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**COPYRIGHT YEAR IN REVIEW 2021-2022**

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## 1. Subsistence of copyright

### a. Originality and authorship

#### [Pyrrha Design Inc. v. Plum and Posey Inc.](#), 2022 FCA 7

[1] Historically, wax seals were affixed to a document so as to authenticate the document. In early 2005, the principals of the appellant, Pyrrha Design Inc., acquired a box of antique wax seal impressions. The principals then used the impressions to create metal jewellery that depicted the appearance and imagery of the wax seal impressions.

[2] At issue are nine pieces of jewellery made by Pyrrha (the Pyrrha Designs). Pyrrha claims copyright in each of the Pyrrha Designs and asserts that the respondent, Plum and Posey Inc., and its principal, Adrinna Hardy, infringed the copyrighted designs.

[10] By way of background, I begin by observing that copyright is protected under the *Copyright Act*, R.S.C., 1985, c. C-42 (Act). Copyright protects only original work. To be original, a work must have originated from its author or creator, must not be copied and must be the product of an exercise of skill and judgment that is more than trivial (paragraph (5)(1)(a) of the Act, *CCH Canadian Ltd. v. Law Society of Upper Canada*, 2004 SCC 13, [2004] 1 S.C.R. 339 (CCH), paragraph 28). “Skill” refers to “the use of one’s knowledge, developed aptitude or practised ability in producing the work.” “Judgment” refers to “the use of one’s capacity for discernment or ability to form an opinion or evaluation by comparing different possible options in producing the work.” (CCH, paragraph 16).

[11] As the Federal Court correctly observed, copyright does not protect ideas, concepts or methods (reasons, paragraph 91). Copyright protects expression only. It follows that Pyrrha could not claim copyright in the method used to cast the metal jewellery or in the concept of creating jewellery from wax seals or wax seal impressions.

[14] The Court concluded that the Pyrrha Designs were original works because sufficient skill and judgment was exercised in their creation. The designs were not simply a copy of an antique wax seal; rather, skill and judgment were used to display the imagery in metal. Particularly, the Court found that one of Pyrrha’s principals, Danielle Wilmore, “exercised skill in knowing how to work with wax to modify the borders of wax seal impressions and judgment in designing the borders. She used skill and judgment in deciding how to finish the pieces by oxidizing with blackening chemicals and polishing.” (reasons, paragraph 107).

[23] In my view, the conclusion of the Federal Court that the Pyrrha designs were relatively simple copyrighted works was amply supported on the evidence before the Court. No palpable and overriding error was made in respect of the Court’s mixed finding of fact and law on originality.

[7] The issue of the originality of a work has been held to be a question of mixed fact and law (*France Animation, s.a. c. Robinson*, 2011 QCCA 1361, [2011] R.J.Q. 1415),

where, at paragraph 32, the Court stated that “[c]haracterizing the work and determining its original nature are questions of mixed law and fact.”

**[Trimble Solutions Corporation v. Quantum Dynamics Inc.](#), 2021 FC 6**

[44] Trimble asserts that its copyright in Version 20.1 subsists because that version of the software was developed and written by the same authors who developed Version 20.0. These authors are all employees of Trimble located in Finland and the United Kingdom, which are Berne Convention countries ([subsection 5\(1\)](#) of the *Act*; see also [section 2](#) of the *Act*). Trimble submits that it owns copyright in the program developed by its employees, pursuant to [subsection 13\(3\)](#) of the *Act*.

[45] The Plaintiffs assert that these elements are sufficient to establish that Trimble’s copyright subsists in Version 20.1 of the Tekla Structures program.

[46] I agree. The evidence establishes that Trimble owns the copyright in Version 20.1 of the Tekla Structures program and that its copyright subsists and is enforceable.

[47] The evidence shows that Version 20.1 is an original work that is the product of skill and judgment (*CCH* at para 25), and that it fits within the definition of “literary work” set out in the *Act*.

**[Patterned Concrete Mississauga Inc. v. Bomanite Toronto Ltd.](#), 2021 FC 314**

[21] Patterned Concrete submits that the Contract, Quotation, and especially the Warranty are clearly not boilerplate. Rather, they are specific to Patterned Concrete’s business, and reflect Mr. Padula’s own language and work....

[33] In my view, Mr. Padula’s efforts were not trivial, and did not amount to no more than a mere mechanical exercise or a mere copying of another work. Based on Mr. Padula’s evidence, which sets out the steps he undertook to create the Works, I am satisfied that the Works originated from Mr. Padula and that he exercised sufficient skill and judgment for copyright to subsist. The evidence establishes that the expression in the Works resulted from an exercise of Mr. Padula’s skill (use of his knowledge, developed aptitude or practised ability) and judgment (use of his capacity for discernment or ability to form an opinion or evaluation by comparing different possible options in producing the work) sufficient to satisfy the originality requirement: *CCH* at para 16.

**[Arc En Ciel RH c. Services Swissnova inc.](#), 2021 QCCS 1187, motion to dismiss appeal denied, [Arc En Ciel RH c. Services Swissnova inc.](#), 2021 QCCA 1254**

[52] It is undeniable that discs with colors to represent the results of psychometric tests already existed at the end of the 1990s when Guy obtained the consultant-coach certification for the company Insights and it is obvious that all the tests based on the

DISC theory use the wheel and the four colors referring to the same terms symbolized by the acronym.

[53] However, the originality of AEC's work stems from Fabart's 40 years of experience in human resources and psychology, which he translated into a synthesis of the DISC method, Jung's psychological types and Spranger motivational values. This idea is expressed in a concrete and precise way and there is reason to conclude that his work, both as a whole and in its components, namely the psychometric questionnaires, the algorithms, the personality profiles and, above all, their representation by means of the Rainbow Wheel are works protected by copyright in Canada...

[54] The particular combination, on the one hand, of all these elements and, on the other hand, of a synthesis of the basic principles, and this, in an organized and original way stemming from the talent and judgment of its author, Fabart, must enjoy protection . Indeed, the Supreme Court recognizes the protection of the expression of ideas in the form of combinations in *Cinar Corporation v. Robinson*:

[46] The development of several characters with particular personality traits and whose interactions depend on these personality traits requires an exercise of skill and judgment sufficient to satisfy the originality criterion of the [Copyright Act](#) : see for example *Productions Avanti Ciné Vidéo inc. vs. Favreau*, 1999 CanLII 13258 (QC CA), [1999] RJQ 1939 (CA), leave to appeal refused, [2000] 1 SCR xi. The Sucreo program is not only the reproduction of generic elements from which everyone can draw inspiration. She is also the reproduction of the particular combination of characters that appear in Curiosity and who have distinct personality traits, live together and interact on a tropical island - elements that represent a significant part of the talent and judgment expressed in Curiosity.

[55] It is thanks to his work and his talent that Fabart created his method which uses the choice of colors of a rainbow, each one being attributed to personality traits, and this, in a specific order. His Rainbow Wheel has a configuration that allows you to view certain results in the different profiles used so as to illustrate them in a single dial among those on the disc. In addition, the gradient of the colors of the Rainbow Wheel makes it possible to specify important nuances in the analysis of the personality. AEC owns and uses trademarks and industrial designs related to the Arc En Ciel Method. The equipment and tools used and marketed by AEC meet all three elements required to be qualified as an original work : it comes from an author; it does not constitute a copy and, finally, it results from the considerable exercise of the skill and the judgment of the author in question. (translated using Google Translate)

[August Image LLC v. AirG Inc., 2022 FC 470](#)

[38] The Court is satisfied, based on Mr. Pugliese's testimony describing his involvement in the creation of the photographs at issue, that he is the author of the photographs.

[39] It seems obvious to say that the author of a photograph is the person who took the photograph, just as the author of a book is the person who wrote the book, and the author of a musical composition the person who composed it. It is, however, less obvious to tease out what we really mean when we say "take" a photograph, "write" a book or "compose" a score. The vocabulary we use conjures the image of the author's own hand pressing the camera's trigger, holding the pen or typing the keys that will inscribe the words or the notes. These gestures, however, are purely mechanical. They could often just as effectively be carried out by a person without any skill, talent or judgment, at the sole direction of another. A person may dictate to another the words to be written, or hum a tune to be transcribed. Is the true author the one whose words and ideas have been transcribed, the one who in fact "wrote"? Another person could set a scene, choose lighting, instruct a subject as to a pose, determine the camera angle and settings and instruct another to press the shutter. Is authorship in the resulting photograph to be credited to the person who directed this shoot, or to the person whose finger touched the button? The *Copyright Act* does not provide a direct answer to these questions, nor does it even define the term "author".

[40] To define or determine who is the author of a work, one must start with an understanding of what defines an "original artistic work", in which copyright may subsist under the *Copyright Act*. The Supreme Court defined an "original" work as follows in *CCH Canadian Ltd v. Law Society of Upper Canada*, [2004 SCC 13](#)...

[41] What copyright protects is the use of skill and judgment in producing a work that expresses an idea. The author, therefore, is the person whose skill and judgment went into producing the work.

[42] Mr. Pugliese identifies himself as the author of the photographs at issue. The reputation, including the quality of his work, and the relationship with his subjects that he describes as forming the foundation of his career as a celebrity photographer constitute knowledge, developed aptitude and practised ability that he has acquired and which he uses to produce his work. He explains what this reputation and these relationships consist of and provides examples. Mr. Pugliese also describes the elements of the shoot that required decisions and judgment prior to the shoot itself. Reading the testimony as a whole, the Court understands that Mr. Pugliese made these decisions and applied his judgment to those issues. Mr. Pugliese also describes the elements which he directed on the day, and those he subsequently directed. The Court understands from the testimony that Mr. Pugliese did not carry out the activities himself, but directed others as to how to carry them out to achieve the work. The Court is satisfied that Mr. Pugliese expended considerable intellectual effort in applying his own skill and judgment to create the photographs, and that he is their author.

**b. Ownership of works**

**Harrison v. Dhunna, 2021 NSSM 8**

[10] The contract wording was that of the claimant. It contained the following clause:

**4. INTELLECTUAL PROPERTY**

**4.1 Intellectual Property.** All developments, including all ideas and writings which either directly or indirectly relate to or may be useful in the business of the Client or any of its subsidiaries, affiliates or divisions (collectively, the “**Developments**”) (including without limitation all copyright therein) which the Contractor, either solely or in conjunction with any other person or entity conceivers, makes, develops, acquires or acquires knowledge of in the course of providing the Services shall become and remain the sole and exclusive property of the Client.

[11] Clause 4 is very broad. It covers anything the Contractor (*i.e.* the claimant) develops in the course of providing her services to the Client (*i.e.* the defendant). The InDesign file was developed by the claimant as part of the service of designing a particular brochure in one electronic format (.indd) that that would then be converted (published) into a different electronic format (PDF) along the way to being printed (published) in physical form. As I read clause 4 in my opinion makes clear that “all developments” would include the .indd file—and hence once such a file is created it becomes “the sole and exclusive property” of the client.

[12] I do appreciate the claimant’s arguments that the .indd file was a “working file;” that generally the design industry practice is for designers to retain control of such files; and that the only thing the client is entitled to is the “published” file—that is, the PDF to which the .indd file is exported. There would be nothing to prevent her from so providing in her contract. Unfortunately, that is not what the contract says. It does not say that the Client has sole and exclusive property in everything *except* the working files. It contains no wording to indicate that a line is to be drawn somewhere between the front end (*i.e.* the initial work of the designer) and the back end (the “published” file). It does not mention “industry practice.”

**Storey et al. v. Irwin, et al., 2021 ONSC 5676**

[31] On the evidence before me, I am satisfied that the mental health assessment questionnaire was developed by Dr. Thake when she was an employee of TWG and was completed when she was an independent consultant. There is no evidence to support Snapclarity’s position that Dr. Thake developed the questionnaire when she was working for, or under contract with, Snapclarity. I am unable to conclude on the evidence before me that Snapclarity owned the copyright in the questionnaire.

## 2. Infringement

### a. Substantial part

#### [Pyrrha Design Inc. v. Plum and Posey Inc.](#), 2022 FCA 7

[38] In *Phillip Morris Products SA v. Marlboro Canada Ltd.*, 2010 FC 1099, 374 F.T.R. 213 (*Philip Morris FC*) (affirmed on appeal on the issue of copyright 2012 FCA 201 (*Philip Morris FCA*), 434 N.R. 207, leave to appeal refused [2012] SCCA No. 413, [2012] C.S.C.R. No. 413), the Federal Court held, at paragraph 315, that in order to establish infringement, two essential elements must be established:

First, there must be a sufficient similarity between the works in question such that the allegedly infringing work could be considered a copy or reproduction of the protected work. In other words, there must be proof of substantial similarity between the original work and the allegedly infringing work. Whether the Defendants have infringed copyright by taking a substantial part of a copyrighted work is essentially a question of fact. Second, the Plaintiffs must prove that the Defendants had access to the work protected by copyright; that is to say, that the copyrighted work was the source from which the allegedly infringing work was derived. This is sometimes referred to as a “causal connection”.

[39] In *Cinar Corporation*, cited above, the Supreme Court considered what is required to demonstrate that a “substantial part” of a work has been reproduced. At paragraph 26 the Court held:

A substantial part of a work is a flexible notion. It is a matter of fact and degree. “Whether a part is substantial must be decided by its quality rather than its quantity”: *Ladbroke (Football), Ltd. v. William Hill (Football), Ltd.*, [1964] 1 All E.R. 465 (H.L.), at p. 481, *per* Lord Pearce. What constitutes a substantial part is determined in relation to the originality of the work that warrants the protection of the *Copyright Act*. As a general proposition, a substantial part of a work is a part of the work that represents a substantial portion of the author’s skill and judgment expressed therein.

[40] A reviewing court is required to engage “in a qualitative and holistic assessment of the similarities between the works” (*Cinar Corporation*, paragraph 41). The perspective of a layperson was said in *Cinar Corporation* to be a “useful” perspective, however the question of whether a substantial part of a plaintiff’s work has been copied “should be answered from the perspective of a person whose senses and knowledge allow him or her to fully assess and appreciate all relevant aspects — patent and latent — of the works at issue. In some cases, it may be necessary to go beyond the perspective of a lay person... and to call upon an expert to place the trial judge in the shoes of “someone reasonably versed in the relevant art or technology” (*Cinar Corporation*, paragraph 51).

[49] Pyrrha supports this argument by pointing to paragraph 145 of the reasons where the Court set out a table illustrating its assessment of the specific pieces in issue.

Included in the chart is a column describing the “Overall Similarities” between each of the Pyrrha Designs and the corresponding allegedly infringing works, comparing the similarities and differences between the works. A further column is entitled “Whether these similarities form a substantial part of Pyrrha’s skill and judgment”.

Notwithstanding the title of this column, Pyrrha asserts that the Federal Court failed to determine whether the copied features reproduced in the defendants’ pieces constituted a substantial part of the corresponding Pyrrha Designs. Rather, it argues that the Court continues to compare the similarities and differences between the pieces. Pyrrha says that the Court failed to ask the critical question of whether the infringing works copy a substantial part of Pyrrha’s originality.

[50] In my view, the Court did not err as asserted.

[51] In paragraph 146 of the reasons, the Court explained the two-step process it had undertaken. It first “considered all of the similarities and then determined whether those similarities represented a substantial portion of the author’s skill and judgment.” The title of each column is consistent with a separate two-step analysis. At paragraph 127 of the reasons, the Court correctly directed itself to the need to “make a holistic comparison and determine whether the similarities represent a substantial part of the originality in the protected work as a whole.” Throughout, the Federal Court correctly directed itself to the steps it was to take in its analysis.

[52] The Court had previously found that only the particular borders and the specific way oxidization and polishing were used in each design, in combination with the rest of the features of the specific piece, were subject to copyright protection. These features were reviewed when the Court considered whether the similarities formed a substantial part of Pyrrha’s skill and judgment. To illustrate, in respect of the “Stags Crest — I Am Ready” design, the Court found “[t]he specific expression of the stag imagery in metal is not similar between the two designs, as the borders, the shape, the size, and the level of oxidization in the pieces are different.” (reasons, paragraph 145).

[53] The Pyrrha Designs were relatively simple copyrighted works; it followed that there was a limited ambit of copyright protection. Put another way, “the simpler a copyrighted work is, the more exact must be the copying in order to constitute infringement.” (*DRG Inc. v. Datafile Ltd.*, [1988] 2 FC 243 (T.D.) at page 256, 15 F.T.R. 174, aff’d (1991), [1991] F.C.J. No. 144, 35 C.P.R. (3d) 243).

[48] As explained above, for an allegedly infringing work to be a copy or reproduction of the protected work, there must be proof of substantial similarity between the two works. Where there is no evidence of actual copying, the assessment of similarity is combined with access to the protected work to draw an inference of copying. The “substantial part” analysis is then used to determine if the copying is of a sufficiently substantial part of the protected work to constitute an infringement of copyright. Pyrrha asserts that the Federal Court “muddled together two distinct parts of the test (substantial similarity and substantial part)” (Appellant’s Memorandum of Fact and Law, paragraph 69). This is said to be an error of law and an error of mixed fact and law.

[51] In paragraph 146 of the reasons, the Court explained the two-step process it had undertaken. It first ““considered all of the similarities and then determined whether those similarities represented a substantial portion of the author’s skill and judgment.”” The title of each column is consistent with a separate two-step analysis. At paragraph 127 of the reasons, the Court correctly directed itself to the need to ““make a holistic comparison and determine whether the similarities represent a substantial part of the originality in the protected work as a whole.”” Throughout, the Federal Court correctly directed itself to the steps it was to take in its analysis.

[55] Pyrrha argued at trial that Plum and Posey’s access to its designs, combined with the similarities between the designs, created a *prima facie* case of copying. At paragraph 148 of its reasons, the Federal Court found that ““given the Court’s finding of non-infringement, the issue of access is secondary.”” Pyrrha now argues that the Court was required to first assess ““substantial similarity”” and access in order to determine whether there was a causal connection between the works. Only after that determination was made could the Court consider ““substantial part”” and infringement.

[56] Pyrrha cites no authority in support of its argument.

[57] In *Philip Morris FC*, cited above, the Federal Court, after finding there to be no infringement, wrote that “[a]s a result, it would be unnecessary for the Court to consider the second element which must be shown for a finding of copyright infringement, namely whether there is a causal connection between the copyrighted work and the alleged infringing work.”” (*Philip Morris FC*, paragraph 366). On appeal, this Court found that no reviewable error was made when the Federal Court concluded that there was no taking of a substantial part of the copyrighted work. It followed that there was no need to consider arguments that the Federal Court had applied a wrong test to determine if a sufficient causal connection existed (*Philip Morris FCA*, paragraph 123).

H. *Did the Federal Court erroneously apply the layperson test?*

[67] The Federal Court wrote at paragraph 134 of its reasons:

[134] Although the perspective of a layperson may be useful, it does not take one all the way. The real question is whether there are substantial similarities based on the relevant parts of the works, including latent similarities not necessarily obvious to the layperson that may influence how a layperson experiences the work (*Cinar* at paras 51-52).

[68] Pyrrha now argues that the Federal Court erred by not conducting an assessment through the eyes of the layperson in the intended audience as required by the Supreme Court in *Cinar Corporation*. Further, Pyrrha filed photographs of the Pyrrha Designs and the Plum and Posey designs being worn by a model so that the viewer was about two or three feet from the model. The Federal Court is said to have further erred by writing, at paragraph 136, that the photographs are ““only one perspective from which to examine the pieces. In order to do a holistic rather than an impressionistic

analysis, it was useful for the Court to have the actual pieces of the jewellery in front of it.””

[69] I think it helpful to consider exactly what the Supreme Court said in *Cinar Corporation* at paragraph 51:

In my view, the perspective of a lay person in the intended audience for the works at issue is a useful one. It has the merit of keeping the analysis of similarities concrete and grounded in the works themselves, rather than in esoteric theories about the works. However, the question always remains whether a substantial part of the plaintiff’s work was copied. This question should be answered from the perspective of a person whose senses and knowledge allow him or her to fully assess and appreciate all relevant aspects — patent and latent — of the works at issue. In some cases, it may be necessary to go beyond the perspective of a lay person in the intended audience for the work, and to call upon an expert to place the trial judge in the shoes of “someone reasonably versed in the relevant art or technology”: Vaver, at p. 187.

(Emphasis added)

[70] In the impugned paragraph of its reasons, paragraph 134, the Federal Court acknowledged that the perspective of a layperson ““may be useful”” but went on to state that such perspective ““does not take one all the way.”” Importantly, the Court continued: ““[t]he real question is whether there are substantial similarities based on the relevant parts of works, including latent similarities not necessarily obvious to the layperson that may influence how a layperson experiences the work.”” I see no error of law in the Court’s reasoning about the role of the layperson.

[8] In *Cinar Corporation v. Robinson*, 2013 SCC 73, [2013] 3 S.C.R. 1168 (*Cinar Corporation*), at paragraph 30, the Supreme Court found that the question of substantiality, a question central to the issue of infringement, is also a question of mixed fact and law.

### [Winkler v. Hendley](#), 2021 FC 498

[1] In the early morning of August 24, 1875, eight members of the notorious Donnelly family of Lucan, Ontario, armed with nothing more than clubs, won a pitched street battle against eighteen townspeople intent on revenge. Or did they? This and similar questions arise in this copyright infringement action because the plaintiffs assert the battle was the fictional creation of Thomas P. Kelley in his 1954 book *The Black Donnellys*. They claim Nate Hendley’s 2004 book *The Black Donnellys: The Outrageous Tale of Canada’s Deadliest Feud* infringes copyright in *The Black Donnellys* and its sequel, *Vengeance of The Black Donnellys*, including by copying Mr. Kelley’s fictional events, his creative embellishments of historical events, and his cinematic story-telling style.

[2] Mr. Hendley and his publisher, James Lorimer & Company Ltd, admit Mr. Hendley used Mr. Kelley's books, among other sources, in doing research for his own book. But they argue Mr. Hendley's book is an original literary work not copied from Mr. Kelley's books or any other source. They also say Mr. Kelley's *The Black Donnellys* is factual and argue that having represented it as a work of historical nonfiction, Mr. Kelley and his successors cannot now claim copyright in the persons and events described....

[62] In performing this task, the Court will typically consider a number of factors, including the importance and originality of the material, whether the infringement has diminished the value of copyright, the scope of the copyright protection, whether the defendant intentionally took the material to save time and effort, and whether the material was used in the same or similar fashion: *U & R Tax Services Ltd v. H & R Block Canada Inc*, [1995] FCJ No 962 (TD) at para 35; *Maltz* at para 38; *Wiseau Studio, LLC et al v. Harper et al*, 2020 ONSC 2504 at paras 161–162. While *U & R Tax* and *Maltz* refer to the “quality and quantity of the material taken” as a factor, the Supreme Court underscored in *Cinar* that the analysis is focused on quality rather than quantity: *Cinar* at para 26.

**[Canadian Broadcasting Corporation v. Conservative Party of Canada](#), 2021 FC 425**

[1] In summary, this case is about political criticism and whether the Canadian Broadcasting Corporation/Société Radio-Canada [CBC] can prevent political parties from using cbc copyrighted works for that purpose.

[2] This copyright infringement application is made by the CBC with respect to the use of its “works” by the Conservative Party of Canada [the Party or the CCP] for what are commonly referred to as “negative ads” broadcast during the 2019 federal election.

[3] The works consist of short excerpts from CBC newscasts that featured in an election advertisement as well as short excerpts from the Federal Party Leaders' English-language debate broadcast in a series of four tweets.

[47] Quantitatively, CBC music videos and debate are tiny parts of all CBC works and the leaders' debate. This factor may be more relevant to the second stage of the “fair dealing” analysis: the nature of the use.

[48] In qualitative analysis, regardless of the quantity copied, as stated by the Supreme Court at para 36 *cinar*, a copied feature may reproduce a “significant part” of the work if it constitutes a substantial part of the talent and judgment expressed in the underlying work. The defendants plagiarized the entire copyrighted work in the short music videos they used, just as they plagiarized all the talent and judgment used to create the original.

[49] The debate does not concern the “sound insert” or the words spoken since the copyright in these elements belongs to the interviewer or presenter (*Hager v. ECW Press Ltd.*, [1998] ACF No. 1830 (FC 1<sup>st</sup> Inst) [*Hager*]).

[50] Artistic design, production services (lighting, framing, sound, etc.) and journalistic decisions (i.e., regarding the conduct of discussions, voting, and questions asked) constitute the talent and judgment of the CBC and its employees.

[51] Although facts, information and ideas are not protected by copyright, there has been plagiarism of audiovisual material bearing the CBC's imprint. Several documents were taken from some of CBC's most popular and well-known programs: *The National* and *Power and Politics*.

[52] The respondents rely on this recognition of the CBC and its brand identity to assert that they comply with the attribution requirements imposed by section 29.1, in order to assert the exemption from liability for criticism.

[53] As regards the qualitative aspect of the works, a subjective examination indicates that the defendants did indeed select the works and that this is not an accidental infringement. From an objective point of view, the works clearly constitute a plagiarism of the talent and judgment of the CBC and its employees discussed above. This plagiarism involved the defendants' selection and manipulation of CBC works. Plagiarized comments are of qualitative importance for conveying the "defendants' "message"" to voters.

[54] With respect to the other factors, the CBC has not established that it suffered any negative effects as a result of the respondents' use of its works in "the "negative ads", " nor that it was to be presumed that such negative effects existed. By this conclusion, the Court recognises that it is difficult to quantify such effects (see *ITAL-Press Ltd v. Sicoli*, [1999] ACF 837). However, in the absence of any evidence other than intangible and hypothetical fears, the CBC's brand seems strong enough to refute any insinuation of partisanship.

[55] It is reasonable for the CBC, as a Crown corporation, to be concerned to avoid political bias or a perception of bias. It is unfair to allege, as the defendants do, that the adverse effects stem from the fact that the CBC brought this action. There is no evidence to support the charge that the CBC is acting irrationally in protecting its rights. By doing otherwise, the CBC would find itself in a dead-end situation in which it would be accused of favouring a party if it did not assert its rights against that party, but would be accused of partisanship if it asserted its rights.

[56] I agree with the CBC's argument that CBC works and the leaders' debate are rightly protected by copyright.

[57] As to the purposes for which the documents were plagiarized, I would not simply determine whether the appropriation was intended to save time and effort. As established in *Wiseau Studio, LLC v. Harper*, 2020 ONSC 2504 [*Wiseau*], the analysis of the material must determine the significance of the material, the adverse effects, the elements properly protected by copyright, and the reason for the copy.

[58] The evidence shows that the appropriation was intended to create political advertising whose purpose was to portray Mr. Trudeau in an adverse light and, therefore, to gain the support (votes, money or both) of viewers.

[59] While there may be other marketing techniques to show the incompetence that defendants appear to want to expose, one of the most effective techniques in any advocacy activity is to ensure that the work and actions of an adversary backfire. One of the fastest and easiest techniques to get this message across is to use video and audio clips.

[60] In my view, appropriation was not only intended to save time and effort (although this was taken into account); the defendants also looked for the hard-hitting side of the music videos showing an opponent whose words and actions risked mockery and criticism.

[61] As this Court concluded in *United Airlines, Inc v. Cooperstock*, 2017 FC 616, the Court must establish the true ground for plagiarism of a copyrighted work. In that case, the Court concluded that the purpose was not to parody, but to defame the airline. This factor must also be taken into account in relation to “fair dealing,” when appropriation takes place by political calculation and in order to weaken an adversary.

[62] The respondents assert that the records were not created to collect donations. They indicate that they made no financial profit from the tweets and that the advertisement brought them only \$2,000. Despite these alleged failures, the defendants have not committed not to do anything similar in the upcoming election. It is often said that the public does not appreciate negative advertising; however, political parties seem to be using them all the time and these advertisements must receive some public support.

[63] In examining the purpose of appropriation, it would be wrong to focus solely on money. In politics, votes have value and the ultimate goal is to get value – money is simply what allows a political party to chase after votes.

[64] In the context of a political campaign, I conclude that the purpose of appropriation was to save time and money as well as to create a powerful political campaign and influence voters. All this supports the conclusion of qualitative plagiarism as well as the criterion of substantiality.

[65] As to whether the use of the documents was the same or similar to that made by the applicant, it cannot be argued that a similar use took place. Although that element militates against a finding of substantiality, it is of little importance in the balancing exercise undertaken by the Court in the present case.

[66] The Court therefore concluded that the defendants plagiarized, with respect to advertising and tweets, a significant portion of the CBC's copyrighted works.

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

[97] I turn next to the Academy screenshot. Mr. Linkletter argues that he cannot be liable for copyright infringement in respect of it because it was not “a substantial part” of the copyrighted work (in this case, the eight Academy modules, which, the evidence suggests, would take about an hour for the user to complete). Section 3 of the CA confers on Proctorio “the sole right to produce or reproduce the work or any substantial part thereof” (emphasis added).

[98] The test to be applied in determining whether what was reproduced was a “substantial part” of a copyrighted work for the purpose of s. 3 of the CA was set out by McLachlin, C.J., writing for the Court in *Cinar Corporation v. Robinson*, 2013 SCC 73...

[99] In this case, Mr. Linkletter argues that there was very little original content of any kind disclosed in the Academy screenshot beyond the large images showing that the links to certain tutorial videos were unavailable.

[100] Proctorio responds that the screenshot also depicted some interlineated text in which some “key points” from the “Behaviour Settings Overview” video and other original text were revealed. Proctorio cites *CCH Canadian Ltd. v. Law Society of Upper Canada*, 2004 SCC 13 for the proposition that a summary of a larger work (in that case, the headnotes to reported court decisions) could be the subject of copyright protection. I do not find that argument persuasive. In *CCH*, the summary was the entire work for which protection was sought. The same cannot be said here.

