

Canadian Supreme Court upholds global injunction against Google

The Supreme Court of Canada issued a landmark decision on 28 June 2017 in which a worldwide injunction was upheld requiring Google to delist certain websites from its search results on a global basis. The decision affirms that Canadian courts will make extraterritorial orders with global effect against search engines and internet intermediaries located outside Canada to prevent access to content deemed unlawful. The introduction of such worldwide injunctions, which has been welcomed by rightsholders, will have implications for internet intermediaries and online businesses. Sangeetha Punniyamoorthy and Thomas Kurys, of DLA Piper (Canada) LLP, assess the details of the *Google Inc. v. Equustek Solutions Inc.* case and provide insight into the wider impact of the ruling.

Intellectual property owners seeking to enforce intellectual property rights in an online world where infringers are outside Canada or operating globally welcomed the decision in *Google Inc. v. Equustek Solutions Inc.* 2017 SCC 34. The finding from Canada's highest Court gives creators and intellectual property owners an effective remedy where the enjoining conduct is 'occurring online and globally' via search engines. As the Supreme Court emphasised: "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."

Background and lower courts

Equustek Solutions Inc. ('Equustek') is a British Columbia company that designs, manufactures and sells network interface hardware for industrial applications. In the underlying case, Equustek had sued the defendants ('Datalink'), a former distributor of Equustek's products originally based in Vancouver, for conspiring with one of Equustek's former employees and others to design and manufacture a competing product with Equustek's trade secrets. Equustek also alleged that Datalink had passed off its product for the Equustek product through the use of its trade marks on Datalink's websites.

Equustek obtained interlocutory orders against Datalink, including orders to return to Equustek any source codes and other documentation belonging to Equustek, to cease referencing

Equustek's products on its websites, and to post a statement on its websites that Datalink was no longer a distributor of Equustek products and directing customers interested in Equustek's products to Equustek's website. However, Datalink did not comply with the orders. Instead Datalink abandoned the proceedings and fled the jurisdiction. More orders were granted against Datalink, including a Mareva injunction freezing Datalink's worldwide assets and an interlocutory injunction prohibiting Datalink from dealing with broader classes of intellectual property. Despite the various orders, Datalink continued to carry on business from an unknown location, selling the products at issue on its websites to people around the world.

Equustek then approached Google to have certain websites related to Datalink removed from its search indexes. Google was not a party to the underlying litigation and was not alleged to have acted unlawfully or to have contravened any existing court orders. After Google refused, Equustek sought a pre-trial interlocutory injunction requiring Google to comply with Equustek's request. In response, Google asked Equustek to obtain a court order prohibiting Datalink from carrying on business on the internet, which it did. The resulting order stated that Datalink would 'cease operating or carrying on business through any website.' Google agreed to remove over 300 specific pages (or URLs) from its google.ca search results but refused to block Datalink's entire domain or to

remove the offending websites from google.com or other national Google domains. This enabled Datalink to easily circumvent Google's efforts by setting up websites under different URLs, thus creating a 'whack-a-mole' problem for Equustek. Moreover, Datalink's webpages could still be found on other national Google websites.

Equustek was not satisfied and pursued the injunction to enjoin Google from displaying any part of Datalink's websites on any of Google's search results worldwide. The Supreme Court of British Columbia then ordered the following: "Within 14 days of the date of this judgment, Google Inc. is to cease indexing or referencing in search results on its internet search engines the websites listed in Schedule A, including all of the subpages and subdirectories of the listed websites, until the conclusion of the trial of this action or further order of this court."

The Lower Court found it had territorial competence over Google; there was a presumptive substantial connection to the province as Equustek's intellectual property, the subject of the underlying action, was moveable property in British Columbia. Further, the Lower Court found there was a real and substantial connection to the province, because Google carries on a business in British Columbia selling contextual advertising considered inextricably linked to the company's search services. The Lower Court also found that Equustek was suffering irreparable



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harm through Datalink's ongoing sale of products on its websites. Google, the search engine used for 70-75% of all internet searches, was found to be inadvertently facilitating this harm, and thus the remedy compelling Google to block Datalink's websites worldwide was considered necessary to preserve the Lower Court's process in the new reality of e-commerce.

The British Columbia Court of Appeal upheld the Lower Court's injunction order and dismissed the appeal. The Appellate Court concluded that injunctive relief may be granted against non-parties as a means of preserving the parties' rights in the well-established jurisdiction of the Lower Court, that there had been "no realistic assertion" that the order would offend the sensibility of any other state's core values, and the only practical way for the offending websites to be inaccessible was to grant a worldwide injunction.

Supreme Court of Canada's decision

Justice Abella, writing for the majority in a 7:2 split decision, dismissed Google's appeal of the interlocutory injunction, holding that there was no reason to interfere with the Lower Court's discretionary decision. Google was described as a determinative player in allowing irreparable harm against Equustek to occur, and the interlocutory injunction was the only effective way to mitigate the harm pending the resolution of the underlying litigation, and any harm to Google was minimal or non-existent. With respect to the tripartite test for

interlocutory injunctions, Google did not dispute that there was a serious issue to be tried, or that Equustek was suffering irreparable harm because of Datalink's actions.

Google first argued that as a non-party it cannot be the subject of an interlocutory injunction. This was rejected. Justice Abella likened the interlocutory injunction against Google to a Norwich order, which can be used to compel non-parties to disclose information or documents, or a Mareva injunction, which are used to freeze assets pending the conclusion of a trial or action and often require the assistance of non-parties. The injunction against Google flowed from the need for Google to prevent the facilitation of Datalink's breach of the order to "cease operating or carrying on business through any website." Indeed, Datalink was unable to carry on business in a commercially viable way without its websites being in Google's search results. By indexing Datalink's websites, Google was enabling Datalink to carry on business through the internet. Without the injunction against Google, Google would continue to facilitate the ongoing harm.

