



Canadian Copyright 2019 Year Update

June 30, 2020

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Welcome to the roaring 20s 2.0! Midway through 2019, we discussed decisions that had been rendered in our [mid-year update](#), and highlighted appeals we were eagerly anticipating being heard. 2019 was an interesting year for changes to the copyright landscape in Canada, with more to come in 2020!

1) COPYRIGHT LEGISLATION

(a) USMCA

Chapter 20 of United States – Mexico – Canada Agreement (“USMCA”) provides for several changes relating to intellectual property and digital media, including an extension to the term of copyright protection to life of the author plus 70 years. These changes must be implemented into the parties’ respective domestic laws within prescribed transition periods after the USMCA comes into force. For Canadian authors, this means that the life of the copyright in their works will have an additional 20 years for the owners of copyright to control the exploitation of their work and derive benefit therefrom. Canada has 2.5 years from the date upon which the USMCA enters into force to enact the changes, so until then, the life of copyright remains 50 years from the end of the year in which the last living author dies. We expect that Canada’s general copyright term will be extended by fall 2022. Stay tuned!

In the meantime, [Bill C-4—An Act to implement the Agreement between Canada, the United States of America and the United Mexican States](#)—had its first reading in the House of Commons on January 29, 2020. It remains largely the same as its predecessor Bill C-100 from May 2019, but there are changes that include new criminal sanctions regarding trade secrets, as well as some to the copyright term in the cases of anonymous/pseudonym works and anonymous/pseudonym works of joint authorship. The term has now been extended to the earlier of the end of 75 years following the end of the calendar year in which the first publication occurs and 100 years following the end of the calendar year in which the work was made. However, no change was made to the existing general copyright term of life plus 50 years. The proposed amendments can be found [here](#).

(b) Standing Committee Report: The Industry, Technology AND Science Standing Committee (“INDU”) Statutory Review of the *Copyright Act*

We reported on the Industry, Technology and Science Standing Committee (“INDU”)’s recommendations in mid-2019, and it remains to be seen whether any of the following will be implemented in a further amendment to the *Copyright Act*:

- 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; and
- Update the maximum and minimum statutory damages awards provided under the *Act*, and provide a mechanism to periodically increase these amounts to reflect inflation.

For further discussion, please read our [mid-year article](#) regarding the legislative and policy changes.

(c) Standing Committee Report: The Standing Committee on Canadian Heritage (“CHPC”) Statutory Review of the Copyright Act: “Shifting Paradigms”

The CHPC conducted its own review of the *Copyright Act* and those creative industries principally affected, including the music, film & television, writing & publishing and visual arts industry. The major themes covered were: (1) the increasing value gap between creatives, distributors and others; (2) the decline in the artistic middle class; (3) the impact of technology on creative industries; (4) the changes in consumer culture; and (5) indigenous perspectives on copyright. The CHPC came to the following recommendations:

- That the Government of Canada increase its support for creators and creative industries in adapting to new digital markets.
- That the Government of Canada develop mechanisms by which streaming services will develop and promote Canadian content.
- That the Government of Canada create educational materials to raise awareness of copyright provisions and artist remuneration for consumers.
- That the Government of Canada create educational materials to raise awareness of copyright provisions as well as artists' rights and responsibilities under the Copyright Act for artists and creators.
- That the Government of Canada review the safe harbour exceptions and laws to ensure that Internet service providers are accountable for their role in the distribution of content.
- That the Government of Canada increase its efforts to combat piracy and enforce copyright.
- That the Government of Canada pursue its commitment to implement the extension of copyright from 50 to 70 years after the author's death.
- That music streaming services be regulated like other Canadian music services.
- That tariffs for online music services be reviewed by the Copyright Board to ensure royalty payments provide fair compensation for artists.
- That the Government of Canada amend the radio royalty exemption found at section 68.1(1) of the Copyright Act so that it applies only to independent and/or community-based radio stations.
- That the Government of Canada amend the definition of sound recording found in section 2 of the Copyright Act to allow sound recordings used in television and film to be eligible for public performance remuneration.
- That the Government of Canada review, clarify and/or remove exceptions contained in the Copyright Act, ensuring that any exception respects section 9 of the Berne Convention for the Protection of Literary and Artistic Works, to which Canada is a signatory.
- That the Government of Canada meet international treaty obligations (including Berne Convention for the Protection of Literary and Artistic Works, the Trade-Related Aspects of Intellectual Property Rights Agreement, and World Intellectual Property Organization Copyright Treaty).
- That the Government of Canada amend subsection 14(1) of the Copyright Act so that it reads “from 25 years after assignment.”
- That the exception for charitable organizations in subsection 32.2(3) of the Copyright Act be clarified to apply strictly to activities where no commercial monetary gain is intended.
- That the Government of Canada extend moral and economic rights to audiovisual performers.



- That the Government of Canada amend section 34.1 of the Copyright Act to deem the screenwriter and director the co-owners of copyright and co-authors of a television or cinematographic work.
- That Government of Canada amend the Act to clarify that fair dealing should not apply to educational institutions when the work is commercially available.
- That the Government of Canada promote a return to licensing through collective societies.
- That the Government of Canada review, harmonize and improve the enforcement of the statutory damages for infringement for non-commercial use in section 38.1(1) of the Copyright Act.
- That the Government of Canada harmonize remedies for collective societies under the Copyright Act.
- That the Government of Canada establish an artist's resale right.

For a full discussion on the issues, a copy of the report can be accessed [here](#).

2) COPYRIGHT JURISPRUDENCE

(a) Scope of Copyright Protection

(i) Facts and information

In the Manitoba decision, *Albo v. The Winnipeg Free Press et al.*, 2019 MBQB 34, the Court 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 parties had collaborated on a series of articles about the history of Winnipeg that were later published as a book. Dr. Albo then agreed to consult for research on a new series of articles, to be written by a staff writer at The Press. The articles were expressly not intended for book publication (as the previous book had resulted in a loss for The Press). However, after the new series of articles was released, The Press was approached by a third party with a cost-sharing proposal to publish the articles as a coffee table book (the "New Book"), which made the project viable. The Press accepted the proposal and the New Book was published, and subsequently Dr. Albo suggested that he was not adequately compensated for his contributions. After some correspondence, Dr. Albo initiated a claim for copyright infringement and breach of contract, stating that the New Book reproduced a substantial part of Dr. Albo's research (as expressed in various public lectures, presentations, remarks/interviews), and that this was outside the scope of his consulting agreement with The Press.

The Court dismissed both claims.

The Court conducted a close comparison of Dr. Albo's works and the New Book and concluded that they "do not share any features or combination of features to support a conclusion that the [New] Book is even a non-literal copy of any material in which Dr. Albo can claim copyright." The Court observed that copyright protection does not extend to research of historical facts, but instead protects an author's specific expressions of such information; although Dr. Albo might have copyright in certain compilations of the products of his research, this did not allow him to control the use of any particular historical facts included in his research compilations. Additionally, while Dr. Albo might have participated in certain discussions that gave rise to protectable elements of the New Book, such as the title, the evidence before the Court did not provide a sufficient basis for any conclusions on the authorship of those elements. The Court further held that certain mathematical calculations by Dr. Albo amounted to a "purely mechanical exercise" that did not meet the originality requirement under copyright law. Finally, in the alternative the Court considered whether the New Book could be a fair dealing with Dr. Albo's copyright protectable works, and concluded that the various fairness factors weighed towards a finding that the New Book fairly dealt with Dr. Albo's works.

