

COPY

IN THE SUPREME COURT OF BRITISH COLUMBIA

Date: 20051103
Docket: S021009
Registry: Vancouver

BETWEEN:

**UNITED FOOD AND COMMERCIAL WORKERS
INTERNATIONAL UNION and
DAVID W. WATTS on his own behalf
and on behalf of all the MEMBERS of the
UNITED FOOD AND COMMERCIAL WORKERS
INTERNATIONAL UNION**

PLAINTIFFS

AND:

**SHARYN SIGURDUR, KELSEY SIGURDUR,
JOHN DOE AND JANE DOE carrying on business
under the firm name and style of
MEMBERS FOR DEMOCRACY AND THE SAID
MEMBERS FOR DEMOCRACY**

DEFENDANTS

Before: The Honourable Madam Justice Beames

Oral Reasons for Judgment
November 3, 2005

Counsel for the Plaintiffs:

R. Taylor
J. Kinghorn

On behalf of the Defendants:

W. Pasz

Date and Place of Hearing:

October 17 & 18, 2005
Vancouver, B.C.

[1] **THE COURT:** The plaintiff union is an international union carrying on business in Canada and the United States. It has three locals in British Columbia which are certified to represent workers here. The individual plaintiff, Mr. Watts, is an employee of the union and a representative of the plaintiff union in this action.

[2] The defendant, Kelsey Sigurdur, is a former member of the union. The defendant, Sharyn Sigurdur, is a member of the union and has been for more than 18 years. The defendants, together with others, I gather, have formed a group called "Members for Democracy", which is dedicated to bringing about union reform and, particularly, the democratization of unions including, but not restricted to, the plaintiff union.

[3] The plaintiff union has used the acronym UFCW since 1979 and eventually registered that acronym as a trademark in Canada in 2003. In 1996, the union started operating Web sites, each one utilizing its acronym. For example, the Canadian-based Web site has the Web address of ufcw.ca and the international site is ufcw.com. Many of the union's locals have their own Web sites, again, using the plaintiff's acronym, such as the defendant Sharyn Sigurdur's Local 1518, which uses the Web address of ufcw1518.com.

[4] In 2000, the defendants' group, Members for Democracy, created a Web site and registered the domain name and address or uniform resource locator, often called the "U.R.L.", of www.ufcw.net. The Web site has been operated continuously since 2000 and is now on its third version. The Web site has quadrupled in size since 2001. It was said during submissions that it has become the largest and most active union reform Web site in Canada.

[5] In 2000, the plaintiff union became aware that the defendants had established a Web site with the address of www.ufcw.net. The plaintiff demanded that the defendants change the Web site address and allege that the address was a trademark infringement. The plaintiff union offered to pay the defendants any expenses associated with the change. Unfortunately, the plaintiff and the defendants were unable to come to terms, and in February of 2002, the plaintiff union brought this action alleging that the defendants were passing off their Web site as a Web site of, or at least authorized and sanctioned by, the plaintiff union.

[6] The statement of claim, and the notice of motion which brings the proceeding before me, seeks unsustainably broad relief, including a declaration that the defendants' use of the acronym "UFCW" in connection with the defendants' Web site

constitutes passing off and a permanent injunction restraining the defendants from using the acronym in connection with their Web site without the plaintiff union's approval and consent.

[7] In reply submissions, for the first time, as I understand it, the plaintiff union submitted that it was only seeking a declaration and associated injunction with regard to the defendants' use of www.ufcw.net as its Web site address.

[8] In order to succeed in its action, and on the application for summary judgment, the plaintiff must prove that the defendants, through their Web site, have committed the tort of passing off. The elements of the tort, as summarized by Sigurdson J. in **British Columbia Automobile Association v. Office and Professional Employees' International Union, Local 378**, 2001 BCSC 156 ["**BCCA**"] at para. 59 are: the existence of goodwill, the deception of the public due to a misrepresentation and actual or potential damage. Those elements were described this way by Stromberg-Stein J. in **Greystone Capital Management Inc. v. Greystone Properties Ltd.** (1999), 87 C.P.R. (3d) 43 (S.C.), as follows at para. 27:

