

“The Internet has no Borders”: Worldwide Deindexing Injunction Upheld Against Google

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The Supreme Court of Canada’s landmark decision in *Google, Inc. v Equustek Solutions Inc.*, 2017 SCC 34, has confirmed that Canadian courts have jurisdiction to issue interlocutory injunctions against a party’s activities that extend beyond Canada and have global reach. The Court noted that the “Internet has no borders—its natural habitat is global” and, as a consequence, found that the remedy also needs to be global.

In applying the three-part test for injunctive relief, Google was, to the majority, the “determinative player in allowing the harm to [Equustek to] occur”. Further, and in comparison, the harm to Google was seen to be “minimal to non-existent”. The Court saw the injunction as the “only effective way to mitigate the harm to Equustek”.

Specifically, the Supreme Court’s decision affirmed a decision from the British Columbia Court of Appeals (2015 BCCA 265), and thereby, the decision of a lower BC court (2014 BCSC 1063), requiring Google Inc., a non-party to the underlying infringement case, to deindex from Google’s worldwide search results, webpages advertising the sale of alleged infringing network interface hardware.

The decision could have far reaching consequences, and could make Canadian courts a preferred forum for litigating disputes with a Canadian and international component.

In combination with the decision this summer in *Douez v Facebook*, 2017 SCC 33, the Supreme Court has demonstrated that the considerations in respect of services rendered over the Internet must be assessed differently compared to the physical bricks-and-mortar-only world of the past. In both decisions, the majority of the Court acknowledged the crucial role the Internet plays in mediating our experiences of the “real” world and as a means for commerce, stating, in *Douez*, that “having the choice to remain ‘offline’ may not be a real choice in the Internet area”.

For businesses facing harm from counterfeiters and that have ties to Canada, the *Equustek* decision is a salve, since it suggests that such businesses may be able to rely on Canadian courts to be their “one-stop-shop” for seeking such relief. For large Internet-based search engines and marketplace facilitators, like Google and Amazon, the decision is likely to result in more requests being made of, and orders issuing against, such companies.

These decisions represent the Court’s recognition of the crucial role that Internet-based services play in the personal and commercial lives of Canadians, and that such a world is very different from the tangible world of the past where consumers had effective choices between

service providers and wrongdoings halfway across the world had little chance of being felt in Canada.

Equustek

The majority of the Court, led by Justice Abella and joined by six other judges, dismissed the appeal brought by Google of a decision from the British Columbia Court of Appeals (2015 BCCA 265), which affirmed an injunction issued by the lower BC court (2014 BCSC 1063) requiring Google to deindex certain webpages from its worldwide search results. The underlying dispute stemmed from a December 2012 order prohibiting former distributors of Equustek's industrial network interface hardware—Morgan Jack and Datalink Technologies Gateway Inc.—from selling counterfeits of Equustek's products through various websites, in violation of Equustek's trade secrets and other intellectual property. Following that Order, Google, who was a non-party to the underlying action, voluntarily complied with Equustek's request to remove specific webpages or uniform resource locations ("URLs") from its Google.ca search results, but refused to block an entire category of URLs, sometimes referred to as "mother sites", from its search results worldwide. Equustek therefore sought an injunction to force Google to de-index the offending webpages from Google's worldwide results. The Supreme Court's decision is the culmination of Equustek's efforts.

A number of third parties intervened, including the Canadian Civil Liberties Association, Human Rights Watch, Electronic Frontier Foundation, and International Federation of Film Producers Association.

The issue before the Supreme Court of Canada was whether it would be equitable to order Google to, pending trial, globally de-index the websites of a company that, in breach of several court orders, was using those websites to unlawfully sell network interface hardware that infringed Equustek's intellectual property.

In affirming the worldwide interlocutory injunction, the Court reviewed the underlying purposes and history of injunctions generally—i.e. they are discretionary, equitable remedies—and assessed whether the facts of this case met the three-part injunction test set out in *RJR MacDonald Inc. v Canada (Attorney General)*, [1994] 1 SCR 311 (SCC): (1) there is a serious issue to be tried; (2) the party seeking the injunction would suffer irreparable harm if the injunction were not issued; and (3) the balance of convenience favours the grant of the injunction. Importantly, Google did not contest whether the facts of the case met the test; rather, it argued that an injunction in this case would be ineffective; as a non-party to the action, it should be immune from such orders; that it had already de-indexed the subject webpages from its Google.ca search so there was no need for a worldwide order; and the balance of convenience weighed against granting the Order because of the potential impact on freedom of expression.

