Canadian Copyright Mid-Year Update – Looking Back Through 2018 and Ahead In 2019

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By Catherine Lovrics and Max Rothschild

We are now halfway through 2019, and it has already been an exciting year for Canadian copyright law. This Bereskin & Parr update highlights several recent Canadian copyright developments starting. With policy and legislative developments, and followed by a review of recent copyright decisions. If you would like learn more, contact the authors.

1 - LEGISLATIVE & POLICY DEVELOPMENTS

In this section, we discuss copyright policy developments including the United States–Mexico–Canada Agreement (“USMCA”) and recommendations following the Government’s review of the Copyright Act (the “Act”).

(a) USMCA

On September 30, 2018, the text of the USMCA was released, and on November 30, Canada, the United States, and Mexico signed onto the new trade agreement that replaces the North American Free Trade Agreement. The USMCA includes numerous provisions relating to intellectual property and digital media, which must be implemented into each of the signatory countries’ domestic laws within prescribed transition periods after the USMCA comes into force.

Copyright term extension to life + 70. Among the most significant copyright provisions to Canada, the USMCA provides that the general term of copyright protection shall be “not less than the life of the author and 70 years from the author’s death”. Under Canada’s existing Act, the general term of copyright protection for works extends for 50 years from the end of the year in which the last living author dies. Canada will have up to 2.5 years from the date that USMCA enters into force to amend the Act to extend the copyright term. Absent any major changes to Canada’s trade policy, it is expected that Canada’s general copyright term will be extended by fall 2022.

Implementation Act, Bill C-100. May 29, 2019 marked the first reading in the House of Commons of Bill C-100, An Act to implement the Agreement between Canada, the United States of America and the United Mexican States. The Bill covers a series of amendments to the various Canadian statutes to implement the new United States-Mexico-Canada Agreement, including the Copyright Act. Notably, Bill C-100 does not address the general term of copyright. However, the Bill addresses extending the term of copyright protection for certain types of works, including anonymous and pseudonymous works, cinematographic works, performer’s performances, and sound recordings. Bill C-100 also includes provisions relating to criminal offences for acts such as the unauthorized removal of rights management information for commercial purposes to facilitate or conceal infringement.

We will continue to monitor for the extension of the general term of copyright, and other copyright law changes stemming from USMCA.

(b) Budget Implementation Act, 2018, No. 2

Copyright Board and Collectives. The Budget Implementation Act (2018) (S.C. 2018, c.27) introduced sweeping changes to the formation and functioning of the Copyright Board of Canada (“the Board”), as set out in sections 66 through 66.91 of the Act. Many of these changes are geared towards improving the Board’s decision-making efficiency, such as, introducing formal case management procedures. “Fair and equitable” criteria for the Board to consider in setting royalty rates now include the “willing buyer willing seller” economic principle, public interest considerations, and any other factors.
which the Board may consider appropriate or which may be set by Regulation.

There are also changes impacting collective societies appearing before the Board. Some are primarily administrative, such as changing filing deadlines for proposed tariffs for review by the Board, and express allowances for collectives to withdraw and amend previously proposed tariffs before they are certified. More substantively, the prohibition against enforcement by collective societies against users that have “offered to pay” the royalties due under a tariff has been expanded. Additionally, performing rights collectives are released from being required to file tariffs before the Board to be able to assert rights in their repertoires of musical works. This change ensures that all music collectives are able to freely negotiate and enter into private licensing agreements, and should ease the Board’s duties by reducing the number of tariffs file

Notice and Notice. Canada does not have a US-style “notice-and-takedown” system. Instead, we have a “notice-and-notice” system that requires ISPs to notify their customers of an infringement allegation by a copyright owner. The Budget Implementation Act (2018) also introduced a number of provisions to add content restrictions for notices rights holder send to allegedly infringing users under Canada’s notice and notice regime. Specifically, it is now prohibited for claimed infringement notices to include (a) offers to settle, (b) demands for payment or personal information, or (c) hyperlinks to externally hosted offers to settle or demands for payment or personal information. Additional prohibited content may later be set by regulation. These content restrictions have been crafted to address concerns related to rights holders’ use of the notice-and-notice regime to forward aggressive settlement payment demands to internet subscribers. It is unclear if sanctions may lie for violating the provisions.

(c) Copyright Act Review

In late 2017, the Federal Government initiated parliamentary review of the Act. The Industry, Technology and Science Standing Committee (“INDU”) has conducted the review, and the Canadian Heritage Standing Committee led a concurrent study on remuneration models for artists and creative industries. Both Committees heard from a range of different stakeholders.