On appeal to the Manitoba Court of Appeal, the Court dismissed Dr. Aldo's appeal, finding that the judge made no palpable and overriding error in deciding that the defendant acted in good faith in performing the contract.

(ii) Moral Rights

In *Carpentier c. Fabricville Co. Inc.*, 2019 QCCQ 1515, Julie Carpentier brought a copyright infringement claim in Small Claims Court for \$13,633.66 in damages for Fabricville's unauthorized use of her drawing. Ms. Carpentier reproduced her



drawing on fabric that she sold commercially, and she claimed that Fabricville made a minor alteration to the drawing and reproduced it on fabric sold in its stores. Fabricville put evidence before the Court from its Chinese supplier contending that the drawing was authored in January 2012 and been sold since that time. The Court found no other corroborating evidence and rejected Fabricville's defence, finding in favour of Ms. Carpentier's copyright having been infringed. The Court awarded her \$1,329.75 in damages for the infringement of her copyright and \$2,750 for infringement of her moral rights.

(b) Crown copyright

In *Keatley Surveying Ltd. v. Teranet Inc.*, 2019 SCC 43, a seven judge panel of the Court unanimously held that the copyright ownership of plans of survey registered or deposited in Ontario's provincial land registry and thereafter published, by virtue of that publication, vested in the Crown (i.e., the government) under section 12 of the *Copyright Act*, RSC 1985 c C-42. Section 12 of that Act provides that copyright in any work "prepared or published by or under the direction or control" of the government belongs to the government, subject to any agreement with the author.

The decision in *Keatley* stems from a class action lawsuit proposed by land surveyors in Ontario against Teranet, an Ontario corporation who manages the Ontario electronic land registry system as part of a "public-private" partnership with the province. Ontario claims ownership in the data included in its electronic land registry system, and licenses Teranet to access registry documents to facilitate that system, including plans of survey. Under this license, Teranet provides electronic copies of land surveys to the public for a fee without paying royalties to the surveyors. These land surveys are typically created in hard copy, before being deposited and registered with the land registry office, at which point, they are scanned and uploaded to the electronic system by Teranet. Keatley, the proposed lead plaintiff for the class, claimed this digitization, storage, and copying of plans infringed land surveyors' copyright.

Ontario claimed control or ownership of the surveys under section 12 of the *Copyright Act*. The deposit and registration of plans of survey are governed by various provincial statutes, including the *Registry Act* and the *Land Titles Act*. This latter statute provides that all plans submitted for deposit and registration become Crown property. Both statutes prohibit registration of plans containing any copyright mark. Once deposited, the surveyor who created the plan is prohibited from amending its content without permission from the Examiner of Surveys, who is appointed by the Crown.

Determining ownership is a fact-specific inquiry. All sources of rights and obligations must be examined to determine who owns the copyright in question: the Crown or the Crown-affiliate. The Supreme Court established a test to determine if Crown copyright arises under section 12: *has the Crown exercised sufficient direction or control, consistent with the purposes of Crown copyright, that it can be said that Crown copyright subsist* (Para. 63 of the decision). To assess this, examination was required of the level of the Crown's control over both (1) the person preparing or publishing the work; and (2) the work itself.

A work "prepared" by the Crown could fall into two categories. The first is an agent or servant of the Crown brings the work into existence for and on behalf of the Crown (i.e., an agent or employee). The second is "works produced by independent contractors who complete Crown commissions in which the Crown exercises the direction or control over the creation of the work". (Para. 65). While the Supreme Court was careful to note the "direction or control" needed to go beyond simply laying down formal requirements for how a work should be made, they agreed that if the production of the work was the principle object, then Crown copyright would arise and that it extended to "independent contractors". This second category could thus have significant ramifications, particularly for artists or other creators, who compete for or accept government commissions.

On the "publication" side—which was the issue relevant to the appeal—the majority noted the "direction and control" by the Crown needed to be something more than simply "making the work available" to the public to mitigate the risk of overly broad application of section 12. They set out the standard that Crown copyright will arise "when it can be said that the Crown exercises direction or control over the publication process, including both the person publishing the work and the nature, form and content of the final, published version" (Para. 67). Abella J. lists the following factors indicative of control: whether a statute strictly regulates the form and content of the work; whether the statute transferred "property rights" in the works to the Crown; whether the statute gives exclusive control to the government to modify the work; or whether the Crown took physical possession of the work. In *Keatley*, there were extensive property-related rights bestowed on the Crown by the land registration scheme in Ontario which compels the conclusion that the publishing of those plans, by making copies of the plans available to the public, is done under the "direction or control of Her Majesty." This control, in turn, gives rise to section 12 of the *Copyright Act*, which declares that the copyright in the registered or deposited plans of



survey belongs to the Crown.

The **Keatley** decision has important ramifications, particularly as governments increasingly shift to and rely on public-private partnerships to operate and provide services. Furthermore, the decision may open the door to a wider application of Crown copyright in Canada. Practically, those that work with or for Canadian government bodies, or otherwise create or publish works with government involvement, would be well advised to seek legal advice to help them understand Crown copyright.

A deeper discussion of the decision can be found [here](#) in an article published by Bereskin & Parr LLP.

(c) Don't You Forget About the Copyright in that Trademark

In Bereskin & Parr LLP's July 17, 2019 article, [© that™! Why it's Important to Confirm You Own Copyright in Your Logo](#), we discussed how the Trademarks Opposition Board's decision in **Pablo Enterprise pte. Ltd. v Hai Lun Tang, 2019 TMOB 54**, which demonstrates that a copyright claim can be successfully relied on by an opponent of a proposed trademark for the denial of the mark's registration where it can prove it is the copyright owner of an applied-for logo, or that use of the logo would, *prima facie*, infringe the opponent's copyright.

In this case, the Hearing Officer found that Pablo Enterprise's evidence supported a *prima facie* case of copyright infringement, and that the Applicant provided no evidence to counter this conclusion. In particular, the date of first publication claimed in the Certified Copyright Registration, which was 2011, predated the application filing date by four years. This date was supported by printouts of archived versions of the Opponent's website that displayed the artistic work from around that time. Based on the principle that copyright protection arises on the creation of the work (i.e., registration is not necessary), the Hearing Officer concluded that copyright protection in the work would have arisen *before* the 2015 filing date of the trademark application — even though the copyright registration was not obtained until afterward. Moreover, the applied-for mark was found to be a "substantial copy" of the artistic work, being comprised of the identical design component, and the same font being applied to the same word "PABLO" (even though it was positioned somewhat differently).

The decision suggests that, before filing a trademark application for a logo, the trademark owner should confirm it owns copyright in the logo, and may wish to consider registering copyright in Canada in the logo as an artistic work. The process to secure a copyright registration in Canada is straightforward and relatively inexpensive. Unless proved otherwise, the information in a Canadian copyright registration is presumed to be true. It can therefore assist with thwarting (or supporting) claims of copyright infringement in an opposition proceeding.

This is particularly important given that copyright ownership is treated differently in Canada compared to certain other jurisdictions, like the United States. Canada does not have a "work for hire doctrine", nor does it recognize that a corporation could be considered the "author" of a work. In Canada, as noted, copyright ownership is first deemed to vest in its author, with a limited exception for works created by an employee in the normal course of their employment. Consequently, when an artist or graphic designer has been hired to design a logo that will be used as a trademark, prospective Canadian trademark applicants would be well advised to have a written copyright assignment from the artist to the applicant before filing the trademark application, to avoid any claims by the artist against trademark registration in the future.

