



## Federal Court Grants Summary Judgment and Awards \$24,000 in Statutory Damages for Infringement of Copyright in Business Forms

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On April 14, 2021, the Federal Court granted a motion for summary judgment in *Patterned Concrete Mississauga Inc. v. Bomanite Toronto Ltd.*, 2021 FC 314 in favour of the plaintiff, Patterned Concrete Mississauga Inc. (“Patterned Concrete”), in the context of a copyright infringement action brought against its competitor, Bomanite Toronto Ltd. (“Bomanite”). The plaintiff asserted the copyright subsisting in a quotation form, a contract form, and a limited warranty certificate (collectively, “the Works”) developed for its business in providing decorative services for patios, paths, and driveways for residential customers. The plaintiff sought statutory damages for past infringement under section 38.1 of the *Copyright Act*, RSC 1985, c C-42 (the “Act”), as well as punitive damages and an order enjoining the defendant from infringing copyright in the Works.

The Works were developed in-house by one of Patterned Concrete’s co-owners in 2009. The company’s employees had access to and used the Works in carrying out their roles for providing Patterned Concrete’s customers with estimates, quotation, and contracts for their services. In 2015, a long-time employee of Patterned Concrete moved to Bomanite and about two years after Patterned Concrete learned that Bomanite was using a similar quotation form, contract form, and limited warranty certificate substantially reproducing the Works.

The Court found there were no genuine issues that would require a trial in the proceeding, and in the motion for summary judgment it decided the following issues: (a) whether copyright subsisted in the Works and was owned by Patterned Concrete; (b) whether Bomanite infringed copyright in the Works; and (c) what was the appropriate remedy.

The first point of divergence between the parties was whether Patterned Concrete could rely in its copyright registration for the Works pursuant to s. 53 of the *Copyright Act*, having obtained the registration certificates in contemplation of litigation contemporaneously with the sending of its demand letter to Bomanite in June 2017, some eight years after the Works were first published in 2009. Rather than viewing this fact in isolation, Justice Pallotta of the Federal Court analyzed leading cases of the Supreme Court of Canada and the Federal Court of Appeal and clarified that “the circumstances that led to Patterned Concrete’s applications for registration are factors that should be considered in weighing all of the evidence tending to prove or disprove the subsistence of copyright and its ownership” (at para. 15).

Bomanite argued that this timing indicated that the applications for registration were not obtained “in the ordinary course of business” but for the purpose of litigation, and so Patterned Concrete could not rely on them as proof of copyright subsistence and ownership. Bomanite relied on the authority in *P.S. Knight Co. Ltd. v Canadian Standards Association*, 2018 FCA 222 at para. 150, but Justice Pallotta found that the decision does not stand for the proposition that Bomanite asserted, that a party can only rely on a copyright registration if it was obtained in the ordinary course of business, and not in contemplation of litigation (at para. 11).

Justice Pallotta weighed in the circumstances of the case and found that no evidence put forward by Bomanite justified giving no effect to Patterned Concrete’s registration certificates as proof of the subsistence of copyright and its ownership, or rendering them unreliable. Her Honour noted that the author of the Works answered in cross-examination that, rather than obtaining the certificates of registration for the purpose of litigation, he “wanted to stop anybody else from using them”. He testified that he wanted the copyright but did not appreciate that registration was necessary (at para. 12). Justice



Pallotta concluded that, while certificates of registration may not be strong evidence of the subsistence of copyright or its ownership, this is a question of weight and, in the circumstances, no evidence was put forward by Bomanite to contradict or minimize the weight of the certificates of registration (at paras. 13 and 14).

Justice Pallotta also agreed with Patterned Concrete that the statutory presumptions of section 34.1 of the *Act* supported copyright subsistence in the Works and Patterned Concrete's title to it, although Her Honour noted that, absent the presumptions, the same conclusions would be reached based on the evidence before the Court (at paras. 16 and 36). The Court noted that Patterned Concrete's name was printed on the Works and that Bomanite, having put in issue both the existence of copyright the Patterned Concrete's title to it, did not adduce evidence to prove the contrary.

The parties also diverged on whether considerable skill and judgment was exercised by the author of the Works so as to establish that copyright subsisted in them as original literary works. Bomanite asked the Court to draw a negative inference from Patterned Concrete's failure to file any physical or electronic copies of the draft forms or mock-ups that the author made in the course of creating the Works, or Patterned Concrete's quotation and contract forms that were in use prior to 2009, and from which the Works were allegedly derived. In the end, the Court was not prepared to draw a negative inference and was satisfied on the affidavit testimony of the author of the Works that the Works constituted an original creation. The author gave detailed evidence about his thinking behind the creation of the Works, the goals to be achieved, the issues and flaws with the previous versions, the processes used, and the time spent in the creation of the Works (at paras. 23-24). The Court concluded that the author provided satisfactory explanation as to why those draft documents were not retained ten years later. The company's retention policy was only seven or eight years and the company moved to a different building in 2009.