On June 3, 2019, INDU released its report on the statutory review of the Act, setting out 36 policy recommendations. Earlier, on May 15, 2019, Canadian Heritage released its report, Shifting Paradigms, setting out 22 policy recommendations.

Many of INDU’s recommendations suggest that the Government conduct further consultations with stakeholders including provincial and territorial governments, indigenous groups, and the educational sector. Additionally, certain recommendations from INDU propose specific and substantive amendments to the Act. Some of INDU’s recommended changes include that the Federal Government:

* Consider making copyright registration a requirement to enforce copyright in a work during the additional 20 years to be provided by the planned extension of the general term of copyright from the life of the author plus 50 years to life plus 70

* Provide a non-assignable right to terminate an assignment of copyright 25 years after the date of assignment, subject to (i) registration of the copyright, (ii) five years notice of intent to exercise the right, and (iii) exercising the right within five years after it becomes available

* Amend the Act to provide that an exercise of the reversionary right under section 14(1) may not take effect earlier than 10 years after a notice of intent to exercise the right

* Consider implementing an artist’s resale right

* Update the rules governing first ownership and authorship of cinematographic works to better respond to different types of industries and productions, and maintain Canada’s competitiveness in a global market
Provide clarity around ownership of computer-generated works (e.g. works created with the assistance of artificial intelligence (AI))

- Introduce an exception to copyright to facilitate the use of lawfully acquired copyright protected works and other subject matter for informational analysis
- Amend section 29 of the Act to provide that the list of allowable fair dealing purposes is illustrative, as opposed to exhaustive
- Provide regulations to standardize notices of claimed infringement under the notice-and-notice regime to be in a prescribed, machine readable format
- Update the maximum and minimum statutory damages awards provided under the Act, and provide a mechanism to periodically increase these amounts to reflect inflation

*Shifting Paradigms* addresses issues related to all creative industries, as well as issues specific to the music, film and television, writing and publishing, and visual arts industries. Canadian Heritage noted some themes that it observed in submissions from industry stakeholders, including an increasing ‘value gap’, the decline of the artistic middle class, the impacts of technology on creative industries, changes in consumer culture, and Indigenous perspectives on copyright law. In response to these issues, Canadian Heritage’s recommendations included that the Federal Government:

- Expand the reversionary right to provide authors with a reversionary interest “from 25 years after assignment”
- Provide moral and economic rights for audiovisual performers
- Amend section 34.1 of the Act to deem the screenwriters and directors as co-owners of copyright and co-authors for cinematographic works (including television works)
- Limit the scope of fair dealing for the purpose of education to only apply for educational institutions when the work at issue is not commercially available
- Improve the statutory damages for non-commercial infringement under section 38.1(1) of the Act, such as by increasing the maximum award available

Reforms, if any, will depend on the outcome of the upcoming federal election in October. Stay tuned for updates!

2 - CANADIAN COPYRIGHT CASELAW

In this section, we discuss recent cases from 2019 and 2018 dealing with the scope of copyright protection, core principles around ownership and authorship, assignments, infringement, limitation periods, and more.

(a) Scope of Copyright Protection

Facts and information

A recent Manitoba decision, *Albo v The Winnipeg Free Press et al.* (2019 MBQB 34), has once again clarified that copyright does not extend to facts and ideas, but only protects expressions. The decision reiterates that copyright protection in Canada is assessed on the basis of originality and an author’s skill and judgment, and not the “sweat of the brow” standard.

The plaintiff, Dr. Frank Albo, had a prior working relationship with the defendant newspaper, the Winnipeg Free Press. The
The plaintiff in regards to copyright in the facts of the story must fail.”

In the “entire story” of Mr. Mason, noting that “copyright protection does not extend to facts or ideas” and so “the claim of website and Mr. Mason’s photographs. The Ontario Small Claims Court quickly dismissed the plaintiff’s claim for copyright War”, which cited its sources (including the plaintiff and their website) and reproduced factual information set out on the account of Mr. Mason’s story. The defendant subsequently wrote an article titled “J. Cooper Mason and the Great Boer Anglo Boer War Museum” website detailed information about J. Cooper Mason, a Canadian alleged to be the first combat researched, as well as related historic photographs uncovered during research and then digitized. The plaintiff’s “Canadian fact-finding. The plaintiff brought a copyright infringement claim for the use of the “entire story” of a historical figure they had copyright subsists in original works that are the product of an author’s skill and judgment, and not merely their efforts at brow’ standard.

Similarly, a 2018 Ontario’s Small Claims Court decision confirmed that originality is not determined by the ‘sweat of the brow’ standard. **Goldi Productions Ltd. et al v Adam Bunch** (Court File No.: 15-5800 (August 1, 2018) highlights that copyright does not generally subsist in ideas, factual information and data per se (although certain exceptions have been recognized with respect to data).

