

**COMPILATION PRÉLIMINAIRE DES DÉCISIONS RENDUES AU CANADA EN 2002 EN
MATIÈRE DE DROIT D'AUTEUR
A COMPILATION OF THE DECISIONS RENDERED IN CANADA WITH RESPECT TO
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by
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3464920 Canada Inc. v. Strother (2002), (2002) BCJ 1982, (2002) BC.C TBE d SE043, (2002) CarswellBC 2026, 26 B.L.R. (3d) 235, 2002 DTC.7327, 2002 BCSC 1179, (2002-09-29) <http://www.courts.gov.bc.ca/jdb-txt/SC/02/11/2002BCSC1179.htm> (BCSC) Lowry J.

Application to Vary the Tariff of Levies to be Collected by CPCC, in 2001 and 2002, for the Sale of Blank Audio Recording Media, in Canada, in Respect of the Reproduction for Private Use of Musical Works Embodied in Sound Recordings, of Performers' Performances of Such Works and of Sound Recordings in Which Such Works and Performances Are Embodied (2002), 18 CPR (4th) 345, 2002 CarswellNat 2351, (2002) CBD 2, (2002-04-09) <http://www.cb-cda.gc.ca/decisions/c09042002-b.pdf> (CopBd)

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3464920 Canada Inc. v. Strother

(2002), (2002) BCJ 1982, (2002) BC.C TBEEd SE043, (2002) CarswellBC 2026, 26 B.L.R. (3d) 235, 2002 DTC.7327, 2002 BCSC 1179, (2002-09-29) <http://www.courts.gov.bc.ca/jdb-txt/SC/02/11/2002BCSC1179.htm> (BCSC) Lowry J.

(153) (...) By advancing the argument, (plaintiff) Monarch seems driven to saying that solicitors cannot use documents prepared for one client as precedents when preparing documents for another client. But that has long been common practice, and it would certainly not serve the public interest in terms of the provision of professional services if it were otherwise. Businessmen seek out solicitors possessing the experience and the necessary tools to perform the work efficiently without needing to re-invent the proverbial wheel for each new transaction. Solicitors provide a legal service; they do not as a rule sell documentation. The copyright in their work product belongs to them: *Pizza Pizza Ltd. v. Gillespie* (1990), 75 O.R. (2d) 225 (Gen. Div.) at 244. Solicitors are entitled to use documentation they have prepared in the course of an earlier retainer providing that by their doing so information is not disclosed which remains confidential to the client for whom the documentation was initially prepared.

Application to Vary the Tariff of Levies to be Collected by CPCC, in 2001 and 2002, for the Sale of Blank Audio Recording Media, in Canada, in Respect of the Reproduction for Private Use of Musical Works Embodied in Sound Recordings, of Performers' Performances of Such Works and of Sound Recordings in Which Such Works and Performances Are Embodied

(2002), 18 CPR (4th) 345, 2002 CarswellNat 2351, (2002) CBD 2, (2002-04-09) <http://www.cb-cda.gc.ca/decisions/c09042002-b.pdf> (CopBd)

Within a year of the establishment by the Copyright Board of a tariff for 2001 and 2002, in respect of private copying of sound recordings of musical works on blank audio recording media under Part VIII of the Copyright Act, R.S.C. 1985, c. C-42, two collective societies applied to vary the tariff. Variance by the Board was possible under s. 66.52 of the Copyright Act, if in the Board's opinion, there had been a material change in the circumstances since a previous decision had been made.

The societies submitted that when the tariff was adopted, it was expected that a relatively small number of readily identifiable suppliers of blank recording media would compose the major part of the market. This proved not to be the case. A large number of small suppliers had surfaced, making it difficult to trace lesser known brands and to insure that the levy had been paid. It had also been found that retailers were reluctant to provide access to data which could be used to determine whether the levy had been paid or evaded on media they sold.

The applicants sought provisions that would yield more information on the types, brand names and other characteristics according to which the entity filing the report sells the medium or identifies it in its inventory. In addition, terms were sought that would allow in the course of investigation, the sharing of information as to the identity of the manufacturer or importer and the description of the various types of media sold.

Held, the application should be granted.

Amendments were made to replace s-ss. 8(d) and 10(1) of the tariff and to add a s-s. (5) to s. 10 of the tariff. (page346)

Assoc. des professionnels des arts de la scène du Québec Certification Application (Certification) (Re) (2002), 16 CPR (4th) 289, (2002) CAPPRT 037, (2002-01-04) <http://capprt-tcrpap.gc.ca/decisions/tribunal/37-e.html>, in French at <http://capprt-tcrpap.gc.ca/decisions/tribunal/37-f.html> (Canadian Artists and Producers Professional Relations Tribunal)

Two performing arts associations applied to the Canadian Artists and Producers Professional Relations Tribunal for certification to represent sectors suitable for collective bargaining pursuant to s. 25 of the Status of the Artist Act, S.C. 1992, c.33. The tribunal heard the applications jointly since the associations were competing in part.

The initial applicant, the Associated Designers of Canada ("ADC"), was an association representing the rights and interests of set, costume, lighting and sound designers across Canada. ADC mainly negotiated on behalf of designers carrying out their profession with English language theatre companies. ADC sought certification to represent "a sector composed of set, costume, lighting and sound designers working within the live performing arts industry".

A second application was filed by the Association des professionnels des arts de la scène du Québec ("APASQ"). After preliminary proceedings, APASQ amended its bargaining sector proposal to read "all set, costume, lighting, sound, props and puppet designers, stage managers, set painters, all costume and set assistants and assistant stage directors working within Quebec or at the National Art Centre in the areas of performing arts, dance and variety entertainment".

ADC, supported in part by certain of the interveners, opposed the submissions of APASQ, arguing that not all of the individuals included in the APASQ proposal (page 290) had been proven to be artists, that no community of interest existed within the Quebec borders that was different from that in the rest of Canada, and that any separation should be made on language lines and not geographic lines. ADC represented that it had the resources, support and desire to represent all designers working throughout Canada.

Intervenors did not object to APASQ's application covering the French theatre department at the National Arts Centre ("NAC"), but opposed that part of the APASQ application that would cover the rest of activities at the NAC.

During the course of the proceedings before the tribunal, APASQ entered into four agreements with other arts associations. In one such agreement between APASQ and the NAC and the Professional Association of Canadian Theatres, APASQ confirmed that the sector proposed in its application would not cover NAC's English-language productions, co-productions and/or theatrical productions. A further agreement between APASQ and Canadian Actors Equity Association ("CAEA") was aimed at avoiding an overlap in respect of stage managers and assistant stage directors. These side agreements were noted by the tribunal and taken into consideration in reaching its conclusions.

