progressed so far can be explained by the inclusion of *Lucasfilm*’s claim to enforce in the UK a US court order. But the existence of such US court order and the UK’s failure to ensure prompt and effective application are indicative of the practical inadequacies of the litigation process and international protection afforded to IP.

5.2 *A clear definitive interpretative body*

In formulating any legislative regime, the temptation is to identify and define the special features: and this, in major part, is the Act’s approach to substantive IP. Without denying the validity of yielding to such temptation in many cases, the present writer suggests that the innovative and developing nature of IP warrants and necessitates an internationally compatible and recognised regulatory and dispute resolution body. It is noteworthy that mediaeval mercantile activity enjoyed success due, in no small part, to the support and dispute resolution mechanisms afforded by the Mercantile Guilds in respect of commercial and industrial designs; and disputes over what are now known as IP were readily resolved within, and by, the Guilds. Into the vacuum created by the decline of the Guilds came statute (such as the Copyright Act, 1709), but its principal objective was to protect the written (published) word (and later engravings and musical and dramatic compositions) and its exploitation and enjoyment by publishers, and only incidentally were such provisions used to control unlicensed publications. In the context of *Lucasfilm*, it was the Sculpture Copyright Act 1814 which had clarified the protection accorded to sculpture – defined as “any new and original sculpture, or model, or copy, or cast of the human figure or human figures, or of any bust or busts, or of any part or parts of the human figure, clothed in drapery or otherwise.”

6. Conclusion

The fundamental thesis behind this paper is that rights granted without effective means of enforcement are not rights at all; and it is suggested that having to fight to the highest court to assert a right fails that primordial test. The consequence is that formulation of IP without a legal system offering effective access to justice fails IP – it is no more than a glass without contents. Moreover, in today’s globalised market, IP has to be viewed as a global issue and any consideration of IP rights necessarily has to synthesise the ‘local’ with the ‘global’, and the ‘substantive’ with the ‘procedural’. In *Lucasfilm*, the common objective of controlling the one party’s exploitation of the design of the helmets, engaged fundamentally different principles and issues which immediately exemplify the domestic and international scope and impact of IP protection. It is a moot point whether the UK Supreme Court would have evidenced equal reluctance to enforce the US court order if the US and UK principles been fully aligned. It is suggested therefore that if IP continues to use common terminology in a precise manner, those organisations and individuals engaged in IP take steps towards developing internationally accepted ‘portable’ definitions or provide a dispute resolution forum - (one hesitates to christen it ‘a tribunal’) to offer internationally recognised and respected interpretation and definitions to enhance confidence in IP.

Litigation, particularly over IP rights, risks inhibiting innovative exploitation and progression. Moreover, whilst IP litigation is often characterised as a dispute between large commercial enterprises, *Lucasfilm* demonstrated that ‘small players’ can frequently be involved. Unlike state interest litigation (such as taxation where the state may seek guidance on a small incident to support a broader application) one must question whether any legal system should indulge litigants over a comparatively small value in taking matters to the highest courts. *Lucasfilm* clearly shows the need for a manageable mechanism for dispute resolution – a key to the door of justice.

* * * * *



This work is licensed under a Creative Commons Attribution-Noncommercial-No Derivative Works
Cite as : Tim Vollans , The Empire Strikes Back? Lessons from the Supreme Court’s Judgement in *Lucasfilm Limited and others(Appellants) v. Ainsworth and another (Respondents)*[2011] UKSC39,July2011”, Journal of International Commercial Law and Technology,vol.7 Issue 3 (July, 2012)