

# IN THE SUPREME COURT OF BRITISH COLUMBIA

Citation: *Equustek Solutions Inc. v. Jack*,  
2014 BCSC 1063

Date: 20140613  
Docket: S112421  
Registry: Vancouver

Between:

**Equustek Solutions Inc.  
Robert Angus and Clarma Enterprises Inc.**

Plaintiffs

And

**Morgan Jack, Andrew Crawford,  
Datalink Technologies Gateways Inc., Datalink 5, Datalink 6,  
John Doe, Datalink Technologies Gateways LLC and Lee Ingraham**

Defendants

Before: The Honourable Madam Justice Fenlon

## Reasons for Judgment

Counsel for the Plaintiffs:

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Google Canada Corporation and Google Inc.:

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Place and Date of Hearing:

Vancouver, B.C.  
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February 7, 2014

Further Written Submissions:

March 7 and 24, 2014  
May 23 and 29, 2014

Place and Date of Judgment:

Vancouver, B.C.  
June 13, 2014

**I. INTRODUCTION**

[1] The plaintiffs apply for an interim injunction restraining two non-parties, Google Inc. and Google Canada Corporation, from including the defendants' websites in search results generated by Google's search engines. This application raises novel questions about the Court's authority to make such an order against a global internet service provider.

[2] Although the plaintiffs seek an order against Google Inc. and Google Canada Corporation, there is no evidence that Google Canada Corporation is involved in the search services the plaintiffs seek to enjoin. It was common ground at the hearing that Google Inc. provides those internet search services. The order sought, if it is to be made, must thus be made against Google Inc. Accordingly, when I use the term "Google", I am referring only to Google Inc. I use the term "Google Canada" to refer to Google Canada Corporation in places.

**II. THE UNDERLYING ACTION**

[3] The plaintiffs manufacture networking devices that allow complex industrial equipment made by one manufacturer to communicate with complex industrial equipment made by another manufacturer.

[4] The plaintiffs claim that the defendants other than Andrew Crawford and Lee Ingraham (hereinafter referred to as "the defendants"), while acting as a distributor of the plaintiffs' products, conspired with one of the plaintiffs' former engineering employees and others to design and manufacture a competing product, the GW1000. The plaintiffs say that the defendants designed their competing product using the plaintiffs' trade secrets.

[5] The plaintiffs also claim that for many years before they made the GW1000 the defendants covered over the plaintiffs' name and logo and passed off the plaintiffs' products as their own. Later when the defendants began manufacturing the GW1000, they relied on the plaintiffs' goodwill by exclusively advertising the plaintiffs' products on their websites. The defendants then delivered their own

competing product when they received orders for the plaintiffs' products, in a tactic amounting to "bait and switch".

[6] This underlying action was commenced on April 12, 2011. The defendants failed to comply with various court orders from the outset of proceedings, resulting in the defences of Morgan Jack and Datalink Technologies Gateways Inc. being struck in June 2012.

[7] The defendants originally carried on business in Vancouver but now appear to operate as a virtual company. They carry on business through a complex and ever expanding network of websites through which they advertise and sell their product. These websites have been the subject of numerous court orders, including a December 2012 order prohibiting the defendants from carrying on business through any website. The defendants continue to sell the GW1000 on their websites in violation of these court orders.

[8] Google is not a party to this action. It operates and maintains internet search services that include the defendants' various websites in Google's search results. Google acknowledges that it has the ability to remove websites from its search engine results, and routinely does so in various situations.

[9] Following the December 2012 order prohibiting the defendants from carrying on business through any website, Google voluntarily complied with the plaintiffs' request to remove specific webpages or uniform resource locations ("URLs") from its Google.ca search results (*i.e.* from searches originating in Canada), removing 345 URLs in total. However, Google is unwilling to block an entire category of URLs, sometimes referred to as "mother sites" from its search results worldwide.

**III. POSITION OF THE PARTIES TO THIS APPLICATION**

[10] The plaintiffs take the position that an injunction should be granted against Google because Google's search engine facilitates the defendants' ongoing breach of the Court's orders by leading customers to Datalink websites.

[11] Google takes the position that the Court does not have jurisdiction over either Google Inc. or Google Canada because neither is present in British Columbia and because the application for an injunction does not relate to Google doing or refraining from doing anything in either British Columbia or Canada. Google argues that even if this Court has jurisdiction, the order sought should not be made for two main reasons: (i) because it would amount to a worldwide order that could not be enforced and (ii) because it would constitute an unwarranted intrusion into Google's lawful business activities as a search engine.

**IV. ISSUES**

[12] The application raises three main issues:

- (i) Does this Court have territorial competence over a worldwide internet search provider such as Google?
- (ii) If the answer to the first question is yes, should this Court decline to exercise jurisdiction on the basis that California is the more appropriate forum?
- (iii) Should the order sought be granted?

**V. ANALYSIS**

**1. Does the Court have territorial competence over Google?**

[13] Determining whether jurisdiction should be assumed in a case with interjurisdictional aspects has always been a complex question. The worldwide growth of internet or e-commerce has only made the task more challenging.

[14] The starting point in deciding whether the Court has territorial competence to make the order sought against Google is the *Court Jurisdiction and Proceedings Transfer Act*, S.B.C. 2003, c. 28 [CJPTA] which codified and replaced the common law in this area. Territorial competence is established "by the existence of defined connections between the territory or legal system... and a party to the proceeding or

the facts on which the proceeding is based”: *Stanway v. Wyeth Pharmaceuticals Inc.*, 2009 BCCA 592 at para. 10.

[15] The plaintiffs accept they bear the burden of establishing the Court’s territorial competence over Google. However, the parties do not agree on the standard of proof to be applied to this analysis.

**(i) What Standard of Proof applies?**

[16] The plaintiffs argue that they need only show a good arguable case that Google is within the Court’s jurisdiction, sometimes described as a *prima facie* case. Google submits that the ordinary, higher standard of proof on a balance of probabilities applies.

[17] The Court of Appeal held that a plaintiff need only establish an arguable case that a defendant is subject to the Court’s jurisdiction: *Purple Echo Productions, Inc. v. KCTS Television*, 2008 BCCA 85 [*Purple Echo*] at paras. 41-42. That can be accomplished by asserting facts that, if proved, would found jurisdiction: *Purple Echo* at para. 36. However, this conclusion is predicated on the assumption that “[i]f an arguable case were made out, the case would continue with jurisdiction potentially still a live issue”: *Purple Echo* at para. 37. The Court of Appeal noted that since a determination under what is now Rule 21-8(1) is not a final determination, a *prima facie* standard suffices: *Purple Echo* at para. 39. The standard of proof is thus clear when a defendant challenges jurisdiction. However, Google is not a defendant, but a non-party respondent on an interim application.

[18] The order sought on this application is an interim one in the underlying action between the plaintiffs and defendants, and if ordered, may also turn out to be time-limited against Google. However, if the order is made it is unlikely there will be another opportunity to consider the Court’s jurisdiction to make an order against Google. In that sense the issue of territorial competence on this application is a final determination.

[19] On the other hand, the plaintiffs have had limited opportunity to gather evidence in support of the jurisdictional facts they rely on to establish the Court's territorial competence over Google. They have cross-examined Steven Smith, who is a member of the "Legal Removals" team in Google's legal department, but discovery of Google's corporate structure and operations has been limited.

[20] The Supreme Court of Canada addressed the challenge facing a court in determining jurisdiction on interlocutory motions in *Club Resorts Ltd. v. Van Breda*, 2012 SCC 17, [2012] 1 S.C.R. 572 [*Van Breda*] at para. 72:

[72] ...[C]ourt decisions dealing with the assumption and the exercise of jurisdiction are usually interlocutory decisions made at the preliminary stages of litigation. These issues are typically raised before the trial begins. As a result, even though such decisions can often be of critical importance to the parties and to the further conduct of the litigation, they must be made on the basis of the pleadings, the affidavits of the parties and the documents in the record before the judge, which might include expert reports or opinions about the state of foreign law and the organization of and procedure in foreign courts. Issues of fact relevant to jurisdiction must be settled in this context, often on a *prima facie* basis. These constraints underline the delicate role of the motion judges who must consider these issues.

[21] In my view, proof on a balance of probabilities is the appropriate standard on this application because the jurisdictional ruling is a final one *vis à vis* the applicant and respondent. However, that standard should be applied while recognizing that the plaintiffs have had a limited opportunity to marshal supporting evidence.

**(ii) Have the plaintiffs established territorial competence?**

[22] I return now to the substantive question: Does Google fall into one of the connecting factors specified in the *CJPTA*? Neither Google nor Google Canada is registered or has a place of business in British Columbia. Section 3(e) of the *CJPTA* provides that:

3 A court has territorial competence in a proceeding that is brought against a person only if

...