The submissions made to the tribunal raised the following issues:

(1) whether the functions of each of the designers, set painter, stage manager and assistant stage director was covered by the Act; (2) whether the sector proposed by each of the applicants was suitable for bargaining, bearing in mind the criteria specified in s. 26(1) of the Act; and (3) to what extent each applicant was more representative of artists in respect of a defined sector.

Held, each of the applicants should be granted certification in respect of a sector defined by the tribunal with specific exclusions, each being deemed suitable for bargaining and each being most representative of the artists in its respective sector.

APASQ's Application

The function of each of the professions listed by APASQ contributed directly to the creative aspects of a production and each person engaged in such professions should be considered to be an artist as defined in the Act. The functions of stage managers and assistant stage directors included "directing. . . in any manner a work", and were specifically covered in s. 6(2)(b)(ii) of the Act. The function of the various designers, their assistants in respect of costume and set, and the set painter, fell within s. 2(1)(a), (b) or (c) of the Status of the Artist Act Professional Category Regulations, SOR/99-191, and each were artists under s. 6(2)(b)(iii) of the Act.

All of the persons who performed the functions listed by APASQ contributed to the creative aspects of a work, separate from the performers. The various designers and the assistant set and costume designers were all a part of an off-stage creative team. Both the stage manager and the assistant stage director had to be familiar with the work of each of the team and both shared a sufficient community of interest with designers to include them in a single bargaining sector.

A review of the whole of APASQ's activities confirmed that there was a history of professional relations between APASQ, its members, other artists' associations and producers of theatre in Quebec. As well, a history of professional relationship (page 291) existed with the French theatre department of the NAC. The latter should be included in the bargaining sector. While APASQ had yet to negotiate a scale agreement in dance and variety entertainment, it was appropriate to include these fields in the sector. The artistic skills required to be a designer or other off-stage participant were essentially the same in theatre, dance and variety entertainment.

A bargaining sector based on linguistic rather than geographic criteria should not be adopted. Even if a sector that included all designers who work on French language productions in Canada seemed more "functional", APASQ only covered Quebec and the NAC. APASQ could not be ignored when it represented approximately 110 designers and other artists in Quebec, out of a total of approximately 200 in the same sector.

Since no other association had applied to represent the interests of the artists included in the sector that the tribunal had found suitable for collective bargaining, APASQ's was the most representative of the artists in the sector.

ADC's Application

ADC was the official organization recognized by the English language theatre association, in negotiating on behalf of designers across Canada. While its negotiating activities had been largely with English language theatre, the fact that the same artistic qualifications were required in other areas made it appropriate to define a sector composed of designers that included all areas of live performing arts in Canada, with the exception of Quebec, for reasons previously stated in respect of the APASQ application. Further, in view of evidence of the history of ADC's professional relations with NAC, the ADC sector should include all of NAC's departments with the exception of the French language theatre department.

ADC's application made no distinction on the basis of language but sought to represent a nationwide sector of designers. However, in view of the conclusion reached in respect of the APASQ application, the independent designers engaged in productions presented in the

province of Quebec and by the French language theatre department of the NAC were to be excluded from ADC's sector. No other artists' association having come forward seeking to represent the interests of designers in the approved sector, ADC was the most representative of artists working in this sector.

Conclusions

Each of the applicants met the prerequisites for certification set out in s. 23(1) of the Status of the Artist Act.

In the case of APASQ, the sector suitable for bargaining was composed of all set, costume, lighting, sound, props and puppet designers, stage managers, set painters, assistant costume and set designers, and assistant stage directors who were independent contractors engaged by a producer subject to the Status of the Artist Act, in any performing arts, dance and variety entertainment production presented within the province of Quebec, and in any production of the French theatre department of the NAC in Ottawa. Excluded from this sector were stage managers and assistant stage directors covered by an earlier certification by the tribunal to the CAEA and subject to an existing agreement between the applicant and CAEA. (page292)

In the case of ADC, the sector suitable for bargaining was determined to be composed of all set, costume, lighting and sound designers throughout Canada, who were independent contractors engaged by a producer subject to the Status of the Artist Act, within the live performing arts industry, with the exception of set, costume, lighting and sound designers (1) engaged by a producer subject to the Status of the Artist Act in a production presented in the province of Quebec, or (2) engaged by the French language theatre department of the NAC.

Are the functions of set, costume, lighting and sound designer covered by the Act?

(139) Paragraphs (a) to (e) of section 2 of the *Regulations* provide for certain professional categories comprising professions in which the practitioner contributes directly to the creative aspects of the production by carrying out one or more of the activities set out in that section. *Inter alia*, paragraph 2(1)(a) of the *Regulations* refers to sound and lighting design; paragraph 2(1)(b) refers to costume design; and paragraph 2(1)(c) refers to set design ("*scénographie*"). The parties do not dispute that *scénographie* includes set design ("*conception de décors*").

(140) The Tribunal finds that set, costume, lighting and sound designers contribute directly to the creative aspects of the production, and consequently persons who are engaged in those professions are artists under subparagraph 6(2)(b)(iii) of the *Act*.

Is the function of props designer covered by the Act?

(143) Based on the evidence presented by the intervenors, TAI and the NAC, the Tribunal understands that there is a profession called "propsman" or, as Ms. Ruel put it, "set propsman", and that these people are often employees and therefore not covered by the *Act*. The Tribunal also understands that in some productions, the set designer may be responsible for props design, and delegate to someone else the job of assembling or selecting props. It is clear that, in that case, the contribution of the propsman does not "contribute directly to the creative aspects of the production", since the artistic choices will have been made by the set designer. The Tribunal notes that the intervenors' witnesses are highly qualified and credible people, with relevant experience. However, the evidence disclosed that for the past few years they have each worked primarily at the administration level of one particular institution.

(145) In the Tribunal's view, the fact that no awards are presented is not conclusive evidence that the position does not exist. ADC itself explained that the position of sound designer has only recently been recognized, illustrating that functions evolve. The fact that one person may agree to carry out both positions does not mean that in another situation these functions might not be assigned to two people. The Tribunal is of the opinion that there is in fact a separate activity that may be called props design. However, it must be understood that the person who performs this function must report to the stage director, just like other designers in a production, and his or her work must include the creation or transformation of objects as well as research in order to develop a whole concept that expresses the vision of the stage director. We must now examine the *Regulations* to determine whether this function is included in one of the enumerated categories.

(146) The activities in paragraphs (a) to (e) of the *Regulations* describe artistic fields, and are not defined in relation to specific professions. For example, paragraph 2(1)(b) refers to "costumes, coiffure and make-up design", and not to "costume ... designer", which indicates that Parliament did not intend to restrict the application of these categories to specific positions. The Tribunal finds that props design is an activity that is akin to set design. Therefore, this position is covered by paragraph 2(1)(c) of the *Regulations* and the props designer is an artist under subparagraph 6(2)(b)(iii) of the *Act*.