The tort of passing-off concerns misrepresentations by one party which damage the reputation or goodwill of another party. It is necessary to establish three components to succeed in a passing-off action, either at common law or pursuant to statute. Those

components were set out in *Ciba-Geigy Canada Ltd. v. Apotex Inc.* (1992), 44 C.P.R. (3d) 289 (S.C.C.):

1. The existence of reputation or goodwill at the relevant time. This includes consideration of whether the plaintiff was recognized by the trade name and whether the trade name was distinctive within the relevant field of activity.
2. A misrepresentation leading the relevant public to believe there is a business association or connection between the parties. This includes consideration of whether the defendants' use of the trade name is likely to deceive the relevant public. Any misrepresentation need not be deliberate and proof of intent is not necessary. Evidence of likelihood of confusion, leading to the possibility of lost business opportunity, is relevant. However, the establishment of actual confusion is not required.
3. Damage or potential damage flowing to the plaintiff as a result of any misrepresentation due to loss of control over its reputation is presumed.

[9] I am satisfied that the plaintiff is recognized by the acronym UFCW and that there is goodwill associated with that acronym.

[10] The next issue then is "misrepresentation leading the...public to believe there is a...connection between the parties". In this case, the defendants say that there cannot possibly be any confusion in the public's mind about the organization Members for Democracy and its independence from the plaintiff union. They quite rightly claim that as soon as

the homepage of the Web site is opened, it is obvious to even the most casual observer that the Web site is not union sponsored, nor union affiliated, but rather that it is a Web site promoting discussion about union reform, not limited to the plaintiff union but to labour unions generally.

[11] Similarly, it is obvious that neither the descriptors nor keywords describing the defendants' Web site, which are also known as its metatags, nor the content of the Web site itself could mislead the public about an affiliation between the plaintiff and the group known as Members for Democracy. The question then is whether the domain name of the Web site alone, namely ufcw.net, and the use of that name can constitute passing off.

[12] In *BCAA*, dealing with this question, Sigurdson J. said at para. 73 and 74:

If someone uses a person's trade-mark as the domain name, such as Marks & Spencers.com or McDonalds.com, without any other words or letters, that is likely to confuse members of the public who type in the domain name looking for the website of Marks & Spencers or McDonalds and then come to something else. They will think the website has some connection with the site they were seeking.

The case at bar does not involve the use of a trade-mark alone in the domain name, rather it deals with a website that contains the name and trade-mark *BCAA* as part of a more complete description, such as in *bcaabacktowork.com*.

[13] Similarly, in *Law Society of British Columbia v. Canada Domain Name Exchange Corp.* (2004), 243 D.L.R. (4th) 746 (B.C.S.C.) at p. 753, also decided by Mr. Justice Sigurdson, he said:

I find, hardly surprisingly, that the use of the name "lawsocietyofbc" in a domain name, without additional words or qualified by other words, is a representation that the site and the location to which it is directed is associated with the plaintiff. That is a misrepresentation.

Mr. Wright argues that there is no passing off because there must be evidence of a misrepresentation leading to confusion. He says that the user would know that the Law Society is not connected with an adult Web site or a political site and that in any event there is no proof that the defendant intended to misrepresent and harness the goodwill of the Law Society of British Columbia given the defendant's evidence that "lawsocietyofbc" stands for "Law Society of Barristers Categories" and that "lsbc" stands for "Love Sites by Categories".

In passing off, proof of intent is not necessary and any misrepresentation need not be deliberate. Evidence of likelihood of confusion leading to the possibility of lost business opportunity is relevant, but actual confusion is not required. Perhaps in some cases it is necessary to show that there is confusion to demonstrate that there is a misrepresentation, but here it is obvious to me that there is a misrepresentation that the domain name is, in fact, the plaintiff, if not in some way connected or associated with the Law Society of British Columbia.

And then further at p. 754:

Evidence of actual confusion could bolster the fact that there is a misrepresentation but it is not needed here where the misrepresentation is so obvious and that it exists is just a matter of common sense. The use of a domain name that is so similar to the name that the plaintiff is known by and has substantial goodwill in (without additional words) would lead a person surfing the Web and going to <<lawsocietyofbc.ca>> to believe, I conclude, that they were going to the plaintiff's Web site or one that was affiliated with the plaintiff.

...

Here the use of such a similar name and a name by which the plaintiff is specifically and commonly known would misrepresent that the domain name was associated with the plaintiff.

