



## 2022 Year in Review: Canadian Copyright

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In 2022, Copyright Law in Canada continued to evolve to meet the demands of technological developments and international standards. The Supreme Court provided further clarifications on the breadth of compensable rights under the *Copyright Act*, Parliament extended the term of copyright protection to match that of our neighbours to the South, and the Courts continued to remind Defendants that they are not afraid to punish those who disregard the judicial process—to name just a few key highlights.

Below are some of the most notable Copyright decisions and parliamentary developments in Canada from 2022.

### 1) COPYRIGHT LEGISLATION AND PARLIAMENTARY ACTION

In 2022, the Federal Government passed one bill and introduced several others into Parliament that could directly or indirectly affect the *Copyright Act*. They are discussed below.

#### A – Bill C-11

[Bill C-11](#): *An Act to amend the Broadcasting Act and to make related and consequential amendments to other Acts*, or the *Online Streaming Act*, was tabled in Parliament on February 2, 2022. The amendments provide new definitions of “programming undertaking,” “broadcasting undertaking,” “new media retransmitter,” and “retransmitter” in the *Copyright Act*, and propose creating discoverability and other requirements for streaming platforms and CRTC oversight of user-generated content. It is currently pending Senate Approval.

#### B – Bill C-19

We [reported](#) on [Bill C-19](#): *The Budget Implementation Act*, which received Royal Assent on June 23 and includes amendments to the *Copyright Act* prompted by Canada’s commitment under the Canada-United States-Mexico Agreement (CUSMA). The amendments extend the basic term of protection for copyrighted works in Canada under the *Copyright Act* from the life of the author plus 50 years (calculated from the end of the calendar year of their death) to life plus 70 years. The legislation came into force on December 30, 2022. Accordingly, any works not yet in the public domain by the end of 2022 will benefit from an additional 20 years of protection.

#### C – Bill C-244

[Bill C-244](#), *An Act to amend the Copyright Act (diagnosis, maintenance and repair)* proposes amendments to the prohibition of circumvention of technological protective measures (“TPMs”) provisions in the *Copyright Act*. The proposed amendment would create an exception to permit the diagnosis, maintenance, or repair of a product with an embedded computer program. The House of Commons completed the Second Reading of the Bill on October 5, 2022.

#### D – Bill C-294

[Bill C-294](#): *An Act to amend the Copyright Act (Interoperability)* was introduced at the House of Commons on June 17, 2022 and proposes to amend subsection 41.12(1) of the *Copyright Act* such that 41.1(1)(a) does not prevent a person from circumventing a technological protection measure when a person does so to make a computer program interoperable with



any device or component, or with a product they manufacture. The goal of this amendment is to provide a limited exemption for consumers and innovators who wish to enable their devices to interoperate with other equipment. In other words, this would limit the ability of manufacturers' technological protection measures ("TPMs") to control consumer access to products after they have been rightfully purchased. The House of Commons completed the Second Reading of the Bill on November 30, 2022.

## 2) CASE LAW DEVELOPMENTS

### A – Scope of Copyright Protection

#### ***Society of Composers, Authors and Music Publishers of Canada v. Entertainment Software Association*, 2022 SCC 30**

The Supreme Court of Canada confirmed there is no separate compensable right for "making available" a work on the internet under the *Copyright Act*. In overturning a decision of the Copyright Board, the Court confirmed that section 3(1) of the *Act* creates only three compensable rights - reproduction, performance, or publication - and that a single activity can only engage one of those three interests. The Court's decision turned on the interpretation of section 2.4(1.1) of the *Act*, which clarifies when a work is considered "made available" for the purposes of interpreting the performance right of "communicating the work...by telecommunication" under section 3(1)(f). This decision clarifies that, at least for consumer-facing distribution of works, the ultimate product or experience obtained by the consumer is what dictates which copyright interest (and corresponding royalty) is engaged, rather than the technological method of distribution. The decision further reinforces the Court's approach to copyright law, which seeks to balance the interests of owners and users and upholds the principle of technological neutrality.

