

SURVEY OF INTELLECTUAL PROPERTY PART V-COPYRIGHT & INDUSTRIAL DESIGNS

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This Survey appears in several parts and canvasses significant developments in intellectual property law in Canada from January 1, 1987. This Part V explores developments in the law relating to Copyright and Industrial Designs and completes this Survey.

Cette recension, publiée en diverses parties, offre un éclairage sur les progrès importants dans le domaine du droit de la propriété intellectuelle depuis le 1^{er} janvier 1987. La partie V ci-dessous, qui vient compléter cette étude, est consacrée au droit d'auteur et au dessin industriel.

Part I of this Survey addressed the then numerous legislative activities regarding intellectual property law. Part II canvassed significant developments in the law of trade-marks regarding the statutory rights of registrations, especially the suitability of applications and the validity of registration. Part III completed the survey of the law of trade-marks by addressing the enforcement of trade-mark rights, especially the tort of passing off and the statutory rights of action. Part IV focussed on significant developments in the law relating to Patents. In particular, it addressed the topics of validity and infringement (including remedies), as well as ownership and the matter of patented medicines.

La Partie I faisait le survol des nombreuses modifications législatives en matière du droit de la propriété intellectuelle. La Partie II avait pour sujet les marques de commerce et passait en revue les développements importants en ce qui a trait aux droits d'enregistrement prévus par la loi, à la pertinence des demandes et à la validité de l'enregistrement. La Partie III poursuivait l'analyse du droit relatif aux marques de commerce en examinant la question de la mise en application des marques de commerce et, plus particulièrement, le délit de substitution ainsi que les droits d'action prévus par la loi. La Partie IV traçait les progrès importants en matière du droit des brevets, entre autres, en ce qui a trait à la validité des brevets, aux infractions en matière de brevets (y compris les réparations), au droit de propriété et à la sphère des médicaments brevetés.

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I. INTRODUCTION

This survey reports and comments upon significant legislative activity and jurisprudence in the field of law regarding copyright and industrial designs during the period from the beginning of 1987 to October 31, 1999.

The legislative activity commented upon includes Bill C-32 commonly known as "phase two" which addressed six areas of significant change namely (1) neighbouring rights, (2) a levy on blank tapes, (3) stronger rights for book distributors with exclusive rights, (4) new exceptions, (5) statutory damages and summary applications, and (6) provisions to accommodate the collective administration of the new rights.

In addition, the legislative activity comment also focuses on imminent legislative change arising from Canada's adherence to two new treaties regarding copyright, and neighbouring rights in the digital environment.

The commentary on copyright jurisprudence covers what the writers regard as the most significant developments in Canada in respect of the topics of subject matter, originality, ownership, infringement, licenses, and moral rights, continuing from the last survey published in 1987.²

The commentary on industrial designs covers the same time frame and reports on significant jurisprudence in respect of the topics of suitable subject matter, marking, and ownership, again continuing from the last survey published in 1987.³

II. COPYRIGHT

A. *Amendments to the Copyright Act*

Bill C-32, *An Act To Amend the Copyright Act*,⁴ or "phase two" as it has become known, was passed into law on April 25, 1997. Its coming into force completed the process of copyright reform begun with phase one, which came into force on June 8, 1988. With no previous thorough revision to the *Copyright Act* since January 1, 1924, despite the many significant and far reaching technological advancements affecting creators and their works throughout that time period, it was intended that the *Act* was to be thoroughly revised in two stages to accommodate past and future technological changes.

Phase one was intended to cover the urgent and important revisions which were not seen as controversial, namely improved criminal sanctions, a moral rights protection regime, recognition of computer programs as literary works, and provisions to encourage the creation and operation of copyright collectives. Phase two, intended to follow immediately on the heels of phase one, was to address the equally important yet apparently more controversial balancing of authors' and users' rights by providing for increased exemptions to copyright infringement. The perception of the balancing of authors' and users' rights as controversial was accurate as it took almost nine years, with active lobbying on behalf of both authors and users, to finally cobble together a Bill and pass it through Parliament. Phase two amendments have come into force at various

² W.L. Hayhurst, "Industrial Property: Part I" (1987) 19 Ottawa L. Rev. 139.

³ *Ibid.*

⁴ *Bill C-32, An Act to Amend the Copyright Act*, S.C. 1997, c. 24.

times since having received royal assent on April 27, 1999, with all remaining amendments having come into force on October 1, 1999.

Bill C-32 addressed six areas of significant change: (1) neighbouring rights; (2) a levy on blank tapes; (3) stronger rights for book distributors with exclusive rights; (4) new exceptions; (5) statutory damages and summary applications; and (6) provisions to accommodate the collective administration of the new rights.

1. *Neighbouring Rights*

Neighbouring rights, or those rights said to be 'neighbouring' on copyright, refers to the rights and protection granted to performers, producers of sound recordings, and broadcasters. With legislation recognizing these rights, Canada now comes into line with the 1971 version of the Berne Convention and the 1961 Rome Convention on the Protection of Performers, Producers of Phonograms, and Broadcasting Organization. It is worth noting that the U.S. remains opposed to the recognition of these neighbouring rights.

(a) *Performers*

Performers will now have the following rights: (A) if their performance is not fixed, they will have the exclusive right to: (1) communicate it to the public by telecommunication; (2) perform it in public, where it is communicated to the public by telecommunication or otherwise by communication signal; and (3) fix it in any material form; or (B) if their performance is fixed, they will have the exclusive right to: (1) reproduce any fixation that was made without authorization; and (2) where the fixation was authorized, to reproduce any fixation that was made for a purpose other than for which the authorization was granted. Where the performance is fixed in a sound recording, the performer also has the exclusive right to rent out the sound recording; or (C) to rent out a sound recording of their performance.⁵ Most importantly, the performer now has a right to be paid equitable remuneration for the performance in public or its communication to the public by telecommunication, except for any retransmission.⁶ This essentially puts performers on a similar footing as composers, lyricists and music publishers (except these persons are remunerated for retransmissions) and permits them to have a collective, similar to SOCAN, and to collect and distribute royalties as set by the Copyright Board. The split between performers and record companies is fixed at 50:50.⁷

In order for performers to protect their exclusive rights of transmission, fixation, reproduction and renting, the performance must: (1) take place in Canada or a Rome Convention country; (2) be fixed in a sound recording made by a Canadian or a citizen or permanent resident of a Rome Convention country, or if by a corporation, one with its headquarters in such a country; (3) be fixed in a sound recording first published in Canada or a Rome Convention country; or (4) be transmitted at the time of performance from Canada or a Rome Convention country by a broadcaster who has its

⁵ *Copyright Act*, R.S.C. 1999, c. C-42, s. 15(1).

⁶ *Ibid.* at s. 19(1).

⁷ *Ibid.* at s. 19(3).

headquarters in the country of broadcast.⁸ To protect their right to equitable remuneration, the sound recording must: (1) be made by a record company who was at first fixation a Canadian or a citizen or permanent resident of a Rome Convention country, or if a corporation, one with its headquarters in such a country; or (2) be fixed (i.e. recorded) in Canada or a Rome Convention country.⁹

(b) *Makers of Sound Recordings*

Makers of sound recordings (record companies) now have the sole right in respect of their sound recordings to: (1) publish it for the first time; (2) reproduce it in any material form; and (3) rent it out.¹⁰ Record companies are granted the same right to equitable remuneration as performers.¹¹ The annual royalty to be paid by broadcasters is \$100 on the first \$1.25 million of annual advertising revenues, and thereafter according to the established tariff set by the Copyright Board.¹² There is a three-year transitional period for phasing in one-third of the royalties each year.

For record companies to protect their rights of publication, reproduction and renting, the sound recording must: (1) be made by a Canadian or a citizen or permanent resident of a Berne or Rome Convention or WTO Member country, or if a corporation, one with its headquarters in such a country at the time of recording.¹³ The same requirements exist to protect record company rights of remuneration as exist for performers.¹⁴

(c) *Broadcasters*

Phase two granted broadcasters the exclusive rights in respect of their communication signal to: (1) fix it; (2) reproduce any unauthorized fixation of it; (3) authorize other broadcasters to simulcast it; and (4) in the case of a television signal, perform it in public where an entrance fee is charged.¹⁵ These rights can only be protected where the broadcaster, at the time of broadcast, had its headquarters in Canada or in a Rome Convention or WTO Member country, and broadcasts the signal from that country.¹⁶

(d) *Reciprocity*

Phase two has created a mechanism whereby neighbouring rights may be extended to nationals of countries not signatories to the Rome Convention (including the U.S.) provided that the non-signatory country has provided reciprocal treatment to

⁸ *Ibid.* at s. 15(2).

⁹ *Ibid.* at s. 20(1).

¹⁰ *Ibid.* at s. 18(1).

¹¹ *Ibid.* at s. 19(1).

¹² *Ibid.* at s. 68.1(1).

¹³ *Ibid.* at s. 18(2).

¹⁴ *Ibid.* at s. 20(1).

¹⁵ *Ibid.* at s. 21(1).

¹⁶ *Ibid.* at s. 21(2).

Canadian performers, record companies and broadcasters.¹⁷ Where reciprocal treatment is only provided in part, the benefits of the neighbouring rights may be extended in part accordingly.¹⁸ Furthermore, on request of a NAFTA country (U.S. or Mexico), Canada may extend the right to remuneration for neighbouring rights to U.S. and Mexican performers and makers of sound recordings for dramatic or literary works (but not musical works).¹⁹

2. *Blank Tape Levy*

Responding to the cry of the music industry, that record sales have been steadily declining since the advent of the cassette tape, due to its use for unauthorized recordings made for private use, and following the lead of many European and other countries, phase two has established a blank tape levy to compensate copyright owners for unauthorized copies of musical works. The copying of commercially recorded music for private use no longer infringes the copyright in the musical work, the performer's performance or the sound recording.²⁰ The exception is limited to musical works (it excludes literary or dramatic works), but covers a recording on any "audio recording medium" (unlike in the U.S., where only recordings in digital format are covered). Some authors commenting on the Bill shortly after its passage, have stated that computer discs would be excluded, as the definition of "audio recording medium" requires that the recording medium be "of a kind ordinarily used by individual consumers for [the purpose of making a sound recording]".²¹ However, with the more recent advent of computer technologies for the recording and playback of music off of the Internet from computer discs, this would no longer appear to be the case.

As compensation for the permissible recording for private use, authors of musical works, performers, and record companies are now entitled to share in the revenues generated by payments from monies paid by the makers and importers of blank audio tapes.²² The levy to be paid by the makers and importers of blank audiotapes is to be set by the Copyright Board, who may establish a collective to administer the collection and distribution of the levies. Associations representing persons with perceptual disabilities are excluded from having to pay the levy.

In order to receive remuneration, authors, performers and record companies must be eligible. Authors are eligible if copyright subsists in the musical work in Canada and they are a Canadian or a citizen or permanent resident of a Berne Convention, UCC or WTO Member country. Performers and record companies are eligible if copyright subsists in the performers' performance or the sound recording, as applicable in Canada, and they are a Canadian or a citizen of a country receiving reciprocal treatment under s. 85, or if a corporation, one with its headquarters in such a country.²³ Performers and record companies who are nationals of other countries are

¹⁷ *Ibid.* at s. 22(1).

¹⁸ *Ibid.* at s. 20(2).

¹⁹ *Ibid.* at s. 20(3).

²⁰ *Ibid.* at s. 80(1).

²¹ *Ibid.* at s. 79.

²² *Ibid.* at ss. 81 and 82.

²³ *Ibid.* at s. 79.

provided reciprocity for blank tape levies under a scheme substantially similar to that provided to them for neighbouring rights.²⁴

3. *Rights Granted To Book Distributors*

Book distributors with written exclusive distribution agreements (in addition to copyright owners and their exclusive licensees) may assert copyright infringement against gray marketers or parallel importers – those that have imported copies of the books with the consent of the copyright owner in the country where the books were printed, but without the consent of the Canadian copyright holder.²⁵ The provision applies only to books or a part thereof and excludes pamphlets, periodicals, maps, sheet music, and instruction or repair manuals accompanying a product or service.²⁶ An exclusive distributor is a person appointed in writing by the owner or exclusive licensee of the copyright in Canada as the only distributor in Canada or any part thereof or any particular sector of the market thereof.²⁷

In order for the copyright owner, exclusive licensee, or exclusive distributor to obtain the usual injunction and damages remedies, notice of the existence of an exclusive distributor must have been given to the alleged parallel importer prior to the infringement.²⁸ As well, provided they have served the Department of National Revenue with notice in writing that the Canadian copyright owner does not want the parallel copies imported, the copyright owner, exclusive licensee or exclusive distributor may enlist the aid of Customs to restrict the importation of such copies into Canada.²⁹

However, exceptions exist. Notwithstanding these rights, it is lawful for a person to import: (1) up to two copies of a book for personal use; (2) any number of copies of a book for use by a federal or provincial government department; (3) one copy of a book for use by a non-profit library, archive, museum or educational institution; and (4) any number of copies of used books, except scientific, technical or scholarly textbooks used in a course of instruction in a non-profit educational institution.³⁰

4. *Exceptions*

This is where much of the creator vs. user battle took place. Aside from the broadcasters succeeding in obtaining a right to make an ephemeral recording, the only clear winner, was a special class of users: public sector institutions.

(a) *Fair Dealing*

The fair dealing exception was updated to include all manner of news reporting

²⁴ *Ibid.* at s. 85.

²⁵ *Ibid.* at ss. 27.1 and 44.2.

²⁶ *Ibid.* at s. 2.

²⁷ *Ibid.*

²⁸ *Ibid.* at ss. 27.1(5) and 44.2.

²⁹ *Ibid.* at s. 44.

³⁰ *Ibid.* at ss. 2 and 45.

(including radio, television and new media) and neighbouring rights.³¹

(b) *Educational Institutions*

It is not an infringement for a non-profit educational institution or a person acting under its authority (presumably including teachers and students) to: (1) make a manual reproduction of a work on a blackboard, flip chart or for overhead projection;³² (2) reproduce, translate or perform in public or communicate by telecommunication to the public a work for examination;³³ (3) perform a work, including a sound recording, in public on the premises of the educational institution, to an audience primarily of students and instructors and for educational purposes;³⁴ (4) make a copy of a news or news commentary program, excluding documentaries, for use in the classroom within one year of recording;³⁵ or (5) make a copy of any program kept for a thirty day period in order to decide whether to use the copy in the classroom.³⁶ The “blackboard” and “exam” exceptions identified above as (1) and (2) are not applicable where the work is commercially available in an appropriate medium.

It is unknown whether these educational institution exceptions will be interpreted to include Internet transmissions. As well, it is uncertain whether the limitation to use on the premises of the educational institution may preclude an exception for the use of works in distant learning.

(c) *Libraries, Archives and Museums*

Non-profit libraries, archives and museums may make a copy, if appropriate copies are not commercially available, for the maintenance or management of its permanent collection of works: (1) if the original is rare or unpublished and is damaged, deteriorating or lost;³⁷ (2) for on-site consultation if the original is in poor condition;³⁸ (3) in an alternative format if the original is in an obsolete format;³⁹ (4) for record keeping;⁴⁰ (5) for insurance reasons;⁴¹ and (6) for restoration.⁴²

As well, non-profit libraries, archives and museums may make a photocopy for research or private study of an article from: (1) a scholarly, scientific or technical periodical; or (2) a newspaper or periodical, other than a scholarly, scientific or technical periodical, provided it was published more than one year before the photocopy is made and was not a work of fiction or poetry or a dramatic or musical work.⁴³ Loans

³¹ *Ibid.* at ss. 29, 29.1 and 29.2.

³² *Ibid.* at s. 29.4(1).

³³ *Ibid.* at s. 29.4(2).

³⁴ *Ibid.* at s. 29.5.

³⁵ *Ibid.* at s. 29.6.

³⁶ *Ibid.* at s. 29.7.

³⁷ *Ibid.* at s. 30.1(a).

³⁸ *Ibid.* at s. 30.1(b).

³⁹ *Ibid.* at s. 30.1(c).

⁴⁰ *Ibid.* at s. 30.1(d).

⁴¹ *Ibid.* at s. 30.1(e).

⁴² *Ibid.* at s. 30.1(f).

⁴³ *Ibid.* at ss. 30.2(2) and 30.2(3).

amongst non-profit libraries, archives and museums of a photocopy of a work is permissible provided the copy provided to the patron is not in digital form. Any intermediate copy must be destroyed once the copy is given to the patron.⁴⁴ Libraries, archives and museums which are not non-profit are excluded from the exception.

(d) *Photocopiers in Libraries, Archives and Museums*

Non-profit libraries, archives and museums will not infringe copyright where a copy is made of printed material on a photocopier having a posted notice warning of infringement of copyright, provided the non-profit library, archive or museum has entered into an agreement with the copyright owner or the appropriate collective licensing the photocopying of works.⁴⁵

(e) *Archives*

An archive (presumably non-profit) may make a copy of an unpublished work deposited with the archive after the coming into force of the appropriate section provided: (1) the archive gives notice to the depositor that the work may be copied pursuant to the section; and only if (2) no copyright owner prohibits copying; and (3) the copy is to be used only for research or private study.⁴⁶

(f) *Ephemeral Recordings*

Phase two finally gave broadcasters the right to make ephemeral recordings of works they intend to broadcast, a right they had been aggressively pursuing ever since the 1990 Supreme Court of Canada decision in *Télé-Métropole Inc. v. Bishop*.⁴⁷ The new right permits broadcasters to make an ephemeral recording of a performer's performance, sound recording or work, excluding a cinematographic work, provided: (1) the broadcaster has licensed the right to broadcast the performer's performance, sound recording or work; (2) it is made solely for the broadcaster; (3) it is not synchronized with another performer's performance, sound recording or work; and (4) it is not used in an advertisement for a product, service, cause or institution.⁴⁸ The ephemeral recording must be destroyed within 30 days of making it unless the copyright owner authorizes its retention or it is deposited with an official archive upon having notified the copyright owner.⁴⁹ No ephemeral recording may be made where a license is available from an appropriate collective for the recording of a performer's performance, sound recording or work.⁵⁰

⁴⁴ *Ibid.* at ss. 30.2(5) and 30.2(5.1).

⁴⁵ *Ibid.* at s. 30.3.

⁴⁶ *Ibid.* at ss. 30.21(1)-(3).

⁴⁷ 18 C.P.R. (3d) 257 (Fed. C.A.), aff'd (1990), 72 D.L.R. (4th) 97, 31 C.P.R. (3d) 394, [1990] 2 S.C.R. 467, 111 N.R. 376.

⁴⁸ *Supra* note 5 at s. 30.8(1).

⁴⁹ *Ibid.* at ss. 30.8(4) and 30.8(6).

⁵⁰ *Ibid.* at s. 30.8(8).

(g) *Perceptual Disabilities*

A person or non-profit corporation may, on behalf of a person with perceptual disabilities: (1) make a copy or sound recording of a work, except for a cinematographic work, in a format designed for people with perceptual disabilities; (2) translate, adapt or reproduce in sign language a literary or dramatic work, except for a cinematographic work, in a format designed for people with perceptual disabilities; or (3) perform in public a literary or dramatic work, except for a cinematographic work, either live or in a format designed for people with perceptual disabilities.⁵¹ This right is not permitted for large print books⁵² or where the work or sound recording is commercially available in an appropriate format.⁵³

5. *Statutory Damages and Summary Judgment*

(a) *Statutory Damages*

Prior to phase two, the civil remedies available under the *Act* had been criticized as too far reaching or not far reaching enough. Too far reaching in that "if an artwork was painted without authority onto the side of a supertanker, the copyright owner could seize and operate the tanker for his own benefit, or sell it and pocket all the proceeds."⁵⁴ Not far reaching enough in that the civil remedies were considered too costly, complicated and time consuming to pursue the common instance of being faced with flea market or fly-by-night infringers with a relatively small number of infringing copies of each of many different works (i.e. movies, video cassettes, audio cassettes and computer programs).

With the phase two civil remedies, in the supertanker example, the courts can now consider an appropriate remedy for the infringing work distinct from the supertanker it is painted on.⁵⁵ As well, to make it easier to pursue the flea market or fly-by-night type infringers, phase two brought in U.S. style statutory damages where a copyright owner can elect (at any time prior to final judgment) to recover pre-established statutorily fixed damages instead of having to prove damages or profits of the infringer. These statutory damages range from \$500 to \$20,000 for all infringements in respect of each work.⁵⁶

If the infringer was unaware or ought reasonably not to have been aware it was infringing, than the statutory damage range may drop to as low as \$200,⁵⁷ or even lower in special cases.⁵⁸ Statutory damages cannot be awarded against: (1) an educational

⁵¹ *Ibid.* at s. 32(1).

⁵² *Ibid.* at s. 32(2).

⁵³ *Ibid.* at s. 32(3).

⁵⁴ See D. Vaver, "Architecture and Overview of the Act: Critique and Strategic Analysis" Insight Information Inc. Conference Reports, Vol. 6, June 24-25, 1997 and H.P. Knopf, ed., *The New Copyright Act: Managing the Impact* (Toronto: Insight Press, 1997) in his reference to *Infabrics Ltd. v. Jayex Ltd.* (1981), [1982] A.C. 1 (H.L.).

⁵⁵ *Copyright Act*, R.S.C. 1985, c. C42, ss. 38(2) and 38(4).

⁵⁶ *Ibid.* at s. 38.1(1).

⁵⁷ *Ibid.* at s. 38.1(2).

⁵⁸ *Ibid.* at s. 38.1(3).

institution, library, archive or museum; or (2) an infringer in respect of gray market or parallel imported goods.⁵⁹ Collective societies have been given a very big stick to swing against those who choose not to pay the applicable royalties. They can elect to sue to recover damages in lieu of any other remedy of a monetary nature provided by the Act, ranging from 3 to 10 times the amount of applicable royalties.⁶⁰ As well, in order to deter the flagrant infringers, an election to recover statutory damages does not preclude also pursuing exemplary or punitive damages.⁶¹ Finally, statutory damages are available only for copyright infringement, not moral rights infringement.⁶²

(b) *Summary Proceedings*

To further improve upon the previously considered costly, complex and time consuming civil remedies under the *Act*, phase two provided for a summary application procedure: to pursue copyright or moral rights infringers; to pursue gray marketers and parallel importers; and for collectives to pursue persons not abiding by the applicable tariffs or user agreements.⁶³ In provincial courts where no procedure exists for summary proceedings, phase two grants the courts the power to give such directions as would affect such summary proceedings.⁶⁴

(c) *Expanded Scope of Injunction*

Phase two has confirmed the earlier practice of the courts to grant injunctions not only in respect of an infringement of the complained of work, but also in respect of any other work in which the plaintiff has a copyright interest without proof of infringement of these other works.⁶⁵ Furthermore, after the injunction has been granted, the plaintiff may claim the benefits that may extend to works at the time the proceedings were commenced, that were either non-existent or in which the plaintiff was not the copyright owner.⁶⁶

6. *Collective Administration of Copyright*

Many of the new rights introduced with phase two put in place either new or expanded procedures for the collective administration of these new rights. These, along with other more technical amendments in respect of the collective administration of copyright, are of importance primarily to collectives or those dealing with them on a routine basis. However, one such amendment worthy of note is that which empowers the Governor in Council to make regulations establishing policy directions and general criteria, which the Copyright Board must have regard to in establishing fair and

⁵⁹ *Ibid.* at s. 38.1(6).