(d) AI & Copyright

The U.S. Patent and Trademark Office is [seeking comments](#) on what the impact would be on providing copyright protection to works created using artificial intelligence, or AI-created works. Some questions being considered include:

- what level of human involvement is required for copyright protection?;
- how does fair use apply in a world where AI can create works faster and in greater quantities than humans can?;
- and
- what if AI infringes copyright?

In Canada, as indicated above, INDU and the Canadian government led a review of the *Copyright Act*, and on June 3, 2019, INDU released its report [on the statutory review of the Act](#), setting out 36 policy recommendations, including providing clarity around ownership of computer-generated works (e.g. works created with the assistance of artificial intelligence (AI)). There are many interesting ethical and legal considerations to be weighed in the decision of whether or not to extend copyright protection to AI-created works. Much more remains to be studied, including issues surrounding:



- authorship;
- originality and infringement when it comes to AI being used in the creation of works;
- exceptions for text and data mining; and
- to what extent data and databases should be protected and whether Canada should consider *sui generis* protection for databases or AI created works.

It will be interesting to see how the Canadian government approaches the issues. Stay tuned for updates from Bereskin & Parr LLP on this matter.

(e) Rules of Civil Procedure

In *Sullivan v. Northwood Media Inc.*, 2019 ONSC 9, the Court for the first time since the 2019 amendment to the *Ontario Rules of Civil Procedure*, imposed elements of a discovery plan in a copyright action relating to Netflix's "Anne with an 'E'" television program (the action alleges infringement of Sullivan Entertainment's rights in its iconic Anne of Green Gables works). After canvassing the issues in the proceeding, including the requirements to prove copyright infringement, D. E. Short, the Case Management Master assigned to the case, noted that one of the problems with the *Rules* amendment is that it is unclear how a party challenges the Court's ruling if unsatisfied with it. A deeper discussion can be found [here](#).

(f) Infringement

(i) Substantial similarity, methods and techniques

In *Pyrrha Design Inc. v. Plum and Posey Inc.*, 2019 FC 129, one jewelry designer claimed that its copyright in wax seal jewelry 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 jewelry.

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 jewelry and had used separate imagery from pre-existing wax seal impressions available in the public domain to create their respective jewelry 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 jewelry 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 jewelry work. Consequently, the Court gave "little weight" to these non-original elements of the jewelry in the substantial part analysis, and held that the plaintiff's copyright in their original jewelry pieces had not been infringed.

Pyrrha is expected to go before the FCA 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.

(ii) 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.

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 those images gave rise to a separate infringement for each obituary that included a picture.



The Court was unable to find that Afterlife had infringed class members' moral rights by associating the obituaries with products and services in the form of advertisements and sales of flowers and virtual candles. Under section 28.2 of the *Act*, an author's moral rights are infringed when "the author's honour or reputation is prejudiced by the distortion or modification of the original work or by using the work in association with a product, service, cause or institution". As the Court observed, Canadian jurisprudence demonstrates that, for a moral rights infringement claim to succeed, an author must show "not only their own subjective view that their honour or reputation has been prejudiced but also provide objective evidence of the prejudice". The Court recognized class members' subjective view that their honour or reputation had been prejudiced, with affidavit evidence showing various class members to be "embarrassed, angry, and stressed" and "mortified that others would think that they were profiting from their bereavement". However, the Court found that "[a]ll the evidence describes the Class Members' own view of the impact" but did not provide any "objective evidence" as to prejudice to the authors' honour or reputation, "such as public opinion or expert evidence".

In terms of remedies, the Court exercised its discretion under section 38.1(3)(b) of the *Act* to award statutory damages below the minimum \$500 threshold for commercial infringement. The only evidence before the Court suggested approximately two million infringements (for the 1+ million obituaries advertised by Afterlife, as well as the photographs associated with each obituary), and at \$500 per infringement this would result in a "grossly disproportionate" award of \$1 billion. Instead, the Court awarded \$5 per infringement for a "just and proportionate" statutory damages award of \$10,000,000. The Court also awarded a further \$10,000,000 in aggravated damages, in light of the "significant" impact of Afterlife's conduct on the class members. The Court observed that "Afterlife took advantage of [Ms. Thomson] at her most vulnerable time of grief", noted class members sentiments that "they felt exploited, outraged and disgusted", and observed Afterlife's "high handed" conduct and "apparent callousness regarding the impact on Class Members". However, in light of the significant statutory and aggravated damages, the Court declined to award punitive damages, but ordered an injunction under section 34 of the *Copyright Act* against both Afterlife and Mr. Leclerc based on their conduct. The Court did not find 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.

In *Young v. Thakur, 2019 FC 835*, the Applicants, Melodie Young and Melxdie Entertainment Inc., alleged that the Respondents, Rohit Thakur and Badmash Factory, infringed their copyright and moral rights in a musical composition and its sound recording. Melodie Young is a singer-songwriter and the president of Melxdie Entertainment Inc. Ms. Young worked with a songwriter to co-author a musical composition called "Secrets", which was registered on the Canadian Copyright Register on October 31, 2018 (registration number 1146877). The evidence proved that Ms. Young and Melxdie Entertainment Inc. were the owners of the copyright in the two works in question: the musical composition and the sound recording. The Applicants then hired the Respondent, Rohit Thakur, a videographer, to film a music video for them. The Applicants sought an injunction, statutory damages in the amount of \$1,640,000 (on the basis that there were 82 views of the music video), and an order requiring the Respondents to deliver to the Applicants "all materials in the Respondents' possession", plus interest and costs. The Court found that the Respondents reproduced the works by publishing the music video on their website, and that the Applicants did not authorize the reproduction of the composition or sound recording, rather they only provided the Respondents with access to the sound recording to produce the music video for them. The Applicants failed to produce evidence that their moral rights had been infringed. The Court reaffirmed that statutory damages are awarded on the basis of all infringements for each work infringed and not assessed on the basis of each act of infringement. Thus, the Court awarded \$1,000 per work infringed for a total of \$2,000.

The Plaintiff in *Capitale en fête inc. c. Ouellet, 2019 QCCQ 2607* asked the Court to find that the defendants had infringed their copyright by taking without authorization the Plaintiff's photographs off their website. The plaintiff operated an inflatable games rental company. The plaintiff sought \$53,500 in damages. The defendant alleged that the photographs did not meet the test for originality and were not protectable works under the *Copyright Act*. Furthermore, the defendants alleged that the plaintiff **could not** prove they obtained ownership of the photographs from the photographer who had taken them. The Court held that the plaintiff had a valid copyright assignment from the photographer and awarded the plaintiff \$10,800 in statutory damages.

(iii) Copyright & Colourable Imitation

In *Pourshian v. Walt Disney Company, 2019 ONSC 5916*, we may have the first opportunity to test the seminal colourable imitation of the SCC decision in *Cinar Corporation v Robinson, 2013 SCC 73*. Albeit in very early stages, the Ontario



Superior Court has allowed Pourshian’s copyright infringement lawsuit against Pixar Animation Studios (“Pixar”), The Walt Disney Company (“Disney”), and the American Broadcasting Company, Inc. (“ABC”) to proceed. Pourshian contends that the copyright in both his script and short film titled *“Inside Out”* that he wrote and produced when he was a student at Sheridan College’s Faculty of Film and Television in 2002 in their Media Arts Program (“Sheridan”)—a school generally considered to be well-known for its animation program—were infringed by Pixar, Disney and ABC. Pourshian claims that Disney/Pixar had access to his *Inside Out* by virtue of the fact that Disney and Pixar were actively recruiting on Sheridan’s campus when his short film was being screened.

