



NEWSLETTER

Canadian IT Law Association

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This newsletter is prepared by Professors [Teresa Scassa](#), [Chidi Oguamanam](#) and [Stephen Coughlan](#) of the Law and Technology Institute of [Dalhousie Law School](#).

Les auteurs du présent bulletin sont les professeurs [Teresa Scassa](#), [Chidi Oguamanam](#) et [Stephen Coughlan](#) de l'Institut de droit et de technologie de la [Faculté de droit de l'Université de Dalhousie](#).

Criminal Law and Sentencing

The Ontario Superior Court of Justice has delivered its reasons for sentence in *R. v. Kwok*. In this case the defendant, a 29 year old first offender, was found guilty of possessing child pornography. Following a report to the police (by one of the defendant's roommates) of seeing pornographic images of children on the defendant's computer, the police executed a search warrant and seized a computer and related materials from the defendant's apartment. The police recovered 2000 images and 60 videos of children being sexually violated in a most vile and despicable form unimaginable.

The Crown pressed for a sentence of imprisonment for 18 months to be followed by two to three years of probation including treatment and counseling. The defence argued that the accused was a first timer and did not need to go to jail. In the alternative, the defence proposed a conditional sentence to be served in the community with stringent terms of house arrest (and exceptions) including assessment and treatment. The court eventually sentenced the defendant to a term of imprisonment for one year and three years probation. It also made other ancillary orders.

After a detailed review of the sentencing range and factors affecting sentencing in this and similar cases, the court notes that the underguarding considerations are denunciation and general deterrence. Even though each case must turn on its own particular facts, the court observed that "some of the cases refer to the antithesis of aggravating factors as being mitigating factors. I prefer to think of the absence of an aggravating factor as being

neutral, rather than mitigating although in the final analysis not much may turn on the distinction" (¶18). The court further notes that the fact that the pornographic materials in issue depict 10-12 year olds and not infants cannot be a mitigating factor. Nonetheless, pornographic depictions of babies are perfectly aggravating factor. It also observes that the presence of a guilty plea or remorse is mitigating while their absence is not necessarily aggravating but at best neutral.

The court held that even though the defendant pleaded guilty, but the mitigating effect of that plea is undermined by the lateness and the circumstances in which the plea was made. The court also held as unjustified the reasons which the defendant gave for his involvement with pornography which included problems of his early childhood, his idea of being victim himself, etc. The court observed that these claims were not exposed to penetrating examination because the defendant did not testify in his defence. The defendant's attempt at proving remorseful conduct did not convince court which found that he did not fully appreciate the criminal nature of his conduct. Similarly, his choice of a professional counselor or psychiatrist was someone who had a different expertise from sexual disorders.

The court notes that while the absence of a criminal record was a mitigating factor, "[t]he fact that Mr. Kwok has been accessing child pornography since he was 14 years old is troubling. It means that that at the time this charge was laid, he had been viewing and collecting child pornography for over 13 years" (¶21). The court found that generally, the nature and extent of the pornographic materials found with the defendant were vile and large. Even though it is not proven that he has harmed children or distributed pornography, considerations of societal factors such as prevention of harm justify (on the balance of mitigating and aggravating factors) the sentence imposed; and takes into consideration the primary aim of ensuring denunciation and deterrence.

Domain Names

IN *CRAIGSLIST INC. v. DANIEL COX*, A THREE PERSON panel chaired by Elizabeth Cuddihy, Q.C. considered a dispute over the domain name craigslist.ca. Although the registrant did not file a response in the complaint, the complainant opted to proceed before a three person panel. The complainant in the dispute was a U.S. based company, Craigslist, Inc. This company has operated an online community bulleting board since 1995, which contains classified ads and discussion forums. The domain name for the site is craigslist.org. The complainant has also registered craigslist.com, which resolves to the same site. The company also has affiliated community websites in over 50 countries, including Canada. In Canada, there are 29 community websites, including sites for Montreal, Toronto and Vancouver.

The complainant filed an application with CIPO for registration of CRAIGSLIST as a trade-mark for use in connection with its web services. The application was filed in November 2003, and the registration was formalized on August 29, 2006. The registrant registered the disputed domain name, craigslist.ca on August 4, 2004.