⁶⁰ *Ibid.* at s. 38.1(4).

⁶¹ *Ibid.* at s. 38.1(7).

⁶² *Ibid.* at s. 38.1(1).

⁶³ *Ibid.* at s. 34(4).

⁶⁴ *Ibid.*

⁶⁵ *Ibid.* at s. 39.1(1).

⁶⁶ *Ibid.* at s. 39.1(2).

equitable royalties, and in rendering any other of its decisions.⁶⁷ This power grants the Governor in Council the ability to directly affect the manner in which the Copyright Board makes its decisions and establishes royalties and royalty schemes.

7. *Miscellaneous Other Changes*

Many other lesser amendments were made to the *Act*, some of which will be commented on here. The three-year limitation period for civil remedies under the *Act* now clearly runs from either the time when the plaintiff knew or ought to reasonably have been expected to have known of the infringement, not from the time when the infringement occurred.⁶⁸ The term of copyright in photographs has been retrospectively extended to the author's life plus 50 years where the author is a natural person.⁶⁹ However, before phase two, any person owning the physical negative (or the photograph if no negative), including a corporation, is the author of the copyright in the photograph. Where a corporation is the author, the term is 50 years from the end of the year in which the negative was made. Now, where the majority of the voting shares of the corporate author are held by a natural person who would otherwise qualify as the author, the term is the author's life plus 50 years.⁷⁰

8. *Conclusions*

Phase two now completes the first effort to reform the *Copyright Act* since 1924 and despite many significant and substantial changes and improvements much remains to be done. Phase one and now phase two have relieved a good portion of the burden on the courts of having to creatively interpret the *Act* in light of unforeseen issues raised by television and computer technology. However, neither phase one nor phase two adequately addressed digitization of information and the internet, which now further strain the creative efforts of the courts and the need for legislative change. As well, the creator vs. user clash will be at its peak in formulating new laws to deal with Crown copyright. These and other important issues yet remain to be addressed in the next round of copyright reform.

The bottleneck speed at which commerce is globalizing, especially through the Internet, and in which information is being digitized will ensure that new and unforeseen copyright issues will continue to arise. In such an environment, one thing is certain, the legislature cannot stand by for another 60-plus years leaving the courts to effectively read new technologies into the *Copyright Act* by case law.

B. *WIPO Treaties - Imminent Change*

1. *Background*

The concern for adequate protection of copyrighted works has escalated as the

⁶⁷ *Ibid.* at s. 66.91.

⁶⁸ *Ibid.* at s. 41(1)(b).

⁶⁹ *Supra* note 5 at s. 54.1.

⁷⁰ *Supra* note 55 at s. 10(1.1).

new digital means for transmission have proliferated globally. The exponential growth of these technologies and their increasing availability globally, as well as the inherent nature of digital media, pose the spectre of unfettered copying. In addition, there are the particular concerns for the protection of performers' rights and sound recordings, the ownership of computer generated works, copyright management systems and devices intended to defeat such systems, whether collective administration in respect of the Internet is appropriate, and database protection.

The global nature of these concerns has prompted international efforts especially by the World Intellectual Property Organization. In particular, a diplomatic conference was convened for December 1996 to consider three treaties for copyright, performers' rights and sound recording producers in the digital environment, and for database protection. In December 1997, Canada signed the two new treaties that emerged from the December 1996 WIPO diplomatic conference. The databases treaty was withdrawn. The benefits of these treaties are extolled as addressing the issue of copyright protection in the new digital environment. Indeed, the federal government has proclaimed, in calling for comments, partly as a result of the legislative activity in the United States and the effort by the European Commission to develop a suitable directive that these new treaties are quickly becoming the new international norm in terms copyright protection. Without doubt, these two treaties make clear that copyright and related intellectual property rights apply in the digital world, and encourage more uniform international protection for sound recordings, computer programs, literary works and films.

Copyright law has long mediated between copyright owners and users, fostering protection for the former and access for the latter, whether in digital networked environments or in relation to the print medium. The true importance of these principles was recognized in Geneva at the diplomatic conference. In particular, the preamble to the WIPO Copyright Treaty⁷¹ asserts the need to maintain a balance between the rights of authors and the larger public interest, particularly education, research, and access to information.

The two new WIPO treaties address the challenges of the digital environment. In brief, the *Copyright Treaty* and the *Performances and Phonograms Treaty* especially provide an exclusive right for authors, performers and producers of phonograms to authorize the making available of their works, performances and phonograms, respectively, to the public, by wire or wireless means in such a way that members of the public may access them from a place and at a time individually chosen by them. However, an agreed statement expresses the understanding that the mere provision of physical facilities for enabling or making a communication does not itself amount to communication.

Both require protection for electronic rights management information and prevention of the circumvention of technological measures used by authors and performers and producers. Both leave the determination of whether exhaustion of rights applies after first sale or other transfer, if at all, to each country.

The *Copyright Treaty* provides for copyright protection for computer programs and original databases and a rental right akin to the WTO TRIPS agreement. Minimum

⁷¹ *WIPO Copyright Treaty*, 20 December 1996.

protection for photographic works goes from 25 years to 50 years.

The *Performances and Phonograms Treaty* also gives protection for other economic rights of performers and producers of phonograms including rights of reproduction, distribution and rental. Moral rights of performers in their live aural performances and their performances fixed in phonograms gain a minimum of 50 years protection. However, audiovisual fixations are not covered.

Each has come into effect by virtue of the ratification of, or accession to, these treaties by more than the required 30 states before the deadline of 31 December 1997. The texts of each are available on the Internet at <http://www.wipo.int>.

2. *Implementation of the WIPO Copyright Treaty*

As indicated, few amendments to the Canadian *Copyright Act* will be required in order to comply with the WIPO Copyright Treaty. Each Article is summarized so that the new obligations can be appreciated, together with an indication as to whether or not a consequential amendment will be required.

Articles 1 and 3 relate to the Berne Convention and oblige contracting countries to comply with the Berne Convention. Canada already complies.

Articles 2, 4 and 5 relate to the scope of copyright. Article 2 requires that copyright protection extend only to expressions and not to ideas, procedures, methods of operation or mathematical concepts as such. Article 4, in turn, mandates the protection of computer programs as literary works, whatever may be the mode or form of their expression. Article 5 requires the protection of compilations of data or other material, in any form, which by reason of the selection or arrangement of their contents constitute intellectual creations. Again, Canada complies with the *WIPO Copyright Treaty*.

Article 6 requires that authors of literary and artistic works shall enjoy the exclusive right of authorizing the making available to the public of the original and copies of their works through sale or other transfer of ownership. Moreover, contracting countries may determine when exhaustion of rights applies after first sale or other transfer of ownership. Canada again complies with the Treaty.

In certain circumstances, Article 7 requires a commercial right of rental for authors of computer programs, cinematographic works, or sound recordings. In particular, the rental right shall not apply in the case of computer programs, where the program itself is not the essential object of the rental, or in the case of cinematographic works, unless such commercial rental has led to widespread copying of such works materially impairing the exclusive right of reproduction. Again, Canada is in compliance with the Treaty.

As mentioned, Article 8 mandates a right of communication to the public, by wire or wireless means, in such a way that members of the public may access them from a place and at a time individually chosen by them. Canada is in compliance with the Treaty. Notably, agreed statement emerged from the conference expressing the understanding that the mere provision of physical facilities for enabling or making a communication does not itself amount to communication eliminating, *inter alia*, the prospect of strict liability for on-line service providers for all infringing activities that may occur on their systems.

As a consequence of Article 9, the term of protection for photographic works

set out in Article 7 of the Berne Convention, which is the life of the author plus 50 years, must apply rather than the at least 25 years term of Article 7(4). The provisions for term of copyright under section 10 of the *Canadian Copyright Act*, providing for a term where a corporation is owner, will have to change in order to bring the Act in to compliance.

Article 10 sets out permissively that limitations or exceptions on copyright protection ought to meet a three-step test. As mentioned, they ought to address only certain special cases, they ought not to conflict with the normal exploitation of the protected subject matter, and they ought not to prejudice unreasonably the legitimate interests of the author. Canada is in compliance with the Treaty.

The new requirement for measures against the circumvention of effective technological measures that are used by authors in connection with the exercise of their rights under this Treaty or the Berne Convention comes under Article 11. Currently, such technology encompasses encryption, electronic signatures, access codes, etc., to prevent copyright infringement. Measures to prevent circumvention can be directed against the making of devices to circumvent such technology or against the act of circumventing. While the prohibition against "authorizing" infringement might catch some activity, it seems appropriate to have a specific provision to comply with this Treaty requirement against such circumvention and the distribution of altered products.

Article 12 requires new criminal and civil measures concerning rights management information. In particular, the removal or alteration of any electronic rights management information without authority, or the distribution of works knowing that electronic rights management information has been removed or altered without authority, knowing that it will induce, enable, facilitate or conceal an infringement of any right covered by this Treaty or the Berne Convention should be prohibited. Similarly, civil sanctions should apply where such conduct occurs by a person having reasonable grounds to know that it will induce, enable, facilitate or conceal an infringement of any right covered by this Treaty or the Berne Convention. The Article defines "rights management information" as:

...information which identifies the work, the author of the work, the owner of any right in the work, or information about the terms and conditions of use of the work, and any numbers or codes that represent such information, when any of these items of information is attached to copy of a work or appears in connection with the communication of a work to the public.⁷²

While certain portions of the *Copyright Act* may address some of this Article's obligations, it would be more appropriate to adopt a specific provision.

Canada already has the effective legal measures and enforcement procedures required by Article 14 to permit effective action against any act of infringement of rights covered by the Treaty, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements.

⁷² *Ibid.* at art. 12.

3. *Implementation of the WIPO Performances and Phonograms Treaty*

Again, few amendments to the *Canadian Copyright Act* will be required in order to comply with the Treaty. Each Article is summarized below so that the new obligations can be appreciated. Also set out is an indication as to whether or not a consequential amendment will be required.

Article 1 ensures that this Treaty does not derogate from existing obligations that Contracting Parties have to each other under the Rome Convention⁷³ or from the existing protection of copyright in literary and artistic works. Consequently, no provision of this Treaty may be interpreted as prejudicing such protection.

Article 2 sets out the Treaty's definitions of the following concepts: performers; phonogram; fixation; producer; publication; broadcasting and communication to the public.⁷⁴

Article 3 provides that contracting countries shall accord the protection provided under this treaty to the performers and producers of phonograms who are nationals of other contracting parties. Similarly, Article 4 provides for national treatment to nationals of other contracting countries.

There is an opting out provision and, given the Canadian content policy, it seems likely that Canada will exercise this option as to the right of remuneration pertaining to the performance in public and the communication to the public by telecommunication of published sound recordings. In addition, change to the *Copyright Act* will be necessary so that national treatment rules will apply more fully in favour of the beneficiaries identified in the Treaty.

⁷³ *International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations*, 26 October 1961.

⁷⁴ (a) "performers" are actors, singers, musicians, dancers, and other persons who act, sing, deliver, declaim, play in, interpret, or otherwise perform literary or artistic works or expressions of folklore;

(b) "phonogram" means the fixation of the sounds of a performance or of other sounds, or of a representation of sounds, other than in the form of a fixation incorporated in a cinematographic or other audiovisual work;

(c) "fixation" means the embodiment of sounds, or of the representations thereof, from which they can be perceived, reproduced or communicated through a device;

(d) "producer of a phonogram" means the person, or the legal entity, who or which takes the initiative and has the responsibility for the first fixation of the sounds of a performance or other sounds, or the representations of sounds;

(e) "publication" of a fixed performance or a phonogram means the offering of copies of the fixed performance or the phonogram to the public, with the consent of the rightholder, and provided that copies are offered to the public in reasonable quantity;

(f) "broadcasting" means the transmission by wireless means for public reception of sounds or of images and sounds or of the representations thereof; such transmission by satellite is also "broadcasting"; transmission of encrypted signals is "broadcasting" where the means for decrypting are provided to the public by the broadcasting organization or with its consent;

(g) "communication to the public" of a performance or a phonogram means the transmission to the public by any medium, otherwise than by broadcasting, of sounds of a performance or the sounds or the representations of sounds fixed in a phonogram. For the purposes of Article 15, "communication to the public" includes making the sounds or representations of sounds fixed in a phonogram audible to the public.

The Treaty mandates moral rights of performers as to live aural performances or performances fixed in phonograms. The rights included in Article 5 were the right to be identified as the performer (except where omission is dictated by the manner of the use of the performance) and to object to any distortion, mutilation or other modification of the performances that would be prejudicial to the performer's reputation. These rights ought to last until expiry of the performer's economic rights. Currently, the *Copyright Act* does not provide any moral rights for performers and will require amendment.

In dealing with the economic rights of performers in their unfixed performances, Article 6 requires that performers have the exclusive right to authorize the broadcasting and communication to the public of their unfixed performances (except where the performance is already a broadcast performance) and the fixation of their unfixed performances. Again, Canada is in conformity with the Treaty.

In order to grant to performers the exclusive reproduction right in respect of their performances fixed in phonograms, in any manner or form as required by Article 7, Canada will have to amend section 15 of the *Copyright Act*. Section 15 contains certain limits on the right of reproduction imposed by the Rome Convention.

Similar to Article 6 in the *Copyright Treaty*, Article 8 requires that performers shall enjoy the exclusive right of authorizing the making available to the public of the original and copies of their performances fixed in phonograms through sale or other transfer of ownership. Moreover, contracting countries may determine when exhaustion of rights applies after first sale or other transfer of ownership. Canada again is in compliance with the Treaty.

Article 9 requires the creation of a commercial rental right in favour of performers in respect of those performances that are fixed in phonograms. Any contracting country's system of equitable remuneration of performers for the rental of copies of their performances fixed in phonograms in place as of April 15, 1994, may remain, provided that the commercial rental of phonograms is not giving rise to the material impairment of the exclusive right of reproduction of performers. Again, Canada is in compliance with the Treaty.

As mentioned, Article 10 mandates for performers a right of communication to the public of their performances fixed in phonograms, by wire or wireless means, in such a way that members of the public may access them from a place and at a time individually chosen by them. As noted, an agreed statement emerged from the conference expressing the understanding that the mere provision of physical facilities for enabling or making a communication does not itself amount to communication eliminating, *inter alia*, the prospect of strict liability for on-line service providers for all infringing activities that may occur on their systems.

Section 19 of the *Copyright Act* limits such a right in the case of both performers, (for performances fixed on sound recordings) and sound recording producers, to a right of remuneration. A full exclusive right would require an amendment of the Act.

Article 11 mandates a similar exclusive right of reproduction in favour of producers of phonograms. Canada complies with this requirement.

Article 12 mandates a right of distribution in favour of producers of phonograms similar to Article 8 for performers. Again, Canada is in conformity with the Treaty.

Article 13 requires a right of rental for producers of phonograms as well as

equitable remuneration. However, there are no limitations on the rental right. Once again, Canada is in conformity with the Treaty.

Like Article 10, Article 14 mandates a similar right to producers of making their phonograms by wire or wireless means, in such a way that members of the public may access them from a place and at a time individually chosen by them. As with Article 10, change to the *Copyright Act* will be required.

Article 15 establishes that performers and producers of phonograms shall enjoy the right to a single equitable remuneration for the direct or indirect use of phonograms published for commercial purposes for broadcasting or for any communication to the public, including phonograms made available to the public by wire or wireless means in such a way that members of the public may access them from a place and at a time individually chosen by them. However, contracting countries may opt out. Canada already has such a right of remuneration in the *Copyright Act*, but excludes retransmission. Accordingly, it is likely that Canada will exercise the reservation option.

Article 16 provides for limitations and exceptions concerning the protection of performers and producers of phonograms similar to those for copyright protection in Article 10 of the *Copyright Treaty*. Again, Canada is in conformity with the Treaty.

Article 17 sets the required term of protection. For performers, the term is at least until the end of a period of 50 years computed from the end of the year in which the performance was fixed in a phonogram. For producers, it is at least until the end of a period of 50 years computed from the end of the year in which the phonogram was published, or failing such publication within 50 years from fixation of the phonogram, 50 years from the end of the year in which the fixation was made. The *Copyright Act* grants protection from the first fixation of a sound recording under Section 23(1)(b). Accordingly, change will be required to comply with the Treaty.

Article 18 sets out obligations concerning technological measures while Article 19 sets out obligations concerning rights management information. These obligations are comparable to those set out in the *Copyright Treaty* in Articles 11 and 12.

Finally, the Treaty requires that the enjoyment and exercise of the rights shall not be subject to any formality, that the Treaty shall be given immediate effect, and that no reservations shall apply except for Article 15(3).

4. *Government Action*

Last fall, the federal government called for comments regarding the obligations of these treaties and received numerous comments. Currently, selection of the appropriate legislative options is underway. Draft legislation may be expected in due course.

5. *Conclusions*

These two treaties clearly address challenges posed by the digital environment. However, the exponential growth of digital technologies and their increasing global availability, as well as the inherent nature of digital media will continue to concern many and we may see particular domestic variations on the implementation of these obligations. In addition, there remains the particular concerns for the protection of performers' rights and sound recordings, the ownership of computer generated works,

copyright management systems and devices intended to defeat such systems (whether collective administration in respect of the Internet is appropriate) and database protection. As noted, concern over database protection remains. In terms of collective administration, as noted below in section G.1., the Copyright Board has rendered a decision in respect of Phase I of Tariff 22 introduced by SOCAN (Society of Composers, Authors and Music Publishers in Canada) in 1998, to claim an amount from Internet Service Providers as payment for allowing access to music on the Internet. Similarly, SODRAC (Society for reproduction Rights for Authors, Composers and Publishers in Canada Inc.) has filed a new tariff relating to the reproduction of music on the Internet.

C. *Subject Matter*

1. *Artistic Works*

In *Aldrich v. One Stop Video Ltd.* and in *Aldrich v. Struck*⁷⁵, the British Columbia Supreme Court addressed the issue of whether copyright exists in obscene works. The plaintiff produced allegedly obscene films and videos. The defendants admitted to the reproduction, rental, and sale of copies without authority. However, the defendants asserted that copyright does not exist in obscene works.

The Court found that the plaintiffs did in fact have copyright as there is no express denial of copyright in obscene works in the *Copyright Act*⁷⁶, nor is there a common law denial. The Court considered Canadian, United Kingdom and United States case law and determined that despite the different principles relied on in the case law, the two different principles which evolved both looked to considerations of illegality. However, the possession of obscene materials is not in itself illegal in Canada.

In another copyright case, an application was brought before the Court in *DRG Inc. v. Datafile Ltd.*⁷⁷ to expunge two copyright registrations of the respondent for a series of colour coded labels used in filing systems. The applicant alleged that the series of colour coded labels used in filing systems was not properly the subject matter of copyright under section 46 [now sections 64 & 64.1] of the *Copyright Act* as the matter was capable of being registered under the *Industrial Design Act*.⁷⁸ Although the Court found that the works were the proper subject matter for copyright, it also found that the copyright registrations of the respondent were capable of being registered under the *Industrial Design Act* and, accordingly, not protected by copyright. The decision of the trial judge was appealed.⁷⁹ As well, between trial and appeal, the amendments to the *Copyright Act* affecting section 46 came into force.

The Court of Appeal first confirmed the legal principle that the rights of the parties are to be decided according to the law as it existed when the action was

⁷⁵ (1987), 39 D.L.R. (4th) 362, 17 C.P.R. (3d) 27 (B.C.S.C.).

⁷⁶ *Supra* note 55.

⁷⁷ (1987), 15 F.T.R. 174, 18 C.P.R. (3d) 538 (F.C.T.D.).

⁷⁸ R.S.C. 1985, c. I-9.

⁷⁹ (1991), 43 F.T.R. 293, 35 C.P.R. (3d) 243 (F.C.A.) [hereinafter *D.R.G.* cited to C.P.R.].

commenced, unless new legislation expressly states to the contrary. This was not the case here. The Court then went on to consider the substantive matter based on the old section 46 of the *Copyright Act* and Rule 11 of the *Industrial Design Rules*. In determining whether a “design” can be registered under the *Industrial Design Act*, the Court relied upon *Cimon Ltd. v. Bench Made Furniture Corp.*⁸⁰ to determine that in order to be registered under the *Industrial Design Act*, a design must be “a ‘design’ being ‘applied’ to the ‘ornamenting’ of any article. It is not restricted to a ‘design’ being ‘applied’ to an ‘article’”.⁸¹ In considering whether the works were “articles” under the *Industrial Design Act*, the Court rejected the appellants argument that the works were “articles to which a design has been applied”⁸² and bought for their artistic qualities. Therefore, the Court determined the works to be “articles” capable of registration under the *Industrial Design Act*.

In considering whether the works met the “ornamenting” threshold for registration under the *Industrial Design Act*, the Court determined that ornamentation requires no more than that a design distinguish the appearance of the article and that the works in question met this test.⁸³ Combining these two findings, the Court held that the works could be registered under the *Industrial Design Act* and as a result, the two registrations should be expunged.

Although the Court need not have commented on whether the works were the proper subject matter for copyright, it was careful to state that its silence on this issue was in no way an endorsement of the Trial Judge’s findings.

The question of infringement by substantial taking was put squarely before the Federal Court, Trial Division, in 1990 in the case of *Preston v. 20th Century Fox Canada Ltd.*⁸⁴, which arose as a result of the motion picture “Return of the Jedi” and the television series “Ewok Adventure”. The plaintiff had offered a story line for a script for television or motion film which was developed into a script by a friend and entitled “Space Pets” and having among its characters a small furry animal species known as “Ewoks”. The plaintiff alleged that the “Space Pets” script had been sent to the individual defendant, George Lucas.

The defendants established they had a policy in practice to return all unsolicited scripts and materials and to isolate the defendant, Lucas, from all incoming mail. In addition, they denied copying or using any work of the plaintiff.

The Court carefully considered and set out the evidence as to the alleged genesis of the script “Space Pets” as well as the concept of the “Ewok” and its role in the film “Return of the Jedi”. The Court considered there to be a number of issues raised by the plaintiff’s claim based on copyright infringement including whether copyright can exist in the name “Ewok” and the description of the “Ewok” character as depicted in the script.

As the Court noted, “...while generally there cannot be copyright in a mere name; where the name identifies a well-known character copyright in the name and

⁸⁰ [1965] 1 Ex. C.R. 811, 48 C.P.R. 31.

⁸¹ *Supra* note 79 at 250.

⁸² *Ibid.* at 251.

⁸³ *Ibid.* at 252.

