



NEWSLETTER

Canadian IT Law Association

www.it-can.ca

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

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

Copyright Law

The Supreme Court of Canada has [denied leave to appeal](#) the decision of the Federal Court of Appeal in the recent [Private Copying decision](#). This means that the decision that the blank audio recording media levy will not be imposed on MP3 players containing hard drives.

Criminal Law

THE FEDERAL DEPARTMENT OF JUSTICE HAS ANNOUNCED that it plans to move forward with its ["lawful access" initiative](#) aimed at giving law enforcement officials new powers in order to combat the use of the internet for terrorist and other criminal purposes.

R v. HAMILTON (SUPREME COURT OF CANADA): The accused sent fairly elaborate teaser e-mails on the internet, soliciting purchasers for "Top Secret Files". The teaser advertised software for generating valid credit card numbers. Also, files sold by the accused through this medium contained instructions on bomb-making and house breaking. The police found documents on the accused's computer that described the generation of a credit card number. Also, a hand written list of visa numbers was found in his possession. The accused was charged under section 464 of the *Criminal Code* on four counts of counselling four indictable offences that were not committed: making explosive substances with intent; doing anything with intent to cause an explosion; break and enter with intent; and fraud.

The trial judge found that even though the *actus reus* for the offence in respect of each of the charges had been proven, the *mens rea* was not established.

According to the judge, the accused's motive was monetary and not malevolent. The trial Court's finding was upheld by the Court of Appeal. In the Crown's appeal to the Supreme Court of Canada, the Court held that the trial judge confounded motive with intent. According to the Court, per Fish J, "the *mens rea* [for counseling] consist of nothing less than an accompanying intent or conscious disregard of the substantial and unjustified risk inherent in the counselling" (at para. 29). Here, the accused was aware of the risk that the offence counselled was in fact likely to be committed. The Supreme Court noted that the standard of *mens rea* for counselling is relatively demanding and courts are not in a position to transform offences conceived in different circumstances by prophylactic response to cyberspace. It is a duty for the Parliament (at para. 30). The Court allowed the appeal on the count of counselling fraud and ordered a retrial. It dismissed the appeal on the three other counts.

Defamation

Carter v. B.C. Federation of Foster Parents Assn. et al (BC Court of Appeal): At various times, the Plaintiff held leadership positions in the Defendant Federation which is registered under the *Society Act* of BC. The Defendant created an internet forum or chat room (Federation forum) to facilitate members' e-discussion of foster parenting issues. Some individual defendants in this action also established a Foster Care Support Network which published a widely circulating newsletter. The newsletter contained an internet address for another chat room, Bopeep Forum. It urged readers to check it out for more news. Meanwhile, the latter forum as well as the Federation forum contained scurrilous material defamatory to the Plaintiff. When the Plaintiff became aware of this, she urged the Federation board of directions to shut down the forum. An attempt was made by the board to respond to this demand but the offending material was not removed. The Plaintiff sued the Network and the Federation

arguing that they were responsible for publishing the defamation in Bopeep Forum by disseminating the newsletter. She also claimed that the Federation was liable for defamation by not removing the offensive entry from its chart room.

The trial judge found that the defendant Network did not publish the defamatory material by mere dissemination (without any positive conduct) of its newsletter which had a link to the forum containing the material, a finding that was upheld by the Court of Appeal. On the claim of defamation against the Federation for failing to remove the offending material which the trial court dismissed for being out of time (the Plaintiff knew of the existence of that offensive comment more than two years before she made her claim), the Appeal Court overturned this ruling which is based on single publication rule. Under the rule, publication of defamatory material gives rise to a single cause of action for libel which runs with the statute of limitation from the time of original publication. Rejecting the applicability of the single publication rule in Canada, the Court held that the Appellant was within her rights to sue if she can establish publication of offending comments subsequent to first publication in February 2000 in which case she would not be statute barred. The appeal was allowed on this ground. The case remitted was to the trial court for decision.

Domain Names

IN *FORD MOTOR COMPANY OF CANADA LTD. V. Canadian Model Trains Inc.*, the complainant Ford Motor Company (Ford) sought the transfer of the domain name fordcanada.ca. The registrant did not respond to the complaint, and the decision was rendered by sole panelist W.A. Derry Millar.

The registrant had registered fordcanada.ca and “parked” it with Internic. When Ford contacted the registrant about the registration, the registrant offered to sell the domain name to Ford, or to transfer it if Ford paid \$1000 to a sports organization in which the registrant was involved. When Ford refused, the registrant renewed the registration and used the site to link to websites of competitors of Ford.