The plaintiff brought a copyright infringement claim for the use of the “entire story” of a historical figure they had researched, as well as related historic photographs uncovered during research and then digitized. The plaintiff’s “Canadian Anglo Boer War Museum” website detailed information about J. Cooper Mason, a Canadian alleged to be the first combat photographer. The plaintiff had conducted extensive research, including contacting Mr. Mason’s descendants, and prepared an account of Mr. Mason’s story. The defendant subsequently wrote an article titled “J. Cooper Mason and the Great Boer War”, which cited its sources (including the plaintiff and their website) and reproduced factual information set out on the website and Mr. Mason’s photographs. The Ontario Small Claims Court quickly dismissed the plaintiff’s claim for copyright in the “entire story” of Mr. Mason, noting that “copyright protection does not extend to facts or ideas” and so “the claim of the plaintiff in regards to copyright in the facts of the story must fail.”
Photo restorations

Golden also provides insight into the limitations on copyright extending to the digitization of historical photos. The plaintiff had used Mr. Mason’s photographs and “enhanced” them to include on the museum website. The plaintiff gave evidence that he (1) sourced the photos from Mr. Mason’s descendants, (2) photographed the original photos, and (3) put the resulting images through a computer program to “enhance” them. Notwithstanding that the author of the photos, Mr. Mason, had died in 1923, the plaintiff claimed copyright protection in the final images as a result of his work to “enhance” the original photographs. The Court referred to the Supreme Court of Canada (“SCC”)’s decision in *CCH Canadian Ltd. v. Law Society of Upper Canada* (2004 SCC 13), which stated that for a work to be protected by copyright it must be “original”, and for a work to be original it “must be the product of an author’s exercise of skill and judgment … [that] must not be so trivial that it could be characterized as a purely mechanical exercise.” In this case, the Court found that the plaintiff’s process of photographing and “enhancing” Mr. Mason’s photos amounted to a purely mechanical process that did not meet the standard for originality. The time and effort involved in uncovering the historical photos (in which copyright had lapsed) did not alone give rise to copyright. The Court found that the process of photographing the photos and running the images through an enhancement program likewise amounted to a purely mechanical process as described in *CCH*.

The Court in *Golden* observed judicial precedent for copyright in photographs more generally, noting that originality is recognized by the choice, arrangement and placement of the subject, the choice of the angle of view and lighting, and artistic work and the personal effort of the photographer. Various elements of photography may give rise to sufficient originality for copyright, and, depending on how a photographer were to retouch and “enhance” a historical photograph, arguably such augmentations could give rise to a separate layer of copyright protection in the “remastered” or “restored” image. In *Golden*, although the images had been “enhanced” via a computer program (suggesting the original photos were retouched, colour corrected, or otherwise restored or altered), the plaintiff’s role in exercise was not clear from the decision. The Court’s reasons suggested that this process was entirely automated and did not involve the plaintiff’s skill and judgment. Notwithstanding the decision in *Golden*, the door remains open to argue there is a separate layer of copyright in restored works if skill and judgment was involved in restoring or altering original photos.

Databases

In Canada, copyright may subsist in original databases. For a database to be original, there must be skill and judgment exercised in the selection or arrangement of data. However, proving electronic databases are original may be challenging following the SCC denying leave in *Toronto Real Estate Board v Commissioner of Competition* (2018, S.C.C.A. No. 24, denying leave to appeal from 2017 FCA 236). As Bereskin & Parr reported in 2017, the Federal Court of Appeal (“FCA”) denied that copyright subsisted in TREB’s Multiple Listing Service® database, finding that there was insufficient skill and judgment to give rise to it being an original compilation. The Court was reviewing a 2016 decision by the Competition Tribunal, which found that the MLS® database amounted to a collection of factual information, assembled by REALTOR® agents and entered into the database in a mechanical fashion. On review, the FCA noted that the Tribunal had not applied the correct test for originality from *CCH Canadian Ltd. v. Law Society of Upper Canada* (2004 SCC 13), but the error was found to be of no consequence. The FCA reached the same result after applying the appropriate test, noting “the process of data entry and its ‘almost instantaneous’ appearance in the database.” The FCA’s decision, and the SCC’s denial of leave, may be held in future to be fact specific, and distinguishable based on evidence tendered.