[14] In this case, I am satisfied that the defendants' use of UFCW, without more, in its domain name does amount to a misrepresentation likely to cause at least initial confusion as to an association or affiliation between the Web site and the plaintiff.

[15] I wish to make it clear that it is only the bare use of UFCW in the domain name that is objectionable. Should the defendants choose to use UFCW as part of its domain name, such as by using a domain name of "ufcamembersfordemocracy" or "ufcwmfd", or some other name which incorporates but is not exclusively comprised of the plaintiff's acronym, that may well not amount to a misrepresentation, as was the case with the domain names in issue in the *BCAA* case.

[16] I turn now to the third element, namely, damage or potential damage. The plaintiffs have not attempted to prove any actual damage, such as by proving even a single incident of a Web user reaching the defendants' Web site rather than one of the plaintiff's official Web sites by accident. Similarly, the plaintiff has not established nor attempted to establish any loss of goodwill. However, the defendants' use of ufcw.net does represent a loss of the plaintiff's control over its own acronym, and where there is misrepresentation as here, potential damage due to a loss of control over reputation is presumed: *Ciba-Geigy Canada Ltd. v. Apotex Inc.*, [1992] 3 S.C.R. 120.

[17] Consequently, I find that the third element has been established. Therefore, it follows that I am satisfied that the plaintiff is entitled to a declaration that the use of the domain name ufcw.net by the defendants amounts to a passing off.

[18] As to what flows from the declaration, it is necessary to consider the facts of this case. The defendants' Web site is a reform oriented protest Web site. They chose the name for, in my view, legitimate reasons. They initially wanted to specifically reach the plaintiff's members and to stimulate debate about the plaintiff's governance structure and about

union reform generally. They must be free to identify the plaintiff and to communicate with or reach the plaintiff's members, to paraphrase Sigurdson J. in the **BCAA** case. No commercial purpose has been alleged nor established. The defendants have not attempted to financially profit from use of the name and have not attempted to sell it to the plaintiff. The appropriateness of using the Web site as a medium for protest, political statements and reform is, in fact, broadly recognized and, indeed, is recognized by the plaintiff itself, which has a variety of protest Web sites that it operates, including such sites as www.walmartworkerscanada.com.

[19] The plaintiff has been slow in taking steps to prevent the continued use by the defendants of the domain name, waiting almost two years to commence litigation and then over three years before taking any substantive steps in the litigation. In the interim, the Web site has evolved, become more sophisticated and has become ever more popular. It is the evidence of the defendant, Kelsey Sigurdur, that it will be difficult and time consuming to make the changes required if the plaintiffs are granted the relief sought. In addition, in his opinion, the Web site, if renamed, will be difficult to find using search engines for a considerable period of time.

[20] The plaintiff's expert, Doug Arnold, says automated processes are available to make the necessary editing types of changes and that other steps can be taken to reduce the difficulty Web users may experience in finding the defendants' Web site. However, he does not, in his evidence, address either the cost or the resources required to take such steps.

[21] Balancing the competing interests here, I have concluded that the plaintiffs are entitled to an injunction restraining the defendants from continuing to use the Web address of www.ufcw.net, but that the defendants need time in order to facilitate an orderly transition to a new domain name and Web site address. Consequently, I will order that the defendants shall, after 120 days, be enjoined from using the domain name ufcw.net and the Web site address of www.ufcw.net. The defendants are at liberty to apply to me before the expiry of the 120 days for an extension if they are encountering difficulties in making the necessary changes.

[22] With regard to the plaintiff's damages claim, as I have said, they have proven no specific damages, although in circumstances such as these, as I have said, damages may be presumed. This is a case for, at best, nominal damages and I set the damages payable by the defendants to the plaintiff in the amount of \$100.

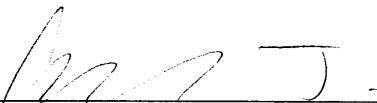
[23] In the circumstances of this case, including the overreaching and unsustainable relief originally sought by the plaintiff, I will order each party bear his or her own costs unless there are matters such as settlement offers of which I am unaware.

[24] Is there anything arising?

[25] **MR. TAYLOR:** No, My Lady. Thank you.

[26] **MS. PASZ:** No.

[27] **THE COURT:** Thank you very much.



The Honourable Madam Justice Beames