The panelist had no difficulty in finding that the domain name was confusingly similar with trademarks held by Ford, that the name had been

registered in bad faith, and that the registrant had no legitimate interest in the domain name.

IN *MICROSOFT CORPORATION V. MICROSCIENCE Corporation (P.E.I.)*, Microsoft sought the transfer of the domain name msnsearch.ca. Microsoft established that it held a number of registered trademarks involving the letters MSN, although none were MSNsearch. The three-member panel found that the complainant had not successfully established that it had any common law rights in the trademark MSNSEARCH which predated the registration of the domain name by the registrant. The panel was thus required to consider whether MSNsearch was confusingly similar to the MSN marks.

In its analysis, the panel took the view that “the average person does not find “ideas” only in letters in Marks which form actual words, while dismissing as meaningless letters which form no actual words” (at p. 3). Thus, the panel found that the MSN portion of the domain name would be recognizable to persons familiar with Microsoft’s MSN marks. The panel found that the domain name “msnsearch” would suggest a connection between MSN and search activities. They concluded that “for persons familiar with the Mark, ‘MSN’, the domain name ‘msnsearch’ would suggest to them ‘that Mark plus a descriptive word’”. (at p. 3). The panel was careful to note that it was not taking into account “the *extent* of the trademark or trade name reputation attaching to the cited trademarks”, as this was not part of the test set out in the CDRP. They noted, however, “the test does permit consideration of the likelihood that a person viewing a domain name may infer that it consists, wholly or in part, of what that person recognizes or infers is a trademark.” (at pp. 3-4).

With respect to the issue of bad faith registration, the complainant had argued that the fact that the MSN mark was well known supported its arguments of bad faith. In their view, the registrant “should be inferred to know that its use of the msnsearch.ca domain would ‘inevitably lead to confusion of some kind.’” (at p. 4). This inference could be used to establish bad faith. The panel was critical of this approach, noting that it seemed to be drawn from cases under the UDRP, where such inferences can be used to establish bad faith.

Fitting the case under the more narrow bad faith provisions of the CDRP posed a challenge. There was no evidence that the registrant offered to sell the domain name at all, let alone for an excessive amount. The panel noted that the registration of msnsearch.ca would also not prevent the complainant from registering its own MSN marks as domain names. Thus, the panel refused to draw an inference that the domain name had been registered “in order to prevent the Complainant from registering the Mark as a domain name.” (para 3.7(b) CDRP). The panel also could not find that there was evidence to establish bad faith under para 3.7(c) of the CDRP, which requires proof that the registrant registered the domain name “primarily for the purpose of disrupting the business of the Complainant...who is a competitor of the Registrant.” The panel took the view that for the parties to be considered competitors, “they would each have to offer in a marketplace, a good or a service, that could be at least imperfect substitutes for each other – such that in the right conditions of relative prices, etc., some consumers would consider buying the Registrant’s good or service instead of the Complainant’s good or service.” There was no evidence that the parties were competitors, and the panel thus declined to find bad faith.

The panel noted that had this complaint been brought under the UDRP, it might have succeeded. They made the following observation: “For a party familiar with the UDRP, as the Complainant was, the extensive superficial similarity of language and structure between the UDRP and the CIRA Policy may tend to mask large substantive differences between the two policies and so tend to entrap an honest, but unwary complainant.” (at p. 7)

IN *SIX CONTINENTS HOTELS, INC. v. VIRGIN Enterprises Limited* the complainant sought the transfer of the registration of the domain name crownplaza.ca. The complainant owns and operates the Crowne Plaza hotel chain, and holds registered trademarks for CROWNE PLAZA as well as related marks and logos. The complainant is also the registrant of the crownplaza.com domain name.

The dispute was considered by a three member panel. The panel found that the domain name crownplaza.ca was confusingly similar with the complainant’s registered CROWNE PLAZA marks. On

the issue of bad faith, there was evidence that the registrant had offered to transfer the domain name to the complainant for a fee in excess of the actual cost of registering the domain name. The complainant also alleged that the domain name had been registered as part of a pattern of registering domain names to prevent others with rights in the marks associated with the domain names from registering the names.

In its defence, the registrant argued that it had registered the domain name in the hopes of selling it back to the original registrant of the domain name, and not the complainant, and thus the registration did not qualify as bad faith within the meaning of the CDRP. The panel made short shrift of this argument, noting that it required an overly restrictive interpretation of bad faith.

The registrant also argued that since the original domain name registration was held by a third party, and the complainant had taken no action against that third party, the complainant had effectively lost the right to complain that the registrant had been the party to prevent it from registering the domain name. The panel noted that equitable defences were not provided for in the CDRP, and that even if they were, defences of laches or absence of clean hands would not be available on the facts.

