



NEWSLETTER

Canadian IT Law Association

www.it-can.ca

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

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

Domain Name Dispute Resolution Decisions

IN *WESTINGHOUSE ELECTRIC CORPORATION V. DANIEL Mullen*, a 3-member CIRA panel (Cook, Cuddihy and Melnyk, Chair) considered a dispute over the domain name [westinghouse.ca](#). The Complainant is a New York-based electronics and appliance manufacturer which registered the word "WESTINGHOUSE" as a trademark in Canada in 1922, and again in 1997. The Registrant is a resident of Charlottetown, PEI. He registered the disputed domain name on May 9, 2004. The Panel found that the disputed domain name was "confusingly similar" to the mark as the two are identical, per paragraph 4(1)(a) of the CIRA Policy (the "Policy"). It also considered whether the registration was made "in bad faith," and found that the Registrant had registered a number of domain names identical to marks held by other parties. Accordingly, the Registrant had both registered the disputed domain name for the purpose of preventing the Complainant from doing so, and had engaged in a pattern of such behaviour, rendering the registration one "in bad faith" under paragraph 3.7(b) of the Policy.

On the question of whether the Registrant had a "legitimate interest" in the domain name, the Panel seemed to accept (but without a specific finding) that the Complainant had provided "some evidence" that the Registrant had no legitimate interest, as it was required to under paragraph 4(1)(c) of the Policy. It further found that the Registrant had provided no evidence to rebut this. It considered a submission by the Registrant that he had been engaged in setting up and managing "vanity sites" for clients for some time, but found that he had

not proven he was engaged in a "non-commercial activity" that might ground a finding of legitimate interest under paragraph 3(6)(d) of the Policy. The disputed domain name was ordered transferred to the Complainant.



IN *THE REGIONAL MUNICIPALITY OF NIAGARA V. JOHN Vail*, sole panelist Hugues G. Richard considered a dispute over the domain name [niagararegion.ca](#). The Complainant is an Ontario municipal corporation which was created in 1970, and which since 2001 has registered various domain names incorporating the name "Niagara," including [niagararegion.com](#), [niagararegion.org](#) and [regionofniagara.com](#). It also owns: six official trademarks which include logos and designs for municipal services; the official mark "Niagara Region"; and various trade names also incorporating the name Niagara. The Registrant is a real estate and brokerage agent residing in Hamilton, Ontario, who registered the disputed domain name on November 9, 2000. The website which used the domain name redirected persons accessing it to [johnvail.com](#), which describes a real estate and brokerage business in Oakville, Ontario (which is not in the Niagara region). The Registrant did not respond to the Complaint, and the Panelists decided the proceeding on the basis of the Complaint.

The Panelist found that the disputed domain name was "confusingly similar" to the "Niagara Region" mark and trade name in which the Complainant had rights prior to the registration of the domain name. In support of this finding the Panelist applied the test of "the first impression and imperfect recollection of the average Internet user who wishes to visit the Complainant's website" (page 6), and found that the reasonable person living in the vicinity would associate the domain name with the Complainant. Moving on to the question of whether the Registrant had any legitimate interest in the domain name, the Panelist found that he did not, based on findings that: the Registrant was using the domain name simply to redirect browsers to his commercial

website; the domain name was not descriptive of any of his commercial wares or services; and that neither the Registrant nor his commercial activities have any relation, by way of name or geography, to the Niagara Region. On the final issue of “bad faith,” the Panelist noted that the domain name does not infringe on the Complainant’s trademarks, since “the term Niagara is generic and descriptive of the Niagara region” (page 9). However, the evidence indicated that the Registrant has registered a number of domain names which have nothing to do with his business but contain third party trademarks, such as *cne.ca* and *hamiltonwentworth.ca*. Accordingly, the Panelist appeared to find that the Registrant had both registered the disputed domain name for the purpose of preventing the Complainant from doing so, and had engaged in a pattern of such behaviour, rendering the registration one “in bad faith” under paragraph 3.7(b) of the Policy. The disputed domain name was ordered transferred to the Complainant.

Evidence: Admissibility of Downloaded Documents

In *Crookes v. De Simone*, the British Columbia Court of Appeal heard an appeal from the [decision](#) of Justice Edwards of the British Columbia Supreme Court in a summary trial of an internet libel matter. The appellants, Crookes and West Coast Title Search Ltd., had claimed that De Simone libeled them on a political discussion website, *openpolitics.ca*. At issue was De Simone’s participation in the steering committee for the *openpolitics.ca* website, as the appellants alleged that as a member of the committee he had approved the allegedly libelous statements, and thus had “published” them for the purposes of the defamation claim. De Simone’s defence was that he had been a member of another steering committee at which the *openpolitics.ca* issue had been discussed, but that he did not participate in the *openpolitics.ca* steering committee.