Benefits of registration

In *P.S. Knight Co. Ltd. v Canadian Standards Association* (2018 FCA 222), the FCA included some interesting comments about the evidentiary value of copyright registrations. At an earlier stage in the proceeding, the Federal Court had rejected reliance on a certificate of copyright registration from the Canadian Intellectual Property Office, noting that the Canadian Standards Association (“CSA”) had secured a copyright registration three days after the commencement of the legal action against Knight Co., and so the Court discounted the presumption of copyright ownership under section 34.1(2)(a) of the Act. On review, however, the FCA noted that CSA had previously secured copyright registration for a prior version of the Code, and so held that the timing of the registration of the version of the Code at issue before the Court was “done in the ordinary course of business”. This finding by the FCA underscores the importance of registering copyright in important business assets such as the Code, and the evidentiary value of copyright registration certificates.

(b) Ownership Principles
Ownership vs authorship

Unlike the USA, Canada has no work-made-for-hire doctrine, and so an assignment is required for any works created outside the course of employment – including logos. Contractors in Canada are both the authors and first owners of copyright in works they prepare for their clients, absent a written agreement to the contrary. This aspect of Canadian copyright law was a turning point for the infringement claim before the Federal Court in Milano Pizza Ltd. v. 6034799 Canada Inc. (2018 FC 1112). In a complex dispute between various family members relating to a pizza business in the Ottawa area, one of the plaintiff’s claims was that the defendants had infringed copyright in the pizza business logo. The plaintiff and the defendants led contradictory evidence as to process and timing of the creation of the logo, but all agreed that it had been prepared by an independent graphic designer. The individual proprietor behind the plaintiff corporation maintained that they were responsible for the idea behind the logo design, but the Court observed that copyright protection does not extend to ideas. Further, even if the Court had found the individual proprietor to be the author of the logo by virtue of preparing the idea, they were nevertheless unable to demonstrate any evidence that they had been assigned rights in the logo to the plaintiff corporate entity. Hence, the Court held that the plaintiff corporate entity was unable to demonstrate authorship or ownership of the logo.

Assignments, misrepresentations and an experience as consideration

One matter in 2018 involved fundamental questions about the meeting of the minds and consideration involved in an assignment of copyright between two parties. In Glasz c. Choko (2018 QCCS 5020), two documentary filmmakers brought an action to set aside an alleged copyright assignment to the defendant in footage they had shot. The defendant claimed to be the producer and rightful owner of copyright in the footage. On review, the Superior Court of Quebec found that, although the plaintiffs had intended to assign their copyright, this intention had been premised on a misrepresentation by the defendant, rendering the assignment null and void.

The defendant, Alexandre Choko, sought the plaintiffs’ services to film an event at which boxer Mike Tyson would speak about his career. Instead of payment for their services, the plaintiffs were to be entitled to use the footage in a documentary on Mr. Tyson. The defendant indicated that they had a close relationship with Mr. Tyson’s wife, and promised to secure permission for the plaintiffs to use the footage in their documentary. The defendant claimed that Mrs. Tyson “was very protective of her husband’s image” and required that the plaintiffs’ footage be owned by the defendant, and the plaintiffs reluctantly agreed to this term via email in September of 2014. Ultimately the relationship between the parties broke down, and the plaintiff initiated the action and claimed the defendant had breached their agreement to use best efforts to secure permission to use Mr. Tyson’s likeness.

The Court examined the parties’ intention at the time of the September 2014 email assignment. The plaintiffs had agreed to the assignment on the understanding that it was required by Mrs. Tyson, and at trial the defendant acknowledged that this was not the case. The Court found that the defendant’s misrepresentation vitiated the plaintiff’s consent to an essential element of consideration for the assignment, and held that the assignment was null and void.

Further, the Court held that even if the assignment had been valid, “there was no consideration given by Defendant for the transfer of ownership, [and so] the assignment could be withdrawn or revoked at any time.” The defendant had argued that the “experience” of meeting Mr. Tyson in Toronto amounted to consideration for the transfer of ownership, but the Court rejected this argument, stating that “every creative work can arguably be said to involve an experience, such that, there would never be a need to remunerate the author for the assignment of copyright in his work.” The finding that an “experience” does not amount to sufficient consideration could have curious impacts in other areas, such as publicity and/or privacy releases by audience members. Though it appears likely that the facts of this matter are sufficiently specific as to narrow the impact to the decision.

Crown copyright

On June 21, 2018, the SCC granted leave to appeal in Keatley Surveying Ltd. v. Teranet Inc. (2017 ONCA 748), a proposed class action, which raises issues of Crown Copyright under section 12 of the Act, and the term of copyright for works “prepared or published by or under the direction or control of government”. Keatley, involves a long running copyright dispute between Ontario land surveyors and Teranet, a private company that manages Ontario’s electronic land registry system as a service provider to the Government. Teranet provided copies of surveys to the public upon payment of a fee, without paying any royalties to the land surveyors who prepared those surveys. The system is governed by
legislation, which prescribed the fee levied by Teranet. The plaintiff brought a class action on behalf of 350 land surveyors, alleging that Teranet infringed the surveyors’ copyright, and unlawfully appropriated the benefit of the surveyor’s work.

