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CASL One Year Later: What US Companies Need to Know about Enforcement under Canada's Anti-Spam Law

October 21, 2015

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The screenshot shows the Practical Law website homepage. At the top, there is a navigation bar with 'US' and 'Change country' on the left, and 'Login' on the right. The main header features the 'Practical Law' logo, 'A THOMSON REUTERS LEGAL SOLUTION', and navigation links for 'Practice Areas', 'Resources', 'International', and 'My Practical Law'. A search bar is located below the header, with 'SEARCH IN All US' and a search icon. The main content area has a dark blue banner with the text 'New to Practical Law? We offer lawyers a better place to start.' and a 'Sign Up for a Free Trial' button. Below this, there is a testimonial from Eric Lee, a Practical Law Intellectual Property & Technology expert, with a 'Read more' button. To the right, there is a 'What Are You Working On?' section with a 'Get Started Now' button. Below the testimonial, there is a 'Browse our Content' section with a list of practice areas: Antitrust, Arbitration: International, Bankruptcy, Capital Markets & Securities, Commercial, Corporate and M&A, Employee Benefits & Executive Compensation, Finance, Intellectual Property & Technology, Labor & Employment, Litigation: Federal, Real Estate, and Tax. To the right of this section, there is a 'Testimonials' section with a quote from Alan Berkeley, a Partner at K&L Gates LLP, and a 'View More' button.