⁸⁴ (1990), 38 F.T.R. 180, 33 C.P.R. (3d) 242, (F.C.T.D.) [hereinafter *Preston* cited to C.P.R.].

associated character may be recognized".⁸⁵ The Court stated that for a name and character to receive copyright status, they "must be sufficiently clearly delineated in the work subject to copyright that it become widely known and recognized".⁸⁶

As for the "Ewok" character, the Court was of the view that the characters set out as the "Ewok" in the "Space Pets" script did not delineate the character of the "Ewok" sufficiently distinctly to warrant recognition as a character subject to copyright.⁸⁷ In particular, the Court found it difficult to distinguish the "Ewoks" from the "Olaks" in the script in terms of their general dress, use of primitive weapons, their habitats and respective roles. Accordingly, the Court was of the view that the character name "Ewok" did not have the renown necessary for there to be copyright in the name and associated character. As such, the Court concluded that "[t]he character of the 'Ewok' as developed in the script 'Space Pets' was not in of itself subject to copyright".⁸⁸

In looking at another major issue in copyright law, the Federal Court, Trial Division, considered the question of infringement of copyright in the context of a tax form prepared by the plaintiff in *U&R Tax Services Ltd. v. H&R Block Canada Inc.*⁸⁹ The plaintiff and the defendant were competitors in the business of income tax education and training. Here, the plaintiff anticipating certain income tax changes, prepared their own version of a certain form for filing income tax. It was prepared based on government theory and releases, but not on any government drafts. The plaintiff asserted that the defendant's tax form was infringing. The defendant alleged that such a standard tax form created by a private person is not properly the subject matter of copyright but rather a "useful article" under sections 64 & 64.1 of the *Copyright Act* and properly protected as an industrial design. In its decision, the Court simply cited the definitions within section 64 and held the plaintiff's tax form to be proper subject matter for copyright since the paper on which the tax form was written functionally "merely serving as a substrate or carrier for artistic or literary matter".⁹⁰ As such, it was not excluded by sections 64 & 64.1 as an article that has a "utilitarian function".

Similarly, in *Milliken & Co. v. Interface Flooring Systems (Canada) Inc.*,⁹¹ the plaintiffs alleged that the defendant had infringed their copyright in a textile design for a carpet. The design was created by a French designer and the plaintiffs alleged that they had acquired the rights in the design. The first issue the Federal Court, Trial Division, had to address was whether the design was a work properly protected under the *Copyright Act* or if it was an industrial design not protected under the *Act*. The Court held that section 64(4) of the *Act* divides works protected by copyright into two legal regimes, which include those created prior to the June 8, 1988 date on which the

⁸⁵ *Ibid.* at 243.

⁸⁶ *Ibid.* at 275.

⁸⁷ *Ibid.* at 276.

⁸⁸ *Ibid.* at 277.

⁸⁹ (1995), 97 F.T.R. 259, 62 C.P.R. (3d) 257 (F.C.T.D.) [hereinafter *U&R Tax Service* cited to C.P.R.].

⁹⁰ *Ibid.* at 270.

⁹¹ (1998), 143 F.T.R. 106, 83 C.P.R. (3d) 470 (F.C.T.D.), notice of appeal filed Feb. 27, 1998 [hereinafter *Milliken* cited to C.P.R.].

section came into force, and those created after such date. Those created after the date are subject to section 64 as it read after the amendments to section 64 came into force. Those created before are subject to section 64 prior to its amendment. Under the old version of the section, copyright protection was precluded for industrial designs that were both capable of registration under the *Industrial Design Act* and were used or intended to be used as a model or pattern to be multiplied by industrial process. In determining the creation date of the design, the Court held that a design is created not when it is applied to a finished article, but rather when the artistic work was created. In arriving at this determination, the Court, relying on the definition of "article" as "any thing that is made by hand, tool or machine", determined that the words "in a finished article" (appearing in the definition of a "design" in section 64), "only mean in a physical embodiment, divorcing the design from a mere scheme or preliminary conception of an idea."⁹²

2. Architectural Works

In *Randall Homes Ltd. v. Harwood Homes Ltd.*⁹³, the issue before the Manitoba Queen's Bench was the ownership of an architect's design, and whether copyright subsists in the design. The plaintiff commissioned an architect to prepare a design of a home. The plaintiff prepared brochures relating to the design, and constructed homes in accordance with these designs. The defendant prepared drawings for a home using the design from the plaintiff's brochure, and constructed a home substantially similar to that of the plaintiff. The Court found that the character of the architect's design was unique and original, and what was created was an "architectural work" within the definition of the *Copyright Act*. The design was therefore proper subject matter for copyright and the defendant was found to have infringed the design.

In *Viceroy Homes Ltd. v. Ventury Homes Inc.*⁹⁴, the plaintiff alleged that the defendant's homes infringed the copyright in the homes, brochures, and plans of four of its model homes. The Ontario Court of Appeal was left to determine whether an architectural plan for a home and/or the resultant home are properly the subject matter of copyright as "plans" or as an "architectural work of art", as defined in the *Copyright Act*. Relying on *Slumber-Magic Adjustable Bed Co. v. Sleep-King Adjustable Bed Co.*⁹⁵, the Court found that copyright does exist both in plans for a home and in the home reproduced from the plans. In determining whether the plans and homes in question were "plans" or "architectural works of art" under the *Act*, it turned to the definition of an "architectural work of art" which is defined as a structure of "an artistic character or design", and interpreted "an artistic character or design" to require that the structure must be "unique". The Court then went further (relying on *Randall Homes Ltd. v. Harwood Homes Ltd.*) and held that a "unique" home was one with "panache" and "flair". Furthermore, in reliance of the case of *Lifestyle Homes Ltd. v. Randall Homes*

⁹² *Ibid.* at 479.

⁹³ (1987), 17 C.P.R. (3d) 372, 47 Man. R. (2d) 129 (Man. Ct. Q.B.) [hereinafter *Randall Homes* cited to C.P.R.].

⁹⁴ (1991), 34 C.P.R. (3d) 385 (Ont. Ct. Gen. Div.), 43 C.L.R. 312, aff'd (1996), 69 C.P.R. (3d) 459 (Ont. C.A.) [hereinafter *Viceroy Homes* cited to C.P.R.].

⁹⁵ [1985] 1 W.W.R. 112, 3 C.P.R. (3d) 81 (B.C.S.C.).

*Ltd.*⁹⁶, the Court suggested a “unique” home was one created for an individual as opposed to for the mass market. The Court held that the plans and homes in question were not sufficiently unique to qualify as “architectural works of art” as they did not exhibit the necessary “panache” and “flair” and were created for the mass market.⁹⁷

In *Morton v. Echo Glass Installations Ltd.*,⁹⁸ the British Columbia Supreme Court considered the issue as to whether an architectural plan for a balcony is properly the subject matter of copyright as “plans”, defined in the *Copyright Act*. Here, the defendant had used, without the plaintiff’s authority, the plaintiff’s balcony plans to build its own balconies. The defendant argued that copyright did not subsist in the plans. Without analysis, the Court found the plaintiff’s plans to be “plans” within the *Copyright Act*, and as a result, the defendant’s balconies infringed the plaintiff’s plans.

3. *Dramatic Works*

Prior to the amendments to the *Copyright Act* brought about by the 1988 Canada-United States Free Trade Agreement and corresponding *Canada-United States Free Trade Agreement Implementation Act*⁹⁹, copyright protection did not extend beyond communication of works by radiocommunication. These amendments brought about liability for retransmission of distant signals (effectively retransmission by cable operators). As a result, the Copyright Board proposed a new tariff determining the rates paid by Canadian cable operators to collectives in relation to the retransmission of distant signals.

Before the new proposal was implemented, the Copyright Board heard from several interested parties in *Royalties for Retransmission Rights of Distant Radio and Television Signals (Re)*¹⁰⁰. In particular, the issues of whether copyright subsists in a sports game and in the broadcaster’s programming schedule (the compilation of television programs in which others own copyright) were addressed.

It was argued before the Board that there is copyright in coaches play books and game plans, and in the team crests and uniforms and that the resulting game is a “choreographic work” under the *Copyright Act*. Relying on well established principles, the Board held that even though a game is played as much as possible according to these plans and designs, the result was not a “choreographic work”, because a sporting event, unlike a dance, is for the most part a series of random and unpredictable events.

The Copyright Board’s determination was challenged by three separate applications to the Federal Court of Appeal in *FWS Joint Sports Claimants v. Copyright Board*.¹⁰¹ For the same reasons as those given by the Board, the Court of Appeal found

⁹⁶ (1991), 30 C.P.R. (3d) 76 (Man. C.A.), 64 Man. R. (2d) 121, aff’d (1991), 44 C.L.R. 113, 34 C.P.R. (3d) 505 (C.A.).

⁹⁷ *Supra* note 94 at 391.

⁹⁸ (1991), 36 C.P.R. (3d) 355 (B.C.S.C.).

⁹⁹ R.S.C. 1988, c.65.

¹⁰⁰ (1990), 32 C.P.R. (3d) 97 (Copyright Board), aff’d (1990), 34 C.P.R. (3d) 383 (Can. Gov. in Council).

¹⁰¹ (1991), 81 D.L.R. (4th) 412, 36 C.P.R. (3d) 483 (F.C.A.), leave to appeal to S.C.C. refused (1992), 88 D.L.R. (4th) vi [hereinafter *FWS Joint Sports Claimants* cited to C.P.R.].

that there is no copyright in a sports game, citing *Canadian Law of Copyright and Industrial Design*¹⁰², *Nimmer on Copyright*¹⁰³ and the *Canadian Admiral Corporation Ltd. v. Rediffusion, Inc.*¹⁰⁴ decision. It is interesting to note that the Court also considered jurisprudence from New Zealand and the United States. The Court referred to two New Zealand cases (*Green v. Broadcasting Corp. of New Zealand*¹⁰⁵, and *Wilson v. Broadcasting Corp. of New Zealand*¹⁰⁶) in support of its determination that "it is necessary for copyright not to have 'changing materials' that are 'lacking in certainty' or 'unity'...even though some variations could be permitted".¹⁰⁷ However, the Court distinguished the United States cases, citing differences in statutory provisions and jurisprudence.

4. Literary

The Federal Court, Trial Division, in the case of *Apple Computer Inc. v. Mackintosh Computers Ltd.*¹⁰⁸, had the opportunity to rule in respect of whether computer programs originally copyrighted in written form continued to be protected by copyright when replicated in the circuitry of the silicon chip. In other terms, the Court was asked to determine whether copyright subsists in the etching of copyright protectable programs on the glass of a silicon chip for a computer where the etching creates a machine readable pattern of the copyright protected programs.

The defendants admitted that the written versions of the program were subject matter for copyright and the plaintiff owned the copyright in such programs. However, they contended that they had only copied the plaintiff's silicon chip and not the assembly program and thus, had not infringed the plaintiff's copyright.

The Court held that the programs embedded in the silicon chip were software not hardware, and the circuitry of the silicon chip was both a translation and an exact reproduction of the assembly language of the copyright on the protected programs. Accordingly, the Court found the circuitry of the silicon chip to be protected under section 3(1) of the *Copyright Act*. The Court further considered that the circuitry may also be protected under section 3(1)(d) of the *Copyright Act*, which protects a copyright owner's right to "make any...contrivance by means of which the work may be mechanically performed or delivered." However, the Court considered but rejected the argument that the copyright on the protected programs contained on the silicon chip were a merger of idea and expression not protected by copyright.

The decision was appealed¹⁰⁹, due in part to the decision of the High Court of Australia in *Computer Edge Pty. Ltd. v. Apple Computer, Inc.*¹¹⁰, released one week

¹⁰² H. G. Fox, *Canadian Law of Copyright and Industrial Design* (Toronto: Carswell, 1967).

¹⁰³ D. Nimmer & M. Nimmer, *Nimmer on Copyright* (New York: Mathew Bender, 1990).

¹⁰⁴ [1954] Ex. C.R. 382, 20 C.P.R. (3d) 75.

¹⁰⁵ [1989] 2 All E.R. 1056.

¹⁰⁶ (1988), 12 T.P.R. 173.

¹⁰⁷ *Supra* note 101 at 490.

¹⁰⁸ (1986), 3 F.T.R. 118, 10 C.P.R. (3d) 1 (F.C.T.D.).

¹⁰⁹ (1987), 44 D.L.R. (4th) 74, 18 C.P.R. (3d) 129 (F.C.A.).

¹¹⁰ (1986), 65 A.L.R. 33.

after the trial judge's decision. In a virtually identical fact situation, the High Court of Australia held that the silicon chip was a dynamic "set of electrical impulses" that could not be the subject matter of copyright. The Canadian Federal Court of Appeal supported the decision of the trial judge and found the circuitry of the silicon chip was protected as a reproduction, rather than as a translation, of the copyright protected programs. It is interesting to note that the issue of a silicon chip as a "contrivance" was not addressed by the two of the judges. The third judge, however, found them not to be "contrivances". As for the consideration of the Australian High Court's decision, the Federal Court of Appeal declined to follow it, stating that it was the result of differences between Australian and Canadian copyright legislation. As well, the Court of Appeal found the Australian case to be based on facts contrary to the Trial Judge's uncontested finding that the programs embedded in the silicon chip are software (copyrighted expressions) not hardware (electrical impulses).

This case was further appealed to the Supreme Court of Canada¹¹¹, which wholly endorsed the decision and reasoning of the Trial Judge that the circuitry of the silicon chip is a reproduction of the copyright on the protected programs in assembly language and as such, protected under section 3(1) of the *Act*. As well, the Court also agreed that the programs on the silicon chip were not a merger of idea and expression, but rather they constituted a conceptually and functionally unique form of expression. The Court declined to address the issue of a silicon chip as a "contrivance". As for the Australian High Court decision, the Court agreed with the Court of Appeal's decision not to apply such law in Canada and went even further, stating that the Australian approach of characterizing the program embedded on the silicon chip as a dynamic "set of electrical impulses" not included as subject matter of copyright was wrong in Canada. The Supreme Court found that:

...the appropriate approach is to view the silicon chip program as embodying a set of instructions in machine code which are designed to move information and perform other specified tasks...[and] that the silicon chip should be viewed as a static object encoded with written instructions rather than as constituting a dynamic interchange of electrical impulses.¹¹²

In *Delrina Corp. v. Triolet Systems Inc.*¹¹³ the relevant issue before the Ontario Court General Division, was whether copyright subsists in a computer program's user interface (the display screens and keyboard commands). Here, an individual employed by the plaintiff wrote source code for a computer program and then left the plaintiff's employment and marketed a similar computer program. In considering this issue, the Court turned to the definition of "computer program" set out in section 2 of the *Copyright Act* which defines it to be a "set of instructions... embodied or stored in any manner". From there, the Court went on and determined that a screen display is merely a visual reproduction of a set of instructions and is accordingly protected. However, to distinguish idea from expression, the Court adopted the three-step test of abstraction,

¹¹¹ [1990] 2 S.C.R. 209, 30 C.P.R. (3d) 257 (S.C.C.) [hereinafter *Apple Computers* cited to C.P.R.].

¹¹² *Ibid.* at 261.

¹¹³ (1993), 47 C.P.R. (3d) 1, 9 B.L.R. (2d) 140 (Ont. Ct. Gen. Div.).

filtration and comparison set out in the United States case of *Lotus Development Corp. v. Borland International, Inc.*¹¹⁴ It stated that where a user interface in a screen display is the result of ideas in the public domain; does no more than embody elements of the idea that are functional in the utilitarian sense; is an idea that can only be expressed in one way; and is an arrangement, system, scheme, method for doing a particular thing, procedure, process, concept, principle or discovery, in all such instances the screen display cannot be copyrighted. On the facts, the Court was not satisfied that any substantial part of the plaintiff's screen display properly the subject matter for copyright.

The plaintiff in *Somerville House Books Ltd. v. Tormont Publications Inc.*¹¹⁵, brought an interlocutory injunction to stop the defendants distribution of an allegedly offending model (claiming copyright in a human skeleton model and assembly instructions). The Trial Judge refused the interlocutory injunction, finding that copyright did not extend to the model. Without analysis, the Federal Court of Appeal¹¹⁶ held that the trial judge had clearly erred in finding that the human skeleton model was not the proper subject matter of copyright.

In the case of *Gould Estate v. Stoddart Publishing Co.*¹¹⁷, the Court considered *inter alia* the issue as to whether copyright subsisted in oral statements made during a 1956 interview of Glenn Gould. The case was brought by his estate after the interviewer published a book in 1995 which included original photographs and extensive extracts from recordings made during the interview. In considering the issue of copyright in the oral statements, the Court found that copyright did not subsist in Gould's oral statements. The Court restated and confirmed the well known principles set out in *Canadian Admiral Corporation Ltd. v. Rediffusion, Inc.*¹¹⁸, which state that for copyright to subsist, it must exist in some physical form and have a more or less permanent endurance. In addition, the principle in *Walter v. Lane*¹¹⁹, that oral statements *per se* are not recognized as literary works, rather, it is the person making notes or recordings from the oral statements who owns copyright in the notes or recordings, unless they are acting merely as a scribe or amanuensis. The Court also turned to United States jurisprudence considering the case of *Falwell v. Penthouse International, Ltd.*¹²⁰ and stated that unstructured remarks made in an interview are incapable of copyright protection.

¹¹⁴ (1992), US Dist LEXIS 11358 (District of Massachusetts).

¹¹⁵ (1993), 50 C.P.R. (3d) 390, F.C.J. No. 714 (F.C.T.D.).

¹¹⁶ (1993), 53 C.P.R. (3d) 77, F.C.J. No. 1383 (F.C.A.).

¹¹⁷ (1996), 74 C.P.R. (3d) 206, 30 O.R. (3d) 520 (Ont. Ct. Gen. Div.), *aff'd* in (1998), 80 C.P.R. (3d) 161, 114 O.A.C. 178 (Ont. C.A.).

¹¹⁸ [1954] Ex. C.R. 382, 20 C.P.R. 75 (Ex. Ct.) [hereinafter *Canadian Admiral Corp* cited to C.P.R.].

¹¹⁹ [1900] A.C. 539 (H.L.).

¹²⁰ (1981), 215 U.S.P.Q. 975 (Virginia District Court).

D. *Originality*1. *General*

In *Lifestyle Homes Ltd. v. Randall Homes Ltd.*¹²¹, the Manitoba Court took another look at copyright in an architectural plan for a home and/or the resultant home (as previously mentioned in *Randall Homes Ltd. v. Harwood Homes Ltd.*¹²²). Here, *Randall Homes* was the defendant in a copyright infringement action asserting that the allegedly infringed home designs were not sufficiently original to warrant copyright protection as “plans” or as an “architectural work of art” as defined in the *Copyright Act*. Citing *University of London Press, Ltd. v. University Tutorial Press Ltd.*¹²³, the Court stated that for copyright to attach to the works all that is needed is “a minimal amount of effort to create a design that did not exist before”¹²⁴, provided it is not copied or in the public domain. The Court continued and stated that for copyright to exist in an architectural work of art, “that work must have an artistic character or design.” The trial judge then went on to find, based on expert opinion, that the plaintiff’s architectural plans were not artistic, unique or distinctive and hence not original under the *Act*. It is noteworthy that the trial judge seemed to pay special attention to the fact that both the plaintiff and the defendant were “tract builders” and not custom builders.

The Trial decision was appealed to the Manitoba Court of Appeal¹²⁵ where the majority of the Court of Appeal agreed with the findings of the trial judge. The dissenting Judge found that the trial judge wrongly focussed on the issue of uniqueness rather than distinctiveness by a combination of elements. The Chief Justice dissented, stating that the correct approach is to consider whether the plans in their totality are distinctive, which the Chief Justice found to be the case. As well, the Chief Justice felt there was no visible difference between the plans here and in *Randall Homes Ltd. v. Harwood Homes Ltd.*¹²⁶ where the Court found home plans to be sufficiently original to warrant copyright protection.

In *Grignon v. Roussel*¹²⁷, the plaintiff wrote a song which he alleged the defendant had copied. In determining infringement, the Court considered whether the plaintiff’s song was original. To do so, the Court first considered who has the onus of establishing originality. The Court held that the onus is on the plaintiff to establish that his work is original. However, the Court suggested that some decisions of the Court and one writer (which the Court seemed to discount as being mostly based on United States case law) indicate that in an infringement action, the plaintiff has a *prima facie* presumption of originality under section 53(2) of the *Copyright Act*. The Court disagreed with this interpretation of section 53(2) and stated that it would only hold true if the plaintiff’s work were registered, which was not the case here. It is interesting to

¹²¹ (1990), 30 C.P.R. (3d) 76, 64 Man. R. (2d) 121 (Man. Q.B.) [hereinafter *Randall Homes* cited to C.P.R.].

¹²² *Supra* note 93.

¹²³ [1916] 2 Ch. 601.

¹²⁴ *Supra* note 121 at 91.

¹²⁵ (1991), 34 C.P.R. (3d) 505, 70 Man. R. (2d) 124 (Man. C.A.).

¹²⁶ *Supra* note 93.

¹²⁷ (1991), 44 F.T.R. 121, 38 C.P.R. (3d) 4 (F.C.T.D.).

note that the Court does not cite any cases or authors in support of its position.

In *Caron v. Association des Pompiers de Montreal Inc.*¹²⁸, the plaintiff alleged that the agenda published by the defendant association of firefighters infringed the plaintiff's copyright in his firefighter's calendar containing information and advertisements of interest to firefighters. The defendant alleged that the plaintiff's calendar was not sufficiently original to warrant copyright protection. Before addressing the substantive issue of originality, the Court held that the onus is on the defendant to establish on a balance of probabilities that the plaintiff's work is not original. The Court's decision on originality does not add to the body of law on this subject.

In *U&R Tax Services*¹²⁹, the Federal Court, Trial Division also considered the issue of whether a standard tax form created by a private person, prior to the release of the government form, (without access to government drafts and based on government theory and releases) was sufficiently original to warrant copyright protection. Although the plaintiff used government theory, releases and consulted with government officials, the Court found there was originality. Citing *Canadian Admiral Corporation Ltd. v Rediffusion, Inc.*¹³⁰ and the *Canadian Law of Copyright and Industrial Design*¹³¹, the Court applied the 'industriousness' or 'sweat of the brow' test rather than any test of creativity. The Court stated that a compilation possesses copyright (provided it is not copied) if it is the result of labour, skill or judgment, even if the information assembled is in a form used by others. Given the Federal Court of Appeal's decision in the *Tele-Direct* case noted below, the finding regarding originality in this case must now be considered wrong to the extent that it is based on "industriousness" or "sweat of the brow".

2. *Compilations*

In the case *Re Royalties for Retransmission Rights of Distant Radio and Television Signals*¹³² the Copyright Board also held there is no copyright in the compilation of television programs in which others own copyright. Despite recognizing the skill, expertise and creativity required to create these compilations, and admitting that a broadcaster's programming schedule is a "literary work", the Board found that the broadcaster's retransmission of programmes (as listed in the schedule) does not constitute a reproduction of the schedule. As for the issue of copyright in a broadcaster's programming schedule, the Federal Court of Appeal also agreed with the Board's decision. The Court distinguished the written compilation from the scheduled programmes broadcast, in accordance with the written compilation, and held that the latter is not a literary, dramatic or cinematographic work. The Court stated that only the actual shows themselves have copyright and that the programme schedules in no way edit or provide creative input adding to the copyright shows so as to warrant a further copyright. The usual U.K. cases were cited in support of this finding including the oft

¹²⁸ (1992), 54 F.T.R. 161, 42 C.P.R. (3d) 292 (F.C.T.D.).

¹²⁹ *Supra* note 89.

¹³⁰ *Supra* note 118.