As evidence that De Simone was a member of the *openpolitics.ca* steering committee, the appellants had adduced, *inter alia*, documents purporting to be minutes of meetings of the *openpolitics.ca* steering committee, which the appellant Crookes had found through an internet search. De Simone’s name was recorded in the minutes as a member of the committee. The trial judge had ruled that

the minutes were hearsay and that they were not admissible under the business records exception to the hearsay rule. The appellants appealed this ruling, arguing that the records met the requirements of necessity and reliability for the principled exception to the hearsay rule, and thus should have been admitted. K.J. Smith, J.A. for the Court noted that the appellants had not advanced this argument before the trial judge, but found in any event that the ruling should not be disturbed. Admission of the minutes could not be said to be necessary because it was “evident” that there were alternative sources of the information which were “of higher value than the internet posting of an unknown source” (¶18). As to the reliability criterion, the Court ruled that “[t]he evidence does not disclose who made the statement that the respondent was a member of the committee and no circumstantial guarantees of trustworthiness are present that would justify the admission of the evidence without cross-examination” (¶22). The trial judge accordingly had not erred in concluding that there was no admissible evidence that De Simone had published the alleged libel, and the Court dismissed the appeal.

Injunction – Protection of Trade Secrets

A dispute over whether a machine capable of separating spermatozoa according to whether they contain an X or Y chromosome fell with the definition of “technology” underlay an interlocutory injunction application in *XY, Inc. v. IND LifeTech, Inc.* The plaintiff, XY, produced a piece of equipment referred to as a “cytometer SX”. The underlying equipment of a cytometer could be adapted to a number of uses, and it was produced by a third party, Dako. The cytometer SXs produced by XY were specifically adapted to separate X and Y chromosomes for use in artificial insemination as a reliable means of producing offspring of a desired sex..

Lifetech was a licensee of access to XY’s “technology” and for the commercial use of certain licensed products. This latter term entitled them to produce and sell sex-selected inseminates. During the term of the agreement, majority control of XY changed hands, and a competitor of Lifetech in the international sex-selected inseminate market took over control of XY.

A dispute then arose between XY and Lifetech over whether Lifetech was entitled, under the agreement, to purchase bull semen from a third party which was not a licensed user of XY's technology. Lifetech had bought a third cytometer SX in order to process that bull semen, and in the wake of the disagreement found that it could not justify owning the equipment. Accordingly Lifetech negotiated an agreement with a buyer in China to sell him two of its three cytometer SXs, at a cost of US\$600,000 each. XY objected, and it was that intended sale which was the subject of the interlocutory injunction application.

Under the agreement between the parties, XY (the Licensor) "owns, controls, or has an interest in Technology useful with respect to the separation of spermatozoa into X chromosome bearing and Y chromosome bearing populations ..." and Lifetech had the right to "obtain access to Licensor's Technology in order to manufacture, use, offer for sale, sell, or otherwise commercialize certain Licensed Product(s) in the Territory in the Field Of Use utilizing the Technology". The term "technology" was defined broadly to include all proprietary rights, confidential information, trade secrets, patents, "or other intellectual property of any kind that Licensor, now or hereafter, owns, controls, licenses, or has an interest in". Further, the agreement gave Lifetech a non-exclusive license to manufacture "licensed products" in the United States and Canada in the field of use as well as a non-exclusive license to use, offer for sale, or sell licensed products in the People's Republic of China in the field of use. "Licensed product" was defined to include "any apparatus, product, process, ... manufactured, used, offered for sale, sold, or otherwise developed or commercialized utilizing or resulting from the Technology ...". The field of use, in essence, was the artificial insemination of cattle. The agreement also contained clauses providing that Lifetech would not:

directly or indirectly take any action, or assist or cause any other third party in taking any action, which Licensor reasonably believes might impair or diminish the Technology or the Proprietary Rights

and that the

Licensor and Licensee shall cooperate to ensure that third parties do not unlawfully infringe or imitate the Technology or any of the

Proprietary Rights and Licensee shall promptly notify Licensor of any such infringements, imitations, or acts for third parties.