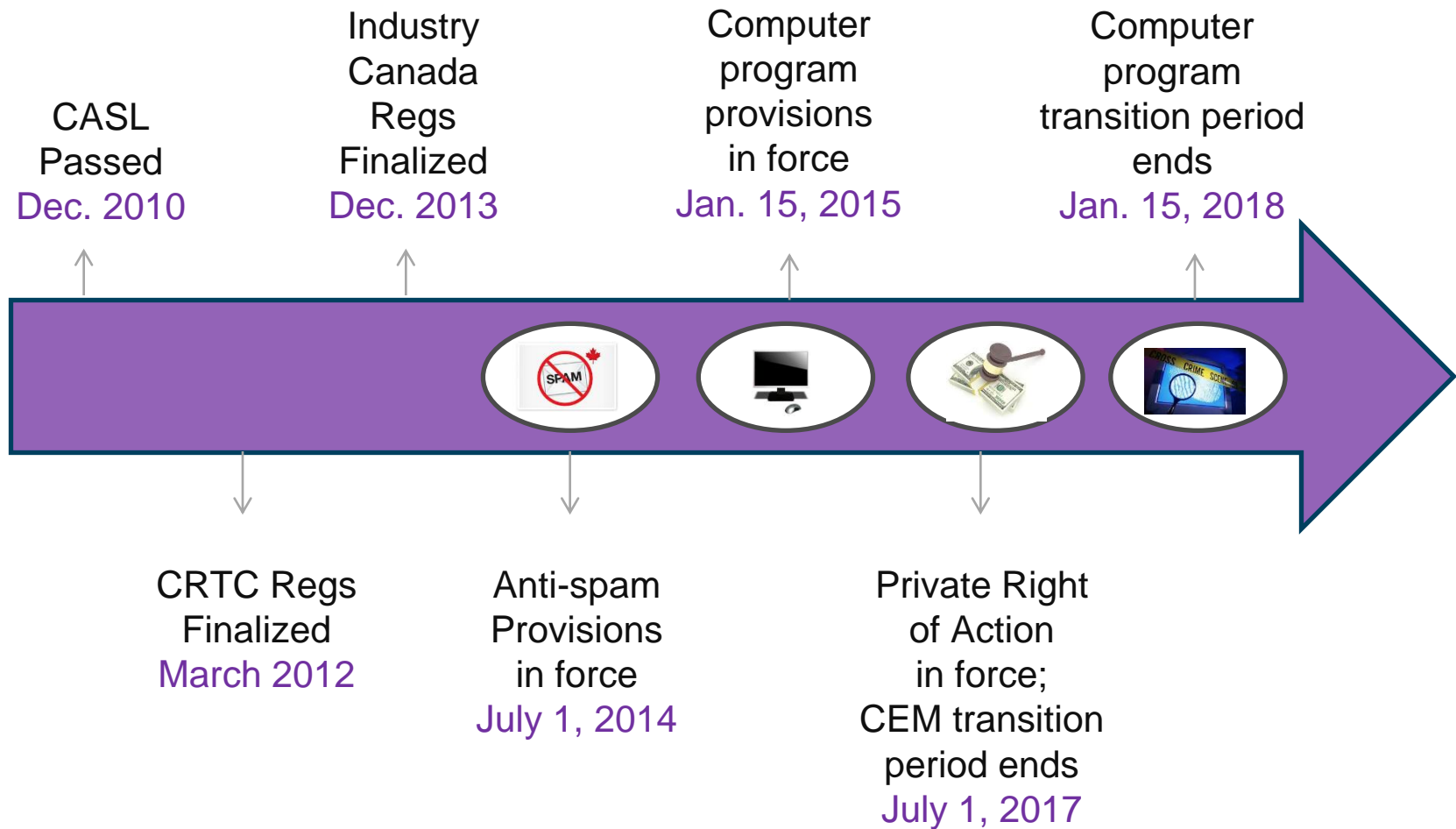
Agenda

- Application of Canada's Anti-Spam Law (CASL) to US Businesses
- High-level CASL Refresher
- Enforcement and Penalties
- Recent Enforcement Actions
- Possible Defenses and Demonstrating Due Diligence
- Comparing CASL to US Law

Application of CASL to US Businesses

CASL applies to any individual or organization that sends, or causes or permits to be sent, a commercial electronic message if a computer system located in Canada is used to send or access the message, unless the message is subject to an exception specified in CASL.

High-level CASL Refresher



High-level Refresher of CASL (cont'd)

- Key Prohibitions

1. Sending a commercial electronic message to an electronic address, unless:
 - ✓ an **exemption** applies; or
 - ✓ **consent** (express or implied) has been obtained; and
 - ✓ **form and content** requirements are met
2. Installing computer programs without obtaining express consent
3. Altering transmission data without obtaining express consent
4. Collecting e-addresses using computer programs without consent (e-mail harvesting)
5. Sending CEMs containing false and misleading messages

Anti-spam Provisions: Key Definitions

- What is a commercial electronic message (CEM)?
 - A message sent by any means of telecommunication (e.g., text, sound, voice or image) that has as its purpose, or one of its purposes, to encourage participation in a commercial activity
 - An electronic message that requests consent to send a CEM

Anti-spam Provisions: Key Definitions *(cont'd)*

