Initial Interest Confusion Doctrine: Is the Door Opening in Canada?

by

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The Law Society of British Columbia has used the law of passing off to prevent the defendant from using domain names linking the Law Society to websites containing pornography or adult oriented material. In the recent case of “Law Society of British Columbia vs. Canada Domain Name Exchange Corporation”¹ the law of passing off and the context of registration and use of domain names are discussed and analyzed.

The Law Society of British Columbia (“Law Society”) brought on an Interlocutory injunction application to restrain Canada Domain Name Exchange Corporation (“CDNE”) from using or transferring domain names which CDNE had registered with the appropriate authority on its behalf. In the application, the Law Society alleged that the domain names were used to pass off on it by linking the Law Society to sites containing pornography. The Law Society had registered domain names “lawsociety.ca and lsbc.org. The defendant had registered domain names lawsocietyofbc.ca and lsbc.ca.²

The Law Society received communications from two members of the public who pointed out to them that if one used the domain name lawsocietyofbc.ca that person was automatically redirected to a pornography site. The Law Society investigated this further and it lead to them to CDNE. The Law Society wrote CDNE a demand letter to

¹ 2002 BCSC 1249.
² The decision of the British Columbia Automobile Association v. The Office and Professional Employees International Union Local 378 (2001) BCSC 156 discussed domain names as follows:

Business and people may secure domain names that are usually shorter than the Internet protocol addresses and have meaning in one or more human languages. Domain names are mapped to particular Internet protocol addresses so that an Internet user can reach a particular computer. Domain names have two key components, namely the top level domain TLD, and the second level domain name SLD. The TLD consists of two or three letters located at the far right of any domain name preceded by a decimal point. Examples include .com, .net and .ca SLD’s must be registered with non-governmental registrars in combination with a particular TLD.
stop using the domain names and initially CDNE agreed but subsequently wrote the Law Society saying that it was free to use the domain names. The Law Society brought on its interlocutory injunction application in response. The Law Society’s action was founded in the tort of passing off. It claimed that the defendant was using the domain names lawsocietyofbc.ca and lsbc.ca in order to divert persons who are seeking to contact the Law Society or to obtain information from the Law Society’s website to another site and thereby generate income.

CDNE said that the company came up with the domain name, lawsocietyofbc.ca and it wasn’t referencing the Law Society of the Province, but rather they were seeking a name for a service that they were planning where they would provide list of lawyers or barristers who practice in certain areas, (categories of barristers), therefore CDNE said the Law Society of B.C. stands for “Law Society of Barristers’ Categories”.

The Chambers Judge, Justice Williamson, was sceptical of this claim as during submissions, the principal of the plaintiff said that the purpose of using the Law Society of B.C. in the domain name was to increase traffic to other sites which generally will mean income for CDNE. Justice Williamson considered the test for granting an injunction in the Province of British Columbia and outlined what the plaintiff needed to prove as well as examining the strength of the plaintiff’s case with reference to the decision of National Hockey League v. Pepsi Cola Canada.3

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3 (1995) 59 CPR (3d) 216, a decision of the Court of Appeal. In that judgement the Court of Appeal affirmed the trial judge’s approach and commented at p.401 that a common type of passing off is:

Where a defendant has promoted his product or business in such a way as to create the false impression that his product or business is in some way approved, authorized or endorsed by the plaintiff or that there is some business connection between the defendant and the plaintiff. By these means a defendant may hope to “cash in” on the goodwill of the plaintiff.
Mr. Justice Williamson acknowledged that three essential elements of a passing off claim. First, the existence of goodwill, second, a deception through a misrepresentation and third, actual or potential damages.  

Respecting goodwill, the Law Society of B.C. had a 130 year history of acting to fulfil its statutory duty to protect the public interest in the administration of justice and therefore had a compelling argument that in doing so it had acquired a measure of goodwill in its name, the Law Society of B.C.  