¹³¹ *Supra* note 102.

¹³² *Supra* note 100.

cited *Ladbroke (Football) Ltd. v. William Hill (Football) Ltd.*¹³³

With respect to the determination that there is no copyright in a broadcasters' schedule, *FWS Joint Sports Claimants* has been overruled by the Copyright Board in its interpretation of copyright adherence under the North American Free Trade Agreement and the Board has granted broadcasters copyright in their daily programming schedule (*Retransmission Rights of Distant Radio and Television Signals Royalties 1995-97*; and *1994 Tariff Variance*¹³⁴).

In *Prism Hospital Software Inc. et al. v. Hospital Medical Records Institute*¹³⁵, the British Columbia Supreme Court considered whether a certain form for the reporting of medical information created by a private person is sufficiently original to warrant copyright protection. The defendant is a non-profit corporation that maintains and operates a mainframe health care database to which certain hospitals were required to report patient information. The patient information was taken from abstracts of patient records. The plaintiff created and marketed a computerized abstract collecting and reporting system. The plaintiff began developing an enhanced version of the abstracting program for the defendant. Later, to meet the defendants needs, the plaintiff began converting the enhanced program to operate in a different computer operating system. Some problems developed with the programme in the new operating system and eventually, the defendant hired on an individual to create a similar abstracting programme. The plaintiff alleged copyright infringement and the defendant, *inter alia*, argued that the programme was a compilation insufficiently original to warrant copyright protection.

The Court held that copyright protection is not offered to collections of facts but rather to the "original" elements of a compilation. Citing *University of London Press, Ltd. v. University Tutorial Press, Ltd.*¹³⁶, the Court stated that "[t]he word 'original' does not in this connection mean that the work must be the expression of original or inventive thought...[.] The originality which is required relates to the expression of the thought."¹³⁷ Continuing and relying on *Slumber-Magic Adjustable Bed Co. Ltd.*, the Court stated that in addressing the issue of originality in a compilation "it is not the correct approach to dissect the work in fragments and, if the fragments are not entitled to copyright, then deduce that the whole compilation is not so entitled; rather, the Court should canvas the degree of industry, skill or judgment which has gone into the over-all arrangement"¹³⁸. In applying these principles, the Court found the plaintiff's computer programme to represent a conceptually and functionally unique "solution" to the abstracting and collecting of patient records and to be an expression of an idea sufficiently original to warrant copyright protection.

In *Tele-Direct (Publications) Inc. v. American Business Information, Inc.*¹³⁹ the plaintiff compiled and published annual Yellow Pages telephone directories based on

¹³³ [1964] 1 All E.R. 465 (H.L.).

¹³⁴ (1996), 71 C.P.R. (3d) 223 (Copyright Board).

¹³⁵ (1994), 57 C.P.R. (3d) 129, 62 B.C.L.R. (2d) 393 (B.C.S.C.) [hereinafter *Prism Hospital* cited to C.P.R.].

¹³⁶ [1916] 2 CH. D. 601.

¹³⁷ *Supra* note 135 at 272.

¹³⁸ *Ibid.* at 273.

¹³⁹ (1996), 113 F.T.R. 123, 74 C.P.R. (3d) 72 (F.C.T.D.).

subscriber information it received from the telephone company. Sales representatives for the plaintiff would contact the subscribers to confirm the accuracy of the information received, obtain any additional information about the subscribers' businesses and attempt to sell the subscriber other listing options. The plaintiff's listings were arranged under headings, almost all commonly used in other Yellow Pages directories. The defendant database company compiled information from various sources, including Yellow Pages directories to produce several products such as business directories. The issue before the Federal Court Trial Judge was whether the "in-column listings" within the Yellow Pages directories were sufficiently original to warrant copyright protection. It was admitted that copyright subsists as a compilation in the "Yellow Pages" business telephone directories as a whole.

The Trial Court relied on *Slumber-Magic Adjustable Bed Co. v. Sleep-King Adjustable Bed Co.*¹⁴⁰ and stating that "...it is not the correct approach to dissect the work in fragments and, if the fragments are not entitled to copyright, then deduce that the whole compilation is not so entitled; rather, the court should canvas the degree of industry, skill or judgment which has gone into the over-all arrangement."¹⁴¹ The Court found that much of the information in the "in-column listings" was regular subscriber information received from the telephone company, and the headings were virtually indistinguishable from those used in many Yellow Pages directories throughout Canada and the United States. The arrangement of the information in the "in-column listings" (the vast majority of which was not subject to copyright) was as a result of accepted commonplace standards of selection in the industry. As such, the Court held that there was not sufficient "originality" in the arrangement as there was only a minimal degree of skill, judgment or labour exercised in creating the arrangement. The Court declined to consider the United States cases of *Feist Publications Inc. v. Rural Telephone Service Company Inc.*¹⁴² (which denied copyright in white pages for lack of originality) or *Bellsouth Advertising & Publishing Corp. v. Donnelley Information Publishing Inc.*¹⁴³ (which held that taking information from yellow pages directories was not copyright infringement).

In October, 1997, the Federal Court of Appeal in *Tele-Direct (Publications) Inc. v. American Business Information, Inc.*¹⁴⁴ specifically ruled that copyright did not subsist in the subject compilations of "in-column listings" found in the Yellow Pages computer data base directory. The Court held that in order to warrant copyright protection, compilations required a degree of originality resulting from "at least a minimal degree of skill, judgment and labour in its overall selection or arrangement".¹⁴⁵ In particular, while the originality threshold may be low, it does exist. This judgment adopted the logic of the United States Supreme Court from *Feist Publications Inc. v. Rural Telephone Service Co.*¹⁴⁶

The Federal Court of Appeal in *Tele-Direct* was also considering a new

¹⁴⁰ [1985] 1 W.W.R. 112, 3 C.P.R. (3d) 81 (B.C.S.C.).

¹⁴¹ *Supra* note 139 at 94.

¹⁴² 111 Section Ct. 1282 (U.S.S.C. 1991).

¹⁴³ 999 F. 2d 1436 (U.S.C.A. 11th Cir. 1993).

¹⁴⁴ (1997), 76 C.P.R. (3d) 296, 37 B.L.R. (2d) 101 (F.C.A.).

¹⁴⁵ *Ibid.* at 307.

¹⁴⁶ *Supra* note 142.

statutory definition of “compilation” resulting from the words “the selection or arrangement of data” in the 1993 amendments in the *NAFTA Implementation Act*, which also allowed “compilations” to be related to artistic, dramatic and musical works in addition to literary works. Accordingly, the Court took into consideration the context in which the new definition of “compilation” was introduced. In particular, Article 1705 of NAFTA required each party to protect any work embodying “original” expression and more specifically “compilations” of data or other material which, by reason of the selection or arrangement of their contents, constituted intellectual creations. Based on Canada’s adherence to NAFTA and Parliament’s adoption of the 1993 amendments to the *Copyright Act*, the Court concluded that the Canadian Government “expected the Court to follow the creativity school of cases, rather than the industrious collection school” of cases present in Anglo-Canadian jurisprudence.¹⁴⁷

Most notably, the 1993 amendments simply reinforced the state of law as the Court concluded:

in clear terms what the state of the law was or ought to have been: the selection or arrangement of data only results in a protected compilation if the end result qualifies as an original intellectual creation.¹⁴⁸

The Court then characterized such a decision as wrong if these decisions adapted the “sweat of the brow” approach toward originality in compilations of data, “as having asserted that the amount of labour would in itself be a determinative source of originality”.¹⁴⁹ The Court considered such an approach as irreconcilable with the standards of intellect and creativity expressly set out in NAFTA, endorsed in the 1993 amendments to the *Copyright Act* and already recognized in Anglo-Canadian law.

The *Tele-Direct* case comes at a time when the question of the appropriate form of protection for data bases is the subject of recent World Intellectual Property Organization (“WIPO”) efforts. Also, the case appears against the backdrop of the European Directive on Data-Base Protection¹⁵⁰, and its *sui generis* protection, which recognizes “substantial investment” in gathering, checking and protecting the contents of data bases. As such, one may well see a new *sui generis* form of protection for data bases resulting from diplomatic efforts by the WIPO, or perhaps unilateral legislation by Canada, in recognition of the peculiar value of data bases.

The question of copyright in compilations consisting of telephone directories arose in the case of *Ital-Press Ltd. v. Sicoli et. al.*,¹⁵¹ decided in May, 1999. The case involved telephone directories made up of listings, block advertisements and other components directed to the Italian-Canadian Community. The annual “guidas” were first published by the plaintiff in 1986. The defendants had published Italian and Portuguese directories as early as 1976 and for a few years thereafter. The plaintiff’s complaint for infringement arose as a result of the defendants’ activities in 1993 through 1996 during which the plaintiff claimed that the defendants had infringed its copyright

¹⁴⁷ *Supra* note 144 at 303.

¹⁴⁸ *Ibid.* at 304.

¹⁴⁹ *Ibid.* at 308.

¹⁵⁰ Implemented by October 1998.

¹⁵¹ (1999), 86 C.P.R. (3d) 129 [hereinafter *Ital-Press*].

by reproducing parts of their annual directories.

The first determination the court had to make was whether or not copyright subsisted in the plaintiff's directories. Given that the plaintiff's "guidas" were not, as the court put it, "garden-variety" telephone books but were selections of all names of Canadian residents of Italian origin or residents who might reasonably thought to be of Italian origin, the court was satisfied that the process involved sufficient skill, judgment and labour as to provide the necessary originality for copyright to subsist in the directories.¹⁵² In addition, the court held that copyright also protected the block advertisements incorporated into the directories in that sufficient skill, judgment and labour were exercised and invested in the design and layout of the block advertisements.¹⁵³

3. *Skill & Labour*

The question of originality in the context of a compilation of real estate foreclosure listings arose in the case of *Pool v. Pawar*¹⁵⁴ before the British Columbia Supreme Court in 1993. The plaintiff had developed a list of foreclosed properties containing pertinent information for clients and investors. The defendants, in turn, copied and published the plaintiff's list. The Court acknowledged that there was no issue that the compilation of foreclosure listings comprised a literary work within the definition of the *Copyright Act*, but observed that the *Act* provides that copyright subsists in "original" literary works¹⁵⁵. The Court considered the evidence put forth by the plaintiff as to the creation and development of the compilation, but was unable to conclude that the plaintiff used particular knowledge, skill and experience in selecting the information which appeared in the compilation. Rather, the Court found that the plaintiff's publication had its genesis in another publication which was received from another.

While the Court was satisfied that the defendants had utilized the plaintiff's information and misrepresented it as its own, the plaintiff's action had to fail in that the plaintiff was unable to establish that the work was original within the meaning of the *Copyright Act*.

The degree of skill and labour required to ensure originality in a photograph was considered in the Québec Superior Court decision of *Ateliers Tango Argentin Inc. et al. v. Festival diEspagne et diAmerique Latine Inc. et al.*¹⁵⁶ The plaintiff photographer was paid to take a photograph for the plaintiff dance troupe. The photograph became the dance troupe's logo. The defendant dance festival organizer wanted to use the photograph to promote his dance festival, but was told that he would have to acquire the right to do so from the photographer. He then had another photographer take another photograph using the same location, choreography, model poses, lighting and camera angle. The Court held that the original photograph was original due to, *inter alia*, "the choice, layout and posture of the subject, the choice of

¹⁵² *Ibid.* at 162-166.

¹⁵³ *Ibid.* at 166-167.

¹⁵⁴ 50 C.P.R. (3d) 396 (B.C.S.C.) [hereinafter *Pool*].

¹⁵⁵ *Ibid.* at 402.

¹⁵⁶ (1997), 84 C.P.R. (3d) 56 at 66 (Que. S.C.) [hereinafter *Ateliers*].

camera angle and lighting, and finally by the artistic work and personal efforts of the photographer.” It is worth noting that after making this comment, the Court then went on to comment further on the effort of the photographer in terms of time and energy. This latter comment would suggest that the Court might still be relying on the “sweat of the brow” test.

E. Registration

In *British Columbia v. Mihaljevic*¹⁵⁷, in preparation for Expo '86, the plaintiffs adopted EXPO 86 and EXPO as official marks. Later, the defendant applied to have a design including the words EXPO 86 registered as a trade-mark and registered the same words for a design. Shortly after these filings, at approximately about the same time, the defendant began selling wares using the registered copyright, while the plaintiff began selling wares using the official marks. The plaintiffs brought suit for trade-mark infringement and the defendant counterclaimed for copyright infringement. The issue before the Court was whether a copyright registration precludes another person from using elements of the copyright as a validly registered trade-mark.

Relying on *King Features Syndicate, the Hearst Corp., and Harman Watch Co., Inc. v. Lechter*¹⁵⁸, the Exchequer Court held that the copyrights cannot prevent another from adopting, using and registering certain elements of the copyrights as official marks or trade-marks. Copyright does not confer on the owner the right to exclusive use of the work nor its constituent elements. It merely grants a right against copying. The Court dismissed the counterclaim.

The Court of Appeal agreed with the trial court and stated that the registered copyright was still valid, but the validly registered trade-marks precluded use of the copyright elements that are the trademarks in association with the identified wares and/or services of the trademarks.¹⁵⁹

In *Dubois v. Systemes de Gestion et d'Analyse de Données Média, Média-Source Canada Inc.*¹⁶⁰, the Québec Supreme Court also considered the applicability of the presumption of ownership created by a certificate of registration pursuant to section 53(2) of the *Copyright Act* where there are two registrations for the same work. The Court held that although both registrations are *prima facie* valid, the presumption cannot apply as the *Act* does not provide for a ranking system for registrations.

In *Glaxo Canada Inc. v. Apotex Inc.*¹⁶¹, the plaintiff filed a claim alleging the defendant had infringed the copyright in a carton get-up of the plaintiff. The plaintiff had registered the copyrights in the carton get-up. The defendant brought a motion to amend its statement of defence by adding further paragraphs denying the plaintiff's ownership of the copyright. In this context, the Federal Court Trial Division addressed the issue of whether the section 53(2) presumption of ownership created by a copyright registration prevails over the section 13(1) statement that the author is the first owner.

¹⁵⁷ (1989), 26 C.P.R. (3d) 184, 25 C.I.P.R. 298 (B.C.S.C.).

¹⁵⁸ [1950] Ex. C.R. 297, 12 C.P.R. 60 (Ex. Ct.).

¹⁵⁹ (1991), 57 B.C.L.R. (2d) 46, 38 C.P.R. (3d) 445 (B.C.C.A.).

¹⁶⁰ [1991] 41 C.P.R. (3d) 92 (Que. S.C.).

¹⁶¹ [1994] F.C.J. No. 1237, 58 C.P.R. (3d) 1 (F.C.T.D.).

Relying on *Circle Film Enterprises Inc. v. Canadian Broadcasting Corp.*¹⁶², the Court held that section 53(2) prevails over section 13(1) unless it is proven that someone other than the registered owner has ownership. In *Circle Film*, section 53(2) (then section 36(2)) was held to prevail over section 13(1) (this was the old section 36(2) which merely provided that registration was “*prima facie*” evidence - the words *prima facie* are now deleted in section 53 (2)). In *Circle Film*, the Court rationalized that section 13(1) began with the words “subject to this Act”.

In another case of *R. v. Laurier Office Mart Inc.*¹⁶³, the Ontario Court General Division had to determine the relevance of knowledge of a copyright in a criminal proceeding under section 42 of the *Copyright Act*. The Court held that the relevance of a registration date is not restricted to section 39 purposes (limiting available remedies to an injunction where the defendant had not or ought not to have had any knowledge of the copyright), and that a registration dated after the offence date is not evidence that copyright subsisted at the offence date. However, a registration date prior to the offence date would discharge the Crown’s onus to prove that copyright subsisted, though it would not necessarily discharge the onus to establish who the owner was as at the date of the offence.

In *Magasins Greenberg Ltée v. Import-Export René Derhy (Canada) Inc.*¹⁶⁴, the respondent brought an application to dismiss the applicant’s motion to strike the respondent’s copyright registration for a design for a jacket known as “Barbital”. The Federal Court Trial Division considered the issue of whether a registration for a jacket design is properly the subject matter of copyright under section 64(2) of the *Copyright Act* since it is capable of being registered under the *Industrial Design Act*.

The Court granted the respondent’s application and held that the copyright registration is valid and that, unlike the previous version of sections 64 and 64.1 (formerly section 46) which addressed the subsistence of copyright rather than the extent of copyright protection, section 64(2) does not deny a design status as a work protectable by copyright. It only addresses the extent of copyright protection conferred by the *Act* by providing a defence to infringement.

F. *Infringement*

1. *Presumption of Ownership*

In *Fletcher (trading under the name Nursery Designs) v. Polka Dot Fabrics Ltd.*¹⁶⁵, the Small Claims Court, of the Ontario Court (General Division), had occasion to consider, *inter alia*, the question of the presumption of ownership with respect to a literary and artistic work, namely a cloth diaper. The Court observed that the plaintiff was entitled to use the ideas of another designer’s instructions to sew a cloth diaper, provided the plaintiff did not fully or substantially copy the words and drawings of that designer’s instructions. The plaintiff was also legally entitled to create a diaper pattern and have it protected by copyright. The Court observed that the plaintiff’s pattern was

¹⁶² [1959] S.C.R. 602, 31 C.P.R. 57 (S.C.C.).

¹⁶³ [1995] 63 C.P.R. (3d) 229 (Ont. Ct. Gen. Div.).

¹⁶⁴ [1995] A.C.F. No. 302, 61 C.P.R. (3d) 133 (F.C.T.D.).

¹⁶⁵ (1994), 51 C.P.R. (3d) 241 (Ont. Ct. Gen. Div.).

“the fruit of the plaintiff’s personal independent, creative effort”¹⁶⁶ and, as author, was entitled to the protection of that particular expression by copyright as the presumed owner.

2. Copying

In the case of *Verge v. Imperial Oil Ltd. et al.*¹⁶⁷, the Federal Court Trial Division ruled against the plaintiff in an action for alleged infringement of the music and lyrics of a work entitled “It’s a Brand New World”. Certain advertising jingles were performed years ago by the defendant in association with its sponsorship of “Hockey Night in Canada” broadcasts by both radio and television. The plaintiff had registered the copyright in his unpublished music work. The Court heard testimony from the authors of the musical jingles who stated that the jingle used a musical work created independently. In addition, there was testimony from a Doctor in musicology to the effect that the works were not musically similar either melodically or by way of harmony and that despite certain identical phrases, the musical phrases and the word phrases were distinctly different. The Court set out and applied the principles articulated in the case of *Gondos v. Hardy*¹⁶⁸, which stated:

- (i) that there must be objective similarity between the works, or a substantial part thereof for the infringing work to be properly described as a reproduction or adaptation of the copyright work; and
- (ii) the copyright work must be the source from which the infringing work is derived.

In the circumstances, the Court concluded there was no objective similarity between the musical score of the plaintiff’s composition and the impugned jingles.¹⁶⁹ Moreover, the Court considered the appearance of essentially only two identical, but rather common, clichés in the respective lyrics was nothing more than and far from a unique coincidence¹⁷⁰. The Court was persuaded as to the coincidence in part by the presence of at least three other songs expressing words about “a brand new world” at the time the plaintiff’s work and the impugned jingles were authored.

Despite defeating the attack on the originality of its calendar, the plaintiff in *Caron v. Association des Pompiers de Montréal Inc.*¹⁷¹ was unsuccessful in establishing infringement. This occurred despite the resemblance of the two particular works in issue. The Court concluded that they were produced from the same sources of information and similar ideas were all found in the same sector, rather than copying. Moreover, the Court was persuaded by the evidence of the author of the defendants’ work, that the author’s creative effort and work appeared to be independent and

¹⁶⁶ *Ibid.* at 248.

¹⁶⁷ (1987), 12 F.T.R. 272, 15 C.P.R. (3d) 187 (F.C.T.D.) [hereinafter *Verge* cited to C.P.R.], aff’d (1988), 23 C.P.R. (3d) 159, 91 N.R. 103 (F.C.A.).

¹⁶⁸ (1982), 62 C.P.R. (2d) 145, 38 O.R. (2d) 555 (Ont. H.C.J.).

¹⁶⁹ *Supra* note 167 at 194.

¹⁷⁰ *Ibid.* at 195.

¹⁷¹ (1992), 42 C.P.R. (3d) 292, 54 F.T.R. 161 (F.C.T.D.).

genuine.¹⁷² “[T]hey are certainly sufficient for me to conclude that there was no plagiarism or copying of the plaintiff’s work.”¹⁷³ The Court was reinforced in its view by the fact that the area of protection reserved for the plaintiff was limited since he had created his work from sources and ideas common to the same sector.

In the *Delrina* case, the Court not only found a lack of copyright, but also concluded that the many similarities between the two pieces of software arose without copying and so there was no infringement. Some arose because of a limited number of ways of expressions for certain solutions, while others came about from the use of common information.¹⁷⁴

3. *Substantial Taking*

As noted in *Preston v. 20th Century Fox Canada Ltd. et al.*, the question of infringement by substantial taking was placed squarely before the Court.¹⁷⁵ After thoroughly and carefully considering the genesis and evolution of both scripts and both Ewok characters, the Court addressed the question of whether or not the defendants had infringed any copyright interest of the plaintiff. In assessing substantial similarity, the Court held it to be helpful to consider factors including plot, themes, dialogue, mood, setting or scenes, pace, sequence and characters, so far as these are in the recognized limits of copyright and the protected work. The Court observed that there was a dearth of Canadian jurisprudence on the test for substantial similarity and then considered both UK and U.S. case law.¹⁷⁶ The Court re-stated that “the test is ultimately whether the average lay observer, at least one for whom the work is intended, would recognize the alleged copy as having been appropriated from the copyrighted work.”¹⁷⁷ Moreover, the Court emphasized that, while quantity may be a significant factor, substantial similarity is not to be measured only by the quantity of matter reproduced from the copyrighted work.¹⁷⁸

Significantly, the plaintiff had not claimed similarity in plot or dialogue, therefore the Court did not address these issues. As for similarity in relation to setting or scenes, the Court was of the view that the elements of “a net trap of vines, the forest habitat and houses of the Ewoks in both ... are... standard aspects of productions concerning primitive species drawn from a common pool of folklore and not subject to copyright or protected by it.”¹⁷⁹ Accordingly, the Court was of the view the plaintiff had failed to establish on a balance of probabilities that there was substantial similarity between the script called “Space Pets” and the film *Return of the Jedi*.¹⁸⁰

¹⁷² *Ibid.* at 299.

¹⁷³ *Ibid.*

¹⁷⁴ (1993), 47 C.P.R. (3d) 1 at 41-46, (1993), 9 B.L.R. (2d) 140 at 186-191 (Ont. Ct. Gen. Div.).

¹⁷⁵ *Preston v. 20th Century Fox Canada Ltd. et al.* (1991), 33 C.P.R. (3d) 242, (1991), 38 F.T.R. 183 (F.C.T.D.), aff’d (1993), 53 C.P.R. (3d) 407, (1993), 164 N.R. 304 (F.C.A.) [hereinafter *Preston*, cited to C.P.R.].

¹⁷⁶ *Ibid.* at 273-74.

¹⁷⁷ *Ibid.* at 274.