[101] On balance, I am not satisfied that Proctorio has met its burden to show that this particular defence has no real prospect of success.

**b. When is a work reproduced**

**Trimble Solutions Corporation v. Quantum Dynamics Inc., 2021 FC 6**

“[52] In the case of computer programs, it has been found that copyright is infringed when a copy of a program is installed on the user’s computer, which generally occurs when a person opens a computer program and the object code of the program is then copied into the internal memory of the computer (see *Apple Computer Inc v. Mackintosh Computers Ltd*, [1987]1 FC 173 at 8 (FCTD); affirmed 1990 CanLII 119 (SCC), [1990] 2 SCR 209).”...

[54] Therefore, based on this, when an unlicensed copy of Version 20.1 of the Tekla Structures program is initiated on a user’s device (for example, a computer, laptop, or tablet) a local copy of the software will be made on that person’s device and copyright will thereby be infringed.”...

[61] I find that the evidence establishes that devices owned or used by Quantum Dynamics and/or Sharbel Tannus were repeatedly used to execute and open Version 20.1 of the Tekla Structures software although neither Defendant had a proper licence for its use. The e-mail from Mr. Tannus to the ITCA confirms this. I further find that each

of these unauthorized use incidents constitute a breach of Trimble's copyright in that program, because every time the unlicensed software was opened a copy of it was made on the Defendants' device."

**[Ark Innovation Technology Inc. v. Matidor Technologies Inc., 2021 FC 1336](#)**

[42] I find the defendants infringed copyright in the Arkit Works. With respect to the Arkit software in particular, as the defendants admit, I find the original version of the Matidor software from 2018, as well as the December 2019 Version and the June 2020 Version of the Matidor software, infringed copyright in the Arkit software.

[43] I further find that the Matidor software infringed copyright in the Arkit software through to September 15, 2021, the date of Mr. Lam's final affidavit filed on the summary trial motion. I reach this finding based on the following reasoning and inferences from the evidence.

[44] I start with the fundamental premise that the onus is on the plaintiffs to prove their case of infringement on a balance of probabilities. This includes an onus to prove infringement as it relates to versions of the software asserted to have given rise to the plaintiffs' claim for damages. The defendant does not have to disprove infringement; the plaintiff must prove infringement.

[45] That said, proof of infringement may be through direct evidence such as source code comparison, or through indirect evidence and inference. The need to be able to draw such inferences is of particular importance in the context of software, where numerous changes, updates, and versions may be issued over time, and it may be difficult, expensive, or even impossible to have experts analyse every version of source code.

[52] The plaintiffs have established the June 2020 Version infringes and that the defendants continued to use the Matidor software after this date. Absent evidence that later versions of the Matidor software did not infringe, or were at least sufficiently different that conclusions about the June 2020 Version could no longer be relied upon, I infer that the Matidor software continued to infringe after the June 2020 Version. If the defendants wished the Court to limit its infringement finding to the June 2020 Version, it was open to them to file evidence on the summary trial motion to show the software changed enough that the Court could no longer infer it infringed based on the admission and earlier evidence. The defendants did not do so. In my view, it is insufficient in these circumstances for the defendants to rely on the plaintiffs' onus and the general allegation that the software continued to be modified after June 2020. I find the plaintiffs have shown on a balance of probabilities based on the evidence and inferences drawn from that evidence that the Matidor software infringed copyright in the Arkit software from its inception through to September 15, 2021.

[Leguë Architecture Inc. v. Bri-R Constructions inc., 2022 QCCQ 252](#)

[27] For plans 1574 and 1536, these plans were made specifically for a client, the Construction Beaubois company.

[28] It is relevant to point out these differences since the defendant used the images of the two plans in question by taking the photographs that it found on the Pinterest site. However, it is Beaubois who would have put these images on Pinterest and not Leguë.

[29] In the decision of *Sophie Tremblay c. Editions Pratico-Pratiques Inc.*[5], the Court concludes that the fact of selling a design plan in this case does not cause the protection of the owner of the copyright to be lost. Thus, the purchaser of a plan cannot consent to its use or publication since he does not hold the copyright:

“[57] The release of photos, signed by the designer's client on March 29, 2012, does not affect the designer's right to remain the primary copyright holder, as her relationship with her client falls into the category of a contract of service rather than that of an employer-employee relationship, with a relationship of subordination.

[30] This means that if Les Constructions Beaubois actually posted illustrations belonging to Leguë on the Pinterest site, it did so without Leguë's consent and the latter still holds the copyright. (translated using Google Translate)

**c. Is a RAM Copy a substantial copy?**

[SODRAC 2003 Inc. v. CBC, 2021 CB 1](#)

[197] SODRAC argued that RAM Copies do not involve substantial copying. As such, they are not copies that benefit from an exception, which means that no discount for RAMs should apply.

[198] In its 2009 Satellite Radio Decision[59] the Board had to determine whether the 4 to 6-second buffer – which stores in the temporary memory of the satellite radio user's receiver a “rolling” four seconds of the signal received from the satellite or repeater which provides time diversity – is a reproduction of a substantial part of a work. To so conclude, it had to find that: (1) buffers are in effect a copy of the protected work; (2) the copying is substantial; and (3) the resulting copy is in a material form.

[199] The Board ruled that these specific temporary copies (rolling buffer) meet parts 1 and 3 of the test above but fail part 2:

[97] Thus, the question is reduced to whether the 4 to 6 second buffer is a substantial part of an entire work. The rolling 4 to 6 seconds of a musical work is not an aggregate of an entire work. At no time does a subscriber possess a series of 4 to 6 second clips which when taken together would constitute a substantial part of the work. It matters not that overtime the totality of all works transmitted are reproduced. We are dealing with a rolling buffer and at no time

can we line up all of the fragmented copies amounting to one complete copy of a musical work. At no point in time can one extract from the RAM of the receiver more than 4 to 6 seconds of a song (or more accurately of a signal). More importantly, at no time is there a choice as to what goes in there or when it comes out.[60]

[200] In *Commercial Radio, 2016*, while the Canadian Association of Broadcasters raised the issue, the Board did not discuss the substantial-part aspect of “streaming copies”, i.e. temporary buffering copies made in the course of streaming radio station content to computers, mobile devices and other digital terminals. It held that streaming copies meet the requirements of [section 30.71](#) of the [Act](#).<sup>[61]</sup>

[201] The most relevant authority on how to determine substantial copying in a regulatory context (vs. infringement) is *Canadian Copyright Licensing Agency (Access Copyright) v. Canada, 2018 FCA 58*, essentially stating that the Board is permitted a significant margin of appreciation in determining the method by which the tariff should be set, including a quantitative analysis for the purpose of determining substantiality.<sup>[62]</sup> The same would likely apply in the arbitration context where – for valuation purposes, in a technological context – it may be impractical or unfeasible to carry out a qualitative analysis. Indeed, surveying each RAM Copy within any given computer to determine qualitative substantiality is most likely impossible.

**[Kaira District Co-operative Milk Producers’ Union Limited v. AMUL Canada, 2021 FC 636](#)**

[41] In reproducing the copyrighted Amul design and corporate information, the Defendants have copied not only the mark, but also the Plaintiffs’ literature as prominently displayed on their websites ([www.amul.com](#) and [www.amuldairy.com](#)). The image and wording used is not simply strikingly similar, as has been found to establish copyright infringement in many other cases (see, for instance, *Popsockets LLC v. Case World Enterprises Ltd, 2019 FC 1154* at para 38). Here, the image and wording used is an exact copy of that owned by the Plaintiffs.

[42] As the legislation clearly states, the owner of copyright has the sole right to produce and reproduce the work or any substantial part thereof. I therefore agree with the Plaintiffs that the Defendants have reproduced the Plaintiffs’ copyrighted material without their consent and infringed the Plaintiffs’ rights to exclusive use of its copyright contrary to [section 27](#) of the [Copyright Act](#).

**d. Scope of protection**

**[Winkler v. Hendley, 2021 FC 498](#)**

[1] In the early morning of August 24, 1875, eight members of the notorious Donnelly family of Lucan, Ontario, armed with nothing more than clubs, won a pitched street battle against eighteen townspeople intent on revenge. Or did they? This and similar questions arise in this copyright infringement action because the plaintiffs assert the battle was the fictional creation of Thomas P. Kelley in his 1954 book *The Black*

*Donnellys*. They claim Nate Hendley's 2004 book *The Black Donnellys: The Outrageous Tale of Canada's Deadliest Feud* infringes copyright in *The Black Donnellys* and its sequel, *Vengeance of The Black Donnellys*, including by copying Mr. Kelley's fictional events, his creative embellishments of historical events, and his cinematic story-telling style.

[2] Mr. Hendley and his publisher, James Lorimer & Company Ltd, admit Mr. Hendley used Mr. Kelley's books, among other sources, in doing research for his own book. But they argue Mr. Hendley's book is an original literary work not copied from Mr. Kelley's books or any other source. They also say Mr. Kelley's *The Black Donnellys* is factual and argue that having represented it as a work of historical nonfiction, Mr. Kelley and his successors cannot now claim copyright in the persons and events described....

[4] I agree with the defendants that an author who publishes what is said to be a nonfiction historical account cannot later claim the account is actually fictional to avoid the principle that there is no copyright in facts. Having presented the Donnellys' street battle and other facts and events as a true historical account based on "unimpeachable sources," Mr. Kelley could not later assert that he was not to be taken at his word. His successors in title are in no better position and similarly cannot argue the facts were actually fictions and therefore subject to copyright protection. The passages in question are not excluded from the assessment of whether there has been copying of a substantial part of Mr. Kelley's books, but substantiality must be determined in relation to the originality of the work that warrants copyright protection. Considering the works, their originality, and the asserted similarities holistically, I conclude Mr. Hendley did not copy a substantial part of either of Mr. Kelley's works...

[92] The Supreme Court has noted on numerous occasions that the *Act* seeks to achieve an "appropriate balance between creators' rights and users' rights": *Keatley Surveying Ltd v. Teranet Inc*, 2019 SCC 43 at paras 43–44, citing *Théberge* at paras 30–31; *CCH* at para 48. All provisions of the *Copyright Act* must be interpreted with this balance in mind: *Keatley* at para 46. In my view, this balance requires that the rule that copyright does not extend to "facts" must include those matters that are plausibly represented to be facts, even if they may subsequently be shown to be untrue. Put another way, permitting a creator to represent something as fact, and thus not subject to copyright, but then sue a subsequent user for infringement by claiming it was not fact, would not respect the needed balance between creators and users.

[93] Looking at the creator's side of the balance, there is a need to obtain a "just reward" for a creator: *Théberge* at para 30; *CCH* at para 23. Rewarding a creator for holding a work out as nonfiction—presumably to make it more attractive to the purchasing public—and then withdrawing that representation after another author has produced their own work goes beyond a "just reward" for the creative efforts of an author. It would also be an unusual outcome if the extent to which a historical work is protected by copyright, and the resulting reward to its creator, were inversely proportional to its accuracy.

[94] On the user's side of the balance is "the public interest in promoting the encouragement and dissemination of works": *CCH* at para 23; *Théberge* at para 30. The encouragement of the creation of works includes the notion expressed by Justice Orde in *Deeks v. Wells (CA)* that writers should generally be permitted to consult and rely on prior nonfiction works as a source of information. There would be an adverse impact on the ability to do so if an author could not rely on those works without independently verifying their truth, or if a copyright infringement claim could be brought by an earlier author who reverses their position on the truth of the facts.

[54] Copyright subsists whether an original literary work is one of fiction or nonfiction. The *Copyright Act* makes no distinction between the two. That said, copyright protection does not extend to "facts or ideas" but to the original "expression of ideas": *CCH* at paras 8, 14–15, 22; *Hager v. ECW Press Ltd*, 1998 CanLII 9115 (FC), [1999] 2 FC 287 (TD) at para 44; *Maltz v. Witterick*, 2016 FC 524 at paras 29–32. This does not mean that literary works on historical or factual subjects are less worthy of copyright protection. It simply means that copyright subsists in the "particular means, method, and manner" in which those facts are presented in the work, rather than in the underlying facts themselves: *Maltz* at para 31; *Hager* at paras 45–46. This originality may include the "structure, tone, theme, atmosphere and dialogue" used in presenting the facts: *Maltz* at para 33.

[62] In performing this task, the Court will typically consider a number of factors, including the importance and originality of the material, whether the infringement has diminished the value of copyright, the scope of the copyright protection, whether the defendant intentionally took the material to save time and effort, and whether the material was used in the same or similar fashion: *U & R Tax Services Ltd v. H & R Block Canada Inc*, [1995] FCJ No 962 (TD) at para 35; *Maltz* at para 38; *Wiseau Studio, LLC et al v. Harper et al*, 2020 ONSC 2504 at paras 161–162. While *U & R Tax* and *Maltz* refer to the "quality and quantity of the material taken" as a factor, the Supreme Court underscored in *Cinar* that the analysis is focused on quality rather than quantity: *Cinar* at para 26.

[152] I have concluded that the matters presented in *The Black Donnellys* as historical events are to be considered as facts in which there is no copyright, regardless of their objective historical truth. In respect of these matters, originality lies only in Mr. Kelley's means of expressing the underlying facts, and in such matters as selection and arrangement of the facts. I have reviewed *The Black Donnellys* and *The Outrageous Tale* as a whole, and have considered the passages relied on by the plaintiffs in the context of the whole, including elements such as the structure, tone, theme, atmosphere and dialogue. On my assessment, few of these elements as represented in *The Black Donnellys* were copied in *The Outrageous Tale*, either in terms of quantity or, more importantly, quality. The few areas in which similar phrasing or characterizations may arise are not particularly important or original aspects of the telling of the Donnellys' story in *The Black Donnellys*.

[153] As to the additional factors that may be relevant to the substantial taking analysis, the material is used "in the same or similar fashion," in that both works are

books that give gripping nonfiction accounts of historical events. However, there is little evidence that any similarity between *The Black Donnellys* and *The Outrageous Tale* derives from an intentional taking by Mr. Hendley to save time and effort. While Mr. Hendley intentionally limited his research to secondary sources including *The Black Donnellys*, he did so in respect of the underlying facts, rather than the expression of those facts. Mr. Hendley has, in essence, told the same historical tale in a different way. Nor is there any evidence to suggest that the few similarities between the works have diminished the value of copyright in *The Black Donnellys*.

[154] Taking these factors together and considering the matter holistically, I conclude that the plaintiffs have not established that Mr. Hendley's *The Black Donnellys: The Outrageous Tale of Canada's Deadliest Feud* reproduces a substantial part of Mr. Kelley's *The Black Donnellys*. I therefore find that there has been no copyright infringement of that work. I conclude that there is no genuine issue requiring a trial with respect to infringement of *The Black Donnellys*, and that I am able to make the necessary findings of fact and law to reach this conclusion. The plaintiffs' motion for summary judgment is dismissed with respect to *The Black Donnellys* and the defendants' motion for summary judgment is granted.

**[Walcott v. Toronto Transit Commission](#), 2021 ONCA 358, leave to appeal dismissed, 2022 CanLII 32903 (SCC)**

[5] The motion judge determined that he could decide both motions on summary judgment as there was no genuine issue requiring a trial. He made the following findings:

- 1) Because the appellant did not produce a Guide, there was no evidentiary basis to support a claim for copyright in a Guide.
- 2) As there is no copyright in ideas but only in their form of expression, there was no originality in the route maps the appellant produced which were taken from public information about TTC transit routes.
- 3) Even if there was any original form of expression in the appellant's TTC route maps, there was no evidence that the TTC used or adopted the appellant's maps.
- 4) If the appellant had copyright in the expression of the appellant's maps, the scope of any such copyright would not extend to prevent the TTC from producing its own route maps.

[6] Based on those findings, the motion judge dismissed the appellant's action for copyright infringement....

[8] We see no error in the findings of the motion judge with respect to the record and the law of copyright, and in finding no genuine issue requiring a trial.

**Bouchard v. Ikea Canada, 2021 QCCS 1376**

[1] On the basis of the copyright that she would hold in her works, namely stuffed toys, the plaintiff seeks a monetary condemnation against the defendants for having copied her toys.

[2] The plaintiff claims that the copying of her works by the defendants results in particular from the use of her idea or her original style or even from her way of doing things.

[47] The teaching of the Supreme Court is echoed in the recent judgment of the Federal Court of Canada in *Pyrrha Design*[20] where Justice Phelan wrote:

[125] An infringing work is deemed to copy a “substantial part” when it has recreated a substantial part of the originality of the copyrighted work.

[126] According to the *Cinar* decision (paragraphs 26 to 43 ), the question of the reproduction of a "substantial part" is assessed by means of a qualitative and global examination of the copyrighted work and the allegedly infringing work. . The Supreme Court of Canada has established the analytical steps to be followed by the trial judge:

- evaluation of all cumulative similarities between the works (for artistic works, *Fox on Copyright* , at page 21-6, states that similarities are those that are visually significant);
- whether the similarities as a whole constitute a significant part of the author's skill and judgment.

[55] And if, as here, the works of Ms. Bouchard and IKEA are in no way alike, and this, by the plaintiff's own admission, is that a substantial part of the works, assessed globally, has clearly not been reproduced.

[56] The plaintiff alleges that IKEA unlawfully reproduced its idea, concept, style or way of doing things.

[57] Excerpts from his examination for discovery illustrate this clearly:

A. ... So I invented a style of toys. [32]

A. It is to have invented, created a new way of making toys... [33]

A. ... I was the only one doing what I was doing. And when we say they took an important part of my works, indeed what are my works? This is how I work, the style I invented. Here it is. [34]

A. I think I created a fashion. I made children's drawings fashionable and I made fashionable how to make them, how I made them ... [35]

Q. ...and I want to see what you say that was reproduced by IKEA . So it will take me...

A. It's the style.

(...)

A. To answer, it's the style, no more no less.[36]

[58] And when IKEA's attorney asks her how her toy resembles IKEA's, she candidly replies, "What's alike, sir, is the style."

[59] The expert report that she produces in support of her action concludes in the same way: "By way of conclusion, it appears that Claude Bouchard...created and developed a style..." [38].

[60] And finally, in the first letter she sent to IKEA in June 2016 [39] with the aim of having her rights recognized, Ms. Bouchard wrote: "Your collection takes up a concept that I initiated, developed and marketed several years ago. Later in the same letter, she writes: "I am the ideator of the idea..." [40].

[61] For the purposes of its motion to dismiss, IKEA is not contesting the originality of Ms. Bouchard's works or even the originality of Ms. Bouchard's "style".

[62] It is important to remember that Ms. Bouchard's action is based exclusively on copyright. In its Statement of Claim, the plaintiff does not invoke any other right it may have under other laws providing protection to intellectual property owners or under the *Civil Code of Québec* .

[63] Ms. Bouchard's application is not based on a patent, industrial design or trademark in which she holds rights.

[64] The Tribunal's review of this case is therefore limited by the application of the *Copyright Act*.

[65] However, ideas, concepts, methods and manufacturing techniques are not elements protected by copyright [41]. An artist's style is also not protectable [42], especially when, as here, it is essentially composed of conceptual elements or methods of manufacture, some of which are clearly generic and/or dictated by standards of security [43].

[66] It is the works themselves that are protected by the *Copyright Act* , as the Supreme Court of Canada pointed out in 2004:

Copyright in Canada protects a wide range of original works, including literary, dramatic, musical or artistic works, computer programs, translations and compilations of works: see arts. 5 , 2 and 2.1 of the *Copyright Act* . It protects the expression of ideas in these works, not the ideas as *such* .

[Our underline]

[67] A newly developed style does not in itself prevent others from creating the same style in its inspiration. It would be somewhat like forbidding Beethoven to compose

music in symphonic styles developed by Mozart or declaring that only Monet could paint in the style of an *Impressionist* .

[68] The [Copyright Act](#) does not seek to limit the originality of creators in the same style, but to protect original, existing and identifiable works from infringement.  
(translated using Google Translate)

**[Arc En Ciel RH c. Services Swissnova inc., 2021 QCCS 1187, motion to dismiss appeal denied, Arc En Ciel RH c. Services Swissnova inc., 2021 QCCA 1254](#)**

[60] First of all, plagiarized or not, the questionnaires do not appear to be an important part of the method. In all psychometric or even psychological tests, there are inputs, that is, answers to questions [21] . Moreover, even if Jasmine was inspired by an AEC questionnaire (that of the "job position" profile, which she candidly admits), she created the others or borrowed them from other sources. . Thus, despite the similarities in terms of format in particular, Swissnova has invested time and energy to build the questionnaires for the NOVA 2 profile and there is no reason to conclude that this is counterfeit.

[61] This reasoning applies here. A questionnaire researching a person's emotions, reactions, moods and moods always revolves around the same questions and the same subjects. Also, the similarities reproached by AEC to the Swissnova tool are explained by the nature of the exercise.

[62] However, if it is accepted that these elements constitute an essential part of the AEC method, they are not an "important part" in the sense that this way of collecting data necessarily requires seeking the information from the subjects studied about their behaviors, preferences, choices, motivations, etc. It is simply a communication exercise. Nor do they constitute an important part of the work, the fee schedule, the analogous use of credit-units or even the number of combinations of representations of results, even if we go from 60 (or even 68, depending on the modified design of AEC) at 96 [23] in the NOVA Profile or other elements that are almost identical between the two profiles.

[63] Next, it turns out - and the evidence of the defendants, in particular by the testimony of an expert in computer programming, Éric Massicotte, is not contradicted in this respect - that the Swissnova profile and the NOVA 2 profile use distinct computer programming languages and that the source codes of these two programs do not resemble each other in any way. The design of this software is different since the Arc En Ciel platform is built with what are called "objects" while the Swissnova profile is based on more traditional programming. Thus, there is no concordance between the two programming solutions at the base of the processing software. Even if it is possible to switch from the NOVA 2 profile to Arc En Ciel in terms of computer language, it is however not possible to do the opposite. It must therefore be concluded that Swissnova has rewritten the algorithms and the basis of the computing platform. She did not copy this part, which is otherwise clearly an "important part" of the AEC profile.

[64] That said, even if certain components of the NOVA 2 profile, such as the algorithms or the questionnaires, do not constitute counterfeiting, the overall assessment of the situation shows that there is illegal imitation or plagiarism and therefore a contravention copyright of AEC, despite all novelties implemented by Swissnova. Although this uses a DISC-type questionnaire and a circle, like the Insights and Cleaver methods, it does so in combination with other elements whose result is identical to that of the AEC method. This is the conclusion that must be drawn in light of all of the factual and opinion evidence.

[65] Expert Philippe Longpré holds a doctorate in work psychology and specializes in the study of psychometric tests. According to him, the NOVA 2 and Arc En Ciel methods are equivalent, even similar, and the Swissnova product clearly constitutes plagiarism. There are far too many similarities to be coincidental. Longpré explains that the two methods have exactly the same functions and the same objectives and that, of the hundreds of tests he has carried out, almost identical results are obtained. His findings point to a significant concordance, i.e. above 99%, whereas the scientifically accepted threshold is 95%. By using statistical analysis methods (Wilcoxon) and with convincing samples, he always comes to the same conclusions.

[66] According to Longpré, even if we used other psychometric tests aimed at the same person and based on the same scientific theory, we would still not obtain results as similar as those achieved by the two profiles under study. This testimony and the underlying report are striking in terms of the depth of the analysis, the seriousness of the approach and the persuasiveness of its findings. This expert finally affirms that the somewhat different aesthetic aspect or the computer programming or the source code have no bearing on his conclusions.

[67] In his opinion, one never obtains measurable variability between the two tests and therefore, the two methods are identical. Longpré, who knows Marsden and Jung but ignores both Spranger theory and the acronym DISC, did not find it necessary or even useful to compare the NOVA 2 method to other tests or methods based on DISC theory and this position. is understood. Since the AEC method constitutes an original work protected by copyright, it must be determined whether a significant part of this method has been copied by Swissnova. Comparing the NOVA 2 and AEC methods with other DISC profiles would not make it possible to come to a conclusion on this question, which is central to the proceedings.

[70] Moreover, the conclusion proposed by Longpré is also confirmed in practice because the users of these tests who came to testify on this subject [25] highlighted the similarity, even the confusion between the two profiles. They indicate that the NOVA 2 and Arc En Ciel profiles evaluate the same aspects and in the same way a profile of four colors and eight personality types of Jung. Some users have even declared themselves surprised that the certification of one is not valid for the other. Moreover, from 2015, and in particular in Jasmine's communication of August 19, 2015, Swissnova offers the NOVA 2 profile as an evolution or improvement of the initial profile, which, of course, was an AEC profile, although under the name NOVA .

[71] In short, whether the visual presentation is somewhat different and whether a distinct programming language or method is used, there is infringement here because, according to the overall analysis of the situation, these are tests almost identical psychometrics, which measure the same aspects of personality, according to the same theory and present the results in a similar way. Swissnova has therefore not succeeded in rebutting the presumption provided for by law. (translated using Google Translate)

**e. Communication to the public and making available to the public**

**[Warner Bros. Entertainment Inc. v. White \(Beast IPTV\)](#), 2021 FC 53**

[109] ...The defendants are alleged to be responsible for developing, operating, maintaining and promoting the Beast IPTV Service whose whole purpose is to make available unauthorized content to subscribers over the internet.

[97] In support of his contention that the interim order affecting him ought to be set aside and vacated, Defendant Tyler White raised two issues. First and foremost, he claimed that the Plaintiffs' disclosure was not full and frank in that they failed to disclose relevant case law. Second, what he calls the "Anton Piller order" was improperly granted.

[98] Defendant Tyler White argues that the Federal Court of Appeal decision in *ESA* (*supra*) is a crucial judgment which was not disclosed by the Plaintiffs. There is no doubt that the judgment was not disclosed. It is less than clear that it is crucial or even relevant.

[99] As I understand it, Mr. White sees in *ESA* a decision that somehow contradicts the Court of Appeal decision of barely two years ago in *Lackman* (*supra*). He seems to understand *ESA* as having decided something momentous "about the meaning of the so called "making available right" ", something that "calls the currency of the "Lackman" decision "into serious doubt" (written representations, paras 83 and 82). He concludes that "(i)t is impossible to see how, in light of the recent FCA decision in *ESA v. SOCAN*, the act of hosting or distributing an add-on could give rise to the primary infringement in the communication to the public" (written representations, para 84), the conclusion reached by the Court of Appeal just two years earlier.

[100] With all due respect, it is impossible to agree with such a proposition. Although the technology used in *Lackman* (creation and operation of the TVAddons website) differs, the goal of the operation is the same as that contemplated in this case: offering, for a fee, a product to customers allowing access without authorization to copyrighted programming. I note in passing that the interim order issued by Leblanc J. is very similar to the order issued in this case (*Lackman*, paras 8 and 9).

[101] The Court of Appeal in *Lackman* found:

[22] These factual errors, in turn, led the Judge to a misinterpretation of the law and of the cases. Pursuant to [paragraph 3\(1\)\(f\)](#) and [section 27 of the Copyright Act](#), the appellants, as creators and distributors of television

programs, have the sole right to communicate these works to the public by telecommunication and to authorize such act. There is clearly a strong prima facie case that the respondent, by hosting and distributing infringing add-ons, is making the appellants' programs and stations available to the public by telecommunication in a way that allows users to access them from a place and at a time of their choosing, thereby infringing paragraph 2.4(1.1) and section 27 of the Copyright Act.

Paragraph 1 of the *Lackman* decision sets out the context; the underlying action was very much similar to our case, which makes 22 very much binding on this Court:

[1] The appellants Bell Canada, Bell Expressvu Limited Partnership, Bell Media Inc., Vidéotron S.E.N.C., Groupe TVA Inc., Rogers Communications Canada Inc. and Rogers Media 2018 FCA 42 (CanLII) Inc. (the appellants) are appealing the order of Justice Bell of the Federal Court (the Judge) dated June 29, 2017 (Justice Bell's Order or Reasons), whereby he vacated the Anton Piller order granted by Justice LeBlanc on June 9, 2017 (Justice LeBlanc's Order) and dismissed the appellants' motion for an interlocutory injunction. In the underlying action, the appellants alleged that Adam Lackman (the respondent) infringed copyright by communicating and making available to the public the appellants' programs, and by inducing and/or authorizing users of infringing add-ons to initiate acts of infringement through the business it operates under the name TVAddons.ag (TVAddons or the TVAddons website).

[My emphasis.]

[102] *Lackman* is clearly strong authority. The original interim order resembled very much the order issued in this case. The Court of Appeal confirmed the use of subsection 2.4(1.1). Indeed, the Court of Appeal went on to state that paragraph 2.4(1)(b) of the *Copyright Act* cannot be relied on as an “exception” in this case as, “when all the evidence on the record is properly considered, the respondent's website cannot be regarded as a mere neutral conduit for information provided by others” (para 27). The Court comments some more on the protection afforded innocent disseminators:

[32] It is also important to recall that the purpose of paragraph 2.4(1)(b) is to protect innocent disseminators. Again, I fail to understand how the respondent can cloak himself in the shroud of an innocent disseminator, when his website clearly targets those who want to circumvent the legal means of watching television programs and the related costs. By using the infringing add-ons that are promoted as being “the best”, “most popular” and “all free” (Conf. McGuigan Aff. at para. 64), users can stream various types of television content from streaming sites immediately and for free. I do not think that Parliament envisioned this type of activity when paragraph 2.4(1)(b) was enacted.

At this stage, Mr. White claims that the *ESA* decision should be preferred, even though it did not allude to *Lackman*.