(e) there is a real and substantial connection between British Columbia and the facts on which the proceeding against that person is based.

[23] Section 10 of the *CJPTA* provides that “a real and substantial connection” between British Columbia and the facts on which the proceeding is based is presumed to exist if certain facts pertain. The plaintiffs rely on three of the connecting factors listed in s. 10, asserting that this application:

(a) is brought to enforce, assert, declare or determine proprietary or possessory rights or a security interest in property in British Columbia that is immovable or movable property,

...

(h) concerns a business carried on in British Columbia,

(i) is a claim for an injunction ordering a party to do or refrain from doing anything

(i) in British Columbia, or

(ii) in relation to property in British Columbia that is immovable or movable property,

[24] Before considering any of these connecting factors individually, I note that application of the presumptive factors in s. 10 of the *CJPTA* is contextual. The *CJPTA*, like many of the cases addressing conflicts of laws, focuses on parties to a dispute in which one has a cause of action against the other. However, proceeding is defined broadly in s. 1 of the *CJPTA* as “an action, suit, cause, matter, petition proceeding or requisition proceeding and includes a procedure and a preliminary motion”. Thus, the “proceeding” with respect to which I must answer the question of jurisdiction is not the underlying dispute between the plaintiffs and defendants but the relief that is specifically sought against Google.

[25] Turning to the connecting factors the plaintiffs rely on, I first conclude that s. 10(i) of the *CJPTA* is not applicable. The plaintiffs apply to compel Google to take steps to alter its search engine. While Google was vague about the location of the computers that operate the search engine program, it is certain that those computers are not located in British Columbia. It follows that the order sought does not relate to Google taking steps in British Columbia or in relation to property in British Columbia.

[26] I conclude that s. 10(a) of the *CJPTA* is applicable. This connecting factor establishes a presumptive substantial connection in a proceeding brought to enforce

proprietary rights over immovable or moveable property in British Columbia. The plaintiffs' intellectual property at the heart of the underlying action is moveable property. The plaintiffs seek to enjoin Google in order to enforce their proprietary rights.

[27] The plaintiffs acknowledge that the vast majority of GW1000 sales occur outside of Canada, but I accept that at least to the extent that the order sought relates to the enforcement of intellectual property rights in British Columbia, s. 10(a) applies. It may be a weak connecting factor, but that is not a consideration at this stage of the jurisdictional analysis.

[28] I conclude that s. 10(h) is also a connecting factor, and a stronger one, because the injunction sought concerns a business that Google carries on in British Columbia. The question of whether Google carries on business in British Columbia requires a detailed consideration of Google's operations.

[29] Google Canada is a wholly owned subsidiary of Google. It is chiefly responsible for marketing Google's services, including its search advertising, engineering efforts on products other than Google search, and other forms of interaction with the Canadian public such as policy outreach. Google Canada is incorporated in Nova Scotia and has offices in Montreal, Toronto, Ottawa, and Waterloo. Google Canada is not extra-provincially registered in British Columbia.

[30] Google is a publically traded company incorporated in Delaware, USA. Its head office is in Mountain View, California and its internet search services are "operated out of that facility". It too is not extra-provincially registered in British Columbia. Google has two wholly owned subsidiaries that are extra-provincially registered in British Columbia, Google Payment Corp. and Google Canada Payment Corp., but I have no evidence about the activities of those companies.

[31] Google operates the Google search engine that makes internet search results available through dedicated websites for each country around the world. For example, Google provides internet search services to users in Canada through

“www.google.ca”, to users in the United States through “www.google.com”, and to users in France through “www.google.fr”. Despite providing country specific search websites, Google acknowledges that internet users are not restricted to using the website dedicated to their particular country. Thus users in Canada can search through “www.google.fr”, and vice versa.

[32] There are hundreds of millions of active websites over the internet and trillions of webpages. Search engines make the internet a viable and effective information and communication resource. The internet cannot be successfully navigated without search services such as those Google provides. Although there are other internet search companies, 70-75% of internet searches worldwide are done through Google.

[33] Google does not charge for providing internet search services. It earns money in other ways, primarily by selling advertising space on the webpages that display search results. Google’s advertising success is driven by the very high quality of its search results. Its income from these commercial activities is about \$50 billion annually.

[34] Google says that the fact that an internet search is initiated in British Columbia does not equate to Google carrying on business in the province. Google argues that on the plaintiffs’ reasoning there is not a country on earth whose civil courts could not assert jurisdiction over Google in respect of search results. Rather, suggests Google, “some form of actual not virtual presence is required”. Google relies heavily on *Van Breda* in which LeBel J. wrote at para. 87:

[87] Carrying on business in the jurisdiction may also be considered an appropriate connecting factor. But considering it to be one may raise more difficult issues. Resolving those issues may require some caution in order to avoid creating what would amount to forms of universal jurisdiction in respect of tort claims arising out of certain categories of business or commercial activity. Active advertising in the jurisdiction or, for example, the fact that a Web site can be accessed from the jurisdiction would not suffice to establish that the defendant is carrying on business there. The notion of carrying on business requires some form of actual, not only virtual, presence in the jurisdiction, such as maintaining an office there or regularly visiting the territory of the particular jurisdiction. [Emphasis added.]

Google did not quote that paragraph in full. The next line adds what is, in my view, an important qualification:

But the Court has not been asked in this appeal to decide whether and, if so, when e-trade in the jurisdiction would amount to a presence in the jurisdiction.

In contrast to *Van Breda*, the matter before me involves e-commerce, or at least providing an “e-service”.

[35] *Van Breda* indicates that a real and substantial connection cannot be derived from the mere fact that a passive website can be accessed in the jurisdiction. To similar effect is *Thumbnail Creative Group Inc. v. Blu Concept Inc.*, 2009 BCSC 1833 [*Thumbnail*]. In that case the plaintiff claimed the defendant breached copyright by publishing the plaintiff’s images. The defendant published these images in a book in the United States which could be purchased on the internet. Madam Justice Dickson said at para 19:

[19] ... use of the Internet in the course of conducting business does not mean the business in question is carried on globally for the purposes of a territorial competence analysis. As counsel for [the defendants] points out, if this were so the Supreme Court of British Columbia would have jurisdiction in any dispute involving any business that makes long-distance telephone calls into this province or relies upon the Internet. [The plaintiff] did not provide authority in support of this far reaching proposition, which is, in my view, unsustainable. [Emphasis added.]

[36] It follows from *Van Breda* and *Thumbnail* that the ability of someone in British Columbia to open a website created by a person in another country does not of itself give this Court jurisdiction over the creator of that website. Something more is required. In *Van Breda*, the Court considered factors such as whether the defendants’ representatives regularly travelled to Ontario to further the defendants’ promotional activities for its resorts and whether it distributed promotional materials in the province. In *Thumbnail*, Dickson J. considered that the connection between the defendants and British Columbia appeared to be limited to the sale of one copy of the defendant’s book.

[37] E-commerce has exponentially increased the difficulty of determining whether a company is carrying on business in a particular jurisdiction; it raises the spectre of a company being found to carry on business all over the world, just as Google submits with some alarm. Kevin Meehan comments in “The Continuing Conundrum of International Internet Jurisdiction” (2008) 31 BC Int’l & Comp L Rev 345 at 349:

In the traditional analog world, it is relatively easy for courts to determine the geographical locations of the persons, objects, and activities relevant to a particular case. The geography of the digital world of the Internet, however, is not as easily charted. Content providers may physically reside, conduct their business, and locate their servers in a particular location, yet their content is readily accessible from anywhere in the world. Furthermore, attempts to identify the location of a particular user over the Internet have proven extremely difficult, and many Internet users compound this problem by intentionally hiding their location. Traditional principles of international jurisdiction, particularly territoriality, are poorly suited for this sort of environment of geographic anonymity. Courts have struggled to develop a satisfactory solution, yet no progress has been made toward a uniform global standard of Internet jurisdiction.

[38] In short, courts have traditionally focused on locating the behaviour in issue within a particular state’s borders to ensure that “the connection between a state and a dispute cannot be weak or hypothetical [so as to] cast doubt upon the legitimacy of the exercise of state power over the persons affected by the dispute” [*Van Breda* at para. 32]. Online activities, whether commercial or otherwise, are not so easily pigeonholed.