Pourshian’s *Inside Out* tells the story of the reactions of a boy named Lewis to events in his everyday life, through anthropomorphized representations of his bodily organs that influence (and react to) his actions, as seen from the inside of his body. His brain is the command center and his internal characters—brain, heart, colon, stomach and bladder—communicate and squabble with each other. His short film was shown widely at Sheridan and won the inaugural People’s Choice award at Sheridan’s Media Arts Award Show. Disney/Pixar’s *Inside Out* is about a girl named Riley and her reactions to events in her everyday life. Disney/Pixar’s *Inside Out* shows Riley’s outside world as well as inside world in which her emotions sit in a command center and use a complicated control desk within her body to control and influence her interactions with the outside world. Riley’s emotions—fear, joy, disgust, anger and sadness—communicate and quibble with each other. Each has a distinct personality and influences Riley’s actions in various ways.

Mr. Pourshian argued that Disney/Pixar’s *Inside Out* is substantially similar to Mr. Pourshian’s *Inside Out*, and in particular that: (i) both works are substantially similar in content, theme and characters; (ii) the works are substantially similar in setting, mood and pace; and (iii) numerous additional similarities exist between the two works, including the depiction of the characters themselves and the mise-en-scène accompanying those characters.

For more discussion on this matter, please see our recent article [here](#), and follow Bereskin & Parr LLP for updates as this matter progresses through the courts.

In *Henni v Food Network Canada Inc., 2019 BCSC 660*, in an amendment to the plaintiffs’ civil claim, the plaintiffs claimed they developed and pitched a TV program concept to the Food Network Canada Inc. (“Food Network”) called “Food Factories”. The plaintiffs allege that the Food Network rejected their concept and then commissioned a new program called “Food Factory” virtually identical to their concept. Food Factory first aired on Food Network in 2012 and was produced for them by a company called Cineflix, which incorporated a new single purpose production company for each new season of the show. The second action was commenced to facilitate service on the defendants in Ontario. The amendments sought by the plaintiffs were:

- a) adding additional Cineflix defendants,
- b) deleting the claim for breach of moral rights,
- c) adding a claim for breach of confidence,
- d) adding a claim for unjust enrichment,
- e) relating to ambiguous “derivative programs” and adding a claim for accounting of profits against unknown third parties, and
- f) addressing ownership of copyright and additional material facts.

The defendants consented to the deletion of the claim for breach of moral rights. The Court allowed the amendments to the claim except for the following claims for which leave was not granted:

- a) the claim in breach of confidence against the Cineflix defendants,
- b) all claims relating to “derivative programs”, and
- c) the claim for relief in the nature of an accounting for profits against “others”.

Stay tuned for developments as this matter progresses.

(iv) ISPs, Reverse Class Actions and Copyright, Oh My!

Separated at birth by a matter of days, the Federal Court delivered decisions in two closely followed copyright infringement



cases: [Bell Media Inc. v. GoldTV.Biz, 2019 FC 1432](#), and. The decisions give copyright owners, infringers, and everyone in between, clearer guidance on what may or may not be available as routes to remedies for copyright infringement in the online world. Both cases dealt with widespread copyright infringement through the internet, but sought to tackle the problem in different ways. In *Bell Media*, the rights holders ultimately sought to permanently block access to websites enjoined from hosting infringing materials. The plaintiffs in *Bell Media* first had to commence an action against the John Doe, and only after the defendant ignored the action and injunction ordered by the Court did the plaintiffs seek the site-blocking order. In *Voltage*, the rights holders sought damages from a large group of alleged 'John Doe' individual infringers using BitTorrent services by way of reverse class action.

In *Bell Media*, the Court's decision clarified that site-blocking orders may be available to compel Internet Service Providers (ISPs) block access to websites enjoined from hosting infringing content, suggesting that site blocking could now become a real enforcement mechanism for rights holders in Canada, under the right conditions. In *Voltage*, the Court's decision clarified that when seeking to bring a reverse class action aimed at users of BitTorrent websites and the like, the Court will not presume infringement on the part of the account holder for an IP address based only on identification of the IP addresses through which the infringement occurred, and infringement continuing following notice to the account holder. This presents practical evidentiary challenges to certifying reverse class actions to address online infringement by internet users. It suggests that seeking to proceed by way of reverse class action litigation against users in Canada could be difficult in practice.

The *Bell Media* decision represents the first time in Canada that a Court has issued a so-called "site-blocking" order, requiring third party Internet Service Providers (ISPs) to prevent user access to certain named websites, which had been enjoined by the Court from hosting or aggregating copyright infringing content.

In considering whether to grant the site-blocking order, particular focus was paid to the UK Court's [decision in Cartier International AG & Ors v British Sky Broadcasting Ltd & Ors, \[2016\] EWCA Civ 658](#), which set out several factors to be weighed before granting such an order: (i) necessity, (ii) effectiveness, (iii) dissuasiveness, (iv) complexity and cost, (v) barriers to legitimate use or trade, (vi) fairness, (vii) substitution, and (viii) safeguards.

Justice Gleason found these considerations mapped well onto the test for interlocutory injunctions in Canada, as articulated by the Supreme Court in [RJR-MacDonald Inc. v Canada \(Attorney General\), \[1994\] 1 SCR 311](#). The "necessity" factor spoke to the need to establish "irreparable harm" to the copyright owner, while the other factors informed the "balance of convenience" consideration under the *RJR* test. In the context of the order sought, such "balance" spoke not only to the copyright owner and third party ISPs, but also to the requirement of fairness and the public interest generally.

The Court also concluded that, with sufficient safeguards built in place, the freedom of expression concerns raised by the ISPs could be addressed. Teksavvy Solutions Inc., one of the third party respondents affected by the order, made arguments against the site-blocking order and raised concerns about freedom of expression, as well as the costs associated with and feasibility of implementing site-blocking, and their effectiveness. The Court addressed these concerns, acknowledging that site-blocking may not be a perfect solution. However, Justice Gleason ultimately held that, as a tool, site-blocking has proven to be an effective deterrent to infringing behavior. The site-blocking order followed the issuance of other injunctive orders directly against the offending websites, GoldTV.biz and GoldTV.ca, which was ignored. On November 25, 2019, one of the ISP respondents in *Bell Media*, Teksavvy Solutions Inc., filed an appeal of the decision asking that the site-blocking order be set aside.

In *Voltage*, the Plaintiffs (Voltage Pictures and other production companies) sought certification of a class of defendants whom, they alleged, violated the Plaintiffs' copyright in certain motion pictures that were being uploaded to and downloaded from the internet by thousands of users of BitTorrent websites. The Federal Court denied certification of the class, finding that the Plaintiffs had not met any of the requirements for the class to be certified. For example, the Court found that the Plaintiffs did not meet the requirements to prove they had a reasonable cause of action against named proposed defendants, Robert Salna, James Rose and Loredana Cerilli.