[103] In fact, the *ESA* decision deals with a very different matter. The issue concerned a proposed tariff for the communication of musical works. The question was whether new [subsection 2.4\(1.1\)](#) of the [Copyright Act](#), what the Court of Appeal calls the ““making available provision””, was an event for which a tariff was payable. In my view, *ESA* provides no assistance to Mr. White in his attempt to escape the Court of Appeal jurisprudence in *Lackman* (but also *Bell Canada v. 1326030 Ontario Inc. (iTVBox.net)*, [2016 FC 612 \[Bell Canada\]](#) , aff'd [2017 FCA 55](#), referred to in *Lackman* at paras [34 to 36](#)). In *ESA*, the Court of Appeal was invited to conclude that subsection 2.4(1.1) and paragraph 3(f) triggered two tariffs, one when musical works are posted on servers and again when the posted works are transmitted by way of downloading or streaming over the internet. The Court of Appeal said no....

The *ESA* Court refused to ““attempt to offer comprehensive guidance”” (para 95). It is difficult to see how the decision can be ““critical case law”” and how it can be expanded as proposed by the Defendant. It merely found that subsection 2.4(1.1) did not create a new exclusive right in the context of setting tariffs. That is all that is discussed in *ESA*. The paragraphs of the decision that are relevant are paragraphs 96 and 97:

[96] On the submissions made, this much can be said. Subsection 2.4(1.1) does not create a new exclusive right. The Board used a “deeming provision” to create a right which, simultaneously, was and was not part of the communication right. When the deeming provision is set aside, all that is left is what the Board itself described (at para. 117) as a “preparatory act”. This is consistent with Parliament’s use of the word “includes” in subsection 2.4(1.1). It would be contrary to the policy of the Act to establish a tariff on a preparatory step as this would constitute disaggregating rights for the purpose of adding an additional layer of royalties: *C.B.C.* at para. 63; *Entertainment Software Association* at para. 9.

[97] If there is no new exclusive right, there is no basis for the Board’s conclusion that a stream does not merge with the making-available which preceded it so as to justify payment of two separate fees. Since there is only one right at stake, the only issue is whether the right has been triggered, and the only fees payable are those payable for the exercise of the right.

The Court of Appeal does not go any further than this: subsection 2.4(1.1) does not allow for two different fees to be charged. The effect of subsection 2.4(1.1) is not to create a new layer of royalties. *ESA* certainly cannot displace the precedential value of *Lackman* where the issues discussed are on all fours with the case under review here. Accordingly the *prima facie* case continues to be a strong *prima facie* case of copyright infringement. The *ESA* decision is of no assistance to the Defendant.

**[Bell Canada v. L3D Distributing Inc. \(INL3D\)](#), 2021 FC 832**

[55] The right to communicate a work in which copyright subsists to the public by telecommunication is one of the bundle of rights a copyright owner in Canada holds (i.e. that can be licensed or assigned individually or with other rights): [Copyright Act section 3\(1\)\(f\)](#). The Supreme Court of Canada has confirmed that the right to communicate a

work to the public by telecommunication includes streaming of the work over the Internet: *Rogers*, above at para 56. The right to communicate a work to the public by telecommunication also includes making it available in a way that permits a person to access it from a place and time of their choosing (i.e. on demand): *Copyright Act section 2.4(1.1)*.

[57] The Plaintiffs acknowledge that the streaming sites and IPTV service operators are the persons engaged in communicating the Plaintiffs' Programs to the public by telecommunication, by hosting and transmitting the Plaintiffs' Programs from their websites or servers to users who individually initiate the request for streamed works, in a point-to-point manner: *Rogers*, above at paras 34. The communication by a streaming site is initiated by a user in the form of an interactive communication, involving "pull" technologies, as contrasted with the more traditional "pushing" of a broadcast to viewers by the broadcaster: *Rogers*, above at para 34. The Supreme Court noted, however, that the element of interactivity in the communication is not a limit on the applicability of the *Copyright Act section 3(1)(f)*: *Rogers*, above at para 35.

[61] I thus agree with the Plaintiffs that the Respondent Defendants' pre-loaded set-top boxes play an integral role in making infringing content available to users (i.e. the public) by telecommunication, as contemplated by *subsection 2.4(1.1)* of the *Copyright Act*.

[62] The Plaintiffs' investigators confirmed that the Respondent Defendants' pre-loaded set-top boxes have made the Plaintiffs' Programs accessible, broken down by Respondent Defendant in Annex "B" below. As Justice Tremblay-Lamer noted, "the only reason why many users have access to infringing content is because set-top boxes pre-loaded with KODI (and the proper add-ons), Showbox or a private IPTV service make it extremely easy to do so. ...[t]he Defendants market themselves to consumers specifically on the basis that their 'plug-and-play' set-top boxes make it easy to eliminate the need for a cable subscription": *Bell Canada FC 2016*, above at para 24.

[63] Further, Justice de Montigny noted in related litigation that the hosting and distribution of add-ons essentially make the Plaintiffs' Programs and Stations available to the public by telecommunication: *Bell Canada v. Lackman*, 2018 FCA 42 [*Bell Canada FCA 2018*] at para 22. In my view, providing users with the ability to access and install add-ons via the pre-loaded set-top boxes accomplishes the same thing and, thus, similarly makes the Plaintiff's Programs or Works available to the public by telecommunication.

[64] In light of the Respondent Defendants' apparent business model (i.e. the promotion, offering for sale and selling of pre-loaded set-top boxes configured as described above), I also agree with the Plaintiffs that the possible limitation of liability under the *Copyright Act section 2.4(1)(b)*, in relation to the kind of infringement described in subsection 31.1(1), likely would not have been available to the Respondent Defendants had they participated in the proceeding. The former provision applies to those who only provide a neutral means of communicating a work to the public by telecommunication (that is, where the provider's participation is "content neutral"):

*Society of Composers, Authors and Music Publishers of Canada v. Canadian Assn of Internet Providers*, 2004 SCC 45 at para 92; *Bell Canada FC 2016*, above at para 22; *Bell Canada FCA 2018*, above at paras 32 and 36.

[65] While I might consider a standard set-top to be a neutral means of communication, I find that pre-loaded set-top boxes are not technologically neutral. As well, the Respondent Defendants' participation in their chosen industry, and the acts in which they engage in furtherance, cannot be described in any way, in my view, as "content neutral."

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

[87] Mr. Linkletter does not dispute that Proctorio owns copyright in the YouTube videos and Academy screenshot that he shared. However, he argues that he cannot be liable for infringement of that copyright for the following reasons:

- (a) with respect to the video links:
  - (i) It is not an infringement of copyright to share a hyperlink to content already on the internet; and
  - (ii) Proctorio granted all viewers of the videos an implied license to share them without restriction, having posted them on YouTube and thereby accepted YouTube's Terms of Service;
- (b) with respect to the Academy screenshot, it was not a "substantial part" of the work; and
- (c) with respect to both, the defences of "fair dealing" and "non-commercial user generated content" apply.

[88] Turning first to the video links, Mr. Linkletter's first argument is that sharing a link to content published elsewhere on the internet cannot be an infringement of copyright because a link merely communicates that something exists and does not actually convey the copyrighted content, citing *Crookes v. Newton*, 2011 SCC 47.

[90] I agree with Proctorio that *Crookes* does not support Mr. Linkletter's argument. *Crookes* was a defamation case in which the defamatory content was located in the original material to which the hyperlink referred. The Court concluded that by merely conveying where that material could be found, the defendant was not repeating it because he was not thereby exerting control over it. In the context of copyright law, however, the same reasoning does not apply. The wrongdoing lies not in the original work itself but in the very act of sharing access to it without the owner's authorization.

[91] Moreover, Abella J. also noted that there may be a distinction to be drawn between hyperlinks of the kind in issue in *Crookes* and those, like the ones in issue in this case, that "automatically display other content." Such links may attract different treatment, even under the rubric of defamation law...

[94] Proctorio refers to European jurisprudence holding that the unauthorized sharing of hyperlinks can amount to copyright infringement if the effect is to cause copyrighted content otherwise available only to a restricted segment of the public to be shared with a wider “new public”: Case C-466/12, *Svensson v. Retriever Sverige AB*, 2014 E.C.D.R. 9 (Court of Justice of the EU); Case C-160/15, *GS Media BV v. Sanoma Media Netherlands BV*, 2016 E.C.D.R. 25 (Court of Justice of the EU).

[95] For those reasons, I agree with Proctorio that there are grounds to believe that Mr. Linkletter has no valid defence to the infringement of copyright claim based on his having merely shared a link rather than the copyrighted material itself.

**f. Authorizing/inducing infringement**

**[Salna v. Voltage Pictures, LLC](#), 2021 FCA 176, leave to appeal dismissed May 26, 2022**

[46] Voltage further submits the claim relating to an “authorizing infringer” has statutory foundation in [subsections 3\(1\)](#) and [27\(1\)](#) of the *Copyright Act*. As each proposed class member is an internet account subscriber, each is liable for the authorization of copyright infringements happening on their IP addresses. This theory is not doomed to fail, nor does *CCH* close the door on this cause of action, particularly in light of comments made in *SOCAN* at paragraphs [124](#) and [127](#).

[76] The Federal Court also erred in dismissing Voltage’s cause of action that the respondents authorized the infringement. The judge concluded that Voltage relied on an overly broad reading of Binnie J.’s *obiter* comment in *SOCAN* at paragraph [127](#). Binnie J. observed that the failure to take down infringing conduct after receiving notice “may in some circumstances lead to a finding of ‘authorization’” [Emphasis in original], (Federal Court reasons at para. 79).

[77] Here again, the judge delved into the merits of the argument, rather than considering whether Voltage should be precluded from advancing the argument. At this stage of a proceeding, it is not appropriate to engage in a detailed analysis of the argument, and more particularly, whether the proposed argument is good law (*Merck & Co., Inc. v. Apotex Inc.*, 2012 FC 454, [106 C.P.R. \(4th\) 325](#) at para. [28](#) (*Merck & Co.*)). Indeed, the careful use of the word “may” is an indication from the Court that the question is open for consideration.

[78] When combined, [subsections 3\(1\)](#) and [27\(1\)](#) of the *Copyright Act* grant the right to authorize the reproduction of a Work. Voltage’s claim may push against the boundaries of a claim for authorizing infringement, but that is not the test on a motion to strike. Although the topic of “authorizing infringement” has been judicially considered, the Court in this case is faced with a novel application of the doctrine. Specifically, this Court must consider the prohibition on authorizing infringement in the context of BitTorrent technology and the notice and notice regime.

[84] Voltage has pled the necessary facts to support a claim for direct infringement. While CIPICC claims that Voltage has not connected internet account subscribers with

the direct infringing activity taking place on BitTorrent, it is not necessary for Voltage to establish the facts of such a connection. It was sufficient for Voltage to plead that the internet account subscribers themselves committed these acts (see, e.g., paras. 6 and 24 of the Amended Notice of Application). It is not for the court, at this stage, to assess the strength of the underlying evidence, in this case, the link between an ISP address, an internet account subscriber and the use of internet provided by an internet connecting device. At this stage, Voltage's assertion that Mr. Salna and the other class members committed these acts is assumed to be true. It will be up to Voltage to prove this to be the case at the hearing on the merits.

[85] It is also clear that Voltage has pled the material facts necessary to support its claim based on a reasonable interpretation of authorizing infringement. For example, as seen in paragraph 44 of the Amended Notice of Application, Voltage pleads that the proposed class members ““possessed sufficient control over the use of his or her internet account and associated computers and internet devices such that they authorized, sanctioned, approved or countenanced the infringements particularized herein.””

**[Bell Canada v. L3D Distributing Inc. \(INL3D\)](#), 2021 FC 832**

*Have the Respondent Defendants authorized infringement of the Media Plaintiffs' copyright with respect to the streaming sites' communication of the Plaintiffs' Programs to the public by telecommunication, without the Plaintiffs' consent?*

[66] I find that the Plaintiffs have established the Respondent Defendants authorized copyright infringement in respect of the communication by the streaming sites of the Plaintiffs' Programs to the public by telecommunication, without their consent.

[67] Authorizing others to infringe copyright, in itself, is an act of infringement: [Copyright Act sections 3\(1\)](#) (last five words) and 27(1). Authorizing means to ““sanction, approve and countenance”” and can be inferred from indirect acts that are less than positive: [CCH Canadian Ltd v. Law Society of Upper Canada, 2004 SCC 13 \[CCH\]](#) at para 38.

[68] Authorizing the use of equipment, such as standard set-top boxes, that in turn could be used to infringe copyright, in itself, does not constitute authorizing infringement. Further, there is a presumption that an activity authorized by a person was done so in accordance with the law. This presumption may be rebutted, however, if it is shown that there was a certain relationship or degree of control between the alleged authorizer and the person(s) who committed the copyright infringement: [CCH](#), above at para 38.

[69] By reason of their activities in locating, selecting and preinstalling applications found in the pre-loaded set-top boxes, and advertising, offering for sale and selling these devices, the Respondent Defendants are directly engaged, as Packagers, in the selection of content to which users will have access. Further, by promoting free access to hundreds of programs, the Respondent Defendants deliberately encourage

consumers and potential customers to bypass legitimate ways of accessing content: *Bell Canada FC 2016*, above at para 22.

[70] In addition, the Respondent Defendants do more than simply offer for sale and sell subscriptions to unauthorized IPTV services. For example, the Respondent Defendants register the purchaser's information with the service, activate the subscription on the pre-loaded set-top box and provide some instruction or technical support for accessing infringing content. I find in the circumstances, the Plaintiffs have established a sufficient relationship or degree of control, as contemplated by *CCH*, to conclude the Respondent Defendants have authorized infringement of the Media Plaintiffs' copyright.

*Did the Respondent Defendants knowingly induce infringement of the Media Plaintiffs' copyright in the Plaintiffs' Programs*

[71] In addition to the statutory causes of action available to the Plaintiffs in this matter, I am satisfied that the common law cause of inducement also is available to them in the circumstances and further, that the Respondent Defendants knowingly induced infringement of the Media Plaintiffs' copyright in the Plaintiffs' Programs by offering for sale and selling pre-loaded set-top boxes that facilitate the infringement by the users and the streaming sites.

[72] Inducement occurs when someone does something that leads another person to infringe an intellectual property right. In other words, someone (i) knowingly (ii) induces or procures (such as by offering for sale and selling a product, the use of which by the purchaser would be an infringement), and (iii) another to infringe the intellectual property right: *Hanson International Inc v. Whirley Industries Inc*, 2002 FCT 1045 [*Hanson*] at para 17. The Court articulated this test in the context of a motion to strike a claim alleging industrial design infringement, as well as procurement and inducement of industrial design infringement.

[73] A similar test was described in a proceeding involving patent infringement and infringement by inducement as follows: (i) the act of infringement was completed by a direct infringer; (ii) completion of the act of infringement was influenced by the acts of the inducer, without which influence the infringement otherwise would not have taken place; (iii) the inducer seller knowingly exercised the influence; that is, the seller knew their influence would result in the completion of the act of infringement: *MacLennan v. Produits Gilbert Inc.*, 2006 FCA 204 at para 22.

[74] Although *Hanson*, in respect of the motion to strike, did not consider the applicability *per se* of the principle of inducement to industrial designs, I see no reason why this principle should be restricted to any particular type of intellectual property rights, such as patents (in the case of *MacLennan*). Thus, considering the test here, I find that first, the streaming sites that host and distribute the Plaintiffs Programs, **in response to users requests**, unlawfully infringe the Media Plaintiffs' exclusive right to communicate those programs to public by telecommunication.

[75] Second, the pre-loaded set-top boxes offered for sale and sold by the Respondent Defendants provide the means to enable substantial infringement by providing a user-friendly interface and curated sets of preinstalled applications that facilitate or encourage users to request and receive streams of infringing content. In other words, the infringement was influenced by, and otherwise would not have taken place without, the actions of the Respondent Defendants.

[76] Third, based on the Plaintiffs' evidence regarding the activities of the Respondent Defendants summarized above, and absent their participation in this proceeding, I am prepared to infer that the Respondent Defendants knew their activities would result in infringement of the Media Plaintiffs' copyright. In the words of Justice Tremblay-Lamer, the Respondent Defendants ““deliberately encourage consumers and potential clients to circumvent authorized ways of accessing content... [and] market themselves to consumers specifically on the basis that their “plug-and-play” set-top boxes make it easy to eliminate the need for a cable subscription””: *Bell Canada FC 2016* at paras 22-24.

[77] In my view, therefore, the test has been met here.

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

**AND UPON** noting the Court's previous Judgment and Reasons in *Bell Canada v. L3D Distributing Inc. (INL3D)*, [2021 FC 832](#) [*Bell Default Judgment No. 1*], and the Court's declaration regarding the subsistence of copyright in the Plaintiffs' Works and the right to communicate those works in Canada by telecommunication, including via Internet and television broadcast, whether streamed or on demand;

**AND UPON** noting further that the same Plaintiffs' Works that were in issue in *Bell Default Judgment No. 1* are at issue in the instant motion;

**AND UPON** being satisfied that the judgment sought should issue, based on the evidence presented by the Plaintiffs;

**THIS COURT AJUDGES, DECLARES, AND ORDERS THAT:**

- (a) The Plaintiffs' motion for default judgment is granted.
- (d) By advertising, offering for sale and selling pre-loaded set-top boxes (containing software or which have otherwise been configured for accessing unauthorized television content, such as with add-ons and/or unauthorized IPTV services), including the “M12 Android”, “V88 TV Android Box” and “X96” models in the case of Ian Nie aka Chong Nie dba Durham Androidbox, the “T95m” and “X96” models in the case of William Browell dba WILL-I-AM, and the “OTT TV Box” model in the case of Mario DeFranco dba MDS Deals, the Respondent Defendants have made the Plaintiffs' Works, as specified in Annex “A” available in a way that allows users of the pre-loaded set-top boxes to access those works by telecommunication from a place and a time individually chosen by the

user, thus infringing the Plaintiffs' Copyright (as defined in *Bell Default Judgment No. 1* at paragraph 35), contrary to the *Copyright Act* sections 2.4(1.1), 3(1)(f) and 27(1);

- (e) By their acts described above, the Respondent Defendants have authorized the communication of the Plaintiffs' Works, as specified in Annex "A", to the public by telecommunication in Canada, contrary to the *Copyright Act* sections 2.4(1.1), 3(1)(f) and 27(1);
- (f) By their acts described above, the Respondent Defendants have knowingly induced users of pre-loaded set-top boxes to initiate acts of infringement of the Plaintiffs' Copyright, contrary to the *Copyright Act* sections 2.4(1.1), 3(1)(f) and 27(1);
- (g) By their acts described above, the Respondent Defendants have distributed, offered for sale, sold, operated and possessed equipment and devices used or intended to be used as radio apparatus for the purpose of receiving the Plaintiffs' encrypted subscription programming signals after they had been decoded otherwise than under and in accordance with an authorization from the corresponding Plaintiff, contrary to the *Radiocommunication Act* section 10(1)(b);

**[Allarco Entertainment 2008 Inc v. Staples Canada ULC](#), 2021 ABQB 340**

[104] The **potential** for pirating-purpose modifications of **legitimate-use products** should **not prevent their sale in the first place**. The judgment of the House of Lords in ***CBS Songs Limited v. Amstrad Consumer Electronics plc***, [1988] AC 1013 is instructive here. It concerned an attempt to bar the sale of certain **tape-recording equipment**, used by some purchasers to record copyrighted content without consent.

[105] CBS's first argument was that Amstrad (the manufacturer) "authorized" infringement. Per Lord Templeman:

... twin-tape recorders, fast or slow, and single-tape recorders, in addition to their recording and playing functions, are capable of copying on to blank tape, directly or indirectly, records which are broadcast, records on discs and records on tape. Blank tapes are capable of being employed for recording or copying. **Copying may be lawful or unlawful**. Every tape recorder confers on the operator who acquires a blank tape the facility of copying: the double-speed tape twin-tape recorder provides a modern and efficient facility for continuous playing and continuous recording and for copying. No manufacturer and no machine confers on the purchaser authority to copy unlawfully. **The purchaser or other operator of the recorder determines whether he shall copy and what he shall copy. By**

**selling the recorder Amstrad may facilitate copying in breach of copyright but do not authorize it. ...**

In the present case, **Amstrad did not sanction, approve or countenance an infringing use of their model** and I respectfully agree ... that in the context of the [Copyright Act](#) an authorization means a grant or purported grant, which may be express or implied, of the right to do the act complained of. Amstrad conferred on the purchaser the power to copy but did not grant or purport to grant the right to copy.

... Amstrad have no control over the use of their models once they are sold. [emphasis added]

[106] The House of Lords used similar reasoning to reject arguments of joint infringement (by the manufacturer and end user), incitement to commit a tort, criminal offence, and negligence.

[107] Same here, and we are **one step more remote** from that scenario, with the Retailers acting merely as go-betweens i.e. standing between the device manufacturers (against whom Allarco has sought no relief) and consumers.

***No control of consumers' use of devices***

[108] The retailers have no control over consumers' use of any devices purchased in their stores. This is akin to the copying-in-library scenario examined by the Supreme Court of Canada in ***CCH Canadian Ltd v. Law Society of Upper Canada***, [2004 SCC 13](#):

... a person does **not authorize [copyright] infringement** by authorizing the **mere use of equipment that could be used to infringe copyright**, Courts should **presume** that a **person who authorizes an activity does so only so far as it is in accordance with the law** ... This presumption may be rebutted if it is shown that a **certain relationship or degree of control existed between the alleged authorizer and the persons who committed the copyright infringement**.

... even if there were evidence of the photocopiers having been used to infringe copyright, the Law Society **lacks sufficient control** over the Great Library's patrons to permit the conclusion that it sanctioned, approved or countenanced the infringement, The Law Society and Great Library patrons are not in a master-servant or employer-employee relationship such that the Law Society can be said to exercise control over the patrons who might commit infringement ... Nor does the Law Society exercise control over which works the patrons choose to copy, the patron's purposes for copying or the photocopiers themselves. [paras 38 and 45] [emphasis added]

[109] A retailer has **even less opportunity for control** of a purchaser's activities, which happen beyond the four walls of the retailers' stores i.e. out in the wider world.

[110] Allarco's CEO acknowledged this lack of control (cross-examination excerpt at para 224 of the common brief).

***Hosts of other legitimate-use products implicated by Allarco's position***

[111] I accept the retailers' evidence, which Allarco did not challenge, that, beyond set-top boxes, "... thousands of products sold by the [retailers] (and dozens of third parties) that connect to the Internet, such as **smart phones, tablets, computers, laptops, gaming consoles** (such as Sony PlayStation and Xbox), **and smart TVs** ... can be modified and configured by end-users [i.e. post-purchase] to access [subscription-based content for free]."

[112] This shows that the **problem here is not the product but some users of it**, whose post-purchase actions (as noted) the retailers do not and cannot control....

***Conclusion on "serious case to be tried"***

[115] Allarco failed in its attempt to show that the retailers' selling activities were fanning the flames of piracy, or at least were doing so in any material way, or at least in any way linked to Allarco's subscription and overall business difficulties.

[116] It also failed in its attempt to paint the devices in its sights as inherently objectionable.

[117] Finally, Allarco raised no serious issue on any of its asserted causes of action, copyright-related or otherwise.

**g. Secondary infringement**

**[Salna v. Voltage Pictures, LLC](#), 2021 FCA 176**

[87] The test for secondary infringement is threefold: (i) primary infringement occurred; (ii) the secondary infringer knew or should have known that he or she was dealing with a product of infringement; and (iii) the secondary infringer sold, distributed or exposed for sale the infringing good (*CCH* at para. 81).

[88] While Voltage claims to have pled material facts in relation to each element of the test for secondary infringement, the pleading does not satisfy the test. As such, the exercise required in assessing the possibility of success cannot be properly conducted (*R. v. Imperial Tobacco Canada Ltd.*, 2011 SCC 42, [2011] 3 S.C.R. 45 at para. 22).

[89] In particular, Voltage has failed to plead the facts necessary to support the knowledge requirement. The second element in the secondary infringement test requires that the secondary infringer knew or should have known that he or she was dealing with a product of infringement. Put otherwise, the secondary infringer knew or should have known the copies of the Works in their possession were created by infringing the Works' copyright. In claiming it pled the material facts capable of meeting

this element of the test, Voltage directed the Court to the following paragraphs in their Amended Notice of Application:

24. For the purposes of this proceeding, the following shall be referred to as the Unlawful Act of each proposed Class member, including ~~John Doe #1~~ Salna:

[...]

(c) failing to take reasonable, or any, steps to ensure that a person downloading a Work was authorized to do so by law.

[...]

43. [...] ~~John Doe #1~~ Salna and each proposed Class Member knew or should have known that the making of a copy of such Work would infringe the copyright in such Work if it had been made in Canada by the person who made it.

[90] Although these paragraphs reference an alleged infringer's knowledge, they speak of the infringer's knowledge that what they are doing would infringe Voltage's copyright. This is not the knowledge requirement for secondary infringement specified by the Supreme Court of Canada in *CCH* at paragraph 81 based on its interpretation of [subsection 27\(2\)](#) of the *Copyright Act*. The secondary infringer must know or should have known that he or she was dealing with a product of infringement. Although Voltage used language similar to that seen in the *Copyright Act* at [subsection 27\(2\)](#), particularly that the person "knows or should have known [the copy of a work] infringes copyright or would infringe copyright if it had been made in Canada by the person who made it", they connected that knowledge to the actions of the class member, and not to the Works in question.

[91] Accordingly, Voltage has failed to plead the facts necessary to support a secondary infringement cause of action.

### 3. Proof of infringement

#### a. Certificates of registration

[\*Patterned Concrete Mississauga Inc. v. Bomanite Toronto Ltd.\*, 2021 FC 314](#)

[11] In my view, *P.S. Knight (FCA)* does not establish a rule that [section 53](#) of the *Copyright Act* will only apply if a certificate of registration was obtained in the ordinary course of business, and not in contemplation of litigation. In that case, the Federal Court of Appeal held (reversing the Federal Court's finding on this point) that the certificate of registration in question was, in fact, obtained in the ordinary course of business, and the plaintiff was entitled to rely on it as evidence of ownership under [subsection 53\(2\)](#) of the *Copyright Act*. Thus, the Federal Court of Appeal did not need to decide whether [section 53](#) only applies to certificates of registration obtained in the ordinary course of business. There was no analysis of the language of that section, and while "ordinary course of business" and "in contemplation of litigation" are terms that have legal

meaning, those terms do not appear in the [Copyright Act](#). In my view, *P.S. Knight (FCA)* did not set down a general rule as Bomanite asserts.

[12] Furthermore, I am not satisfied that the circumstances of this case warrant giving no effect to the certificates as evidence of the subsistence of copyright and its ownership. There is no evidence that Bomanite sought to challenge the validity of the registrations, and I am not satisfied that the timing of Patterned Concrete's applications render the resulting certificates so unreliable that they would not constitute at least *prima facie* evidence that copyright subsists in the Works, and that Patterned Concrete owns such copyright. Mr. Padula was asked on cross-examination whether he only obtained certificates of registration for purposes of pursuing litigation and he answered, "No. I wanted to stop anybody else from using them. I just wanted the copyright. I felt that I should have had it in the past, I didn't know it was necessary." Thus, he gave evidence explaining he had not understood the necessity.

[13] Certificates of registration may not be strong evidence of the subsistence of copyright or its ownership, but that is a question of weight. For example, the Supreme Court of Canada in *Circle Film Enterprises Inc. v. Canadian Broadcasting Corporation*, [1959 CanLII 74 \(SCC\)](#), [1959] SCR 602 [*Circle Film*] at 606 held that where there is evidence to contradict a copyright certificate, then its weight may be affected; however, in the absence of any such evidence, the weight afforded to the certificate should not be minimized merely because an application for registration of copyright requires no proof of title and because the Copyright Office assumes no responsibility for the truth of the facts asserted in the application and conducts no independent examination. In that case, the Supreme Court held that the certificate constituted sufficient evidence to displace a legal presumption that the author of the work, rather than the plaintiff, owned the copyright in the work in question, and the certificate was sufficient to satisfy the plaintiff's onus of proof.

[14] As another example, in *CCH Canada Ltd. v. Law Society of Upper Canada*, [2002 FCA 187](#) at paragraph 63 the Federal Court of Appeal held that certificates seemingly obtained in contemplation of litigation may support a finding that copyright subsists in the works described on the certificates, but may have diminished persuasiveness and may not constitute particularly compelling evidence.

[15] I agree with Patterned Concrete that there is no basis for finding [section 53](#) of the [Copyright Act](#) does not apply. In my view, 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.

#### **[August Image LLC v. AirG Inc.](#), 2022 FC 470**

[46] August submits that, pursuant to section 53 of the [Copyright Act](#), these certificates of registration constitute evidence that copyright subsists and that the person registered is the owner of that copyright. However, the Copyright Registration Certificates were not issued by the Canadian Copyright Office referred to in the

*Copyright Act*, but, according to Mr. Pugliese's evidence, by the United States Copyright Office. To the extent they are admissible at all, they would not have the effect of constituting evidence that copyright subsists in the photographs. The Court agrees entirely with the analysis and conclusions reached in *Lickerish*, above, at paragraphs 39 to 40, to the effect that section 53 applies only to Canadian certificates of registration, and that certificates of registration issued by the United States Copyright Office cannot be used as proof of the existence of copyright pursuant to section 53(2) of the *Copyright Act*.