[39] In *Barrick Gold Corp. v. Lopehandia* (2004), 71 O.R. (3d) 416, 2004 CanLII 12938 (C.A.) [*Barrick Gold*], an Ontario company sued a British Columbia resident, alleging that he was defaming the company by posting hundreds of messages on internet websites accusing the company of fraud, tax evasion, money laundering, and genocide. At para. 30 the Ontario Court of Appeal quoted with approval from a High Court of Australia decision that said:

The Internet is essentially a decentralized, self-maintained telecommunications network. It is made up of inter-linking small networks from all parts of the world. *It is ubiquitous, borderless, global and ambient in its nature. Hence the term "cyberspace". This is a word that recognizes that the interrelationships created by the Internet exist outside conventional geographic boundaries and comprise a single interconnected body of data, potentially amounting to a single body of knowledge.* The Internet is

accessible in virtually all places on Earth where access can be obtained either by wire connection or by wireless (including satellite) links. *Effectively, the only constraint on access to the Internet is possession of the means of securing connection to a telecommunications system and possession of the basic hardware.* [Italics added by the Ontario Court of Appeal.]

[40] The Ontario Court of Appeal went on to note that these characteristics create a challenge in the defamation context and that “Traditional approaches ... may not respond adequately to the realities of the Internet world”: *Barrick Gold* at para. 32.

[41] Canadian courts have found some assistance regarding jurisdiction and the internet in American cases. As academic commentators note, American jurisprudence is “an imperfect fit, as the American approach to personal jurisdiction has its roots in that country’s constitutional requirement for minimal contact in order to establish due process.”: Teresa Scassa & Michael Deturbide, *Electronic Commerce and Internet Law in Canada*, 2nd ed (Toronto, Ontario: CCH Canadian Limited, 2012) at 602 [Scassa & Deturbide].

[42] Canadian courts have widely considered the United States District Court decision in *Zippo Manufacturing v. Zippo Dot Com Inc.*, 952 F Supp 119 (WD Pa 1997) [Zippo]: *Braintech, Inc. v. Kostiuik*, 1999 BCCA 169 [Braintech], *Pro-C Ltd. v. Computer City Inc.*, [2000] O.J. No. 2823 (S.C.J.), *Wiebe v. Bouchard et al.*, 2005 BCSC 47.

[43] The plaintiff in *Zippo* is a Pennsylvania corporation that manufactures Zippo lighters. It claimed that the defendant, a California corporation that operated an internet news service and website under the domain names “ZippoNews.com”, “Zippo.com” and “Zippo.net”, infringed its trademark. The defendant’s officers, employees, and internet servers were located in California and it had no offices, employees, or agents in Pennsylvania. Pennsylvania residents accessed the defendant’s website, signed up, and received a news message service. Three thousand of the defendant’s 140,000 subscribers world-wide were Pennsylvania residents. Contracts between users in Pennsylvania and the defendant were entered into on the website.

[44] The issue was whether Pennsylvania's long-arm statute could "reach" the defendant in California and exercise personal jurisdiction over it. As in *Van Breda* and *Thumbnail*, the Court concluded that being able to access a passive website was an insufficient basis for the state where the website was accessed to assert jurisdiction.

[45] However, the Court found it had jurisdiction because the defendant had subjected itself to Pennsylvania's jurisdiction by conducting electronic commerce in Pennsylvania through its interactive website.

[46] In *Scassa & Deturbide* at 604, the authors note that in the years since *Zippo*, American courts began to feel uncomfortable with the vague "interactivity" concept of *Zippo* and moved towards a test that focussed on "targeting" a jurisdiction, which fit more easily in areas like defamation where the *Zippo* test was particularly inadequate. The concepts of interactivity and targeting are of assistance in assessing whether Google carries on business in British Columbia through its websites.

[47] Google submits that it merely offers a passive website to residents of British Columbia who wish to search the internet. It argues that its programs automatically generate search results without Google being actively involved in the particular search. Paragraph 23 of Google's written submissions state:

[23] ... Google's internet search engine allows users to enter key-words and then Google generates a list of results in a specific ranked order. Google's search results are computer generated through the use of Google's highly confidential and proprietary algorithm and methodology. Google's web crawler program (referred to as "Googlebot") reviews the content that is available on trillions of webpages or URLs over the internet. Search results are generated based on that content [within seconds].

[48] I conclude that Google's internet search websites are not passive information sites. As a user begins to type a few letters or a word of their query, Google anticipates the request and offers a menu of suggested potential search queries. Those offerings are based on that particular user's previous searches as well as the phrases or keywords most commonly queried by all users. As James Grimmelman

writes in “The Structure of Search Engine Law” (2007-2008) 93 Iowa L Rev 1 at 10-11:

Search engines are also increasingly learning from the large volumes of query data they have accumulated. A user’s history of queries can provide useful information about her probable intentions -- for example, whether she tends towards navigational or transactional queries. Similarly, search engines gain useful feedback into their own successes and failures by seeing which results users click on or by noticing long strings of searches on related terms, which may indicate that the user is having trouble finding what she’s looking for.

[49] Google collects a wide range of information as a user searches, including the user’s IP address, location, search terms, and whether the user acts on the search results offered by “clicking through” to the websites on the list.

[50] In addition to its search services, Google sells advertising to British Columbia clients. Indeed, Google entered into an advertising contract with the defendants and advertised their products up to the hearing of this application. Google acknowledges it should not advertise for the defendants and filed an affidavit explaining its inadvertent failure to suspend the defendants’ Google account prior to the hearing.

[51] Although Google’s advertising business is marketed in Canada by Google Canada, British Columbia residents who wish to advertise on Google’s webpages contract directly with Google and make payments directly to Google. Although those contracts stipulate that disputes will be governed by California law and adjudicated in California courts, the “choice of laws” provision in those contracts does not alter the fact that Google is carrying on a business in this province through advertising contracts with British Columbia residents.

[52] The Supreme Court of Canada noted that advertising in a jurisdiction is not by itself a sufficient connection to establish territorial competence: *Van Breda* at paras. 87, 114. But there is a difference between a company advertising its own services through a website or other media available to British Columbia residents, and engaging in the business of selling advertising space on the internet to other

companies in British Columbia. There is uncontradicted evidence before me that Google sells advertising to British Columbia residents, including the defendants.

[53] Google submits that its advertising services are completely separate from its search services, and cannot justify the Court assuming jurisdiction over Google's search services. With respect, I do not agree with that proposition for two reasons.

[54] First, Google's business model is contextual advertising; the "context" is the search done using Google's search services. Ads are linked to either the subject matter of the search, or the history of the person searching. Google does not charge users of its search services. Rather, it sells space on its websites to advertisers whose ads are displayed alongside the search results generated by a user's query.

[55] These ads can relate to the topics searched. For example, if "Vancouver lawyers" is searched, a page showing a list of Vancouver lawyers will be generated. At the top of the list a number of ads show up for law firms that have paid Google in order to advertise there. Those ads look like the other search results but are marked by **Ad**.

[56] These ads can also be unrelated to the content of the search, but geared to a particular searcher. For example, if the user has in the past searched a retail website, ads for that retail outlet may appear on the page showing the search results for the query "Vancouver lawyers". Google can individually tailor the advertising seen by a user each time they search using the information in the search query and that user's own search history.

[57] Google made the same argument that its ad and search services are unrelated in submissions to the European Court of Justice in *Google Spain SL and Google Inc. v. Agencia Española de Protección de Datos (AEPD) and Mario Costeja González*, C-131/12 [*González*]. The European Court of Justice delivered judgment on 13 May 2014. Its reasons are available online but are not yet published. In that dispute, Mr. González lodged a complaint with the Spanish Data Protection Agency based on the fact that when an internet user entered Mr. González's name in the

Google search engine, the user would obtain links to two pages of a newspaper published in January and March of 1998 relating to attachment proceedings against Mr. González for the recovery of social service debts.

[58] Mr. González applied to order the newspaper to remove or alter its webpages so that his personal data no longer appeared. He also requested that Google Spain or Google be required to remove or conceal his personal data so that it was not included in search results given that the attachment proceedings concerning him had been fully resolved for a number of years and any “reference to them was now entirely irrelevant” (para. 15).

[59] The Spanish Data Protection Agency upheld Mr. González’s complaint against Google Spain and Google on the basis that search engine operators were subject to data protection legislation. Google appealed that decision to the National High Court which in turn referred the matter to the European Court of Justice for preliminary rulings. The European Court of Justice confirmed that the promotion and sale of advertising space in relation to Spain constituted the bulk of Google’s commercial activity and was “regarded as closely linked to Google Search” (para. 46). The European Court of Justice concluded at para. 56:

[56] ... the activities of the operator of the search engine [Google] and those of its establishment situated in the Member State [Google Spain] concerned are inextricably linked since the activities relating to the advertising space constitute the means of rendering the search engine at issue economically profitable and that engine is, at the same time, the means enabling those activities to be performed.

[60] While *González* concerned the protection of personal information and particular statutory provisions, the analysis relating to the connection between Google’s advertising and search functions is of assistance. I too conclude that the two parts of Google’s business are inextricably linked; neither service can stand alone.