Of particular concern to XY was the claim that the Cytometer SX models contained confidential trade secrets which were not protected by registered patents or patent applications. They argued that they kept this information secret only through the use of confidentiality agreements with their licensees, and that the purchaser in China was not a licensee. As a result, they claimed, the sale would allow the purchaser to produce competing equipment, which would irreparably harm XY's business model and diminish the value of the licenses it had granted in China.

For its part Lifetech argued that cytometers from Dako were readily available on the open market and that no confidential information would be disclosed by the sale.

The trial judge noted that whether to grant the injunction depended on consideration of whether there was a serious issue to be tried and the balance of convenience, which included whether there would be irreparable harm if the injunction were not granted. He held that the first test was met. The evidence presented was not sufficient to settle the matter, but there did appear to be a real question over whether the cytometer SX contained intellectual property falling within the meaning of the word "technology" in the agreement. Although the evidence showed that cytometers could be purchased freely, the evidence from Dako, the manufacturer of cytometers, was that they would not sell a cytometer SX to a non-licensee of XY. The case was not especially strong, the judge suggested, but there was some basis for concluding that intellectual property rights were at stake. More importantly, the balance of convenience strongly favoured XY's position. If the injunction were wrongly denied, then XY's entire business undertaking might have been undermined: on the other hand if the injunction were wrongly granted Lifetech could be adequately compensated through damages. Accordingly the judge decided to grant the injunction.

However, the judge also noted that the fact there was a problem between the parties at all really arose from the actions of XY, in entering into competition with Lifetech in the international inseminates field

and in refusing to permit Lifetech to use bull semen from a third party supplier. The agreement between the parties had an arbitration clause which could be used to try to settle the dispute. Accordingly the judge also ordered that if XY had not initiated an arbitration within 21 days from the date of release of this judgment, did not proceed diligently with the arbitration, or did not promptly comply with the award of the arbitrator, then Lifetech would be entitled to apply to vary or vacate the injunction.

Injunction – Real Estate Listing Online

An injunction was also at issue in *Realtysellers (Ontario) Ltd. v. Toronto Real Estate Board*, or more strictly whether to continue an injunction. Realtysellers was a corporation acting as a licensed real estate broker in Ontario, and the Toronto Real Estate Board operated the MLS property listing service. Realtysellers conducted its business by means of the Real Estate Plus website, which allowed members of the public to obtain information about properties on the MLS system. The Board suspended Realtysellers access to the MLS system, alleging that it had violated the terms of the agreement, and Realtysellers had obtained an injunction restoring its access. In this proceeding the Ontario Superior Court of Justice concluded that the injunction should be lifted, and therefore that Realtysellers would not have access to the MLS service.

The MLS agreement licenses individual realtors to use the listings on MLS, but states that the database is confidential property. It prohibits the use of the database to create a competitive database. It also attaches limits on the uses which can be made of the information contained therein. In particular members may not use marketing materials such as photographs, floor plans and virtual tours without the written consent of the member who created the material, may not publish the address of a property without permission, and that electronic listings cannot be uploaded to any internal portal.

The Board had suspended Realtysellers access, claiming that it had violated this agreement. They argued that Realtysellers had been ‘scraping’ all the listing data from the member database and copying it to the Real Estate Plus website without consent, and that as a result members of the public could

see all data, including addresses, photographs and virtual tours. Realtysellers argued that its approach was not essentially different from the “prospect match” service available through MLS, which sent out automated emails to the public.

In deciding not to allow the injunction to continue, the court acknowledged that there was a serious issue to be tried between the parties. The more central issue was the question of irreparable harm, which largely settled the balance of convenience. Both parties claimed that they would suffer irreparable harm. Realtysellers maintained that if it did not have access to the MLS listings its lenders would withdraw financing and its creditors would petition it into bankruptcy. The Board argued that if Realtysellers continued to upload information from the member website to a publicly accessible website, other realtors would cease to post listings and would withdraw their memberships. For purposes of deciding the injunction issue, the court favoured the Board’s position. The judge held that the harm potentially suffered by the Board could cause it to lose members. Further, the financial position of Realtysellers made it unlikely that it would be able to pay damages if it were ultimately unsuccessful. On the other hand if Realtysellers business model really was a viable one, it would become even more viable following a determination that its legal position on the MLS agreement was correct. Particularly in light of the fact that both parties were seeking an expedited trial, the court declined to grant the interim injunction.

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.

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 2007 by Robert Currie, Chidi Oguamanam and Stephen Coughlan. 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 Robert Currie, Chidi Oguamanam et Stephen Coughlan 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.

© Robert Currie, Chidi Oguamanam et Stephen Coughlan, 2007. 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.