Both the Ontario Court of Appeal (“ONCA”) and the trial court denied class proceedings. In 2016, the Ontario Superior Court concluded that surveys registered and deposited with the Ontario Land Registry System became the property of the province, but that section 12 of the Act did not in-and-of-itself provide the Government copyright ownership. Rather, certain provisions of other provincial statutes dictated that the province attained copyright, and so the land surveyors were not entitled to a class action. In 2017, the ONCA upheld the trial decision, but found that section 12 of the Act alone brought the surveys under provincial ownership and control. Surveys registered and deposited with the Ontario Land Registry System were then digitized and reproduced, which was held to constitute “publication” within section 12.

The Keatley case has been a source of curiosity for Canadian intellectual property scholars since it began in 2016, and it has been featured in Bereskin & Parr’s Copyright Reviews for both 2016 and 2017. The SCC heard an appeal in matter on March 29, and so we will be keeping an eye on it for further developments. Interestingly, it was not the only decision in 2018 to consider the impact of section 12 of the Act, as the FCA also considered Crown Copyright in P.S. Knight Co. Ltd. v Canadian Standards Association (2019, S.C.C.A. No. 37).

The SCC denied leave in P.S. Knight Co. Ltd. v Canadian Standards Association. The FCA had considered both Crown copyright under section 12 of the Act, and the Crown’s prerogative rights with respect to copyright. The appellant, PS Knight Co Ltd. (Knight Co.), appealed the Federal Court’s decision granting the Canadian Standards Association (CSA)’s application for copyright infringement. Knight Co. had reproduced and threatened to distribute the entire CSA’s 2015 edition of the Canadian Electrical Code (the Code), which sets out safety standards for the installation and maintenance of electrical equipment. The decision upholds CSA’s copyright in a CSA Code used as a national standard, and incorporated by reference into various Canadian statutes and regulations (for example, in the Electrical Safety Code, O. Reg. 164/99, s. 1). A majority of the FCA upheld the trial court’s decision, while the dissent took a divergent approach to Crown prerogative and copyright. The majority observed that section 12 of the Act establishes the Crown’s ownership of works “prepared or published by or under the direction or control of Her Majesty or any government department.” The CSA is a private corporation, not subject to Government control. There was no evidence of de facto control (including the Council’s accreditation of the CSA). Additionally, the Code is not required to be published under any statutory scheme, and so the Court concluded that copyright ownership did not rest with the Crown by virtue of section 12 of the Act. On the issue of Crown prerogative, the majority held that Crown prerogative could not be extended to deprive copyright owners of their statutory rights under the Act, or apply to works incorporated by reference into regulations (vs. federal and provincial Acts, orders-in-council and proclamations).

(c) Infringement

Substantial similarity, methods and techniques

In Pyrrha Design Inc. v. Plum and Posey Inc. (2019 FC 129), one jewellery designer claimed that its copyright in wax seal jewellery designs had been infringed by another designer. Although the Federal Court recognized the plaintiff’s copyright in their works, the Court dismissed the claim because the defendant’s works did not infringe the plaintiff’s skill and judgment in preparing their original jewellery.

When assessing whether copyright has been infringed, Canadian courts may look to whether a “substantial part” of the author’s skill and judgment in creating the prior work has been reproduced as part of the subsequent work. In Pyrrha, the Court noted that both parties had used a common casting method to create wax seal jewellery and had used separate imagery from pre-existing wax seal impressions available in the public domain to create their respective jewellery works, observing that copyright law does not protect ideas or techniques. While the Court acknowledged that the defendant had prior access to most of the plaintiff’s designs, the Court noted that, at most, access served as a potential inspiration for the defendants to create their own jewellery pieces based on the plaintiff’s use of imagery and techniques in the public domain.

The Court held that the similarities between the works did not amount to the reproduction of a substantial part of the plaintiff’s works, as the use of common techniques and public domain imagery does not form a part of an author’s skill and judgment in preparing an original jewellery work. Consequently, the Court gave “little weight” to these non-original elements of the jewellery in the substantial part analysis, and held that the plaintiff’s copyright in their original jewellery pieces had not been infringed.
Pyrrha is expected to go before the FCA later this year or early in 2020, and we will provide updates on any developments. The Federal Court’s decision provides further judicial guidance on the “substantial part” analysis for copyright infringement, and any additional clarity is sure to be welcomed by copyright practitioners.