The panel also considered whether the registrant could establish a legitimate interest in the domain name by proving that it was in the business of registering lapsed domain names. In its view, it could not. The panel noted: “While the Registrant carries on the business of registering lapsed domain names, it did so in this case with the intention of selling the Disputed Domain Name and in fact attempted to do so.” (at p. 15). The panel ordered the transfer of the domain name to the complainant.

IN *GOOGLE INC. v. GLYNIS FRASER*, THE THREE PERSON panel rendered a split decision. While all three panelists took the view that the domain name should be transferred to the complainant, panelists W.A. Derry Millar and Cecil Branson took exception to the [approach taken by the Chair Denis Sauvé](#). The case involved a dispute over the registration by the registrant of the domain name froogle.ca. The domain name was registered one day after Google launched its froogle site at froogle.com.

The Complainant established to the satisfaction of the panel that it had rights in the marks GOOGLE and FROOGLE that predated the registrant's registration of froogle.ca. The split in the decision came over the unusual interpretation by Sauvé of the CDRP. In s. 3.1 the CDRP sets out that which a complainant must assert in a complaint submitted in compliance with the policy. Section 4.1 of the CDRP, headed "Onus", lists those things which a complainant bears the burden of establishing. In s. 3.1, the requirement to allege confusing similarity is not followed by "and", linking it to the allegations of bad faith and lack of legitimate interest of the registrant. The "and", however, is present in s. 4.1. Panelist Sauvé chose to give legal significance to this difference. He wrote: "My understanding of the apparent discrepancy that I read between 3.1 and 4.1 is to the effect that in 3.1 the first motive alone, if proven, is sufficient ground to rule in favour of a Complainant and the test of bad faith only applies if the second motive of 3.1 is the basis for the complaint." (at p. 4). In other words, Sauvé would regard it as sufficient for the complainant to establish confusing similarity to a mark in which the complainant had rights. In his conclusion he notes: "I find that the Respondent usage of the expression Froogle and what it represents and stands for is of the nature of the unauthorized use of the property of another." (at p. 9). Essentially, Sauvé would allow trademark infringement to be the basis of a complaint under the CDRP. The other panelists took exception to this. In his separate opinion concurred in by Branson, Millar stated his view that complainants must also establish bad faith under the policy. He rejected any idea that there was a discrepancy with any substantive meaning between sections 3.1 and 4.1 of the CDRP. Millar and Branson went on to find that the complainant had, in any event, established bad faith. Millar noted "It is highly suspicious to me that the Registrant would come up with the name "froogle" one day after the launch of "froogle.com" as a new website." (at p. 4 of the separate opinion). He also noted that the request by the registrant for \$25,000 to transfer the domain name was indicative of bad faith.

Evidence

In a family law dispute, *Harris v. Harris*, Scott J. of the Ontario Superior Court dealt with issues

surrounding email evidence. The applicant had produced a series of emails on discovery. She admitted to having deleted some emails in the series that "were of no importance to her." (at para 20) Scott J. stated: "Giving credit to the applicant that she may have inadvertently deleted these emails as not important to her position, there is an evidentiary issue relating to the contextual aspect of the emails particularly as it relates to the relief sought by the applicant for a determination that the matrimonial home was held by the respondent in trust, at least partially, for the applicant." (at para 29) Scott J. ruled that "Without the benefit of those emails deleted by the applicant, the balance of the emails submitted as exhibit 12 are of little assistance to the court as the contents may likely be taken out of context and as such are inherently unreliable." (at para 29).

Labour Law

Telus Communication Inc. v Telecommunication Workers Union (British Columbia Supreme Court)—The Plaintiff obtained an injunction which restrained the Defendant's picketing exercise from impeding or obstructing movement in and out of the Plaintiff's approximately one hundred premises. The Defendant sought further particularity to the Order, alleging that there is a protocol in BC that allowed a two-minute window to Union members or their supporters to exercise their freedom of speech by impeding/obstructing movement in and out of the premises. The Court held that there was no such protocol in British Columbia but that "[a]ccess unrestricted and unimpeded by a period of time to allow communication to take place is still available to employers and those who seek to enter the premises" (at para. 14). In an obiter, the Court held that the exercise of freedom of expression can be more intrusive in cases of secondary picketing. According to the Court, per Buryeat J: "[i]n times when communication may be accomplished more effectively by television and radio, e-mail transmissions, and internet web sites, the importance of communication of the position of the union, its members and supporters may be less on a picket line surrounding the primary workplace" (at para. 15).