The panel ruled that the Canadian Presence Requirements were satisfied by the complainant's ownership of the Canadian registered trade-mark CRAIGSLIST.

Under the CRDP, the complainant must satisfy the panel that "the Registrant's dot-ca domain name is Confusingly Similar to a Mark in which the Complainant had Rights prior to the date of registration of the domain name". Cuddihy stated: "While the panel recognizes that the filing of an application for a Mark does not of itself establish that a person has service Mark rights until an application matures into a registration, the evidence on record supports the Complainant's assertion of rights in the Mark". (at 4-5). The panel found that the mark was used in Canada prior to both the date of application for the trade-mark and the date of registration of the disputed domain name. The panel also found the domain name to be "virtually identical" to the complainant's mark, thus satisfying the test of "confusingly similar".

In considering the issue of bad faith, Cuddihy noted that the disputed domain name resolves to an

internet portal site hosted by DomainSponsor.com. This site operates a revenue program which provides domain name holders with payment for redirecting internet users. Cuddihy also noted that the registrant had registered almost 300 other domain names in the .ca domain, and that many of these domain names were the same as or similar to famous trade-marks. Paragraph 3.7(b) provides for a finding of bad faith where the registrant has registered the domain name "in order to prevent the Complainant...from registering the Mark as a domain name, provided that the Registrant, alone or in concert with one or more additional persons has engaged in a pattern of registering domain names in order to prevent persons who have Rights in Marks from registering the Marks as domain names". The panel was of the view that an "extensive portfolio of registrations incorporating the marks of third parties satisfied the test of a "pattern" as contemplated by the Policy" (at 7). The panel thus concluded that bad faith under para. 3.7(b) of the policy was made out.

Paragraph 3.7(c) allows the complainant to demonstrate bad faith where it can establish that the Registrant "registered the domain name or acquired the registration primarily for the purpose of disrupting the business of the Complainant... who is a competitor of the Registrant."The panel found that the parties were direct competitors on the basis that the registrant earned fees for redirecting web traffic destined for the complainant's site. The panel further noted that the creation of a likelihood of confusion among end users would disrupt the business of the complainant. Finally, the panel concluded that the registrant had no legitimate interest in the domain name. The panel ordered the transfer of the domain name to the complainant.



IN *TRAILWEST ONLINE INC. v. TALLTECH SYSTEMS INC.*, a three-member panel chaired by Barry Effler considered a dispute over the domain name www.trailpeak.ca. The complainant in the case was Trailwest Online Inc, which operated an outdoor adventure website from trailpeak.com. The site provided information on outdoor adventure activities, provided a subscription service, outdoors courses, reviews of products and gear, and a discussion forum. It also sold goods branded with the mark TRAILPEAK. The registrant operates websites at clubtread.ca

and clubtread.com which offer similar services, and products branded with the mark CLUBTREAD.

The complainant first registered its domain name trailpeak.com on September 27, 2000. Its website was launched in July of 2001. The complainant has also filed an application for the trade-mark TRAILPEAK. It owns “trailpeak” domain names in the .net, .org, .us, and .info domains. The registrant registered the disputed domain name trailpeak.ca on July 28, 2006.

The panel found that the complainant had established that it had rights in the mark TRAILPEAK. Although the mark was not yet registered as a trade-mark, the panel noted that it had common law rights based on use since 2001 on products and in relation to services and advertising. The panel also found the disputed domain name to be confusingly similar with the mark. Effler wrote: “It is the Panel’s view that a person knowing the Complainant’s mark, TRAILPEAK, would certainly mistake the domain name for the Complainant’s corresponding mark.” (at 10). The complainant also found the mark to have been registered in bad faith. It found that the parties are in competition in that they operate “similar websites that offer similar goods and services directed at a similar market.” (at 10) The panel found that the use of trailpeak.ca by the registrant would be likely to cause confusion, and that as a result “it is a reasonable inference to be made in this case that the Registrant acquired the domain name primarily for the purpose of disrupting the business of the Complainant.” (at 10).

