

# IT.CAN NEWSLETTER

Canadian IT Law Association

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## Domain Name Disputes

### “wellbox.ca”

In *LPG Systems S.A. v. distribution4web*, sole CIRA panellist David Lametti heard a dispute regarding the domain name wellbox.ca. The Complainant (“LPG”) is a French company which is the exclusive licensee of the registered trademark WELLBOX in Canada. As Panellist Lametti noted, being the exclusive licensee of a mark in Canada satisfies the Canadian presence requirement under the CIRA Policy and the Canadian Presence Requirement Policy, so that the dispute is subject to CIRA’s jurisdiction (para. 9). It utilizes the mark in connection with its business selling health, fitness and beauty products, including the “wellbox” device which combats cellulite. The Registrant (“distribution4web”) is a Montreal, Que.-based company which operates a website that market products similar to those of LPG. In March 2006 it unsuccessfully tried to obtain authorized distribution rights for LPG’s products, and then registered the domain name on 10 April 2006. It did not respond to the complaint.

Panellist Lametti first examined whether the domain name was “confusingly similar” to LPG’s mark under 4.1 of the CIRA Policy. He noted that the WELLBOX mark had actually matured into registration only as of April 2008, and thus the registration preceded any rights LPG had in the mark as registered. However, the documentary evidence was clear that LPG had established common law rights in the mark prior to registration, and this evidence was supported by the fact that distribution4web had tried to obtain a license to distribute LPG’s products. As to similarity, WELLBOX was held to be “a coined word, [that has] a high degree of inherent distinctiveness” (para.

22). The domain name was confusingly similar to the mark, both on the basis that the wording was identical and because the website to which the domain name had originally resolved was one that “contained products and services that were more or less identical to those of [LPG] and certainly in direct competition” (para. 23). The Panellist then turned to whether the registration had been made “in bad faith” pursuant to the criteria in 3.7 of the Policy. He noted again that distribution4web’s site resolved to one offering similar products and stated “It is now well-established that such behaviour fulfils the criterion of “primarily for the purpose of disrupting the business of the Complainant” by allowing for an inference to be reasonably drawn, even absent other factors, that the redirection of internet clientele was done for the purposes of disruption” (para. 27). This evidence grounded a finding of bad faith, as did the facts that: distribution4web had tried to get distribution rights and was clearly aware of the mark; distribution4web had unsuccessfully tried to register some of LPG’s other domain names and trademarks; and it had ignored a “cease and desist” letter from LPG.

Panellist Lametti finally examined whether distribution4web had “no legitimate interest” in the domain name per the criteria in 3.6 of the Policy. He noted that LPG had the initial burden to produce “some evidence” to this effect, and remarked “The Panel interprets ‘some evidence’ as being a lower burden for the question of “(no) legitimate interest”, than the usual ‘balance of probabilities’ standard” (para. 34). Given the conduct of distribution4web referred to above, the inherent distinctiveness of the domain name, and the inapplicability of the other criteria in 3.6 (descriptive/generic, used as a business name, geographical location, etc.), LPG had met its burden. Since distribution4web chose not to reply, the Panellist found that “no legitimate interest” had been made out. The domain name was ordered transferred to LPG.

## “utorontohousing.ca”

In *Governing Council of the University of Toronto v. Metcap Living Management Inc.*, sole panellist R. John Rogers (of the British Columbia International Commercial Arbitration Centre) heard a dispute regarding the domain name utorontohousing.ca. The Complainant (“Council”) oversees the academic, business and institutional affairs of the University of Toronto. It has used the common law mark UTORONTO for the provision of educational services by the University since at least 1985, and registered the domain name UTORONTO.CA in 1988. The domain name has been in constant use for all of the University’s web sites since 1994, in particular for the student housing website (housing.utoronto.ca), which it uses to, *inter alia*, provide information about off-campus housing near the university and host advertising by Toronto landlords. The Registrant (“Metcap”) is a property management company which operates a number of apartment buildings close to the University. The domain name (which was registered in 2004) resolved to a page advertising accommodations near the University. Metcap did not respond to the complaint.