**b. Presumptions**

**[Patterned Concrete Mississauga Inc. v. Bomanite Toronto Ltd.](#), 2021 FC 314**

[16] Patterned Concrete also relies on the statutory presumptions of [section 34.1](#) of the *Copyright Act*. In any civil proceeding where the defendant puts in issue either the existence of copyright or the plaintiff's title to it, [section 34.1\(1\)\(a\)](#) provides that copyright shall be presumed to subsist in the work unless the contrary is proved, and [section 34.1\(2\)](#) provides that where a name purporting to be that of the owner is printed on a work, the person whose name is printed is presumed to be the owner of the copyright in question unless the contrary is proved. Patterned Concrete submits that it may rely on [section 34.1\(2\)\(b\)](#), because its name is printed on the Quotation, Contract, and Warranty forms: *P.S. Knight (FCA)* at para 149. I agree. The evidence establishes that Patterned Concrete's name was printed on the Works at all material times.

[17] I note that in this case, the legal effect of [sections 34.1](#) and [53](#) of the *Copyright Act* are aligned—that is, both would support that copyright subsists in the Works, and that Patterned Concrete is the owner of such copyright.

**[Bell Canada v. L3D Distributing Inc. \(INL3D\)](#), 2021 FC 832**

[47] Copyright subsists in original literary, dramatic, musical and artistic works, and in respect of a cinematographic work (a subset of dramatic works), the maker had its headquarters in a treaty country (i.e. a Berne Convention country), where the maker is a corporation: *Copyright Act* [section 5\(1\)\(b\)\(i\)](#). In civil proceedings where the defendant puts the existence of copyright or the plaintiff's title in issue, copyright is presumed to subsist in the relevant works and the maker (in the case of cinematographic works) is presumed to be the copyright owner, unless the contrary is shown: *Copyright Act* [section 34.1\(1\)](#). In addition, the grant of an exclusive copyright licence includes a right of action for infringement: *Copyright Act* [sections 13\(6\)](#) and [13\(7\)](#).

[48] Although the Respondent Defendants have not defended the action and, therefore, technically they have not put the subsistence of Plaintiffs' Copyright and their title in issue, nonetheless I find that subsection 34.1(1) acts in favour of the Plaintiffs in the circumstances because the Plaintiffs' claims are deemed denied by reason of the *FCR* Rule 184.

[52] In addition to the statements about acquisition from the rights holders contained in the Omstead and Webber Affidavits, the Plaintiffs have provided, via the Matte Affidavit, copies of the original certificates of copyright registration issued by the Canadian Intellectual Property Office of confirmatory copyright licences for the applicable works, as well as copies of the confirmatory licences. A registration certificate is admissible evidence that the interest recorded on it has been granted and that the licensee registered is the holder of that interest: *Copyright Act* sections 53(2.2) and 53(3).

**c. Use of Internet evidence**

***Arc En Ciel RH c. Services Swissnova inc.*, 2021 QCCS 1187, motion to dismiss appeal denied, *Arc En Ciel RH c. Services Swissnova inc.*, 2021 QCCA 1254**

[44] The defendants propose to introduce into evidence numerous psychological tests similar to those which are the subject of this dispute and which can be found on the Internet. They thus wish to demonstrate that there is nothing original about the AEC method and that there are a host of psychometric tests on the market that use the DISC theory or its variants. This objection is not dealt with in the written arguments of AEC or SwissNova, the parties confining themselves to the arguments presented during the session and during their oral pleadings.

[45] The doctrine is not unanimous on the qualification of what constitutes an Internet page with regard to the law of evidence. Some see it as an instrumental writing [5] , others as a testimony or a material element [6] . Such a page is however in all cases a "technological document" and the *Law on the legal framework of information technologies* applies to it [7] . Thus, proof of integrity is not required [8].

[46] Despite the dispensation of proof relating to integrity, as for a written document or a material element, proof of authenticity is nevertheless necessary, as Mark Phillips, now a judge at this Court, points out [9]:

127. It is clear that integrity is a general rule that applies to all documents, whether on paper, electronic or otherwise. The mention of the fact that the technological document must also comply with the same rules is simply intended to confirm that if the technological document is "raised" to the same rank as the traditional paper document, it does not necessarily have a higher status. . It must comply with the same rules as the document on paper. It can be deduced that the rule requiring authentication therefore applies to the technological document.

[47] Thus, all psychometric tests and models found on the Internet by Swissnova must be presented as evidence by a witness who can demonstrate that the document presented is indeed the one that would have been found on the Internet and that it is indeed what was says it is [10]. However, no proof of authenticity was made in the instance.

[48] It should be noted that Swissnova does not establish, moreover, that these are documents from a reliable, even "official" site of a recognized body. This notion has already been the subject of comments by the Federal Court, when Justice Tremblay-Lamer admitted certain Internet printouts into evidence to demonstrate the fact that the trade-mark in dispute had taken on various meanings from a period to the other [11]:

[16] With regard to the reliability of the Internet, I agree that, in general, official websites, i.e. those created and maintained by the organization itself, provide more reliable information than unofficial websites, that is, those that contain information about the organization but are offered by individuals or businesses.

[17] In my opinion, the official websites of well-known organizations can provide reliable information that would be admissible in evidence, in the same way that the Court can rely on Carswell or CCC for the publication of judicial decisions. , without having to require a certified copy of the text published by the author. For example, it is obvious that the official website of the Supreme Court of Canada offers an exact version of the judgments of this court.

[18] With respect to unofficial websites, I agree with Mr. Carroll's view that the reliability of information from such sites depends on a variety of factors, including a careful assessment of its sources, the independent corroboration, whether the original content may have been altered, and the objectivity of the person who posted this information. Where these cannot be established with certainty, little or no weight should be given to information from an unofficial website.

[49] In reality, AEC's objection is not aimed so much at the integrity [12] or the authenticity of all these documents, but rather at their origin and content. Indeed, it is clear that even if Swissnova established the integrity and authenticity of all these documents, the fact remains that their probative value would be virtually nil. Indeed, there is no evidence to know who are the authors, when these documents were made, what they represent, how they were published or placed on the Web. Anyone can contribute anything anytime on the internet.

[50] In short, without a demonstration that a given document is taken from an "official" site and in the absence of testimony establishing the authenticity of these Internet pages, it is not possible to accept in evidence the contents of a website, whether a document or a material fact. Consequently, the objection is accepted for lack of demonstrating the authenticity of the elements that one wishes to put in evidence or of the documentation that is drawn from them and also because of the fact that these documents have no probative value, each reason being in itself sufficient [13].  
(translated using Google Translate)

#### 4. Defense to infringement

##### a. Fair dealing

[York University v. Canadian Copyright Licensing Agency \(Access Copyright\)](#), 2021 SCC 32

[87] While I therefore agree that the requested Declaration should not be granted, this should not be construed as endorsing the reasoning of the Federal Court and Federal Court of Appeal on the fair dealing issue. There are some significant jurisprudential problems with those aspects of their judgments that warrant comment.

[88] In commenting on those errors, it is important to emphasize that our reasons do not decide the issue of fair dealing, which can only be determined in a factual context. Rather, the objective is to correct some aspects of the reasoning from the courts under review which, respectfully, depart from this Court's jurisprudence. While correcting the errors committed by the Federal Court and Court of Appeal favours the position argued before this Court by York, these reasons address only some of the factors that make up the fair dealing analysis, an analysis that requires consideration of facts and factors not addressed here.

[89] The main problem with their analysis was that they approached the fairness analysis exclusively from the institutional perspective. This error tainted their analysis of several fairness factors. By anchoring the analysis in the institutional nature of the copying and York's purported commercial purpose, the nature of fair dealing as a user's right was overlooked and the fairness assessment was over before it began.

[90] This Court's modern fair dealing doctrine reflects its more general "move away from an earlier, author-centric view which focused on the exclusive right of authors and copyright owners to control how their works were used in the marketplace" (*Society of Composers, Authors and Music Publishers of Canada v. Bell Canada*, 2012 SCC 36 (CanLII), [2012] 2 S.C.R. 326 ("SOCAN"), at para. 9, per Abella J.). The Court is "at the vanguard in interpreting copyright law as a balance between copyright rights and user rights", and its understanding of fair dealing is no exception (Myra J. Tawfik, "The Supreme Court of Canada and the 'Fair Dealing Trilogy': Elaborating a Doctrine of User Rights under Canadian Copyright Law" (2013), 51 *Alta. L. Rev.* 191, at p. 195). Fair dealing is "[o]ne of the tools employed to achieve the proper balance between protection and access in the *Act*" (SOCAN, at para. 11).

[91] Accordingly, to understand and apply fair dealing doctrine requires first understanding the copyright balance. Copyright law has public interest goals. The relationship between members of the public and copyrighted works is not merely the "consequence of the author-work relationship" (Carys J. Craig, "Locke, Labour and Limiting the Author's Right: A Warning against a Lockean Approach to Copyright Law" (2002), 28 *Queen's L.J.* 1, at p. 6). Put differently, the public benefits of our system of copyright are much more than "a fortunate by-product of private entitlement" (pp. 14-15, cited in SOCAN, at para. 9).

[92] Instead, increasing public access to and dissemination of artistic and intellectual works, which enrich society and often provide users with the tools and inspiration to generate works of their own, is a primary goal of copyright. “Excessive control by holders of copyrights and other forms of intellectual property may unduly limit the ability of the public domain to incorporate and embellish creative innovation in the long-term interests of society as a whole” (*Théberge v. Galerie d’Art du Petit Champlain inc.*, 2002 SCC 34 (CanLII), [2002] 2 S.C.R. 336, at para. 32, per Binnie J.).

[93] But it is also true that just rewards for copyright creators provide necessary incentives, ensuring that there is a steady flow of creative works injected into the public sphere. As Binnie J. put it, “[i]n crassly economic terms it would be as inefficient to overcompensate artists and authors for the right of reproduction as it would be self-defeating to undercompensate them” (para. 31). A proper balance ensures that creators’ rights are recognized, but authorial control is not privileged over the public interest.

[94] Ultimately, owners’ rights and the public interest should not conflict with one another. As Professor Tawfik explains, copyright law has long been an “integrated system that encouraged creators to generate knowledge, industry to disseminate it and users to acquire it and, hopefully, reshape it into new knowledge” (“History in the Balance: Copyright and Access to Knowledge”, in Geist, *From “Radical Extremism” to “Balanced Copyright”*, 69, at p. 70). Creators’ rights and users’ rights are mutually supportive of copyright’s ends.

[95] In terms of the proper role of fair dealing and other exceptions to copyright in this normative framework, Professor Michael Geist explains that:

The core of fair dealing is fairness — fairness to the copyright owner in setting limits on the use of their work without permission and fairness to users to ensure that fair dealing rights can be exercised without unnecessarily restrictive limitations.

(“Fairness Found: How Canada Quietly Shifted from Fair Dealing to Fair Use”, in Michael Geist, ed., *The Copyright Pentalogy: How the Supreme Court of Canada Shook the Foundations of Canadian Copyright Law* (2013), 157, at p. 181)

Or, as Professor Craig puts it:

Fundamentally, copyright policy assumes that the restriction of the public’s use of works through the creation of private rights can further the public’s interest in the widespread creation and distribution of works. The limits to these private rights, defined by fair dealing and other exceptions — and circumscribed by the boundaries of the public domain — are therefore essential to ensure that the copyright system does not defeat its own ends. (“Locking Out Lawful Users: Fair Dealing and Anti-Circumvention in Bill C-32”, in Geist, *From “Radical Extremism” to “Balanced Copyright”*, 177, at p. 179)

[96] The resulting judicial framework for fair dealing was set out in *CCH*, where McLachlin C.J. set out a two-step test for assessing fair dealing under s. 29 of the *Act*, which states:

**29** Fair dealing for the purpose of research, private study, education, parody or satire does not infringe copyright.

The party invoking fair dealing must prove first that the dealing was for an allowable purpose and, second, that it was fair. Six non-exhaustive factors provide a framework for assessing fairness, which is ultimately a question of fact: the purpose of the dealing; the character of the dealing (which concerns the number of copies made or distributed and whether the copies are retained or destroyed after use); the amount of the dealing (which concerns the proportion of the work dealt with and the importance of that part); alternatives to the dealing; the nature of the work; and the effect of the dealing on the work (para. 53; see also *SOCAN*, at para. 13; *Alberta (Education) v. Canadian Copyright Licensing Agency (Access Copyright)*, 2012 SCC 37 (CanLII), [2012] 2 S.C.R. 345, at para. 12, per Abella J.).

[97] It was common ground in this case that York’s teachers make copies for their students for the allowable purpose of education at the first step of the analysis.

[98] But at the second step, where fairness is assessed, the Federal Court and Federal Court of Appeal approached the analysis from an institutional perspective only, leaving out the perspective of the students who use the materials. Both perspectives should be taken into account.

[99] In the educational context, instructors are facilitating the education of each of their individual students who have fair dealing rights (*Alberta (Education)*, at paras. 22-23). However, courts are not required to completely ignore the institutional nature of a university’s copying practices and adopt the fiction that copies are only made for individual isolated users. When an institution is defending its copying practices, its aggregate copying is necessarily relevant, for example, to the character of the dealing and the effect of the dealing on the work (see, e.g., *CCH*, at paras. 55 and 72; *SOCAN*, at para. 42; *Alberta (Education)*, at paras. 30 and 33).

[100] In this case, as in *Alberta (Education)*, “the key problem is in the way the [trial judge] approached the ‘purpose of the dealing’ factor” in the fairness analysis (para. 15). In fact, both the Federal Court and the Federal Court of Appeal erred in an almost identical fashion to the Copyright Board in *Alberta (Education)*. There, the issue was whether copies of short excerpts of textbooks and other literary works made by secondary school teachers and provided to students as assigned reading constituted fair dealing for the purpose of “research or private study”. The case arose prior to the enactment of the *Copyright Modernization Act*, S.C. 2012, c. 20, which added “education” as a permissible purpose. The Board found that the copies were for the permissible purpose of research or private study at the first stage of the analysis, but the predominant purpose at the second stage was “instruction”, which fell outside of research or private study...

[102] In other words, contrary to the Federal Court of Appeal’s view, in the educational context it is not only the institutional perspective that matters. When teaching staff at a university make copies for their students’ education, they are not “hid[ing] behind the shield of the user’s allowable purpose in order to engage in a separate purpose that tends to make the dealing unfair”.

[103] It was therefore an error for the Court of Appeal, in addressing the purpose of the dealing, to hold that it is only the “institution’s perspective that matters” and that York’s financial purpose was a “clear indication of unfairness” (paras. 238 and 241). Funds “saved” by proper exercise of the fair dealing right go to the University’s core objective of education, not to some ulterior commercial purpose (see Lisa Macklem and Samuel Trosow, “Fair Dealing, Online Teaching and Technological Neutrality: Lessons From the COVID-19 Crisis” (2020), 32 *I.P.J.* 215, at p. 238). The purpose of copying conducted by university teachers for student use is for the student’s education. But in every case, all relevant facts must be taken into account in order to determine the fairness of the dealing.

[104] And the trial judge’s criticism of York’s Guidelines on the basis that different portions of a single work could be distributed to different students, such that an author’s entire work could end up being distributed in the aggregate, is also contradicted by *SOCAN*, which held that “[s]ince fair dealing is a ‘user’s’ right, the ‘amount of the dealing’ factor should be assessed based on the individual use, not the amount of the dealing in the aggregate” (para. 41; see also *Alberta (Education)*, at para. 29).

[105] And while it is true that “aggregate dissemination” is “considered under the ‘character of the dealing’ factor” (*SOCAN*, at para. 42; see also *CCH*, at para. 55; *Alberta (Education)*, at para. 29), as this Court cautioned in *SOCAN*, “large-scale organized dealings” are not “inherently unfair” (para. 43). In *SOCAN*, where copies could easily be distributed across the internet in large numbers, this Court warned that focusing on the “aggregate” amount of dealing could “lead to disproportionate findings of unfairness when compared with non-digital works” (para. 43). By extension, the character of the dealing factor must be carefully applied in the university context, where dealings conducted by larger universities on behalf of their students could lead to findings of unfairness when compared to smaller universities. This would be discordant with the nature of fair dealing as a user’s right.

[106] At the end of the day, the question in a case involving a university’s fair dealing practices is whether those practices actualize the students’ right to receive course material for educational purposes in a fair manner, consistent with the underlying balance between users’ rights and creators’ rights in the *Act*. Since we are not deciding the merits of the fair dealing appeal brought by York, there is no reason to answer the question in this case.

**[SODRAC 2003 Inc. v. CBC](#), 2021 CB 1**

[225] CBC explained that: Archive Copies of television broadcasts are made in order to preserve culturally-important programming for posterity. The decision to archive a

program is made by CBC's archivists and media librarians, who select programs with significant heritage or historical value. The purpose of CBC's archive is to preserve Canada's media and broadcasting heritage, and to permit access to this heritage by future generations. Archives are made available to the public online via various websites, like Curio.ca, an online streaming platform for educators. Additionally, researchers can gain physical access to CBC's archives. CBC claimed that Archive Copies are therefore made for private study, research and education purposes.

[226] Applying the factors enunciated by the Supreme Court of Canada in *CCH Canadian Ltd. v. Law Society of Upper Canada*, [2004] 1 S.C.R. 339, [2004 SCC 13](#), CBC argued that, since the facts applied to the factors weigh in favour of fairness, this dealing is fair:

(1) Purpose [goal][82] of the dealing: The decision to preserve a program in the archives is taken by archivists and librarians. Their purpose is a cultural and archival one, namely the preservation of Canada's media heritage. Any business or production use is secondary, since producers and businesspeople do not make the decision to create Archival Copies. At best, they work with the material that archivists have already chosen to preserve.

(2) Character of the dealing: The volume of copying at issue is small. Archival copies are by far the smallest category of TV copy by volume. Radio Archive Copies are the second-smallest category after Live Performance Copies.

(3) Amount of the dealing: This factor considers what portion of the work is involved in the dealing (as opposed to overall volume of copying). Use of an entire work can be fair, especially if the purpose of the dealing requires access to an entire copy of the work. Here, Archival Copies can only fulfill their function of preserving Canada's media heritage if they are entire copies of TV or radio programs. It would make no sense to preserve partial copies.

(4) Alternatives to the dealing: There are no reasonable alternatives to the dealing. No outside organization will preserve CBC's programming for it. Nor is there a way to permanently preserve a broadcast except to record it as a copy.

(5) Nature of the work: This factor considers whether the work is one whose dissemination should be encouraged by copyright law. Television and radio programs by their nature are intended for broadcast to the public.

(6) Effect of the dealing on the work: Archival Copies do not have a negative impact on the work, because they do not compete with the original musical work. No one would choose to listen to an archived copy of a TV program rather than a musical track. Instead, Archive Copies have a positive impact on the work, since they allow it to be preserved and perhaps replayed at some time in the future. Since new synchronization payments are made when a work is repurposed, rights holders benefit substantially from the use of Archive Copies in new productions like *Tout le monde en parlait* or *Les enfants de la télé*....

[229] We adopt CBC's arguments, which we find convincing and consider that Archive Copies are exempt under fair dealing. SODRAC insisted on the fact that Archive Copies are monetized when used for production purposes. Yet, the latter use triggers a payment to SODRAC and, at that stage, the copy ceases to be an Archival Copy.

[239] Music Evaluation Copies means in relation to a track, copies made for the purpose of evaluating the track, including the musical work(s) that it contains, to determine whether to add the track to the CBC library or programming rotation.

[240] In *Commercial Radio, 2016*, the Board concluded that Radio Evaluation Copies are protected by fair dealing.<sup>[89]</sup> CBC argued that the same conclusion applies here since CBC makes the same use of these copies as its commercial competitors.<sup>[90]</sup>

[241] SODRAC claimed that distinctions must be made with *Commercial Radio, 2016* since CBC has indicated it retains Music Evaluation Copies indefinitely.<sup>[91]</sup>

[242] In *CCH Canadian Ltd. v. Law Society of Upper Canada*, [2004] 1 S.C.R. 339, 2004 SCC 13, the Supreme Court addressed the issue of copy destruction when assessing fair dealings:

55 In assessing the character of a dealing, courts must examine how the works were dealt with. If multiple copies of works are being widely distributed, this will tend to be unfair. If, however, a single copy of a work is used for a specific legitimate purpose, then it may be easier to conclude that it was a fair dealing. If the copy of the work is destroyed after it is used for its specific intended purpose, this may also favour a finding of fairness. It may be relevant to consider the custom or practice in a particular trade or industry to determine whether or not the character of the dealing is fair. [Emphasis added]

[243] Arguably, the same music track may be evaluated more than once, at different times. It would be counterproductive to destroy the same Music Evaluation Copy several times. There is no evidence that it is the industry's practice to delete Music Evaluation Copies systematically. This combined with the fact that such copies remain within CBC (and not distributed to third parties) tends toward fair dealing. Accordingly, we conclude that Music Evaluation Copies are exempted.

**[Canadian Broadcasting Corporation v. Conservative Party of Canada, 2021 FC 425](#)**

[84] The defendants rely on "'education'" as a permissible purpose. The weakness of the defendants' position is that it dilutes the meaning and notion of education to the point of making it lose all its meaning. The Court must examine the true purpose of the defendants' campaign. This campaign is certainly designed to inform the public and to make them adhere to a certain point of view, as is the case, for example, with advertising for consumer goods, but it is not designed for the purpose of training, discipline or the transmission of knowledge other than during the transitional period represented by an election campaign.

[68] Since the Court concluded that the defendants appropriated a “significant” portion of the CBC’s works, it is for them to establish that plagiarism constituted “fair dealing” within the meaning of the [Act](#). This question leads to a two-step analysis: (1) the use must take place for a permitted purpose; and (2) the use must be equitable (*Society of Composers, Authors and Music Publishers of Canada v. Bell Canada*, 2012 SCC 36 [SOCAN]).

[69] It does not matter, in this case, whether the issue of fair dealing is a “right” or a “defence” of the user. Fair dealing provisions must, like all legislation, comply with [section 12](#) of the *Interpretation Act, RSC(1985), c I-21*, and *Rizzo & Rizzo Shoes Ltd (Re)*, 1998 CanLII 837 (SCC), [1998] 1 SCR 27, so that words are interpreted in the fairest and broadest manner consistent with the attainment of their purpose.

[70] The purpose of “fair dealing” is to allow a user to use copyrighted material for specific purposes and in certain ways. There is no reason to give the provisions a narrow and restrictive meaning if the balance between the interests of users and those of holders is maintained. As the Supreme Court concluded in *CCH Canadianne Ltée v. Law Society of Upper Canada*, 2004 SCC 13 [CHC], the provisions must be given a broad and liberal interpretation with respect to the purposes listed in order to ensure a fair balance between the rights of licensees and those of users.

#### (1) Permitted End

[71] In this regard, the Court cannot address this issue as the CBC does. The CBC gives the provision a narrow and formalistic interpretation that is inconsistent with the purpose of the provisions. This approach is contrary to that taken by the Supreme Court in *SOCAN* at para 27.

[72] The CBC, in focusing on the limits of “criticism,” ignores the wording of section 29, which emphasizes the purpose of plagiarism and not only the type of communication or composition.

[73] The defendants rely on the permissible purposes of criticism and reporting, satire and education. In my view, only criticism is really at issue in this case.

[74] While satire includes elements of derision, irony or sarcasm, the general content of cbc works, as used by the defendants, contains elements of satire, but is closer to a “sports blooper” than to the humour of “Monty Pythons”.

Piece of verse where the author attacks the vices and ridicules of his time. A pamphlet usually mixed with prose and verse, in which public mores are attacked. Writing, remarks, works by which one mocks or strongly criticizes someone or something.

*Larousse French Dictionary*

[75] The purpose of the defendants is not only to laugh at the Prime Minister or to make a mockery of his work and behaviour, but also to criticize the ideas and actions of the Prime Minister and the Liberal Party in order to find culprits.

[76] The CBC states that only the work as such should be subject to “criticism.” This interpretation of the provision is too restrictive and would undermine the objective, which is to allow ideas and behaviours to be challenged in a given way. The focus would then be on the form and not on the content.

[77] Lord Denning, in *Hubbard v. Vosper*, [1972] 2 QB 84 (Eng CA), noted that it was impossible to define fair dealing precisely. If plagiarism has been used for criticism, including criticism of the philosophy on which the Church of Scientology is based (as was the case in this case), the copy can be used to criticize the style of the work as well as the opinions expressed in it.

[78] Similarly, in *Fraser Health Authority v. Hospital Employees' Union*, 2003 BCSC 807 at para 53, the Supreme Court of British Columbia concluded that fair dealing for the purpose of criticism is not only a critique of the style of the work, but also a critique of the ideas contained in the work and of the moral and social repercussions of the work.

[79] In summary, Canadian jurisprudence has established that criticism is likely to relate not only to the text or composition of a work, but also to the ideas expressed in the work and the moral and social repercussions of those ideas (see *Hager*). As one British court concluded, a party has the right to criticize not only the literary style, but also the doctrine or philosophy expounded in the work. Criticism, satire and reporting are intellectual challenges to certain thoughts, words or actions.

[80] The reference to criticism in section 29.1 must be taken in the context of the record, parody or satire, where fair dealing allows for a challenge not only to the format of expression but also to the content. It would be artificial to limit criticism to the expression of how the work was produced and to prevent ideas or actions from being questioned.

[81] Criticism is an integral part of the CBC works used by the respondents. For example, the advertisement juxtaposed a short video clip of the Prime Minister inviting the viewer to “watch what we have accomplished” and a news footage leading to an unfavourable conclusion about the Prime Minister's work and alleged mistakes.

[82] The tweets did much the same thing in terms of criticizing the Prime Minister, whether it was his work in the course of his duties or his performance in the leaders' debate, referring to the words spoken during the leaders' debate.

[83] The commercial's music videos contain elements of satire, with the juxtaposition of the invitation to “look at what we have accomplished” and negative media coverage of the Prime Minister's record, using examples to criticize the Prime Minister.

[85] Finally, for defendants to successfully prove that they used the work for critical purposes, Section 29.1 requires a reference to the “source.” The source is not defined in the case of a “holder.” It should be recalled that the Court should not undertake a microscopic analysis. The purpose of the provision is respected if the source is indicated or if a sufficiently informed spectator can recognize it. However, this is an

important requirement, as set out in *Compagnie Générale des Établissements Michelin-Michelin & Cie v. Syndicat national de l'automobile, de l'aérospatiale, du transport et des autres travailleurs et travailleuses et travailleuses du Canada (TCA-Canada)*, 1996 CanLII 11755 (CF), [1997] 2 FC 306 (FC 1<sup>st</sup> Inst).

[86] In this case, the CBC logo appeared on the Tasker music video, the video for the town hall and the fourth video posted on Twitter. The other excerpts indicate the source in other ways, by means of easily recognizable elements (sites of the main programs, well-known hosts) and which, according to the CBC, make it possible to designate it...

[107] This is not a situation in which the reproduction of the work competes in the market for the original work, except to the extent that the segments presented could cause people to neglect the original work, for example by not looking at the leaders' debate.

[108] There is no objective evidence of the likelihood of reputational damage. After so many years of political news coverage in many democracies, there is no evidence that broadcasting a segment of a broadcaster in a partisan setting has tarnished the broadcaster's reputation.

[109] As I have already noted, it is reasonable for the CBC to be concerned about its neutrality. The very role of the CBC is a political issue. In the future, the way in which CBC productions are used and broadcast may harm the CBC – however, this is not the case here. Fear and assumptions cannot justify a finding of unfairness with respect to this factor.

[110] After weighing all the factors, the Court concluded that the respondents' use of cbc works was fair, having regard to the facts.

**[Stross v. Trend Hunter Inc.](#), 2021 FC 955**

**No ““News Reporting”” Fair Dealing Exception under Section 29.2 of Copyright Act**

[16] In my view, Prothonotary Furlanetto made a palpable error, but not an overriding one, in determining the ““Friendly Housing Rows”” piece, and in particular, the article by Joey Haar, did not meet the requirements for ““news reporting”” as set out in section 29.2 of the Copyright Act (referred to as section 29.1 in the Stross decision at para 31). This section provides that, in order for news reporting to be considered fair dealing and, thus, not copyright infringement, the source must be mentioned **and** also the name of the author, if it is given in the source.

[17] The article by Joey Haar entitled ““Bestie Row”” is a Series of Four Houses Occupied by Best Friends, states ““References country living & apartment therapy”” under his name and date in the byline. The evidence before Prothonotary Furlanetto points to Country Living and apartment therapy articles available online as the sources from which Mr. Haar obtained the Llano River Photographs.

[18] In my view, the reference to the online publications with the articles displaying the Llano River Photographs meets the requirement that the source be ““mentioned.”” Further, Mr. Stross admits in his written representations in response to Trend Hunter’s motion that the sources were named. Even if I am incorrect about this first news reporting fair dealing requirement, I find the second requirement of mentioning the name of the author (i.e. of the Llano River Photographs, Alexander Stross) is applicable in the circumstances and has not been met.

[19] I disagree with Trend Hunter that the provision of hyperlinks to the source articles, where the author of the Llano River Photographs, Alexander Stross, is credited or named (and thus, the author’s name is only a click or two away), is sufficient to meet the second requirement because Joey Haar’s article itself, the alleged news reporting, does not mention the author’s name. In my view, it is not enough, as argued by Trend Hunter, that the attribution (to the author, Alexander Stross) is readily available with minimum research. I thus find the case of *Warman v. Fournier*, 2012 FC 803 [Warman], on which Trend Hunter sought to rely, is distinguishable because the requirement of mentioning the source and the author was satisfied in that case (Warman, at para 31).

[22] In considering the first part of the CCH test Prothonotary Furlanetto was not satisfied that Trend Hunter’s use of the Llano River Photographs was for the purpose of news reporting under section 29.2 of the Copyright Act, nonetheless she was satisfied that it was for the purpose of research under section 29: Stross, above at paras 24, 30 and 31. She noted that the term ““research”” is to be given a large and liberal interpretation to ensure users’ rights are not constrained unduly, and that research is not limited to non-commercial or private contexts: Stross, above at para 23. On this basis, she found that Trend Hunter’s use of the Llano River Photographs occurred in the context of a computerized form of market research that measures consumer interaction and preferences for the purpose of generating data for clients: Stross, above at para 30.