**Colourable Imitation and access**

Evans v. Discovery Communications LLC (2018 FC 1153, also discussed above, demonstrates the limits on the concept of ‘colourable imitation’, and is a reminder that ‘access’ to a work is a necessary element of infringement. The defendant broadcaster was granted summary judgment dismissing a copyright infringement claim by self-represented plaintiff, Dean Evans. Evans alleged that episodes from a television show broadcast by the defendant infringed copyright in Evans’ novel, Glimpses of a Black Ops. Both Evans’ novel and the TV show, Futurescapes, explored the implications of new and emerging technologies. Evan’s claim alleged of infringement by ‘colourable imitation’, involving ‘non-literal copying’ of the topics and themes explored in the novel. As noted by the SCC in Cinar Corporation v Robinson (2013 SCC 73), creators are protected from:

> both literal and non-literal copying, so long as the copied material forms a substantial part of the infringed work …

> [T]he “part” which is regarded as substantial can be a feature or combination of features of the work, abstracted from it rather than forming a discrete part … [T]he original elements in the plot of a play or novel may be a substantial part, so that copyright may be infringed by a work which does not reproduce a single sentence of the original.

The Federal Court found that Evans’ allegations could not succeed. Evans claimed that the TV show episodes were “semantically similar” to his novel in their “bonded expression”, but did not identify any specific portions of the episodes that reproduced or were substantially similar to any specific expressions in his novel. Further, Evans offered no evidence that anyone involved in the production of the TV show was aware of, or had access to, the novel prior to the litigation. The two works were dissimilar enough that the Court could not presume that the authors of the TV show must have accessed the novel, and an expert testified that “the themes and topics in both works are common to science fiction, speculation, and science journalism.”

The Court found no genuine issue for trial and granted the defendant’s summary judgment motion.

**Infringement by linking?**

In Andrew Collett v. Northland Art Company Ltd. et al (2018 FC 269), also discussed below, the Federal Court found infringement of the plaintiff’s copyright in his web pages, seemingly on the basis of the defendant providing links to the plaintiff’s website. Although the plaintiff alleged that the defendants “reproduced the entirety” of the web pages, it is unclear from the reasons whether the web pages were actually copied, or whether the defendant simply had a link to Collett’s website. The court held that copyright in the web pages and the photo had been infringed because the defendant “continued to maintain a link to [the plaintiff’s] website knowing it was not authorized to do so.” The Court did not provide reasons for how linking to a website amounts to copyright infringement, and it is unclear if this decision signals a new development in liability for unauthorized use of copyright protected works online.

**Class actions, copyright vs. moral rights infringement, and statutory damages**

In Thomson v. Afterlife Network Inc. (2019 FC 545), the Federal Court heard a class action copyright infringement claim from a group of bereaved copyright owners. The representative plaintiff, Dawn Thomson, claimed that Afterlife Network Inc. had reproduced, without authorization, the obituary she had written for her late father, along with the photo that was included in the obituary. Afterlife’s website suggested that it contained over 1 million obituaries, and claimed copyright in the obituaries in the website terms of service. The site also included profit-generating advertisements including for sales of flowers and virtual candles. After the class proceeding was initiated, Afterlife redirected traffic to a new website titled “Everhere”, which also offered obituaries in conjunction with advertising, but used template obituaries instead of exact copies of works authored by grieving family members. Afterlife and its director, Mr. Pascal Leclerc, did not participate in Ms. Thomson’s application before the Federal Court, rendering the class action proceedings “analogous to a default judgment”.

The Federal Court found the obituaries written by class members to be original works at Canadian law, and that Afterlife had infringed copyright in those works by reproducing the obituaries without authorization. Additionally, the Court noted that the photographs included with the obituaries were distinct copyright protected works, and so Afterlife’s reproduction of
defendant, the British Columbia Supreme Court granted the plaintiff injunctive relief as well as almost $175,000 in damages
in response to flagrant bad faith by the defendant infringers. Following a default judgment against the defendant, the Court noted that a wide injunction under section 39.1 was justified or practical, as there was no evidence suggesting that Mr. Leclerc would be likely to infringe the class members’ rights again. In any event, the Court found that the section 34 injunction and the significant damages awards would be sufficient to deter Afterlife and Mr. Leclerc from future infringement.

Bad faith conduct and damages

In Andrew Collett v. Northland Art Company Ltd. et al (2018 FC 269, also discussed above), the Federal Court awarded $100,000 in damages for copyright and moral rights infringement, punitive damages and costs, plus a permanent injunction and pre- and post-judgment interest. Collett was a professional photographer whose prints had been distributed and sold by the defendant. Collett terminated the arrangement after the business relationship deteriorated, but the defendant continued to use the plaintiff’s six photographic works and two web pages.