Panellist Rogers first examined whether the domain name was “confusingly similar” to the Council’s mark under 4.1 of the CIRA Policy. He noted that while the domain name contained the descriptive word “housing” appended to the word “utoronto,” it had been held in previous cases that “the addition of generic or descriptive words to a trademark in the creation of a domain name does not distinguish that domain name so as to make it *not* confusingly similar to the trademark for the purpose of the Policy” (p. 6). In fact, this had been the finding of a WIPO panel which had heard a dispute between the same two parties as the instant case, that dispute being over the domain name “universityoftorontohousing.com.” Since without the descriptive term the domain name was identical to the mark, confusing similarity was made out. The Panellist next turned to whether the registration had been made “in bad faith” pursuant to the criteria in 3.7 of the Policy. As there was no direct evidence of Metcap’s intentions, the Panel was required to draw inferences from the evidence of its conduct. The website to which the domain name resolved clearly was specifically targeted at students who were seeking accommodation near the University’s St. George Campus, and in fact the

site included a map showing several of Metcap’s rental properties and their proximity to that campus, along with transit routes and driving directions to the University. Panellist Rogers observed, “Common sense suggests that students seeking accommodation who are intending to or are currently attending the University at its St. George Campus will naturally be drawn toward a Domain Name that includes the words UTORONTO and HOUSING and will associate the Domain Name Website with the Complainant” (p. 7). This was clearly intended to confuse potential customers of the University’s own services to its students regarding off-campus rental housing, a business with which Metcap was competing. The Panel accordingly found that the registration had been done primarily for the purpose of disrupting the Council’s business, which constituted “bad faith” under 3.7(c) of the Policy.

The Panellist finally examined whether Metcap had “no legitimate interest” in the domain name per the criteria in 3.6 of the Policy. It was clear on the basis of the evidence regarding the use of the domain name led by the Council that none of the criteria for legitimate interest in 3.6 of the Policy applied. This finding included the observation that “On the face of it, the Domain Name does not appear to be clearly descriptive of wares, services or business of the Registrant or of the people involved in or place of origin thereof as provided for in paragraph 3.6(b). If anything, the Domain Name is descriptive of the services offered by the Complainant and its place of origin” (p. 9). Given that Metcap had not responded to the complaint, it had not provided any indication of legitimate interest it might otherwise have. Accordingly, lack of legitimate interest was also made out. The domain name was ordered transferred to the Council.

## Evidence: Admission of DRA Data

The Alberta Court of Appeal in Calgary has delivered its ruling in *R v. Gomboc*. While investigating an unrelated matter in the Appellant’s neighbourhood, the police noticed that the Appellant’s windows were covered with condensation and his curtains stained with moisture. Unlike the rest of the houses, the roof of the Appellant’s house was free of snow. Subsequent investigation suggested that the Appellant

had a marijuana growing operation in the house. Consequently, the police requested a third party, Enmax, the electrical service provider in the area, to install a DRA (digital recording ammeter) in order to generate a record of the pattern of consumption of electrical power in the Appellant's house. Enmax did as was requested without demanding a warrant from the police. After several days, it provided the resulting data to the police.

On the basis of the DRA data/graph and other information, the police obtained a search warrant which they executed resulting in the confirmation of the existence of a marijuana operation by the Appellant. At the trial, the Appellant applied to exclude evidence derived from the execution of the warrant on the basis that the unauthorized use of the DRA was unreasonable search and breach of his privacy. The Crown did not dispute that the warrant could not have been granted without the DRA evidence. Consequently, the defence failed to challenge the reliability of the remaining information at the trial and was of the impression that it was not necessary to do so. However, the trial judge admitted evidence obtained in the execution of the warrant and convicted the Appellant.

In dismissing the Appellant's appeal, the Court of Appeal found that notwithstanding the DRA's breach of the Appellant's right to unreasonable search, the trial judge rightly admitted the evidence and declined to exclude it under section 24(2) of the *Charter*. The Court of Appeal "concluded that there was no breach of section 8 of the *t*, either with respect to the collection of data, or the installation of the DRA. However, even if I were of a different view, I, like the trial judge, would not exclude the evidence pursuant to the exercise of the search warrant which resulted in Gomboc's conviction" (para 120). The court held that the evidence in issue is relevant and reliable and its inclusion does not bring the administration of justice into disrepute. In the court's words: "the evidence that is sought to be excluded is the real and physical evidence obtained pursuant to the exercise of the defective search warrant. The evidence in that sense is derivative in nature, and it flows from the violation of privacy in the DRA graph. In any event, the marijuana plants and related evidence were independently discoverable. Accordingly, the impact of the breach is lessened" (para. 132).

