Cassels

Supreme Court of Canada Upholds BC Decision to Grant Worldwide De-Indexing Order Against Google

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On June 28, 2017, the Supreme Court of Canada, in Google v Equustek Inc, 2017 SCC 34, affirmed a decision of the British Columbia Court of Appeal granting a worldwide interim injunctive de-indexing order against Google to block specific websites.

The SCC held that Canadian common law courts have the jurisdiction to make global de-indexing orders to curb illegal activities on the Internet and that the BC Superior Court did not err by doing so in this case. Although this case dealt specifically with the sale of products allegedly manufactured in violation of the plaintiff's trade secrets, the decision has potentially far-reaching implications for the enforcement of rights in other areas of law – especially when dealing with the realities of a borderless Internet.

Background

This decision arose out of a British Columbia lawsuit over trade secret infringement. Despite a series of interim injunctive orders to restrain its conduct pending trial, the defendant removed itself from the provincial jurisdiction of the court, disappeared and continued selling the allegedly infringing products online while incognito. In response, the plaintiff (Equustek) sought assistance from Google, asking the search engine to de-index or take down the search results leading to the defendant's website.

Google voluntarily took down the search results on google.ca, but refused to do so on any of its non-Canadian domains. Google also resisted removing or de-indexing all of the defendant's web pages. This led to the decision of the BC Superior Court in Equustek Solutions Inc v Jack, 2014 BCSC 1063, where the Court ordered Google to take down its search results for the defendant's websites worldwide on the basis that the defendant could simply move the offending material to other web pages or to a domain outside of Canada in order to circumvent the order. The decision of the motion judge was affirmed by the British Columbia Court of Appeal in Equustek Solutions Inc v Google Inc, 2015 BCCA 265.

Before the Supreme Court of Canada, Google did not dispute the seriousness of Equustek's claim, nor did it suggest that it would be inconvenienced or suffer significant expense in de-indexing the websites. However, Google objected to the proposed injunction for several reasons, arguing that the injunction was neither necessary nor effective; as a non-party Google should be immune from the injunction; there was no necessity for the extraterritorial reach of the order; and there were concerns regarding international comity and freedom of expression that militated against granting the order.

The Supreme Court of Canada, in a 7 to 2 majority decision written by Justice Abella, affirmed the decision of the BC Court of Appeal.

Key Findings

Justice Abella the issue on appeal as whether Google could be ordered, pending a trial, to globally de-index the website of a defendant who, in breach of several court orders, was using those websites to unlawfully sell products that infringed the intellectual property of another company.

The SCC ultimately answered this question in the affirmative, holding that the test for granting an interlocutory injunction had been met in this case. Equustek successfully demonstrated that there was a serious issue to be tried, that it was suffering from irreparable harm as a result of the ongoing sale of the competing, and allegedly infringing, product through the Internet, and that the balance of convenience was in favour of granting the order sought.

Based on this, the SCC confirmed that injunctive relief can be ordered against someone who is not a party to the underlying lawsuit. Justice Abella reasoned that this is appropriate when the third party is so involved in the wrongful acts of others that it effectively facilitates the harm, even if the third party itself is not guilty of any wrongdoing.

The granting of the interim injunction in this case flowed from the need for Google's assistance to restrict the wrong-doer's ability to defy court orders and do irreparable harm to the plaintiff. The court concluded that without interim injunctive relief, there would be no effective way to address the needs of Equustek pending trial. Google would simply continue to facilitate the ongoing harm.

Regarding the extra-territorial scope of the order, Justice Abella reasoned that, where necessary to ensure the effectiveness of the injunction, a Canadian court may grant an injunction enjoining conduct anywhere in the world. In this case, this was the only way to ensure that the injunction could achieve its objective. If the order were restricted to Canada, foreign purchasers could still purchase from the illicit website, and even Canadian purchasers could locate the website through google.com and other local Google sites even if it were de-indexed from google.ca.