The Court disagreed with Google on each point. First, the Court saw being a non-party as a non-issue: the jurisprudence supports the issuance of injunctions against non-parties, especially

where, like here, the non-party essentially facilitated the wrongdoing (for example, *Norwich* orders). Because the use of Google's search engine was crucial to the ex-distributors being able to sell counterfeit goods (indeed, it was "common ground" that the infringers would be "unable to carry on business in a commercially viable way unless its websites were in Google's search results"), the injunction against Google was necessary to prevent those ex-distributors being able to continue to circumvent the underlying order to not sell such goods.

Second, the Court recognized that the problem in this case was global in nature: "the Internet has no borders—its natural habitat is global". Because Google's operations are similarly global in nature, the majority concluded the only way to ensure the injunction's effectiveness would be to have it apply worldwide: "If the injunction were restricted to Canada alone or google.ca ... the remedy would be deprived of its intended ability to prevent irreparable harm [since] [p]urchasers outside Canada could easily continue purchasing from [the counterfeiter's] websites, and Canadian purchasers could find [these] websites even if those websites were de-indexed on google.ca".

Third, the Court dismissed Google's argument that the Order would violate rules of international comity, including in respect of freedom of expression, as purely theoretical, and found that, in any event, if the Order were in the future found to violate the laws of another jurisdiction, it was always open to Google to apply to the BC courts to vary the injunctions in respect of that jurisdiction. This portion of the decision may incentivise litigation with a Canadian and international component to be brought in Canada, as the Court effectively suggested that enforcement issues in respect of the injunction need not all be addressed at the start, but rather, that the Order should be left open to amendment as issues, and if issues, later arise (a position that the dissent concluded weighed against issuing the injunction, as it would require "cumbersome court-supervised updating", which should generally be avoided).

The majority found:

... I have trouble seeing how [the order] interferes with what Google refers to as its content neutral character. The injunction does not require Google to monitor content on the Internet, nor is it a finding of any sort of liability against Google for facilitating access to the impugned websites. As for the balance of convenience, the only obligation the interlocutory injunction creates is for Google to de-index the Datalink websites. The order is, as Fenlon J. observed, "only a slight expansion on the removal of individual URLs, which Google agreed to do voluntarily". Even if it could be said that the injunction engages freedom of expression issues, this is far outweighed by the need to prevent the irreparable harm that would result from Google's facilitating Datalink's breach of court orders.

The dissenting justices, Cote and Rowe JJ, would have allowed the appeal, conceding that while the BC courts may have had jurisdiction to issue the Order, they should not have done so. What was persuasive to the dissenting judges was that the interlocutory injunction amounted to a final determination of the action, as it removed any benefit from proceeding to trial, and therefore, the lower court judges should have performed an extensive review of the

merits of the case before issuing it—effectively that a trial should have been required. They also disagreed with the majority that Google facilitated the counterfeit activities, since, regardless of Google, the ex-distributors would have continued to sell the counterfeit goods, and could have used social media, emails, or other matter for publicising such sale. This fact also demonstrated to the dissenting justices that the Order would not be effective. Such perceived ineffectiveness was reflected in the dissenting justices’ problem with the nature of the Order itself: “the Google Order is mandatory and requires ongoing modification and supervision, because [the ex-distributors are] launching new websites to replace de-listed ones ... Courts should avoid granting injunctions that require such cumbersome court-supervised updating”. That other avenues were also open to Equustek—the justices suggested pursuing the ISP providers—also suggested that the Order should not have been granted.

The decision may well encourage Canadian businesses, or international businesses with Canadian ties, to seek remedies on a worldwide basis in Canada, including against parties not directly perpetrating the underlying infringement, particularly where the conduct sought to be stopped occurs over the Internet. For businesses where the sale of counterfeit products is an ongoing issue, the *Equustek* decision may have created a new and effective litigation tool.