#### ***Pyrrha Design Inc. v. Plum and Posey Inc.*, 2022 FCA 7**

This case was an appeal of *Pyrrha Design Inc. v. Plum and Posey Inc.*, 2019 FC 129, a copyright infringement case that dealt with jewelry designed using antique wax seal impressions. The Appellate court dismissed the appeal, finding no palpable and overriding errors in the lower court's reasoning. The Court upheld the lower court's determination that the Respondent, Plum and Posey, did not infringe any copyright the Appellant, Pyrrha, had in its jewelry designs. Justice Phelan correctly applied a two-step analysis to determine whether a "substantial similarity" existed between the works at issue, making a "holistic comparison" to determine "whether those similarities represented a substantial portion of the author's skill and judgment" (at para 51). Further, the Federal Court correctly concluded that because the Pyrrha Designs were relatively simple copyrighted works, the degree of originality was lower. This decision reinforced the principle that only a limited scope of protection should be afforded to simple works. For our full article on the decision, [click](#).

#### ***Nicholl-Smith v. The University Women's Club of Vancouver, British Columbia*, 2022 BCCRT 1108**

Individuals interested in accessing and using a work in which copyright has expired have no legal right of access to the work under the *Copyright Act*. This is because the *Act* does not require the owner of the work or any other person to provide access to the work. The Applicant in this proceeding, a member of the Respondent society, argued that the Respondent had no legal authority to deny her access to photographs in which copyright had expired. The Tribunal held at para 31 that the expiration of copyright simply meant that copying of the work no longer contravenes the *Act* and that the Respondent was not required to grant access to the photographs simply because they were no longer protected by copyright.

### B – The Court's Jurisdiction and Procedures

#### ***Sony Music Entertainment Canada Inc. v. SUVA Beauty Inc. et al*, T-1256-21**

Any party commencing a copyright infringement action based on a licence in the copyrighted work should remember to plead its written license or risk having its claim struck. In a decision by Case Management Judge Trent Horne, the Federal Court struck the Plaintiff's claim with leave to amend because it failed to plead a written license even though the Plaintiff's unchallenged affidavit evidence established that the Plaintiff's licenses were written. At para 23, the Court referred to the "material difference" between presenting documents or a description of them in a pleading versus in an affidavit on a motion.

#### ***August Image LLC v. AirG Inc.*, 2022 FC 470**

Parties claiming copyright infringement should present direct evidence of an author's citizenship or residency in Canada or another signatory to the *Berne Convention for the Protection of Literary and Artistic Works* at the time the work was created.



In this case, the author's affidavit failed to state that he was a US resident at the time of creation and copies of US copyright registration certificates were not admissible to prove residency. The Court also discussed the types of evidence that could support the finding of a "real and substantial connection" to Canada in cases of copyright infringement on the Internet. For a more detailed summary of this decision, please see our article [here](#).

#### ***Fox Restaurant Concepts LLC v. 43 North Restaurant Group Inc., et al.*, 2022 FC 1149**

In a decision by CM Judge Trent Horne, the Plaintiff's allegations of copyright infringement were struck for non-compliance with Rule 174 of the *Federal Courts Rules*, SOR/98-106, which requires a concise statement of material facts upon which a party relies. Here, the Plaintiff's claims failed to identify the precise works in question, the authors thereof, whether ownership arose by operation of law or by assignment, and how or where the works were alleged to have been reproduced. The Court emphasized the pleadings' importance in defining the issues to be tried and noted at para 29 that the pleading requirements in copyright cases are not relaxed where the infringement is alleged to be deliberate.

#### ***Henni v. Food Network Canada Inc.*, 2022 BCSC 1711**

In this decision, the BC Supreme Court agreed with the Defendant's assertion that copyright infringement claims are not well-suited to trial by jury because they require a complex multi-factor analysis. The parties' dispute arose out of the Plaintiff's submission of a television show concept to the Defendant network, which rejected the submission and later commissioned an allegedly identical program. The Court distinguished between copyright and trademark infringement at para 57, explaining that the copyright infringement analysis turns on whether a substantial part of the work was taken and not whether a layperson could identify the similarities between the works. The Court also noted the absence of any past jury trials for copyright claims, which illustrated the complexity of such claims (at para 78).

