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COMPUTER, INTERNET, ELECTRONIC COMMERCE AND ARTIFICIAL INTELLIGENCE LAW

Sookman

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From a single volume as first published in 1989 to the present eight volumes of detailed, comprehensive coverage, this publication has become the foremost Canadian authority on the law of computers, the Internet and Electronic Commerce and is frequently referred to and applied by the courts.

What's New in this Update

This release features updates to the Quantum Table: Copyright Infringement. This release also features updates to Appendix E. Personal Information Protection under Appendix E1. Canada – Federal including updates to the *Personal Information Protection and Electronic Documents Act* – Amended by 2024, c. 16, s. 93; 2024, c. 17, ss. 347, 350(2)(a) [s. 347 not in force at date of publication; s. 350(2)(a) conditions not yet satisfied.]; and updates to the case law annotations to the *Personal Information Protection and Electronic Documents Act*. This release also features updates to the Summary for the resolution of disputes under the CIRA Domain Name Dispute Resolution Policy.

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Highlights

- **Quantum Cases – Copyright Infringement – Statutory Damages –** The Defendant shall pay to the Plaintiff statutory damages in the amount of $194,000 CAD. The Gallery was acting with knowledge that it had not acquired copyright in the Goldstein Collection. Nonetheless, it commissioned the works to be printed (i.e., Carnie Prints), and continued to exhibit infringing prints and illicit sales for such prints with that knowledge. The infringing acts went on for years, and culminated in the Gallery's entering into the FAIG Agreement to sell the B&W Negatives and transfer the Goldstein HD to FAIG for significant commercial gain, while continuing to infringe the Maier Works by importing, exhibiting and selling the FAIG Prints in Canada. There were certain actions taken by the Gallery that served to exacerbate the efforts of the Estate to try to resolve any potential dispute with the Gallery. First, the Gallery initially ignored correspondence from Estate's counsel on the alleged basis that it was on the letterhead of a firm that Bulger did not take seriously. Second, Bulger intentionally withheld from the Estate the fact that he had sold the B&W Negatives to FAIG, instead choosing to continue to negotiate the sale of the B&W Negatives to the Estate at an increased price, even after the B&W Negatives had already been delivered to FAIG. The evidence did not suggest a current need to deter future impending infringement. The B&W Negatives were sold to FAIG in 2016. The Gallery ceased all activity relating to the sale or exhibition of prints from the B&W Negatives in May 2017. The profits actually made by the Gallery from the sale of prints was minimal. The total revenue made from the three exhibitions and subsequent sales was $131,817.60 CAD, with the Gallery's profit at $22,130.59 CAD. As regards the $1.6 million USD the Gallery made from the sale of the B&W Negatives to FAIG, it could not be ignored that the Gallery was able to sell the B&W Negatives at a significantly higher price as a result of the notoriety gained by the works from the infringing activities of the Gallery and others, and profited from this. That was an additional surrounding circumstance that required some consideration when evaluating the appropriate statutory damages award. Considering all of the factors under subsection 38.1(5) of the Act, the financial realities, the specific circumstances of the case, and the jurisprudence, a just award would be more than the minimum amount per work, but a magnitude less than the maximum amount and should be set at $2,000 CAD per work for a total of $194,000 CAD in statutory damages: *Maier Estate v. Bulger*, 2024 CarswellNat 3117, 2024 CarswellNat 3116, 2024 FC 1267, 2024 CF 1267 (F.C.).
- ***Personal Information Protection and Electronic Documents Act* – Schedule 1 – 4.3 – Principle 3 – Consent – Case Law –** The Federal Court failed to inquire into the existence or adequacy of the consent given by friends of users who downloaded third-party apps, separate from the installing users of those apps. Consequently, the Court did not ask itself the question required by *PIPEDA*: whether each user who had their data disclosed consented to that disclosure. Those were overarching errors which permeated the analysis with the result that the appeal should be allowed. Justice Rennie noted that there was considerable probative evidence that bore on the questions before the Federal Court. Justice Rennie explained that subjective evidence does not play a