[61] Second, whether the advertising activity conducted in British Columbia is the same as the activity which the plaintiff seeks to enjoin is not germane to the territorial competence analysis. The difference between the advertising business and

the search business to be enjoined goes to the strength of the connection between the matter and British Columbia. It could thus be a factor when assessing whether British Columbia is the appropriate forum, but it does not affect this court's territorial competence. Once the Court has *in personam* jurisdiction, it has it for all purposes.

[62] Further, at the territorial competence stage of the analysis, the Court is not looking for the strongest possible connection to this forum, but for a connection sufficient to meet the requirements of the *CJPTA*. In *Purple Echo* the plaintiff claimed damages for alleged breaches of a co-production agreement with broadcaster KCTS which was licenced to broadcast only in the United States, although broadcasts were available to viewers in Canada. KCTS was found to have a place of business in British Columbia because PCPTA, a federally incorporated Canadian corporation with an office in Vancouver, solicited Canadian donations for KCTS under contract and paid the money to KCTS: *Purple Echo* at paras. 44-46. The Court of Appeal's finding that British Columbia had territorial competence turned on a number of other factors as well, but the Court nonetheless included the link between the "parent" and its agent company as a factor supporting the connection between that parent company and British Columbia.

[63] In any event, I find that Google's search and advertising services are inextricably linked.

[64] I will address here Google's submission that this analysis would give every state in the world jurisdiction over Google's search services. That may be so. But if so, it flows as a natural consequence of Google doing business on a global scale, not from a flaw in the territorial competence analysis. As Janet Walker writes in *Castel & Walker: Canadian Conflict of Laws*, loose-leaf, 6 ed (Markham, Ontario: LexisNexis, 2005), ch 11 at 27, a legal person such as a corporation can be subject to multiple jurisdictions whether because it is resident there through registration, or because it is carrying on business in that jurisdiction. Further, the territorial competence analysis would not give every state unlimited jurisdiction over Google;

jurisdiction will be confined to issues closely associated with the forum in accordance with private international law.

[65] In summary on this issue, I conclude that the Court has territorial competence over Google on this application.

**2. Is British Columbia the appropriate forum?**

[66] Should the Court decline to exercise its jurisdiction on the basis that there is another, more convenient forum in which to adjudicate this application? As the Supreme Court of Canada observed in *Van Breda* at para. 101, a clear distinction must be drawn between the existence and the exercise of jurisdiction. The former is concerned generally with preventing jurisdictional overreach and respecting the authority of foreign courts, the latter is concerned with fairness to the parties and efficient resolution of the dispute: *Van Breda* at paras. 22, 104-105. Although Google did not frame its argument expressly in terms of *forum non conveniens*, it asserted that California is a better forum to hear this application. Therefore, the issue must be addressed.

[67] Once jurisdiction is established, the burden falls on Google to show why the Court should decline to exercise its jurisdiction and displace the forum chosen by the plaintiffs: *Van Breda* at para. 103. Google must show that the alternative forum is clearly more appropriate and that, in light of the characteristics of the alternative forum, the matter can be adjudicated more fairly and efficiently there.

[68] In British Columbia the Court's discretion to stay the proceeding in favour of another state's jurisdiction is grounded in s. 11(1) of the *CJPTA*:

11 (1) After considering the interests of the parties to a proceeding and the ends of justice, a court may decline to exercise its territorial competence in the proceeding on the ground that a court of another state is a more appropriate forum in which to hear the proceeding.

[69] Google's submissions in support of a stay can be grouped into three main arguments:

- (i) The Court should decline jurisdiction because Google has agreed to block specific websites from its search results and the plaintiffs have failed to avail themselves of that out-of-court remedy;
- (ii) Google has a stronger connection to California; and
- (iii) An order made by a California court can be enforced.

I will deal with each submission in turn.

**(i) *Is an out-of-court remedy available to the plaintiffs?***

[70] Google submits that the plaintiffs have a remedy available to them without a court order but have failed to avail themselves of it. Although this is not strictly speaking another forum, it is convenient to address the question here. After Google received notice of this Court's orders in the fall of 2012 and the plaintiffs filed this application, Google agreed to take down the defendants' websites that the plaintiffs identified by way of a specific URL.

[71] The plaintiffs initially agreed to try that route and adjourned the application generally to do so. They provided Google with specific URLs from which the defendants were selling the GW1000 in violation of the Court's orders. Google voluntarily blocked 345 websites from its search results. This is referred to as "taking down" websites.

[72] However, the process was wholly unsatisfactory from the plaintiffs' perspective. In place of the de-indexed websites, a whole host of new websites moved up the rankings to take their place. Websites can be generated automatically, resulting in an endless game of "whac-a-mole" with the plaintiffs identifying new URLs and Google deleting them. The plaintiffs argue that any scheme that depends on the deletion of individual URLs is ineffective.

[73] The insufficiency of the voluntary take-down of specific websites was recognized by the Regional Court of Paris in the unreported decision Trib gr inst Paris, 6 November 2013, *Max Mosely v. Google France SARL and Google Inc.*[Max

*Mosely*]. *Mosely* had been surreptitiously videotaped by the News of the World while engaging in sexual activity with several partners. The newspaper published the images and made others available on its website. In a French criminal proceeding, the newspaper was found guilty and ordered to cease publishing the images. However, the images remained widely available by searching through Google Images.

[74] *Mosely* asked Google to stop indexing the pictures with reference to specific URLs. He made many such requests and Google honoured all of the requests but the images continued to be indexed through new URLs. After two years of this process, *Mosely* asked Google to prevent the images from being indexed at all. Google refused and *Mosely* applied for an injunction and damages. The Court observed that it was impossible for the plaintiff to have his right enforced by using only the procedures made available by Google (English translation of *Max Mosely* at 10).

[75] The inadequacy of this approach in the present matter is heightened by Google's removal of specific URLs from only those searches initiated through Google.ca – a fact that came to the plaintiffs' attention only after cross-examining Mr. Smith on his affidavit on May 21, 2013. As a result, the defendants' blocked websites appear when searches are conducted from any country other than Canada, or when a search is conducted within Canada using a Google website other than www.google.ca.

[76] The majority of GW1000 sales occur outside Canada. Thus, quite apart from the practical problem of endless website iterations, the option Google proposes is not equivalent to the order now sought which would compel Google to remove the defendants' websites from all search results generated by any of Google's websites worldwide. I therefore conclude that the plaintiffs do not have an out of court remedy available to them.

(ii) **Does Google have a stronger connection to California?**

[77] Google is a Delaware company that is registered and has its head office in California. The *CJPTA*, like the common law it codified, recognizes that the ordinary residence of a person within a state is a strong connecting factor justifying the assumption of jurisdiction over that person. Residence for a legal person such as a corporation is established under s. 7 of the *CJPTA* only if:

- (a) the corporation has or is required by law to have a registered office in British Columbia,
- (b) pursuant to law, it
  - (i) has registered an address in British Columbia at which process may be served generally, or
  - (ii) has nominated an agent in British Columbia upon whom process may be served generally,
- (c) it has a place of business in British Columbia, or
- (d) its central management is exercised in British Columbia.

[78] None of these subsections apply to Google in British Columbia, but all pertain in California. Google's internet search services are said to "operate out of" its head office.

[79] I accept that Google has a strong presence in and connection to California. But the question is "which forum is more appropriate?" not "where does Google reside?" As the Supreme Court of Canada observed in *Van Breda* at para. 109, the Court should not exercise its discretion in favour of a stay solely because it finds that comparable forums exist in other states:

[109] ... It is not a matter of flipping a coin. A court hearing an application for a stay of proceedings must find that a forum exists that is in a better position to dispose fairly and efficiently of the litigation. But the court must be mindful that jurisdiction may sometimes be established on a rather low threshold under the conflicts rules. *Forum non conveniens* may play an important role in identifying a forum that is clearly more appropriate for disposing of the litigation and thus ensuring fairness to the parties and a more efficient process for resolving their dispute.

[80] The factors I must consider in deciding whether California is the more appropriate forum in which to hear this application include those set out in s. 11(2) of the *CJPTA*:

11 (2) A court, in deciding the question of whether it or a court outside British Columbia is the more appropriate forum in which to hear a proceeding, must consider the circumstances relevant to the proceeding, including

- (a) the comparative convenience and expense for the parties to the proceeding and for their witnesses, in litigating in the court or in any alternative forum,
- (b) the law to be applied to issues in the proceeding,
- (c) the desirability of avoiding multiplicity of legal proceedings,
- (d) the desirability of avoiding conflicting decisions in different courts,
- (e) the enforcement of an eventual judgment, and
- (f) the fair and efficient working of the Canadian legal system as a whole.

[81] I will address each of these factors in turn.

**(a) Comparative convenience and expense**

[82] This factor is of limited significance since “the proceeding” in this case is a single application for an interim injunction. Google has already incurred the expense of argument and appearance here. I consider it nonetheless because it could still be a factor with respect to enforcement if I grant the order sought.