#### ***Horizon Comics Productions Inc. c. Marvel Entertainment*, 2022 QCCS 966**

In an ongoing copyright battle, a new suit was filed in Quebec Superior Court alleging that Marvel had used Horizon's images in three of their movies (*Avengers: Infinity War*, *Antman and the Wasp*, and *Avengers: Endgame*). Marvel sought to dismiss the claim alleging that the Quebec Superior Court does not have jurisdiction over the Defendants, Horizon's application was an abuse of process, and that the claim was barred by *res judicata*. The Court held that the Quebec Court does have jurisdiction given that the copyright infringement may have occurred in Quebec, and Canada, since the movies played in theaters and on streaming platforms across Canada. On the issue of *res judicata*, the Court held that the matter should be examined by a judge hearing the merits of the case. The Defendants sought leave to appeal this decision, but the application was dismissed as the Court of Appeal agreed that the issue of *res judicata* did in fact raise serious questions requiring additional evidence and the trial judge therefore had not erred (see *Marvel Entertainment c. Horizon Comics Productions Inc.*, 2022 QCCA 1083).

#### ***Planit Software Ltd. v. Mr. Beaver Inc.*, 2022 FC 585**

Planit Software had sued Mr. Beaver for copyright infringement in relation to certain software applications. Mr. Beaver alleged that he had obtained hardware, and the disputed software, through a third-party asset purchase agreement – as such, Mr. Beaver sought to bring third-party claims against the vendor. The vendor moved to strike the third-party claims for being outside of the Federal Court's jurisdiction. The Federal Court agreed that Mr. Beaver's third-party claims for damages for misrepresentation, lost profits, and legal costs were outside their jurisdiction and struck them. However, the Court did not strike Mr. Beaver's claims for contribution and indemnity against the third-party, and instead held that such claims are grounded within the Court's jurisdiction under the *Copyright Act*.

### **C – Damages and Costs Awards**

#### ***Bell Canada v. Nie*, 2022 CanLII 7552 (FC)**

This default judgement is one of numerous decisions over recent years, involving Canadian media companies who have successfully defended their rights against the sale of pre-loaded set-top boxes and private IPTV services that use private internet servers to stream unauthorized re-transmissions of television broadcasts. In this decision, the federal court ordered three Defendants to pay statutory damages of \$38,810,000 under section 38.1 of the *Copyright Act* for advertising, offering to sell, and selling pre-loaded set-top boxes. This case highlights an emerging trend of the Federal Court to levy substantial damages awards against infringers who blatantly engage in activities which result in direct or indirect copyright infringement. The continued willingness of the Federal court to award high statutory damages as well as punitive damages



act as a deterrent for individuals considering engaging in sale of technology that facilitates a high volume of discrete copyright infringements, resulting in high damages awards. For our full article on the decision, [click](#).

#### ***2424508 Ontario Ltd. v. Rallysport Direct LLC, 2022 FCA 24***

The Federal Court of Appeal reaffirmed the principle that damages can be awarded even “if no monetary damages are suffered and no business is lost”. 2424508 Ontario Ltd. (the “Appellant”) appealed the lower court’s decision on the basis that the trial-level award was too high because it was not linked to the actual damages suffered by RallySport or the profits earned by the Appellant. The appeal was dismissed, and the Court upheld the trial-level decision to award statutory damages of \$357,500 and \$50,000 in exemplary and punitive damages to the Respondent (RallySport) for copyright infringement in 1430 photographs (see [our summary of Rallysport Direct LLC 2020 FC 794](#)). Justice Webb held that the quantum awarded by the lower court was fair and proportionate considering Rallysport’s labour costs in producing the works, the Appellant’s bad faith in engaging in “judgment proofing,” and the need for specific and general deterrence. The punitive damage award was in response to the Appellant’s attempt to avoid paying a judgment for copyright infringement. This decision underscores the court’s discretionary power to award damages with reference to economic value of a work, and that even where statutory damages take deterrence into consideration, that does not necessarily preclude an additional award of punitive damages. See [here](#) for our full article on the decision.

