



NEWSLETTER

Canadian IT Law Association

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Copyright – Declaration of Non-Infringement

The ability of a court to declare the non-infringement of a copyright was affirmed recently in [Research in Motion Ltd. v. Atari Inc.](#). Research in Motion (RIM) produces the popular handheld wireless device the BlackBerry, for which it has produced the games BrickBreaker and Meteor Crusher. Atari felt that these games violated its copyright in the games Breakout and Asteroids, and wrote to RIM to that effect. Various discussions failed to resolve the dispute, but in the course of them Atari provided RIM with a copy of a letter from its counsel saying that it would recommend initiating legal proceedings in the relevant jurisdiction. In response RIM brought a motion in the Ontario Superior Court of Justice: they suggested that as BlackBerrys are sold worldwide Atari might have commenced an action virtually anywhere. RIM sought a declaration that their games did not infringe Atari's copyright under the laws of either Canada or the United States. In response Atari sought to strike RIM's action on two main grounds: that the statement of claim did not disclose a reasonable cause of action and that the court did not have jurisdiction.

Atari's argument regarding the reasonableness of the cause of action was based on the fact that the remedy of a declaration of non-infringement does not exist in the *Copyright Act*. They argued that copyright is a creature of statute and therefore that if no such remedy was in the *Act*, it did not exist and RIM could not claim for it. The motions judge rejected this argument. The test, he noted, was whether it was plain and obvious that the claim must fail even granting all the facts in dispute. It

was therefore relevant that in [CCH Canada Ltd. v. Law Society of Upper Canada](#) the Supreme Court of Canada had granted the remedy of a declaration of non-infringement. The availability of the remedy had not been specifically argued in that case, but the motions judge held that the Supreme Court would not have granted it had it been plain and obvious to them that no such remedy existed. Further, nothing in the *Copyright Act* specifically limited a judge's powers to grant declarations, and so this remedy was available through the court's inherent jurisdiction.

The jurisdictional argument was made on several grounds, all of which also failed. The court rejected the notion that there was no jurisdiction to grant the remedy for the same reasons that the argument concerning the cause of action failed. He also rejected the suggestion that RIM's claim amounted to an application to expunge Atari's copyright, which would have to have been brought in the Federal Court. The major issue was the argument that Ontario was not the appropriate forum to hear a claim relating to US law. However, Atari had not shown that there was a clearly more appropriate forum. Atari carried on business in Ontario, and in threatening to bring action anywhere in the world ought to have known that RIM might seek declaratory relief in Ontario. The claim should be considered as a whole, rather than separating out the claim regarding US law into a separate portion. Viewed on this basis, Ontario was the more appropriate forum. Accordingly the application to strike the statement of claim was dismissed.

Domain Names: Update

Four domain name dispute decisions have recently been released by CIRA. In [Hartz Mountain Corporation v. Harwin](#) sole panellist Claude Freeman considered a dispute over the domain name hartz.ca. The Complainant, Hartz Mountain, has been in the pet product business since 1932 and has a worldwide line of over 1500 products. It has 12 product trademark registrations in Canada and

a number of domain names, including “hartz.com.” The Registrant was out of administrative compliance under the CDRP Rules and ultimately made no submissions before the panellist. In correspondence with the Complainant, the Registrant alleged that he had purchased the domain name “for a photo album of family and holiday shots,” but the Complainant led evidence that the website contained links to sites of the Complainants’ competitors (p. 5).

The panellist found that the Complainant had met its onus to establish that the disputed domain name was confusingly similar to its own marks and domain names. Considering the criteria outlined in subsection 6(5) of the *Canadian Trademarks Act*, there was a “reasonable likelihood of confusion” between the Complainant’s marks and domain names and hartz.ca (p. 3-4). The panellist also ruled that the Complainant had easily established that the Registrant had no legitimate interest in the domain name, particularly in light of the Registrant’s failure to lead any evidence in this regard. Finally, the panellist concluded that the registration had been made in bad faith, due to the content of the website (as referred to above) and the fact that the Registrant had virtually admitted to the confusing similarity in correspondence with the Complainant (p. 5). Even though the onus on the Registrant to establish a legitimate interest in the domain name was only on the balance of probabilities, the Registrant had provided no argument to meet the Complainant’s case. The disputed domain name was ordered transferred to the Complainant.