**[Proctorio, Incorporated v. Linkletter](#), 2022 BCSC 400**

[102] What remains to be addressed in my analysis of the copyright claim under s. 4(2)(a) of the *PPPA*, therefore, is whether Proctorio has met its burden to show that Mr. Linkletter’s last two defences, namely, “fair dealing” and “non-commercial user generated content”, offer no real prospect of defeating that claim in relation to the Help Center video links.

[103] The “Fair Dealing” defence flows from s. 29 of the *CA*, which states that “[f]air dealing for the purpose of research, private study, education, parody or satire does not infringe copyright.” The test to be applied in determining the applicability of that defence was helpfully summarised by McLachlin, C.J., writing for the Court, in *CCH*. That test consists of two branches:

- a) Mr. Linkletter’s sharing of the links must have been for at least one of the purposes listed in s. 29; and
- b) it must have been “fair.”

[104] Proctorio does not dispute that Mr. Linkletter satisfies the first branch of the test. It disputes the validity of this defence entirely on the second branch.

[105] In assessing what should be considered “fair” for this purpose, McLachlin C.J. agreed (at para. 53) with Linden J.A. in the Ontario Court of Appeal that the following list of factors, although they might not arise in every case of fair dealing, did “provide a useful analytical framework to govern determinations of fairness in future cases”:

- (a) the purpose of the dealing, where an objective assessment is made of the user’s “real purpose or motive” in using the work;
- (b) the character of the dealing, which involves an examination of how the work was dealt with, including (among other things) whether multiple copies are widely distributed;
- (c) the amount of the dealing, which considers how much of the original work is used or the proportion of the excerpt in relation to the whole;
- (d) alternatives to the dealing, including whether a non-copyrighted equivalent could have been used instead (for example, “...if a criticism would be equally effective if it did not actually reproduce the copyrighted work it was criticizing, this may weigh against a finding of fairness” – *CCH* at para. 57);
- (e) The nature of the work, such as whether the work has been published or is confidential (for example, “[i]f...the work in question was confidential, this may tip the scales towards finding that the dealing was unfair” – *CCH* at para. 58); and
- (f) The effect of the dealing on the work, including whether the disputed use is likely to compete with the market for the original.

[106] I have concluded that all but the first of those factors favour Proctorio’s position that Mr. Linkletter’s dealing in this case was not fair.

[107] With respect to item (a), I accept Mr. Linkletter’s submission that his “real purpose or motive” in copying the links to his Twitter feed was to demonstrate his point about the harm that he believed Proctorio’s software to be causing students. I also accept that he expressed himself as he did primarily out of a genuine sense of public duty, rather than out of malice, as Proctorio argues. Although some of his tweets were clearly intemperate (his call for someone to “leak the source code” or “delete the company” come to mind), I am not persuaded that, on the whole, they demonstrate malice.

[108] With respect to item (b), the links were circulated widely. Mr. Linkletter had 958 followers on Twitter at the time. Some of his followers appear to have retweeted the links – a result Mr. Linkletter appears to have encouraged. It is clear that “multiple copies were widely distributed”.

[109] With respect to item (c), Mr. Linkletter shared links that permitted his audience and anyone else who received them to see the entirety of each video.

[110] With respect to item (d), I am not persuaded that it was necessary for Mr. Linkletter to share all of the videos publicly as he did in order to make the points he wanted to make. He could, for example, have reported that he had reviewed some instructional videos personally and described the features he saw in them that were worthy of note. I accept that in some cases at least, his point was made most convincingly by sharing the videos themselves (for example, in refuting Proctorio's assertion in its public-facing "Frequently Asked Questions" page that the software did not track eye movements, when the relevant video showed otherwise). Nevertheless, the fact that so much of the information in the videos was available publicly by other means (including the fact that eye movements are tracked), as Mr. Linkletter argues, suggests that he could have drawn on other sources to make the points he wanted to make without infringing copyright or breaching his duty of confidence.

[111] With respect to item (e), for the reasons I gave earlier when I addressed the tort of breach of confidence, I am satisfied that the links themselves were indeed confidential, even if most of the information in the videos was already available elsewhere on the internet.

[112] Finally, with respect to item (f), I have already found that Proctorio has a legitimate interest in keeping segregated the instructional material made available to instructors and administrators on the one hand, from other material made available to students and the general public, and particularly competitors, on the other. By effectively removing that barrier unilaterally, Mr. Linkletter created a risk that Proctorio's product would be rendered less effective for its intended purpose (because students could more easily anticipate how instructors can configure the settings) and its proprietary information more readily available to competitors.

[113] On the other hand, I accept, as Mr. Linkletter argues, that the risk of such harm actually materialising may be speculative, given the amount of similar information already available online about Proctorio and its product. But that does not mean that Proctorio has no enforceable interest in maintaining the integrity of its system for segregating proprietary information intended solely for instructors and administrators, or that it has not lost something of value if that system is undermined by conduct like Mr. Linkletter's.

[114] On balance, I agree with Proctorio that Mr. Linkletter's "fair dealing" defence shows no real prospect of success.

[115] The last defence that Mr. Linkletter raises is that of "non-commercial user generated content."...

[116] I agree with Proctorio that this defence is simply not applicable in these circumstances. Mr. Linkletter did not create any "new work" by copying an existing work that had previously been "published or otherwise made available to the public". Rather,

he shared seven links that allowed members of the public to view copyrighted material that the copyright owner did not wish to share publicly. The defence therefore has no real prospect of success.

[117] To summarise, I have concluded that Proctorio has met its burden under s. 4(2)(a) of the *PPPA* to show that there are grounds to believe that its claim alleging infringement of copyright by sharing the seven links has substantial merit and that there are no valid defences to that claim.

**b. Jurisdiction to bring claims**

***Pourshian v. Walt Disney Company*, 2021 ONSC 4840**

[59] Ultimately, the defendants' real complaint is that they played no role in the distribution or dissemination of *INSIDE OUT* into Ontario. Their position is that, unless a defendant has directly participated in the sale or distribution of *INSIDE OUT* in Ontario, the Ontario court does not have jurisdiction. In my view, this misconceives the appropriate analysis in this case. While this analysis may support a finding that the defendants are not carrying on business in Ontario, it does not address the issue of whether there is a good arguable case that they have committed copyright infringement in Ontario. In my view, this has to be the core of the analysis. In this case, there is no dispute that *INSIDE OUT* was distributed, received and viewed in Ontario. The real issue in deciding whether the presumptive factor of copyright infringement in Ontario applies is whether the plaintiff's claim and/or evidence establish a good arguable case that each individual defendant played a role in authorizing the "transmission" or distribution of *INSIDE OUT* into Ontario. This issue is addressed below in respect of each defendant.

[52] In my view, *SOCAN* assists in the analysis in this case, but not in the ways suggested by the parties. It is a false dichotomy to say that *Van Breda* dealt with tort claims and *SOCAN* deals with claims for copyright infringement. Copyright infringement is essentially a statutory tort. One of the presumptive connecting factors established by *Van Breda* is whether the tort was committed in the jurisdiction where the action is brought. When dealing with a claim for copyright infringement, the analogous presumptive factor is whether the alleged copyright infringement occurred in the jurisdiction where the action was brought. In my view, *SOCAN* assists in this analysis.

[53] In *SOCAN*, the Supreme Court considered the issue of who should compensate composers for their Canadian copyright in music transmitted from a foreign country into Canada via the internet. The specific issue considered by the Court was whether internet service providers based in Canada should compensate composers for royalties. The Court found that internet service providers are not required to do so because of a specific exclusion in the *Copyright Act*. However, in the context of the decision, the Court discussed the issue of the jurisdiction of Canadian courts over the foreign entities that transmit the music. In that context, at paras. 56-57, the Court held that, while Canadian copyright law respects territorial distinctions, the applicability of the *Copyright Act* to foreign participants depends on whether "there is a sufficient connection between this country and the communication in question". The Court went on to hold that the

real and substantial connection test should apply to determining whether Canadian courts have jurisdiction over a breach of copyright claim. At para. 63, the Court stated that Canadian courts will generally have jurisdiction where Canada is the “country of transmission” or “the country of reception”. Based on *SOCAN*, the plaintiff argues that, as the jurisdiction of reception for *INSIDE OUT*, Ontario has jurisdiction over the claims against the defendants.

[54] The defendants correctly point out that *SOCAN* was decided before *Van Breda*. However, this does not make *SOCAN* irrelevant. In fact, in *Davydiuk v. Internet Archive Canada*, 2014 FC 944, at paras. 29-30, which was decided after *Van Breda*, the Federal Court explicitly held that when dealing with allegations of copyright infringement involving the internet, *SOCAN* can be helpful in understanding the factors giving rise to a real and substantial connection. In that case, the Court accepted that allegations that a foreign defendant “reached into” Canada over the internet were sufficient to find a real and substantial connection.

[55] In my view, the distinction the plaintiff draws between *SOCAN* and *Van Breda* is not particularly helpful. The significance of *SOCAN* was its discussion about internet copyright infringement, not that it dealt with copyright infringement rather than a tort claim. Copyright infringement is essentially a statutory tort. In applying *Van Breda* to this claim, one of the potential connecting factors is the location where the copyright infringement occurred. A tort can occur in more than one jurisdiction. As held by Perell J. in *Beijing Hehe Fengye Investment Co. Limited v. Fasken Martineau Dumoulin LLP*, 2020 ONSC 934, at para. 59, assessing where a tort occurred requires consideration of the jurisdiction substantially affected by the defendants’ activities and a tort can thereby occur in more than one jurisdiction:

A tort occurs in the jurisdiction substantially affected by the defendant’s activities or its consequences or where the important elements of the tort occurred. For example, the torts of fraudulent or negligent misrepresentation occur where the misinformation is received or acted upon. In determining the situs of a tort for jurisdictional purposes, the Court adopts a flexible and pragmatic approach to consider whether the jurisdiction was substantially affected by the defendants’ activities, or its consequences or where the important elements of the alleged torts occurred. Whether all the elements required to complete the alleged tort occurred in the jurisdiction is not determinative.

[56] Similarly, in a copyright infringement case, as held by the Supreme Court in *SOCAN*, the infringement can occur where the communication was transmitted from and where it was received. Based on *SOCAN* and analogous analysis in the context of tort claims, if the communication or product originated in another jurisdiction but is ultimately made available in Ontario, Ontario is one of the places where copyright infringement occurred as it is one of the jurisdictions substantially affected by the copyright infringement....

[58] The defendants argue that the *Copyright Act* has no extraterritorial reach and, therefore, Mr. Pourshian cannot make a claim for copyright infringement for activities that occurred outside Canada. However, this argument is an overly simplistic approach

to the issue. Mr. Pourshian's ability to recover damages for copyright infringement outside Canada, or even Ontario, may be limited, but he can certainly pursue a claim for copyright infringement in Ontario in relation to the communication of *INSIDE OUT* in this jurisdiction. Any activities the defendants engaged in outside Ontario that resulted in the communication of *INSIDE OUT* in Ontario are not protected simply because they took place outside Ontario. This is clear from *SOCAN*.

### **Property in Ontario as a presumptive connecting factor**

[60] Mr. Pourshian argues that, given that his copyright for *Inside Out* is in Ontario, his claim against the defendants is in respect of property in Ontario and that this should be accepted as a presumptive factor, giving the Ontario court jurisdiction over the claim against the defendants. The defendants argue that intangible property should not be treated in the same way as tangible property. Given that copyright infringement has no extraterritorial reach, Ontario courts cannot assume jurisdiction on the basis of this presumptive connecting factor.

[61] As reviewed above, while the Master accepted that the claim was in respect of property in Ontario, he did not engage in any analysis of the significance of this finding. He did not discuss to which defendants this finding might be relevant.

[62] In *Van Breda*, the Supreme Court did not explicitly list property in the jurisdiction as a presumptive connecting factor. However, in *Knowles v. Lindstrom*, [2014 ONCA 116](#), at para. 21, the Court of Appeal for Ontario recognized it as such:

The location of the property is, in my view, a presumptive connecting factor. If the subject of the claim is real property which is alleged to be the vehicle for the alleged unjust enrichment, I find it hard to think of any fact or factors that would provide a stronger presumptive connection than the location of the property within the jurisdiction. The analogy between the situs of the tort, a presumptive connecting factor in tort cases, *Van Breda*, at para. 88, and the location of the property in a property case is an apt one. Indeed, the argument in favour of the location of the property as a presumptive connecting factor is stronger than the argument in favour of the situs of the tort. While a tort may occur in more than one jurisdiction, real property is permanently located in only one jurisdiction. The location of the property clearly links any dispute over ownership to the courts of that jurisdiction.

[63] The issue in this case is whether copyright should be recognized as having the same status as real property for the purpose of assuming jurisdiction, and in particular whether the fact that Mr. Pourshian's copyright is based in Ontario is sufficient to give the Ontario court jurisdiction over the claim. In *Tucows.Com Co. v. Lojas Renner S.A.*, [2011 ONCA 548](#), the Court of Appeal recognized that intangible property is property for the purpose of Rule 17.06(a) of the Rules of Civil Procedure. In that case, the Court was dealing with a domain name. The Court found that the claim was in relation to property in Ontario because, in part, the holder of the domain name was based in Ontario. In this case, Mr. Pourshian lives in Ontario and he created *Inside Out* in Ontario. Therefore, I am satisfied that his claim is in respect of property in Ontario.

[64] However, as with the issue of whether the claim is in respect of copyright infringement in Ontario, this does not end the inquiry. It will be necessary to assess whether this presumptive connecting factor applies to each defendant, including whether the defendants' evidence rebuts the presumption.

**Whether the plaintiff has established a good arguable case for jurisdiction over each defendant**

[67] Having reviewed the general principles above, it is now appropriate to review the claim against each defendant. I approach this task as follows. As discussed above, I am satisfied that, in a general sense, the presumptive connecting factors of copyright infringement in Ontario and property in Ontario provide a real and substantial connection between the plaintiff's claim and Ontario. The core argument made by the defendants is that they played no direct role in distributing *INSIDE OUT* in Ontario. However, as reviewed above, I do not accept that this means that Ontario cannot have jurisdiction over the defendants.

[68] Therefore, the focus of the analysis in respect of each defendant is whether the allegations in the statement of claim and evidence support finding a good arguable case for assuming jurisdiction on the basis of copyright infringement in Ontario and/or property in Ontario, which includes an analysis of whether the defendant has rebutted the presumption because the connection to Ontario is too weak to justify assuming jurisdiction.

*Walt Disney Company*

[70] The allegation against the Walt Disney Company in the statement of claim is that it is the parent company of all the other defendants. There are no other allegations made against this defendant, and no specific allegations regarding its involvement in making or distributing *INSIDE OUT* in Ontario.

[72] In my view, Mr. Pourshian has not made out a good arguable case that Ontario has jurisdiction over the claim against The Walt Disney Corporation. Neither the statement of claim nor the evidence supports a finding that this defendant played any role in making *INSIDE OUT* or in distributing it in Ontario. Its role as ultimate parent is not sufficient to create such a connection. The plaintiff has not established a good arguable case that this defendant breached the copyright for *Inside Out* in Ontario. Even if the plaintiff's claim is in relation to property in Ontario, this defendant has rebutted any connection between this defendant and the plaintiff's claim by putting forward evidence that it played no role in the production or distribution of *INSIDE OUT*.

*Walt Disney Pictures Inc.*

[76] Mr. Salama did not rebut or contest the plaintiff's allegations in the statement of claim that Walt Disney Pictures produced *INSIDE OUT* or that it was responsible for its distribution in Canada. Rather, the defendants argue that the Ontario court does not have jurisdiction over the claim against this defendant because it did not *directly* distribute *INSIDE OUT* in Ontario. In my view, the uncontested allegations that Walt

Disney Pictures produced *INSIDE OUT* and was responsible for its distribution are sufficient for finding a good arguable case for the Ontario court to take jurisdiction over this defendant on the basis of the presumptive factors of copyright infringement in Ontario and property in Ontario. Walt Disney Pictures has not put forward any evidence to rebut the presumption of jurisdiction by showing that the connection between the claim against this defendant and Ontario is weak.

#### *Pixar Animation Studios*

[80] Mr. Salama did not dispute or rebut the allegation that Pixar was responsible for filming or producing *INSIDE OUT*. In my view, the uncontested allegation that Pixar filmed and produced *INSIDE OUT*, along with the evidence that Pixar is the registered owner of *INSIDE OUT* in Canada, are sufficient for the Ontario court to take jurisdiction over the claim against this defendant. With respect to presumptive factor of copyright infringement in Ontario, Pixar filmed and produced *INSIDE OUT*, which was ultimately distributed in Ontario. Again, it was part of the chain of production and distribution that led to *INSIDE OUT* being available in Ontario. With respect to the presumptive factor of property in Ontario, *Pixar* made the film which is alleged to infringe the copyright to *Inside Out*. It is also the registered owner of *INSIDE OUT* in Canada. The claim also alleges that Pixar had agents in Ontario who may have viewed *Inside Out* and that it hired former students from Sheridan College who would have viewed *Inside Out* and who then worked on *INSIDE OUT*. These are not weak connections between the claim against Pixar and Ontario, and Pixar has not rebutted the presumption of jurisdiction.

#### [Horizon Comics Productions Inc. c. Marvel Entertainment, 2022](#) QCCS 966

#### **4.2 Does The Québec Superior Court have jurisdiction over the Defendants?**

[66] The Defendants acknowledge that the Court has jurisdiction over Buena Vista and Marvel Worldwide on the basis that they have an establishment in Québec; they argue that the Court has no jurisdiction, however, over Marvel Entertainment, Disney, Marvel Studios, Marvel Studios or MVL.

[67] Horizon's requests for relief in its Amended Application are based on alleged violations of [Canada's Copyright Act](#).

[68] In particular, Horizon alleges that, as the Films were presented in cinemas across Canada and the Films were accessible in Canada via the Internet on various platforms such as Disney+ and Amazon Prime, the Defendants "infringed Horizon's exclusive rights to produce or reproduce substantial parts of its Works, contrary to [articles 3\(2\) and 27\(1\) of the Copyright Act](#)".

[69] The Defendants contend that Horizon does not allege that any one of them carries on business in Québec or otherwise has any connection to Québec.

[70] The Defendants add that Horizon failed to identify which of them, if any, was responsible for the sale or distribution of the Films in Canada or of any related posters, toys, accessories, or other merchandise in Canada.

[71] Moreover, the Defendants argue that their affidavits demonstrate the following:

- (a) The Defendants are separate and distinct corporate entities and each maintains its own separate books and records.
- (b) None of Marvel Entertainment, Disney, Marvel Studios, Marvel Studios, MVL:
  - (i) are qualified or registered to do business in Québec;
  - (ii) have conducted business in Québec;
  - (iii) incurred or paid taxes in Québec;
  - (iv) have any place of business, officers, directors, agents or employees in Québec;
  - (v) own assets or bank accounts in Québec;
  - (vi) own or lease property in Québec;
  - (vii) purchase advertising in Québec; or
  - (viii) have any computer servers located in Québec.
- (h) None of Marvel Entertainment, Marvel Studios, MVL or Marvel WorldWide have:
  - (i) reproduced, sold, rented, distributed, exposed or offered for sale or rental, exhibited in public or imported, the Films or any posters, toys, or accessories related to the Films in Québec;
  - (ii) received any direct revenue from the sale, rental, distribution or exhibition of the Films (in any format), or any related posters, toys, accessories or other merchandise in Québec; or
  - (iii) licensed the sale, exhibition or broadcast of the Films in Québec, in any form or media, including theatrical distribution, DVDs, streaming, hotel pay-per-view or airlines.
- (i) None of Marvel Entertainment, Marvel Studios, MVL, or Marvel WorldWide licence content to, or control what is broadcast on platforms such as Disney +, Amazon Prime Video and Vudu.

- (j) Disney did not have any involvement in the creation of the Films, or any related posters, toys, accessories or other merchandise.
- (k) The legal entity that licenses theatre operators to exhibit the Films in Québec and the rest of Canada is Buena Vista, a company whose corporate address is in Toronto, Ontario.
- (l) Marvel, Disney, Marvel Studios, MVL, and Marvel WorldWide are separate and distinct corporate entities from Buena Vista and maintain books and records separate and apart from it.
- (m) None of Marvel Entertainment, Disney, Marvel Studios, MVL, or Marvel WorldWide control the day-to-day operations of Buena Vista.
- (n) None of Marvel Entertainment, Disney, Marvel Studios, MVL, or Marvel WorldWide have in Québec or elsewhere in Canada: (i) reproduced; (ii) publicly presented or exhibited; or (iii) communicated the Film to the public as alleged in the Amended Application, nor authorized Buena Vista or any other entity in Québec or elsewhere in Canada, to do so.
- (o) None of Marvel Entertainment, Disney, Marvel Studios, MVL, or Marvel WorldWide have in Québec or elsewhere in Canada been involved in or participated in the alleged infringing acts as alleged in the Amended Application.
- (p) Contrary to paragraph 6.1 of the Amended Application, Buena Vista is not a subsidiary of Walt Disney Studios; Walt Disney Studios is not a division of Disney; and Disney Enterprises, Inc. is not a division of Disney.

[72] Thus, for all of these reasons, the Defendants submit that Horizon has not demonstrated a real and substantial link within the meaning of article 3148(3) CCQ.

[73] The Court disagrees.

[74] For the following reasons, the Court concludes that the minimal requirements of article 3148(3) CCQ are met.

[75] Québec's jurisdiction is based on article 3134 CCQ, which establishes a default rule: natural jurisdiction is where the defendant is domiciled.

[76] Article 3148 CCQ expands the default rule in personal actions of a patrimonial nature:

3148. In personal actions of a patrimonial nature, Québec authorities have jurisdiction in the following cases:...

(3) a fault was committed in Québec, injury was suffered in Québec, an injurious act occurred in Québec or one of the obligations arising from a contract was to be performed in Québec;

[77] In the present case, only article 3148(3) CCQ is in dispute.

[78] It should be noted that the criteria set out in article 3148(3) CCQ are not cumulative. The existence of any one of these criteria suffices for jurisdiction to ensue...

[80] In its Amended Application, Horizon describes as follows the alleged copyright infringements:

51. Through the costumes of the Iron Man, Ant-Man and the Wasp characters in the aforementioned Films, Marvel reproduced a substantial part of Horizon's Works. By so doing, Marvel infringed Horizon's exclusive rights to produce or reproduce a substantial part of its Works, contrary to [sections 3\(1\) and 27\(1\) of the Copyright Act](#). The infringement occurred in Canada and in Québec, as the Films were presented in cinemas across Canada including in Montréal, Québec, further infringing Horizon's exclusive rights to reproduction and public exhibition of its Works, contrary to [sections 3\(1\) and 27\(1\) of the Copyright Act](#). The Films were also accessible in Canada via the Internet on various platforms such as Disney+, Amazon Prime Video, and Vudu, further infringing Horizon's exclusive rights to reproduce and communicate its Works to the public by telecommunication, including its exclusive rights to make it available to the public by telecommunication, contrary to [sections 2.4 \(1.1\), 3\(1\) and 27\(1\) of the Copyright Act](#).

51.1. The Defendants also authorized reproduction of Horizon's Works in Canada, their public exhibition and their communication to the public by telecommunication, including their making available to the public by telecommunication, in direct violation of Horizon's exclusive authorization right pursuant to section 3(1) in fine of the [Copyright Act](#).

51.2. MVL alleges to be the holder of the Canadian copyright in the Films, as appears from the Canadian copyright registry, Exhibits P-30 to P-32. The manner in which the copyright in the Films are held, licenced and assigned between the various Defendants, and the Defendants' corporate structure in that respect, are only known to the Defendants. This being said, the Films are publicly exhibited, reproduced, communicated to the public, made available to the public or otherwise exploited in Canada. These acts have been either committed or authorized by the Defendants.

51.3. Therefore, as will be demonstrated at trial and following full inquiry pursuant to [section 35 of the Copyright Act](#), it is Horizon's contention that the Defendants are all responsible for, involved in, participate in, and/or benefit from, the infringement acts committed against Horizon and its Works.

52. Neither Horizon or the Lai brothers have provided any form of consent, explicit or implied, for the reproduction of their Works, for their public exhibition, their communication to the public by telecommunication, including their making available to the public, nor for the Defendants' authorization of such acts, in Canada. To the contrary, Horizon previously instituted a full legal action in the United States to enforce its rights in part of the Works. After this first legal claim, Marvel infringed Horizon's copyright in an even more egregious manner.

[81] It is not disputed that the Films were presented in cinemas in Québec and across Canada. The Films were also made available in Québec via the Internet on the Disney+, Amazon Prime Video and Vudu platforms.

[82] Therefore, an alleged injurious act occurred in Québec.

[83] It is also undisputed that MLV is the registered copyright owner of the movies *Ant-Man and the Wasp*, *Avengers: Infinity War* and *Avengers: Endgame*.

[84] As stated in Horizon's Amended Application, publicly available information about the Defendants includes the following:

- (a) MLV is the owner of the registered copyright in the Films in Canada;
- (b) Marvel Entertainment is the creator and distributor of the Films;
- (c) Disney is the parent company of Marvel Entertainment;
- (d) Marvel Studios does the movie production of Marvel comics; and
- (e) Marvel Worldwide is the entity responsible for Marvel's print publications.

[85] At this stage, the Court cannot conclude that the Defendants have not sold or distributed products in Canada that are related to the Works allegedly infringed, or that they did not license the sale, exhibition or broadcast of such products in Québec.

## 5. Establishing subsistence of copyright

### [August Image LLC v. AirG Inc.](#), 2022 FC 470

[54] However, the conditions for the subsistence of copyright in Canada pursuant to paragraph 5(1) of the *Copyright Act* is that “the author was, at the date of the making of the work, a citizen, or subject of or a person ordinarily resident in a treaty country”. Mr. Pugliese's affidavit does not establish that he was ordinarily resident in the United States at the time the works were created, in or around April 2015.

[55] The licensing agreement between Mr. Pugliese and August, dated January 4, 2012, provides a specific address for Mr. Pugliese in Los Angeles, California. The admissibility of this license agreement is considered in further detail below. However, even assuming the agreement were admissible in evidence for the truth of that

statement, it would not constitute satisfactory evidence of Mr. Pugliese's place of ordinary residence or citizenship at the relevant time.

[56] The phrase “ordinarily resident” is not defined in the *Copyright Act*. The term “residence”, either on its own or qualified with adjectives such as permanent, principal or ordinary, is used in many Canadian federal and provincial statutes. In relation to a natural person, residence means the place the person calls their home, where they live, where they “in mind and fact settles into or maintains or centralizes his ordinary mode of living with its accessories in social relations, interest and conveniences at or in the place in question” (*Re: Koo* 1992 CanLII 2417 (FC), [1993] 1 FC 286, at para 2, citing from *Re: Papadogiorgakis*, 1978 CanLII 2001 (FC), [1978] 2 FC 208 (TD)). Residence is a question of fact that goes beyond a person's physical presence at any one time and beyond the address they might choose to give for the purposes of executing or carrying out a commercial contract such as the license agreement in this case.

[57] The mere fact that Mr. Pugliese listed an address in California on a contract entered into in 2012 does not constitute evidence that he was ordinarily resident in California in 2015, even if considered in conjunction with the fact that he resided there in 2021, and that the photo shoot occurred in California. A person's ordinary residence is not static. While it does not change by reason of a temporary stay or visit elsewhere, it can change from year to year, as the person's intentions and life circumstances change. It was incumbent on August to prove, on a preponderance of evidence, that Mr. Pugliese was a resident or citizen of the United States – or of any other *Berne Convention* country – at the time the photos were created in 2015, in order to establish that copyright subsisted in the photographs pursuant to the *Copyright Act*. They have failed to meet that burden.

[58] Pursuant to subparagraph 5(1)(c) of the *Copyright Act*, copyright in Canada could also subsist in the photographs if they were first published in a Treaty country “in such a quantity as to satisfy the reasonable demands of the public”. Although August has not pleaded the issue, the Court notes that Mr. Pugliese testifies that the photographs were printed in US Weekly's June 2015 issue, and that he sought registration in the United States based on that publication. For the sake of completeness, the Court has considered whether that evidence might meet the requirements of section 5 of the *Copyright Act*. Despite the title of the magazine, there is no evidence that it was in fact published in the United States, let alone that the United States was the country of first publication; there is no evidence of the quantity in which the magazine was published. The Court cannot take judicial notice of the circulation or place of publication of US Weekly magazine.

[59] The Court concludes that August has not proven that copyright subsists in the photographs at issue.

[60] This conclusion is fatal to August's action, and it would not be necessary to go any further. However, in the event this conclusion is in error, the Court will briefly pursue its analysis of the other elements of the cause of action.

## 6. Status to sue

[Arc En Ciel RH c. Services Swissnova inc.](#), 2021 QCCS 1187, motion to dismiss appeal denied, [Arc En Ciel RH c. Services Swissnova inc.](#), 2021 QCCA 1254

[74] However, the analysis does not stop there. Indeed, even if there is infringement, AEC must still have the legal interest required to sue Swissnova in this regard. However, it is undeniable that the plaintiffs are only holders of a license from Cleaver. This license allows AEC, among other things, to use and modify the tools (“Basic Tools”) of Cleaver Company in exchange for predetermined fees [26]:

Cleaver Company agrees to approve the use of the basic Cleaver Company Instruments (Self-DIScription, Motivating Values, Human Factor Job DIScription tools (“Basic Tools”) only in **PVOE and Patrice FABART** product offering using any of Cleaver Company basic instruments in exchange for a one time license fee of \$50,000.00 and a six (6) percent share of the gross revenue generated by each of these product offerings using Basic Tools by Arc-en-Ciel to TCI via PVOE . **and Patrice FABART** uses the Cleaver Instruments or modified version of Cleaver Tools in its product offerings.(...)