- What is commercial activity?
 - Any conduct that is of commercial character, whether or not the person who carries it out does so with the expectation of profit

Anti-spam Provisions: Key Definitions (*cont'd*)

- What is an “electronic address”?

- An email account
- A text messaging account
- An instant messaging account
- A telephone account
- Any similar account
 - LinkedIn InMail
 - Facebook
 - Twitter



InMail



Enforcement and Penalties: Regulatory Penalties

Nature of the Violation	Fine
<p>Sending CEMs without consent or an exemption</p> <p>Failing to provide the prescribed identifying information</p> <p>Failing to include a functional unsubscribe mechanism</p> <p>Failing to effect an unsubscribe request within the prescribed period of time</p>	<p>Maximum per breach:</p> <p>Cdn\$1,000,000 for individuals</p> <p>Cdn\$10,000,000 for corporations</p>

Enforcement and Penalties: Factors that Determine the Penalty

1. Purpose of enforcement
2. Nature and scope of violation
3. Previous undertaking
4. Financial benefits to violator
5. Cooperation with regulator
6. Training and compliance programs and practices
7. Ability to pay

Enforcement and Penalties: Vicarious Liability

- Officers and directors can be held liable for a CASL violation if they directed, authorized, assented to, acquiesced in, or participated in, the commission of the violation
- An organization can be held liable for a CASL violation by its employee/agent who is acting within the scope of his or her employment/authority
- Due diligence is a defense