¹⁷⁸ *Ibid.* at 273.

¹⁷⁹ *Ibid.* at 274.

¹⁸⁰ *Ibid.*

As noted above, the Court concluded that the Ewok character as developed in the script "Space Pets" is not in and of itself subject to copyright. Finally, the Court found that if the "Space Pets" script had been received by the defendants, the script would have been returned in the normal course with a covering letter from the defendant, Lucas Film.

In 1991, the Québec Superior Court addressed the question of copyright in the distinctive and registered trademark, VISA, in the case of *Visa International Service Assn. v. Auto Visa Inc.*¹⁸¹ It was admitted by the defendants that the trademark was an artistic work protected by copyright. The plaintiff established to the judge's satisfaction that it was the owner of the copyright and the artistic work and that the copyright had been registered. The Court considered expert evidence presented by the plaintiff as to the possibility of independent creation by the defendant. The expert concluded that several identical elements with respect to proportion, dimension, slope, spacing, structure and rhythm were such as to render the possibility of independent recreation so slight as to be dismissed.¹⁸² According to the expert, the unskilled addition of serifs confirmed an attempt to mask the copying.¹⁸³ The Court found that the defendant had infringed the plaintiff's copyright in the artistic work constituting the VISA logo.

In the case of *Hutton et al. v. Canadian Broadcasting Corp.*, the Alberta Court of Appeal considered a situation concerning two television series.¹⁸⁴ The appellant had sued the respondent for copyright infringement as well as misuse of confidential information with respect to a program entitled "Star Tracks", which became the series "Star Chart". In considering the issue of infringement as a result of substantial taking, the Court articulated the requirement for proof of both substantial similarity and copying. The Court acknowledged the caveat expressed in *Preston v. 20th Century Fox Canada Ltd.* that substantial similarity ought not to be measured only by the quantity of matter reproduced from the copyrighted work.¹⁸⁵ The Court expressed the view that the overriding "requirement for infringement is substantial similarity of the work as a whole and substantial similarity in the modes of expression."¹⁸⁶ With respect to copying, the Court held that a causal connection between two works is established by proof of copying or inferred from substantial similarity and access. An inference of copying can, however, be "rebutted by proof of independent creation."¹⁸⁷ The Court stated "the second work does not infringe the copyright of the first if it was created entirely independently".¹⁸⁸

After reviewing the rationale for the conclusions reached by the trial judge as to no substantial similarity and proof of independent creation, the Court held that the trial judge had properly recognized that the test of substantial similarity is one of quality

¹⁸¹ *Visa International Service Assn. v. Auto Visa Inc.* (1992), 41 C.P.R. (3d) 77 (Que. S.C.), [1991] R.J.Q. 2197 [hereinafter *Visa International*].

¹⁸² *Ibid.* at 83-84.

¹⁸³ *Ibid.* at 84.

¹⁸⁴ *Hutton et al. v. Canadian Broadcasting Corp.* (1992), 41 C.P.R. (3d) 45, (1992), 120 A.R. 291 (Alta. C.A.) [hereinafter *Hutton et al.* cited to C.P.R.], aff'g (1990), 29 C.P.R. (3d) 398, (1990), 27 C.I.P.R. 12.

¹⁸⁵ *Ibid.* at 48.

¹⁸⁶ *Ibid.*

¹⁸⁷ *Ibid.*

¹⁸⁸ *Ibid.*

as well as one of quantity. After viewing both television shows, the Court agreed with the trial judge's conclusion that the works were "not qualitatively similar".¹⁸⁹ In addition, the Court confirmed the trial judge's finding that there was no causal connection. Rather, many of the similarities arose from the use of "stock devices and personal characteristics and qualifications" of the individual authors.¹⁹⁰

The Québec Court of Appeal dealt with the question of copyright infringement by substantial taking in literary works in the case of market cards or "scratch cards" used in fund-raising for charitable purposes in the case of *Boutin et al. v. Bilodeau et al.*¹⁹¹ The plaintiff had put certain tickets or cards on the market which had a number of squares covered with a thin film which, when scratched, showed the amount of the voluntary contribution. The defendant entered the market using similar cards. At trial, the judge found the defendants liable in damages for infringement of copyright. While the trial judge noted the use of different words and some specific different colours, he concluded that the substance and the expression of the ideas as reproduced was such that the work of the plaintiffs was recognizable.

The Court of Appeal seemed persuaded that the defendants had simply borrowed an idea from the plaintiff and that the plaintiff's work was the source of the defendant's work. As for substantial similarity, the Court concluded that, although the two tickets contained exactly the same number of squares, namely 100, placed in a strictly identical manner, with similar words on both tickets, the defendants' work was not a copy, pure and simple, of the original.¹⁹²

Not surprisingly, the plaintiff appealed to the Supreme Court of Canada. In a unanimous decision, the Court reversed the Québec Court of Appeal.¹⁹³ The Supreme Court of Canada was of the view that the trial judge correctly stated the criteria for infringing and applied them appropriately to the facts he found, in support of which there was ample evidence. The Court went on to point out that while the Court of Appeal accepted these criteria and facts, it erroneously added thereto the requirement "that the infringing must be a simple copy of the original".¹⁹⁴

In *Fletcher (Trading under the name Nursery Designs) v. Polka Dot Fabrics Ltd. et al.* the Court had the occasion to consider, *inter alia*, substantial taking as well as the defence of innocent infringement in the context of a claim by the plaintiff for damages for infringement of her copyright in a cloth diaper pattern.¹⁹⁵

On the question of infringement, the Court concluded that the defendants had reproduced a substantial part of the plaintiff's artistic work as well as a substantial part of the plaintiff's instructions sheet. The Court was mindful of the need to properly assess the similarities of the two works from the perspectives of both quantity and quality.

¹⁸⁹ *Ibid.* at 50.

¹⁹⁰ *Ibid.* at 50.

¹⁹¹ *Boutin et al. v. Bilodeau et al.* (1992), 46 C.P.R. (3d) 395 (Que. C.A.) [hereinafter *Boutin et al.*], rev'd [1994] 2 S.C.R. 7, (1994), 54 C.P.R. (3d) 160 [hereinafter *Boutin v. Bilodeau* cited to C.P.R.].

¹⁹² *Ibid.* at 398.

¹⁹³ *Boutin v. Bilodeau*, *supra* note 191.

¹⁹⁴ *Ibid.* at 160.

¹⁹⁵ (1994), 51 C.P.R. (3d) 241.

In the *Prism* case, the Court also considered the question of substantial taking. In expressing the relevant principles, the Court acknowledged the recognized need for a sufficient objective similarity and a causal connection between the copyrighted work and the infringing work.¹⁹⁶ The Court also accepted that the necessary assessment of similarity must be qualitative rather than quantitative.¹⁹⁷ The issue of access was not in dispute and the Court had no difficulty concluding that substantial taking had occurred and that the infringing work was a translation of the copyrighted work.¹⁹⁸

In the case of *Drynan v. Rostad*, the Small Claims Court of the Ontario Court (General Division) considered whether or not the defendant, Rostad, had infringed the musical work of the plaintiff in composing the theme song for his popular television show.¹⁹⁹ There is evidence that the defendant had attended a wedding anniversary celebration during which the plaintiff's song was performed on several occasions. The defendant, however, did not recall having heard the plaintiff's song at the event.

Expert evidence was provided by both parties, the plaintiff's expert being a musicologist while the defendant's expert was a folklorist. The Court acknowledged that the findings of the experts were, in most instances, diametrically opposed. Nevertheless, the Court was clear as to the tests involved in copyright infringement for a musical work as identified in *Grignon v. Roussel*, where the Federal Court Trial Division stated that it is well established that there must be sufficient objective similarity between the infringing work and the copyright work, or a substantial part thereof, for the former to be properly described, not necessarily as identical, but as a reproduction or adaptation of the latter.²⁰⁰ In addition, "the copyright work must be the source from which the infringing work is derived."²⁰¹ In other words, there must be a causal connection between the two. Moreover, "a defendant cannot be found to have infringed a copyright unless it is proved that he, in some way, had access to the plaintiff's work".²⁰²

While the plaintiff urged the Court to find for the plaintiff on the grounds of unconscious copying, the Court was mindful of the cautions expressed by the House of Lords in *Frances Day and Hunter Ltd. v. Bron*.²⁰³ Referring in particular to the need for acceptable medical evidence as a foundation for its consideration, and the inherent practical problems in its application, the Court concluded the case was not a proper one to support an allegation of infringement of copyright through unconscious copying.²⁰⁴ After considering the expert evidence, the Court accepted the evidence of the plaintiff to the effect that the two compositions shared the same time signature, a similar refrain, a similar chord progression and a similar melody. Accordingly, it was held that the defendants impugned work had been based upon and was a reflection of the plaintiff's

¹⁹⁶ *Prism Hospital Software Inc. v. Hospital Medical Reports Institute* (1994), 57 C.P.R. (3d) 129 at 269, [1994] 10 W.W.R. 305 at 437-438.

¹⁹⁷ *Ibid.* at 274-279.

¹⁹⁸ *Ibid.* at 276-278.

¹⁹⁹ *Drynan v. Rostad* (1994), 59 C.P.R. (3d) 8 (Ont. Ct. Gen. Div.) [hereinafter *Drynan* cited to C.P.R.].

²⁰⁰ (1991), 38 C.P.R. (3d) 4, (1991) 44 F.T.R. 121.

²⁰¹ *Ibid.* at 19.

²⁰² *Ibid.*

²⁰³ [1963] 2 All E.R. 16 (H.L.).

²⁰⁴ *Ibid.* at 20-21.

work. As to the causal connection, the Court concluded that although the defendant was credible in most matters, "his propensity for some detail on the one hand, and his total lack of recall in critical areas on the other which relates to access and causal connection", gave the Court no alternative but to conclude that the defendant had direct access and opportunity to the plaintiff's song and consciously copied it.²⁰⁵

In *U & R Tax Services Ltd.*, the Court addressed the question of infringement after concluding that the work was original and protected by copyright.²⁰⁶ The Court succinctly summarized tests for copyright, namely, "a plaintiff must prove copying of the work or a substantial part thereof and access to the copyright protected work."²⁰⁷ The Court recognized that determining what constitutes a "substantial part" is a question of fact and set forth some of the factors considered by the courts in making this determination. These factors include the quality and quantity of the material taken, the extent to which the defendant's use adversely affects the plaintiff's activities and diminishes the value of the plaintiff's copyright, whether the material taken is the proper subject matter of copyright, whether the defendant intentionally appropriated the plaintiff's work to save time and effort, and whether the material taken was used in the same or similar fashion as the plaintiffs.²⁰⁸

The Court concluded that the defendant had copied a substantial portion of the plaintiff's form and had ample access to it. As a result, the Court found the defendant had infringed the plaintiff's copyright.

In the case of *Tomas et al. v. Boaden Catering Ltd.*, the Federal Court Trial Division had occasion, once again, to address the question of infringement by substantial taking in the context of a copyright infringement action concerning a meal menu brochure.²⁰⁹ Both parties were in the same business of developing meal menus for day care and nursery facilities. After comparing the plaintiff's work with the impugned work by the defendant, the Court was of the view that, although approximately 60% of two pages of the defendant's brochure were copied from two pages of the plaintiff's brochure, the defendant's brochure, as a whole, in terms of its appearance, use of graphics and multi-culturalism theme, rendered it substantially different from the plaintiff's brochure. The Court concluded that most of the impugned common words would be described as generic.²¹⁰ Consequently, although much of the defendant's brochure was originally copied from the plaintiff's brochure, the Court found that the impugned pages no longer infringed, in part because of the Court's adoption of the principle articulated by Strayer, J., as he then was, in *Overseas Enterprises Ltd. v. Feathers Publishing & Marketing Inc.*²¹¹ In this case, the Court held that "a plaintiff cannot assert a monopoly in words commonly used to describe a subject matter".²¹²

²⁰⁵ *Ibid.* at 24.

²⁰⁶ *Supra* note 79.

²⁰⁷ *Ibid.* at 268.

²⁰⁸ *Ibid.*

²⁰⁹ (1996), 68 C.P.R. (3d) 275, (1995), 115 F.T.R. 236, (F.C.T.D.) [hereinafter *Thomas* cited to C.P.R.].

²¹⁰ *Ibid.* at 81.

²¹¹ (1990), 34 C.P.R. (3d) 78, 41 F.T.R. 147 [hereinafter *Feathers Publishing* cited to F.T.R.].

²¹² *Ibid.* at 81.

The Court then considered the plaintiff's claim against the defendant in respect of a particular table incorporated into the defendant's brochure. The Court concluded that, although an effort had been made to distinguish the table by the addition of graphics, there was substantial copying, as all of the food items and the breakdown of portions, texture and samples mirrored the plaintiff's table.²¹³ In addition to the degree of copying, the Court concluded that the four other factors described by Richard, J. in *U & R Tax Services Ltd. v. H & R. Block Canada Inc.* applied, namely, the extent to which the defendant's use affects the plaintiff's activities and diminishes the value in the plaintiff's copyright, whether the material taken is the proper subject matter of a copyright, whether the defendant intentionally appropriated the plaintiff's work to save time and effort, and whether the material taken is used in the same or a similar fashion as the plaintiff's.²¹⁴ There was no issue as to intentional copying, since the defendant started its brochure development by giving its advertising company the plaintiff's brochure.

Accordingly, the Court held that the table in the defendant's brochure infringed the plaintiff's copyright in its table and ordered a reference as to what damages, including punitive damages, ought to be awarded for the infringement.

The *Tomas*²¹⁵ case is noteworthy for its consideration of claims for substantial taking, both in respect of a literary work - namely the two impugned pages - and also the literary and artistic work comprising the plaintiff's table and the defendant's impugned table. Presumably, although the Court did not comment to this effect, there was a higher degree of correspondence between the tables than the pages and, presumably, the layout of the tables was extremely similar as well, since one would imagine that the text describing the "food items", "breakdown of the portions, texture and samples" could also be described as generic.²¹⁶

The Small Claims Court of the Ontario Court (General Division) again considered the question of copyright infringement as well as moral rights in the case of *Weiss v. Prentice Hall Canada Inc. et al.* in 1995.²¹⁷ The plaintiffs had published an article on Florida real estate that contained a section dealing with key areas regarding real estate purchases. The individual defendant author wrote a book containing, *inter alia*, a section addressing the purchase of foreign real estate which allegedly infringed the portion of the plaintiff's work addressing key areas regarding real estate purchases.

The Court concluded that, as a branch of the General Division of the Ontario Court of Justice, it was a provincial Court within the meaning of the provisions of Section 37 of the *Copyright Act*, and, accordingly, had the jurisdiction set out in that section to determine all civil actions, suits or proceedings that may be instituted for contravention of any of the provisions of the *Copyright Act* or to enforce the civil remedies in that *Act*.

After conducting the line-by-line and word-for-word comparison of the two articles, as well as a comparison of the general set-up of the work, the Court found that

²¹³ *Supra* note 209 at 277.

²¹⁴ (1995), 62 C.P.R. (3d) 257, 97 F.T.R. 259.

²¹⁵ *Supra* note 209.

²¹⁶ *Ibid.* at 227.

²¹⁷ *Weiss v. Prentice Hall Canada Inc. et al.* (1995), 66 C.P.R. (3d) 417 (Ont. Small Cl. Ct.).

the impugned article substantially copied from the plaintiff's work.²¹⁸ In this particular case, unlike the *Tomas* case, the Court found that, even though the same subject matter would be expected to generate similarities in expression, the degree of correspondence between the two works could not be explained by happen-stance or mere coincidence. In addition, the sequencing of the five steps, the location of the general comments after each step and the turns of phrases were considered significant by the Court in finding that the two works were the product of one author, the plaintiff, and constituted infringement.²¹⁹

Dealing with the question of limitation for suit, the Court found that the infringement was continuing to date; indeed, a copy of the impugned work containing the infringing material was purchased and delivered to the Court during the currency of the trial. Accordingly, the action would not be barred by Section 41 of the *Copyright Act*. However, in making its ruling, the Court commented that the action had been commenced "well within three years of the time the infringement came to the attention of the plaintiff."²²⁰ If the Judge meant to hold that the three year limitation period under Section 41 only begins to run once the plaintiff has notice of infringement, such an interpretation would seem contrary to the clear language of section 41, as it then was.²²¹

At the end of 1998, the Federal Court (Trial Division) had occasion to consider a claim of infringement by substantial taking in a case of alleged plagiarism both qualitatively and quantitatively. The case of *Hager v. ECW Press Ltd. et. al.*²²² arose from the defendants' generation of a "pop" biography of the popular country singer and song writer Shania Twain

The plaintiff had authored a book about individuals of Canadian Aboriginal heritage who had become well known. In the course of researching for a chapter on Shania Twain, she was given, and took, the opportunity to personally interview Shania Twain on two occasions using prepared questions in keeping with the theme for the chapter she contemplated. The interviews amounted to several hours and formed the basis of a nine-page chapter on Shania Twain based primarily on these private interviews and containing numerous direct quotations of Shania Twain.

In generating their "pop" biography, the defendants copied from the plaintiff's work. Indeed sixteen passages from the plaintiff's Shania Twain chapter appeared in the defendants' book about Shania Twain including virtually all of the direct quotes from the plaintiff's interviews. None of this copying was done with the permission of the plaintiff or her publisher. The defendants contended that no infringement took place because the quotation of Shania Twain by the plaintiff gave rise to no copyright in the statements of Shania Twain. By way of alternative, the defendants' contended that the fair dealing exception applied and that industry practice condoned such copying.

²¹⁸ *Ibid.* at 423-426.

²¹⁹ *Ibid.* at 426.

²²⁰ *Ibid.* at 427.

²²¹ Subsequent amendment in the Statutes of Canada, 1997, c. C-24, Section 22(1) clarifies that the limitation period runs three years from when the plaintiff knew or could reasonably have been expected to know of the infringement. See, *Tele-Direct (Publications) Inc. v. American Business Information Inc.* (1997), 76 C.P.R. (3d) 296, at 299 (F.C.A.), [1998] 2 F.C. 22.

²²² (1998), 85 C.P.R. (3d) 289 [hereinafter *Hager*].

Madam Justice Reed found for the plaintiff after concluding that one-third of her chapter on Shania Twain was incorporated into the defendant's book. In her view, infringement had occurred by way of substantial taking both quantitatively and qualitatively, especially with regard to the valuable direct quotes from Shania Twain. In making her assessment, Reed J. had reference to the list of factors set out in *U&R Tax*. She dismissed the defendants' argument that the Federal Court of Appeal decision in *Tele-Direct (Publications) Inc. v. American Business Information Inc.*²²³ had imposed such a requirement as to originality that verbatim reporters no longer enjoy copyright in quotations from private interviews. Accordingly, the Anglo-Canadian jurisprudence regarding copyright in quotations from private interviews was not overruled by *Tele-Direct*.

In addressing the question of infringement by substantial taking, the court applied the *U & R Tax* case and the list of factors enumerated by Richard J., as he then was. In doing so, the court was satisfied that a substantial part of the "guidas", had been copied by the defendants to produce their directories and that the quality of the material taken was substantial. The court also found that the defendants' use had adversely affected the plaintiff's activities and diminished the value of the plaintiff's copyright. In particular, the adoption of "decoy names" which had been built into the listings in the "guida" demonstrated intentional copying by the defendants.²²⁴

4. *Indirect Infringement*

In the 1993 case of *De Tervagne et al. v. Town of Beloeil et al.*²²⁵ the Federal Court Trial Division had occasion to address the question of liability for copyright infringement by authorization.

The action arose from the public performance of a dramatic work. The plaintiffs contended that the defendants, the Town of Beloeil and owner of the Centre Culturel de Beloeil, a non-profit corporation that was formed to provide cultural advantages for the residents of the Town, had authorized the public performance in the summer of 1990 of the play, "Pique-Nique en Ville" without their consent.

The non-profit corporation merely leased the hall in the Centre Culturel de Beloeil to the individual defendant theatre director. At no time was it associated with the production of the play. In turn, the non-profit corporation was independent of the town and operated autonomously. Finally, both the non-profit corporation and the town contended that, in view of the experience and standing of the defendant theatre director, neither had reasonable grounds to suspect that the performance of the play would infringe copyright.²²⁶

In looking at the question of "authorized" as a basis for liability, the Court considered the Privy Council decision in *Vigneaux v. Canadian Performing Rights Society*.²²⁷ In this case, the Privy Council held that the defendants, the Vigneaux

²²³ (1998), 76 C.P.R. (3d) 296 (F.C.A.).

²²⁴ *Supra* note 151 at 169-173.

²²⁵ *De Tervagne et al. v. Town of Beloeil et al.* (1993), 50 C.P.R. (3d) 419 (F.C.T.D.), [1993] 3 F.C. 227 [hereinafter *De Tervagne* cited to C.P.R.].

²²⁶ *Ibid.* at 424.

²²⁷ (1945), 4 C.P.R. 65, [1945] 2 D.L.R. 1.

Brothers, could not be held liable for having authorized the public performance of the musical work "Stardust" which had been played on their phonograph that they had rented to the co-defendant restaurant owners. The Privy Council was of the view that the Vigneaux Brothers had no control over the use of the phonograph.

The Court also noted²²⁸ that the Supreme Court of Canada had the occasion to comment on *Vigneaux* in *Muzak Corp. v. Composers, Authors and Publishers Association of Canada Ltd.* and that the Supreme Court did not consider it appropriate to limit the scope of *Vigneaux* or to criticize it.²²⁹ Rather, Kellock, J. clearly adopted the passage from the reasons of Lord Russell in the *Vigneaux* case dealing with the element of control. After analyzing comments in the judgment of the Supreme Court of Canada in the *Muzak* case, the Court found three principles to have been applied and laid down by the Supreme Court of Canada, namely that:

- (i) in order to 'authorize', within the meaning of the *Copyright Act*, a person must sanction, approve or countenance something more than a mere use of equipment that might possibly be used in an actual infringement of a copyright. In addition, the Court presumed that a person who authorized an activity had authorized that activity only so far as the activity is in accordance with law;
- (ii) the defendant cannot be found liable unless it sanctions, approves or countenances actual performance or infringement. However, a person need not go so far as to grant or purport to grant the right to perform or infringe; and
- (iii) it's possible to establish that a person has sanctioned, approved or countenanced an actual infringing activity, thereby rebutting the presumption that a person who authorizes an activity does so only so far as it is in accordance with the law, if it is shown that certain relationships existed between the alleged authorizer and the actual infringer, or that the alleged authorizer conducted himself in a certain manner.²³⁰

The Court also rejected the view of Australian courts that authorization can be found in the supply of materials which, by their nature, are almost inevitably to be used for infringement.

As a consequence, the Court concluded that neither the town nor the non-profit corporation had authorized the performances of the play. The mere fact that they had rented the hall to the infringer, even though this facilitated the infringement, did not support the finding that they had authorized the performance of a play which infringed copyright.

In the case of *Robert D. Sutherland Architects Ltd. v. Montykola Investments Inc. et al.* the Nova Scotia Supreme Court considered the question of indirect infringement alleged against corporate defendants who used the plaintiff's development plan for a previous development proposal for which the plaintiff had provided the

²²⁸ *Supra* note 225 at 432.