[83] This factor encompasses the Court’s concern for protecting the respondent from unfairly inconvenient litigation. Google is a highly sophisticated entity with annual revenues of \$50 billion and 54,000 employees worldwide. Because of the emergent nature of its business, Google often finds itself at the cutting edge of legal issues in many different fields of law all over the world, including in the areas of defamation, copyright, privacy and competition law. As a result Google has an in-house legal department of 700 people, including dedicated product counsel, national and regional counsel, and litigation counsel.

[84] In contrast, the primary corporate plaintiff is a small British Columbia company which is incurring significant financial losses due to the defendants' conduct. I find this factor favours British Columbia as the more appropriate forum.

**(b) The law to be applied to issues in the proceeding**

[85] This is a neutral factor; in either forum local law would apply. Google acknowledges that theft of intellectual property rights would be actionable in California, but I have no evidence before me of the applicable law in California governing the granting of injunctions against non-parties.

**(c) The desirability of avoiding multiplicity of proceedings**

[86] The plaintiffs' application for an interim injunction against Google is founded on the plaintiffs' actions against the defendants and the Court's inherent jurisdiction to issue orders to protect the integrity of its own process, as recognized in s. 39(1) of the *Law and Equity Act*, R.S.B.C. 1996, c. 253. The plaintiffs seek the injunction to prevent the defendants from continued and flagrant breaches of this Court's orders in the underlying action.

[87] Setting aside for the moment the question of whether this application could be made in California without the underlying action to support it, it would at a minimum require the plaintiffs to commence a second proceeding in California. This factor therefore favours British Columbia.

**(d) The desirability of avoiding conflicting decisions in different courts.**

[88] This factor is of little assistance on this application as there is a single issue, whether the injunction should be granted, which is unlikely to be considered in both courts.

**(e) Fair and efficient working of the Canadian legal system**

[89] This factor is of little assistance on the application before me.

(f) The enforcement of an eventual judgment

[90] This is the main ground upon which Google asserts that California is the more appropriate forum. How, Google asks, can this Court force Google to take steps outside of British Columbia?

[91] Google raises a good point. Traditionally, courts have not granted injunctive relief against defendants who reside outside the jurisdiction. In *Barrick Gold* at para. 74, the Ontario Court of Appeal explained this general rule by quoting from Robert J. Sharpe's text *Injunctions and Specific Performance*:

Claims for injunctions against foreign parties present jurisdictional constraints which are not encountered in the case of claims for money judgments. In the case of a money claim, the courts need not limit assumed jurisdiction to cases where enforceability is ensured. Equity, however, acts *in personam* and the effectiveness of an equitable decree depends upon the control which may be exercised over the person of the defendant. If the defendant is physically present, it will be possible to require him or her to do, or permit, acts outside the jurisdiction. The courts have, however, conscientiously avoided making orders which cannot be enforced. The result is that the courts are reluctant to grant injunctions against parties not within the jurisdiction and the practical import of rules permitting service *ex juris* in respect of injunction claims is necessarily limited. Rules of court are typically limited to cases where it is sought to restrain the defendant from doing anything within the jurisdiction. As a practical matter the defendant "who is doing anything *within the jurisdiction*" will usually be physically present within the jurisdiction to allow ordinary service. [Italics in original; underlining added.]

[92] On this basis the Court of Appeal in *United Services Funds (Trustees of) v. Richardson Greenshields of Canada Ltd.* (1988), 23 B.C.L.R. (2d) 1, 1988 CanLII 2960 (C.A.) held that a court should not grant an order compelling an out-of-country individual to attend for examination for discovery.

[93] However, there are exceptions to the general rule. For example, in *Barrick Gold* the Ontario Court of Appeal granted a permanent injunction against a British Columbia resident in a defamation proceeding.

[94] An injunction is an equitable remedy and is enforced through the courts' contempt power. Generally, that power is exercised through fines and imprisonment.

These penalties are more easily invoked when a person resides within the court's jurisdiction so that either the person or his assets can be "seized".

[95] But these are not the only remedies available to the Court. In *Bea v. The Owners, Strata Plan LMS2138*, 2014 BCSC 826, Grauer J. cites with approval the following words of the Chief Justice of the Supreme Court of Newfoundland and Labrador:

The law of contempt is found in the development of the common law. That law is always evolving. The state of its development is not frozen at any particular date in judicial history. So also, with respect to the types of penalty which a court may employ to vindicate its contempt power. Differing penalties may be creatively employed, either singly or in combination, in new situations to achieve the purposes behind the exercise of the contempt power.

[96] For example, this court may dismiss or refuse to hear proceedings brought by a party who is violating a court order: *Breberin v. Santos*, 2013 BCCA 385 at para. 14; *Schmidt v. Wood*, 2012 ABCA 235 at para. 5.

[97] While barring a person in contempt from making use of the Court's process may be a smaller stick than imprisonment, it is nonetheless a means of enforcement of some significance. That is particularly so when a non-resident corporation carries on business in British Columbia and may be sued or wish to sue in these courts. Although Google's contracts with advertisers in British Columbia are by the choice of laws provisions to be determined in California, other causes of action in defamation or tort could well arise in British Columbia (see for example *Trkulja v. Google (No 5)*, [2012] VSC 533, an Australian defamation case which raised issues of whether Google "publishes" the material displayed on its search engines).

**(iii) An order made in California can be enforced**

[98] Google argues that the plaintiffs should apply in California because a California court order can be enforced against Google in that state. I accept that a California court order is easier to enforce in California than a British Columbia court order. However, related to the assertion that California is therefore a better forum is

the question of whether a California court could or would order the interlocutory relief sought by the plaintiffs.

[99] Google asserts that the plaintiffs can make this application in California. However, Google bears the burden of proof at this stage of the analysis and has provided no support for that proposition. Indeed, neither party alluded to or attempted to prove California law. Although I need go no further given where the burden of proof lies, Canadian jurisprudence offers insight into the complexity of this question.

[100] Assuming the plaintiffs could file an originating application in California, they would be asking for a standalone interim injunction with no underlying substantive relief sought in California. The Supreme Court of Canada has followed the approach taken by the UK House of Lords and determined that an interlocutory injunction can be issued in such circumstances, but only if two conditions are satisfied:

*Brotherhood of Maintenance of Way Employees Canadian Pacific System Federation v. Canadian Pacific Ltd.*, [1996] 2 S.C.R. 495. First, the issuing court must have jurisdiction *simpliciter*, and second, the substantive underlying dispute must be a cause of action recognized by the issuing court. As I noted, I have nothing before me to say whether California courts have adopted the same approach.

[101] Furthermore, Google's assertion that the order sought in this court could not be enforced in California ignores the potential for the plaintiffs to sue on a British Columbia court order in California. That is a distinct legal step from applying for a standalone order in California, which Google contends is the appropriate procedure.

[102] Google submits that the plaintiffs cannot enforce a British Columbia injunction in California. Google relies on *Ingenium Technologies Corp. v. McGraw-Hill Companies*, 2005 BCSC 465 at para. 28, in which Pitfield J., on a without notice application stated that "[a]n injunction is not a form of judgment or order on which [the plaintiff] could realistically sue for recognition and enforcement on a timely basis, if it would be able to sue on such judgment at all". I conclude from a review of

the case law that there are situations in which a party can sue for enforcement of a foreign interlocutory order. Certainly, the common law is evolving in that direction.

[103] The Ontario Court of Appeal enforced a foreign interlocutory order in *Cavell Insurance Co. Ltd. (Re)* (2006), 80 O.R. (3d) 500, 269 D.L.R. (4th) 679 (C.A.). The British Columbia Court of Appeal addressed the trend towards enforcing foreign non-monetary judgments in *Minera Aquiline Argentina SA v. IMA Exploration Inc.*, 2007 BCCA 319 at para. 92:

[92] ... academic opinion is consistent with the general trend of private international law. The Supreme Court of Canada has recognized that the law has evolved to allow courts to deal with disputes arising in an increasingly interdependent global economy. In its recent jurisprudence, the Supreme Court has reasoned that, in the proper case, the limits of the courts' jurisdiction should be expanded, not narrowed. In *Pro Swing Inc.* (at paras. 78-79), McLachlin C.J.C. (in dissent, but not on this issue) referred to *Morguard Investments Ltd. v. De Savoye*, [1990] 3 S.C.R. 1077 at 1098, *Hunt v. T&N plc*, [1993] 4 S.C.R. 289 at 321-322, and *Beals v. Saldanha*, [2003] 3 S.C.R. 416 at para. 27, for the rationale for extending the limits of the court's jurisdiction to enforce foreign non-monetary judgments. She commented that comity, order and fairness do not exclude the courts from enforcing foreign non-monetary judgments, and in the context of modern private international law, may require it. The majority of the Court in *Pro Swing Inc.* concluded that was not the right case to extend the jurisdiction, but all of the justices agreed that the "time is ripe to review the traditional common law rule" (para. 15) in light of changing global commercial realities.