Is the function of puppet designer covered by the Act?

(149) The Tribunal is of the opinion that there is sufficient evidence to conclude that the position of puppet designer exists, and that this is not a subfunction of the set or costume designer. Nothing prevents a puppet designer from also working as a set or costume designer as well. We must now examine the *Regulations* to see whether the position is included in one of the listed categories.

(150) First, designing the puppet-theatre is similar to theatrical set design. On the other hand, as Mr. Lacroix testified, when the designer draws the puppet, creates the puppet's image and conceptualizes its clothing, the work resembles that of a costume designer. Whereas these two functions are clearly covered by the *Regulations*, in paragraphs 2(1)(b): costumes, coiffure and make-up design, and 2(1)(c): set design, the Tribunal concludes that puppet design is a function covered by the *Regulations* and the puppet designer is an artist under subparagraph 6(2)(b)(iii) of the *Act*.

Are the functions of assistant set and costume designers covered by the Act?

(155) It appears to the Tribunal that the work of assistant set and costume designers, as a whole, likely fall somewhere within these two extremes. The evidence presented by David Gaucher on this topic confirms this conclusion. Mr. Gaucher has extensive experience in the performing arts in Quebec. In addition, he worked as an assistant for three years early in his career. He has also worked with assistants since that time. He testified that being an assistant set or costume designer requires artistic skill, because they must materialize, "breathe life into", the designer's general idea, just as the designer carries out the artistic vision of the stage director. Pierre Rousseau reinforced this conclusion when he testified that the selection of assistant set and costume designers contributes to the artistic quality of the designers' work. However, the evidence revealed that these positions necessarily involve an administrative component, the amount of time devoted by assistants to these administrative duties varying in accordance with the designer's working methods and the size of the production.

(156) In light of these facts, the Tribunal must determine whether assistant set and costume designers are "artists" within the meaning of the *Act*. Subparagraph 6(2)(b)(iii) of the *Act* designates independent contractors who contribute to the creation of a work in, *inter alia*, the performing arts, music, dance and variety entertainment as artists within the meaning of

the *Act*. The *Regulations* specify the scope of this provision. For instance, subsection 2(1) of the *Regulations* provides that a professional who is involved in the creation of a production by contributing *directly* to its creative aspects will be covered by the *Act*. The *Regulations* also provide that the professional's contribution must fall within one or more of the categories listed in paragraphs 2(1)(a) to (e).

(157) The intervenors TAI and NAC argue that assistants are covered by subsection 2(2) of the *Regulations*, in that they perform "support work". Subsection 2(2) excludes people who carry out non-creative functions, specifically accounting, auditing, legal, representation, publicity or management work or clerical, administrative or other support work.

(158) The Tribunal could dispose of the intervenors' argument immediately, as, in its opinion, the assistants' work involves a creative contribution. Nonetheless, the Tribunal notes that in the immediate context of the provision, where the words "accounting, auditing, legal, representation, publicity or management work or clerical, administrative or other support work" are connected grammatically and logically, the intervenors' interpretation cannot stand. The meaning to be given to one item in a group of words that are grammatically and logically connected should be determined by examining the common characteristics of all of the elements of the group (Sullivan, *Driedger on the Construction of Statutes*, 3rd ed., Toronto, Butterworths, 1994, at p. 200). With respect to the words "accounting, auditing, legal, representation, publicity or management work or clerical, administrative or other support work", they all refer to a form of "office work or administrative work". The "support work" does not refer to the work performed by assistants, notwithstanding that some of their duties may be administrative.

(159) The list of activities in the professional categories in paragraphs 2(1)(a) to (e) is explicitly connected to the requirement that there be a contribution to the creative aspects of a production. As noted earlier, these categories are described in terms of artistic fields, and not in relation to specific professions.

(160) The evidence demonstrates that the individuals who work as assistant set and costume designers are usually independent contractors. These professionals meet the criterion of contributing to the creative aspects of a production as set out in subparagraph 6(2)(b)(iii), since the proposed sector relates to the performing arts, dance and variety entertainment. The artistic skills described by Mr. Gaucher illustrate the direct contribution made by these assistants to the creative aspects of a production. The Tribunal finds, based on that evidence, that this creative contribution is sufficient for these functions to be covered by paragraphs 2(1)(b) and 2(1)(c) of the *Regulations* and that set and costume design assistants are artists under subparagraph 6(2)(b)(iii) of the *Act*.

Is the function of set painter covered by the Act?

(163) Section 9 of the *Act* provides that an artist who contracts his or her services through an organization is covered by the *Act*. Accordingly, set painters who carry out their functions through a corporation may benefit from the labour relations scheme established by the *Act*. Moreover, at the certification stage, the Tribunal does not normally assess the usual relationship between producers and each member of an artists' association, when the member is engaged in his or her occupation: *APVQ-STCVQ*, 2001 CAPPRT 035, at para. 18. When the Tribunal certifies an artists' association, everyone working in a particular artistic field will not necessarily be covered by the certification. Obviously, artists who are engaged in an employer-employee relationship will be excluded. Moreover, it is important to point out that there is nothing that prevents a person from being an employee and also working in the arts as an independent contractor: *Union des Artistes*, 1996 CAPPRT 017, at para. 24.

(164) In light of these conclusions, the Tribunal is of the view that a set painter may perform his or her functions in the performing arts, dance or variety entertainment as an independent professional contractor. It remains to be determined whether those professionals are covered by the *Regulations*. The Tribunal accepts APASQ's evidence that while set painters follow the artistic instructions given by the designers, their work involves a significant element of artistic adeptness. Based on this creative contribution, the Tribunal concludes that set painters contribute directly to the creative aspects of a production, and thus meet the criteria set out in subsection 2(1) of the *Regulations*. The Tribunal rejects the argument made by the intervenors TAI and the NAC, that set painters merely perform "support" duties, having regard to the detailed analysis done by the Tribunal in respect of the positions of assistant set and costume designer (see paragraph 158). As the set painter's work complements that of the set designer's, the Tribunal concludes that it is covered by paragraph 2(1)(c) of the *Regulations* and the set painter is an artist under subparagraph 6(2)(b)(iii) of the *Act*.

Are the functions of stage manager and assistant stage director covered by the Act?

(165) Because the Tribunal has previously determined that stage managers and assistant stage directors are "artists" (CAEA 1996 CAPPRT 010), APASQ contends that the Tribunal need not address this question again. The intervenors TAI and the NAC submit that the cultural differences existing between the way the English and French theatres operate, as identified by their witness and ADC's witnesses, warrant a fresh analysis by the Tribunal of the status of these positions.