#### ***Arkipelago Architecture Inc. v. Enghouse Systems Limited et al, T-1645-16***

In an action for copyright infringement with a long procedural history, the Federal Court has granted the Defendants their motion for security costs under Rule 416 of the *Federal Court Rules*. The Plaintiffs, Arkipelago Architecture Inc., started the action in 2016 for claims to rights in a “ROME” computer program, alleging that the Defendants infringed its copyright by the sale of computer programs known as Aktavara OSS and NetDesigner. The Court confirmed that the Plaintiff’s pursuit of litigation funding, on its own, does not establish a *prima facie* basis for determining that the Plaintiff will be unable to pay a Defendant’s costs. However, in determining that the Defendants were entitled to security for costs under subrule 416(1)(b), the Court found that the Plaintiff’s pursuit of litigation funding, combined with the evidence that the Plaintiff’s principal asset, a 20-year-old computer program, had not generated revenue in about 5 years did establish a *prima facie* basis that the Plaintiff may be unable to pay the Defendants’ costs.

#### ***Audax Architecture Inc. v. McCuaig, 2022 FC 1747***

This case involved a dispute between two competing architectural agencies and reposting material on Instagram without permission. The Applicants, Audax Architecture Inc., and the Respondents, Eden Tree Design Inc., had collaborated on the architectural project. To promote the project, the Applicants commissioned a professional video, and then posted the video to their website and social media accounts without crediting the work of the Respondents. The Respondents asked to be credited in the video and then shared the Applicants’ video on their own Instagram account, without crediting the Applicants for the creation of the video. Both parties agreed that the Respondents had infringed the Applicant’s copyright, but disagreed on the appropriate damages. The Respondents’ conduct, namely, continuing to engage in the infringing behaviour after they had received cease and desist letters, resulted in a statutory damages award of \$5,000. If not for the aggravating conduct, the Court would have only awarded \$1,000 in damages. This case is a reminder to give credit where credit is due, since, in the Court’s words, “the entire dispute could likely have been avoided if the Applicants had credited Eden Tree for its contribution to the Villa Cortile project when asked to do so.”

### **D – Emerging Approaches to Copyright Enforcement**

#### ***Whitehall Entertainment Incorporated v. Kafka Pictures Inc., 2022 BCPC 184***

In this case the British Columbia Provincial Court found that the Claimants (Ms. Whitehall and Whitehall Entertainment Inc.) had established copyright infringement against the Defendant (Ms. Kaffka) in relation to an independent short film called “Hey, That’s My Bike!”. The Court found that Ms. Kaffka had infringed the Claimants’ copyright by screening and posting the film on password-protected Vimeo and Facebook platforms. Due to a lack of evidence, the Court dismissed the claims for moral rights and trademark infringement and held that the parties had not shown that an oral agreement or joint venture had been established to create the film. While the Court recognized that Ms. Kaffka and Ms. Whitehall had worked together on the film, Ms. Kaffka’s contributions did not demonstrate the necessary level of skill and judgement to be considered an author or co-author of the film. The Court awarded the Claimants \$3,000 in statutory damages for the copyright infringement. This case is an important reminder of authorship requirements. To learn more, click [here](#) for our



article on joint authorship and co-ownership agreements.

***Rogers Media Inc. v. John Doe 1*, 2022 FC 775**

The Plaintiffs, Rogers Media, Bell Media, and Group TVA, own the exclusive rights to broadcast live NHL games in Canada. The Plaintiffs were seeking an interlocutory injunction requiring third-party respondent Internet Service Providers (ISPs) to block Internet protocol (IP) addresses that host copyright-infringing NHL live streams. The Plaintiff's argued that a static site blocking order, as was issued in *Bell Media Inc v GoldTV. Biz*, 2019 FC 1432, was insufficient because pirates have adopted new measures to avoid detection and avoid site blocking. As a result, the Court granted them a dynamic site blocking Order directing the third-party respondent ISPs to block access to certain IP addresses identified in real time during NHL matches – the first dynamic site blocking order granted in Canada.