role in an analysis focused on the perspective of the reasonable person. The meaningful consent clauses of *PIPEDA*, along with *PIPEDA*'s purpose, pivot on the perspective of the reasonable person. Section 6.1 of *PIPEDA* protects an organization's collection, use, or disclosure of information only to the extent that a reasonable person would consider appropriate in the circumstances. Clause 4.3.2 of *PIPEDA* asks whether an individual could have "reasonably underst[ood]" how their information would be used or disclosed. (Reference also made to section 3 and clause 4.3.5 of *PIPEDA*). Importantly Justice Rennie noted that the perspective of the reasonable person is framed by the legislation, which speaks of a corporation's need for information. It does not speak of a corporation's right to information. This is critical. The legislation requires a balance, not between competing rights, but between a need and a right. Justice Rennie explained that the reasonable person is a fictional person. They do not exist as a matter of fact. The reasonable person is a construct of the judicial mind, representing an objective standard, not a subjective standard. Accordingly, a court cannot arbitrarily ascribe the status of "reasonable person" to one or two individuals who testify as to their particular, subjective perspective on the question. Justice Rennie noted that whether the Court should issue a remedial order in light of the assertion that the evidentiary record has shifted since the filing of the application is a different question, potentially one of mootness. The Court will not issue orders which would be of no force or effect. The events that gave rise to this application transpired a decade ago. Facebook claimed that there had been many changes in its privacy practices since then, such that there may no longer be any nexus between the underlying breaches and the question of remedies sought. Absent further submissions or potentially, fresh evidence, the Court was not in a position to decide whether any of the Commissioner's requests related to Facebook's current conduct were reasonable, useful, and legally warranted. Justice Rennie would allow the appeal with costs, declare that Facebook's practices between 2013 and 2015 breached Principle 3 as set out in clause 4.3, Principle 7 as set out in in clause 4.7, and once in force, section 6.1 of *PIPEDA*. The Court would remain seized of the matter and require the parties to report within 90 days of the date of the reason as to whether there was agreement on the terms of a consent remedial order. Should no agreement be reached, further submissions would be invited on the question of remedy: *Privacy Commissioner of Canada v. Facebook Inc.*, 2024 FCA 140 (F.C.A.).

- **Summary of Procedure for the Resolution of Disputes under the CIRA Domain Name Dispute Resolution Policy – Case Law – No Legitimate Interest –** The Registrant has caused the disputed domain name to resolve to a website that suggests that it is a website of the Complainant or one that has been established with the knowledge and approval of the Complainant, which it is not. The website offers for sale under the KODIAK brand what purport to be genuine KODIAK products but which are not genuine KODIAK products and are either counterfeit products or products being sold under the KODIAK brand without the permission or authority of the Complainant; the products offered for sale are illustrated by images and text that reproduce images and text from the Complainant's genuine website at www.kodiakboots.com. The website makes extensive use of the substance of the Complainant's

KODIAK CANADA'S BOOT trademark without permission. The Complainant is not related to, affiliated with, endorsed by, or otherwise associated with the Registrant. The Complainant has not licensed the KODIAK CANADA'S BOOT trademark to the Registrant and the Complainant has not granted the Registrant any right, authorization, or permission to use the Complainant's trademark in a domain name or in any other capacity. A good starting point was to see if the Registrant could have brought itself within any of the criteria. The answer was that not only was there no evidence that could bring the Registrant within any of those criteria, but it was highly unlikely that the Registrant could ever bring itself within any of them. The first four criteria have a requirement of good faith on the part of the Registrant and that could never be shown in the present case. Anyone who steals another's trademark, pretends that it is the trademark owner and then sets about what is in effect a fraud on the public, can scarcely be said to be acting in good faith. Nor could the remaining two criteria help the Registrant. The evidence made it clear that it was not commonly known by the domain name and that the domain name was not a "geographical name". Thus, it was virtually impossible to argue that, applying the criteria set out in paragraph 3.4, the Registrant had a legitimate interest in the disputed domain name. It remained, however, because of the words "but without limitation", to inquire whether there could be nevertheless some other ground not covered by paragraph 3.4 that might show that the Registrant had a legitimate interest in the domain name. The Registrant had not filed a Response and it was therefore impossible to assess how it might argue or show by evidence how it had a legitimate interest in the domain name: *IW Apparel, LLC., Workwear Outfitters, LLC., and Imagewear Apparel, LLC, Re* (unreported decision of C.I.R.A. dated February 26, 2024).

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