In *McKee Homes Ltd. v. Gerlinde Honsek*, a three-member CIRA panel (Tawfik, Josefo and Macramalla, Chair) considered a dispute over the domain name mckeehomes.ca. The Complainant is a residential construction company domiciled in Airdrie, Alberta. It owns the common law trademark MCKEE HOMES, which it has used in Canada since 1990, and it markets its services via the website mckeehomes.com. The Registrant, also resident in Airdrie, registered the disputed domain name on 12 February 2007. She was a former customer of the Complainant, and led evidence of a dispute regarding the Complainant’s allegedly faulty construction of her house. The disputed domain name resolved to a page still under construction, but which indicated that the

site would “detail the buying experience of a McKee Home from a customer point of view” (¶26). The panel characterized the website as “a non-commercial gripe or protest website dedicated to legitimate critical commentary,” and noted that “this case pits the brand owner’s rights against the individual’s right to legitimate expression” (¶47).

The panel found that the Complainant had met its legal burdens under the CIRA Domain Name Dispute Resolution Policy requirements. The disputed domain name was confusingly similar to the Complainant’s mark, since the similarities in “appearance, sound and in the ideas suggested” were such that the disputed domain name could be mistaken for the mark (¶44-45). The disputed domain name had also been registered in bad faith, since the Registrant was “competing with the Complainant for internet traffic by capitalizing on customer confusion” (¶51). However, the panel rejected the Complainant’s arguments that the Registrant: intended to defame the Complainant; had been unjustly enriched by its activities; and was motivated by retribution. It underscored “the Registrant’s right to express herself and conduct her campaign by way of the internet” (¶49).

Similarly, the panel ruled that the Registrant could not demonstrate that she had a legitimate interest in the domain name. While it emphasized its concern that individuals be permitted to express themselves via the internet, and accepted that the Registrant’s intention was to make critical commentary, this could not be achieved by the Registrant representing herself “as the Complainant” or as being “somehow connected to the Complainant” (¶61). The panel noted that it did not matter that the true nature of the website was apparent as soon as it was viewed, since the “damage has already been done as soon as the user has been exposed to the misrepresentation inherent in the dispute[d] domain name” (¶64). The disputed domain name was ordered transferred to the Complainant.



In *Vessel Assist Association of America, Inc. v. Michael MacKenzie*, a three-member CIRA panel (Fashler, Richard and Magnusson, Chair) considered a dispute over the domain name vesselassist.ca. The Complainant is incorporated in Virginia, USA. Since the 1980s it has provided on-the-water services,

including boat towing, to boaters along the American West Coast and, since 2000, off British Columbia. It owns various trademarks containing the words “vessel assist,” including a CIPO mark registered in 2003, and registered the domain name vesselassist.com in 1998. The Registrant is a sole proprietorship in Vancouver, BC, which has provided similar services in that province since 1986 under the name “Marine Assist International,” and uses the website marineassist.ca. It registered the disputed domain name on 10 September 2003.

The Complainant led evidence that the vesselassist.ca website redirected the viewer to marineassist.ca. On the latter page there was, *inter alia*, a picture of what appeared to be one of the Complainant’s vessels, accompanied by commentary critical of the Complainant. Clicking on the picture directed the viewer to a video clip of an encounter between the Registrant and a vessel belonging to the Complainant, which the Complainant alleged was inaudible and did not provide the context in which the encounter had taken place. The Registrant’s lack of satisfactory response to a cease and desist letter from the Complainant sparked the complaint.