[104] Finally, I note that Google objects to British Columbia retaining jurisdiction because the order sought would require Google to take steps in relation to its websites worldwide. That objection is not resolved by "going to California". If the order involves worldwide relief, a California court will be no more appropriate a forum than British Columbia to make such an order. Even if the order can be construed more narrowly as requiring Google to take steps at the site where the computers controlling the search programs are located, Google has not established that those computers are located in California, or that they can only be reprogrammed there.

[105] As the Court of Appeal observed in *Olney v. Rainville*, 2009 BCCA 380 at para. 27, "What is essential is that the taking of jurisdiction be consistent with order

and fairness.” I conclude on this issue that Google has not established that California is a more appropriate forum than British Columbia for adjudicating the plaintiffs’ application for an interim injunction against Google.

**3. Should the order sought be granted?**

[106] Having determined that the Court has jurisdiction over Google and that Google has not established that California is a more appropriate forum, we come to the heart of the matter: Should the injunction be granted?

[107] Google asserts that the Court does not have the authority to make an order of the kind sought. In issue is whether the Court has “subject matter competence”. The plaintiffs and Google agree that the type of order I am asked to make has never before been made by a Canadian court.

[108] Google asserts that the Court lacks subject matter competence for two main reasons: first, because the order is sought against a non-party; second, because it would require the Court to make an order with worldwide effect. The latter objection may sound like an issue more properly addressed at the territorial competence stage of the analysis. However, the question of whether the Court has territorial competence to hear the application because of its connection to the persons or facts involved is distinct from the question of whether, in the words of s. 39 of the *Law and Equity Act*, it is “just or convenient” that the order sought should be made to enjoin or mandate the particular conduct.

**(a) Can an order be made against a non-party?**

[109] Google submits that as a general rule a Court does not have authority to make an order against a non-party who owes no duty to the plaintiff. Google acknowledges there are two exceptions to that rule, but argues that neither exception applies to this case.

[110] The first exception arises when a non-party with knowledge of a court order deliberately disobeys it and thereby deprecates the Court’s authority. This exception

was described by Lindley L.J. in *Seaward v. Paterson*, [1897] 1 Ch. 545 (C.A.) at 555-556:

A motion to commit a man for breach of an injunction, which is technically wrong unless he is bound by the injunction, is one thing; and a motion to commit a man for contempt of Court, not because he is bound by the injunction by being a party to the cause, but because he is conducting himself so as to obstruct the course of justice, is another and totally different thing. In the one case the party who is bound by the injunction is proceeded against for the purpose of enforcing the order of the Court for the benefit of the person who got it. In the other case the Court will not allow its process to be set at naught and treated with contempt. In the one case the person who is interested in enforcing the order enforces it for his own benefit; in the other case, if the order of the Court has been contumaciously set at naught the offender cannot square it with the person who has obtained the order and save himself from the consequences of his act. The distinction between the two kinds of contempt is perfectly well known, although in some cases there may be a little difficulty in saying on which side of the line a case falls. As to the jurisdiction, if the facts are of the character I have stated, notwithstanding the arguments of Mr. Seward Brice, I cannot bring myself to entertain any difficulty about it.

[111] Under this “contempt” exception, the Court’s objective is not to further the interests of the plaintiffs, but to uphold its authority.

[112] The plaintiffs argue that after Google received notice of this Court’s orders against the defendants, it should not have allowed the defendants’ websites to be displayed in Google’s search results. The plaintiffs argue that this amounts to aiding and abetting the defendants’ contempt and is comparable to *Greenpeace Canada v. MacMillan Bloedel Ltd.* (1994), 96 B.C.L.R. (2d) 201, 1994 CanLII 943 (C.A.), aff’d *MacMillan Bloedel Ltd. v Simpson*, [1996] 2 S.C.R. 1048. In that case the Court granted an injunction preventing the defendants and all persons having notice of the order from physically obstructing the plaintiff’s logging operations. Logging protestors who were not named as defendants protested that the order was overbroad. Macfarlane J.A. rejected that notion, citing with approval at para. 44 the following words from Robert J. Sharpe’s text *Injunctions and Specific Performance*:

It cannot be objected that the net of liability is cast too wide where the plaintiff is able to show that the non-party has deliberately agreed to flout the order at the instigation of the defendant. However, the court must be cautious not to hold in contempt a party who acts independently of the defendant, and who may exercise a right distinct from that of the defendant. Such a person has

not yet had his day in court and should not be bound by an order made in an action to which he was not a party. [Emphasis added.]

[113] There is no evidence that Google acted in this case to deliberately flout this Court's orders and assist the defendants. While Google's search engines facilitate the defendants' ongoing breach by leading searchers to the defendants' websites, Google operates its search engines in the ordinary course of its business, independently of the defendants and not in order to assist them in their breach.

[114] The plaintiffs' authorities involve quite different facts. In *MacMillan Bloedel*, those held in contempt had knowingly violated the court order to support the defendant's blockade of the logging road. In *Glazer v. Union Contractors Ltd. and Thornton* (1960), 25 D.L.R. (2d) 653, 33 W.W.R. 145 (B.C.S.C.) the Court had appointed a receiver over money owing to a company by the Government. A government minister, aware of the order but not a party to the proceeding, was committed for contempt for causing funds owing to the company to be paid to the company's order rather than to the receiver. In *Attorney General v. Punch Ltd.*, [2002] UKHL 50, [2003] 1 All ER 289, an order prohibited the publication of certain information that the non-party published in its magazine when on notice of the order. In all of these cases, the non-parties found in contempt had engaged in conduct calculated to directly frustrate a court order. Google's search results are not of the same ilk.

[115] The argument that Google aided and abetted the defendants' contempt of the existing court orders is stronger in relation to Google's sale of advertising space to the defendants. But as I noted earlier, when Google received notice of this Court's orders it agreed that it should not continue to do this. I accept that Google only continued to do so up to the commencement of this hearing due to an administrative oversight.

[116] The second exception to the general rule that a Court will not make orders against a non-party extends to orders made against non-parties to aid in the fact finding necessary to the administration of justice. Examples of orders made against

non-parties who have no obligation to the plaintiff abound: subpoenas are issued to obtain evidence at trial under Rule 12-5(31)-(39); documents and oral evidence may also be obtained in advance of trial under Rules 7-1(18) and 7-5.

[117] In addition, under the *Norwich Pharmacal Co. and Others v. Customs and Excise Commissioners*, [1974] A.C. 133, [1973] 2 All ER 943 (H.L.) [*Norwich Pharmacal*] line of authority, courts can make orders against non-parties even before an action is commenced. The remedy of pre-action discovery was articulated in *Norwich Pharmacal* by Lord Reed at 175:

[I]f through no fault of his own a person gets mixed up in the tortious acts of others so as to facilitate their wrong-doing he may incur no personal liability but he comes under a duty to assist the person who has been wronged by giving him full information and disclosing the identity of the wrongdoers. I do not think that it matters whether he became so mixed up by voluntary action on his part or because it was his duty to do what he did. It may be that if this causes him expense the person seeking the information ought to reimburse him. But justice requires that he should co-operate in righting the wrong if he unwittingly facilitated its perpetration.

*Norwich Pharmacal* has been adopted as part of the law in British Columbia: *Kenney v. Loewen* (1999), 64 B.C.L.R. (3d) 346, 1999 CanLII 6110 (S.C.), *Procon Mining and Tunnelling Ltd. et al. v. McNeil, Bonnar et al.*, 2007 BCSC 454 [*Procon Mining*], and *Pierce v. Canjex Publishing Ltd.*, 2011 BCSC 1503.

[118] Google argues that the *Norwich Pharmacal* line of authority goes no further than compelling a non-party to provide information and is only imposed in exceptional cases with due concern for the non-party against whom the order is sought: *GEA Group AG v. Ventra Group Co.*, 2009 ONCA 619 [*Ventra*] at para. 85.

[119] I do not accept Google's submission that the Court only has authority to make an order against a non-party in relation to contempt or to further fact finding necessary to effect justice. Lack of precedent should not be confused with lack of subject matter competence.

[120] Lord Woolf M.R. described this distinction in *Broadmoor Hospital Authority & Anor v. R*, [1999] EWCA Civ 3039, [2000] QB 775 at para. 21:

[21] The powers of courts with equitable jurisdiction to grant injunctions are, subject to any relevant statutory restrictions, unlimited. Injunctions are granted only when to do so accords with equitable principles, but this restriction involves, not a defect of powers, but an adoption of doctrines and practices that change in their application from time to time. Unfortunately there have sometimes been made observations by judges that tend to confuse questions of jurisdiction or of powers with questions of discretions or of practice. The preferable analysis involves a recognition of the great width of equitable powers, an historical appraisal of the categories of injunctions that have been established and an acceptance that pursuant to general equitable principles injunctions may issue in new categories when this course appears appropriate.