The next question was whether there had been a misrepresentation that amounts to a deception? In other words, when CDNE uses lawsocietyofbc.ca or lsbc.ca to attract members of the public to websites other than the Society’s for the purpose of generating income. Is there a good argument that the second requirement for passing off has been met? Mr. Justice Williamson thought there was and cited the English Court of Appeal decision of British Telecommunications plc and Another v. One In a Million Ltd. In that case, the defendants dealt in Internet domain names. They registered the names and then sold them or intended to sell them to potential users. The plaintiff sought injunctive relief alleging passing off and they applied for a summary judgement. The case involved using the names of a number of well-known corporations including Marks & Spencer. The English Court of Appeal held as follows:

It follows that registration by the appellants of a domain name including the name Marks & Spencer makes a false representation that they are associated or connected with Marks & Spencer. This can be demonstrated by considering the reaction of a person who taps into his computer the domain name marksandspencer.co.uk and presses a button to execute a “whois” search. He will be told that the registrant is One In a Million Ltd. A substantial number of persons will conclude that One In A Million Ltd. must be connected or associated with Marks & Spencer. That


amounts to a false representation which constitutes passing off.⁶

Mr. Justice Williamson had no trouble in finding that registration by the defendants of the domain name including the lawsoocietyofbc.ca makes a false representation that CDNE is associated or connected with the Law Society of B.C.⁷

Mr. Justice Williamson was quick to observe that the Automobile Association case was not passing off as the defendants domain names were significantly different than the Automobile Association domain name because of the addition of words “on strike” or “back to work” with the defendant’s domain names. The case is an interesting one as it opens the door for Canadian Courts to start ruling on the “initial interest confusion” to found an action for passing off, and potentially, trade-mark infringement. The doctrine of initial interest confusion is an American principal which finds its roots in the decision of Brookfield Communications Inc.v West Coast Entertainment Corp.⁸

In that case the plaintiff held a registered mark for the mark “MOVIEBUFF” in association with software for use in the entertainment industry. The defendant, West Coast Entertainment Corp. used the domain names “MOVIEBUFF.COM” and “WEST COAST VIDEO.COM” for is video rental business. The appellant Court found that West Coast’s use of the trade-mark “MOVIEBUFF” created an “initial interest” in the defendant’s website. This was despite the fact that the Court held that there was no source of confusion in the sense that consumers knew that they were patronizing West

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⁶ At page 497.

⁷ On this point, Mr. Justice Williamson also cited the decision of Automobile Association at paragraph 73 as follows:

If someone uses a person’s trademark as the domain name such as marksandspencer.com or mcdonalds.com without using any other words or letters that is likely to confuse member of the public who type in the domain name looking for the website of Marks and Spencers or McDonalds and then come to something else. They will think the website has some connection with the site they were seeking.

⁸ 174F. 3d 1036 (9th Cir. 1999).
Coast rather than Brookfield. The Court found that there was nevertheless initial interest confusion in the sense that by using “MOVIEBUFF.COM” or “MOVIEBUFF” to divert people looking for “MOVIEBUFF” to its website, West Coast had improperly benefitted from the goodwill that Brookfield developed in its mark.

In Canada, the American initial interest confusion doctrine has not found a home in the context of trade-mark infringement action under Canada’s Trade-marks Act.\(^9\) In order to find a registrable trade-mark in Canada, the defending mark must be used in Canada as defined in Section 4 (1) (2) of the Trade-marks Act. However, a plaintiff seeking to establish trade-mark infringement respecting wares is limited by the decision of Pro C Ltd. v. Computer City Ltd. Inc.\(^10\) where the Court of Appeal held that in order for use to be established in association with wares, the plaintiff had to establish use in Canada.

Mr. Justice Williamson did grant the Law Society of British Columbia its injunction on the basis that the threat to its reputation from an identification in the minds of the public are the Law Society or pornography or other inappropriate subjects would compromise the Law Society’s ability to fill its statutory mandate. It will be interesting to see whether this decision will be used as a springboard by other Canadian Courts to make initial interest confusion actionable in Canada both in the context of trade-mark infringement and the tort of passing off.

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\(^10\) (2001), 14 CPR (4\(^{th}\)) 441 (Ontario C.A.).