(166) The Tribunal acknowledges that there are certain operational differences that exist between English and French-language theatres, and that these differences may have an impact on the scope of the duties performed by stage managers and assistant stage directors. However, they do not negate the artistic contribution these individuals make to a French theatre production. The two studies completed by the CQRHC regarding these professions clearly demonstrate the creative contribution of these two positions to the overall stage performance.

(167) The study done of the profession of stage manager indicates that a stage manager (TRANSLATION) "manages the performance, by ensuring that the show's team performs on cue with precision". The study of the profession of assistant stage director demonstrates that the assistant stage director helps develop and finalize the staging of a production, under the supervision of the stage director. Based on the reasoning followed in the CAEA decision, the Tribunal concludes that the functions of stage managers and assistant stage directors include "directing ... in any manner" a work. Accordingly, they are "artists" pursuant to subparagraph 6(2)(b)(ii) of the *Act*, even if this direction is carried out under the supervision of the stage director (see 1996 CAPPRT 010, at paragraphs 31, 32 and 39).

Big Comfy Corp. v. Canada

(2002), (2002) TCJ 247, (2002-05-09)
<http://www.canlii.org/ca/cas/tcc/2002/2002tcc19994643.html> (Tax Court of Canada) Rip J.

(25) (words missing) referred to the Canadian Customs and Revenue Agency ("CCRA") Interpretation Bulletin IT-441, Capital Cost Allowance - Certified feature productions and certified short productions. The Bulletin states that to qualify for capital cost allowance an investor must beneficially hold an undivided proprietary interest, whether alone or jointly with other persons, in all the components of the film or tape property and not merely an interest in some elements thereof. The Bulletin lists elements of a property which the investor must acquire to establish ownership, one of which is copyright.

(26) Subsection 13(4) of the Copyright Act requires that, to be valid, any assignment of copyright must be in writing and signed by the owner of the right. Counsel for the appellant noted that while the Investment Agreements between the Investors and the appellant are in writing, there is no clear statement in the Agreements to assign any portion of copyright to the Investors and the Agreements, in and by themselves, therefore, are not capable of transferring a copyright interest.

Beaudry v. Goldman

(2002), (2002) CarswellNat 1972, (2002) FCJ 609, (2002) ACF 609, (2002) FTR TBE d AU026, 2002 FCT 462, (2002-04-26) <http://decisions.fct-cf.gc.ca/fct/2002/2002fct462.html> (FCTD) Rouleau J.

(35) (...) But if the agreements (publishing and distribution agreements between defendants) in question were to be of any relevance whatsoever, such relevance could only stem from the issue of the assessment of the quantum of damages that the plaintiffs might be entitled to claim from the defendants once an infringement had been proved, as this issue came within the prohibition in Rule 247. Accordingly, Prothonotary Morneau erred in law in ordering the production of the three agreements for the purposes of determining "the participation of each defendant in the alleged infringement of (the plaintiffs') work". This question could only be raised in the course of determining the quantum of the damages and profits or subsequently. However, it has no impact on the issue of the alleged infringement of copyright now before this Court.

Bell ExpressVu Limited Partnership v. Rex

(2002), 18 CPR (4th) 289, (2002) CarswellBC 851, (2002) CarswellBC 852, 100 BCL. (3d) 1, 212 DLR (4th) 1, (2002) 5 WWR 1, 287 NR 248, 166 BCAC 1, 271 WAC 1, (2002) SCJ 43, 2002 SCC 42, (2002-04-26) <http://www.lexum.umontreal.ca/csc-scc/en/rec/html/bellexp.en.html> in French at <http://www.lexum.umontreal.ca/csc-scc/fr/rec/html/bellexp.fr.html> and <http://www.canlii.org/ca/jug/csc/2002/2002csc42.html> (SCC) Iacobucci J.

The plaintiff was licensed by the Canadian Radio and Television Commission to broadcast television programming via satellite to Canadian subscribers. The plaintiff brought an application before the British Columbia Supreme Court requesting an order to prohibit the defendants from selling decoders that enabled their customers to receive satellite television signals broadcast from the United States. The Radiocommunication Act, R.S.C. 1985, c. R-2, s. 9(1)(c), provided that no person shall decode "an encrypted subscription programming signal" without "authorization from the lawful distributor of the signal or feed". "Lawful distributor" was defined in s. 2 to mean "a person who has the lawful right in Canada" to transmit or authorize the decoding. "Subscription programming signal" was defined to mean "radiocommunication that is intended for reception either directly or indirectly by the public in Canada or elsewhere on payment of a subscription fee or other charge". The chambers judge declined to grant the injunction, finding that s. 9(1)(c) did not apply to the paid subscription by Canadians to signals from distributors outside Canada. The British Columbia Court of Appeal dismissed the plaintiff's appeal, and the plaintiff appealed to the Supreme Court of Canada.

Held, the appeal should be allowed. (page290)

Section 9(1)(c) was unambiguous, so there was no need to resort to external aids for statutory interpretation, such as the strict construction of penal statutes and the presumption that the courts should interpret the law in accordance with the values and principles enshrined in the Canadian Charter of Rights and Freedoms. The reception sought to be enjoined occurred entirely in Canada, so there was no issue of the statute having an extraterritorial reach. The definition of "subscription programming signal" encompassed signals originating from foreign distributors and intended for reception by a foreign public. The Act prohibited the decoding of all encrypted satellite signals, with a limited exception. The exception occurred where authorization was acquired from a distributor holding the necessary legal rights in Canada to transmit the signal and provide the required authorization. The distributors in the United States were not "lawful distributors" under the Act.

(50) There is another contextual factor that, while not in any way determinative, is confirmatory of the interpretation of s. 9(1)(c) as an absolute prohibition with a limited exception. As I have noted above, the concept of "lawful right" in the definition of "lawful distributor" incorporates contractual and copyright issues. According to the evidence in the present record, the commercial agreements between the appellant and its various programme suppliers require the appellant to respect the rights that these suppliers are granted by the persons holding the copyright in the programming content. The rights so acquired by the programme suppliers permit the programmes to be broadcast in specific locations, being all or part of Canada. As such, the appellant would have no lawful right to authorise decoding of its programming signals in an area not included in its geographically limited contractual right to exhibit the programming.

(51) In this way, the person holding the copyright in the programming can conclude separate licensing deals in different regions, or in different countries (e.g., Canada and the U.S.). Indeed, these arrangements appear typical of the industry: in the present appeal, the U.S. DTH broadcaster DIRECTV has advocated the same interpretation of s. 9(1)(c) as the appellant, in part because of the potential liability it faces towards both U.S. copyright holders and Canadian licencees due to the fact that its programming signals spill across the border and are being decoded in Canada.