Enforcement and Penalties: Private Right of Action

Nature of the Violation	Potential Damages
<p>Sending CEMs without consent or an exemption</p> <p>Failing to meet the form and content requirements</p> <p>Failing to meet the unsubscribe requirements</p>	<p>Actual damages <u>plus</u> Cdn\$200 per contravention, to a maximum of Cdn\$1 million for each day on which the contravention occurred</p>
<p>Altering transmission data without express consent</p>	<p>Actual damages <u>plus</u> up to Cdn\$1,000,000 for each day on which the contravention occurred</p>
<p>Installing computer programs without consent</p>	<p>Actual damages <u>plus</u> up to Cdn\$1,000,000 for each day on which the contravention occurred</p>
<p>Email harvesting</p>	<p>Actual damages <u>plus</u> up to Cdn\$1,000,000 for each day on which the contravention occurred</p>

Enforcement and Penalties: Enforcement Actions Announced So Far

- Recent enforcement actions show that the CRTC is looking at compliance with all aspects of the law
 - consent requirements
 - form and content requirements
 - unsubscribe mechanism

Enforcement and Penalties: Enforcement Actions Announced So Far (*cont'd*)

1. Access Communications
2. Compu-Finder
3. Plenty of Fish
4. Avis and Budget
5. Porter Airlines

... and more to come

Enforcement and Penalties: Enforcement Actions Announced So Far (*cont'd*)

Access Communications

Allegation: Internet service provider unknowingly sent millions of malicious spam messages

Enforcement Action: CRTC investigated and worked with Access Communications to eliminate the malware

Key takeaways:

- co-operation with CRTC is a mitigating factor
- CRTC will look at all of the circumstances and will not necessarily impose a fine

Enforcement and Penalties: Enforcement Actions Announced So Far (*cont'd*)

Compu-Finder

Allegations:

- CEMs sent without consent of recipients
- Unsubscribe mechanism did not function properly and was not valid for 60 days
- Unsubscribe requests were not complied with without delay and in any event not within 10 business days

Enforcement and Penalties: Enforcement Actions Announced So Far (*cont'd*)

Compu-Finder

Enforcement Action: Cdn\$1.1 million fine

Key takeaway: CRTC is focusing on worst offenders

Enforcement and Penalties: Enforcement Actions Announced So Far (*cont'd*)

Plenty of Fish

Allegation: CEMs sent to registered users with an unsubscribe mechanism that was not “*clearly and prominently*” set out and could not be “*readily performed*”

Enforcement Action: Entered into a voluntary undertaking to develop and implement a program to ensure compliance with CASL, including training and education program AND paid a Cdn\$48,000 fine

Enforcement and Penalties: Enforcement Actions Announced So Far (*cont'd*)

Plenty of Fish

Key Takeaways:

- The anti-spam provisions are not only about “spam”
- Businesses need to review their unsubscribe mechanisms to ensure compliance with CASL

Enforcement and Penalties: Enforcement Actions Announced So Far (*cont'd*)

Avis and Budget

Allegations:

- Sent CEMs containing misleading pricing information
- Additional fees imposed during the rental process
- Improper characterization of certain fees as taxes, surcharges and government fees

Enforcement Action: Competition Bureau is seeking Cdn\$30 million fine plus refunds for consumers

Enforcement and Penalties: Enforcement Actions Announced So Far (*cont'd*)

Porter Airlines

Allegations:

- Some CEMs were sent without an unsubscribe mechanism
- In other instances, unsubscribe mechanism was not “clearly and prominently” set out
- Certain CEMs did not provide complete contact information as required by law

Enforcement and Penalties: Enforcement Actions Announced So Far (*cont'd*)

Porter Airlines

Allegations (*cont'd*):

- Unable to provide proof that it had obtained consent for each electronic address that received CEMs
- Some unsubscribe requests were not effected within 10 business days

Enforcement and Penalties: Enforcement Actions Announced So Far (*cont'd*)