It was argued that since the trailpeak.ca site was currently not operational, bad faith could not be found. The panel dismissed this argument noting that “Were the Registrant to operate trailpeak.ca it would cause confusion among users and would potentially disrupt the Complainant’s business.” (at 11).

The complainant argued that the registrant had no legitimate interest in the domain name, particularly since the registrant knew of the complainant’s business and its TRAILPEAK mark. The panel found that this amounted to the “some evidence” which the complainant is required to establish, and found that the registrant was not able to demonstrate a legitimate interest in the name. The panel noted that the registrant “does not provide a plausible explanation of how it would employ the domain

name in a legitimate business fashion if it were to do so. The only reasonable inference is that the use of the site by the Registrant, a direct competitor, would be disruptive to the Complainant’s business.” (at 12). The panel ordered the transfer of the domain name to the complainant.

Trade-mark and Administrative Law

The Federal Court in Ontario has delivered its decision in *Fairmont Hotels Inc. v. Director Corporations Canada*. In this application, the respondent, Fairmont Resort Properties Ltd. (FRP), pursuant to s. 12 of the *Canada Business Corporations Act*, requested the Director of Corporations Canada to order the applicants, Fairmont Hotels Inc. and Fairmont Hotels and Resorts Inc. (FH) to change their corporate names on the basis of risk of confusion. However, because there are pending trade-mark disputes between the respondent and the applicants at both the Federal Court and Trade-marks Opposition Board, the applicants asked the Director to stay the respondent’s application pending the outcome of the ongoing proceedings. The Director turned down the applicants’ request. Consequently, the applicants seek a judicial review of the Director’s interlocutory decision.

The applicants and respondent are two separate entities with different histories but have ties to the Fairmont name and brand. While the applicants own and manage a chain of hotels, the respondent runs a time-share business. Both have common ties to Fairmont Hot Springs Resort (FHSR) in BC. The applicants acquired FHSR’s trade-marks and have since licensed them back to FHSR. The respondent operated FHSR time-share operations but was no longer affiliated with it. But the respondent later obtained FHSR’s permission to use the word Fairmont in its corporate name.

The federal court formulated the issues in this case into two questions: whether the Director’s decision not to stay proceedings is subject to judicial review and, if so, what standard of review applied in the circumstance. After a fairly brief analysis, the court answered the first question in the negative and thus dispensed with the need to address the second question. O’Reilly J., held that “[g]enerally speaking,

interlocutory rulings by decision-makers are not subject to appeal or judicial review. Courts are concerned not to permit parties to unduly delay or segment proceedings, or drive up the costs of litigation unnecessarily” (¶9). However, the court noted that there are special circumstances in which its intervention could be warranted. Those include situation where the administrative decision denies a party the benefit of a fair hearing, where there is apprehension of bias, where a party’s substantive rights are curtailed or where an administrative tribunal exceeded, circumscribed or declined to exercise its jurisdiction. In exercising early judicial intervention in such circumstances, courts must be extremely cautious. In regard to this case, the court held that the applicant’s claims are entirely speculative and do not satisfy the requirement of special circumstances to warrant the court’s intervention to overturn the Director’s decision.

This newsletter is intended to keep members of IT.Can informed about Canadian legal developments as well as about international developments that may have an impact on Canada. It will also be a vehicle for the Executive and Board of Directors of the Association to keep you informed of Association news such as upcoming conferences.

If you have comments or suggestions about this newsletter, please contact Professors Teresa Scassa, Chidi Oguamanam and Stephen Coughlan at it.law@dal.ca.

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Le présent bulletin se veut un outil d’information à l’intention des membres d’IT.Can qui souhaitent être renseignés sur les développements du droit canadien et du droit international qui pourraient avoir une incidence sur le Canada. Le comité exécutif et le conseil d’administration de l’Association s’en serviront également pour vous tenir au courant des nouvelles concernant l’Association, telles que les conférences à venir.

Pour tous commentaires ou toutes suggestions concernant le présent bulletin, veuillez communiquer avec les professeurs Teresa Scassa, Chidi Oguamanam et Stephen Coughlan à l’adresse suivante : it.law@dal.ca

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