## Free Speech on the Internet: CHRC Panel Finds Hate-Speech Laws Unconstitutional

In *Richard Warman v. Marc Lemire*, Athanasios D. Hadjis sitting as a Canadian Human Rights Tribunal found that section 13 of the *Canadian Human Rights Act* is unconstitutional and, as a remedy, refused to apply the penalty provisions of the statute. Section 13 of the Act sets out that it is discriminatory to communicate (including via the internet) "any matter that is likely to expose a person or persons to hatred or contempt by reason of the fact that that person or those persons are identifiable on the basis of a prohibited ground of discrimination." Lemire was the webmaster of an internet bulletin board called *freedomsite.org* which contained inflammatory messages of an often racist character. Warman alleged that the messages were discriminatory within the meaning of s. 13 and that Lemire had communicated these messages in violation of that section. In a 100-page decision, Hadjis held that despite the content of the various postings, Lemire had only breached s. 13 on one occasion, regarding a column entitled "AIDS Secrets." He further held that s. 13 itself breached the right to freedom of expression contained in s. 2(b) of the *Canadian Charter of Rights and Freedoms*, a point in fact conceded by both the Canadian Human Rights Commission and the Attorney General of Canada (the latter appearing as an "interested party"). Finally, in a wide-ranging Oakes analysis, Hadjis found that the limitation on free speech was not one that could be justified as reasonable under section 1 of the *Charter* and the section was therefore unconstitutional. However, since a declaration of invalidity of the section was not within a Tribunal's powers, Hadjis refused to apply both it and the penalty provisions against Lemire. [Media coverage](#) following the decision indicated that it is likely to be appealed.

## Hells Angels: Trademarked Symbols as "Offence-Related Property"

The Ontario Superior Court has delivered its ruling in an application by the Crown in *R v. Hells Angels Motorcycle Corporation* for the forfeiture of

personal property including clothing, jewelry and some articles bearing the trademarked symbols used by Hells Angels chapters in Canada as offence-related property. These items of personal property were seized from both the homes of individual accused persons and Hells Angels Club chapter clubhouses in Canada. The individuals were convicted of various offences under both the Canadian Criminal Code and the Controlled Drugs and Substances Act. In opposing the application, the respondent argued that it was a non-profit California corporation with no memberships and assets except trademarks registered in its name, i.e. the side and frontal views of a “death head”. It argued that the trademarked items were not offence-related property. It is the practice of the respondent to license its trademarks to users who conceptually constitute separate and independent entity to the corporation. The licensing arrangement is designed to ensure the integrity of the marks. Moreover, the corporate respondent argues that it was innocent, and not in any way involved in the offences that led to the convictions. At the trial level, the court found that Hell Angels chapters in Canada constituted a criminal organization. The use of the trademark was to identify its members. The latter were required desist from the use of the trademarks including obliterating tattoos

in the form of trademarked symbols after they ceased to be members. While the Crown admitted that, on evidence, none of the personal properties in issue was utilized for the purpose of the crimes leading to the convictions, it insisted that they were offence-related property pursuant to the Criminal Code and Controlled Drugs and Substances Act.

In agreeing with the Crown, the Court refused to tamper with the finding of the first judge regarding the status of Hells Angels chapter in Canada as a criminal organization. In ordering the forfeiture of the properties, it found that even though the items were not associated with the commission of the offences, the issue remains “whether the Crown has established beyond reasonable doubt that the property is ‘offence-related property’, and whether in the circumstance, I ought to make an order of forfeiture” (para 8). After reviewing the authorities, the court found that “the items are in a broad sense, ‘intended to be used’ for the commission of indictable offences. Hells Angels chapters in Canada comprise a criminal organization of which one of the ‘main purposes is the facilitation or commission of serious offences including trafficking in cocaine and other drugs, extortion and trafficking in firearms’” (para. 23).

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](mailto: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](mailto:it.law@dal.ca)

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