(52) I also believe that the reading of s. 9(1)(c) as an absolute prohibition with a limited exception complements the scheme of the Copyright Act. Sections 21(1)(c) and 21(1)(d) of the Copyright Act provide broadcasters with a copyright in the communication signals they transmit, granting them the sole right of retransmission (subject to the exceptions in s. 31(2)) and, in the case of a television communication signal, of performing it on payment of a fee. By reading s. 9(1)(c) as an absolute prohibition against decoding except where authorization is granted by the person with the lawful right to transmit and authorize decoding of the signal, the provision extends protection to the holders of the copyright in the programming itself, since it would proscribe the unauthorized reception of signals that violate copyright, even where no retransmission or reproduction occurs: see F. P. Eliadis and S. C. McCormack, "Vanquishing Wizards, Pirates and Musketeers: The Regulation of Encrypted Satellite TV Signals" (1993), 3 M.C.L.R. 211, at pp. 213-18. Finally, I note that the civil remedies provided for in ss. 18(1)(a) and 18(6) of the Radiocommunication Act both illustrate that copyright concerns are of relevance to the scheme of the Act, thus supporting the finding that there is a connection between these two statutes.

Benisti Import-Export Inc. v. Modes TXT Carbon Inc.

(2002), 20 CPR (4th) 125 (2002) CarswellNat 2342, (2002) FCJ 240, 2002 FTR Uned 103, (2002) ACF 240, 2002 FCT 179, (2002-02-19) <http://decisions.fct-cf.gc.ca/fct/2002/2002fct197.html>, in

French at <http://decisions.fct-cf.gc.ca/cf/2002/2002cfpi197.html> (FCTD) Morneau, Prothonotary

The plaintiff had commenced an action for industrial design and trade-mark infringement. The defendant had filed a statement of defence and counterclaim. In the counterclaim, the defendant alleged, inter alia, that the plaintiff had made false and misleading statements relating to industrial designs contrary to the provisions of s. 7(a) of the Trade-marks Act, R.S.C. 1985, c. T-13. The plaintiff brought a motion to strike the paragraphs containing these allegations on the ground that if s. 7(a) was to apply, the issue must be related exclusively to a trade-mark question.

Held, the motion should be dismissed.

On a motion to strike under Rule 221(1)(a) of the Federal Court Rules, 1998, SOR/98-106, the issue is whether it is clear and obvious in law that the plaintiff's position is justified. (page 126)

It was clear from a review of the relevant authorities that s. 7(a) could apply not only to trade-marks but to other intellectual property. The protection afforded by s. 7 of the Trade-marks Act might be more readily extended to matters expressly referred to in s. 91 of the Constitution Act, 1867, that is patents of invention and discovery and copyright. However, s. 7 itself is in a statute the subject matter of which does not fall within the express powers of s. 91. It was not clear and obvious that a situation involving industrial design could not be covered by s. 7(a) of the Trade-marks Act.

(21) The fact that it is easier to extend the protection of section 7 of the Act to some matters expressly referred to in section 91 of the Constitution Act, 1867 (heads 22 and 23 in section 91, that is, patents of invention and discovery and copyrights) might not be as meaningful as the plaintiff's counsel hopes, since section 7 itself is in a statute the subject matter of which does not fall with the express powers of section 91 of the Constitution Act, 1867.

Bergeron v Sogidès Ltée

(2002), JE 2002-624, (2002) CarswellQue 669, (2002-01-17)
<http://www.jugements.qc.ca/cs/200201fr.html>,
<http://www.canlii.org/qc/jug/qccs/2002/2002qccs10165.html> (QueSupCt) Tellier J.

Résumé

Action visant à faire déclarer la nullité d'une clause de contrat d'édition et en réclamation de sommes dues. Rejetée.

En 1989, le demandeur a signé un premier contrat d'édition avec une filiale de la défenderesse Sogidès. La clause no 13.4, relative aux redevances dues à l'auteur, précisait qu'aucune redevance ne serait due sur les 50 exemplaires distribués au service de presse ni sur ceux distribués dans l'intérêt de la vente. Conformément au contrat, Sogidès a remis différents rapports annuels au demandeur. Le 28 juillet 1993, elle lui a versé 5 539 \$ à titre de redevances. Le 27 août 1997, le demandeur a intenté le présent recours. Il a été autorisé à intenter un recours collectif. Il fait valoir que les contrats d'édition constituent des contrats d'adhésion. Il demande l'annulation de la clause no 13.4, qu'il considère comme abusive parce qu'elle permet à l'éditeur de déduire des redevances dues le coût des exemplaires donnés gratuitement, ce coût étant calculé sur un pourcentage du tirage plutôt que des ventes. Il réclame le remboursement des redevances qui correspondraient à la déduction de

10% du tirage effectuée sur les ventes réelles. Les défenderesses invoquent la prescription du recours.

Décision

L'action qui tend à faire valoir un droit personnel se prescrit par trois ans (art. 2925 du Code civil du Québec). Lorsque la loi nouvelle abrège un délai, le nouveau délai s'applique mais court à compter de l'entrée en vigueur de la loi nouvelle (art. 6 de la Loi sur l'application de la réforme du Code civil). Le demandeur réclame l'annulation d'une clause abusive dans un contrat d'adhésion. Ce recours vise un droit personnel assujéti à la prescription de trois ans. La loi nouvelle ayant abrégé le délai de prescription, ce dernier a commencé à courir le 1^{er} janvier 1994. Le droit de recours du demandeur était prescrit à compter du 1^{er} janvier 1997. Par ailleurs, il n'est pas certain que la clause no 13.4 contrevienne à l'article 31 de la Loi sur le statut professionnel des artistes des arts visuels, des métiers d'art et de la littérature et sur leurs contrats avec les diffuseurs. De plus, comme le législateur n'a pas précisé les conséquences de la non-conformité du contrat avec la loi, la nullité absolue ne peut s'appliquer. D'autre part, les contrats d'édition ne sont pas incompréhensibles. En outre, le présent recours ne consiste pas en une action en redressement de compte. De toute façon, le demandeur connaît les données sur lesquelles il fonde sa réclamation. Il n'y a pas lieu d'ordonner la reddition des comptes. Si des membres du groupe que le demandeur représente ont encore des droits à faire valoir, ils ne seront pas lésés par le rejet du présent recours.

20 La première question à se poser est de se demander de quel recours il s'agit. D'entrée de jeu, disons immédiatement que le fait qu'il s'agisse d'un recours collectif ne change rien au problème ou à la nature du recours. Essentiellement, il s'agit d'une action qui demande l'annulation d'une clause abusive dans un contrat d'adhésion et de prononcer une condamnation pécuniaire en conséquence.