Porter Airlines

Enforcement Action: Entered into a voluntary undertaking to improve compliance program to ensure compliance with CASL, including increased training and education as well as improved corporate policies and procedures **AND** paid a Cdn\$150,000 fine

Enforcement and Penalties: Enforcement Actions Announced So Far (*cont'd*)

Porter Airlines

Key Takeaways:

- CRTC is expecting those who send CEMs to be fully compliant with the law
- Proof of consent is required for each electronic address and reliance on general business practices is not sufficient to prove consent

Enforcement and Penalties: CRTC Notices to Produce

Method of obtaining consent in each case	Kind of consent obtained in each case	Date of consent obtained in each case
Nature of relationship in each case	All docs and data relating to policies / procedures to obtain and track consent and contact lists	Templates of CEMs
Contracts with third parties	Audited and unaudited financial statements	Credit facilities, amounts due to or from owners or shareholders

Enforcement and Penalties: What if you receive a CRTC Notice of Violation?

- Don't panic
- You have 30 days from the date of Notice of Violation to
 - submit written representations
 - pay the penalty, or
 - sign an undertaking
- You should review the notice carefully to determine what is being alleged

Possible Defenses and Demonstrating Due Diligence

You have consent

- express
- implied

There was an exemption to send the CEM

The CEM met all of the form and content requirements

Unsubscribe mechanism was clearly and prominently displayed

Unsubscribe mechanism was working

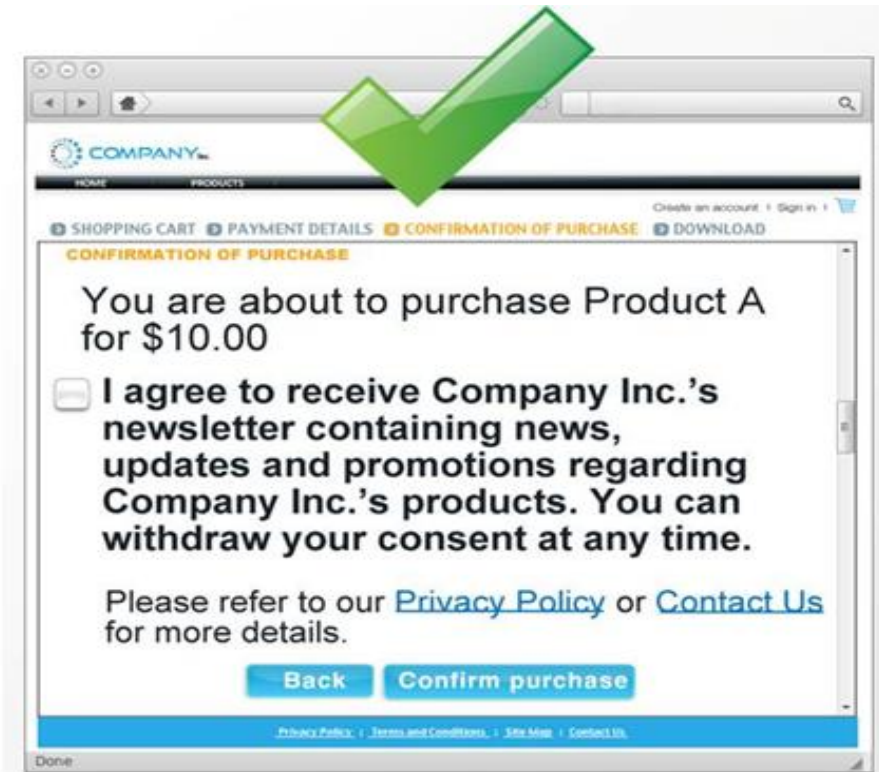
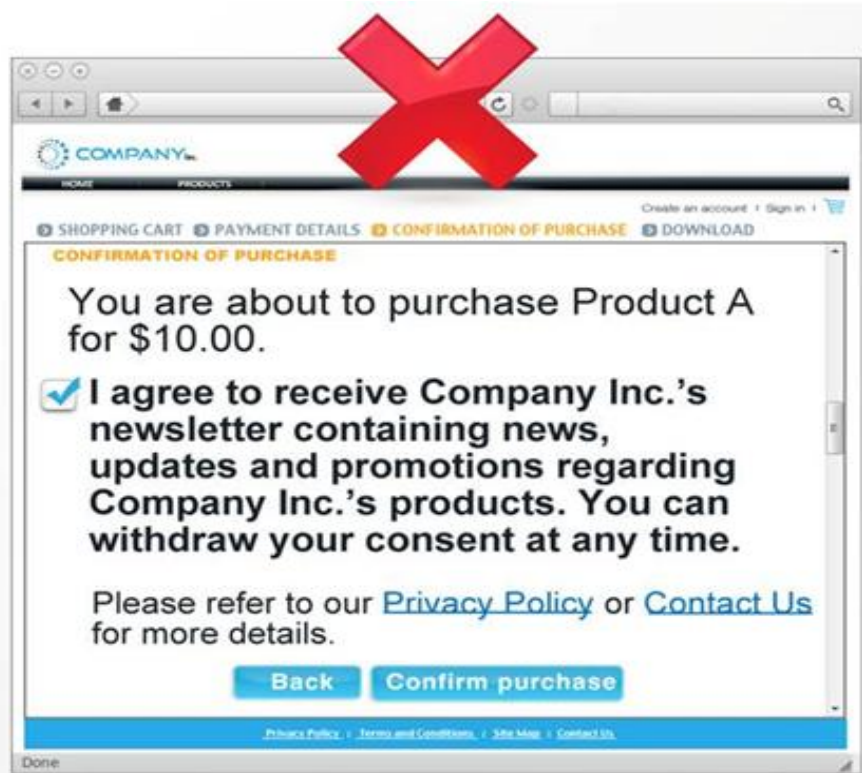
Unsubscribe can be readily performed