²²⁹ [1953] 2 S.C.R. 182, 19 C.P.R. 1.

²³⁰ *Supra* note 225 at 432-435.

plans.²³¹ Despite the plaintiff's refusal to provide copies of its' plans for pursuit of the proposal by new developers, copies were obtained and the development agreement was executed by the corporate defendant and registered. The Court concluded that the plaintiff's development plan constituted an artistic work for which the plaintiff had the copyright. While the defendant denied having produced or reproduced the plan, the Court was of the view that, by executing and registering the development agreement with copies of the plaintiff's development plan, "the defendants participated in the reproduction of the work as surely as if they had operated the blue print machine."²³² Moreover, the previous publication of the development plan at municipal meetings, as well as the absence of its use in actual construction, were relevant only to the question of damages, not liability.

Horton v. Tim Donut Ltd. et al. required the Ontario Court (General Division) to consider the question of copyright infringement in the context of a summary judgment application in 1997 involving the portrait of famed deceased hockey player, Tim Horton.²³³

In considering the allegation of breach of copyright, the Court characterized the *Copyright Act* as contemplating two categories of copyright infringement - direct infringement and indirect infringement. The Court found that, if the plaintiff widow of Tim Horton owned the copyright in the slides used by Ken Danby to create his portrait of Tim Horton in 1991, there might be infringement arising from the reproduction of the images. However, the defendants did not reproduce or authorize their reproduction. Rather, the direct copyright infringement could only have been committed by the Tim Horton Children's Foundation Inc., which had commissioned Danby to do the portrait, or Ken Danby himself, neither of whom were defendants in the action.²³⁴

As for indirect infringement, the Court pointed to the requirement for knowledge on the part of the alleged infringer in order to establish indirect infringement. Under Section 27(4) of the *Copyright Act*²³⁵, a person who "by way of trade exhibits in public ... any work that to the knowledge of that person infringes copyright", is liable for indirect infringement.²³⁶ In support for this principle, the Court pointed to the Supreme Court of Canada decision in *Compo Co. Ltd. v. Blue Crest Music Inc.* Accordingly, the Court was of the view that the plaintiff was required to show that the defendants knew of her copyright in the slides when they hung the portrait in the stores and offered limited edition prints of the same for sale.²³⁷ With respect, if the Court meant that the alleged infringers had to know of the plaintiff's copyright as opposed to just the subsistence of copyright in the slides, then the Court imposed a more stringent requirement than the *Copyright Act*.

²³¹ (1995), 61 C.P.R. (3d) 447 (N.S.S.C.), rev'd (1996), 73 C.P.R. (3d) 269 [hereinafter *Robert D.* cited to C.P.R.].

²³² *Ibid.* at 459.

²³³ *Horton v. Tim Donut Ltd. et al.* (1997), 75 CPR (3d) 451, at 465, 240 O.T.C. 151 (Ont. Ct. Gen. Div.), aff'd (1997), 75 C.P.R. (3d) 457 (C.A.) [hereinafter *Horton* cited to C.P.R.].

²³⁴ *Ibid.* at 462.

²³⁵ *Supra* note 55 at s. 27.

²³⁶ *Ibid.*

²³⁷ *Supra* note 233 at 462.

The Court also found overwhelming evidence against the claim based on breach of copyright.²³⁸ Moreover, the written assignment document, dated September, 1996, in which the copyright in the underlying photographs was purportedly assigned to the plaintiff from the photographer, was considered suspect by the Court in light of Danby and the photographer's testimony.²³⁹

5. *Defences*

(a) *Innocent Infringement*

At the beginning of 1987, in *Dictionnaires Robert Canada SCC et al. v. Librairie Du Nomade Inc. et al.*, the Federal Court Trial Division had occasion to consider an action arising from the parallel distribution of dictionaries.²⁴⁰ The copyright in the works for Canada had been assigned to the plaintiff, Les Dictionnaires Robert Canada SCC, which, in turn, registered the copyright in the works for Canada. The defendants contended that despite the copyright registration by Robert Canada, the copyright notice printed in the dictionaries indicated that the copyright actually belonged to the French Company SNL -- Le Robert of Paris, France "for all countries". Accordingly, they put forth the defence that they never knew that the dictionaries purchased from the U.S. distributor, and sourced from SNL, infringed the plaintiff's copyrights and had no reason to suspect the existence in Canada of a copyright registration different or contrary to the notice contained in the dictionaries as to copyright ownership by SNL -- Le Robert. As such, the plaintiffs were entitled only to an injunction.²⁴¹

In and of themselves, these facts would appear to give rise to a good defence under Section 22 of the *Copyright Act*.²⁴² Unfortunately, the president of the corporate defendant devised a billing system which referred to the subject dictionaries with coded references and also caused the corporate defendant to use a stamp punch to mimic the method used by the plaintiffs to designate the particular work as being authentic.²⁴³ These particular facts, in the circumstances, led the Court to conclude that the defendants had full knowledge that their actions constituted infringement of the copyright of the plaintiff. Moreover, the Court was of the view that in order to take advantage of the section 22 defence in the face of a registered copyright, the defendants had to shift the burden of having been "deemed to have had reasonable grounds for suspecting the copyright subsisted in the work". In the end, the Court concluded that the defendants not only had failed to shift this burden but that the evidence established that they knew of the existence of the plaintiff's rights and so the defence under section

²³⁸ *Ibid.* at 466.

²³⁹ *Ibid.* at 465.

²⁴⁰ (1987), 11 F.T.R. 44, 16 C.P.R. (3d) 319 [hereinafter *Les Dictionnaires* cited to C.P.R.].

²⁴¹ *Ibid.* at 322-323.

²⁴² *Supra* note 55 at s. 22.

²⁴³ *Supra* note 144 at 335. An engineer, Pierre Godbout provided expert evidence as to the use of two different stamps by means of analysis using "bi-dimensional optics" of several traces of impressions with the letter "R".

22 was not available to them.²⁴⁴

The British Columbia Supreme Court dealt decisively with the infringement of architectural plans and drawings in *Bemben and Kuzych Architects et al. v. Greenhaven-Carnegy Developments Ltd. et al.*²⁴⁵ In this particular case, the plaintiff had prepared plans and drawings for a townhouse project and had been paid for such plans and drawings. That particular project did not proceed and several years later one of the defendants, the builder and developer purchased the original project site with its foundations and, in turn, were given the plans developed by the plaintiff and used them to build 24 townhouses. The plaintiff took no exception to that action since he had been paid for his work. However, the defendant teamed up with another businessman and together acquired a contiguous lot with development approval for 24 units. The defendant, who had acquired the plans, made an effort to locate the architect by calling the telephone number on the title block on the plans. However, the architect had moved and the defendant made no further effort and simply used the plans.²⁴⁶

It was clear to the Court that the plaintiff architect retained the property rights in the architectural drawings and designs of his creation and that to use those drawings without consent constituted an infringement of the subsisting copyright absent some written assignment of the ownership of the copyright.²⁴⁷ In addition, the Court had no hesitation in finding that the two individual defendants were also personally liable for the infringement.

The Court in *Fletcher*²⁴⁸ rejected the defendant's argument that the absence of registration of the plaintiff's copyright meant there was nothing to make the defendants aware of the plaintiff's copyright. The Court observed that the plaintiff had marked the contents and packaging for its cloth diaper with the clear words "Copyright, Nursery Designs 1989. All rights reserved. Printed in Canada." Consequently, the Court concluded that the one defendant which had actually reproduced a substantial part of the plaintiff's diaper pattern had infringed the plaintiff's copyright in the work and that the second defendant which had merely bought and sold the infringing product had, nevertheless, done so knowing that the products infringed the plaintiff's copyright. As such, the defendant who copied was not able to rely on the defence of innocent infringement and limit the plaintiff's remedies to an injunction, nor was the indirect infringer able to escape liability.

In *U & R Tax Services*, the defendant also claimed that it was not aware of the existence of any copyright of the plaintiff in the work and that it believed the work to be subject to copyright owned by a third party and which it was entitled to copy.²⁴⁹ However, the Court emphasized, such defence ignored the evidence, especially that the plaintiff's material was accompanied by copyright claim and the evidence of the

²⁴⁴ *Ibid.* at 335.

²⁴⁵ (1992), 45 C.P.R. (3d) 488, 6 C.L.R. (2d) 261 (B.C.S.C.) [hereinafter *Bemben* cited to C.P.R.].

²⁴⁶ *Ibid.* at 491.

²⁴⁷ *Ibid.* at 492.

²⁴⁸ *Fletcher v. Polka Dot Fabrics Ltd.* (1993), 51 C.P.R. (3d) 241 at 254 (Ont. Small Cl. Ct.).

²⁴⁹ *Supra* note 89.

defendant's own employees that they were aware of copyright laws.²⁵⁰ Similarly, as to the contention that there was a practice of copying similar forms in the industry, the Court held that this did not permit a defendant to assume that no copyright subsists in such forms.²⁵¹

The Court was of the view that "a wrong assessment of the legal and factual position cannot be an excuse to avert the remedy of damages and accounting of profits, as well as the other relief claimed by the plaintiff".²⁵²

(b) *Permitted Dealing*

The defendant in the *U & R Tax Services* case also submitted a novel defence to the effect that the Court ought not to intervene to protect a work intending to deceive the public.²⁵³ The defendant contended that the similarity of the plaintiff's form, a government form, rendered the plaintiff's work a deceptive work which ought not to be protected by copyright. The Court found no such protection provided in the *Copyright Act* and that, in any event, the plaintiff had not intended to deceive the public. Rather the defendant itself used the form for that purpose.

In *Cie Générale des Établissements Michelin-Michelin & Cie v. C.A.W.-Canada et al.*²⁵⁴, the Trial Division of the Federal Court of Canada once again dealt with the issue of substantial reproduction of a copyrighted work and the defences of parody and criticism.

The defendants in this case attempted to unionize the workers of Michelin Canada. During this campaign, leaflets were distributed and posters displayed which depicted an unnamed figure similar to the Michelin Tire Man or "Bibendum" design in a novel pose, with a raised foot, about to step on a man. The drawing also included a second man who was depicted as speaking to the first man.

The plaintiff sued, *inter alia*, for infringement of its registered copyright in the "Bibendum" character. In finding infringement, the Court rejected the defence that a reproduction of a substantial part of the copyrighted work was permitted as long as there was evidence of sufficient independent creation.²⁵⁵ In enunciating the proper test, the Court stated:

Thus, the true test for infringement is whether the act complained of is only an act that the copyright owner could do under section 27(21), including reproduction of the original or a substantial part of the work. The expenditure of some mental labour is not enough to trump the fact that there has been reproduction of a substantial part of a work.²⁵⁶

²⁵⁰ *Ibid.* at 270.

²⁵¹ *Ibid.*

²⁵² *Ibid.* at 270-271.

²⁵³ *Ibid.*

²⁵⁴ 71 C.P.R. (3d) 348, (*sub nom. Compagnie Générale des Établissements Michelin - Michelin & Cie v. National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW Canada)*) 124 F.T.R. 192 (F.C.T.D.) [Hereinafter *Cie Générale des Établissements Michelin/Michelin* cited to C.P.R.].

²⁵⁵ *Ibid.* at 374-375.

²⁵⁶ *Ibid.* at 376.

The Court was unable to find that the figures depicted on the Defendant's leaflets and posters were an entirely new work, and found that a substantial portion of the Plaintiff's work had been reproduced.

The Court also ruled on the defendant's novel argument that their drawing was a parody of the copyrighted material and should fall under the "fair dealing" statutory exception to copyright infringement as a form of criticism, set out in s.27(2)(a.1) of the *Copyright Act*. Section 27(2)(a.1) states:

The following acts do not constitute an infringement of copyright:

- (a.1) any fair dealing with any work for the purposes of criticism review or newspaper summary, if
 - (i) the source, and
 - (ii) the author's name, if given in the source, are mentioned.²⁵⁷

In support of its position, the defendant urged the Court to consider the recent U.S. Supreme Court decision in *Luther R. Campbell a.k.a. Luke Skywalker v. Acuff-Rose Music, Inc.* which permitted parody as criticism under the "fair use" doctrine.²⁵⁸

The Court refused to adopt the principle of the U.S. decision, noting that U.S. laws pertaining to exceptions to copyright infringement are open ended and non-exhaustive, whereas in Canada they are set out exhaustively in the *Copyright Act*, which should be strictly interpreted.²⁵⁹ Moreover, the Court ruled that the Defendant had not met the other two requirements for the criticism exception, namely mention of the source and fair treatment.²⁶⁰ Ultimately, the Court was unwilling to stray so far from the original intent of the legislature and rewrite the requirement of the exception for criticism, and stated:

If Parliament had wanted to exempt parody as a new exception under the fair dealing provision, it would have done so (...).²⁶¹

In the case of *Boudreau v. Lin et al.*,²⁶² the defendant professor had advanced the defense of fair dealing, to which the Court gave short shrift finding that "to appropriate the author's labour is not 'fair dealing'".²⁶³ In addition, the defendant university which copied and sold case books containing the plaintiff's plagiarized work did not enjoy protection under the "private study or research" exception of section 27(2)(a) of the *Copyright Act*.²⁶⁴ In addition, the Court rejected the university's contention that it was not responsible for what professors put in their casebooks. The Court found the university responsible for setting policies against copyright

²⁵⁷ *Supra* note 55 at s. 27.

²⁵⁸ 114 U.S. 1164 (1994).

²⁵⁹ *Supra* note 254 at 380-381.

²⁶⁰ *Ibid.* at 384.

²⁶¹ *Ibid.*

²⁶² (1997), 150 D.L.R. (4th) 324, 75 C.P.R. (3d) 1 (Ont. Ct. Gen. Div.).

²⁶³ *Ibid.* at 12.

²⁶⁴ *Supra* note 55 at s. 27.

infringement and not monitoring their observation.²⁶⁵

The Federal Court granted a motion for summary judgment in respect of an action for copyright infringement in the case of *Wall v. Brunell et al.*²⁶⁶ The Court found that, apart from one copy of the plaintiff's documents which the corporate defendant had made for the purposes of complying with an Ontario Court order and another copy which its solicitors kept in their file, the corporate defendant had never made or authorized anyone to make any copies of the plaintiff's documents. The Court concluded that Section 142 of the *Courts of Justice Act* provides that:

A person is not liable for any act done in good faith in accordance with an order or process of a Court in Ontario.²⁶⁷

In 1997, the Québec Superior Court, in the case of *Productions Avanti Ciné-Vidéo Inc. v. Favreau et al.*, considered whether infringement by substantial taking had occurred when the defendants parodied the plaintiff's television characters in producing their erotic film.²⁶⁸ The defendants admitted without hesitation that they had borrowed ideas from the plaintiff's television series, so that they "could count on the identification of their production with the plaintiff's original work in order to exploit the original and arouse the interest of the public in what they maintain is a parody of it."²⁶⁹ As the Court acknowledged, a parody necessarily requires a certain amount of borrowing from the original work in order to make it recognizable by the audience.²⁷⁰ In this case, the defendants reproduced characters from the popular situation comedy called "La Petite Vie" in their production entitled "La Petite Vite" with a thin script having only a few minutes of character development leading then to sexual activity of all types. The Court found numerous similarities between the two works including, characters, style of dress, general appearance, manner of speech, elements of the set and some props.

On the question of infringement by substantial taking, the Court entertained the reasoning offered by the defendants²⁷¹ that parodies should be excused from the liability if they do not have the effect of substituting themselves for actual or potential commercial use or competition with the original, relying on the United States Supreme Court decision in *Campbell v. Acuff-Rose Music Inc.*²⁷² Accordingly, if such approach ought to be followed, the Court considered the issues to be whether the plaintiff had established significant similarity between the works, whether the defendant had then established that its use was productive and, if so, whether the defendant's use does or does not constitute significant competition in the market for the original work. If not competitive, then the defendant's use should be protected. Finally, if competition exists, the socio-cultural value of the defendants use needs to be balanced against the economic disincentive to the original author.

²⁶⁵ *Ibid.*

²⁶⁶ (1997), 75 C.P.R. (3d) 429 (Fed. T.D.).

²⁶⁷ *Justice Act*, R.S.O. 1990 c. C-43.

²⁶⁸ (1997), 79 C.P.R. (3d) 385 [hereinafter *Avanti* cited to C.P.R.].

²⁶⁹ *Ibid.* at 391.

²⁷⁰ *Ibid.*

²⁷¹ *Ibid.* at 391-394.

²⁷² (1994), 144 S.Ct. 1164.

repudiating two traditional principles of copyright law in Canada. In finding against copyright infringement, the Court chose to ignore the copyright of the plaintiff author in respect of a work incorporated into a collective work. In addition, the Court adopted a new test for assessing whether or not the "fair dealing" defence lies.

In order to illustrate the cover of its November, 1985 issue, Saturday Night Magazine used a photograph taken by Allen in the course of his free lance engagement with Saturday Night, showing a local female politician dressed in leather astride a motor cycle. On March 11, 1990, the Toronto Star - a daily newspaper - illustrated a feature article about the politician, then a candidate for the national leadership of her party, by publishing two photographs - one of which was a photo of the cover of the November, 1985 issue of Saturday Night. As a consequence of the publication of the cover photograph, Allen successfully sued the Toronto Star for infringement of his copyright in the 1985 photo.

Not unexpectedly, the trial judge concluded that, by reproducing the Saturday Night Magazine cover, the Toronto Star had infringed the copyright in the photograph owned by Allen which was incorporated in the Saturday Night Magazine cover. Saturday Night did not object to the reproduction of its November, 1985 cover. The Toronto Star appealed to the Divisional Court.

In addressing the question, the Court acknowledged, as the Toronto Star conceded, that Allen owned the copyright in the 1985 photograph which was incorporated into the November 1985 cover of Saturday Night Magazine. The Court also acknowledged that Saturday Night, also conceded by Toronto Star, owned the copyright in the magazine cover. Moreover, the Court acknowledged that "[c]opyright may subsist separately in a compilation of elements which may themselves individually be the subject of copyright".²⁷⁹

Allen's position was, simply, that the consent of the cover photographer was required to reproduce the magazine cover. The Court also declared the magazine cover to be an artistic work separate and distinct from the photograph illustrating the cover. Nevertheless, despite its recognition of Allen's copyright, the Court remarkably concluded that the photograph illustrating the cover was, by itself, not meaningful, and:

...[i]t is the overall effect of the cover which fulfills the statutory requirement for originality for purposes of copyright in the case.²⁸⁰

Having reached this conclusion, the Court then baldly stated that the copyright in Allen's photograph was not infringed by the reproduction of the entire magazine cover and that Allen did not own or have a legal interest in the copyright in the magazine cover.²⁸¹

Unfortunately, the Court's decision does not shed light on the basis for its conclusion that Allen's copyright in his photograph was not infringed. The reference to the photograph not being meaningful without the context of words and other imagery may be the Court's new test for assessing whether or not the copyright of works incorporated in compilations has been infringed. On the other hand, it may simply be

²⁷⁹ *Ibid.* at 205.

²⁸⁰ *Ibid.* at 208.

²⁸¹ *Ibid.*

that the Court was confused or perhaps motivated by some concern that it not restrict the "fair dealing" exception in respect of "news" reporting.

The Court also found that the "fair dealing" defence applied so as to exempt the Toronto Star from copyright infringement. As set out above, the Canadian statutory "fair dealing" defence applies to "any fair dealing with any work for the purposes of private study, research, criticism, review or newspaper summary." A traditional aspect of the test of "fair dealing" in Canada originated with the 1944 Exchequer Court case of *Zamacois v. Douville*²⁸² which established the proposition that reproduction of an entire newspaper article can never be considered a fair dealing for the purposes of news, summary or reporting.

The Divisional Court preferred to repudiate this proposition and embrace the notion of a more qualitative or "purposive" test of "fair dealing".²⁸³ The Court found the defence of "fair dealing" applied despite the reproduction of the entire cover.²⁸⁴ In doing so, the Court pointed to the reproduction of the cover in black and white, in a reduced form and the absence of any special prominence of the photograph in the newspaper as indicators that the purpose of the reproduction of the cover was to aid in the presentation of a news story and not to gain unfair commercial or competitive advantage over *Allen or Saturday Night*.²⁸⁵

In the aftermath of this decision, we can expect greater reliance to be placed on the "fair dealing" defence and, perhaps as well, on a new defence which enables copiers to reproduce whole elements contained in compilations on the basis that the copyright in such element is lost if the element is not, in and of itself, "meaningful", absent the context of the compilation.

As for the fair dealing defence in *Hager*, Reed J. found that the use made of the quotations and paraphrases of the plaintiff's work did not fall within the concept of "fair dealing for the purpose of criticism." Moreover, there could be no implication of consent to copying as a result of an alleged practice in the Canadian publishing industry. With respect to the assertion that the defendants' work was a work of research which should enjoy the fair dealing exception, Madam Justice Reed interpreted "research" by reference to "fair dealing for the purpose of criticism or review, or news reporting." Given the absence of a requirement for the source to be identified when the use is for research, the court concluded that the use contemplated by "research" is not one in which the copied work is communicated to the public.

6. Remedies

(a) Compensation

In *Les Dictionnaires Robert Canada SCC et al. v. Librairie Du Nomade Inc. et al.*²⁸⁶, as a result of the infringement, the Court awarded damages to the plaintiffs in

²⁸² [1944] Ex. C.R. 208., [1943] 2 D.L.R. 257, 2 C.P.R. 270.

²⁸³ *Supra* note 278 at 209.

²⁸⁴ *Ibid.*

²⁸⁵ *Ibid.*

²⁸⁶ (1987), 16 C.P.R. (3d) 319, 11 F.T.R. 44 (F.C.T.D.), affirmed (1990), 37 F.T.R. 240 (F.C.A.) [hereinafter *Robert* cited to C.P.R.].

view of their actual damage and the profits of the defendants. Moreover the defendants were permanently enjoined from importing, distributing, exhibiting in public by way of trade or selling the subject dictionaries. Presumably, the Court meant any dictionaries which violated the copyrights subsisting in the subject dictionaries.²⁸⁷

While punitive damages were also sought against both the corporate and individual defendants in this case, the Court saw fit to award damages against only the individual defendant for "brazenly flouting the plaintiff's rights while attempting to shift responsibility on to third parties and trying to hide the truth from the court," in the sum of ten thousand (\$10,000.00) dollars payable personally to each of the plaintiffs.²⁸⁸

The Court in *Visa v. Auto Visa Inc.*²⁸⁹, while acknowledging that the exclusivity of copyright must itself be protected, refused to grant damages. Although recognizing that the *Act* and the evidence would allow for such damages, the Court found that the issuance of an injunction would "give rise to sufficient costs and consequences for the defendant". The case also concerned trademark infringement such that the defendant was permanently enjoined and obliged to discontinue using the offending mark, with costs including expert fees up to the amount of \$10,000.00.

