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Supreme Court of Canada lends an enforcement hand to intellectual property right owners

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In eagerly awaited reasons in *Google Inc v Equustek Solutions Inc*, 2017 SCC 34 (June 28, 2017) (*Equustek*), the Supreme Court has held that Canadian courts have discretion to issue an injunction against a non-party, including an injunction having extraterritorial effects such as a worldwide injunction against Google, provided that the Canadian court has personal jurisdiction over such party. The Supreme Court's decision in *Equustek* gives intellectual property right owners new and effective tools to protect their rights against alleged infringers who may be using the internet's global reach to infringe Canadian rights.

Background

The *Equustek* case arose when a former product distributor of the plaintiff Equustek allegedly misappropriated its confidential information, and began copying its products and selling them. Equustek sued for trademark infringement and appropriation of trade secrets in the British Columbia Supreme Court (a court of first instance). Although the defendant's operations were located in British Columbia originally, it soon relocated outside of Canada, abandoned its defence of the action, but continued to fulfill online orders for allegedly infringing products from unknown locations.

Unable to locate the defendant, Equustek asked Google to prevent access to the defendant's websites by removing them from its search results. Google voluntarily removed specific URLs from google.ca — Google's Canadian domain — but refused to block the defendant's entire domains, such that the defendant simply moved impugned subject matter to new pages within its websites. Moreover, Google took these steps only in respect of its google.ca service: users conducting searches on google.com or other Google domains (*e.g.*, google.jp) could still access the defendant's webpages.

Frustrated by the defendant's elusiveness, Equustek pressed its application for an

interlocutory injunction against Google Inc., an American company. The B.C. court found for Equustek and ordered Google to "cease indexing or referencing in search results on its internet search engines" websites listed in the court's order, including all subpages and subdirectories of these listed websites (2014 BCSC 1063). Google appealed this decision to the British Columbia Court of Appeal, which affirmed the ruling (2015 BCCA 265). The Court of Appeal held that B.C. courts had *in personam* jurisdiction over Google due to its activities in the province. The Court of Appeal also held that a far-reaching injunction was justified even though it had extraterritorial effects.

The Supreme Court's reasons

A majority of the Supreme Court (7-2) dismissed the appeal and upheld the worldwide interlocutory injunction against Google. The Supreme Court held that the decision to grant an injunction based on the *RJR-Macdonald* factors is a discretionary one, entitled to a high degree of deference. The Court held that the question was whether the injunction was just and equitable in the circumstances of the case, and whether the plaintiff had discharged its burden in this case.

The Supreme Court clarified that Canadian courts may issue injunctions directed at innocent non- parties, as they already do, for example, when granting *Norwich* orders (which compel non-parties to disclose information) and *Mareva* injunctions (which freeze assets held by non-parties prior to trial).

The Court's majority also rejected Google's arguments about extraterritoriality as "theoretical." Although Google argued that compliance with the injunction might require it to violate the laws of other jurisdictions, the majority concluded that Google had not proven its case, and that it could always apply to the issuing court to vary the injunction. Moreover, the majority did not see the injunction as engaging freedom of expression interests in a way that tipped the balance of convenience towards Google.

Two Justices of the Court dissented because they believed that the circumstances of this case did not justify the issuance of such a far-reaching injunction. Notably, they concluded that Google had not knowingly aided the defendant's actions in any way, that Canadian courts should avoid awarding onerous, court-supervised injunctions, and that Equustek had other remedies at its disposal, notably seeking to freeze assets of the defendant located in France.

Implications of *Equustek*

The *Equustek* case reflects the Supreme Court's confidence in the ability of trial judges to fashion equitable remedies to prevent injustice in a borderless world, notably in intellectual property matters. For this reason, *Equustek* provides new and effective tools to Canadian intellectual property owners to enforce their rights when infringers are taking advantage of the internet's worldwide reach to defeat the enforcement of such rights in Canada. For example, it will now be possible for a patent owner to seek a Canadian court's assistance to prevent a defendant located abroad from selling infringing products online and shipping them to individual Canadian consumers from foreign locations, for example by applying for an order that search engines stop indexing the infringer's website.

Before running to court seeking remedies against search engines or other internet intermediaries, however, Canadian right holders should note all of the efforts that Equustek had made before seeking an injunction binding Google, including other injunctions and *Mareva* orders, and that the defendant was already in contempt of these orders. Moreover, although the dissenting reasons in *Equustek* do not have the force of law, they spell out

considerations that will no doubt guide future courts considering applications for broad injunctive relief.

The *Equustek* case marks a significant milestone towards the even better enforcement of Canadian intellectual property rights, but it also confirms the heavy burden to be shouldered by those who seek to take advantage of the now broader remedies available to Canadian courts.