Before commencing the lawsuit, the Plaintiffs had used forensic software to identify the Internet Protocol (IP) addresses of internet accounts where the movies in question had been uploaded and downloaded, and sent demand letters to the owners of the accounts associated with those IP addresses. In order to even obtain Robert Salna's IP address, *Voltage* had applied for a Norwich Order against Rogers Communications Inc. in [Voltage Pictures, LLC v. Salna, 2019 FC 1047](#), to compel Rogers' disclosure of Robert Salna's personal contact and personal information. To move forward with the reverse



class action, they identified a “lead” (representative) defendant, Robert Salna, who was the owner of one of the IP addresses. Mr. Salna, in turn, identified two tenants of his property, Mr. Rose and Ms. Cerilli, that used his internet. The Court rejected Voltage’s argument that this was enough—identifying an IP address as one that has downloaded or uploaded copyright infringed content online, and associating that with an internet account holder or subscriber—was too tenuous an evidentiary connection to lead to find that the account holder or subscriber was the infringer. Moreover, without the ability to point to any single direct infringer with some level of certainty, the Plaintiffs’ theory of infringement by [authorization](#) (secondary infringement) failed.

With respect to authorizing infringement, Voltage argued an internet account holder *authorizes* an infringement if he/she is willfully blind to how their accounts are used to infringe copyright, proposing that the account holder has a legal obligation to monitor the internet activity of those using their internet connection after being notified of an alleged infringement. The Court refused to certify the class action based on this theory, in part because an authorizing infringer is not even the infringer of first instance, the direct infringer is. With respect to whether there were common questions for the class, the respondents argued that an essential element of authorization is the degree of control a class respondent exercised over the persons who committed the infringement, and willful blindness was a question of fact. The Court essentially found that the *Copyright Act* does not sanction ‘advertising works available for download’ separate from offering a service that primarily enables acts of infringement.

For more on these two cases, please read Bereskin & Parr LLP’s article, which can be found [here](#).

(v) Interlocutory Injunctions

In [Knowmadics v. Cinnamon, 2019 ONSC 6549](#), Knowmadics sought an interim interlocutory injunction restraining its former employee and defendant, Lisa Cinnamon and her company LDX Inc., from infringing its copyright in the SilverEye software she had created for them. The injunction sought stemmed from her alleged breach of the terms of both her employment agreement (including obligations pertaining to ownership of intellectual property, confidentiality, conflict of interest and client servicing) and of the subcontract and non-disclosure agreement (which governed unauthorized disclosure of confidential information) with Knowmadics.

Knowmadics is a Virginia-based software development company whose software technology products enables its clients operating in the military, private security companies and law enforcement industries to monitor and track data from different devices, produced by different manufacturers, based on their location. Ms. Cinnamon worked at Knowmadics as Principal Software Engineer from 2013 to 2017 and was responsible for the development and programming of SilverEye. The Canadian copyright registration for SilverEye lists Ms. Cinnamon as its sole author and the plaintiff is registered as the copyright owner. Two months after signing her non-disclosure agreement, the defendant learned that Ms. Cinnamon and her company (LDX) were selling software products called FireCat and GhostCat, which were similar to the defendant’s products. Ms. Cinnamon contended she used her own code to create SilverEye software for the plaintiff, as well as for her FireCat and GhostCat products.

An independent consultant hired jointly by the plaintiff and defendant found that that “the amount of copied source code, database schema, and database source code in the LDX software is sufficient to lead to the conclusion that it is a derivative work” (para 10). The defendants hired a subsequent expert who concluded that Ms. Cinnamon had used her own code to build the FireCat software and had used it for other clients. Thus, the defendants claimed that copyright protection in the code used by Ms. Cinnamon in the SilverEye, FireCat and GhostCat products was eliminated, as it lacked originality.

The Court disagreed with the defendant’s contention and held that it is up to the Court to determine whether Ms. Cinnamon’s use of her proprietary software in SilverEye, without informing Knowmadics of such, would permit her under copyright law to then use the same code to create a competitive product for another party. With regard to the application for an interlocutory injunction to enjoin the defendants from selling or offering their software for sale to clients other than their existing ones, the Court found that the plaintiff only had two clients remaining in Canada, having lost its other ten to the defendants. Furthermore, the Court noted that the defendants had no American clients, and did not lose any as a result of the defendant’s sale of its FireCat software. The injunction ordered limited the defendant to servicing her existing Canadian-based clients. The Court held that the interlocutory injunction achieves a fair balance between the plaintiff’s and defendants’ respective interests, avoiding irreparable harm to either and maintaining the status quo. The case is proceeding through the courts and it will be interesting to see, based on contractual interpretation and copyright jurisprudence, whether the Court finds Ms. Cinnamon’s use of her own proprietary code in Knowmadics software product, without their knowledge,



entitles her to retain copyright in her code, and if so, whether she is free to use it for other clients.

In a final matter related to copyright infringement to close out 2019, the Federal Court issued its decision in *Bell Canada v. Red Rhino Entertainment Inc.*, 2019 FC 1460 regarding whether the defendants were in contempt of court for violating the interlocutory injunction ordered by Justice Tremblay-Lamer on June 1, 2016. In *Red Rhino*, the Federal Court had issued an interlocutory injunction against five defendants who were allegedly configuring, advertising, offering for sale and selling pre-loaded set-top boxes and private IPTV services that use private internet servers allowing people to stream unauthorized re-transmissions of the plaintiff's television broadcasts. A set-top box is an electronic tool that can be used to provide additional functionalities to a standard television, which allows individuals to use their television to go online to legitimately watch videos, play games and browse the internet. At issue in this matter is that if set-top boxes are configured with the necessary applications or add-ons, it can also be used to gain unauthorized access to live and on-demand television programming. The plaintiffs allege that these activities violate certain provisions of the *Copyright Act*, RSC, 1985, c C-42, and the *Radiocommunication Act*, RSC, 1985, c R-2, including the plaintiffs' exclusive right to make their programming available to the public. In this stage of the matter the issue was whether two defendants—Red Rhino Entertainment and its sole director, Eric Adwokat—breached the interlocutory injunction.

On June 1, 2016, Justice Tremblay-Lamer issued an interlocutory injunction enjoining the initial defendants from “directly or indirectly:

- Configuring, advertising, offering for sale or selling set-top boxes that are adapted to provide users with unauthorized access to the plaintiffs' television content [“pre-loaded set-top boxes”];
- Manufacturing, importing, distributing, leasing, offering for sale, selling, installing, modifying, operating or possessing pre-loaded set-top boxes that are used or intended to be used to receive the plaintiffs' subscription programming signal after it has been decoded otherwise than under and in accordance with an authorization from the plaintiffs; and
- Advertising, offering for sale or selling subscriptions to private IPTV services, including by advertising, offering for sale or selling pre-loaded set-top boxes that permit users to access private IPTV services.”

On June 21, 2016, an Amended Statement of Claim was issued naming Red Rhino and Mr. Adwokat as defendants, and neither has filed a Statement of Defence in the proceeding. The plaintiffs allege that, between December 2016 and March 2018, Red Rhino and Mr. Adwokat continued to configure, market and sell set-top boxes in breach of the interlocutory injunction. The Court ultimately held that Red Rhino and Mr. Adwokat were in breach of the injunction and in contempt of court by continuing to configure, market and sell Red Rhino boxes, which met the definition of “pre-loaded set-top boxes” as defined in the interlocutory injunction.

The Court has not yet ruled on whether the set-top boxes infringe the plaintiff's copyright.