In *Bemben and Kuzych Architects*,²⁹⁰ the Court considered the main issue to be the question of damages. In this regard the Court considered damages to be "at large" to be dealt with "broadly as a matter of common sense". Several factors were considered by the Court including the amount of profit made as a result of the infringement, the loss of public and professional recognition due to the architect resulting from the infringement, and what would have been fair remuneration to the architect for a licence to use copyright plans. In the end result, the Court fixed damages at \$15,000.00.²⁹¹

As a consequence of the infringement by HMRI found in the *Prism* case, the Court awarded damages pursuant to Section 35 (1) of the *Copyright Act*. The Court recognized that damages for copyright infringement are at large and not necessarily derived from actual damages, while bearing in mind the principles of foreseeability and remoteness.²⁹² The Court also ordered pursuant to Section 35(1) a reference to determine the profits made by the infringers.²⁹³ The Court also concluded that the conduct of the infringers constituted a "truculent breach" of the plaintiff's rights "in furtherance of their own aspirations" which amounted to "high-handed arrogant" treatment of the plaintiff which warranted the award of punitive damages.²⁹⁴

In *Robert D. Sutherland Architects*²⁹⁵ the Court concluded that the plaintiff only

²⁸⁷ *Ibid.* at 338.

²⁸⁸ *Ibid.* at 338-339.

²⁸⁹ *Visa International Service Assn. v. Auto Visa Inc.* (1991), 41 C.P.R. (3d) 77 at 88 (Que. Sup. Ct.).

²⁹⁰ *Bemben and Kuzych Architects et al. v. Greenhaven-Carnegy Developments Ltd. et al.* (1992), 45 C.P.R. (3d) 489 (B.C.S.C.) [hereinafter *Bemben* cited to C.P.R.].

²⁹¹ *Ibid.* at 493-494.

²⁹² *Supra* note 135 at 285-288.

²⁹³ *Ibid.* at 303.

²⁹⁴ *Ibid.* at 306.

²⁹⁵ *Robert D. Sutherland Architects Ltd. v. Montykola Investments Inc. et al.* (1995), 61 C.P.R. (3d) 447, (1995) 142 N.S.R. (2d) 137 (N.S.S.C.) rev'd (1996), 73 C.P.R. (3d) 269, (1996), 150 N.S.R. (2d) 281 (C.A.) [hereinafter *Sutherland* cited to C.P.R.].

suffered damage as a result of the infringement to the extent of the actual value of the work expended on producing the development plans protected by copyright and awarded damages in the amount of \$12,500 for breach of that copyright. There was no evidence before the Court that the defendants realized any profits from the infringement.²⁹⁶

Richard J., in *U & R Tax Services*,²⁹⁷ accepted the plaintiff's calculation as to the loss it suffered and awarded the sum of approximately \$145,000.00 to the plaintiff as damages for infringement. The Court was of the view that damages for conversion are cumulative and not alternative so that the Court must avoid any overlap or duplication. Accordingly, the Court denied any damages for conversion.²⁹⁸ As for punitive damages, the Court refused to award punitive damages in part because of the absence of evidence of malice, discontinuance of use of the plaintiff's work prior to an action being commenced, and the limited geographical extent of the infringement.

In respect of remedies, Madam Justice Reed in the *Hager* case used the "fee assessment" approach to damages even though the plaintiff asserted that she would not have given permission even if it had been sought. The court set the reasonable fee at \$9,000.00.

In addition, in determining the matter of the defendants' profits, the court in the *Hager* case awarded the plaintiff 10% of the proven profits of \$34,053.00. In so doing, the court rejected the defendants' argument that revenue from non-Canadian sales should not be included since the *Copyright Act* does not have extra-territorial effect. The court found that the books were published in Canada and distributed from Canada for sale abroad with the revenues to be paid to the defendants. Accordingly, the *Act* applied.

(b) *Individual Liability*

The Court in *Les Dictionnaires Robert Canada SCC et al. v. Librairie Du Nomade Inc. et al.*²⁹⁹, relying on the decision of Le Dain J. in the case of *Mentmore Mfg. Co. Ltd. et al. v. National Merchandise Mfg. Co. Inc.*³⁰⁰, concluded that the president of the corporate defendant acted in a deliberate, willful manner that was likely to constitute infringement as demonstrated by the construction of the "illegal" importation operation, coded billing system, and also by using the punch to mimic authenticity.³⁰¹

In the case of *Robert D. Sutherland Architects Ltd. v. Montykola Investments Inc. et al.*³⁰², the Court found that the directors of the defendant corporation had effectively stripped the company of its remaining assets by the payment out of directors' fees and dividends and that these actions were directed by two of the shareholders who were the controlling minds and did the day to day management of the company, and

²⁹⁶ *Ibid.* at 462-468.

²⁹⁷ *Supra* note 89.

²⁹⁸ *Ibid.* at 271-273.

²⁹⁹ *Supra* note 286.

³⁰⁰ *Mentmore Mfg. Co. Ltd. et al. v. National Merchandise Mfg. Co. Inc.* (1978), 89 D.L.R. (3d) 195, 40 C.P.R. (2d) 164 (F.C.A.).

³⁰¹ *Supra* note 286 at 335-337.

³⁰² *Supra* note 295.

constituted "improper conduct"³⁰³ within the meaning of that phrase in the case of *Lockharts Ltd. v. Excalibar Holdings Ltd.*³⁰⁴ The Court, by reference, adopted the principle articulated by Madam Justice Wilson in the case of *Kosmopoulos v. Constitution Insurance Co. of Canada*³⁰⁵ to the effect that the "separate entities" principle is not enforced when it would yield a result "too flagrantly opposed to justice, convenience or the interest of the Revenue."³⁰⁶ In the circumstances, the Court found the actions of the two principal shareholders as having raised a strong prima facie inference that the stripping of the corporate defendants assets was intended, at least in part, to defeat any action by the plaintiff against the corporate defendant.

In the *Ital-Press* case, the plaintiff had alleged that an individual was the directing mind of both the corporate defendants and as a result of her role she should be found personally liable. Applying the formulation of the test for such personal liability set out in the *Mentmore* case³⁰⁷, the court concluded that the evidence demonstrated that the individual was the directing mind behind the defendants and reflected, at the very least, an indifference to the risk that the course of conduct on which the corporate defendants engaged was likely to constitute infringement of copyright or, in turn, reflected indifference to the risk of the copyright infringement that I have found took place. Based on this finding of indifference as to copyright infringement, the court held Mrs. Sicoli personally liable for the infringement in respect of two of the plaintiff's directories.³⁰⁸

G. Ownership

1. General

On *Planet Earth Productions Inc. et al. v. Rowlands*³⁰⁹ the defendant was indebted to the plaintiffs under a judgment. The sheriff was directed to seize and sell the plaintiff's photographic negatives and copyright therein. The sheriff, by interpleader, obtained a trial on three issues: (i) who owns the negatives; (ii) who owns the copyright in the negatives; and (iii) are the negatives and/or copyright therein exigible under the *Execution Act* of Ontario?

Although the issue of ownership in the negatives and copyright therein was resolved on a fact specific basis and does not add to the jurisprudence on ownership, the issue of whether the negatives and copyright therein is exigible is an interesting one worthy of comment. In considering this issue, the Court found no express statutory answer and the only relevant case law, although suggesting that copyright is exempt from seizure under a writ of *feri facias*, to be from 1858 and prior to the existence of

³⁰³ *Ibid.* at 465-467.

³⁰⁴ (1987), 83 N.S.R. (2d) 181, 47 R.P.R. 8 (N.S.S.C.).

³⁰⁵ (1987), 1 S.C.R. 2, 63 O.R. (2d) 73, 34 D.L.R. (4th) 208 [hereinafter

Kosmopoulos cited to S.C.R.].

³⁰⁶ *Ibid.* at 7-8.

³⁰⁷ *Supra* note 300.

³⁰⁸ *Supra* note 151 at 175-177.

³⁰⁹ (1990), 30 C.P.R. (3d) 129, 73 O.R. (2nd) 505 (Ont. S.C.). [hereinafter *Planet Earth* cited to C.P.R.].

the *Execution Act*. The Court then went on to broadly interpret the language of the *Execution Act* so as to include copyright based on the determination that the *Execution Act*, not in place until 1929, now captures shares, dividends and other choses in action as exigible things. Given this and the age of the only relevant case law, the Court relied on the principle that the common law is not static and must grow with the times and technology and held that copyright is exigible (citing, *inter alia*, Lord Denning in *Nippon Yusen Kaisha v. Karageorgis*.³¹⁰) In an interesting quote on this point the judge stated "The world of today is far different than the world of the mid-nineteenth century. Personal computers, laser printers, facsimile machines, men walking on the moon, were then unheard of... Although some may view my decision on this point as extreme temerity, I am nevertheless convinced that the growth of the common law should not be impeded by the dead hand of a mid-nineteenth century judge."³¹¹

In *Dubois v. Système de Gestion et d'Analyse de Données Média, Média-Source Canada Inc.*³¹² the plaintiff, a director of the corporate plaintiff created a computer program for the corporate defendant. The plaintiff asserted that he created the program in the capacity of an independent consultant to the corporate defendant. The Court found the plaintiff to have created the program in the capacity of a senior officer of the defendant company, and that as a senior officer of a company owed the company an obligation of loyalty which is fiduciary in nature. Accordingly, the Court held that the plaintiff could not claim copyright in a work created in the course of his duties as a senior officer (citing: *Netupsky v. Dominion Bridge Co.*,³¹³ *Société d'Informatique R.D.G. Inc. v. Dynabec Ltée*,³¹⁴ and *Helbig v. Oxford Warehousing Ltd.*³¹⁵)

In *Gould Estate v. Stoddard Publishing Co.*,³¹⁶ the Court also considered the issue of whether the interviewer had copyright ownership in the notes and tape recordings taken or made during the Gould interview. The Trial Court held that it is the person making notes or recordings from the oral statements who owns copyright in the notes or recordings, unless they are acting merely as a scribe or amanuensis (*Walter v. Lane*³¹⁷).

On appeal, the Ontario Court of Appeal (citing *Gould Estate v. Stoddard Publishing Co.*³¹⁸) agreed with the decision of the Trial Judge stating that it is the interviewer who has copyright in the notes and recordings made during the interview. Interestingly, despite the ownership of the photographs not being at issue (the Trial Court did not address the issue of copyright ownership in the photographs as it was agreed by the parties that the interviewer held the copyright) the Court of Appeal commented that they were owned by the interviewer/photographer unless it could be established that the photographs were commissioned. In making this comment the Court

³¹⁰ *Nippon Yusen Kaisha v. Karageorgis*, [1975] 3 All E.R. 282 (C.A.).

³¹¹ *Supra* note 309.

³¹² (1991), 41 C.P.R. (3d) 92.

³¹³ *Netupsky v. Dominion Bridge Co.*, (1969), 58 C.P.R. 7, 5 D.L.R. (3d) 195 (BCCA), rev'd on other grounds [1972] S.C.R. 368.

³¹⁴ *Société d'Informatique R.D.G. Inc. v. Dynabec Ltée* (1984), 6 C.P.R. (3d) 299.

³¹⁵ *Helbig v. Oxford Warehousing Ltd.* (1985), 20 D.L.R. (4th) 112, 6 C.P.R. (3d) 460 (Ont. CA).

³¹⁶ *Supra* note 117.

³¹⁷ *Walter v. Lane*, [1900] A.C. 539 (HL).

³¹⁸ *Supra* note 117.

considered whether: the interviewer/photographer was a photographer hired in the usual sense; there was any valuable consideration flowing for the picture taking; and, the subject sought out the photographer.

In *Ateliers Tango Argentin*, the Québec Superior Court dealt with the issue of a photographer taking a photograph of an image based on or inspired by another photograph. The Court conceded that more than this must occur for infringement to exist. The Court found that the later photograph in this case was “literally pirated”. The choice of “subject, the location where the photos were taken, the layout of the subject, the choreographic positioning of the four models, the choice of camera angle, the meticulous care in using the same props, ... all witness the clear, reflected and deliberate intention to imitate as slavishly as possible the work of [the original photographer].”³¹⁹

2. Assignment

In *Poolman v. Eiffel Productions S.A.*,³²⁰ the plaintiff brought an interlocutory injunction to prevent the defendants from making and distributing a film which the plaintiff asserted it owned the right to make and distribute by a written assignment. The plaintiff registered the assignment under the *Copyright Act* just prior to filing for the interlocutory injunction. The defendants challenged the validity of the assignment under Québec law. The issue before the Court was the applicability of section 57(3) of the *Copyright Act* (rendering an assignment void as against any subsequent assignee for valuable consideration without notice, unless the prior assignment is registered under the *Act* before registering of the instrument under which the subsequent assignee claims) in determining whether, under Québec law (articles 1486, 1487 and 1488), the sale of a thing, here a copyright, which did not belong to the vendor is null subject to an exception that it is valid in a commercial matter.

The Court held that, where the prior assignment is registered under the *Act* before registering of the instrument under which the subsequent assignee claims, section 57(3) is not a complete rebuttal from legal challenge under the general laws applicable to property and civil rights in the provinces of Canada (ie. articles 1486, 1487 & 1488). The Court stated that, “[i]n principle, the registering of the instrument under which an interest in a copyright is granted is not compulsory and, except as expressly provided for the benefit of a subsequent assignee in section 57(3) ..., creates nothing more than a presumption of ownership of such interest, which is rebuttable.”³²¹

In *Amusements Wiltron Inc. v. Mainville*,³²² the plaintiff sold electronic games and engaged the defendant to modify its software for an electronic poker game. While in the process of doing this, the defendant created his own original poker game. The plaintiff then had the defendant modify the defendant’s own poker game rather than modify the plaintiff’s poker game. The defendant left the plaintiff and marketed a poker game similar to that developed and modified by him while engaged by the plaintiff.

Having determined that the defendant was engaged by the plaintiff as an independent consultant, the Court found the defendant was the author of the poker game

³¹⁹ *Supra* note 156 at 74.

³²⁰ *Poolman v. Eiffel Productions S.A.*, (1991), 35 C.P.R. (3d) 384 (F.C.T.D.).

³²¹ *Ibid.* at 392

³²² (1991), 40 C.P.R. (3d) 521 (Que. S.C.) [hereinafter *Amusements*].

developed and modified by him while engaged by the plaintiff. As well, the Court held the defendant to be the first owner as there was no assignment in writing, as required by section 13(4) of the *Copyright Act*, transferring the rights to the plaintiff.

In *Cselko Associates Inc. v. Zellers Inc.*,³²³ the plaintiff, an illustrator, was engaged on behalf of the defendant to prepare drawings for use in advertising. No limitations on the use of the illustrations were discussed. The plaintiff discovered the defendant was using the illustrations in a manner beyond that which he had considered. There was no dispute that the plaintiff is the copyright owner. Despite section 13(4) of the *Copyright Act* stating that no "assignment or grant" of any interest in a work of copyright is valid unless it is in writing, and relying on *Harold Drabble Ltd. v. Hycolite Manufacturing Co.*³²⁴ and *Canadian Law of Copyright and Industrial Design*, Harold G Fox, 2nd ed. (1967)³²⁵, the Court held that a license to use a copyright work may be implied by the conduct of the parties and need not be in writing. Based on expert testimony, the Court found that it is industry custom for a commercial artist to grant the customer all rights in the work subject only to any express limitations and that a written assignment is rarely executed. On this issue, this case creates an interesting contrast to the Québec Supreme Court decision in *Amusements Wiltron Inc. v. Mainville*.³²⁶

In *Milliken & Co. et al. v. Interface Flooring Systems (Canada) Inc.*³²⁷ the Court also considered the issue of whether an invoice stamped by the assignor, where the stamp includes the assignor's name, is a valid assignment of copyright under section 13(4) of the *Copyright Act* which requires the assignment to be in writing to be valid. The Court held that the stamped name of the assignor is not acceptable as a signature despite being presented with case law which had found stamped signatures on facsimiles to be sufficient to make a document validly signed. The Court distinguished these cases on the basis that in those instances evidence was presented establishing that such stamping was the customary manner of identifying the signator. This was not the case here.

H. Licenses

1. Copyright Board

In *CTV Television Network Ltd. v. Canada (Copyright Board)*,³²⁸ the respondent performing rights societies filed a tariff of fees with the Copyright Board in respect of CTV in light of the then recent amendments to the *Copyright Act* brought about by the 1988 Canada-United States Free Trade Agreement and corresponding *Canada-United States Free Trade Agreement Implementation Act*. Specifically, the

³²³ (1992), 44 C.P.R. (3d) 56 (Ont. Ct. Gen. Div.) [hereinafter *Cselko*].

³²⁴ (1928), 44 T.L.R. 264 (Eng. Ch. Div.).

³²⁵ H. G. Fox, *Canadian Law of Copyright and Design*, 2nd ed. (Toronto: Carswell, 1967).

³²⁶ *Supra* note 322.

³²⁷ *Supra* note 91.

³²⁸ (1990), 30 C.P.R. (3d) 262, 34 F.T.R. 142 (FCTD), aff'd (1993), 46 C.P.R. (3d) 343 (F.C.A.), leave to appeal to SCC refused (1993), 107 D.L.R. (4th) vii. [Hereinafter *CTV* cited to C.P.R.].

issue before the Court was whether the 1988 amendments to the *Copyright Act* (section 70 in particular) permitted the Copyright Board to issue a new tariff for music performing rights royalties covering television 'networks'. The substantive issue was whether a transmission from CTV to its affiliate stations was a "broadcast to the public" and hence subject to the newly proposed tariff.

The Court held that the recent changes to the *Copyright Act* were cosmetic and did not change the law in this regard as already determined in *Composers, Authors, and Publishers Association of Canada Ltd. v. CTV Television Network Ltd.*³²⁹ and that the Board had no jurisdiction to issue such a tariff, as network transmissions do not constitute a single communication to the public as the performance of a work by telecommunication, and thus are not 'musical works' for the purposes of copyright infringement. The Court also relied on *Posen v. Ministry of Consumer & Corporate Affairs*³³⁰ in limiting the jurisdiction of the Board to the sole function of fixing rates which the performing rights societies can charge.

On appeal, the Court of Appeal (*CTV Television Network Ltd. v. Canada (Copyright Board) et al.*³³¹) (leave to appeal to SCC denied, December 23, 1993) agreed with the Trial Court that the jurisdiction of the Copyright Board was not expanded by the 1988 amendments to the *Act*. On the issue of the Board's jurisdiction, in agreement with the Court in *Canadian Cable Television Association v. Canada (Copyright Board)*³³², the Court of Appeal stated that "the Board has under section 67 of the *Act*, in exercising its rate fixing function, ... the power to make an initial determination of the facts and the law as to whether the proposed [tariff] is within the terms of the *Act*."³³³

In *Canadian Cable Television Association v. Canada (Copyright Board)*,³³⁴ the respondent performing rights societies filed a tariff of fees with the Copyright Board in respect of cable companies for their transmission of non-broadcasting services. The applicant applied to the Court to prohibit the Copyright Board from putting the tariff in place. The issues before the Court were: (i) whether the Copyright Board can decide issues of law and jurisdiction; (ii) whether a musical work transmitted by a cable system is a "communication to the public" under the 1988 amendments to the *Act*; (iii) whether a transmission of a musical work by a cable company is a "performance in public" under the 1988 amendments to the *Act*; and (iv) whether a transmission by coaxial cable is a "telecommunication" under the 1988 amendments to the *Act*.

The Court found: (i) endorsing the decision of Cullen J. in *CTV Television Network Ltd. v. Canada (Copyright Board)*,³³⁵ that the Copyright Board has, in exercising its rate fixing function, the power to make an initial determination of the facts and the law in order to determine whether the proposed tariff is within the terms of the *Act*; (ii) that a performance of a musical work transmitted by a cable system is a "communication to the public". The Court found the amendments to the *Act* sufficiently

³²⁹ (1968), 55 C.P.R. (2d) 132, S.C.R. 676 [Hereinafter *CAPAC*].

³³⁰ (1979), 46 C.P.R. (2d) 63, [1980] 2 F.C. 259 (F.C.A.).

³³¹ *Supra* note 328.

³³² (1991), 34 C.P.R. (3d), 41 F.T.R. 1, *aff'd* (1993), 46 C.P.R. 359 (F.C.A.), leave to appeal to SCC refused (1993), 51 C.P.R. (3d) v [hereinafter *Canadian Cable*].

³³³ *Supra* note 328 at 349.

³³⁴ *Supra* note 332.

³³⁵ *Supra* note 328.

altered the meaning of section 3(1)(f) so as to distinguish the Supreme Court of Canada decision in *CAPAC v. CTV Television Network Ltd.*³³⁶ which held that a performance of a musical work transmitted by a cable system is not a "communication to the public"; (iii) a transmission of a musical work by a cable company is a "performance in public" within the amended *Act*; and (iv) that the new definition of "telecommunication" has made the distinction between transmission by guided wave (cable or wire) and transmission by Hertzian wave inapplicable.

On appeal (*Canadian Cable Television Association v. Canada (Copyright Board) et al.*³³⁷) (leave to appeal to SCC denied, December 23, 1993) the relevant issues before the Court of Appeal were: (i) whether a musical work transmitted by a cable system is a "communication to the public" under the 1988 amendments to the *Act*; (ii) whether a transmission of a musical work by a cable company is a "performance in public" under the 1988 amendments to the *Act*; and, (iii) whether a transmission of a musical work by a cable company is an authorized "performance" under the 1988 amendments to the *Act*.

On the first issue, the Court of Appeal disagreed with the Trial Court and found that the cable operators do not communicate "to the public". Contrary to the finding of the Trial Court, the Court of Appeal found that the amendments to the *Act* did not sufficiently alter the meaning of section 3(1)(f) and felt bound by the Supreme Court of Canada decision in *CAPAC v. CTV Television Network Ltd.*³³⁸ in holding that a performance of a musical work transmitted by a cable system is not a "communication to the public". The Court of Appeal agreed with the decision of the Trial Court on the second issue and held that a transmission of a musical work by a cable company is a "performance in public" under the 1988 amendments to the *Act*. On the third issue, the Court of Appeal found that, unlike a television network, a cable company is more than a mere facilitator of a public performance, it is, through the actual viewer turning on the TV set, the performer and therefore "authorizes" performances under the *Act*.

In *Society of Composers, Authors and Music Publishers of Canada v. Canada (Copyright Board)*,³³⁹ the applicant performing rights society sought judicial review of decisions of the Copyright Board on the grounds of having exceeded its jurisdictional authority.

In considering the jurisdiction of the Copyright Board to provide for its own procedures, the Court held that "[t]he only limitations on the authority of the Board to determine its procedures are those arising by express terms of the *Act*, by implication as being inconsistent or unnecessary in relation to the Board's role under the *Act*, or arising by the general law [for example, the principle of fairness]."³⁴⁰ The Board has all such powers, rights and privileges as are vested in a Superior Court in respect of matters that are necessary and proper for the due exercise of its jurisdiction.

In *Canadian Association of Broadcasters v. Society of Composers, Authors and*

³³⁶ *Supra* note 329.

³³⁷ *Supra* note 332.

³³⁸ *Supra* note 329.

³³⁹ *Society of Composers, Authors and Music Publishers of Canada v. Canada (Copyright Board) et al.* (1993), 47 C.P.R. (3d) 297, 61 F.D.R. 141 (F.C.T.D.).

³⁴⁰ *Ibid.* at 316.