You Have Express Consent

- Requires active opt in
- Must be sought separately
- Sender must set out clearly and simply:
 - purposes for which consent is being sought
 - specific information about the person seeking consent and if applicable, the person on whose behalf consent is being sought
 - statement that the person can withdraw their consent at any time

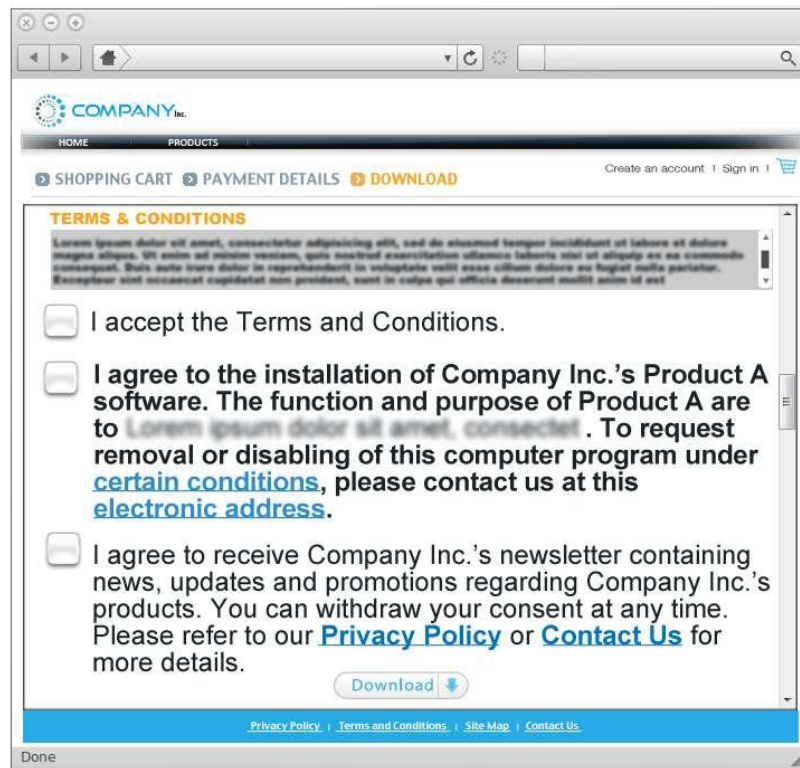
Express Consent

- Example used in Compliance and Enforcement Information Bulletin



Express Consent

- Example used in Compliance and Enforcement Information



Implied Consent

Existing
Business
Relationship

Existing Non-
Business
Relationship

Conspicuous
Publication

Voluntary
Disclosure

During
Transition
Period

Full Exemption

Personal/Family Relationships

Responses to Inquiries

Intra-business Messages

Inter-business Messages

Legal Obligations

e-Messaging Service

Secure & Confidential Accounts

Compliance with Law of Listed Foreign State

Charitable Fundraising

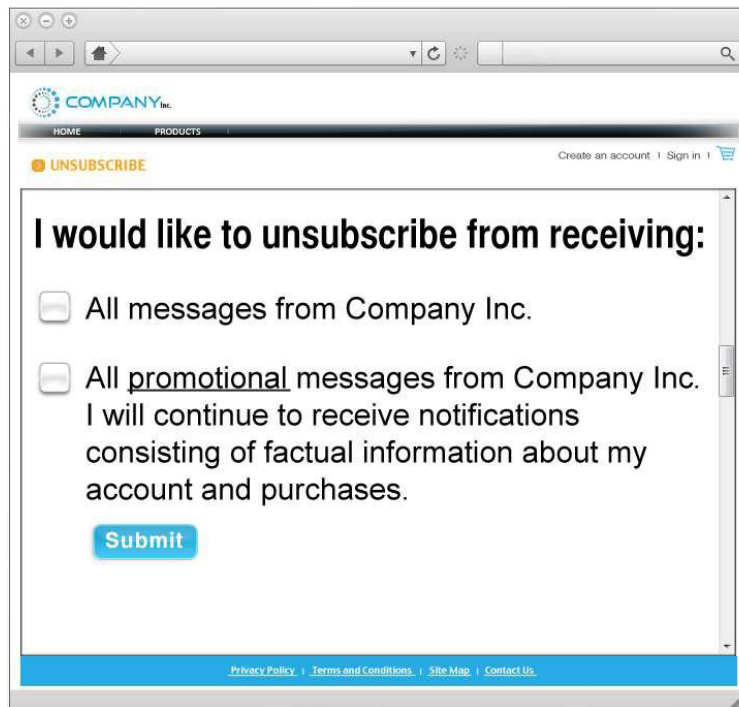
Political Parties & Candidates

Exemptions: Exemptions from Consent

- “Transactional messages” are specifically exempt from the requirement of obtaining consent, if they solely:
 - provide a requested quote or estimate
 - facilitate or confirm a previously agreed upon commercial transaction
 - provide factual information about an ongoing subscription/membership
 - provide information related to an employment relationship
 - deliver a product, good or service under a prior transaction
 - provide warranty/safety information
- First messages sent through a third-party referral if certain conditions are met
- Must still comply with form and content requirements

Unsubscribe Mechanism

- Examples used in Compliance and Enforcement Information Bulletin



A screenshot of a web browser displaying an unsubscribe form for "COMPANY Inc.". The browser's address bar is empty. The page header includes "HOME" and "PRODUCTS" links, along with "Create an account" and "Sign in" options. A prominent "UNSUBSCRIBE" button is visible. The main content area features the heading "I would like to unsubscribe from receiving:" followed by two radio button options: "All messages from Company Inc." and "All promotional messages from Company Inc. I will continue to receive notifications consisting of factual information about my account and purchases." A blue "Submit" button is located below the options. The footer contains links for "Privacy Policy", "Terms and Conditions", "Site Map", and "Contact Us".



Records Retention

**CEM policies
and procedures**

**All unsubscribe
requests and
actions**

**All evidence of
express
consent**

**CEM recipient
consent logs**

CEM scripts

**Campaign
records**

**Staff training
documents**

**Other business
procedures**

**Official
financial
records**

Conclusion: What Can You Do if You Are Investigated by the CRTC?

