

Intellectual Property Rights Owners Given More Ammunition in Canada

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On June 28, 2017, the Supreme Court of Canada released its decision in [Google Inc. v. Equustek Solutions Inc.](#), a case involving intellectual property infringement. The decision has far-reaching implications because the Supreme Court upheld a **worldwide** injunction against Google Inc. The search engine powerhouse, despite being a non-party to the underlying infringement litigation, was ordered to remove **all** links to infringing websites from Google search results, **anywhere in the world**. The global reach of this order is unprecedented, and gives intellectual property rights owners additional possible recourse against infringers and counterfeiters. In commercial disputes involving infringement of IP rights, Canada has arguably become a more attractive venue in which to litigate those rights.

The Case between Equustek and Datalink

The proceedings were initiated by Equustek Solutions Inc., a British Columbia company that produces networking systems for industrial automation equipment. Equustek had a distribution agreement with one of the Datalink group of companies. Datalink then allegedly used trade secrets from Equustek to manufacture its own competing product. Datalink also allegedly re-labelled Equustek products and passed them off as Datalink products, in violation of Equustek's intellectual property rights. Datalink carried out its business online, with most of its sales being made outside of Canada.

Equustek sued Datalink in the BC Superior Court, which granted an injunction against Datalink. As part of the injunction, Datalink was ordered to stop referring to Equustek or any of Equustek's products on any of Datalink's websites.

Datalink did not comply, and its principal fled the jurisdiction. He was found in contempt, and a warrant was issued for his arrest. Datalink, however, continued to carry on business online from an unknown location.

Enter Google

Equustek then approached Google to enlist its assistance with shutting down Datalink by de-indexing the Datalink websites. Google asked Equustek to obtain a court order prohibiting Datalink from carrying on business on the Internet. Equustek did so. Google then de-indexed 345 specific webpages associated with Datalink that were found through searches done on google.ca. Google did not, however, de-index entire websites, nor did it de-index any pages or sites that were found outside of searches done on the Canadian version of Google.

As a result, Datalink was still able to circumvent the original court order against it by simply moving the objectionable content around to different web pages.

Worldwide Injunction

Equustek then sought an interlocutory injunction (i.e. an injunction pending trial) to prevent Google from displaying **any** part of the Datalink websites on **any** Google search results **worldwide**.

This order was granted by the BC Supreme Court, upheld by the BC Court of Appeal, and now by the Supreme Court of Canada.

A Split Decision

The Supreme Court's decision was not unanimous; the decision was split 7:2. This division was largely based on different views of how to best resolve the tension between the global nature of the Internet and the potential harm caused by a worldwide injunction.

The majority opinion was written by Justice Rosalie Abella. The majority recognized that Datalink's business was being carried out online, and that efforts to halt this had failed. The majority agreed with the BC courts and stated that in order to have any practical effect, the injunction had to have worldwide application. As Justice Abella stated (at para. 41):

The problem in this case is occurring online and globally. The Internet has no borders — its natural habitat is global. The only way to ensure that the interlocutory injunction attained its objective was to have it apply where Google operates — globally.

The majority found that concerns over freedom of expression were misplaced in the specific commercial situation at hand, pointing out that “We have not, to date, accepted that freedom of expression requires the facilitation of the unlawful sale of goods” (at para. 48).

Justice Suzanne Côté and Justice Malcolm Rowe dissented. In their view, this was a case where judicial restraint ought to be exercised. Even though this was a case involving an interlocutory injunction (which is supposed to be temporary until the trial of the case on its merits), in this specific case, Datalink was no longer actively participating in the lawsuit between the parties. Thus, the worldwide injunction upheld by the majority had the effect of making the remedy permanent.

The minority was also of the view that the global injunction was overbroad, and required too much from Google, who, it should be remembered, was not a party to the underlying lawsuit between Equustek and Datalink. Finally, the minority pointed out that alternative remedies were available, such as possible seizure of Datalink assets in other jurisdictions.

Comment

This case represents the Supreme Court's attempt to grapple with the practical difficulties of dealing with online infringement, which in many instances is like playing "whack-a-mole". The infringer can disappear in one place (whether that be a physical jurisdiction or a website), only to pop up in another one.

The granting of a worldwide injunction against a non-party to the litigation is a very broad remedy, and one that rights owners may now consider as part of their arsenal in a Canadian lawsuit, particularly against online infringers and counterfeiters. This may very well make Canada a more attractive jurisdiction for rights owners to commence proceedings against infringers.

On the other hand, some commentators have pointed to the potential dangers if the decision is applied without appropriate safeguards. Scenarios can be envisioned where other jurisdictions take a similar approach and start to try to enforce their own laws globally via the Internet. To take an extreme example, a party in a country that does not allow women to vote could try to shut down websites that encourage equal civic participation, no matter where those websites are located. That would surely be an unintentional result of this decision. The comments of the majority, that freedom of expression does not extend to infringement of commercial rights, should provide sufficient assurance that an application of this case to other types of rights (such as human rights) ought not to occur.