“Cleaver Instruments” as defined herein include the following: SelfDIScription, Motivating Values, along with the Human Factor Job. Moreover, DuMar has worked with **PVOE and Patrice FABART** in developing the Reports and Customer Instruments for Motivating Values and styles that will be used in the **PVOE and Patrice FABART** offerings (sic)

[75] Above all, this license is non-exclusive [27]:

The parties agree that nothing herein prevents Arc-en-Ciel, **PVOE and Patrice FABART** from utilizing products and services including, but not limited to, DISC assessment and testing tools, Arc-en-Ciel, **PVOE and Patrice FABART** has no re-licence authority and reconfiguration of the Basic Tools without prior written consent by TCCI is not permitted and this is a Non-exclusive arrangement, for one company and non-transferable. (sic)

[83] However, the important part copied by Swissnova from the AEC method, namely the precise results, the presentation on the wheel/disc and the particular combination of the results is part of what is covered by this non-exclusive license of Cleaver. Accordingly, AEC does not have the legal interest to sue Swissnova, such an action rather belonging to Cleaver.

[84] AEC's claim based on infringement of the *Copyright Act* must therefore fail and the requested injunction cannot be granted.

[85] It is significant to point out, moreover, that the plaintiffs, in response to this claim by Swissnova, presented no valid argument either on the judicial confession or on the

question of the rights and obligations arising from the detention of a non-exclusive license. (translated using Google Translate)

**[August Image LLC v. AirG Inc., 2022 FC 470](#)**

[17] With respect to the agreement with Mr. Pugliese, the affidavit states that:

5. August Image entered into an exclusive license with Pugliese on January 4, 2012 (the “Agreement”). The explicit terms of this exclusive license included:

- a. That August would be Pugliese’s exclusive worldwide agent for sale, licensing and other promotion of photographic portraits created during the Term;
- b. For a Term of 2 years, thereafter renewable;
- c. That Pugliese would submit all Images as they are created or become available, as the case may be on a continuous, periodic basis, along with all related permissions, releases, agreements and contracts.

[69] The Court is satisfied that, had copyright subsisted in Canada in respect of the photographs at issue, August would have standing to enforce the copyright pursuant to a written, exclusive license granted to it and signed by the photographs’ author.

**7. Remedies**

**a. Damages**

**[Trimble Solutions Corporation v. Quantum Dynamics Inc., 2021 FC 6](#)**

“[67] Turning to the claim for general damages, the law is clear that where copyright infringement is established the copyright owner is presumptively entitled to damages for the losses suffered as a result of the wrongdoing (*Video Box Enterprises Inc v. Peng*, 2004 FC 482 at para 7 [*Video Box*]). The difficulty of establishing the precise losses is not a bar to recovery, nor should it lead to an award of nominal damages. The Court is to assess damages based on a practical and realistic assessment of the losses based on the evidence that is available (*Video Box* at para 7; *Leuthold v. Canadian Broadcasting Corporation*, 2012 FC 748 at para 131 [*Leuthold*]).

[68] Where the practice of a plaintiff, or the custom in an industry, is to grant licences for the use of a product, “the court may award damages in the amount that a defendant would have paid for a licence had the defendant been acting legally rather than illegally” (*Video Box* at para 7; see also *Leuthold* at paras 120-121 and 136)...

[70] In the circumstances of this case, I find that a general damages award based on the notional licensing fee that the Defendants would have paid had they chosen to comply with the law is appropriate. Several factors support this approach. The Plaintiffs regularly licence their products and a detailed pricing arrangement is in place based on this approach. This is reinforced by the fact that the individual Defendant inquired about

the cost of obtaining a licence when he was contacted about his infringing activities, and he completed and returned the Agreement.

**[Ark Innovation Technology Inc. v. Matidor Technologies Inc.](#), 2021  
FC 1336**

[91] In seeking damages at large, the plaintiffs emphasize that damages for copyright infringement may be awarded without proof of specific damages, particularly given the difficulty in proving damages that may arise in some copyright cases: *Leuthold v. Canadian Broadcasting Corporation*, 2007 FC 7 at para 11; *Trimble Solutions Corporation v. Quantum Dynamics Inc.*, 2021 FC 63 at para 67. The plaintiffs also note the broad remedial powers of the Court in cases of copyright infringement as set out in sections 34(1) and 35 of the *Copyright Act*: *Slumber-Magic Adjustable Bed Co Ltd v. Sleep-King Adjustable Bed Co Ltd et al*, 1984 CanLII 54 (BC SC).

[92] The defendants do not contest the Court's ability to grant damages at large for copyright infringement. However, they rightly point out that the availability of damages at large does not excuse a plaintiff from proving their damages claim. The defendants note the difference between an inability to prove damages because no damages have been incurred and a difficulty in proving damages because, for example, a defendant has not responded to proceedings or the number of lost sales cannot be readily quantified. The onus remains on a plaintiff to prove their damages claim. As the defendants also point out, the fact that some heads of damage may be appropriately awarded as general damages or damages at large does not mean that all damages should be quantified on this basis.

[93] I also agree with the defendants that “damages at large” does not necessarily mean “large damages.” There may be a “rough and ready” aspect of an assessment of damages and/or profits: *Slumber-Magic*. However, the assessment of compensatory damages remains an assessment of the damage caused and/or profits gained by the infringement: *Copyright Act*, s 35(1). Damages for copyright infringement, as with other aspects of copyright law, must recognize the fundamental balance in the *Copyright Act* between “promoting the public interest in the encouragement and dissemination of works of the arts and intellect and obtaining a just reward for the creator (or, more accurately, to prevent someone other than the creator from appropriating whatever benefits may be generated)”: *Théberge v. Galerie d'Art du Petit Champlain inc.*, 2002 SCC 34 at para 30. Monetary remedies for copyright infringement seek to cure the harm to the plaintiff and/or prevent the defendant from being enriched by its infringement: *Copyright Act*, ss 34(1), 35(1); *Cinar Corporation v. Robinson*, 2013 SCC 73 at para 86. However, subject to the imposition of punitive damages, they should not over-compensate a plaintiff by providing a financial windfall if the infringement has not caused actual harm to the plaintiff or benefit to the defendant.

[95] As the Supreme Court has noted, subsection 35(1) of the *Copyright Act* provides a “dual remedy” for copyright infringement, allowing recovery of the plaintiff's losses and disgorgement of the defendant's profits: *Cinar* at para 86.

[121] At the same time, I find the defendants have shown on a balance of probabilities that the actual work done on the LifeSaver project and the associated revenues were largely related to the development of new software and not to licensing, use, or expansion of the Matidor software. The situation is thus that Matidor was able to secure the LifeSaver project, at least in part, through reliance on the infringing software, but the infringing software played little or no role in the professional services work that Matidor was subsequently paid for. In my view, this raises an issue of attribution or apportionment, albeit in a somewhat different context than usual.

[122] [Subsection 35\(1\)](#) of the [Copyright Act](#) refers to the recovery of “such part of the profits that the infringer has made from the infringement.” This requirement for a causal link between the infringement and profit may require that the profit be apportioned between that which is attributable to the infringement and that which is not: *Cinar* at para 77. Based on the evidence related to the LifeSaver project, I conclude that a reasonable estimate of the degree of causation between the infringing Matidor software and Matidor’s profits from the project is 20%. That is to say, one-fifth of Matidor’s profits from the LifeSaver project were received due to its use and possession of the infringing Matidor software when it was approved for the project and in its implementation.

#### *Springboard or unjust enrichment damages*

[135] The plaintiffs also argue that by taking and using the Arkit software, the defendants were unjustly enriched by the value of the software, which they claim was worth about \$1,700,000 when Mr. Lam left the company in 2017. They cite *Airbus Helicopters*, a patent case in which the defendant was found liable for using an infringing landing gear in developing its helicopter, even though it only sold helicopters with a non-infringing landing gear: *Airbus Helicopters, SAS v. Bell Helicopter Textron Canada Limitée*, [2017 FC 170](#) at paras [371–379](#), *aff’d* [2019 FCA 29](#).

[136] In *Airbus Helicopters*, Justice Martineau assessed a “reasonable royalty” as a measure of the plaintiff’s damages, considering what royalty the parties would agree to in a hypothetical negotiation: *Airbus Helicopters* at paras 112–113. While this is not the approach proposed by either party before me, a number of Justice Martineau’s observations in reaching his conclusion on damages are relevant. A central consideration in Justice Martineau’s conclusion regarding the reasonable royalty was the recognition that the defendant obtained a financial benefit from their infringement through reduced research and development costs and its ability to design and commercialize its own helicopter, even though they gained no direct profit from the infringing article since it was never sold: *Airbus Helicopters* at paras 308–309, 373–376. While Justice Martineau recognized that it was “impossible for this Court to pinpoint the exact amount of time saved by the defendant in research and development from the infringing use” of the patented item, he assessed to the best of his ability on the evidence the advantage to the defendant of having the infringing item: *Airbus Helicopters* at paras 323–325, 376–379.

[137] The plaintiff in *Airbus Helicopters* referred to this benefit as the defendant being “unjustly enriched” or as obtaining a “springboard” for its development of its

helicopter: *Airbus Helicopters* at para 309. Justice Martineau recognized the defendant had been “unjustly enriched” from using the infringing landing gear: *Airbus Helicopters* at para 373. In the present case, the plaintiffs similarly used the “springboard” and “unjust enrichment” terms to describe the benefit to the defendants of using the infringing software.

[138] Contrary to the defendants’ submission, I do not conclude that the plaintiffs’ reference to “springboard” damages reflects a concession that the defendants have ceased infringing. The term “springboard” can be used to describe profits earned after expiry of an intellectual property right, if the profits were caused by the defendants’ infringement prior to expiry: *NOVA Chemicals* at paras 122–142. However, it is also used to describe equitable compensation for the plaintiffs’ hypothetical lost period of exclusivity flowing from use of confidential information: *Cadbury Schweppes Inc v. FBI Foods Ltd*, 1999 CanLII 705 (SCC), [1999] 1 SCR 142 at paras 67–77. Notably, Justice Binnie in *Cadbury Schweppes* referred to notions of unjust enrichment in discussing the springboard doctrine: *Cadbury Schweppes* at para 76.

[139] The defendants also argue that a claim for unjust enrichment requires proof of a benefit to the defendants, a corresponding deprivation to the plaintiffs, and the absence of a juristic reason for the enrichment, which they claim the plaintiffs have not shown: *Garland v. Consumers’ Gas Co*, 2004 SCC 25 at para 30; *Kerr v. Baranow*, 2011 SCC 10 at para 32. However, the plaintiffs do not seek damages for unjust enrichment as an independent cause of action, such as that recognized in *Garland* and *Kerr v. Baranow*. Rather, they put forward the allegations of enrichment in support of their general claim for damages at large as a remedy for copyright infringement and passing off.

[140] The Supreme Court of Canada has recognized that the disgorgement of profits pursuant to section 35 of the *Copyright Act* is designed mainly to prevent “unjust enrichment” of a defendant, without reference to that notion as a separate cause of action: *Cinar* at para 86. This is also one of the goals of statutory damages: *Rallysport Direct LLC v. 2424508 Ontario Ltd*, 2020 FC 794 at para 6 citing *Telewizja Polsat SA v. Radiopol Inc*, 2006 FC 584 at para 40. In my view, regardless of the terminology used, the Court may consider a benefit unjustly received by a defendant from their infringement of an intellectual property right as part of the assessment of damages and/or profits arising from that infringement. As the cause of action for infringement is established, the consideration of such enrichment in the assessment of damages need not meet the elements of the cause of action for unjust enrichment. This appears to have been the approach taken by Justice Martineau in *Airbus Helicopters* in recognizing the unjust enrichment as an element of assessing a reasonable royalty.

[141] Turning to the alleged enrichment itself, the \$1,700,000 figure cited by the plaintiffs reflects amounts paid by Ark Platforms from 2011 to 2017 for software development and marketing. While this figure may reflect investment by Ark Platforms in this period, there is no evidence it is indicative of the value of the software and marketing materials in 2017. A company may invest much more in developing a product than it is ultimately worth, or may invest much less. Without relevant evidence of the

value of the software and marketing materials in 2017, the Court cannot simply conclude that its value was equal to the amount invested.

[142] The defendants point to the \$100,000 price paid by Ark Innovation for the assets of Ark Platforms in the 2019 asset sale as showing a much lower value than the plaintiffs allege. In response, the plaintiffs submit that the sale also included assumption of a \$260,000 debt, such that the purchase price was actually \$360,000. They also note the financial status of Ark Platforms in 2019 and the “distress sale” nature of the transaction, which would have a tendency to reduce the purchase price compared to fair market value.

[143] There is no small irony in the positions of the parties in respect of the asset sale purchase price given their respective positions in the BC oppression remedy litigation. The defendants in this Court pointed to the low purchase price, although they claim in the oppression remedy litigation that the price was “millions of dollars less than the fair market value of the assets.” Conversely, the plaintiffs in this Court point to the distress sale to explain why the \$360,000 sale price is lower than the \$1,700,000 value they rely on, while at the same time alleging in the BC litigation that the asset sale “was for fair market value.” Neither party put forward any evidence in this Court of the fair market value of the Arkit software. I find that in the circumstances of the contested asset sale and the parties’ contradictory positions, I can place no reliance on the asset sale purchase price to assess the value of the Arkit software. In any event, the benefit to the defendants of infringing the Arkit software cannot be presumed to be the entire value of the software.

[144] That said, I agree with the plaintiffs that there was value to the defendants in using infringing copies of the Arkit software to develop the Matidor software. Mr. Lam is an experienced software developer and had a team of developers working with him. That they chose to use infringing copies of the Arkit software as a starting point rather than developing their own software from scratch shows they recognized a value in doing so. Indeed, even after their infringement had been pointed out in the plaintiffs’ demand letter, the defendants continued to develop the Matidor software by branching from the infringing December 2019 Version.

[145] There was also plainly some value to the defendants in using the infringing marketing materials. Simply taking Arkit’s materials and replacing “Arkit” with “Matidor” spared the defendants the cost of developing those materials and the cost of conducting their own case studies to the extent they could do so. It also allowed them to go before clients at an early stage with a full package of marketing materials. The defendants’ recognition of the value in doing so is seen from the fact that they sent copies of the case studies and product sheet, and links to the promotional video, to numerous prospective clients in late 2019.

[146] Thus, while I reject the plaintiffs’ contention that the Arkit software was worth \$1,700,000 or that the defendants obtained that value or anywhere near that value through their conduct, I accept that the defendants obtained a benefit through their infringement that ought to be disgorged. As Justice Martineau noted in *Airbus*

*Helicopters*, it is difficult to quantify with precision the benefit obtained, so it must be the subject of a ““rough and ready”” determination. Based on the information before me, including the costs incurred by Matidor in rewriting the software and the evidence regarding Matidor’s entry into the market in 2019, I assess this value to Matidor as being \$50,000.

**b. Statutory damages**

**[2424508 Ontario Ltd. v. Rallysport Direct LLC, 2022 FCA 24](#)**

[2] The appellants are appealing on the basis that the amounts awarded as statutory damages and punitive damages are grossly out of proportion to the infringement and excessive in light of all of the circumstances. In essence, the appellants argue that the statutory damages are excessive and out of proportion to the infringement because the amount awarded was not directly linked to the harm sustained by RallySport or the profits earned by the appellants from the infringing actions, but rather are based on other factors such as the cost of production of the photos by RallySport. The appellants argue that the punitive damages are excessive because deterrence was already considered in setting the amount for the statutory damages.

[10] Statutory damages are based on the number of works that are infringed. For the purposes of determining the number of works, the Federal Court Judge used the number of photographs (1,430) and found that any damages related to the three product descriptions would be covered by an award based on the 1,430 photographs.

[24] The minimum amount for statutory damages is \$500 per work where the infringement is for commercial purposes ([paragraph 38.1\(1\)\(a\)](#) of the [Act](#)). In this appeal, the amount awarded for statutory damages is 50% of the minimum amount. The appellants’ main argument is that the award of \$250 per work is still too high because it is not linked to the actual damages suffered by RallySport or the profits earned by the appellants.

[28] It should first be noted that the Ontario Superior Court in paragraph 56 of *Trader* did not use mandatory language as suggested by the appellants. The Court did not say that ““a plaintiff is only entitled to damages to the extent of the harm/loss”” or that ““the ‘metric’ must match the loss””. The Court did state that statutory damages are intended to compensate a party for its losses and to deter future infringement and that there should be some correlation or proportionality between actual damages and statutory damages.

[29] However, in *Trader*, despite Trader Corp. not suffering any monetary damages and not having any loss of business as a result of the infringement, Trader Corp. was still awarded \$305,064 in statutory damages ([paragraph 67](#) of *Trader*). Not only does *Trader* not support the appellants’ proposition that statutory damages must be linked to the actual damages suffered by the copyright owner as a result of the infringement of the copyright, it actually supports the proposition that statutory damages can be awarded even if no monetary damages are suffered and no business is lost.

[\*Patterned Concrete Mississauga Inc. v. Bomanite Toronto Ltd.\*, 2021 FC 314](#)

[61] I agree with Bomanite that [section 38.1\(1\)\(a\)](#) uses different words—all infringements involved in the proceedings, each work—and on a plain reading provides a remedy of statutory damages that is calculated by multiplying a dollar amount within the monetary range by the number of works, not the number of infringements. In my view, case law establishing that each infringement stands as a cause of action does not compel a different interpretation. As noted above, Patterned Concrete did not point to any case where a court has calculated statutory damages by multiplying a number within the monetary range of [section 38.1](#) by the number of infringements, and I was unable to find such a case. The “per work” nature of statutory damages was recently confirmed by Justice Kane in *Young v. Thakur*, [2019 FC 835](#) [*Thakur*] at paragraphs 40-41...

[62] Accordingly, in this case the range of statutory damages available under [section 38.1](#) based on three works would be \$1,500 to \$60,000, subject to the statutory exceptions.

[63] Bomanite submits that the exceptions under sections 38.1(2) and (3) apply to reduce statutory damages.

[64] [Section 38.1\(2\)](#) of the *Copyright Act* grants discretion to reduce an award of statutory damages to an amount between \$200 and \$500 where a defendant satisfies the court that it was not aware and had no reasonable grounds to believe that it had infringed copyright. For the same reasons discussed in relation to [section 39\(1\)](#) of the *Copyright Act*, I am not satisfied that statutory damages should be reduced pursuant to [section 38.1\(2\)](#).

[65] [Section 38.1\(3\)](#) grants the discretion to award, with respect to each work, a lower amount than \$500 or \$200 per work where there is more than one work in a single medium and the awarding of the minimum under [section 38.1\(1\)](#) would result in a total award that is grossly out of proportion to the infringement. Relying on *Trader v. CarGurus*, [2017 ONSC 1841](#) at paragraph 57 [*Trader*], Bomanite asserts that photocopies of the forms at issue in the present case were made within a single medium. I am not satisfied that I should award an amount lower than \$500 per work. First, I disagree with Bomanite’s interpretation of the *Trader* case. It is the works, not the copies, that must be in a single medium in order for [section 38.1\(3\)](#) to apply. Second, I am not satisfied that a minimum award under [section 38.1\(1\)](#) of \$1,500 for the three Works at issue would be grossly out of proportion to the infringement in this case.

[70] In my view, statutory damages under [section 38.1](#) are awarded “instead of damages and profits referred to in subsection 35(1).” As a separate head of damages, determining the amount of statutory damages that the Court considers just is not necessarily tied to a plaintiff’s actual damages or a defendant’s actual profits. Factors that I consider relevant in arriving at an appropriate quantum of the statutory damages award in this case include:

- (a) Mr. Padula's evidence that the reason he changed Patterned Concrete's forms was to offer a better customer experience, in order to weather the economic downturn in 2008 and attract new business;
- (b) the absence of evidence explaining why Bomanite changed its forms;
- (c) Mr. Padula's evidence of the efforts he undertook to change Patterned Concrete's forms, based on his considerable experience in the industry—however, I am also mindful that Patterned Concrete made no attempt to quantify the value of those efforts;
- (d) Mr. Fallone's evidence that he estimated the value of Vanessa Fallone's work in revising the Bomanite quotation, contract, and warranty forms to be about \$2,500;
- (e) Ms. Vanessa Fallone's evidence that she is the Human Resources Administrator for Bomanite, and she prepared Bomanite's new quotation, contract, and warranty forms based on earlier versions of the forms the company had used in the past, and discussions with sales representatives;
- (f) the Works themselves are not sold for value;
- (g) the parties use their forms for a commercial purpose;
- (h) the infringing forms were used for about three years by Bomanite; as this included one year after Patterned Concrete sent its demand letter, Bomanite's response was neither immediate nor egregiously lengthy;
- (i) while the parties disagree about whether they are competitors, I agree with Patterned Concrete that they are competitors;
- (j) the need to deter other infringements of the copyright in question; and
- (k) as noted above, while Bomanite did not act in bad faith so as to warrant an increase in statutory damages, neither does its conduct warrant a reduction on account of good faith.

[71] I consider an award of \$8,000 per work, for a total statutory damages award of \$24,000, to be a just result and a reasonable assessment in view of all of the circumstances of the case.

**[Kaira District Co-operative Milk Producers' Union Limited v. AMUL Canada, 2021 FC 636](#)**

[54] As for copyright, in pursuing statutory breaches, statutory awards can range from \$500 to \$20,000 per breach under [paragraph 38.1\(1\)\(a\)](#) of the *Copyright Act* (*Royal Conservatory of Music v. Macintosh (Novus Via Music Group Inc)*, [2016 FC 929](#) at para

108). Once again, given the evidence of five incidences arising only from the posting of the social media pages, and without considering any further incidences each time those pages are viewed by the 177 followers, and any other viewers, I find the \$5,000 amount sought to once again be reasonable and proportionate in the circumstances.

**[August Image, LLC v. airG Inc., 2021 FC 272](#)**

[22] However, I am persuaded that the Defendant makes a compelling argument that 38.1(5)(b) of the *Copyright Act* expressly permits defences to a statutory damage claim to include the Plaintiff's conduct before litigation. As noted above, the enactment provides that the Court should take into account, among other factors, the conduct of the parties before and during the proceedings.

[23] In this instance, such actions would include the manner in which the Plaintiff made demands for the payment of damages and solicitor-clients costs first to an apparently non-existent entity and then to the Defendant; and pressing both for an early settlement. This was, arguably, consistent with the actions of a "copyright troll," as described in *Voltage*, above, attempting to enforce an alleged copyright through threatened litigation in an aggressive manner. While it is not for this Court to determine whether the Plaintiff is or is not a "copyright troll" on this motion, the Defendant should not be denied an opportunity to make that argument at trial in light of the express language in the statute that permits conduct by the parties before and after litigation is commenced to be raised as a defence. In addition, the conduct of the Plaintiff may also be relevant to the issue of costs. See for example: *1395804 Ontario Ltd (Blacklock's Reporter) v. Canada (Attorney General)*, [2016 FC 1400](#) at para 7...

[26] In my view, "the conduct of the parties" is not limited to the actions of corporate officers or employees and is broad enough to encompass actions taken on a party's behalf by counsel. To interpret it otherwise would limit the scope of s 38.1(5)(b) and preclude the Court from considering the actions of lawyers carried out on behalf of a party. The fact that it may "cast a derogatory light on Plaintiff's counsel" is itself an insufficient basis to exclude statements of fact and law, which may be relevant factors to be taken into consideration at trial both on the merits of the action and on liability for costs. The action is not a disciplinary proceeding but the actions of counsel acting on behalf of the Plaintiff cannot be exempt from scrutiny. And a client may be held to account for their lawyer's actions in costs awards.

**[Nintendo of America Inc. v. King of Windows Home Improvements Inc., 2021 FC 291](#)**

[9] The Defendants shall pay the Plaintiff \$60,000 in damages for the infringement of the NINTENDO Works. In particular, I award the Plaintiff \$20,000 in statutory damages for each of the three copyrighted works that I have found to be infringed, pursuant to [subsection 38.1\(1\)\(a\)](#) of the *Copyright Act*. This order is made in consideration of the factors enumerated under [subsection 38.1\(5\)](#) of the *Copyright Act*, including the lack of good faith negotiations on behalf of the Defendants before the commencement of these

proceedings, and to deter the Defendants and others from engaging in similar illicit activities (*Nintendo of America Inc v. King*, 2017 FC 246 at paras 162-166).

**[Bell Canada v. L3D Distributing Inc. \(INL3D\)](#), 2021 FC 832**

[95] Statutory damages are assessed on the basis of “all infringements... for each work” and the copyright owner is entitled to an amount in the range of \$500 and \$20,000 per work, if the infringements are for a commercial purpose: *Copyright Act section 38.1(1)(a)*. There is no question that the infringements, about which the Plaintiffs complain in this case, were for a commercial purpose.

[96] As I previously have held, “statutory damages involve a case by case assessment of all relevant circumstances in order to achieve a just result”: *Rallysport Direct LLC v. 2424508 Ontario Ltd*, 2020 FC 794 [*Rallysport*], at para 6. Further, “[e]vidence demonstrating the ease with which copyright infringement can be accomplished using modern technology may compel the need to deter further infringements”: *Rallysport*, above at para 6. In my view, plug and play devices such as pre-loaded set-top boxes make it easy for the Respondent Defendants and others (i.e. streaming sites) to infringe the Plaintiffs’ Copyright.

[105] The maximum statutory damages claimed by the Plaintiffs in this case are substantial, in part because of the number of infringements. In considering whether they are grossly disproportionate, I note that the Plaintiffs have obtained consent judgment against Defendant 2460269 Ontario Inc. dba Infinity TV; on March 20, 2019, Justice Gascon ordered that the Defendant pay the Plaintiffs the sizable lump sum of \$5,000,000 for damages, profits, punitive and exemplary damages, and costs. I also note this Court’s more recent awards of statutory damages have fallen in the range of \$10,000,000 to \$12,000,000: *Nintendo* and *Thomson* above. I thus find an approximately midpoint amount of \$10,000 to be more proportionate, especially given the Plaintiffs’ intention to pursue default judgment against more defendants in this matter and in light of the Plaintiffs’ admission that declines in subscriptions result only partly from content piracy.

[106] Based on the above, I therefore award the Plaintiffs statutory damages in the total amount of \$29,300,000 (in Canadian dollars)...

**[Equustek Solutions Inc. v. Jack](#), 2021 BCSC 2126**

[3] The plaintiffs originally sought statutory damages under s. 38.1 of the *Copyright Act, R.S.C. 1985, c. C-42*, based on damages paid for each infringing copy of the plaintiffs’ copyright materials. Under that approach, the plaintiffs maintained that statutory damages would amount to about \$5.3 million, based on the numbers of devices that the Datalink defendants likely sold, each of which were accompanied by a manual and application notes.

[4] The plaintiffs now submit that this assessment of the law was wrong. Statutory damages are not awarded per infringing copy, but per work infringed:

*Patterned Concrete v. Bomanite*, 2021 FC 314 (CanLII) at paras. 56-61; and

*Young v. Thakur*, 2019 FC 835 (CanLII) at paras. 40-45.

[5] If copyright damages are assessed on the basis of work infringed, the statutory limit is \$40,000: \$20,000 for the infringement of the manual and \$20,000 for the infringement of application notes.

[6] The plaintiffs now seek general damages under s. 35 of the *Copyright Act*, as s. 38.1 allows the plaintiff to make their election at any time before final judgment is rendered. They maintain that the provision should be interpreted liberally, citing *Ritchie v. Sawmill Creek Golf & Country Club Ltd.*, 2003 CanLII 24511 (O.N.S.C.). In that case, Justice Ducharme noted that the *Copyright Act* makes it clear that statutory damages are for the claimant to choose, from a host of remedies, at any time before final judgment is rendered. Justice Ducharme found that the defendants had not been taken wholly by surprise and had not suffered any real prejudice as a result of the late election and exercised his discretion to permit an amendment to the pleadings and to grant the plaintiff his election: at paras. 32-34.

[7] I am not inclined to permit the plaintiffs in this case to change their election based on their own oversight in litigation which has been ongoing since 2011. I award damages for copyright infringement in the amount of \$40,000, jointly and severally, against Morgan Jack, the Datalink defendants and Mr. Crawford.

**c. Punitive damages**

***Trimble Solutions Corporation v. Quantum Dynamics Inc.*, 2021 FC 6**

“[77] Punitive damages may be awarded where a party’s conduct has been malicious, oppressive, and high-handed, such that it offends the Court’s sense of decency and represents a marked departure from ordinary standards of decent behaviour (*Whiten v. Pilot Insurance Co*, 2002 SCC 18 at para 36 [*Whiten*]; *Louis Vuitton Malletier SA v. Singga Enterprises (Canada) Inc*, 2011 FC 776 at para 163 [*Louis Vuitton 2011*]). If all other penalties are inadequate to accomplish the objectives of retribution, deterrence, and denunciation, punitive damages may be found to be appropriate (*Whiten* at para 123; *Louis Vuitton 2011* at para 164). Where compensatory damages would amount to nothing more than a licencing fee to earn greater profits through complete disregard for the rights of others, punitive damages may be awarded (*Whiten* at para 72, *Louis Vuitton 2007* at para 49).