[121] The Court has inherent jurisdiction to maintain the rule of law and to control its own process. The power to grant injunctions is a broad one and is confirmed by s. 39 of the *Law and Equity Act*. Injunctions may be issued in "in all cases in which it appears to the court to be just or convenient that the order should be made ... on terms and conditions the court thinks just": *MacMillan Bloedel*, [1996] 2 S.C.R. 1048 at para. 15.

[122] The Court's willingness to use its equitable jurisdiction against non-parties is evident in the development of *Mareva* injunctions. This line of authority is particularly helpful because *Mareva* injunctions also involve orders against non-parties who reside outside of the province.

[123] Madam Justice Newbury granted the first *Mareva* injunction in Canada in *Mooney v. Orr* (1994), 98 B.C.L.R. (2d) 318 (S.C.) [*Mooney No. 1*] on an *ex parte* application. After referring to English and Australian cases granting such relief, she observed at para. 11:

The reasons for extending *Mareva* injunctions to apply to foreign assets are valid in British Columbia no less than in England and Australia - the notion that a court should not permit a defendant to take action designed to frustrate existing or subsequent orders of the court, and the practical consideration that in this day of instant communication and paperless cross-border transfers, the courts must, in order to preserve the effectiveness of their judgments, adapt to new circumstances.

[124] Madam Justice Huddart continued the injunction in a hearing two months later with both parties present: *Mooney v. Orr* (1994), 100 B.C.L.R. (2d) 335 (S.C.)

[Mooney No. 2]. She agreed that *Mareva* orders were a necessary development, saying at para. 60:

Whether this extension of existing principles is seen as an expansion of the exercise of discretion given by the *Law and Equity Act* or inherent in the court's ability to control its process, I am of the view that such a discretion must be exercised whenever it is required to ensure the effective administration of justice in British Columbia..

[125] In England, where *Mareva* injunctions were first made in 1975, such orders were originally restricted to assets within England. In the late 1980s the English courts relaxed those restrictions to apply to the defendants' assets wherever they were situated, and ancillary orders were extended to non-parties resident in foreign countries. Non-parties could not only be restrained from dealing with the defendants' assets, but could also be mandated to take steps to transfer assets to a receiver located elsewhere:

[126] The extra-territorial reach of these orders is evident. Vaughan Black and Edward Babin commented on the development of the law in "Mareva Injunctions in Canada: Territorial Aspects" (1997) 28 Can Bus LJ 430 at 441:

All of these considerations [favouring the granting of extra-territorial orders] run up against one principal objection: the judicial power of all national courts is territorially circumscribed and it is improper for a court to attempt to exercise its power to affect actions outside the court's territory. Stated so broadly, that limitation must now be seen as dated and lacking in general validity, or at least subject to several exceptions. There now seems little doubt that Canadian courts actually have the power to employ *in personam* orders to enjoin parties to do or refrain from doing something anywhere in the world. [Emphasis added.]

[127] The expansion of *Mareva* orders to include non-parties resulted from the Courts' recognition that *Mareva* injunctions would have no practical effect without involving non-parties. That is so because unscrupulous defendants will simply fail to comply with the injunction, whereas the defendants' brokers, accountants, lawyers and bankers are less likely to engage in such conduct. However, as Black & Babin observed at 453, the rights of non-parties and the states in which they reside must be taken into account:

[T]his practical need to control the actions of non-parties must, as is the case with parties, be balanced against such persons' legitimate interests in privacy and liberty of action (including such rights as they may have acquired by contract), and against the rights of other states to sovereign jurisdiction over persons and activities within their boundaries.

[128] The Courts have developed protections for non-parties who are not resident in the province, or who may have a presence within this jurisdiction but are also present or resident in a number of jurisdictions outside the territory. In recognition of the fact that such persons may be subject to laws in force in the foreign jurisdiction which forbid compliance with an order made by this Court, the Court has included in worldwide *Mareva* injunctions terms which have come to be known as the “Babanaft” and “Baltic” provisos.

[129] Stephen Pitel and Andrew Valentine describe these provisos and the rationale behind their inclusion in worldwide *Mareva* injunctions in “The Evolution of the Extra-Territorial *Mareva* Injunction in Canada: Three Issues” (2006) 2 J P Int'l L 339 at 371-377. *Babanaft* and *Baltic* provisos are intended to ensure that courts do not exercise exorbitant jurisdiction over non-parties situated abroad and are particularly important in defining the effect of worldwide *Mareva* injunctions on corporate non-parties with a presence both inside and outside the local jurisdiction.

[130] The *Babanaft* proviso states in part that where a corporate non-party has a presence in and outside of the jurisdiction, it must have notice of the order and the ability to restrain activities abroad that would aid in violation of the injunction.

[131] The *Baltic* proviso permits corporate non-parties to comply with their foreign legal obligations as they reasonably perceive them.

[132] Although *Mareva* injunctions are granted at the plaintiff's suit, a *Mareva* order's primary function is maintaining the integrity of the Court's process. Madam Justice Huddart wrote in *Grenzservice Speditions Ges.m.b.h v. Jans* (1995), 15 B.C.L.R. (3d) 370, 1995 CanLII 2507 (S.C.) at para. 92:

[92] The *Mareva* and Anton Pillar orders were conceived not so much to protect plaintiffs as to protect the Court's jurisdiction against defendants bent

on dissipating or secreting their assets or evidence in order to render inconsequential the judicial process against them. ...

[133] I conclude that the Court has authority to grant an injunction against a non-party resident in a foreign jurisdiction in appropriate circumstances. The fact that an injunction has not before been made against an internet search provider such as Google is reason to tread carefully, but does not establish that the Court does not have subject matter competence. Indeed, the notion that a court may only make the orders it has made in the past is anathema to the spirit of the common law. As Newbury J. observed in *Mooney No. 1* at para. 11:

... the courts must, in order to preserve the effectiveness of their judgments, adapt to new circumstances. Such adaptability has always been, and continues to be, the genius of the common law.

**(b) Should I make this order against Google?**

[134] Having determined that the Court has authority to issue an injunction with extra-territorial effect against a non-party where it is just or convenient to do so, the question remains: should I grant the injunction on the facts of this case? A related question is what test should be applied in making that determination.

[135] Google submits that it would not be just to make the order sought for four reasons.

[136] First, Google says that it provides an important and valuable tool for navigating hundreds of trillions of webpages on the internet. Google argues it cannot, as a practical matter, monitor content or arbitrate disputes over content because of the enormous volume of content; because it cannot determine whether information is inaccurate or lawful; and because content on websites is constantly changing so even if Google could form judgments about the content of sites on its index at any given moment, those judgments would be obsolete moments later.

[137] Whether Google is a passive indexer with no control over content has been the subject of litigation in other jurisdictions: *González*, *Max Mosely*, and *Trkulja*. However, the order sought in the present case would not require Google to monitor

the content of the defendants' websites. Rather, the order would simply require Google to remove all of the defendants' websites from its searches. To put it simply, it is not a question of blocking what is being said, but rather who is saying it. The order is, in many ways, only a slight expansion on the removal of individual URLs, which Google agreed to do voluntarily.

[138] Second, Google submits it would be unjust to make the order sought because de-indexing entire websites without regard to content of the specific URLs would constitute undue censorship. Google's employee Mr. Smith deposed:

URLs not specifically reviewed and identified may be used for any number of innocent purposes and a complete removal could result in possibly numerous URLs being blocked without Google having had the opportunity to review them and determine if a departure from its usual indexing process is necessary or warranted in the circumstances.

[139] I do not find this argument persuasive. Google acknowledges that it alters search results to avoid generating links to child pornography and "hate speech" websites. It recognizes its corporate responsibility in this regard, employing 47 full-time employees worldwide who, like Mr. Smith, take down specific websites, including websites subject to court order. Excluding the defendant's prohibited websites from search results is in keeping with Google's approach to blocking websites subject to court order.

[140] Third, Google argues that the Court should not make an order that could affect searches worldwide because it would put Google in the impossible situation of being ordered to do something that could require it to contravene a law in another jurisdiction. This raises the concern addressed by the *Baltic* proviso in *Mareva* injunctions.