The Court found that the defendant infringed the plaintiff’s copyright and moral rights in one of the works, and copyright alone in two other works and the web pages. In particular, the defendant had scanned the plaintiff’s work, “Spirit of Our Land,” and then had a graphic designer replace the plaintiff’s signature on the photograph with a different name so copies could be sold under the misattributed name. The Court deemed this infringement “flagrant and deliberate”, and demonstrative of the defendant’s bad faith.

The Court awarded the maximum statutory damages of $20,000 for the defendant’s infringement of copyright in “Spirit of Our Land”, and a further $10,000 for infringement of the plaintiff’s moral rights. The infringing links to two pages on the plaintiff’s website discussed above each warranted awards of $7,500. Additionally, the Court held that “the quantum of statutory and moral damages awarded are insufficient to adequately address the objectives of retribution and denunciation which are warranted in this case,” and additionally awarded punitive damages of $25,000. The Court noted the defendants’ flagrant infringing conduct in this matter paled in comparison to even more egregious conduct by the same defendants in a similar matter. In Lorenz v Northland Art Company Canada Inc et al (T-376-17), Justice Russel granted a summary judgment holding the defendant liable for conduct including the attribution of the plaintiff’s photograph to a fictitious author (with a fictitious biography).

The decision in Paragon Testing Enterprises Inc. v Lee (2018 BCSC 634) further demonstrates the lengths that a Canadian court will go to in response to flagrant bad faith by defendant infringers. Following a default judgment against the defendant, the British Columbia Supreme Court granted the plaintiff injunctive relief as well as almost $175,000 in damages.
(including disgorgement of profits and punitive damages).

Per the 2017 default judgment, the defendant was found to have infringed copyright in the plaintiff's English language proficiency tests and related study materials (the defendant had also infringed the plaintiff’s trademark rights). The defendant had instructed an agent to sign up for the plaintiff’s courses “for the express purpose of obtaining materials and information to be resold”. After the plaintiff had identified the infringement and demanded that the defendant cease their infringement, the defendant nevertheless continued with their infringing use of the plaintiff’s materials. This continued even after the plaintiff obtained and served the defendant with a copy of the 2017 default judgment.

Before the Court in 2018, the plaintiff sought (1) damages in the amount of their actual costs to investigate the infringement and replace the reproduced test materials, (2) disgorgement of the defendant’s profits (based on estimates by the plaintiff), (3) punitive damages in the amount of $15,000, and (4) an injunction against the defendant. The Court granted each request, finding the defendant’s “motive in using the [plaintiff’s materials] in the way he did to be dishonest and deliberate”, and that it “is clear that damages and disgorgement of profits are not an adequate remedy in the face of such flagrant ongoing infringements”.

**Limitation period**

**Sadhu Singh Hamdard Trust v. Navsun Holdings Ltd.** (2018 FC 1039) serves as a reminder of the applicability of limitations periods to copyright infringement claims. In this matter before the Federal court, the plaintiff newspaper publisher claimed that the defendants had infringed copyright in the plaintiff's logo. The defendants published a free newspaper, and from 1993 until 2010 they employed a logo similar to that of the plaintiff.

Following a separate copyright infringement action in the USA, the parties had entered into a partial settlement agreement in 2009 and the defendants had switched their logo. The plaintiff then commenced the current action in Canada in 2010 claiming (among other matters relating to the plaintiff’s trademarks) that the defendants’ original logo infringed the plaintiff’s logo. The Federal Court noted that the three year limitation period under the Act restricted the plaintiff’s claim to three years prior to the commencement of the action. Additionally, the Court held that the settlement entered into in September 2009 provided a prospective licence, prohibiting the plaintiff from claiming damages from the date the settlement was executed. As a result, the plaintiff could only seek damages for the period of 2007 to 2009, notwithstanding that the defendants had used the infringing logo for almost 20 years from 1993 to 2010.

The Federal Court awarded the plaintiff blended damages of $10,000 for copyright infringement, as well as a related passing-off claim. The decision is a good reminder of the three year limitation period set out under section 43.1 of the Act, as well as the fact that the terms of a copyright licence “serves as a complete defence to any claim of copyright infringement”.

**d) Notice and Notice Obligations for ISPs**

On September 14, 2018, the SCC released its anticipated decision in **Rogers Communications Inc. v. Voltage Pictures, LLC** (2018 SCC 38). The decision sets out the scope of internet service providers (ISPs) duties under the notice and notice regime, as well as ISPs right to be compensated for their efforts to respond to Norwich orders from copyright owners.