[78] In this case, I find that punitive damages are appropriate in light of the individual Defendant’s admission of copyright infringement, his failure to delete the infringing programs despite its promise to do so, as well as his failure to pay the fees quoted even after it completed and returned the Agreement. This last fact clearly demonstrates that the Defendants were aware of what was required to lawfully use the Plaintiffs’ software, yet there is no evidence they made any attempt to pay the amount required in order to comply with the law, even though they continued to use the Plaintiffs’ software. In addition, the fact that the Defendants

decided not to participate in this proceeding is also a relevant consideration and has made it impossible to determine the Plaintiffs' losses in a more accurate manner.

[79] In all of the circumstances, I find that a punitive damage award of \$50,000 is appropriate, taking into account the precedents that have awarded punitive damages between \$15,000 to \$1 Million (see *Mitchell Repair Company LLC v. Long*, 2014 FC 562 at paras 14-17; *Collette v. Northland Art Company Canada Inc.*, 2018 FC 269 at para 76; *Louis Vuitton (2011)* at para 180; *Microsoft* at para 47; *Nintendo of America Inc v. King*, 2017 FC 246 at para 172, *Rallysport Direct LLC v. 2424508 Ontario Ltd.*, 2020 FC 794 at paras 44-52)."

**[Patterned Concrete Mississauga Inc. v. Bomanite Toronto Ltd.](#), 2021 FC 314**

[72] Patterned Concrete also requested punitive or exemplary damages in the amount of \$40,000. I agree with Bomanite that there is no legal basis for awarding punitive damages against it. Patterned Concrete led no evidence that Bomanite engaged in "high-handed, malicious, arbitrary or highly reprehensible misconduct that departs to a marked degree from ordinary standards of decent behaviour" such that it would warrant punitive damages: *Whiten v. Pilot Insurance Co.*, 2002 SCC 18, [2002] 1 SCR 595 at para 36. Punitive damages are warranted only where the defendant's conduct in infringing copyright is outrageous, highly unreasonable, or otherwise demonstrates a callous disregard for the rights of the plaintiff: *Adobe Systems Incorporated v. Dale Thompson DBA Appletree Solutions*, 2012 FC 1219 at para 11. Bomanite voluntarily revised the forms at issue within a reasonable time. Deterrence is already factored into an award of statutory damages, and there is no evidence of conduct that would merit an award of punitive damages against Bomanite.

**[Bell Canada v. L3D Distributing Inc. \(INL3D\)](#), 2021 FC 832**

[107] Given the applicable legal principles summarized below, and having considered subsection 38.1(7) of the *Copyright Act*, I find a punitive damages award of \$100,000 for each of INL3D, Ottawa Tek and Raheel Rafiq (jointly and severally), and Morcor, for a total award of \$300,000, is appropriate in this case. Having chosen to operate in an industry that inherently and blatantly disregards the Plaintiffs' rights, the Respondent Defendants have engaged, in my view, in egregious conduct warranting denunciation and the additional sanction of punitive damages.

[108] I start from the premise that "[p]unitive damages 'are very much the exception rather than the rule'": *Bauer Hockey Corp v. Sport Masko Inc (Reebok-CCM Hockey)*, 2014 FCA 158 [Bauer] at para 26, citing *Whiten v. Pilot Insurance Co.*, 2002 SCC 18 [Whiten] at para 94. Further, punitive damages "should be resorted to only in exceptional cases and with restraint": *Whiten*, above at para 69. The question for the Court to determine is whether the circumstances warrant the addition of punishment to compensation: *Whiten*, above at para 67. Here, I answer this question affirmatively.

[109] Previous punitive damages awards by this Court have ranged roughly from \$10,000 to \$100,000 based on the particular circumstances: *Microsoft Corporation v. Liu*, 2016 FC 950, at para 28; *Entral Group International Inc v. MCUE Enterprises Corp (Di Da Di Karaoke Company)*, 2010 FC 606 at para 55; *Young v. Thakur*, 2019 FC 835 at para 48, but have reached far greater heights (\$500,000 to \$1.14 million) in the following cases: *Twentieth Century Fox Film Corporation v. Hernandez*, Federal Court File T-1618-13; *Nintendo*, above; *Columbia Pictures Industries, Inc, et al v. Samuel Horkoff dba Mr Blamo*, Federal Court File T-1633-18. I thus find the total sum of \$300,000 justified in the circumstances.

**d. Final Injunctive relief**

**[Trimble Solutions Corporation v. Quantum Dynamics Inc.](#), 2021 FC 6**

“[66] In addition, where copyright infringement has been established, the jurisprudence confirms that “the copyright owner is *prima facie* entitled to an injunction restraining further infringement” (*R v. James Lorimer & Co*, [1984] 1 FC 1065 at 1073, 180 NR 351 (FCA) cited in *Wing v. Van Velthuizen* (2000), 2000 CanLII 16609 (FC), 197 FTR 126, [2000] FCJ No 1940 (QL) at para 69 (FCTD)).”

**[Ark Innovation Technology Inc. v. Matidor Technologies Inc.](#), 2021 FC 1336**

[155] The plaintiffs seek an order enjoining the defendants from further infringement of copyright in the Arkit Works. They also seek an order enjoining the defendants from:

- (a) making further use of any infringing copies of the Arkit Works or of any software or materials derived directly or indirectly from substantial reproductions of the Arkit Works, or authorizing such acts;....

[156] The defendants do not object to an order enjoining them from further infringement. They also do not object to the “making further use” and “selling or renting out” orders, although they propose language that refers to infringing copyright, rather than substantial reproductions. However, the defendants object to the reference in paragraph (a) above to “software or materials derived directly or indirectly from substantial reproductions of the Arkit Works.” For the following reasons, I agree with the defendants that the Court’s injunction should not include these words.

[157] The language proposed by the plaintiffs would preclude the defendants from using software that does not infringe copyright in the Arkit software, on the basis that it was prepared through the use of the Arkit software, and in particular through the use of unauthorized and infringing copies of the Arkit software or of software that itself infringed the Arkit software. Essentially, the plaintiffs seek to enjoin the use of any software that Matidor did not develop in a “clean room” scenario. On this approach, any such software may be viewed as a form of “ill-gotten gains” from which the defendants should not be permitted to obtain ongoing benefit.

[158] The *Copyright Act* sets out the exclusive rights of a copyright owner. The term “copyright” is defined in subsection 3(1) of the *Copyright Act* as including the “sole right to produce or reproduce the work or any substantial part thereof in any material form whatever,” with examples of what is included in this right given in paragraphs 3(1)(a) to (j). The essence of what is protected by the *Copyright Act* is the production or reproduction of a work or a substantial part thereof. If a defendant’s work represents a substantial reproduction of a copyright owner’s work, it is infringement: *Cinar* at para 1. Conversely, if the work does not represent a substantial reproduction of a copyright owner’s work, it is not an infringing copy.

[159] A “substantial part” is a flexible notion decided by assessing the quality rather than quantity of the part taken, in relation to the originality of the copyright work: *Cinar* at para 26. As is clear from Chief Justice McLachlin’s discussion of the substantiality assessment in *Cinar*, what is important is the nature of the impugned work and not the method or process by which the impugned work is created: *Cinar* at paras 33–47. Access to an original work, or even an infringing copy of an original work, does not alone render a defendant’s work infringing.

[160] In *Théberge*, the Supreme Court recognized that certain “derivative works” fall within the definition and examples of subsection 3(1) of the *Copyright Act*: *Théberge* at paras 70–73. However, the Court rejected the extension of copyright protection to derivative works not falling within the scope of subsection 3(1): *Théberge* at para 73.

[161] The plaintiffs were unable to point to any jurisprudence in which the Court had enjoined an infringing party not only from future infringement, but from using non-infringing works that were derived from infringing works. They argue, however, that an injunction is an equitable remedy permitting the Court to craft a remedy that is just and appropriate in the circumstances.

[162] While injunctions are equitable remedies, the injunction in this case is a remedy being sought for infringement of copyright under the *Copyright Act*. What is just and appropriate must be considered in that context. While I need not rule out the possibility of such an order regardless of circumstances, the Court in my view should be hesitant to grant a remedy under the *Copyright Act* that enjoins the use of works that do not infringe copyright, based on the manner in which they were authored.

[163] The plaintiffs also argue Mr. Lam’s employment agreement prohibited him, on termination, from “licensing or otherwise exploiting, directly or indirectly, any products or services that embody or are derived from Confidential Information.” The term “Confidential Information” in the agreement covers “computer software of any type or form.” Although the plaintiffs do not seek to enforce the employment agreement, they argue this term reinforces that it would be just and appropriate to grant an injunction preventing Mr. Lam from using software derived, directly or indirectly, from the Arkit software. I cannot agree that the term of the employment agreement supports the requested injunction. This Court does not have jurisdiction to enforce Mr. Lam’s employment agreement and the plaintiffs’ action does not seek to enforce that agreement. To use the terms of that agreement to support a *Copyright Act* remedy

would be to circumvent the limits on this Court's jurisdiction and grant an order enforcing the employment agreement by the back door.

[164] I also share the defendants' concern that the plaintiffs' proposed "'derived from'" language raises practical concerns about its scope and enforceability. Particularly in the absence of a body of jurisprudence addressing when one work is "'derived from'" another work while not infringing copyright in it, it would be difficult for a defendant to know what is and is not permitted by the injunction. This is of particular concern given the potential consequences of violating an injunction.

[165] It is also relevant that the plaintiffs have already been compensated through the damages award set out above for the benefit obtained by the defendants in using the infringing software to develop its own software. To additionally require, as the plaintiffs request, that the defendants discard all of the Matidor software written to date and restart from scratch, would in my view be unduly punitive.

[166] I therefore decline to include in the injunction order a requirement that the defendants refrain from using software that is derived from the Arkit software or from software infringing the Arkit software. With respect to the inclusion of "'substantial reproductions,'" I believe it more precise to simply refer to works that infringe copyright in the Arkit Works, as this captures the notion of reproduction of a substantial part.

[167] The same reasoning applies to the requested order for delivery up. The parties agree on the remaining aspects of the requested delivery up order.

[168] I make a final note with respect to the injunction and delivery up orders in light of my conclusion above that the defendants have infringed through the date of Mr. Lam's evidence. As stated above, this conclusion was reached based on inference from the June 2020 Version and the fact that the defendants did not tender evidence regarding later versions of the software to show that they ceased to infringe at some point. I do not intend for this finding to render any assessment of whether the Matidor software at the date of judgment infringes copyright in the Arkit software *res judicata*. In other words, if the defendants contend they are now using a version of Matidor that does not infringe copyright, and can therefore continue to use that version despite the Court's injunction and order for delivery up, that issue will have to be determined by the Court and has not been pre-determined by this decision.

**[Bell Canada v. L3D Distributing Inc. \(INL3D\)](#), 2021 FC 832**

[91] Jurisprudence confirms that where copyright infringement has been established, as I have found in this case, the copyright owner is entitled to an injunction restraining further infringement: *Trimble Solutions Corporation v. Quantum Dynamics Inc.*, 2021 FC 63 at para 66.

**e. Interlocutory injunctive relief**

**[Warner Bros. Entertainment Inc. v. White \(Beast IPTV\)](#), 2021 FC 53**

[3] The interim orders, one for each Defendant, provided that their execution was to be reviewed by the Court. The said orders, which were executed simultaneously on November 24, require, among other things, the transfer of control of the infrastructure of the Beast IPTV Service to the independent supervising solicitors.

[4] In order to achieve that purpose of transferring the control of the infrastructure of the Beast IPTV Service, the Defendants were ordered to:

- (q) provide the independent supervising solicitors the identity of the registrar accounts with which certain domains and subdomains are registered; the Defendants were also to provide the independent solicitors with the login credentials for each account;
- (r) provide the independent supervising solicitors the identity and location of the servers and hosting provider accounts for the servers associated with the Beast IPTV Service and with certain domains and subdomains; the Defendants were to provide the login credentials (or other credentials) necessary to access the highest available privilege level to the servers and accounts;
- (s) disclose any other domain (and subdomain), registrar account, hosting provider account, and server associated with the development, hosting, operation and promotion of the Beast IPTV Service and sale of subscriptions to the Beast IPTV Service; the independent supervising solicitors are to be provided with the login credentials (or any other credentials) necessary to access the highest available privilege level for these.

[5] For that same purpose, computer forensic experts were authorized:

- to log into the accounts and servers using the credentials thus obtained;
- to modify the login credentials for the accounts and servers;
- to deactivate any domain, subdomain, server or service associated with the accounts or servers;
- to transfer control over the accounts, domains, subdomains and servers to the independent supervising solicitors as custodians; the independent supervising solicitors, assisted by the computer forensic experts, are to act as custodian of the modified login credentials.

[6] The interim orders were enjoining and restraining the Defendants, by themselves or through various other persons or entities, from:

- developing, operating and maintaining, promoting, providing support, selling subscriptions, or authorizing any one to sell subscriptions to unauthorized IPTV Services, including the Beast IPTV Service, that provide users with unauthorized access to cinematographic works for which the copyright is owned by the Plaintiffs;
- developing, maintaining, updating, hosting, distributing, promoting or selling any software application that provides access to unauthorized IPTV services, including the Beast IPTV Service, the Beast IPTV Android Application and the Beast IPTV Perfect Player;
- operating, maintaining, updating, hosting, promoting or selling access to domains (and subdomains) through which IPTV (which includes the Beast IPTV Service) is made available, or indirectly made available, advertised, offered for sale or sold;
- from communicating the Plaintiffs' works to the public by telecommunication, including by transmitting or making available, without authorization, the television channels owned and operated by one of the Plaintiffs, Bell Media Inc. on which are broadcast the Bell Programs ("Bell channels");
- making available to the public the Plaintiffs' works and the Bell Channels, by telecommunication so that members of the public have access from a place and at a time individually chosen by them.

[7] The Defendants were ordered to disclose to the independent supervising solicitors and to the Plaintiffs' solicitors various financial information concerning the Beast IPTV Service, as well as assets and revenues, in Canada or abroad.

[8] The Defendants were enjoined and restrained from disposing of their assets.

[9] The Plaintiffs' solicitors and the independent supervising solicitors were ordered to inform the Defendants (or the persons on whom the order was executed) about rights they have, including their right to seek advice from counsel. The Notice to the Defendants appended to the interim order runs for 14 paragraphs. Moreover, the Statement of Claim was served on the Defendants as part of the execution of the interim orders.

[10] The interim orders also provided for the execution of the orders by authorising the presence of representatives of the Plaintiffs, law enforcement officers only to the extent necessary and the independent supervising solicitors to record all or parts of the execution of the orders. The Plaintiffs were ordered to treat as confidential the information and material obtained in accordance with the execution of the interim orders; the information and material can be filed with the Court under seal; it was to be marked as confidential. The independent supervising solicitor and the Plaintiffs' counsel were authorized to consult the material and information obtained, but only for the purpose of preparing the independent supervising solicitors' report and also for the purpose of continuing the orders as interlocutory injunctions, the review motions and, more generally, for the purpose of this proceeding.

[11] Other specific elements of the interim orders deserve to be mentioned in view of allegations of the violation of the orders:

- a person on whom the order was served, or who has notice of the order, had to refrain during the execution of the order from using a computer, telephone, or other communication device, except in the presence of the independent supervising solicitor; furthermore, that person was ordered to refrain, for a period of 48 hours after service of the order, from disclosing to, or discussing with, any other person, the existence of the order or the proceeding (except of course for the purpose of obtaining legal advice). Moreover, the orders extended to the prohibition to inform or warn anyone that the Plaintiffs might execute the order against her or him.

[12] Given the nature of the proceedings, the Court record was to be held in sealed envelopes in the Court registry until 48 hours following the service of the various documents (Statement of Claim, Motion seeking interim injunction, the order, etc.).

**[Knowmadics Inc. v. Kathryn Amero et al.](#), 2021 ONSC 2881**

[18] In any event, the court has already determined to apply the ‘substantial issue to be tried’ test in granting the existing injunction. There is no justification for applying a different test to a proposed variation of the injunction. As this court determined previously, the drastic and potentially irreversible effects of an interlocutory injunction that would normally result in the application of the more onerous ‘strong prima facie case’ test (see, *Cytrynbaum v. Look Communications Inc.*, 2013 ONCA 455), are not in existence here. This is because the injunction that was granted preserves the status quo until trial and that status quo allows the defendant LDX to retain and service its current customer base and, in effect, its current penetration of the Canadian market.

[19] This court stated, when applying the substantial issue to be tried test to the granting of the present injunction: (para 27)

In the court’s opinion an interim interlocutory injunction which permits the defendants to continue to service only their existing Canadian based clients with their FireCat software until the trial of this action achieves an adequate balancing of the interests of both parties and avoids irreparable harm to either one. The object of such an order would be to maintain the status quo pending trial.

[20] When the injunction was granted, the defendant’s had already succeeded in taking over most of the plaintiff’s Canadian customer base, and the terms of the injunction allowed the defendants to continue to service this existing customer base with their FireCat product, pending trial. The plaintiff reluctantly acquiesced in this due to representations from some of these customers (police forces) that they had become dependant on the FireCat program and law enforcement and public safety might suffer if the FireCat program was suddenly withdrawn. The status quo preserved by the injunction was arguably in the defendant’s interest so far as it permitted LDX to maintain

its significant customer base. The injunction was intended to prevent future sales of the FireCat program to Canadian customers, until trial.

[21] The evidence on this motion to vary the injunction establishes a very similar scenario. The defendant LDX, by summarily withdrawing FireCat from the marketplace and replacing it with its new product FireWire, has maintained its customer base and on the evidence considerably expanded that customer base by recruiting new clients using its FireWire product. Moreover, once again, the plaintiff has had to reluctantly concede that if the injunction is varied to include the FireWire product, the defendants should still be able to service their new expanded FireWire customer base (including new clients for the FireWire product) because the police forces involved have become dependant on the technology and its withdrawal could be detrimental to public safety. This outcome is not particularly adverse to the defendants interests and would not result in irreparable harm. I reject the defendants' argument that the status quo preserved by the original or an expanded injunction would be so adverse to their interests that the Plaintiff should be required to establish a strong prima facie case.

**f. Blocking orders**

**[Teksavvy Solutions Inc.c. Bell Media Inc.](#), 2021 FCA, leave to appeal dismissed, 2022 CanLII 21665 (SCC)**

[30] Subsection 34(1) of *the Copyright Act* deliberately provides broad discretionary powers for the resolution of matters of copyright infringement, including injunctions. It is important to remember that there is no serious doubt that GoldTV's services infringe the plaintiffs' copyrights or that the interim and interlocutory injunctions issued directly against those who infringed their rights have not been respected. Therefore, it is difficult to doubt that the remedies provided for in subsection 34(1) of *the Copyright Act* deserve to be considered.

[31] In addition, there are examples in the case law of remedies for copyright infringement that are not expressly mentioned in *the Copyright Act* and of measures that may be imposed on third parties who are not accused of having infringed copyright. In addition to the *Norwich-type* order referred to in *Voltage*, there is the *Mareva* Injunction, whereby assets of a debtor that are in the hands of a third party can be frozen to prevent their disappearance. The Supreme Court of Canada has also recognized, although not for innocent parties, the existence of other remedies for copyright infringement that are not expressly mentioned in the *Copyright Act*: punitive damages (*Cinar Corporation v. Robinson*, 2013 SCC 73, [2013] 3 R.C.S. 1168) and declaratory judgment (*CCH Canadian Ltd. v. Law Society of Upper Canada*, 2004 SCC 13, [2004] 1 S.C.R. 339)...

[50] I have difficulty accepting that ISPs like Teksavvy engage in any expressive activity when they provide their customers with access to certain websites. As Teksavvy itself has argued, it acts as a common carrier subject to an obligation of net neutrality. As such, it should not, and presumably does not, show any preference for one website over another based on its content. In this sense, its everyday activities in question are not expressive and therefore do not engage freedom of expression. That said, I accept

that Teksavvy's customers could have an expressive interest that is implicated by the Order...

[53] In my view, it is not necessary to decide whether the Charter is engaged and, if so, whether freedom of expression is infringed. In considering the issue of freedom of expression in the context of a particular equitable remedy, it was not necessary for the Judge to engage in a detailed Charter rights analysis separate and distinct from the balance of convenience analysis that is already to be considered. This is clear from the decision in *Equustek* in which the majority engaged in no such separate Charter rights analysis.

[86] For the foregoing reasons, I would conclude that the Judge did not err in issuing the Order.

**g. Transfer of ownership to social media sites**

**[Kaira District Co-operative Milk Producers' Union Limited v. AMUL Canada, 2021 FC 636](#)**

[46] After oral submissions, the Plaintiffs submitted an amended draft Judgment and Order, revising their original request for relief. In their revised draft, the Plaintiffs seek to order that:

The Defendants, and any other persons over whom they exercise control:

- (a) be permanently enjoined from infringing the trademark and copyright of the Plaintiffs, depreciating the value of the goodwill in the Plaintiffs' trademark registration, and causing continued confusion;
- (b) transfer ownership and all rights to their LinkedIn and social media accounts displaying their trademark or copyright;
- (c) provide contact information for all entities that have contacted the Defendants about the Defendants' business through the LinkedIn pages;
- (d) pay damages in the amounts of \$10,000 for trademark and \$5,000 for copyright infringements; and
- (e) pay lump sum legal costs on a solicitor and client basis of \$17,733, payable forthwith.

[47] Regarding item b), I find that the Plaintiffs have been left with little choice but to seek the remedies that they request. While somewhat unusual, when in the realm of social media, this Court has provided similar relief in the past (see, for instance, *Thoi Bao Inc v. 1913075 Ontario Limited (Vo Media)*, [2016 FC 1339](#) at para 5).

**Canadian Standards Association v. P.S. Knight Co. Ltd, 2022 CanLII 41573 (FC)**

[10] Gordon Knight shall transfer ownership and all rights of access, administration, and control for and over the domain name [www.deep6project.com](http://www.deep6project.com), any other domain names or related social media accounts consisting of or comprising “CSA” or “RestoreCSA”, including without limitation the Twitter account @RestoreCSA, or any other domain names used to host any content formerly associated with [www.restorecsa.com](http://www.restorecsa.com) and [www.restorecsa.ca](http://www.restorecsa.ca) and presently hosted at [www.deep6project.com](http://www.deep6project.com), to CSA, and shall to the extent necessary direct the applicable domain name registrars or social media platforms to transfer ownership and all rights of access, administration and control for and over such domain names and social media accounts to CSA.

**8. Infringement of moral rights**

**91439 Canada Itée (Editions de Mortagne) c. Robillard, 2022 QCCA 76**

[13] On December 19, 2011, the plaintiffs learned that the copies were sold at Dollarama at the price of \$2 per book.

[14] On December 23, 2011, arguing that these sales of the Work at low prices contravened the contracts and infringed Robillard's moral rights, they sent EDM a formal notice enjoining it, in particular, to cease this distribution of the Work and ensure the removal of copies from all points of sale in Canada.

[23] Added to this is the fact that Ms. Robillard herself did not present any evidence that could have demonstrated that a method of disposing of these books (their destruction, according to her) was predominant and, therefore, was *imposed* on de Mortagne as an obligation arising from the contracts according to “customs”. It was on her that this burden fell, since it rests on the shoulders of the contracting party who invokes the binding force of a use in order to impose it on the other party [10].

[24] Ms. Robillard then argues that the judge erred in refusing to recognize that de Mortagne's sale of these faded, damaged copies violated her moral rights. According to her, the judge should have concluded that the physical structure containing the work was modified since the books sold by de Mortagne to the reseller were greatly damaged, which would constitute an infringement of his moral rights, an infringement accentuated by their subsequent sale in stores. of the Dollarama chain specializing in the sale of articles at very low prices and, according to what it alleges in its brief, of inferior quality. In doing so, the honor or reputation of the author would have been harmed.

[27] First, what Ms. Robillard incorrectly asserts in her brief, nothing in the evidence shows that the books that were put up for sale in Dollarama stores were all “in such poor condition that they were (unsaleable)”. The letter from de Mortagne's representative Mr. Permingeat [12], to which Mrs. Robillard refers the Court for the purposes of this demonstration, does not contain such an affirmation, since he writes,

while he refers to the 10,000 damaged volumes accumulated over the years: "...among these volumes were unsaleable copies", not that all of these volumes were unsaleable.

[28] Added to this is the testimony of Mr. Alain Massie, the representative of the company which first bought the 10,000 volumes of de Mortagne and who explains the purification and cleaning work carried out before he resells to another company those that were in good enough condition to be offered for sale on the market, which justified why he only paid de Mortagne \$0.10 per copy...

[Lavigne \(Valmedia\) v. 9061-6632 Québec inc.](#), 2021 QCCQ 13322

**Was there a violation of copyright and moral rights by Journal Accès?**

- P-3 versus P-4 photography

[30] Photograph P-3 is published without the Valmedia logo and the framing is different in photograph P-4. P-3 had been transmitted to the Journal Accès with the mention of the copyright of Valmedia.

[31] This newspaper, published since 1998, could not ignore the copyright on this work.

[32] The community license permits publication of the work, but it must not be altered. Valmedia has consented to the publication of his work as long as his credit is shown.

[33] The evidence accepted by the Court leads to the conclusion that Journal Accès altered photograph P-3.

[34] There are two components to this alteration. The cropping and the color, on the one hand, and the removal of the Valmedia credit appearing on the original photo on the other hand.

[35] Journal Accès argues for editorial discretion. This concept has not been further developed and is not helpful in resolving the issue.

[36] Since Valmedia granted a license allowing the publication of the work, the question of the alleged infringement must be examined from the perspective of moral rights.

[37] Sections 28.1 and 28.2 of the Act set out the rule for infringement of moral rights:

**Infringement of moral rights**

28.1 Constitutes a violation of the moral rights of the author on his work or of the performer on his performance any fact - act or omission - not authorized and contrary to these.

**Nature of the right to integrity**

28.2 (1) There is only a breach of the right to integrity if the work or performance, as the case may be, is in a way prejudicial to the honor or reputation of the author or performer, distorted, mutilated or otherwise altered, or used in connection with any product, cause, service or institution.

[38] Cropping for publication is not a violation of the right to integrity of the work under the criteria of 28.2 of the [Act](#). Emmanuel Lavigne does not satisfy his burden of proof to convince the Court that this modification is made in a manner detrimental to his honor or reputation.

[39] The difference in color or heat is far from obvious. It goes without saying that the difference may be more striking between a photograph printed by Valmedia and its reproduction on newsprint. Moreover, the Tribunal did not have access to the web version of the newspaper, but a color copy printed by Valmedia.

[40] That said, the Tribunal is not satisfied that this distorts the work or violates its integrity in a manner prejudicial to the honor and reputation of Emmanuel Lavigne.

[41] These two factors, taken in isolation and even cumulatively, do not constitute a violation of the right to the integrity of the work within the meaning of 28.2 of the [Act](#).

[42] The picture credit is different.

[43] The editorial discretion claimed by Journal Accès does not allow it to erase the Valmedia credit placed in favor of its author.

[44] Under [section 14.1](#) of the [Act](#), Valmedia is entitled to the integrity of its work and to claim its creation. This alteration is detrimental to him. The mention allows him the recognition and a quality diffusion of his work which Journal Accès deprived him of.

- Photography P-5 versus P-6

[45] The Tribunal's conclusions are the same. This is the same situation as photograph P-3; only the subject of the photograph changes. Journal Accès published P-6 after removing the Valmedia credit, which violates its moral rights.

- Photography P-7 versus P-8

[46] The situation is different in the case of the Bistro de la Marelle photo. Journal Accès has published the photo credit of Valmedia.

[47] Emmanuel Lavigne complains that the tints and colors are not the same and that they alter the essence of his work. However, the framework remains the same.

[48] The Court can only perceive that the original P-7 photo is darker than the P-8 photo published by Journal Accès. The Tribunal's findings in paragraphs 39 and 40 above apply.

[49] Even more, there is no alteration to the integrity of the work. Accepting Emmanuel Lavigne's argument would expose distributors, printers and newspapers to damages if they do not reproduce the work to perfection. This is not the scope of the protection conferred by the [Act](#).

[63] In *Saad v. Le Journal de Montréal* [19] submitted to the Court by Emmanuel Lavigne, the Honorable Nathalie Chalifour JQC condemns the Journal de Montréal, in the context of commercial purposes, to \$500 per violation, being the minimum provided for in 38.1.

[64] In a non-commercial context and of a defending party that certainly does not have the same reputation or the same circulation, the proportionality criterion militates for the lower end of the range.

[65] The evidence demonstrates the publication in the paper version and the web version for each of the photographs P-3 and P-5 whose moral rights were infringed.