28 Ceci étant, il doit être dit que le délai de prescription sous l'ancien Code a été nécessairement abrégé suivant l'article 6 ci-haut cité et qu'il a été réduit à 3 ans. Par conséquent, la seule conclusion possible est que le délai de prescription pour l'exercice de tout recours en vertu de ces six contrats est de 3 ans.

29 Enfin, ce délai de prescription réduit à 3 ans commence à courir à compter du 1^{er} janvier 1994, date de l'entrée en vigueur du nouveau Code.

30 En d'autres termes, tout recours qui a ou aurait pu prendre naissance sous l'empire de l'ancien Code, avant le 1^{er} janvier 1994, est irrémédiablement prescrit le 1^{er} janvier 1997, s'il n'a pas été exercé avant cette date.

38 Il y a plus. Même en admettant pour les fins de la discussion que les contrats d'édition allégués par le demandeur ne seraient pas conformes à l'article 31 (de la *Loi sur le statut professionnel des artistes des arts visuels, des métiers d'art et de la littérature et sur leurs contrats avec les diffuseurs*, L.R.Q. c. S-32.01), la conclusion que l'on pourrait retenir n'est pas celle préconisée par le demandeur et ce pour plusieurs raisons.

39 D'abord, dans la loi, le législateur ne précise pas les conséquences de la non conformité d'un contrat avec la loi. En conséquence, on doit dès le départ éliminer la question d'une nullité absolue. C'est du moins la règle énoncée par l'article 1421 C.c.Q. à l'effet que:

1421. À moins que la loi n'indique clairement le caractère de la nullité, le contrat qui n'est pas conforme aux conditions nécessaires à sa formation est présumé n'être frappé que de nullité relative. (soulignés du tribunal)

40 On ne doit donc pas considérer cet argument de nullité absolue et, par conséquent, cette notion d'imprescriptibilité du recours. D'ailleurs, si on poussait le raisonnement à la limite, on serait obligé de considérer soit la nullité absolue de tout le contrat, soit de la clause de droit de passe. Ainsi, si c'est tout le contrat qui est absolument nul, il serait considéré comme n'ayant jamais existé. Alors, comment le demandeur peut-il invoquer les six contrats qui n'auraient jamais existé pour en faire le fondement de son recours personnel et collectif?

41 Si c'est uniquement la clause de droit de passe qui serait absolument nulle, on arrive à des résultats similaires. La clause de droit de passe serait présumée n'avoir jamais existé, mais toutes les autres clauses demeurent intactes, dont la clause de redevances qui donne ouverture à un recours prescriptible par 3 ans.

Campney & Murphy v. Bernard & Partners

(2002), 22 CPR (4th) 526, (2002) CarswellNat 3166, (2002) FCJ 1520, 2000 FCT 1136 (2002-11-04) <http://decisions.fct-cf.gc.ca/fct/2002/2002fct1136.html> (FCTD) Hargrave, Prothonotary

The plaintiff had commenced arbitration proceedings against the partners of the defendant partnership under the plaintiff's partnership agreement and had obtained an ex parte injunction in the British Columbia Supreme Court to provide that neither side would take proceedings in respect of matters that were the subject of the arbitration. The individuals who formed the defendant partnership were former partners of the plaintiff. The plaintiff then applied for an ex parte injunction against the defendants alleging copyright in certain precedent materials which had been copied by the defendants. The defendants brought a motion to have the application stayed in favour of the arbitration proceedings.

Held, the motion should be granted and the application for an ex parte injunction stayed.

The plaintiff's partnership agreement (the "agreement") provided that all disputes arising out of or in connection with the agreement should be referred to and finally resolved by arbitration under the Commercial Arbitration Act, R.S.B.C. 1996, c. 55 (the "Act"). For a stay to be granted under s. 15 of the Act, the applicant must show: (a) a party to an arbitration had commenced legal proceedings against another party to the agreement; (b) the legal proceedings were in respect of a matter agreed to be submitted to arbitration; and (c) the application had been brought before the applicant took a step in the proceeding. The party seeking the stay needed only to show an arguable case. Further, the term "arising out of" as it appeared in the agreement deserved a generous interpretation.

Only where it was clear that a party was not a party to an arbitration agreement should a court reach any final determination in respect of an application for a stay of proceedings. The plaintiff had argued that the partners of the defendant partnership, each of whom had incorporated for tax purposes, were not parties to the agreement and, therefore, were outside the jurisdiction of the arbitrator. However, a corporation could act as an agent for and on behalf of those by whom it had been called into existence. As a partnership was the relationship subsisting between persons carrying on business in common with a view for profit, the defendants' law firm could not have acted as an effective partnership if the corporate persona, as opposed to the individuals themselves, were in control. Accordingly, there was nothing to the plaintiff's argument that the arbitrator would have no jurisdiction over the alleged perpetrators of copyright infringement.

It was not necessary to decide if the dispute as to the copying of precedents fell within the arbitration clause. It was only if the arbitration clause clearly did not (page528) extend to the dispute, or if the entities actually involved in the wrongdoing were not subject to the arbitration process, that the stay should be denied. There were two arguable reasons that demonstrated that the individuals alleged to have transgressed were subject to the arbitration process. First, the parties had initially agreed that the taking and use of copyright material belonging to the plaintiff by a partnership of individual lawyers was clearly arbitrable. Second, if the wrongdoers were a number of entities incorporated for tax purposes, in all likelihood these corporate personas acted as agents for the individual lawyers.

(18) The arbitration clause in the Campney & Murphy Partnership Agreement, in using the term "arising out of", is very broad in scope. I need not decide, as an absolute, whether or not the present dispute as to copying of precedents falls within the arbitration clause. Rather, I need only decide if it is arguable that the dispute falls within the arbitration provision. Here I must resolve any doubt as to arbitrability in favour of coverage under the arbitration provision. Only if I can conclude, with positive assurance, that the arbitration clause does not extend to the dispute, and here I include a consideration of whether the entities actually involved in the wrongdoing are subject to the arbitration process, ought I to deny a stay in favour of arbitration.

(19) There are two reasons, each at least arguable, by which to demonstrate that the individuals alleged to have transgressed are subject to the arbitration process. First, this Federal Court proceeding, as it stands, is against a partnership of individual lawyers who are said to have taken and used copyright material belonging to Campney & Murphy. That, as the parties initially agreed, is clearly arbitrable. The partnership of individual lawyers, indeed those individuals themselves, are subject to the arbitration process.

(20) Second, if I am incorrect in the first conclusion and the wrongdoers are a number of entities which were incorporated for tax planning purposes, those corporate personas of each lawyer with Bernard & Partners, including Mr Hilton were, at least arguably and indeed in all likelihood, act as agents for the individual lawyers. This being the case there is no issue as to Bernard & Partners and Mr Hilton being the proper parties to the arbitration agreement, so that the issue of the obtaining and use of precedent material, which originated from Campney & Murphy's records, may be arbitrated.