The panel noted that the Complainant’s CIPO registration of the “Vessel Assist” mark predated the Registrant’s registration of the disputed domain name, and ruled that given the virtual similarity between the domain name and the registered mark, the former is likely to be mistaken for the latter and was thus “confusingly similar” under the CIRA Policy. In response to the Complainant’s argument that the registration had been made in bad faith, the Registrant argued that he had intended to use the disputed domain name for non-profit purposes, to educate the public about boating safety. Since much of the information he intended to put on this site was already on his commercial site, he had redirected the disputed domain name to his marineassist.ca site. However, the panel applied Policy 3.7(c) and found that, irrespective of the Registrant’s intention for the future, the “primary” purpose for which he had registered the site was to disrupt the Complainant’s business, with which he was a competitor (pp. 5-6). Accordingly, the registration had been made in bad faith.

The panel was satisfied that the Complainant had led sufficient evidence to establish that the Registrant

did not have a legitimate interest in the disputed domain name, and imposed the burden of proof on a balance of probabilities upon the Registrant to prove the opposite, in accordance with Policy 3.6. The Registrant invoked three of the grounds under Policy 3.6, namely that the registration was for good faith, non-commercial use (para. 3.6(d)) and that the use of the name was generic (para. 3.6(c)) and was “clearly descriptive” of the nature of his services (para. 3.6(b)). The panel found against the Registrant on all three grounds. It found that the Registrant had only proposed a non-commercial use for the domain name after the Complaint had been lodged, and thus could not prove this use in accordance with the Rules (p. 7). Noting that the considerations for generic and descriptive uses were the same, the panel rejected the Registrant’s argument on these grounds as well, holding that “[u]se of the domain name to attack a competitor is not good faith use to describe one’s own business services” (p. 7).

While it was not necessary for the disposition of the case, a majority of the panel provided further reasons that the generic and descriptive use arguments should be rejected, based on their view that the Registrant’s actions were inconsistent with Canadian trademark law as properly applied in domain name disputes. The Chair felt that the issue did not need to be considered. The disputed domain name was ordered transferred to the Complainant.



In *Bowring & Co. Inc. v. Erik Maddeaux*, a three-member CIRA panel (Alsebrook, Groom and Lametti, Chair) considered a dispute over the domain name bowring.ca. The Registrant registered the disputed domain name on 6 June 2006, after its previous registration lapsed. The Complainant argued that the disputed domain name was confusingly similar to its trademark, BOWRING, that the registration was made in bad faith and that the Registrant had no legitimate interest in it. The Registrant contested the Complainant’s ownership of the trademark.

The Complainant alleged that the trademark had been assigned to it on the bankruptcy of the former owner, Tereve Holdings Limited. Finding the Complainant’s evidence in support of this allegation inconclusive, the panel requested additional information from the Complainant. Upon receipt of further information, the panel ultimately ruled that,

while there was a BOWRING mark registered with CIPO, the Complainant had failed to provide any evidence indicating that it had owned or currently owned the mark (¶14). Two of the panellists found that the Complainant had also failed to prove that it had used the mark in the course of its business, while the third (Allsebrook) found that the panel was not competent to consider the issue (¶16). The panel also made some additional comments on the Canadian Presence Requirements (CPR) under the CIRA Domain Name Dispute Resolution Policy. Analyzing the applicable sections, the panel stated its view that the Complainant has the burden of proving that it is in compliance with the CPR in order for a complaint to go forward (¶23). It found that the Complainant in the case before it would have failed on this ground also. The Complaint was therefore rejected.

Email Fraud and Bankruptcy

A person who fell prey to a Nigerian email scam and as a result declared personal bankruptcy was the centre of a dispute with his bank in *Toronto-Dominion Bank v. Merenick*. Merenick was a rookie financial advisor who received emails from Nigeria asking him for assistance in transferring funds out of the country in return for a commission. Though aware of the notoriety of such scams and repeatedly expressing his skepticism to the authors of the emails, Merenick eventually agreed to deposit a cheque for approximately \$82,000.00 and then wire the same amount to a different account. When it became apparent that the initial cheque was counterfeit he resigned his job and declared personal bankruptcy.