Privacy

THE ALBERTA PRIVACY COMMISSIONER RECENTLY

released a [decision](#) under that province's *Personal Information Protection Act* (PIPA) involving a refusal by a Canadian Tire store in Calgary to accept a return of merchandise by the complainant when he refused to provide his driver's licence number. The store required this information in order to help combat the fraudulent return of goods. Their position was that criminal's abhor providing personal information that might identify them, and that the mere request of such information would cause many of them to turn away. The Investigator ruled that the driver's licence number was personal information about an identifiable individual, and that their collection was not required for business purposes. However, the Investigator noted that it "is reasonable in some cases to ask for photo identification to confirm identity, but not to record this information." (at p. 6) The Investigator also noted that during the investigation Canadian Tire Corporation Ltd. undertook to take steps to correct the problems.

UNITED STATES' CUSTOMERS OF A CANADIAN INTERNET pharmacy company have complained to the Privacy Commissioner of Canada (PCC), claiming that the company disclosed their personal information to third parties (two other companies) without their consent. Contacted by the PCC, the company in question (company A) admitted breach of security of personal information of its clients by two staff members who collaborated to steal the company's customer list which they sold to an American proprietor of a US internet pharmacy company with a Canadian subsidiary. In 2003, the American, through his Canadian subsidiary, sold all or portions of same information to two other internet pharmacies (companies B and C) who, in turn contacted the affected clients. The company, however, declined to offer additional information on the matter pending formal complaint. Pursuant to section 11(2) of PIPEDA, The PCC, *suo moto* [initiated six formal complaints](#) against the three companies: A, B and C.

The PCC could not initiate complaints against the American company. It found that neither the American parent nor its Canadian subsidiary was still in business. In regard to company A, the PCC found that lack of appropriate safeguard accounted for the theft of customer data and that the theft occurred in 2003 before the coming into force of PIPEDA. Consequently, the matter was *ultra*

vires the PCC even though it noted that the company has taken steps to improve its security mechanism. For company B, the PCC found that it lacked jurisdiction to issue findings because the collection of information occurred before the full implementation of the PIPEDA in 2004, more so since the company did not disclose the information across borders. It however, found that company B used personal information of company A's clients in 2004 without their knowledge and therefore contravened Principle 4.3. Similar finding was made on the collection and use of customer data in regard to company C. In sum, the PCC declined jurisdiction over collection of client personal information that occurred before 2004 and assumed jurisdiction over their use after 2004 in each case. It noted that all the companies were victims of fraud and had acted in good faith. Companies B and C did not know that the information they had was stolen.

THE PRIVACY COMMISSIONER OF CANADA, JENNIFER Stoddart, has [expressed concern about the federal government's proposal for the creation of a "no-fly list"](#) under Transport Canada's "Passenger Project" in response to heightened concerns about terrorism and other incidental security matters. The Commissioner, in a July 2005 letter to Transport Canada, has raised [a list of questions](#) concerning the privacy impact assessment of the proposed no fly list. Commissioner Stoddart's concerns appear to be shared by privacy commissioners across the country most of whom are determined to explore the privacy implication of the federal government initiatives. Stoddart is initiating the creation of an all embracing working group to scrutinize the Passenger Project. Feelers from stakeholders indicate the need to achieve a balance as opposed to a trade off between the growing concerns about security and the privacy rights of Canadians.

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, Teresa Scassa and Chidi Oguamanam at it.law@dal.ca.

Disclaimer: The IT.Can Newsletter is intended to provide readers with notice of certain new developments and issues of legal significance. It is not intended to be a complete statement of the law, nor is it intended to provide legal advice. No person should act or rely upon the information in the IT.Can Newsletter without seeking specific legal advice.

Copyright 2005 by Anne Uteck, Teresa Scassa and Chidi Oguamanam. Members of IT.Can may circulate this newsletter within their organizations. All other copying, reposting or republishing of this newsletter, in whole or in part, electronically or in print, is prohibited without express written permission.

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, Teresa Scassa et Chidi Oguamanam à l'adresse suivante : it.law@dal.ca

Avertissement : Le Bulletin IT.Can vise à informer les lecteurs au sujet de récents développements et de certaines questions à portée juridique. Il ne se veut pas un exposé complet de la loi et n'est pas destiné à donner des conseils juridiques. Nul ne devrait donner suite ou se fier aux renseignements figurant dans le Bulletin IT.Can sans avoir consulté au préalable un conseiller juridique.

© Anne Uteck, Teresa Scassa et Chidi Oguamanam, 2005. Les membres d'IT.Can ont l'autorisation de distribuer ce bulletin au sein de leur organisation. Il est autrement interdit de le copier ou de l'afficher ou de le publier de nouveau, en tout ou en partie, en format électronique ou papier, sans en avoir obtenu par écrit l'autorisation expresse.