[141] Google gives as an example of such jurisdictional difficulties the case of *Yahoo! Inc. v. La Ligue Contre Le Racism et L'Antisemitisme* [Yahoo]. In 2000 two French anti-racism groups filed a suit in France against Yahoo alleging that Yahoo violated a French law prohibiting the display of Nazi paraphernalia by permitting users of its internet auction services to display and sell such artifacts. The plaintiffs

demanded that Yahoo's French subsidiary, Yahoo.fr, remove all hyperlinks to the parent website (Yahoo.com) containing the offending content. As in this case, Yahoo argued that the French Court lacked jurisdiction over the matter because its servers were located in the United States. The French Court held that it could properly assert jurisdiction because the damage was suffered in France and required Yahoo to "take all necessary measures" to "dissuade and render impossible" all access via yahoo.com by internet users in France to the Yahoo! internet auction service displaying Nazi artifacts, as well as to block internet users in France from accessing other online Nazi material: 145 F Supp 2d 1168 (ND Cal 2001) at 1172.

[142] Yahoo claimed that implementing the order would violate its First Amendment rights to freedom of expression and therefore could not be enforced in the United States. The French Court did not accept that submission. Yahoo initiated a suit in California against the French plaintiffs, and obtained a declaratory judgment that the French orders were constitutionally unenforceable in the United States, contrary to the first amendment. Addressing the issue of international comity, the Court reasoned that United States Courts will generally recognize and enforce foreign judgments but could not do so on the facts of that case because enforcement of the French orders would violate Yahoo's constitutional rights to free speech: 169 F Supp 2d 1181 (ND Cal 2001) at 1192-1193. This decision was ultimately reversed on different grounds: 379 F 3d 1120 (9th Cir 2004), reheard in 433 F 3d 1199 (9th Cir 2006).

[143] *Yahoo* provides a cautionary note. As with *Mareva* injunctions, courts must be cognizant of potentially compelling a non-party to take action in a foreign jurisdiction that would breach the law in that jurisdiction. That concern can be addressed in appropriate cases, as it is for *Mareva* injunctions, by inserting a *Baltic* type proviso, which would excuse the non-party from compliance with the order if to do so would breach local laws.

[144] In the present case, Google is before this Court and does not suggest that an order requiring it to block the defendants' websites would offend California law, or

indeed the law of any state or country from which a search could be conducted. Google acknowledges that most countries will likely recognize intellectual property rights and view the selling of pirated products as a legal wrong.

[145] Fourth, Google argues that the order sought is too broad. Google submits that if the injunction is granted it should be limited to Google.ca, the website designated for Canada, because no court should make an order that has a reach that extends around the world.

[146] I note again that on the record before me, the injunction would compel Google to take steps in California or the state in which its search engine is controlled, and would not therefore direct that steps be taken around the world. That the effect of the injunction could reach beyond one state is a separate issue. Even an order mandating or enjoining conduct entirely within British Columbia may have such extraterritorial, or even worldwide effect.

[147] For example, a non-party corporation that warehouses and ships goods for a defendant manufacturing company might be ordered on an interim injunction to freeze the defendants' goods and refrain from shipping them. That injunction could affect orders received from customers around the world. Could it sensibly be argued that the Court could not grant the injunction because it would have effects worldwide? The impact of an injunction on strangers to the suit or the order itself is a valid consideration in deciding whether to exercise the Court's jurisdiction to grant an injunction. It does not, however, affect the Court's authority to make such an order.

[148] Further, although Google has a website for each country to which searches made within that country default, users can override that default and access other country's Google websites. For example, even if the defendants' websites were blocked from searches conducted through www.google.ca, Canadian users can go to www.google.co.uk or www.google.fr and obtain results including the defendants' websites. On the record before me it appears that to be effective, even within Canada, Google must block search results on all of its websites. Furthermore, the defendants' sales originate primarily in other countries, so the Court's process

cannot be protected unless the injunction ensures that searchers from any jurisdiction do not find the defendants' websites.

[149] Google relies on *Max Mosely* in which the Regional Court of Paris acceded to Google's argument that removal of images should be restricted to searches that could be conducted from within France (English translation of *Max Mosely* at 13). That restriction was based on the images constituting a breach of France's penal code; publication of the images was not a breach of the laws of other countries. The French Court therefore ordered Google to remove the images from the "search engine that it operates, accessible in France". *Max Mosely* is distinguishable on that basis.

[150] Accepting that an order with worldwide effect can be granted, what test should be applied in determining whether it should be granted? I conclude that the order sought against a non-party requires the Court to consider the standard test for granting an injunction but modified to take into account the direction to a non-party. In *Mooney No. 2*, Huddart J. described an appropriate standard at p. 22:

The comparable approach to a *Mareva* injunction would be to require a strong *prima facie* (...) or a good arguable case (...) to cross the threshold, and then to balance the interests of the two parties, having regard to all the relevant factors in each case, to reach a just and convenient result.

[151] The fair question to be tried relates of course to the plaintiffs' claim against the defendants, since that is the cause of action in relation to which the injunction is sought. Google takes no issue with that. In this case the plaintiffs have not only raised an arguable claim; two of the defendants' defences have been struck and they are presumed to have admitted the allegations.

[152] As for balancing the interests of the plaintiffs and non-party Google, the plaintiffs have established that they are suffering irreparable harm by the defendants' ongoing sale of the GW1000 on the internet. The plaintiffs have also established that Google is inadvertently facilitating that harm through its search engines. While there are other search engines, Google does not contest the plaintiffs' assertion that Google's position as the search engine used for 70-75% of internet searches means

the defendants will not be commercially successful if they cannot be found through Google's search services.

[153] Google acknowledges that it can do what is being asked of it. Google does not assert that it would be inconvenienced in any material way or that it would incur expense to do so. The balance of convenience thus favours granting the injunction.

[154] Consideration of the factors identified in *Norwich Pharmacal* may also be of assistance: *Procon Mining* at para. 27; *Ventra* at para. 50. Modified to reflect the relief sought in this case they include:

- a. Whether the applicant has provided evidence sufficient to raise a valid, *bona fide* or reasonable claim;
- b. Whether the applicant has established a relationship with the third party such that it establishes that the third party is somehow involved in the acts complained of;
- c. Whether the third party is the only practicable means to obtain the relief sought;
- d. Whether the third party can be indemnified for costs to which the third party may be exposed because of the order; and
- e. Whether the interests of justice favour the granting of the relief sought.

[155] To this list of considerations I would add the degree to which the interests of those other than the applicant and the identified non-party could be affected – here potential purchasers will not be able to find and buy the defendants' products as easily, but that is as it should be in light of the existing court orders prohibiting the defendants from selling the GW1000 and related products.

[156] Google is an innocent bystander but it is unwittingly facilitating the defendants' ongoing breaches of this Court's orders. There is no other practical way

for the defendants' website sales to be stopped. There is no other practical way to remove the defendants' websites from Google's search results.

[157] The fundamental question in each case is whether the granting of an injunction is just and equitable in all of the circumstances of the case: *Tracey v. Instaloans Financial Solutions Centres (B.C.) Ltd.*, 2007 BCCA 481 at para. 31. A judge must not become the prisoner of a formula. As Saunders J.A. observed in *Tracey* at para. 33:

... the criteria [for determining whether to grant an injunction] are only a judicial expression or explanation of the statutory authority for injunctions in s. 39(1) of the *Law and Equity Act*, ...

39(1) An injunction or an order in the nature of mandamus may be granted or a receiver or receiver manager appointed by an interlocutory order of the court in all cases in which it appears to the court to be just or convenient that the order should be made.

[Emphasis in original]

[158] In determining whether this interim injunction should be granted, I am mindful of Madam Justice Newbury's admonition that a court should not permit a defendant to frustrate orders of the court and that "courts must, in order to preserve the effectiveness of their judgments, adapt to new circumstances": *Mooney (No. 1)* at paras. 10-11.

[159] The Court must adapt to the reality of e-commerce with its potential for abuse by those who would take the property of others and sell it through the borderless electronic web of the internet. I conclude that an interim injunction should be granted compelling Google to block the defendants' websites from Google's search results worldwide. That order is necessary to preserve the Court's process and to ensure that the defendants cannot continue to flout the Court's orders.

[160] Non-parties affected by *Mareva* injunctions are not normally before the Court, because applications of that kind are brought without notice. Google was named in this application, served with materials, and attended the hearing. It is not therefore necessary to craft terms anticipating possible conflicts Google could face in

complying with the interim injunction. No terms of this kind have been requested by Google and I see no basis on the record before me to expect such difficulties.

**VI. CONCLUSION**

[161] I conclude that the interim injunction sought should be granted:

Within 14 days of the date of this judgment, Google Inc. is to cease indexing or referencing in search results on its internet search engines the websites contained in Schedule A to the notice of application.

**VII. COSTS**

[162] The plaintiffs are entitled to special costs of this application against the defendants Morgan Jack, Datalink 4 and Datalink 7. Special costs are justified because the plaintiff's application to enjoin Google was made necessary by the defendants' flagrant and ongoing breaches of this Court's orders.

The Honourable Madam Justice L.A. Fenlon