The issue in the case was whether Merenick's actions constituted false pretences or fraudulent misrepresentation: if so, then he would still be responsible to the bank for the debt despite declaring bankruptcy. The trial judge concluded that this was not the case and therefore that the bank's action to have the debt survive bankruptcy did not succeed.

On the facts, the trial judge determined that Merenick had made no specific representations that were false, and had not (in contrast to some earlier precedents) engaged in any obvious subterfuge. The trial judge also found that Merenick had assumed that no funds would be released from his account until

the cheque he had deposited had cleared. If he were to be found to have behaved fraudulently, it would have had to be on the basis that failing to disclose the highly suspicious circumstances of the transfer was itself fraudulent. That would have been a wiser course of action, the judge held, but in the absence of an affirmative duty to disclose remaining silent on the point did not constitute a false pretence. Accordingly the bank's action was dismissed.

Freedom of Expression Infringed Through Inability to Videotape

The constitutionality of regulations limiting the ability of observers to be near the site a seal harvests was tested in the Prince Edward Island Supreme Court Appeal Division decision in *R. v. Watson*. Under ss. 32 and 33 of the *Marine Mammal Regulations*, anyone wishing to approach a seal hunt is required to obtain a seal fishery observation licence from the Minister. Such licences will only be granted if the observation is not likely to interfere with the hunt: the Minister is to consider various factors, including the number of seal hunters in the area, the number of licences already issued, and whether the applicant has a stated aim of or previous convictions for disrupting the seal hunt. Anyone not in possession of such a licence commits an offence if he or she comes within one half nautical mile of the seal hunt, subject to various exceptions such as for commercial aircraft on scheduled flight plans or persons residing within one half nautical mile of the hunt.

A number of accused were charged with coming within a half nautical mile of the hunt without a licence. At trial, they had argued that the regulations violated their freedom of expression under s. 2(b) of the *Charter*, in two different ways. They argued that the regulations prevented them from being in close proximity to the hunt, and therefore prevented them from engaging in verbal communication with the sealers. They also argued that being kept so far away prevented them from communicating through the use of video photography with sound. The trial judge accepted that there was a s. 2(b) violation in the first instance, but found that it was saved under s. 1. The trial judge found no s. 2(b) violation because of the inability to use sound and video recording. As a result

the accused were convicted, with the exception of Watson. He was acquitted on the basis that his boat, the Farley Mowat, was his residence, and that he therefore fell within one of the exceptions to the regulations. The Summary Conviction Appeal Court upheld the *Charter* findings but overturned Watson's acquittal. On appeal to the Court of Appeal, only the *Charter* issues were argued.

The Court of Appeal overturned the finding below that being prevented from audio and video taping did not amount to a restriction on freedom of expression. Evidence had established that some of the protesters wanted to audio and videotape the hunt in order to convey to the public the reality of the seal fishery. The equipment they had would not permit them to make such recordings from a distance of one-half nautical mile. As a result, the Court of Appeal held, the Regulations violated her right to convey meaning by the use of the video and sound equipment at her disposal.

The appeal court held that the trial judge had improperly placed the burden on the accused to prove there was no way to record the events: that there was not more technologically advanced camera and sound equipment which would permit recording from beyond the one-half nautical mile limit. That burden, they said, was too high, and the accused did not have to prove that the regulation prevented her desired form of communication by any technological

means whatsoever. It was sufficient that she was prevented from recording using the equipment available to her.

However, the appeal court held that this infringement of s. 2(b), like the other infringement the trial judge had found, was a reasonable limit under s. 1. It was a demonstrably justified and limited way of allowing the fishery to proceed in an orderly fashion. As a result the convictions were upheld.

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 Robert Currie, 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 Robert Currie, Chidi Oguamanam et Stephen Coughlan à l'adresse suivante : it.law@dal.ca

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