***Voltage Holdings, LLC v. Doe #1*, 2022 FC 827**

In *Voltage Holdings, LLC v. Doe #1*, a movie production company (the “Plaintiff”) alleged that a group of internet subscribers used the BitTorrent peer-to-peer network to unlawfully distribute the Plaintiff’s film, *Revolt*. Pursuant to Rule 210 of the *Federal Courts Rules*, the Plaintiff sought default judgment against the thirty internet subscribers and statutory damages and costs from each. The judge noted that the issue of authorization in a BitTorrent framework was pending in a proposed reverse class action proceeding involving the Plaintiff and an intervener. The Plaintiff had not provided sufficient evidence to grant a default judgment, but the Court held that Rule 210(4)(c) should be exercised and the matter should proceed forward to trial. To establish authorization in this context, Justice Furlanetto held the Plaintiff must provide evidence not only that each Defendant knew of the alleged infringing activity, but also the relationship and extent of control over the user and whether the internet subscriber had some ability to prevent the act of concern.

***SOCAN Tariff 18 – Recorded Music for Dancing (2018-2022)*, 2022 CB 4**

The Copyright Board confirmed that tariffs and licenses are distinct concepts, and a tariff approved by the Board cannot therefore refer to the concept of a licence. SOCAN (the Applicant) applied to the Copyright Board to fix royalty rates for the public performance of recorded musical or dramatico-musical works in the Applicant’s repertoire for dancing. The Board decision is noteworthy because in setting the terms and conditions of the Tariff, it deleted references to the words “licence” and “licensee” from the proposed tariff to distinguish the terms “tariff” and “licence,” referring to the *York University v Canadian Copyright Licensing Agency* (2021 SCC 32) decision where the Court’s analysis highlighted the distinct roles of the Board and collectives. The Board approves tariffs, whereas collective management societies grant licences.

***Bell Media Inc. v. Macciachera (Smoothstreams.tv)*, 2022 FC 1602**

In the most recent decision arising out of ongoing litigation in response to the Defendants’ operation of SSTV Services—a service which provides subscribers with unauthorized access to copyrighted movies and TV channels—the Court granted the Plaintiff’s motion to convert the initial interim injunction to an interlocutory injunction. The interlocutory injunction will remain valid until a final determination of the underlying action. As per Rule 373(1) of the *Federal Court Rules*, the Court has the authority to issue an interlocutory injunction where the test outlined in *RJR-MacDonald Inc v Canada* is met. Here, the Plaintiffs established a strong case that the Defendants had infringed their copyright; the Plaintiffs would suffer irreparable harm if the Defendants were not enjoined from being involved in the unauthorized subscription services; and the balance of convenience favoured the Plaintiffs. The Plaintiff’s solicitors received a Notice to provide to Internet Service Providers (“ISPs”) as part of the Court’s orders, to ensure that the ISPs do not interfere with the Order’s “intended effect.”

**E – Copyright Infringement**

***Proctorio, Incorporated v. Linkletter*, 2022 BCSC 400**

Content available online is not necessarily free to use or “in the public domain.” The Plaintiff asserted copyright infringement when the Defendant published links to unlisted YouTube videos on social media. The Defendant sought dismissal of the action under the BC *Protection of Public Participation Act*, S.B.C. 2019, c 3, which required the Plaintiff to show, *inter alia*, that the proceeding had substantial merit. In so finding, the Court explained that the Defendant’s wrong lied in its unauthorized publication of links to copyrighted content unavailable to the general public. For a more detailed summary, please see our article [here](#). This decision has been appealed and two proposed intervenors, the Samuelson-Glushko Canadian Internet Policy & Public Interest Clinic and the BC Civil Liberties Association, were denied intervenor status (see *Linkletter v. Proctorio, Incorporated*, 2022 BCCA 313).