(vi) Notice-and-Notice and Norwich Orders

In *ME2 Productions, Inc. v. Doe*, 2019 FC 214, ME2 Productions Inc. alleged that TekSavvy subscribers illegally downloaded movies in which the plaintiffs own the copyright, and under the “notice and notice” regime under the *Copyright Act*, issued notice to TekSavvy, who in turn was to send same notice to its subscribers. The plaintiffs pursued a Norwich order against TekSavvy for the disclosure of the subscribers' names, on the basis that they claimed to have evidence that, notwithstanding the notices issued, the TekSavvy's subscribers continued to illegally download the Plaintiff's movies. The Plaintiff's also sought statutory damages from TekSavvy for its non-compliance with its obligations under the *Copyright Act*. The Court emphasized that “the notice and notice regime serves ‘two complementary purposes: (1) to deter online copyright infringement; and (2) to balance the rights of interested parties.’” The Court continued to state that the notice-and-notice regime did not oust the requirement to obtain a Norwich order to gain disclosure, but that the two work in parallel with each other. The Court stated that “in the normal course the copyright owner seeking the order will have complied with the notice and notice regime, and so it will have provided a notice to the ISP which specifies the details of the alleged infringement, including the date, time and IP address associated with the activity. The ISP would presumably first confirm that this IP address relates to one of its subscribers and would then forward the notice to that subscriber. Only after that is done would the application for the *Norwich* order be sought, and it should normally be served – as was done here – on the ISP.” (paras 69, 70)

The Court found that the Court Management Judge (“CMJ”) tasked with awarding the Norwich Order erred in finding the



Plaintiff's evidence supportive of granting the Norwich order by finding no prejudice to TekSavvy in the issuance of such an order. The prejudice to TekSavvy is not determinative, rather the Court must consider the interests of the copyright owner and it must protect the interests of the individual subscribers whose names are subject to disclosure. Furthermore, the notice-and-notice regime and Norwich orders must work in tandem to ensure names are not wrongfully disclosed, but that the public interest outweigh the individual subscribers' privacy concerns. The Court reaffirmed that ISPs must verify the information in the notice received from a copyright owner before sending notice to the alleged infringer. The Court quashed the Norwich order on a without prejudice basis to the plaintiffs' right to bring a new application for disclosure. The request for statutory damages was remitted back to CMJ.

(vii) SLAPP That Copyright Claim Out of Your Pleadings

In *Canadian Standards Association v. P.S. Knight Co. Ltd.*, 2019 ONSC 1730, the defendant sought dismissal of defamation proceedings brought by the plaintiff under s. 137.1 of the Courts of Justice Act (the "CJA") known as the "anti-SLAPP provisions", which provide for dismissal of a defamation action where the court is satisfied that the proceeding arises from an expression made by a person relating to a matter of public interest" (para 1). The Canadian Standards Association ("CSA") had brought a copyright infringement action against the P.S. Knight Co. Ltd. ("Knight") for their infringement of the CSA's copyright in the Canadian Electrical Code. While this matter continued to proceed, Knight published a website called "RestoreCSA" in May 2013, discussing the matter brought against them by the plaintiff, which the plaintiff claims maliciously defames them. The Court dismissed the defendant's motion to dismiss and held that the matter was to "proceed expeditiously to trial."

(viii) Parody is Not a TOH-ma-to or to-MAH-to Matter

In *MédiaQMI Inc. v. Murray-Hall*, 2019 QCCS 1922, MédiaQMI Inc. (QMI), the owner of the well-known registered trademark *Le Journal de Montréal*, took action against the distributor of the electronic publication *Le Journal de Murréal*. QMI claimed that the use of the mark *Le Journal de Murréal* by the defendant caused confusion and depreciated the value of the goodwill of its mark *Le Journal de Montréal*, and sought a permanent injunction and profits derived from the unauthorized use of its trademark. QMI had received several complaints about vulgar and crude content apparently published in its *Le Journal de Montréal*. However, QMI discovered that this content was in fact published by the defendant. The latter was publishing *Le Journal de Murréal*, a satirical newspaper that contained fake "funny" news that mocked QMI's renowned publication *Le Journal de Montréal*. It also used a nearly identical layout, graphics and logo as QMI's newspaper. In fact, the only distinction between the two marks was the spelling of "Montréal" transformed into its slang version "Murréal." The defendant published his newspaper online at <journaldemourreal.com>, and content was also available through a Facebook page with more than 150,000 Facebook subscribers. The Superior Court of Quebec rejected the defence of parody based on the parodic nature of *Le Journal de Murréal*, recalling that such a defence, despite being available under section 29 of the *Copyright Act*, does not exist under the *Trademarks Act*.

Although QMI based its action solely on the *Trademarks Act*, the Court undertook an analysis of the defence of fair dealing for the purpose of parody under section 29 of the *Copyright Act*. In *CCH Canadian Ltd. v. Law Society of Upper Canada*, 2004 SCC 13, the Supreme Court articulated a two-prong test to this defence: the first prong requires the dealing to be for one of the allowable purposes under the *Copyright Act*, and the second requires the dealing to be fair. In order to assess the fairness of a dealing, six factors were set out in *CCH*, namely the purpose of the dealing, the character of the dealing, the amount of the dealing, the nature of the work, available alternatives to the dealing and the effect of the dealing on the work. In applying those six factors, the Court concluded that the defendant's use of QMI's copyrighted works was unfair. It considered the commercial purpose and widespread distribution of *Le Journal de Murréal* to favour a finding of unfairness. Likewise, the similarities between both newspapers and the existence of alternatives that would not infringe QMI's copyright equally favoured such finding. The Court also referenced the matter in *United Airlines, Inc. v. Jeremy Cooperstock* (discussed below), wherein that court was considering the fair dealing defence of parody to copyright infringement, and what limits exist for that defence where the parody or satire offends a reasonable person's sensibilities. For more discussion on this case, please read Bereskin & Parr LLP's article, which can be found [here](#).

On the eve of the Federal Court of Appeal hearing the appeal in *United Airlines, Inc. v. Jeremy Cooperstock*, the parties settled. Now, we will have to wait for another case to rise up through the ranks of Canada's judicial system before we have a pronouncement on the limits of parody and satire as a fair dealing exception to copyright infringement. At the 1th hour, the appellants in *United Airlines, Inc. v. Cooperstock*, 2017 FC 616 withdrew their appeal from the Federal Court of Appeal,



where their case was set to be heard on December 10, 2019. As reported in our [2018-2019 Mid-Year Copyright in Review](#), *United v Cooperstock* was the first case to consider the fair dealing purpose of parody or satire, and the Federal Court's decision suggests that fair dealing for parody or satire may be quite limited. While the defense of fair dealing is available under section 29 of the *Copyright Act*, parody is not defined. In defining parody, the Federal Court looked at the plain meaning of the word and to the European Court of Justice's treatment thereof, holding that parody invokes mockery or humour when evoking an existing work while showing the differences between them and the work of parody. The Federal Court also held that the person authoring the parody doesn't have to identify the source of the work being parodied. While the Federal Court found that UNTIED.com was a work of parody, the intention was to defame or punish United Airlines and not to parody it. The Federal Court further stated that humour or mockery can be extended beyond the pale resulting in defamation. In reviewing the fairness factors, the Federal Court found that the amount of the dealing, alternatives to dealing, and the effect of the dealing heavily weighed in favour of a finding of unfairness, and that the substantial copying of United's copyright protected material was of greater harm than Cooperstock's criticism of the plaintiff. The Court recognized that parody is part and parcel of free speech, but that such speech has limits. While the parody met the first step of the **CCH** test, it failed on the second step as the dealing was ultimately unfair.