Music Publishers of Canada,³⁴¹ the Copyright Board approved a blanket royalty and set a tariff rate for Tariff 2.A.1. The applicant submitted that the rate was too high and that the formula for determining the rate was inappropriate and brought an application for judicial review of the Board's decision. The applicant challenged the Board's decision on several grounds. In addressing these grounds the Court established that the standard for judicial review of a Copyright Board decision is patent unreasonableness.

In *Réseaux Premier Choix Inc. v. Canadian Cable Television Association*³⁴² the owner of Québec's only French language pay television service brought an application for review of the Copyright Board's decision to reduce by 15% the tariff for the Canadian specialty services delivered to French markets. The main issue before the Court of Appeal was the standard of review the Court should apply to decisions of the Copyright Board.

The Court held that the standard of review the Court should apply to decisions of the Copyright Board was already determined by the Court in *Canadian Association of Broadcasters v. Society of Composers, Authors and Music Publishers of Canada*³⁴³ and that the standard is one of patent unreasonableness. The later decision of the Supreme Court of Canada in *Pezim v. British Columbia (Superintendent of Brokers)*³⁴⁴ set out the spectrum of standards and the factors to consider in setting the standard of review a Court should apply to decisions of administrative tribunals. Applying these cases, the Court held that the factors of an absence of a statutory right of appeal, the wide discretion given to the board, and the highly technical nature of the board's subject matter warranted the utmost deference, even though there was no privative clause (typically required to have such a high standard as patent unreasonableness), and held the standard to be one of patent unreasonableness. The Court found the Board's decision not to be patently unreasonable.

In October, 1999, the Copyright Board rendered its decision in respect of Phase I of SOCAN's Tariff 22 application.³⁴⁵ As the Board explained, the Phase I decision would determine which actions trigger liability under the Act and which do not. In Phase II, the Board would select among all persons who are liable at law and only among those persons a 'target' for the tariff. As the Board stated in its decision:

Consequently, this decision focuses on activities relating to Internet transmissions that may give rise to liability under section 3(1)(f) of the Act, whether there may be any other basis of liability under the Act with respect to those activities (e.g., authorization of communication); the applicability of the exemption set out in section 2.4(1)(b) of the Act, and the circumstances in which any communications over the Internet may occur in Canada.

³⁴¹ (1994), 58 C.P.R. (3d) 190 (F.C.A.), 175 N.R. 341 (F.C.A.) [hereinafter *CAB* and cited to C.P.R.].

³⁴² (1997), 80 C.P.R. (3d) 203, 223 N.R. 43 (F.C.A.).

³⁴³ *Supra* note 341.

³⁴⁴ [1994] 2 S.C.R. 557, 4 C.C.L. Section 117, 7 W.W.R. 1, 92 B.C.L.R. (2d) 145, 14 B.L.R. (2d) 217, 22 Admin. L.R. (2d) 1, 114 D.L.R. (4th) 385, 168 N.R. 321, 13 B.C.A.C. 1, 24 W.A.C. 1, 46 B.C.A.C. 1, 75 W.A.C. 1, rev'g (1992), 66 B.C.L.R. (2d) 257, 96 D.L.R. (4th) 137.

³⁴⁵ (1999), 1 C.P.R. (4th) 417.

SOCAN argued that anyone involved in the Internet transmission chain is liable for the communication and that communication to the public occurs when the end user can access a musical work from a computer connected to a network. Accordingly, persons providing transmission services including hardware or software operators, or hosting services, or posting content services would be liable, and the exemption under section 2.4(1)(b) does not apply.

Those opposing Tariff 22 asserted that an Internet transmission constitutes a reproduction of data rather than communication by telecommunication. Moreover, since such transmissions are on an on-demand basis, that they do not constitute communications to the public. Furthermore, they asserted that the transmission of packets of data does not equal the transmission of a musical work. They also asserted that ISPs and other intermediaries were entitled to rely on the the exemption under section 2.4(1)(b).

Significantly, the Board's decision ruled against SOCAN's main contention but nevertheless found that a musical work is communicated by telecommunication via an Internet transmission and need not be instantaneous to be communicated to the public. As the Board summarized in its decision, it concluded as follows:

- A musical work is not communicated when it is made available on a server.
- A musical work is communicated by telecommunication when a server containing the work responds to a request and packets are transmitted over the Internet for the purpose of allowing the recipient to hear, see or copy the work.
- The public or private character of a communication over the Internet can be determined according to established legal and jurisprudential principles.
- A communication need not be instantaneous or simultaneous to be a communication to the public.
- By making a work available, a person authorizes its communication.
- The person who made a work available communicates it when it is transmitted from any server (host, cache, mirror).
- Persons who can avail themselves of paragraph 2.4(1)(b) of the *Act* with respect to a given communication of a work do not communicate the work. Generally speaking, this includes all entities acting as Internet intermediaries such as the ISP of the person who makes the work available, persons whose servers acts as a cache or mirror, the recipient's ISP and those who operate routers used in the transmission.
- An entity cannot claim the benefit of paragraph 2.4(1)(b) with respect to a given communication of a work if the relationships it entertains with the person who made the work available are such that it can be said to act in concert with that person or if it does not confine itself to the role of an Internet intermediary.
- The person that creates an embedded hyperlink to a work authorizes its communication. The person that merely supplies a link which must be activated by the user does not.

- Communications occur at the site of the server from which the work is transmitted without regard to the origin of the request or the location of the original Web site. Therefore, to occur in Canada, a communication must originate from a server located in Canada on which content has been posted. In the same vein, the communication triggered by an embedded hyperlink occurs at the site to which the link leads.

We must await the Board's Phase II decision to know who will be the target of the tariff. However, by its conclusions in its Phase I decision, the Board has excluded several categories of persons involved in the Internet transmission chain including includes all entities acting as Internet intermediaries and those originating transmissions from servers outside Canada.

2. *Licensing*

The Supreme Court of Canada had a further opportunity in the 1990 case of *Télé-Métropole Inc. v. Bishop*³⁴⁶ to address the question of copyright, albeit in a different context. The Court was engaged with an appeal by a broadcaster who had asserted, under its right to broadcast the right to pre-record the musical work for its broadcasting activity. Bishop composed the song "Stay" and had registered with the Composers, Authors, and Publishers of Canada (CAPAC) to have collective control over the performing rights in the song. The appellant/defendant broadcaster believed it had a right to pre-record the song for later broadcast as an ephemeral right impliedly granted to it in its right to broadcast. Furthermore, the broadcaster believed that it also had the right to record the song for later broadcast as an implied term in its performing rights license with CAPAC. At both the trial and the appeal levels before the Federal Court of Canada, the musical composer was successful in its claim that the broadcaster had infringed his right to record.

The Court recognized that the *Copyright Act* did not provide for "ephemeral" recordings such as constituted by the Brussels Convention to which Canada did not adhere. The broadcaster contended that nevertheless the right to broadcast included the right to make "ephemeral" recordings and that such ephemeral recordings could be distinguished from a true recording by the purpose for which each is made. While a true recording is meant to reach a wider audience than the original performance, an ephemeral recording - according to the appellant - is but a means to facilitate reaching the same audience as a live broadcast performance would. Moreover, it is not intended to be reproduced. Secondly, the appellant argued that pre-recording is standard practice in the broadcast industry and so it can be implied that the license to broadcast contains an implicit consent by the musical composer in the making of ephemeral recordings.

The respondent pointed to a more literal reading of the pertinent provisions of the *Copyright Act* and contended that while playing the recording for broadcast comes

³⁴⁶ *Bishop v. Stevens* [1985] 1 F.C. 755, (sub nom. *Bishop v. Tele-Metropole Inc.*) 4 C.P.R. (3d) 349, (T.D.), rev'd in part (1987), 80 N.R. 302, 16 C.I.P.R. 243, (sub nom. *Tele - Metropole Inc. v. Bishop*) [1990] 2 S.C.R. 467, 111 N.R. 376, 31 C.P.R. (3d) 394, 18 C.P.R. (3d) 257 varying 4 C.P.R. (3d) 349 [hereinafter *Tele-Metropole Inc.*].

within the definition of performance, making the recording does not. In citing the appeal, the Court made particular reference to the provisions of the *Copyright Act* that enumerate the right to performance and the right to make recordings as separate rights. The Court pointed to the licensing systems by which musicians obtain payments for each of their works as demonstrating that these rights are both distinct in theory and practice.

In addition, the Court took note of the difference in nature between a right to perform and a right to record by stressing the differing degrees of control the composer has over performance and recording. "A record, on the other hand, is permanent. It may be copied easily, privately, and precisely. Once a work has been recorded, the recording takes on a life of its own."³⁴⁷ Even though the purpose for which the recording was made was not prejudicial to the copyright owner, the Court agreed with the respondent that the mere existence of another recording increases the likelihood of unauthorized copying and loss of control over the copyright work.

The Court was sympathetic to the appellant's contention that in modern practice all but 10% of television programming is pre-recorded and recognized the rationale for such pre-recording. Nevertheless, it contrasted such pre-recording with the technical possibility and common practice of broadcasting live performances. Indeed, the broadcaster needs simply to make appropriate arrangements with the holder of the recording rights.

The Court refused to entertain the appellant's argument for the creation of limited rights to ephemeral recordings by pointing out that the policy issues associated with such a rule would be beyond the proper purview of the courts. Consequently, the Court was not persuaded that there was any reason to depart from a literal reading of section 3(1)(d) concerning the copyright holder's sole right to make any recording, etc. In addition, the Court could not conclude that the licence to broadcast impliedly conferred consent to make ephemeral recordings. Indeed, on a fundamental note, the Court observed that CAPAC, now the Society of Composers, Authors and Music Publishers of Canada (SOCAN), could not have licensed outside its powers which then were confined to performances and did not extend to contrivances for the reproduction of the performance.

(a) *Implicit*

In *Cselko Associates Inc. v. Zellers Inc.*³⁴⁸ the Ontario Court, General Division, despite section 13(4) of the *Copyright Act* stating that no "assignment or grant" of any interest in a work of copyright is valid unless it is in writing, held that a license to use a copyright work may be implied by the conduct of the parties and need not be in writing.

I. *Moral Rights*

The question of moral rights infringement also rose in the case of *Boudreau v. Lin et al.*³⁴⁹ before the Ontario Court, (General Division) in 1997 in the context of the

³⁴⁷ *Ibid.* at 404.

³⁴⁸ *Supra* note 323.

³⁴⁹ (1997), 75 C.P.R. (3d) 1 (Ont. Ct. Gen. Div.).

publication by a defendant professor of a student's term paper under the name of the defendant professor and another professor as co-authors and with the omission of the student's name and with minor revisions, all without the consent of the student. The Court was satisfied that the student was the author of the term paper despite the professor having offered editorial suggestions, and that the professor was not a co-author.³⁵⁰ Moreover, by photocopying the work, changing the title, removing the student's name and substituting his own with that of another professor and making only minor revisions, the defendants were not inadvertent when they breached the copyright and moral rights of the plaintiff.

In the case of *Nintendo of America Inc. et al. v. Camerica Corp. et al.*³⁵¹, the Federal Court, Trial Division considered the question of moral rights in a video game in the context of an application for an interlocutory injunction. In particular, the author testified by way of affidavit that, in his opinion, the impugned game destroyed his work "by changing and mutilating the movements of the game characters, the scenery, the colours, and other features of his video games and has a detrimental effect on game play".³⁵² In addition, the author expressed the opinion that "his honour and reputation as a game creator are prejudiced by use of Game Genie".³⁵³ Furthermore, the author contended in his affidavit that, by offering it for sale to retailers for sale to the general public, the defendant had authorized and induced infringements of his moral rights by others.

However, while specifically acknowledged by the Court as one of the bases for the action, the Court did not comment further upon it directly when assessing whether the plaintiff had established a serious question to be tried, the question of irreparable harm, and the balance of convenience. In the end result, the Court refused to grant the injunction by concluding that the plaintiffs had not established irreparable harm and that the balance of convenience favoured the defendants.

By specifically acknowledging and not rejecting the plaintiff's contention as to infringement of the moral rights of the video game author, the Court provided some judicial recognition of the existence of such rights within such a work. Indeed, it is interesting to note that the Court observed, in commenting on the copyright infringement claim, that "the issue of whether copyright subsists in the audio-visual displays of video games has never been judicially considered in this country".³⁵⁴ However, even in the absence of jurisprudence which might, by analogy, lead to that conclusion, the Court nevertheless considered such an interpretation to be plausible and recognized the issue as establishing "a serious question to be tried".³⁵⁵

On appeal,³⁵⁶ the Court considered Nintendo's contention that no decision with respect to the issue of moral rights had been made by the learned Trial Judge. The Court of Appeal disagreed and pointed to a statement by the motions judge characterizing

³⁵⁰ *Ibid.* at 10.

³⁵¹ (1991), 34 C.P.R. (3d) 193; aff'd (1991) 36 C.P.R. (3d) 352 (F.C.T.D.)

[hereinafter *Nintendo*].

³⁵² *Ibid.* at 201.

³⁵³ *Ibid.*

³⁵⁴ *Ibid.* at 203.

³⁵⁵ *Ibid.*

³⁵⁶ 36 C.P.R. (3d) 352.

evidence by the author as being merely opinion evidence. However, the statement of the motions judge was ambiguous as to whether the reference to the author's evidence related to the author's testimony as to violation of his moral rights or, rather, the violation of copyright by the impugned game. Nevertheless, the Court was of the view that the general references by the motions judge embraced the allegation of infringement of moral rights and that the motions judge had an accurate appreciation of the governing principles in respect of an interlocutory injunction and had correctly applied those principles to the evidence before him. The Court's approval of the judge's decision does not undermine the judge's recognition of the possibility of moral rights in video games.

The Federal Court of Canada had occasion to render an interesting decision in respect of moral rights in the case of *Prise de Parole Inc. v. Guérin, Éditeur Ltée*³⁵⁷. The Defendant, Guérin, had published a textbook entitled *Libre expression* which substantially reproduced the Plaintiff Germain's novel. Consequently, Germain asserted that his moral rights had been violated.

Germain claimed that by reproducing only a portion of his work, Guérin had omitted several descriptions of northern Ontario, the habits of people from that region and an important subplot. He argued that these omissions greatly impaired his work and he would thus have preferred his name not be associated with it.

Section 28.2(1) of the Canadian *Copyright Act* establishes that the moral rights of an author are infringed if the work is distorted, mutilated or otherwise modified to the prejudice of the author's honour or reputation. The Court pointed out that the author does not have to prove prejudice to his honour or reputation, but rather that the work was distorted, mutilated or otherwise modified "to the prejudice of the author's honour or reputation".³⁵⁸

While the Court noted that this prejudice could be assessed using the subjective criterion of the author's opinion, remarkably, it also required an additional objective assessment based on public or expert opinion. The Court concluded that although Germain's work had indeed been modified, it had not been shown objectively, that the novel had been modified to the prejudice of his honour or reputation. In dealing with this last issue, the Court noted that Germain "had not been ridiculed or mocked by his colleagues or the newspapers and he had not personally heard any complaints after the *Libre expression* collection was published."³⁵⁹

Until this decision, the artist had only to prove that he had arrived, in a reasonable fashion, at the conclusion that the mutilation prejudiced his honour or reputation.³⁶⁰ The objective evidence (i.e. other artists' opinions, experts, etc.) was considered by the Court in order to assess the reasonableness of the author's conclusion of prejudice.

The Court in *Prise de Parole Inc.* would change that. Surprisingly, although the Court initially had noted that the objective evidence was to be used simply to assess the prejudice to the author's reputation, it later determined that since his colleagues and the newspapers had not voiced their views or commentaries to the author, by mocking

³⁵⁷ (1996), 66 C.P.R. (3d) 257, 206 N.R. 311 [cited to C.P.R.].

³⁵⁸ *Ibid* at 265.

³⁵⁹ *Ibid.* at 266.

³⁶⁰ *Snow v. The Eaton Centre Ltd.* (1982), 70 C.P.R. (2d) 105 at 106 (Ont. H.C.J.)

him or otherwise, the objective test had not been met and the artist's moral rights could not be said to have been violated. Therefore, while previously an author only had to establish that he had arrived in a reasonable fashion, at the conclusion that his honour had been prejudiced by the mutilation, now, to meet this new test, an author must show actual instances of harm to his reputation. Given this new higher evidential burden, no longer can an author simply introduce the statements of colleagues agreeing that his work has been mutilated. In the Federal Court Canada, an author faces the prospect of having to establish that colleagues or others are mocking him, ridiculing him, etc.; in other words, attacking his reputation.

III. INDUSTRIAL DESIGNS

Over the period of this survey there was little jurisprudence involving the *Industrial Design Act*. In fact, beyond the *DRG Inc. v. Datafile Ltd.* cases, there were only two cases of some consequence.

A. *Subject Matter*

In this regard, see the comments above in the Copyright section under Subject Matter on the trial and appeal decisions in *DRG Inc. v. Datafile Ltd.* These decisions dealt with the application of the former section 46 and the question of subject matter capable of being registered as an industrial design.

B. *Marking*

In *L.M. Lipski Ltd. v. Dorel Industries Inc. et al*³⁶², the Court addressed two related issues surrounding the s. 14 marking provisions of the *Industrial Design Act*. One, whether substantial compliance is sufficient to meet the requirements of s. 14; and two, whether non-compliance results in an invalid registration. The issues were raised in the context of the plaintiff's motion for and interlocutory injunction seeking to stop the defendants from infringing its registered industrial design for bed guards. Section 14(1) requires that "[i]n order that any design may be protected, it shall be registered ... and, after registration, the name of the proprietor shall appear upon the article to which his design applies by being marked ... with the letters "Rd." and the year of registration ...". The plaintiff's products sold in Canada contained the name of the manufacturer (the plaintiff, an Israeli company) and "R Design 10037" and "R Design 10259" (the Israeli design registration numbers).

Earlier case law had created some confusion on these issues. In *Allaire v. Hobbs Glass Ltd.*³⁶³ the Exchequer Court held that a failure to mark the article with the both required letters "Rd." and the year of registration was fatal to the validity of the registration. This standard of strict compliance set in *Allaire* was later reconsidered by the Exchequer Court in *Cimon Ltd. v. Bench Made Furniture Corp.*³⁶⁴. There, while

³⁶² *L.M. Lipski Ltd. v. Dorel Industries Inc. et al.*, (1988) 20 C.P.R. (3d) 226 (F.C.T.D.), Reed J.

³⁶³ *Allaire v. Hobbs Glass Ltd.*, (1948) 9 CPR 3 (Ex. Ct.).

³⁶⁴ *Cimon Ltd. v. Bench Made Furniture Corp.*, (1948) 48 C.P.R. 31 (Ex. Ct.).

aware of the *Allaire* decision, President Jackett took a purposeful view of s. 14 and determined that, so long as the name sufficiently identifies the proprietor such that anyone interested would know who the proprietor is (the year of registration was marked), the marking requirements of s. 14 had been met and the registration would remain valid. Then, in 1984, Walsh J. of the Federal Court, Trial Division in *Mainetti S.P.A. v. E.R.A. Display Co. Ltd.*³⁶⁵, despite considering the *Cimon* decision, found the issue to still be unclear and applied the strict compliance standard of *Allaire*.

Relying on *Cimon* (and in passing on several UK decisions from the late 1800's dealing with industrial design marking) the Court here concluded that "substantial compliance with the marking requirements set out in s. 14 is sufficient to meet the exigencies of that section"³⁶⁶. Further, the Court concluded that "the effect of non-compliance with the marking provisions of s. 14 (ie., where there is no substantial compliance) is uncertain"³⁶⁷.

As an interesting aside, the Court considered the impact on statutory interpretation of the obligations of an international convention to which Canada is a signatory. Although leaving final determination on this point until trial, the Court stated while an "international convention would not be in force in Canada without implementing legislation to so provide, ambiguous sections of statutes should be interpreted in a manner not to defeat the intention of international conventions which Canada has signed, when ambiguity exists."³⁶⁸

C. *Ownership*

In 1991, the Federal Court, Trial Division had occasion to consider an application for the expungement of an industrial design registration and in a case also involving the question of the ownership of an employee's invention. In *Comstock Canada et al. v. Electec Ltd. et al.*³⁶⁹, the court characterized the industrial design impeachment action and the patent impeachment action as flowing out of the same events.

The author of the design which was the subject of the registration impeachment action, and the inventor of the invention which the subject of the patent impeachment action, was an individual who authored the design and conceived the invention while an employee of the plaintiff. However, while employed with the plaintiff, the individual defendant had a company which was engaged in developing and assembling certain products for a business in which the plaintiff was not engaged. Accordingly, the court concluded that the defendant's invention and design were made on behalf of his own company after hours, even though done on the premises of the plaintiff.³⁷⁰

Consequently, the court concluded that the facts led inescapably to the

³⁶⁵ *Mainetti S.P.A. v. E.R.A. Display Co. Ltd.*, (1984) 80 C.P.R. (2d) 206.

³⁶⁶ *Supra*, note 361 at 244.

³⁶⁷ *Ibid.*

³⁶⁸ *Ibid.* at 243.

³⁶⁹ (1991), 38 C.P.R. (3d) 29 (F.C.T.D.), Muldoon, J. For a discussion of this case, see also Part IV of this Survey; (1999) 30 Ottawa L. Rev. 169.

³⁷⁰ See also, *Horton v. Tim Donut Ltd. et al.* (1997), 75 C.P.R. (3d) 467, 104 O.A.C. 234.

conclusion that the corporate defendant “was entitled, undisturbed, to be the proprietor of the registered industrial design in suit and that the individual defendant was the author.”³⁷¹ The court was satisfied that the design shown in the finished articles was uniquely recognizable and appealed pleasingly to the eye. Moreover, the registration was valid and the corporate defendant had always enjoyed the exclusive right to it.

IV. CONCLUSION

The period of time covered by this survey concluded the pre-digital era and saw the passage into law of Phase Two of the government’s long overdue review and plan for amendment to the *Copyright Act*, just in time for the next wave of change to be wrought by the digital era.

On the legislative front, Phase Two brought in new provisions. These addressed the issues of neighbouring rights, a blank tape levy, stronger rights for book distributors, new copyright exceptions, statutory damages and summary applications, and provisions to accommodate the collective administration of the new rights.

In the courts, many cases were determined on significant and substantive issues including the distinction between copyright and industrial design protection, ephemeral recordings, copyright in compilations and in forms, copyright in broadcasters broadcast days, copyright ownership and infringement in the reuse of a news photograph, copyright in music on the Internet, several cases involving the issue of substantial taking by imitation of dramatic characters, and the scope of moral rights all received attention.

Looking forward in the field of copyright, the Phase Two changes and the significant case law developments throughout this period, will pale in comparison to the changes destined to be wrought upon copyright law by the challenges posed by the digitalization of creative works and the ready availability of inexpensive technology capable of manipulating such digitalized works. In this regard, the WIPO treaties, when implemented by Canada, will provide a framework within which to address these inevitable challenges.

As for Industrial Designs, the number of significant cases remain quite modest reflecting an historic trend for there to be fewer cases in this field of law compared to the other forms of intellectual property.

This Part V concludes this particular Survey. Given the span of time involved, the Survey has grown from its typical two parts into the five parts of this Survey. Future editions will aim to canvass the topics more frequently.

³⁷¹ *Ibid.* at 467.