

LITIGATION

BULLETIN

*A Report on Developments
in Canadian Litigation*

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**DOES YOUR COMPANY OR PRODUCT “SUCK”?
WHAT YOU CAN DO IF SOMEONE SAYS IT DOES**

Someone might be operating a web site on the Internet right now known as {name of your company or product here}sucks.com. There are literally hundreds of web sites on the Internet that use trade-names or trade-marks belonging to well known companies together with the word “sucks” (or “bites”, “blows”, “I hate” or some other similarly disparaging term) as their domain names.

“Sucks” sites are typically operated by aggrieved customers or employees who want to broadcast their complaints about the target company to the world. Such sites frequently reproduce the trade-marks and/or copyright logos of the target entity, often with a red “X”, a slash or the word “sucks” superimposed over the logo. Many of these web sites are interactive - in that they encourage others to post their own complaints about the target directly on the web site for all to see.

The operation of “sucks” web sites raises many legal issues - including trademark, copyright, defamation and freedom of speech issues. Well known “sucks” sites that have given rise to litigation in the United States include walmartsucks.com, nikesucks.com, netscapesucks.com and luentsucks.com. Until recently, however, there were no Canadian cases considering the right to operate such protest sites - or addressing what rights target companies have to shut these sites down.

A Canadian Court has now spoken on the matter. A few weeks ago, the British Columbia Supreme Court released its 45 page decision in the case of *British Columbia Automobile Association v. Office of Professional Employees’ International Union, Local 378*. The case is important because it is the first time that a Canadian Court has dealt with many of the issues raised by protest, or criticism, web sites. Unfortunately, the case does not offer much in the way of comfort to the targets of such web sites.

THE BCAA CASE

BCAA is a non-profit organization that provides a variety of products and services to its members. These products and services include emergency road service, travel books, travellers’ cheques and insurance. BCAA made certain of its products and services and other information available on its web site – which is known as, among other names, bcaa.com.

At issue in the BCAA case was a series of web sites that were established by the defendant Union, who represented some of BCAA’s employees. During a lawful strike in early 1999, the Union created an initial web site that was very similar in appearance to BCAA’s web site. Among other things, the Union’s web site copied certain design elements of BCAA’s web site and reproduced certain trade-

marks and copyrights belonging to BCAA. The Union subsequently began operating two successively different web sites. The Union's web sites were accessible by a number of domain names, including bcaastrike.com, picketline.com and, later, bcaabacktowork.com.

The Union's web sites were established to communicate its message to the public about the ongoing labour relations dispute. While the web sites did not use the word "sucks", BCAA took the position that the web sites implied that they were somehow connected to, or affiliated with, BCAA and that they depreciated the goodwill associated with BCAA's trade-marks.

Shortly after the Union established its original web site, BCAA's lawyers demanded that it stop using BCAA's intellectual property (certain registered trade-marks and copyright material). The Union responded by changing the appearance of its web site twice within a period of a few months (the Union removed certain logos and changed the colour scheme of its web site). Unsatisfied with these changes, BCAA sued the Union.

BCAA's lawsuit was based on three grounds. First, it alleged that the Union's first two web sites infringed BCAA's copyrights by unlawfully reproducing certain design elements found on BCAA's web site. Second, BCAA claimed that the Union's use of BCAA's registered trade-mark "BCAA" in its domain name and meta tags (a "meta tag" is the unseen text used by Internet search engines to locate web sites based upon key word searches) constitutes "passing off". Passing off is a legal term that describes the situation where one person leads others to believe that its products or services are those of another. Finally, BCAA alleged that the Union's web sites depreciated the value of the goodwill associated with BCAA's trade-marks. BCAA sought an order for damages as well as an injunction transferring the Union's registered domain names to BCAA.

The Court reviewed relevant American and U.K. cases and found in favour of the Union on all counts except the breach of copyright allegation. In this regard, the Court held that the Union substantially copied the layout, design and appearance of BCAA's web site, thereby infringing copyright. However, because BCAA could not prove that it had suffered any actual losses as a result, the Court only awarded it nominal damages in the amount of \$2,500.00.

With respect to the other issues, the Court found that the Union's use of BCAA's trade-marks did not constitute passing off and did not depreciate the goodwill associated with its marks. In doing so, the Court relied on certain key facts:

- The Union was not competing commercially with the BCAA – rather, it was simply exercising its right of expression to inform the public about the ongoing labour relations dispute.
- The presence of a disclaimer on the Union's web sites (basically stating that the Union was "on strike against the BCAA"). The disclaimer, together with other elements of the Union's web sites, eliminated any possibility of confusion that the Union's web sites belonged to, were associated with or sanctioned by the BCAA.
- The domain names of the Union's web sites were not identical to BCAA's trade-marks or domain names. Instead, the Union's domain names simply incorporated the BCAA trade-mark as part of a longer and more descriptive name (such as bcaastrike.com).

The BCAA decision indicates that web sites engaging in legitimate consumer or employee criticism may be able to resist lawsuits commenced by those who are the subject of the criticism.

WHAT YOU CAN DO

The BCAA decision does not completely insulate all "sucks" sites from liability. You may be able to take action if such sites are operated by competitors for commercial purposes, contain defamatory remarks or infringe your copyright.

One must be careful, however, in deciding how to respond to such web sites. The operators of such sites typically enjoy attention. In fact, the operators of "sucks" sites particularly enjoy the cease and desist letters that they receive from lawyers representing the target company. In many instances, they actually post the letters on their web sites. These letters have a tendency to validate their fight for "the cause" and can be used to paint yet another negative image about the target company.

Here are some practical tips to consider if you become aware of a “sucks” site that targets your company:

- Resist the immediate impulse to engage the operator of the web site in a war. Consult with your legal advisor and initiate legal action only if there is a clear infringement of your intellectual property rights or if the information posted on the web site is defamatory.
- Remember that any correspondence you send to the operator of the web site may end up being posted on the web site or might otherwise “fuel the fire”. For example, Verizon Communications sent a cease and desist letter to the operator of a web site known as “verizonreallysucks.com”. Upon receiving the cease and desist letter, the operator registered another domain name – verizonshouldspendmoretimefixingitsnetworkandlessmoneyonlawyers.com.
- Consider meeting with the operator of the web site to address his or her complaints with a view to having him or her abandon the web site and transfer its registration to your company.
- Consider creating an area on your company’s own web site that responds to the complaints being made and that presents your company’s side of the story.
- Designate a person within your company to be responsible for monitoring the offending web site on a periodic basis. Update your company’s side of the story as the “sucks” site grows to include complaints from others.

In some cases, legal action may be warranted. Hopefully, following the above-noted tips will help you avoid getting a result that “sucks”.

This article contains general comments only. It is not intended to be exhaustive and should not be considered as advice in any particular situation.

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