We had waited patiently and expectantly for the Federal Court of Appeal to weigh in on this case, especially with regard to what the limits truly are on parody as a fair dealing defense. Now, with a settlement (the terms of which may never be disclosed, if any), we must wait for someone else to rely on parody as a fair dealing defense to copyright infringement in Canada to know whether parody is limited by politesse or not, and whether free speech provides a buffer to defamation in this context. Until such time, when creating works of parody or satire, if you want to have the benefit of parody fair dealing protection, it is prudent to first ask: do I thee offend?

(ix) Criteria for copyright infringement and trademark infringement are different beasts

[Sandhu Singh Hamdard Trust v Navsun Holdings Ltd., 2019 FCA 295](#) is a Federal Court of Appeal decision concerning the Federal Court's dismissal of the copyright and trademark infringement claims made by Hamdard Trust against Navsun. Navsun is the owner and publisher of a Canadian-Punjabi-language "Ajit Weekly" newspaper. It has been published in Canada since 1993 and made available for free in stores, and an online version began in 1998. Hamdard took umbrage with content in the paper allegedly offensive to some readers and the use of "Ajit" in the masthead, which he alleged constituted trademark infringement. The parties had been embroiled in litigation for years in the United States where a partial settlement agreement had been reached and incorporated into the US District Court of the Eastern District of New York's order on October 1, 2009. It provided a limited license to Navsun to use the Ajit trademark and logo in the United States, but that this license would have no effect on Hamdard's trademark rights in any other jurisdiction. The partial settlement agreement did not include a copyright infringement release for acts predating its execution, but it did, and continues to act as a defence to copyright infringement claims against Navsun based on the limited licenses granted to Navsun thereunder. In the Federal Court, Hamdard was successful in establishing that Navsun had infringed copyright and had engaged in passing off by virtue of Navsun's use of its original logo, but Hamdard failed to succeed in proving any trademark infringement, passing off or depreciation of goodwill with regards to Navsun's domain name (www.ajitweekly.com) or its modified logo. Hamdard did not pursue copyright infringement of the modified logo, and while the Federal Court dismissed Hamdard's claim, the Court's reference to it in its decision was deemed an oversight by the Federal Court of Appeal. Navsun claimed that the modified logo was distinct from the original logo so as not to infringe copyright. Hamdard contended that the Federal Court erred by applying the test for copyright infringement instead of the test for confusing similarity with regards to assessing likelihood of confusion.

The Federal Court of Appeal held that the Federal Court erred by relying on whether the modified mark was sufficiently different from the original logo to avoid liability for copyright infringement, stating that "criteria for copyright infringement and trademark infringement are not the same" (para 29). The Court further emphasized the fact that copyright protects a rights holder from their work being copied. The Court varied the Federal Court's damages award, resulting in ordering Navsun to pay Hamdard \$5,000 for copyright infringement for the period of July 2007 to September 2009.

(x) Simultaneous substitution does apply to Canadian broadcasters

[Bell Canada v. Canada \(Attorney General\), 2019 SCC 66](#) dealt with an appeal of the CRTC's policy 2015-513 and order 2016-335 under section 9(1)(h) of the *Broadcasting Act* permitting the suspension of the simultaneous substitution regime—to substitute the U.S. broadcast signal with a Canadian one, in order to allow Canadians to watch American



commercials aired during the broadcast instead of Canadian ones—is not applicable to the NFL’s Super Bowl broadcast. Whilst this is a broadcast regulatory decision primarily, copyright makes a relevant appearance in the Court’s analysis because the NFL argued that as the copyright owner of the program, the CRTC was not within its rights to make the order it did regarding the broadcast of the NFL’s program. The NFL is the copyright owner of the Super Bowl, and it granted Bell Media exclusive broadcast rights for it in Canada to air on CTV until the 2018-2019 season. The NFL contended that the commercials shown during the broadcast do not form part of the copyright in its program. The Super Bowl’s commercial television spots are coveted, and companies are known to spend tens of millions of dollars for fifteen to thirty to sixty seconds of commercial airtime, during which entertaining commercials are produced for this sporting event’s broadcast alone. Commercials that Canadians never see as they are generally only part of the American broadcast. At the root of this appeal is whether the CRTC had the authority to deny simultaneous substitution for Canadian broadcasters compelling them to air the American commercials seen during the Super Bowl broadcast. Simultaneous substitution is the mechanism by which a Canadian broadcaster can replace the American signal allowing the Canadian broadcaster to increase their advertising revenue by selling the advertising airtime to Canadian advertisers, rather than air the American programmed commercials from which the Canadian broadcaster derives no financial benefit.

The Federal Court of Appeal held that correctness was the standard of review since the *Copyright Act* “is not the CRTC’s ‘home statute’ and because the CRTC shares concurrent jurisdiction over the application of that Act with the Copyright Board and courts at first instance” (para. 31). The Federal Court of Appeal found no operational conflict or conflict of purpose between the CRTC’s Order and the *Copyright Act*, rejecting the NFL’s position. Bell and the NFL in its appeal to the Supreme Court of Canada (“SCC”) asked for the CRTC’s Order and decision to be set aside. Their reasons were that the CRTC lacked statutory authority under s. 9(1)(h) of the *Broadcasting Act* to prohibit simultaneous substitution for the Super Bowl, and that the Order and decision conflict with the operation and the purpose of s. 31(2) of the *Copyright Act*. The SCC, in a 7-2 majority opinion, allowed the appeal on the basis that the CRTC was not within its power and authority under section 9(1)(h) to order that simultaneous substitution did not apply to the Super Bowl Canadian broadcast, and that the Order be quashed. Seven Justices (Wagner, Moldaver, Gascon, Cote, Brown, Rowe and Martin) held that the powers conferred on the CRTC under 9(1)(h) do not permit the CRTC to impose conditions related to the carriage of a broadcast. They also found that the CRTC erroneously interpreted its powers in mandating the condition that simultaneous substitution did not apply to the broadcast of the Super Bowl by Canadian broadcasters. Because the SCC rendered its holding on the basis of Bell and the NFL’s jurisdictional argument, the SCC did not address whether there was conflict between the CRTC’s Order and decision with the *Copyright Act*. The majority did not rule out whether the CRTC had the authority to issue the same order regarding suspension of simultaneous substitution during the Super Bowl under another statutorily conferred power.

Justices Abella and Karakatsanis dissented, holding that the CRTC’s interpretation of 9(1)(h) was correct and that the appeals should be dismissed. The dissent determined that the *Broadcasting Act* does not interfere with the *Copyright Act*. The dissent stated that the *Copyright Act* balances authors’ and users’ rights, and the CRTC must govern accordingly in a compatible manner with the operation and purpose of the *Copyright Act*. Justices Abella and Karakatsanis found no operational conflict with the CRTC Order and decision with the *Copyright Act*, and that the Order was validly made pursuant to s. 9(1)(h) of the *Broadcasting Act* and by way of s. 4(3) of the *Simultaneous Substitution Regulations*. While the dissent offers insight into the issue of whether there is an operational conflict between the two Acts and found none, the majority holds. Canadians will have to wait to find the American commercials online after they’ve aired in order to see them.