Voltage Pictures, LLC and numerous other film production companies (collectively "Voltage") had copyright infringement claims against individuals alleged to be illegally sharing digital files of Voltage’s films. By monitoring illegal file sharing websites, Voltage had identified Internet Protocol (IP) addresses associated with the file sharing, and alleged thousands of copyright infringements. Voltage had then sought a Norwich order (an order by which Canadian courts may grant discovery of information on third parties) to compel Rogers to reveal the identity of the allegedly infringing internet customer based on their IP addresses. In granting the Norwich order, the Federal Court had allowed Rogers’ request for a $100 fee for up to an hour of work assembling, verifying, and forwarding the customer information. Voltage objected to the fee, stating that Rogers was prohibited from charging a fee for such services by virtue of the “notice-and-notice” regime, set out in sections 41.25 and 41.26 of the Act.

Sections 41.25 and 41.26 of the Act stipulate that ISPs must keep accurate records and forward electronic copyright notices from rights holders to alleged infringers. The Act further sets out that ISPs may charge a fee for doing so if a maximum fee has been set by regulation. Currently no maximum fees have been set. Voltage argued that Rogers’ obligations under the notice and notice sections of the Act meant the ISP was prohibited from charging any fee for its
compliance with the Norwich order.

The SCC found that Rogers, as an ISP, is subject to both express and implicit obligations under the “notice-and-notice” scheme. Section 41.26(1) expressly requires that ISPs forward notices of claimed copyright infringement to their customers, and that they retain records of such customers for a period of six months from the date of notice. This would allow those customers identities to be determined. The Court further held that ISPs are implicitly obligated to take necessary steps to ensure the accuracy of their records. However, those statutory obligations did not include keeping records in a manner that permits them to actually identify a person that has been served with notice from a copyright owner. In other words, the notice-and-notice regime doesn’t require ISPs to be able to readily identify alleged infringers to a copyright owner. The Court stated

… a copyright owner who wishes to sue a person alleged to have infringed copyright online must obtain a Norwich order to compel the ISP to disclose that person’s identity. The statutory notice and notice regime has not displaced this requirement, but operates in tandem with it.

The SCC’s decision clarifies that ISPs’ obligations under section 41.26 do not extend to being able to readily identify customers’ identities in response to a Norwich order. The Court held that ISPs are entitled to recover their reasonable costs for work in response to a Norwich order. This work did not fall within ISPs’ duties under the notice and notice system. What constituted reasonable costs was left to be determined by a trial judge based on evidence from Rogers, and the SCC’s comments on the scope of section 41.26.

It will be interesting to see what factors will be considered in assessing reasonable costs for ISPs to actually identify their customers, and whether Rogers’ $100/hour fee is ultimately upheld. Voltage alleges to have identified thousands of infringers in Canada, and has proposed to launch a “reverse” class action by one plaintiff against thousands defendants. If Rogers’ $100/hour fee is applied for all 55,000 alleged infringers then Voltage could be facing substantial fees just to determine the names of their defendants. Voltage is expected to take further steps towards its proposed ‘reverse class action’ in 2019, stay tuned for updates later this year.

3 - FAIR DEALING CASES TO WATCH IN 2019 AND BEYOND

In addition to the appeals in Pyrrha and Keatley, and a new trial decision in Rogers on the reasonable costs for ISPs to identify customers, Canada’s copyright community will be watching for decisions in the following cases related to fair dealing.

Fair Dealing Guidelines and bright line standards

The Federal Court’s 2017 decision in the York University and Access Copyright matter has called into question the ‘fairness’ of bright line thresholds in ‘Fair Dealing Guidelines’ for educational institutions (e.g. using 10% or less of a work). Canadian Copyright Licensing Agency (Access Copyright) v York University (2017 FC 669) has been appealed to the FCA which heard from the parties on March 5. A decision is expected later in 2019 or early 2020, and may provide further judicial guidance on whether it is possible to set presumptively fair threshold amounts for fair dealing. Bereskin & Parr will be sure to cover updates in the matter as they develop, so stay tuned.

Parody, criticism and freedom of expression

It appears likely that United Airlines, Inc. v. Jeremy Cooperstock (2017 FC 616) will proceed to an appellate hearing in 2019. As reported in our 2017 Copyright Year in Review, copyright scholars, and free expression and consumer rights advocates would welcome further guidance on the parody fair dealing exception. Parody was added as an allowable fair dealing purpose under the Act in 2012. In 2017, United v. Cooperstock was the first case to consider the fair dealing purpose, and the Federal Court’s decision suggests that fair dealing for parody may be quite limited, and that it falls short of enabling consumer groups to criticize companies and brands using those businesses’ intellectual property. The parties, as well as various interveners, have filed submissions before the FCA, with many arguing that copyright law should not be held to restrict freedom of expression, and that the parody fair dealing purpose should include criticisms such as that by Mr. Cooperstock of United Airlines. No date has been set for the hearing, but it is expected to proceed sometime in 2019.