[66] The amount of \$100 is the minimum provided for in the [Act](#) in a non-commercial context. The Court concludes that Emmanuel Lavigne is entitled to damages of \$400. (translated using Google Translate)

## 9. Procedure

### a. Requirement to join copyright holders in infringement claims

[Allarco Entertainment 2008 Inc v. Staples Canada ULC](#), 2021 ABQB 340

#### *Application of “interests of justice” principles*

[19] Here are the key factors in this case:

- per the statute, the default position is **mandatory addition**;
- **Allarco had the onus** of showing why, in the “interests of justice”, those parties are not necessary;
- Allarco did not add the copyright owners or even notify them of the proceeding or provide any reasonable explanation on either front;
- Allarco tried to argue impracticality (“30,000 parties, 30,000 lawyers), but it anchored its infringement action on **two shows**, meaning (with separate copyright owners) only **two parties** had to be added. It pointed to **non-copyright dimensions** of its claim, but that does not answer the “shall add” obligation for the copyright claim. Finally, it implied that the only purpose of adding the owners would be for them to appear and inevitably echo Allarco’s piracy concerns. But as the cases show, “differential positions” is not the test;
- unlike in *Spanski Enterprises*, **no evidence** shows that the copyright owners **obliged or even authorized Allarco** to bring proceedings to defend copyright;

- given no evidence of notice to the copyright holders, we do not know if they want to participate, do not want to participate, or are indifferent;
- as in *Entral Group*, the retailers have a legitimate concern about multiplicity of proceedings, with the copyright owners not currently parties, no evident delegation of their litigation rights to the licensed party (here, Allarco), and no evidence of their willingness (or otherwise) to be bound by the outcome of these proceedings;
- unlike in *Close Up*, **no evidence** shows that **pleadings are being amended to add** the copyright owners;
- as for delay, we have the reverse of the *Spanski Enterprises* scenario: the retailers **raised this issue in a timely way**, yet Allarco did **nothing to address the point** (either adding the owners or explaining why not);
- **no evidence** shows that adding the owners would have been **impossible, impractical, or burdensome** for Allarco; and
- I reviewed the two confidential-evidence contracts: one of them is **silent on any allocation** (between the copyright owner and the licensee) **of litigation responsibilities**. The other contains very specific allocations of such responsibilities for “defensive” litigation i.e. suits **against** the copyright owner or licensee. It appears to be **silent on “offensive” litigation** i.e. proceedings with either of those parties as **plaintiffs, asserting copyright**. It does say that, absent expressly assigned rights, the copyright owner reserves all rights.
- It is at least arguable, given those contracts, that Allarco does not have the right to bring copyright-infringement proceedings. I make no ruling on the point, but this **uncertainty points to the value of adding the copyright owners here i.e. to eliminate any uncertainty about standing to enforce**

### ***Conclusion on adding copyright owners***

[20] In these circumstances, I find that it is **not in the interests of justice to dispense** with adding the copyright owners as parties to the main action.

[21] Accordingly, I impose a **stay on further steps by Allarco in the main litigation** i.e. pending the addition of the copyright owners as parties.

[22] As for the current **interlocutory application**, and with interlocutory proceedings being an **exception** to the main “must be added” rule (unless the interests of justice require otherwise), and given my findings below, I find it is in the interests of justice to decide this application now i.e. not stay it until the copyright owner(s) are added.

[23] The reasons are that I do not see what material evidence or arguments the copyright owner(s) could add to this injunction application, and I foresee no material risk that they will later bring the same or similar application on their own i.e. no material risk of multiplicity of proceedings.

***Sony Music Entertainment Canada Inc v. Suva Beauty Inc*, T-1256-21 Trent Horne J., January 31, 2022 (unreported)**

[34] Both Spanski and Allarco confirm that the plaintiff bears the onus of showing why it is in the interests of justice that the copyright owners not be added as parties (Spanski at para 6; Allarco at para 19).

[40] The international repertoire licence agreement attached as an exhibit to Mr. Jacoby's affidavit appears to have 54 parties (the vast majority of which have Sony in the name), but the Non-Sony Owners are not parties to this agreement. Unlike the record before the Ontario Superior Court of Justice in Spanski, I do not have a copy of the agreement(s) with the Non-Sony Owners, therefore the particulars of the corporate and/or licensing relationship between SME/Sony Music Canada and the Non-Sony Owners is unknown.

[41] Whether the Non-Sony Owners are aware of this action, or have consented to Sony Music Canada taking action on behalf of their copyrighted works, is, at best, unclear (paragraph 7 of Mr. Jacoby's affidavit is limited to "SME and its affiliates"). While Mr. Jacoby states that, for the Non-Sony Owners, SME "controls" the Sony Recording, the origin and nature of the control is not explained. It is unknown whether the Non-Sony Entities have entered into the same form of international repertoire licence agreement as attached to the affidavit.

[43] The plaintiff bears the onus to persuade the Court that copyright owners should not be parties to the litigation. This is not a trifling issue. It is not unreasonable to expect that, in meeting that onus, the plaintiff would clearly state what persons or entities are sought to be excused from direct participation, and demonstrate or describe the material facts and documents that justify the relief for each of them.

[44] Based on the above, I am not satisfied that, on this evidence, the plaintiff has met its burden to demonstrate that it is in the interests of justice that the Non-Sony Owners not be required to be parties to this litigation. I would have stayed the proceeding until those entities were added as parties.

[45] Counsel for the plaintiff submitted that there is no evidence from the defendants as to why the Non-Sony Owners should be added. That is true, but the onus is not on the defendants. The onus is on Sony Music Canada to persuade the Court that it is in the interests of justice not to require each of the Non-Sony Owners to be parties to this action.

**b. Pleadings**

***Sony Music Entertainment Canada Inc v. Suva Beauty Inc*, T-1256-21 Trent Horne J., January 31, 2022 (unreported)**

[18] Section 41.23(1) is clear. To commence an infringement proceeding as a licensee, Sony Music Canada's right or interest by grant (i.e. the license) must be in

writing. A written license is a condition precedent for its ability to commence any infringement action.

[19] While the statement of claim asserts that Sony Music Canada is an exclusive licensee, there is no express statement that the license is in writing. This cannot be presumed. The statement of claim fails to assert facts that, if presumed to be true, would give it standing to sue the defendants.

[20] Sony Music Canada had a second opportunity to include a positive statement in its pleading that its exclusive license was in writing. The response to demand for particulars Page: 9 includes reference to intercompany international repertoire licensing agreements. It may be reasonable to assume that such agreements between sophisticated commercial enterprises would be in writing, but pleadings must be assessed on what they say, not what can be assumed. Again, Sony Music Canada had an opportunity to bring its pleading into compliance with section 41.23(1) by adding two words – “in writing” – but did not.

[26] Since the statement of claim, together with the response to request for particulars, do not meet the requirements of section 41.23(1), the statement of claim will be struck, but with leave to amend.

**c. Notice and notice**

**[TBV Productions, LLC v. Doe # 1, 2021 FC 181](#)**

[27] Proceedings for copyright infringement can be initiated either by application or action (*Copyright Act*, s 34(4)). As Justice Pentney observed in *ME2*, an application is any proceeding that is commenced by some process other than a writ or statement of claim (para 137). That means, he concluded, that a damages claim could be made by way of a motion (para 139).

[28] Without disputing Justice Pentney’s conclusion about the particular circumstances before him, it is not clear that a free-standing claim of damages under the notice-and-notice regime can be initiated by motion. A claim for damages for non-compliance with the notice-and-notice scheme is not identified as a proceeding that can be determined in a summary way by application or action (*Copyright Act*, s 34(4)). The procedure for advancing a claim under the notice-and-notice regime is not specified in the Act (see s 41.26(3)). The general rule, therefore, that liability and damages should be decided by way of an action, applies here.

[29] I also agree with the ISPs that the effect of TBV’s position would be to allow a copyright holder to expose entities who are not even parties to an infringement action to substantial damages without their having recourse to the usual procedural protections available to defendants to an action, particularly the exchange of pleadings, an opportunity for discovery, and the presentation of evidence and testimony at trial. Some ISPs receive hundreds of thousands of notices from copyright holders every month. It would be unfair to permit substantial damage claims against them for alleged failures under the scheme to be prosecuted other than through the usual process of an action.

The potential damages to which ISPs are liable under the regime will usually exceed those for which the actual infringers will be exposed. It makes little sense, therefore, not to afford ISPs the same procedural rights.

[30] I can see no basis, absent the special circumstances in *ME2*, for allowing a damages claim against ISPs under the notice-and-notice scheme to proceed by motion.

***Salna v. Voltage Pictures, LLC*, 2021 FCA 176, leave to appeal dismissed May 26, 2022**

[127] The Federal Court concluded that Voltage’s proposed use of the notice and notice regime under section 41.26 of the Copyright Act overburdened ISPs and appropriated Parliament’s intention to balance the rights of interested parties for its own purposes (Federal Court reasons at paras. 147-148).

[128] The Federal Court’s analysis and conclusions in relation to the notice and notice regime and its potential use as a communication tool to support the administration of the proceeding cannot be sustained. The Federal Court did not conduct the statutory interpretation analysis required to answer this question. Even a cursory reference to the legislation itself, the legislative history and Hansard suggests that the question as to whether the effect of the notice and notice regime is limited to absolving ISPs for hosting infringing work, whether it is simply “moral suasion” to educate the public of its responsibility not to infringe or whether Parliament intended the regime as a potential tool by which copyright holders could enforce their rights requires analysis; an analysis conducted according to the established principles of statutory interpretation (*Rizzo & Rizzo Shoes Ltd. (Re)*, [1998] 1 S.C.R. 27, 1998 CanLII 837 (SCC); 1704604 Ontario Ltd. v. Pointes Protection Association, 2020 SCC 22, 449 D.L.R. (4th) 1).

[129] CIPICC is correct that the notice and notice regime is not intended to be a comprehensive framework under which all instances of online copyright infringement could be eliminated (Rogers at para. 24). But Rogers was decided prior to the amendments to section 41.26 in 2018 when Parliament specified that notices should not include an offer to settle, a request or demand for payment or personal information, or a reference to any such offer, request, or demand (Bill C-86, The Budget Implementation Act, 2018, No. 2, S.C. 2018, c. 27). At the same time, amendments which would confine the notice to a form prescribed by regulation were rejected on the basis that the scheme should be left open to develop “marketplace solutions” (Order Fixing the Day that is Six Months after the Day on which this Order is published as the Day on which Certain Provision of the Copyright Act Come into Force, SI/2014-58, Canada Gazette Part II, Vol. 148, No. 14, 2 July 2014, pp. 2121–22).

[130] CIPICC contends that the limitation on the content of the notice signifies Parliament’s intention that the regime not have any interface with civil remedies for copyright infringement. Voltage counters noting that if that is the case, the effect of

section 41.26 of the Copyright Act is only to absolve ISPs of liability for infringement and does nothing to protect copyright holders.

[131] It is readily apparent that the question of the use to which Parliament intended section 41.26 to be put is an open question, one which requires full argument. It also requires a factual context. In the absence of specific proposed uses, the conclusion of the Federal Court that the use of section 41.26 notices was outside the legislative remit and would overburden the ISPs were premature and speculative. Questions of statutory interpretation that require an understanding of the context should not be decided in a factual vacuum...

[133] In conclusion, the Federal Court erred in its analysis of the conditions set out in Rule 334.16(1)(e). The judge also erred in concluding that the ISPs would be overburdened and refuse to send notices. There was no evidence to support the conclusion. If the ISPs have a concern as to how the notice and notice regime is used, they can intervene and speak to the issue in the Federal Court. It was an error for the judge to assume that that would be the consequence of the proposed use of the regime.

[134] As with the disposition of the Rule 224.16(1)(d) criteria, this Court is not in a position to render the decision that ought to have been given. Given the Federal Court misdirected itself with respect to the notice and notice regime, the only reasonable remedy is to remit consideration of Rule 334.16(1)(e) back to the Federal Court.

**d. Sealing orders**

**[Nintendo of America Inc. v. King of Windows Home Improvements Inc.](#), 2021 FC 291**

[11] I grant the Plaintiff's request for a confidentiality order under [Rule 151](#) of the [Rules](#) with respect to exhibits HH, II, and JJ in the affidavit of Jacinta De Abreu. I find that the Plaintiff has a legitimate interest in maintaining the confidentiality of its settlement negotiations with the Defendants, and that the salutary effects of the restriction requested by the Plaintiff outweigh the deleterious effects upon the open court principle (*Adeleye v. Canada (Citizenship and Immigration)*, [2020 FC 681](#) at para 9, citing *R. v. Mentuck*, [2001 SCC 76](#) at para 32; *Dagenais v. Canadian Broadcasting Corp.*, [1994 CanLII 39 \(SCC\)](#), [1994] 3 SCR 835; *Sierra Club of Canada v. Canada (Minister of Finance)*, [2002 SCC 41](#)).

**e. Nature of copyright**

**[Agence du revenu du Québec c. Unidisc musique inc.](#), 2021 QCCA 393**

[8] The ultimate question at issue before this Court pertains to the tax treatment of master tape recordings acquired by Respondent and, particularly, whether the trial judge erred in concluding that the master tapes acquired by Respondent are tangible property and can therefore be treated as depreciable property at an annual capital cost

allowance rate of 20% under class 8(j) of Schedule B of the [Regulation respecting the Taxation Act](#).

[24] In summary, Respondent purchased the tapes together with the right to make and sell copies thereof, subject to the right of the composers and publishers of the music and songs recorded on such tapes – i.e. the payment to them of the applicable royalties for each copy sold. The contract is clear in this regard as is the testimony of the president of Respondent. The reasons to purchase a master recording are what is recorded on the physical tape (the song or music) and by whom (the artist) as well as, in particular, the quality of the copies that can be manufactured from it, which quality enhances the value of such copies and the price they fetch in the marketplace...

[26] Both the text of the contracts and Mr. Cucuzzella's testimony are to the effect that Respondent acquired rights from the agreements. Respondent acquired both tangible property (the tapes) and intangible property (the music and songs recorded on the tapes together with the rights associated with those sound recordings – i.e. to make and sell copies).

[27] The trial judge seems to have concluded that since Respondent had not acquired all rights arising from or recognized under the [Copyright Act](#) (which remain with the authors (composers) and publishers), it did not acquire any rights, or at least those it did acquire were so inextricably connected to the master recordings, they constituted tangible property.

[30] The judge reasoned that since the copyright in the music was not purchased, then the property purchased was simply the tapes – i.e. tangible property (see paras. 51, 52, 53 and 54 of the judgment). The judge insisted that Respondent did not purchase all the rights (i.e. the copyright) associated with the music. She concluded that in selling the tapes, the vendors could only assign the rights described in [section 18\(1\)](#) of the [Copyright Act](#), which is what they did in fact do. They did not sell the copyright arising from the composition or publication as it did not belong to them. Indeed, the right to make copies and sell such copies of the music is subject to respect of the composer's and publisher's copyrights – i.e. the payment of royalties.[24] The judge's conclusion that all that was purchased was a physical tape is erroneous.

[31] The error arises from ignoring the rest of the description of what was sold found in the contractual document and equating, in law, the copyright (protected under [sections 3, 13 and 15](#) of the [Copyright Act](#)) with all the intangible rights. There are intangible rights *sui generis* and as described in [section 18](#) of the [Copyright Act](#), which were purchased in association with the physical tapes. It is not credible that an experienced business person would pay in excess of one million dollars for tapes without the right to make and sell copies (albeit subject to the composer's and the publisher's copyrights). The value is found in what is recorded on the plastic or cellulose and what Respondent can do with it – i.e. make and sell good quality copies, albeit subject to respect of the composers and publishers copyrights by the payment of royalties.

[32] Although what Respondent acquired includes a tangible element (i.e. the physical tapes), in view of the above, the judge erred in characterizing all the purchased property as tangible.

## 10. Tariffs

### a. Mandatory/voluntary

[York University v. Canadian Copyright Licensing Agency \(Access Copyright\)](#), 2021 SCC 32

[33] Turning to the legislative context, the combined effect of ss. 68.2(1) and 70.17 creates a dichotomy between users who choose to be licensed pursuant to the terms of a Board approved tariff, and those who choose not to acquire a licence but may be liable for damages for infringement.

[34] Copyright infringement constitutes an unauthorized exercise of the owner's exclusive right (s. 27), and a licence constitutes an authorization to make a particular use that would otherwise be infringing (Elizabeth F. Judge and Daniel J. Gervais, *Intellectual Property: The Law in Canada* (2nd ed. 2011), at p. 146; *Eli Lilly & Co. v. Novopharm Ltd.*, 1998 CanLII 791 (SCC), [1998] 2 S.C.R. 129, at para. 49, per Iacobucci J.). It is therefore "elementary" that a person cannot simultaneously be an infringer and a licensee (*Composers, Authors and Publishers Association of Canada, Ltd. v. Sandholm Holdings Ltd.*, [1955] Ex. C.R. 244, at p. 254). In the context of the provisions at issue in this case, a person who has paid or offered to pay the royalties under s. 70.17 has become a licensee and may be liable for defaulted payments under s. 68.2(1). A person who has not paid or offered to pay is not licensed and may be liable for infringement.

[35] Section 68.2(1) ensures that a collective society has a remedy for defaulted payments from voluntary licensees and that actions for recovery can be brought in Federal Court (see *Sandholm Holdings Ltd.*, at pp. 249-50)."

"[47] Turning to legislative purpose, the objects of the statutory scheme governing collective administration are best understood in their historical context

[48] The story of collective administration of copyright in Canada begins in the early 20th century. Canada's first domestic copyright legislation was the *Copyright Act, 1921*, S.C. 1921, c. 24, which followed the British *Copyright Act, 1911* (U.K.), 1 & 2 Geo. 5, c. 46. The 1921 *Act* did not provide for the collective administration of copyright. The first regime regulating any form of collective society in Canada was created in the 1930s in response to the emergence of early performing rights societies, who had acquired control of the vast majority of popular musical and dramatico-musical compositions and were therefore able to exercise monopolistic power (*Vigneux v. Canadian Performing Right Society, Ltd.*, 1943 CanLII 38 (SCC), [1943] S.C.R. 348 ("*Vigneux (1943)*"), at p. 352, per Duff C.J., dissenting, but not on this point; *Vigneux v. Canadian Performing Right Society, Ltd.*, 1945 CanLII 346 (UK JCPC), [1945] A.C. 108 (P.C.)."

[66] This takes us to the purpose of a tariff certified by the Board setting licensing royalties pursuant to s. 70.15, which is one of three ways in which the Board may become involved in setting fair prices in the general regime. In addition to its tariff approval power, the Board may fix royalties when a collective society and individual user are unable to agree on terms and one party applies to the Board (ss. 70.2 to 70.4). And even when the parties make an agreement without Board intervention, the collective society will only be immunized from prosecution under the *Competition Act, R.S.C. 1985, c. C-34*, if it files the agreement with the Board, following which the Board may examine the agreement and, after hearing from the Commissioner of Competition and the parties, alter the royalties (ss. 70.5 to 70.6). Given that licensing royalties are always subject to the possibility of Board scrutiny one way or another, a collective society may see benefits of efficiency in obtaining the Board's advance approval of a general tariff that applies to many users.

“[67] Operating together, these price-setting powers of the Board protect users from the potential exertion of unfair market power by collective societies. This was clearly the purpose of the 1936 amendments empowering the Copyright Appeal Board to approve statements of royalties. Government reports and legislative history show that this purpose persisted through the 1988 and 1997 amendments.”

[71] Access Copyright's interpretation of s. 68.2(1) is not only unsupported by the purpose of the Board's price-setting role, it is, respectfully, also in direct conflict with that purpose. Instead of operating as a part of a scheme designed to control collective societies' potentially unfair market power, Access Copyright's interpretation would turn tariffs into a plainly *anti-competitive* tool, boosting collective societies' power to the detriment of users.

[72] The legal consequence of Access Copyright's mandatory tariff theory would be that a user would be liable to pay royalties in full as soon as it became responsible for any infringing use of a work within a collective society's repertoire. Under the final 2011-2014 Access Copyright tariff for post-secondary educational institutions, for example, York would be liable to pay \$24.80 for each of its 45,000 full time equivalent students, totalling over one million dollars per year, as soon as it made a single infringing use within Access Copyright's repertoire. For a university that attempts to clear its copyright obligations using alternative licences and fair dealing, a single infringing use — one that was not authorized by fair dealing or independently licensed — could thereby become a tripwire making the university liable to pay the full royalties in a tariff. This “Sword of Damocles”, as the intervener the Canadian Association of Research Libraries aptly put it, renders a university's freedom to clear its copyright obligations without involving Access Copyright completely illusory.

[73] It is, with respect, no answer to say that the Board can set fair and flexible payment structures. The Board is in the business of setting general tariffs for a large category of users and is inherently limited in its ability to direct itself to each user's unique needs. Moreover, on Access Copyright's theory, in order to ensure it does not find itself responsible for an exorbitant licence fee that takes no account of its individual

circumstances, a user would be forced to invest significant resources into participation in Board proceedings whenever a collective society proposed a tariff. As Access Copyright points out, the tariff-setting process is time consuming and expensive. Forcing all users potentially caught by the ambit of a tariff to participate in a Board hearing would limit users' ability to obtain their rights from other sources and, in turn, limit the competitiveness of other sources as against established collectives. That is the antithesis of the purpose of s. 68.2(1).

[74] The source of Access Copyright's grievance, it seems to me, stems not so much from the voluntary nature of an approved tariff, but from the fact that Access Copyright cannot initiate infringement actions on behalf of its members. To the extent that this is a problem, it has nothing to do with s. 68.2(1) and is largely outside the scope of this appeal. But it is important to recall that Access Copyright chooses to operate on the terms of a non-exclusive licence that does not give it the right to sue for infringement in respect of the rights it administers. Nothing compels Access Copyright and its members to operate this way.

[75] The preceding review of the text, legislative context, purpose and supporting jurisprudence all lead, in my respectful view, to the conclusion that s. 68.2(1) does not make tariffs approved by the Copyright Board pursuant to s. 70.15 mandatory against users who choose not to be licensed on the approved terms.

[76] It is of course open to Parliament to amend the *Copyright Act* if and when it sees fit to make collective infringement actions more readily available. But under the existing relevant legislation in this appeal, an approved tariff is not binding against a user who does not accept a licence.

***The Province of Alberta v. Canadian Copyright Licensing Agency  
Ayleen J, March 16, 2022 (unreported)***

[31] In *York University*, the Supreme Court of Canada held that section 68.2(1) of the Act does not empower Access Copyright to enforce royalty payments set out in a Board approved tariff pursuant to section 70.15 of the Act (as then in force) against a user who chooses not to be bound by a licence on the approved terms. A person who has paid or offered to pay the royalties under section 70.17 of the Act (as then in force) has become a licensee and may be liable to Access Copyright for defaulted payments under section 68.1(1). A person who has not paid or offered to pay is not licensed and may be liable for infringement. The Supreme Court also noted that while the appeal in *York University* only concerned an interim tariff, "it is common ground that the effect of an interim tariff and a final tariff is the same".

[34] First, Access Copyright asserts that in *York University*, the Supreme Court relied on *CAPAC v. Sandholm Holdings Ltd*, [1955] Ex CR 244, for the binary distinction between a licensee and an infringer – namely, that if a licensee pays for even part of a licence period, they cannot be sued for infringement during that entire period. Access Copyright has pleaded that, by voluntarily paying for a licence from 2010 to 2013, the Plaintiffs are voluntary licensees for the entire term of that licence (2010 to 2015). As

the Plaintiffs could not have been sued for infringement during the entire term of the licence, the corollary is that the Plaintiffs are obligated to pay the balance of the licence fees for that period (2013 to 2015). Access Copyright relies on the Sandholm decision for the assertion that a user who voluntarily pays for part of the term of a certified or continuation tariff becomes a voluntary licensee, liable for defaulted payments. Access Copyright notes that that issue did not arise in York University.

[38] There is clearly a live dispute between the parties as to the term of the licence assumed by the Plaintiffs under the Approved 2010-2015 Tariff and whether payment by a user for part of the period of time covered by an approved tariff obligates a user to pay for the entire period of time covered by the approved tariff. This issue was not addressed by the Supreme Court in York University and the Plaintiffs have not pointed the Court to any other decision that has expressly addressed this issue. It is certainly not the role of the Court on a pleadings motion to make a determination as to the term of the Plaintiffs' licence. Given the arguments put forward by the parties, it cannot be said that it is plain and obvious that Access Copyright's pleading in this regard has no reasonable prospect of success.

[39] Second, Access Copyright pleads that by participating in the Board's proceedings and in related applications for judicial review and by continuing to engage in the copying of works covered by the Approved 2010-2015 Tariff, the Plaintiffs made clear, by way of their conduct, an intention to be bound by the Board's proceedings and tariffs and thus agreed, or must be taken to have agreed, to be bound by the tariff. Access Copyright asserts that "equity says that conduct matters" and York University did not decide or consider whether there are other ways beyond paying or offering to pay a tariff in which voluntary action may bind a party to a tariff set by the Board or what conduct equity may deem to constitute an "offer to pay". Access Copyright notes that in York University, York University withdrew from the Board's proceedings early on, in contrast to the Plaintiffs who were heavily involved in all aspects of the various proceedings.

[41] Moreover, Access Copyright pleads that the Plaintiffs' continued participation in the various proceedings after 2015 constitutes a voluntary assumption of the Continuation Tariff, which remains in effect until the next tariff period is approved by the Board. Relying on Sandholm, Access Copyright asserts that users should not be permitted to participate actively in Board proceedings – communicating that they are licensees who have an interest in the outcome of the proceedings, not infringers – only to later renege if they are not satisfied with the result, leaving the licensor with no cause of action in infringement or with an infringement cause of action that may be statute-barred by the three-year limitation period under the Act. Access Copyright asserts that a person bound to the terms of a previous tariff remains bound to a continuation tariff by operation of law (section 70.18 of the Act, as in force at the relevant time) and York University did not decide how a continuation tariff might apply to a voluntary licensee under a previously approved tariff.

[44] While the Plaintiffs may disagree with Access Copyright's theory that a user can, by their conduct, "offer to pay" or otherwise become bound by a licence, I agree with

Access Copyright that the Supreme Court did not address this issue in *York University* and no other authorities have been brought to my attention where this issue was expressly determined. Accordingly, I cannot find that it is plain and obvious that Access Copyright's pleading based on voluntary licensing by conduct is certain to fail. While this may be a novel argument, Access Copyright has advanced an arguable claim that it is entitled to pursue.

**b. Standard of review**

**[Bell Canada v. Copyright Collective of Canada](#), 2021 FCA 148**

[33] There is no issue between the parties that the Board's royalty-setting decisions involve questions of mixed fact and law that should be reviewed on the reasonableness standard on applications for judicial review. As this Court stated in *Re:Sound v. Canadian Association of Broadcasters*, 2017 FCA 138, [148 C.P.R. \(4th\) 91 \[Re:Sound\]](#), such decisions are suffused with subjective judgment calls, policy considerations and regulatory experience, and courts are not in the best position to opine on policy issues involving public interest and economic aspects. The following statement is as apposite here as it was in that case:

[50] A decision about the quantum of "equitable remuneration", such as the one in this case, is not a simple one, arrived at by processing information objectively and logically against fixed, legal criteria. Rather, it is a complex, multifaceted decision involving sensitive weighings of information, impressions and indications using criteria that may shift and be weighed differently from time to time depending upon changing and evolving circumstances. Accordingly, the Board's decision on such an issue is [relatively unconstrained]...

[34] The amendments that have been made to the [Act](#) following that decision and the decision of the Supreme Court in *Canada (Minister of Citizenship and Immigration) v. Vavilov*, 2019 SCC 65, [441 D.L.R. \(4th\) 1 \[Vavilov\]](#) are of no impact on the applicable standard of review in the case at bar. [Subsection 70\(1\)](#) of the [Act](#), much like paragraph 68(2)(b) at issue in *Re:Sound*, still instructs the Board to approve the Proposed Tariff after making any alterations "that the Board considers appropriate". As for *Vavilov*, it made no change to the existing law in this respect; if anything, it reinforced the presumption that reasonableness is the default standard of review and this case clearly does not fall into one of the few exceptions where correctness should apply: see *Entertainment Software Association v. Society of Composers, Authors and Music Publishers of Canada*, [2020 FCA 100](#) at paras. 14-21 *CMRRA-SODRAC Inc. v. Apple Canada Inc.*, [2020 FCA 101](#) at paras. 4-7 [*CMRRA-SODRAC*].

[35] For a decision to be considered reasonable, it must be "based on an internally coherent and rational chain of analysis" and "justified in relation to the facts and law that constrain the decision maker" (*Vavilov* at para. 85). Accordingly, a reviewing court must refrain from deciding the issue itself, or seek to determine what would have been the correct solution to the problem (*Vavilov* at para. 83). This is particularly the case when the enabling statute confers on a decision maker a broad policy mandate with an

unconstrained range of options to choose from. This is not to say that a reviewing court should not intervene when the challenged decision exemplifies a failure of rationality internal to the reasoning process, or where there is no line of analysis that could reasonably lead the tribunal from the evidence in the record to the conclusion it reached. But this is not a conclusion to be arrived at lightly, as *Vavilov* instructs:

[100] The burden is on the party challenging the decision to show that it is unreasonable. Before a decision can be set aside on this basis, the reviewing court must be satisfied that there are sufficiently serious shortcomings in the decision such that it cannot be said to exhibit the requisite degree of justification, intelligibility and transparency. Any alleged flaws or shortcomings must be more than merely superficial or peripheral to the merits of the decision. It would be improper for a reviewing court to overturn an administrative decision simply because its reasoning exhibits a minor misstep. Instead, the court must be satisfied that any shortcomings or flaws relied on by the party challenging the decision are sufficiently central or significant to render the decision unreasonable.

[36] As for the allegation by the Collectives that the Board improperly applied procedural fairness in capping the royalty rates for 2014-2015, it must be reviewed on the correctness standard. For a discussion on the application of the correctness standard to procedural fairness issues, in the post-*Vavilov* era, see: *Canadian Association of Refugee Lawyers v. Canada (Immigration, Refugees and Citizenship)*, 2020 FCA 196 at para. 35. See also, in an analogous context of the private copying regime: *Canadian Private Copying Collective v. Canadian Storage Media Alliance*, 2004 FCA 424, [2005] 2 F.C.R. 654 at para. 172 [CPCC].

[43] First of all, it need not be repeated that the Board is not bound by its prior decisions and that *stare decisis* does not apply to administrative decision making: *Vavilov* at para. 129. Of course, a decision maker that does depart from past practices or longstanding practices bears the burden of explaining why it is doing so, because those affected by a tribunal's decision are entitled to expect that like cases will be treated alike: *Vavilov* at para. 131. In the case at bar, however, there was no precedent requiring the application of a stand-alone simultaneous substitution adjustment whatever the context and irrespective of the methodology adopted by the Board.