### ***Thermo Structure inc. c. Roy*, 2022 QCCS 3341**

The Quebec Superior Court awarded the Plaintiff (“Thermo Structure”) \$40,000 in damages for copyright infringement by the Defendants (“Roy”). Thermo Structure designs and manufactures log homes sold as “ready-to-build” kits, one of which is the “Sonoma” model home. In 2016, the Plaintiffs became aware of the Defendant’s home, which bore a striking resemblance to their Sonoma home. Thermo Structure asserted copyright in the Sonoma plans and the building, and the Court confirmed both are protected “original” works as they are the product of the author’s skill and judgement. The Court confirmed that there is a presumption of copyright infringement where there are identical or similar works in question, and the Defendants bear the burden of proof to prove otherwise. In this case, the Defendants were incapable of proving that the two homes were dissimilar and that they had not intentionally copied the design of the Sonoma home. The Plaintiffs were awarded \$30,000 in damages for copyright infringement, and additional \$10,000 in punitive damages for the Defendant’s intentional violation of the Plaintiff’s rights, the lack of a reasonable defence and the filing of a frivolous counter-claim.

### ***Tremblay v. Beaupré*, 2022 NSSC 219**

The Plaintiff, Ms. Tremblay, sued Mr. Beaupré and his company for, amongst other things, copyright infringement resulting from a failed attempt to co-write a book together. In response, the Defendants sought, and were granted, summary judgment. Ms. Tremblay had begun working on co-writing Mr. Beaupré’s story in 2014, but their working relationship ended in March of 2016 when they could not agree on the terms of a contract. Mr. Beaupré then found a new co-writer and published his book, *The Language of Spirit*, in January of 2018. Ultimately, the Court held there was no evidence that the manuscript Ms. Tremblay had written was produced, reproduced, published or performed in *The Language of Spirit*, and she therefore could not establish an essential element of the cause of action of copyright infringement. The decision reaffirms that it is prudent to have sufficient evidence of infringing use to bring a claim of copyright infringement.

### **F - Contempt of Court & Abuse of Process**

#### ***Dish Network L.L.C. et al v. Butt et al.*, 2022 ONSC 1710**

This sentencing decision is the latest in a series of cases where courts have considered positive changes in Defendants’ conduct after being found in contempt of court when determining the appropriate penalty for contempt in copyright infringement proceedings. Here, the Court recognized that the Defendants had substantially ceased the offending conduct by the time of the sentencing hearing and were making serious efforts to comply with the underlying injunction. According to the Court, contempt is mainly a tool of persuasion rather than punishment, which made a conditional discharge subject to probation appropriate in this case. For a full summary of the Court’s decision, please see our article [here](#).

#### ***Bell Media Inc. et al. v. Macciachera (Smoothstreams.tv) et al.*, 2022 FC 1139**

The Federal Court granted an order charging the Defendants with contempt of Court in ongoing litigation resulting from the Plaintiffs’ copyright infringement claim. The Interim Order enjoined defendants, Marshall Macciachera and Antonio Macciachera, as well as various companies under their control (the “Defendants”) from being involved in the operation of their SSTV Services, which provide subscribers with unauthorized access to copyrighted movies and TV channels owned by various rights holders, including the Plaintiffs. In this case, the Plaintiffs sought, and were granted, an order charging Marshall and the companies under the control of Antonio and Marshall with contempt. While Marshall had complied with certain portions of the Interim Order, he had refused to answer several questions, including those about the source of about fifty unauthorized streams that remained online, the details and login credentials for the SSTV Services, and any financial questions with respect to the assets of certain companies. The evidence before the Court was sufficient to find the Plaintiffs had made out a *prima facie* case of contempt.

#### ***Wiseau Studio, LLC v. Harper*, 2022 FC 568**

The Federal Court made a final decision in a lengthy legal dispute between Wiseau Studio, LLC. (“Plaintiff”) and a group of filmmakers (“Defendants”) with respect to a documentary called “Room Full of Spoons”. In this case, the Plaintiff claimed copyright infringement against the Defendants, this time under s. 41.1(1) of the *Copyright Act*, which prohibits circumvention of technological protection measures. In response, the Defendants brought a motion to dismiss or permanently stay these proceedings on the grounds of cause of action estoppel and abuse of process. The Federal Court was satisfied there had been a final decision in the original action and to “permit this action to proceed would be an abuse, not only for the Defendants, but also for the Court” (para 51). This decision reinforces that courts will have little patience for



individual's intent on abusing court resources and circumventing the judicial process.

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