1. Control the message and monitor media coverage
2. Investigate
3. Fight or provide an undertaking
4. Look out for potential class action litigation

Comparing CASL to US Laws

	CASL	CAN-SPAM Act	TCPA
Messages covered	<p>Commercial electronic messages that encourage participation in commercial activity, including:</p> <ul style="list-style-type: none"> - Emails - Text messages - Instant messages - Direct messages through social media sites 	Commercial email messages	Text messages
Scope	Applies where <i>one</i> of the purposes of the message is commercial	Applies where <i>primary</i> purpose of email is commercial	Where an advertisement or constitutes telemarketing

Comparing CASL to US Law (cont'd)

	CASL	CAN-SPAM Act	TCPA
Consent regime	Requires express opt-in consent (unless exemptions apply or there is implied consent)	Opt-out	Requires prior express written opt-in consent for advertisement or telemarketing (unless exemptions apply)
Identification requirements	Sender Person on whose behalf message is sent Prescribed contact information	Sender's postal address	Sender
Unsubscribe requirements	Valid for 60 days after message sent Sender must give effect to unsubscribe mechanism within 10 business days	Valid for at least 30 days after message sent Sender must give effect to opt-out within 10 business days	Right to revoke consent at any time and by any reasonable method Industry practice

Comparing CASL to US Law (cont'd)

	CASL	CAN-SPAM Act	TCPA
Penalties/enforcement	<p>Administrative monetary penalties of Cdn\$1 million for individuals and Cdn\$10 million for corporations</p> <p>Private right of action coming into effect July 1, 2017: Cdn\$200 per breach up to Cdn\$1 million per day <u>plus</u> actual damages and expenses</p> <p>Employer liability</p> <p>Vicarious liability for directors and officers</p>	<p>Violation as unfair or deceptive act or practice under Federal Trade Commission Act:</p> <ul style="list-style-type: none"> - Injunctive relief - Civil penalties up to US\$16,000 per email in violation <p>Other federal and state regulator enforcement</p>	<p>Forfeiture penalties, including up to US\$16,000 per violation</p> <p>Private right of action:</p> <ul style="list-style-type: none"> - Injunctive relief - US\$500 per violation or US\$1,500 for willful or knowing violation <p>State regulator enforcement</p>
Federal Regulator	<p>CRTC</p> <p>Competition Bureau</p> <p>Office of the Privacy Commissioner of Canada</p>	Federal Trade Commission	Federal Communications Commission

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Questions

Relevant Practical Law Resources Available with a *Free Trial* to Practical Law

- [Canada's Anti-Spam Legislation and Its Impact on US Businesses](#)
- [CAN-SPAM Act Compliance](#)
- [TCPA Litigation: Key Issues and Considerations](#)
- [Expert Q&A: Far-reaching Declaratory Ruling on the TCPA](#)

About the Speakers

Jillian Swartz has been practicing for almost 20 years in the areas of mergers and acquisitions, private equity and venture capital investments, joint ventures and corporate reorganizations. She delivers practical business law advice to a broad range of clients, from entrepreneurs and start-ups to multi-national companies in the technology, not-for-profit, healthcare, infrastructure and manufacturing sectors. She regularly advises Canadian and international clients on Canada's anti-spam law and has presented and written extensively in both Canada and the United States on this emerging area of law.

Melissa Krasnow's practice focuses on privacy, advertising and marketing, corporate governance and transactional matters, including counseling on the CAN-SPAM Act and the Telephone Consumer Protection Act. A significant part of her regulatory and transactional practice is cross-border in nature and she frequently collaborates with Canadian counsel on these matters, including on Canada's Anti-Spam Law.

Erica Kitaev joined Practical Law from BakerHostetler LLP, where she was a partner with a focus on privacy and data security. She is a co-author of West Academic Publishing's *Privacy Law in a Nutshell, Second Edition*, and has taught privacy law as an adjunct professor at the University of Denver's Sturm College of Law.