Bomanite contended that the Works were not original within the meaning of the *Act* because this would suggest that any work produced in the course of employment in a company would attract copyright protection. The Court concluded that the evidence setting out the steps undertaken by the author to create the Works sufficiently established skill and judgment to satisfy the originality requirement under the *Act* (at para. 33).

On infringement, the Court found that a side-by-side comparison of the Works and Bomanite's quotation form, contract form, and limited warranty certificate demonstrated substantial similarity in content and format, and the evolved versions used by Bomanite after 2017 were not directly traceable to earlier versions of Bomanite's forms. Instead, those evolved versions started being used after Patterned Concrete's former employee, an estimator in the company for over 20 years, began working at Bomanite in 2015. The evidence by Bomanite's representative in cross-examination was that he did not know who authored Bomanite's forms and warranty certificate over the years, and he was not specific in answering who was responsible for introducing the forms at issue in the case. Ultimately, the Court rejected Bomanite's argument that the similarities identified arose from a commonality of terms in the industry or independent creation by Bomanite.

On remedies, the Court granted an injunction to enjoin Bomanite from using its evolved forms despite Bomanite having subsequently changed them to forms which Patterned Concrete agreed were non-infringing. Bomanite's evidence in cross-examination was that the company had no mechanism in place for supervising these changes so the Court considered an injunction appropriate in this case.

Bomanite argued that no other remedy should be awarded as it was not aware and had no reasonable grounds to believe that copyright subsisted in the Works, such that the statutory exception in s. 39(1) of the *Act* applies. The Court gave no credence to this contention as Bomanite adduced no evidence from the person responsible for drafting the infringing forms — whether that person was Patterned Concrete's former employee or someone else — and did not establish that no further infringements occurred after receipt of Patterned Concrete's demand letter in June 2017.

Patterned Concrete claimed statutory damages under s. 38.1 of the *Act* in the amount of \$584,000, which represents the product of multiplying the lowest end of statutory damages available (\$500) by 1,168, which is the company's estimate of the number of infringing reproductions of the Works. Patterned Concrete took the position that it would be illogical to limit statutory damages to an amount that falls within the \$500 to \$20,000 statutory damages range because this would render an award of statutory damages no different from nominal damages historically available for copyright infringement.

The Court preferred Bomanite's interpretation of s. 38.1 of the *Act* based on established case law and concluded that statutory damages are to be calculated on a per work infringed basis, multiplying a number within the monetary range by the number of works, not by the number of infringing reproductions. As such, in this case involving three works, the



statutory damages would range between \$1,500 and \$60,000. The Court nonetheless rejected Bomanite's contention that the exceptions in ss. 38.1(2) and (3) should be applied to reduce the remedy award beyond the lower end of statutory damages. Firstly, the Court was not satisfied that Bomanite was not aware and had no reasonable grounds to believe that it had infringed copyright. Secondly, the Court found that a lower amount than \$500 per work was not justified as the Works were not in a single medium and that \$1,500 for the three Works at issue would not be grossly out of proportion to the infringement in this case.

In considering the factors under s. 38.1(5) to determine where in the range of \$1,500 and \$60,000 the statutory damages should fall, the Court was called upon to consider Bomanite's alleged uncooperative behaviour (*i.e.*, it did not promptly cease the use of its revamped forms upon receipt of the demand letter, it did not inform that the forms had changed until service of the defence, it did not provide copies of the changed forms until they were requested, and it refused to provide information regarding the extent of use of the infringing forms). The Court did not accept that Bomanite's actions were uncooperative or fell short of good faith to the point of influencing what the Court would consider a just award in the circumstances.

In assessing the amount of statutory damages, the Court was also called upon to consider that Patterned Concrete led no evidence of actual damages, which Bomanite alleged was relevant to an assessment of statutory damages according to the case law. The Court noted that earlier jurisprudence indicated some correlation between the two but "statutory damages under section 38.1 are awarded instead of damages and profits referred to in subsection 35(1)" (at para. 70). In the end, the Court took into account a number of factual considerations as intrinsic factors that it considered relevant in arriving at the appropriate *quantum* of statutory damages (at para. 70), and ultimately awarded \$8,000 per work for a total statutory damages award of \$24,000.

Patterned Concrete also sought punitive or exemplary damages in the amount of \$40,000 but Justice Pallotta found no legal basis for awarding punitive damages as Bomanite voluntarily revised the forms at issue within reasonable time, deterrence was already factored into the statutory damages award, and no evidence was put forward to show that Bomanite engaged in "high-handed, malicious, arbitrary or highly reprehensible misconduct that departs to a marked degree from ordinary standards of decent behaviour." (at para. 72).

Justice Pallotta has not yet ruled on costs, prejudgment and post-judgment interest as the parties are to address those issues in written submissions after the decision.

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