Canadian Media Guild v. Canadian Broadcasting Corp.

(2002), (2002) CarswellOnt 278, 156 OAC 108, (2002) OJ 341 (2002-01-30) (OntSupCt-DivCt)

(26) Inherent in the Appellant's position is the proposition that the right to a reuse fee exists in perpetuity as no agreed termination date is specifically provided. This is inconsistent with the public policy of the law and one should assume the contract terminable on reasonable notice. See Waddams, *The Law of Contracts*, 4th ed., Canada Law Book, 1999 at para. 502. The provisions of the *Copyright Act* are not applicable. There is nothing in the Standard Form Agreement or the 1977 Agreement to limit the duration of the right. A limitation period of the performer's life is inherent in the nature of retirement benefits which were the subject of Dayco.

(27) The Arbitrator considered the arguments of the parties. He analyzed the reasonable expectations of the parties. He knew some performers had signed Standard Form Agreements with terms different from those in the then extant collective agreement. Mr. Chevrier had not. The Arbitrator made a reasoned use of precedent cases and concluded

that so long as the collective agreement included a provision for reuse fees, a reuse would crystallize the right. The reuse crystallized the right pursuant to the then extant collective agreement. If the agreement was silent on the subject, no fee was payable. Any vesting of the right was tied to the provisions of the then current collective agreement.

(28) This interpretation overcomes the anathema to the law of a perpetual agreement, since the rights under a collective agreement exist only for the term of the agreement. The rights may be continued, terminated or replaced by the rights under a successor agreement. Dayco is distinguishable because the rights which vested in that case were those provided in the collective agreement in force at the time of the retirement. Here there were no longer benefits to vest.

CCH Canadian Ltd. v. Law Society of Upper Canada

(2002), 18 **CPR** (4th) 161, (2002) FCJ 690, (2002) ACF 690), (2002) CarswellNat 1000, 212 D.L.R. (4th) 385, 289 NR 1, 2002 FCA 187, (2002-05-14) <http://decisions.fct-cf.gc.ca/fct/2002/2002fca187.html>, in French at <http://decisions.fct-cf.gc.ca/cf/2002/2002caf187.html> (FCA); application for leave to appeal to the Supreme Court of Canada granted on 2002-12-12 (2002) SCCA 317 (SCC); (2002), (2002) CarswellNat 1704 (2002-07-02) (FCA-Costs);

The plaintiff publishers produced legal materials. The defendant law society was a non-profit corporation that governed a provincial legal profession. The law society operated a library containing a large collection of legal materials including the publishers' publications. Over the years the law society operated a photocopy service whereby, upon request, it photocopied and forwarded legal materials for a per page fee intended to cover associated costs. The service was operated in accordance with an access to the law policy which provided guidelines for the making of single copies of library materials for the purpose of, inter alia, research and private study. In addition the law society made free-standing photocopiers available in its library for use by library patrons using coins or pre-paid cards. The law society did not monitor the photocopiers but posted a notice above each photocopier advising that certain copying may be an infringement of copyright law and that the library was not responsible for infringing copies. (page163)

The publishers objected to the law society's photocopying service by delivering a cease and desist letter, and then commenced legal proceedings for copyright infringement. The publishers relied on 11 specific items in which they asserted copyright and alleged that the law society had infringed copyright in 10 of the items by photocopying them, by communicating them to library patrons by facsimile, and by distributing and selling the copies to library patrons. In addition, the publishers asserted that, by providing free-standing photocopiers, the law society authorized library patrons to reproduce their works. The 11 items comprised reported judicial decisions, headnotes of such decisions, a case summary, a topical index, an annotated statute, a chapter in a textbook and a monograph. The publishers obtained certificates of registration of copyright in the 11 items in contemplation of the litigation.

The law society defended on grounds that the operation of its photocopying service in accordance with its access to the law policy fell within the fair dealing exception, and on various public policy and equitable defences. By counterclaim the law society sought declarations that, by offering its photocopying service and free-standing photocopiers in accordance with the access to the law policy and its practice, it did not infringe any of the publishers' copyright.

At trial the trial judge concluded that, but for the annotated statute, textbook and monograph, the publishers' works were not original and therefore were not protected by copyright. Although the publishers exercised extensive skill, labour and judgment in creating the works, they lacked imagination or creative spark essential to a finding of originality. As to the annotated statute, textbook and monograph, the trial judge found that the works were original and protected by copyright and that copyright had been infringed by photocopying the monograph and a chapter of the textbook and by distributing the copies to the persons requesting the copies. The trial judge found that there was no infringement by sale of the copies because the law society did not profit from making the copies, and rejected the fair dealing defence because the purpose of the law society in making the copies was not a fair dealing purpose.

After the hearing of the trial, amendments to the Copyright Act, R.S.C. 1985, c. C-42, creating certain library exemptions came into force. These exemptions included s. 30.2(a) which provided that it was not an infringement of copyright for a library, archive or museum to do anything on behalf of any person that the person may do personally under fair dealing. The trial judge did not consider the application of the library exemption in detail.

Chancellor Management Inc. (c.o.b. Chancellor Homes) v. Oasis Homes Ltd.

(2002), 19 CPR (4th) 480, (2002) CarswellAlta 714, (2002) AJ 702, 2002 ABQB 500, (2002) AR TBEEd JN029, (2002-05-21) <http://199.213.44.18:8080/ISYSquery/IRL12ED.tmp/49/doc> (AltaQB) Fraser J.; (2002), (2002) CarswellAlta 890, (2002) 10 WWR 121, 22 CPC (5th) 303, 2002 ABQB 500, (2002-07-05) (AltaQB-Costs) Fraser J.

The plaintiff retained the services of the defendant Haddon, a design firm, to design plans for a show home (the "plans"). The plaintiff signed a written contract (the "contract") acknowledging that "this contract gives legal permission for this house plan to be built only once" and that it was Haddon's "right to retain all original work". After numerous revisions had been requested by the plaintiff, Haddon finalized the plans and the plaintiff built its show home along with five additional homes. Several years later, the defendant Oasis purchased a copy of the plans from Haddon and built a show home based on those plans. The plaintiff brought an action for a declaration that it was the owner of copyright in the architectural work represented by the plans, an injunction restraining the defendants (page481) from using or reproducing the plans, and damages. Haddon counterclaimed for breach of contract or, in the alternative, infringement of copyright.

Held, the action should be dismissed; the counterclaim for breach of contract should be allowed.