Google next challenged the extraterritorial effect of the injunction, arguing that any injunction should be limited to Canada (or google.ca). This too was rejected by the majority. Google did not dispute the finding that the courts in British Columbia had *in personam* and territorial jurisdiction on the basis that Google carried on

business in the province through advertising and search operations. Justice Abella stated that when a court has *in personam* jurisdiction, and where necessary to ensure the effectiveness of the injunction, an injunction can enjoin conduct anywhere in the world. Indeed, she cited examples of Mareva injunctions that had been given worldwide effect.

A worldwide injunction was necessary in this case to prevent the irreparable harm to Equustek that flowed from Datalink carrying on business on the internet. There are no borders online. Limiting the injunction to Canada or google.ca would not prevent the harm. Purchasers outside Canada would still be able to purchase the offending products and purchasers in Canada would still be able to find Datalink's websites. Moreover, the worldwide effect of the injunction did not tip the balance of convenience in Google's favour either, as Google argued. The injunction was easily complied with. Google need only take steps where its search engine is controlled - not around the world. Google did not suggest that in de-indexing the websites it would be inconvenienced or incur expenses in a material or significant way. Google acknowledged that it can, and often does, alter search results.

Furthermore, Justice Abella quickly dismissed as "theoretical" the argument that the injunction violated international comity because it is possible the injunction may not have been obtained in a foreign jurisdiction or that compliance would result in Google violating the



laws of that foreign jurisdiction. Nor did the majority see freedom of expression issues being engaged in any way that tips the balance of convenience. Even if the injunction engaged freedom of expression issues, it would be outweighed by the need to prevent irreparable harm. Justice Abella noted that if Google had evidence that compliance would violate foreign laws, it was free to apply to the British Columbia courts to vary the order.

Finally, Google argued that the injunction will turn into a permanent injunction. However, the majority held that the length of the injunction does not by itself change the nature of the injunction. It is always open to a party to apply to vary or vacate an interlocutory injunction if it has been in place for an inordinate amount of time.

Justices Côté and Rowe provided a strong dissent and called for judicial restraint against a “novel form of equitable relief - an effectively permanent injunction, against an innocent third party, that requires court supervision, has not been shown to be effective, and for which alternative remedies are available.” It was noted that the Google order provided Equustek with more injunctive relief than it sought in its original claims against Datalink, which erodes any incentive to carry on with the underlying action. Further, it had not been established that Datalink designed and sold counterfeit products or that this resulted in trade mark infringement and unlawful appropriation of trade secrets.

The dissent also held that Google did not aid or abet the doing of the prohibited act. Datalink was ordered to cease carrying on business through any website. That order was breached by Datalink simply launching websites to carry out business, whether or not the

websites showed up in Google searches. Another persuasive factor for the dissent was the ongoing modification and supervision required since Datalink was continually launching new websites to replace de-listed ones. The availability of alternative remedies (i.e. contempt proceedings in France or other jurisdictions, injunctive relief against internet service providers) was a final factor in the dissent’s reasoning.

Implications for IP owners and beyond, and next steps

The decision affirms that Canadian courts will assume jurisdiction and make extraterritorial orders with global effect against innocent search engines and internet intermediaries located outside Canada to prevent access to content deemed unlawful. As such, this decision has relevant implications not only for internet intermediaries, but also for rightsowners and others seeking to protect intellectual property rights.

Although this ruling arose in the intellectual property context, it can also support global orders against internet intermediaries in which the underlying dispute relates to other areas of law, such as defamation, privacy, cyber security, and beyond. This is especially so where the injunction sought causes little inconvenience to the internet intermediaries and is inexpensive to carry out, such as de-indexing websites. In this case, the Supreme Court of Canada gave very little attention to the merits of the underlying dispute. However, litigants seeking similar interlocutory injunctions with global impact should ensure that the underlying claims and their territorial scope are considered in the event that there are questions by the Court or a strong defence on the merits. The good news for rightsolders is that the Supreme Court held that the onus need not be put on the rights asserter to

“demonstrate, country by country, where such an order is legally permissible.” Rather, it is open to the non-party to later vary the injunction if there is evidence that the order requires the non-party to violate the laws of another jurisdiction.

It is unlikely that internet intermediaries will raise issues about the merits of the underlying claims or their territorial scope (just like Google chose not to do so here), however if the underlying claims are vigorously defended, the court will take a closer look. Indeed, it is important to recognise that the underlying action against Datalink was within the British Columbia Courts’ jurisdiction, as was Google itself.

However, this is not the end of the battle. After the disappointing result for Google from Canada’s highest Court, Google filed a claim with the United States District Court for Northern California alleging that globally removing the search results violates US law and thus Google should not be required to comply with the Canadian Supreme Court’s ‘novel worldwide order.’ Google states that it has “exhausted its Canadian appeals” and alleges that the Canadian order is unenforceable since it offends the First Amendment and the Communications Decency Act. Google further argues that the order violates principles of international comity, particularly since Equustek “never established any violation of their rights under US law.” Clearly this is not the end of this dispute. The legal community will be watching this case very closely to see how the US District Court grapples with these issues.

Until then, Canada is an ideal venue to enforce rights in many areas of law and seek a global remedy when dealing with the realities of unlawful conduct occurring on or encouraged by a borderless internet operating around the world.