(xi) Rules of Evidence

Rowan Williams Davies & Irwin Inc. v. ProWise Engineering Inc., 2019 FC 1199 is a good reminder about the rules of evidence. To quote Elle Woods from the movie *Legally Blonde*: “Does she need to have evidence? Meaning you need... a reason to believe your claim should have, like, evidentiary support.” This case dealt with copyright infringement of an engineering report for a condominium project. The plaintiff’s affidavit was ruled inadmissible on the basis of hearsay, as it was introduced as schedule to the plaintiff’s notice of application and memorandum of fact and law as opposed to exhibits to their affidavit. The Court made clear that to be admissible, the evidence must be attached to a witness’ affidavit. The affidavit evidence was struck and the plaintiff’s motion for leave to file supplementary evidence was denied. No new copyright law principles emerge from this case.

(xii) Damages



Constellation Brands US Operations c. Société de vin internationale Ltée, 2019 QCCS 3610 is a copyright and trademark infringement case by Constellation against Société de Vin Internationale (“SVI”) for SVI’s use of Constellation products in its promotional leaflets for three of its “Apollo Découvertes” wine products sold in Quebec grocery and retail stores. While the Court found that SVI violated Constellation’s copyright, the crux of the analysis focuses on the damages sought by Constellation. The leaflets featured images of the wines and made claims that the wines sold were comparable to those sold by the plaintiff. Leaflets were printed—2,500 of them—at a cost of approximately \$600. Constellation alleged that SVI’s leaflets infringed its copyright and sought an injunction, as well as recovery of profits (s. 35 of the *Copyright Act*) in the amount of \$833,680, punitive damages in the amount of \$50,000 and its legal fees on a solicitor-client basis, which totaled more than \$183,000. The injunction was resolved in 2017 by way of a partial judgment. This case looked closely at the considerations for recovery of profits. Constellation sought profits for a 10-month period that followed SVI’s use of the leaflets, for all three of SVI’s wines sold notwithstanding the fact that only two SVI wines were compared to Constellation’s wines. The Court took issue with Constellation’s assessment of what profits it was entitled to recover, addressing directly Constellation’s understanding of the allocation of the burden of proof as between the parties to prove lost profits. The Court stated that Constellation was correct in its assessment that, once their copyright claim has been established, the infringer bears the burden of proof of costs and expenses to be considered. However, Constellation erroneously failed to consider that they were only entitled to recover profits that resulted directly from the infringement of its intellectual property rights, and they failed to show that SVI’s revenues increased as a direct result of their infringement of Constellation’s rights. The Court pointed out that Constellation claimed recovery of profits stemming from the sale of SVI’s products and not the leaflets, and the SVI products themselves did not violate Constellation’s copyright. The Court said that even if the leaflets had “some positive impact on SVI’s revenues”, it would be impossible to quantify that impact in a non-arbitrary manner. Constellation’s claim for the recovery of SVI’s profits therefore failed. Further, no punitive damages were awarded. While the Court found that Constellation’s copyright was infringed, SVI did not act in a malicious, arbitrary or “highly reprehensible” manner in its comparison of its wines to Constellation’s. Lastly, regarding Constellation’s legal costs, the Court only awarded them only \$3,500 on the basis that SVI’s failure to disclose evidence in a timely manner was the only impact on Constellation in the proceedings resulting in an increase in their legal expenses.

(xiii) Collective Societies and Tariffs

York University v. The Canadian Copyright Licensing Agency (Access Copyright) 2020 FCA 77 is a copyright licensing and infringement case by Access Copyright against York University for the enforcement of a Copyright Board-certified tariff against York University. This case is on appeal from the Federal Court where the Court held that the Board tariffs are mandatory and that the fair use guidelines implemented by York were demonstrably unfair. For a full discussion on that case, please reference our article [here](#).

This case overturns the Federal Court’s decision by holding that Board-certified tariffs are in fact not mandatory and do not bind a non-licensee to its terms. The Court undertook a comprehensive, historical survey of Canadian copyright law to reveal the non-mandatory nature of copyright board-certified tariffs.

As the Court found, collective agencies, at their core, operate licensing schemes. They contract with users on behalf of their assignors/licensors (the artists) to enter into licensing agreement for the use of the artists’ works. In response to an overwhelming consolidation of rights in the hands of a few collective societies in the early 20th century, Parliament intervened with Board-certified tariffs intended to limit the market power of collective societies by placing a set, maximum fee payable for the use of the work. Therefore, a government-certified tariff is a means – for there are alternatives such as fair dealing – by which a copyright user might sidestep unreasonable terms imposed by collective societies by paying or offering to pay royalties at the approved tariff rate. Contrary to what was asserted by Access Copyright, Board certification does not render the tariff mandatory. The collective agency must nevertheless enter into a licensing agreement with the user if they wish to enforce the terms of such a license. The Court explains that since the tariff is not mandatory – since the Board-certified tariff does not give rise to nor impose any licensing obligations upon a user – then a user is not in violation of an Access Copyright license given that no license exists. As the Federal Court of Appeal concludes, “[a]cts of infringement do not turn infringers into licensees so as to make them liable for the payment of royalties.”

The Court also ruled on York’s counterclaim concerning whether their fair dealing guidelines are compliant with the fair dealing regime set out in the *Copyright Act*. While the Federal Court of Appeal made no conclusive finding on this point, it did uphold the decision of the lower Court, holding that York “[had] not shown that the Federal Court erred in law in its understanding of the relevant factors or that it fell into palpable and overriding error in applying them to the facts.” This



finding was, however, of no effect as Access Copyright lacked standing to sue for breach of license.

3) TARIFF

Royalties to be collected by Access Copyright for reproduction of works in Post-Secondary Educational Institutions

The Copyright Board in [Access Copyright – Post-Secondary Educational Institution Tariffs \(2011-2014 and 2015-2017\)](#) set the tariffs for the reproduction of works held by Access Copyright by post-secondary educational institutions and persons acting under their authority (e.g. students and instructors). This decision came in the midst of a high-profile appeal concerning the mandatory nature of an interim tariff set by the Board covering the same usage (See *York University* above), and following substantial changes to Canada's fair dealing laws. The Board dealt with three key issues: First, the Board acknowledged court decisions that challenged the boundaries of fair dealing and opined that this evolution in fair dealing has likely affected the economics of copyright licenses as licensees begin to rely more and more on fair dealing. This, they concluded, discounts the tariff to be imposed, a discount further compounded by the digital landscape which has been making it increasingly more difficult for rights holder to detect copyright infringement. However, despite its economic effects, the Board held that it does not need to consider an institutions' fair dealing guidelines and policies in making its own determinations regarding setting tariffs. The Board chose to rely instead on proxies which "implicitly determine the amount of copying by the institutions that is fair dealing."

Second, the Board rejected Access Copyright's assertion that they represent so-called "non-affiliated rights holders" on the basis of an implied agency by ratification. Access Copyright testified that when it receives information that works published by non-affiliated publishers have been reproduced, it would pay royalties to these publishers via cheque (note: Access Copyright does not pay non-affiliated authors directly). It was then up to the publishers to pay the portion of the royalties owing to each rights holder, if applicable. Access Copyright claimed that the cheque being cashed created an agency by ratification – a retroactive implied agency – authorizing Access after the fact to act as the agent of the non-affiliated rights holder for the purposes of copies made by a user with an Access Copyright licence. The Board found that there can be no implied agency by ratification when Access cannot in fact demonstrate its payment of funds to non-affiliated authors for the reproduction of works within the Access repertoire. This is not to say that agency can never be implied or retroactive, but the evidence must support such a finding.

Lastly, the Copyright Board chose not to rule on whether the tariff was mandatory if a user does not seek to benefit from the license; however, given the recent ruling in *York University v Access Copyright 2020 FCA 77*, the Courts have ruled that Board-certified tariffs are not mandatory.

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