Google argued that a global injunction violated international comity because it was possible that the order could not have been obtained in a foreign jurisdiction, or that to comply with it would result in Google's violating the laws of another jurisdiction. The majority rejected that argument as theoretical. Justice Abella observed instead that, if Google has evidence that complying with the injunction would violate the laws of another jurisdiction, it is free to apply to the British Columbia courts to vary the interlocutory order. In the absence of an evidentiary foundation, and given Google's right to seek a rectifying order, the majority concluded that it would not be equitable to deny Equustek the extraterritorial scope it needs to make the remedy effective.

Justice Abella concluded by emphasizing the fact that the wrongdoers had ignored all previous court orders made against them, had left BC, and had continued to operate their business from an unknown location outside of Canada. Since a world-wide injunction was the only effective way to mitigate the harm to Equustek pending trial, and since any countervailing harm to Google wass minimal to non-existent, the interlocutory injunction should be upheld.

Lessons Learned

This case raises fundamental issues regarding the jurisdiction of Canadian courts, as well as the enforcement of court orders online.

Today, the power to make orders against search engines is often essential to preserving the effectiveness and integrity of the courts. The rise of illegal activity on the Internet has led to troubling consequences for claimants, especially those who seek to protect their intellectual property. Going online often provides infringers with anonymity, allowing them to flout the law and often rendering claimants without any direct means of enforcing court orders.

As Justice Abella reasoned in her decision, the only method of guaranteeing the effectiveness of a de-indexing or site-blocking injunction is to ensure that the remedy has some extraterritorial effect. Allowing for the possibility of global orders against search engines may help the courts balance the interests of claimants, with those of search engines and the public.

This decision is also consistent with developments in many of Canada's major trading partners, including both the United States and the European Union. Illegal activity over the internet is a global problem that requires a global solution. Recognizing the necessity extraterritorial orders against online service providers who facilitate the dissemination of infringing content is an important step towards realizing that solution.

Of course, questions remain. Would the Court have ruled the same way if complying with the order had indeed rendered Google vulnerable under the laws of another jurisdiction? Would the result have been different had the conduct of the defendant been less egregious? As Justice Coté noted in her dissent, the interim order in this case essentially amounts to a permanent injunction without trial; indeed, the plaintiff in the underlying case has yet to seek default judgment against the absent defendant, despite having been granted leave to do so in 2012. It seems possible that a court would hesitate before ordering a similarly broad injunction against a more responsive defendant. Cases that legitimately implicate competing values such as freedom of expression or international comity – which the majority expressly found not to be at issue in *Equustek* – might also be approached with caution.

On the other hand, the SCC appears increasingly inclined to take a broad view of the jurisdiction of Canadian courts in Internet-related cases. *Equustek* followed closely on the heels of the SCC's June 23 decision in Douez v Facebook Inc., in which the Court overrode Facebook's forum selection clause to

revive a privacy class action brought in BC against the social media giant. In that case, the majority of the Court held that the automatic nature of the online contract gave Facebook a gross “inequality of bargaining power” and raised public policy considerations that warranted heightened scrutiny in the traditional forum selection analysis. In its analysis, the Court found that the “quasi-constitutional” nature of the rights at stake gave Canadian courts a greater interest in adjudicating the matter, despite an otherwise enforceable forum selection clause that referred jurisdiction to California.

In any event, the *Equustek* decision represents a hard-won victory not only for Equustek itself but for rights holders in general, many of whom participated, through their trade associations, as interveners in the proceedings before the BC Court of Appeal and the SCC. The impact of the decision seems likely to extend beyond the limited realm of trade secrets and into other types of intellectual property, including copyright and trademarks. Its broader implications for the law, including in cases involving privacy, cybersecurity, defamation, and other issues, will become apparent only with the passage of time.

For further information regarding this matter, please contact Casey Chisick or any other member of the Cassels Intellectual Property Group.

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