



NEWSLETTER

Canadian IT Law Association

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Domain Names

In [CANADADRUGS.COM PARTNERSHIP v. NC Britton Holdings Ltd.](#), a three-member panel considered a dispute over the domain name [CanadaDrugs.ca](#).

The complainant in the matter operates an Internet based pharmacy from the website [www.canadadrugs.com](#). The CEO of the company had purchased that domain name from an individual Rose on February 28, 2001. The domain name had been registered for the first time approximately a year and a half before then. The panel found that in March of 2001, the complainant's website at [www.canadadrugs.com](#) was "operative, albeit rudimentary". (para 21) In fact, there appears to have been evidence of only one email prescription request from that time period. This is relevant, because on March 6, 2001, Rose registered [canadadrugs.ca](#). Under the CDRP, the complainant must establish that the registrant's domain name "is Confusingly Similar to a Mark in which the Complainant had Rights *prior to the date of registration of the domain name...*" (para 4.1(a)).

On March 23, 2001 and May 15, 2001 respectively, Thorkelson, the CEO of the complainant applied for trademark registration of "CanadaDrugs.com" and "Canada Drugs". The declaration of use that accompanied these applications was for "proposed use". The marks were registered in May of 2003. Thorkelson granted the complainant a license to use these marks on May 21, 2003.

Rose, the registrant of [canadadrugs.ca](#), offered to sell the domain to Thorkelson after allegedly receiving an offer to purchase the name from the respondent in the dispute. When Thorkelson refused, the name was sold to the company referred in the panel's

decision as the Registrant. The Registrant purchased the domain name from Rose in the fall of 2004, and established a website at [www.canadadrugs.ca](#), that competed with the Complainant in the online pharmacy business.

A preliminary issue in this case was the eligibility of the complainant to bring the complaint. The registrant argued that it did not meet the Canadian presence requirements. Para 1.4 of the CDRP, which links eligibility to bring a complaint to the Canadian Presence Requirements for Registrants also contains an exception to this general requirement where "the Complaint relates to a trade-mark registered in the Canadian Intellectual Property Office (CIPO) and the Complainant is the owner of the trade-mark" (para 1.4). The panel proceeded to consider whether the complainant fell within this exception.

The issue that arose in this regard was that the actual complainant, [CanadaDrugs.com](#), was not the owner of the trademarks. These were owned by Thorkelson. [CanadaDrugs.com](#) was merely a licensee of the marks. The panel took the view that this was sufficient, noting that "the purpose of the Policy under paragraph 1.1 of the Policy is to provide a forum in which cases of *bad faith* registration of dot-ca domain names can be dealt with relatively *inexpensively and quickly*." (para 43 - emphasis in the original) In their view, it would be inappropriate to construe "owner" of the trademark in a "technical fashion" (para 45). The panel ruled that the "Canadian connection is still maintained if the party is a licensee of a trade-mark registered in Canada" (at para 45).

Having made this initial ruling on the eligibility of the complainant to bring the complaint, the panel then considered whether the Registrant had acted in contravention of the CIRA policy. As noted earlier, the policy requires the panel to consider whether the complainant had rights in the [CanadaDrugs](#) marks prior to the registration of the .ca domain name. Since this registration had taken place within a few days of the complainant acquiring the

canadadrugs.com domain name, it was not obvious on the facts that they had any interest in the trademarks that were the basis for their eligibility to bring the complaint – particularly since the marks were not registered until 2003, and it was not clear whether their website was even functional at the date that the .ca domain name was registered. Nevertheless, the panel found that Rose, the initial registrant of the canadadrugs.ca domain name had acted “with the bad-faith intention of squatting on a domain name very similar to the one that he had just sold to Thorkelson”. (at para 52) As a result, the panel took the view that the relevant date to consider the complainant’s rights in its marks was not the date of first registration, but rather “the date that the Registrant purchased the domain name from Rose with the intention of actually using it, namely after October 22, 2004” (at para 53). The panel found that the complainant did have rights in its marks prior to that date. They also noted that even if this were not the correct approach, they would have found that, based presumably on the single request for medication, the complainant “already ran a traditional, operating pharmacy at the time the rudimentary website was created.” (at para 57). The panel found the registrant’s domain name to be virtually identical, and therefore confusingly similar to that of the complainant. Finally, because, in the view of the panel it was “inconceivable that the Registrant would not have been aware of the business of the Complainant”, and of its use of the .com domain name, the panel was prepared to infer that the Registrant’s acquisition of the .ca domain name was “for the purpose of disrupting the business of a competitor”, and therefore in bad faith. (at para 68). The panel further found that the registrant had no legitimate interest in the .ca domain name.

IN AN UNCONTESTED DISPUTE BEFORE A SOLE PANELIST, [Groupe Fortune 1000 inc.](#) challenged the domain name registration of frt.ca by FRT Freight Services Inc.

The complainant operated under the name “Groupe Fortune 1000” as well as 24 other names including the acronyms “CCE” and “LSG”. It did not use “FRT” in relation to its business. However, it was listed on the TSX under the acronym “FRT” since August 2004. The Registrant had been in business since January 2003 under the name “Transport FRT” or “FRT”. “FRT” was

a composite of the initials of the two brothers who ran the company, and was also an abbreviated term which commonly meant “freight” – an aspect of their business. The domain name frt.ca was registered in September 2000, 27 months before they began doing business under the name “Transport FRT”, and almost 4 years before the TSX adopted FRT as the symbol for the complainant’s company.

The panelist ruled that the complainant did not have any rights in the mark “FRT” prior to the registrant’s registration of their domain name. The panelist found no bad faith, and ruled that registrant had a legitimate interest in the domain name. The complaint was rejected.

Privacy

The Office of the Privacy Commissioner of Canada has released its [report on an incident](#) involving CIBC faxes that had been mistakenly sent, over a period of years to two unrelated companies – one in the United States and the other in Canada. The faxes contained confidential customer information. The Commission’s report identifies this situation as a wake-up call “to every organization in Canada that collects, uses or discloses personal information in the course of its commercial activities.”

The misdirected faxes were sent over a period of three years. The companies which received the faxes each notified the CIBC, and were told to shred the faxes. The report notes that the bank made no other efforts to address the problem; both companies continued to receive misdirected faxes. No attempt was made to recover the documents. With one exception, affected customers were not notified that personal information had gone astray.

The OPC was highly critical of the bank, noting that “[m]ost particularly egregious was the fact that the CIBC employees involved in responding to the incidents never fully recognized that misdirected faxes were a privacy issue.” The OPC identified a number of measures that have since been taken to ensure the same situation does not arise again. The bank will no longer fax information between branches; and an examination of all fax processes is now underway. The bank has also taken a number of steps, detailed in the report to strengthen its internal processes. The OPC recommends that the

bank fully implement its planned changes, establish a mechanism to immediately notify individuals of any security breaches affecting their personal information, and report back to the Assistant Privacy Commissioner. The OPC also indicates that its Audit and Review Branch will be taking further steps to verify actions taken by the bank.

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 Anne Uteck and Teresa Scassa 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 Anne Uteck et Teresa Scassa à l'adresse suivante : it.law@dal.ca

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