Copyright may subsist in plans and architectural works as artistic works provided that they are "original". A work will be original if it is the work of the author and not simply a copy of someone else's production. As the Copyright Act, R.S.C. 1985, c. C-42, was amended to delete the requirement that an architectural work must have "an artistic character or design", uniqueness may no longer be required for house plans to be the subject of copyright under the definition of "architectural work". However, the court did not need to determine the issue, as the plans were unique in the sense that they were distinctive. It was the plans as a whole and not their constituent parts that attracted copyright.

The contract was determinative of the issue of ownership of copyright in the plans. The ordinary meaning of the language used in the contract clearly indicated that Haddon was to

retain ownership of copyright in the plans. In addition, the notice on the blueprints that "(a) all drawings and specifications are the property of the designer and may not be reproduced without written permission from the designer" was consistent with a proper interpretation of the contract.

Further, as the name "John Haddon Design" appeared on each page of the plans, pursuant to s. 34(4)(a) of the Copyright Act, Haddon was presumed to be the author of the plans, and therefore the owner of copyright pursuant to s. 34(3)(b). There is no copyright in ideas; rather it is the expression of ideas that attracts copyright. However, the person who "actually writes" must not be a mere scribe or amanuensis; similarly, a person who merely gives ideas is not an author. Even if it could be conceded that the plaintiff had provided the ideas for the various design elements, the plaintiff would still not enjoy authorship in the plans, as it was Haddon that put those ideas on paper. As Haddon had been responsible for hundreds of decisions that resulted in the plans, it simply could not be said that Haddon was merely a draftsman. Accordingly, the plaintiff had not rebutted the presumption that Haddon was the author of the plans.

As the plaintiff had built an additional five houses using the plans, it had breached the contract.

(27) Thus, the Act makes clear that house plans may be subject to copyright protection, so long as they are original. What constitutes "original" in this context and whether an element of uniqueness is also required before copyright protection will obtain, as (defendant) Oasis suggests, remains in issue.

(35) I find further that house plans are not required to be unique, in the sense that the elements contained therein have never been seen before, in order to engage copyright protection. Whether a work is required to be unique in the sense that it is distinctive, however, is not as clear. In that regard, I would note that the definition of "architectural work of art" was amended in 1993. (...)

(36) In the 1995 version of the Act, which is under consideration here, "architectural work" was defined as meaning any building or structure or any model of a building or structure. Without determining whether the scope of that definition would include plans, I note that the 1995 definition no longer required an element of "artistic character or design". This materially distinguishes the cases cited by Oasis in support of its position that distinctiveness is required before copyright can exist in house plans. In other words, distinctiveness may no longer be required in order for house plans to be subject to copyright under the definition of "architectural work".

(37) In the circumstances of the present case, however, I need not finally determine this issue as I find that the Plans are sufficiently distinctive to satisfy any requirement in that regard. Specifically, I find that the various design elements used in the combination set out in the Plans are unique in the sense that they are distinctive.

Cité Amérique Distribution Inc. v C.E.P.A. Le Baluchon Inc

(2002), (2002) RJQ 1943, (2002) CarswellQue 1568, JE 2002-1407, (2002-06-03) <http://www.jugements.qc.ca/cs/200206fr.htm>, (QueSupCt) Bishop J.; en appel 500-09-012443-024.

Résumé

Action en injonction permanente et en réclamation de redevances. Accueillie en partie. Demande reconventionnelle en réclamation de dommages-intérêts et en diminution d'un prix de vente. Rejetée.

La demanderesse a été formée afin de distribuer au Canada des séries télévisées et leurs produits dérivés. Son actionnaire principale est également présidente de Cité Amérique Cinéma télévision inc., qui produit des films cinématographiques et télévisés. Elle a notamment produit la télésérie Marguerite Volant, qui a été diffusée en 1996 et qui relate la vie de certains personnages ayant vécu au temps de la conquête. La défenderesse exploite sous la raison sociale Seigneurie Volant un complexe hôtelier qui offre à sa clientèle des forfaits d'activités récréotouristiques. Une partie des bâtiments qui se trouve sur l'emplacement de ce complexe faisait partie des décors utilisés dans le cadre de la télésérie Marguerite Volant. En effet, aux termes d'une entente conclue le 10 mars 1998, la demanderesse a vendu ces bâtiments à la défenderesse et elle lui a cédé le droit exclusif d'exploiter les lieux où la télésérie a été filmée ainsi que les «éléments de la série (titres intellectuels)» pour une période de huit ans. En contrepartie, la défenderesse s'est engagée à verser des redevances sur le prix de vente des droits d'accès à l'emplacement, sur les forfaits-séjours ainsi que sur la vente de tous les produits dérivés des éléments de la télésérie. À cette fin, la défenderesse devait remettre à la demanderesse, tous les six mois, des rapports de vente. Dès le mois de décembre, la demanderesse a mis la défenderesse en demeure de respecter les termes de cette entente notamment en ce qui concerne la production des rapports de vente et le paiement des redevances. Vu l'inaction de la défenderesse, la demanderesse réclame que soit rendue une ordonnance lui enjoignant de fournir la liste détaillée de tous les produits et de toutes les activités faisant l'objet d'une redevance ainsi que ses rapports de vente. Elle réclame également 566 607 \$ à titre de redevances pour les trois premières années de l'entente liant les parties. Invoquant l'exception d'inexécution et les fausses déclarations de la demanderesse eu égard aux droits qui lui auraient été cédés, la défenderesse demande le rejet de l'action, une réduction de 100 000 \$ du prix d'achat des bâtiments ainsi que des dommages-intérêts de 150 000 \$. Elle allègue que les droits d'utilisation des éléments de la télésérie qui lui ont été cédés sont trop restrictifs et qu'ils sont difficiles à exercer, et elle soutient que la demanderesse n'a pas respecté son obligation de collaboration quant à la promotion de son complexe hôtelier. Celle-ci aurait également omis de lui remettre plusieurs biens meubles faisant partie des décors intérieurs des bâtiments. Au surplus, la demanderesse lui aurait cédé des droits exclusifs d'exploitation et d'utilisation du titre de la télésérie, alors qu'elle ne détient aucun droit d'auteur à cet égard.

Décision

Afin de déterminer si, en 1998, la demanderesse détenait des droits d'auteur ou d'autres droits exclusifs sur les éléments de la télésérie Marguerite Volant, et notamment sur ce titre ainsi que sur les noms des personnages, il faut s'en remettre aux définitions prévues à la Loi sur le droit d'auteur. Une oeuvre cinématographique peut être protégée par cette loi tout comme une oeuvre artistique ou dramatique dans la mesure où il s'agit d'une oeuvre originale (art. 5 (1) de la loi). En l'espèce, on doit conclure à l'originalité du scénario de la télésérie et de la production de l'oeuvre dramatique même si certains faits historiques et politiques y servent de toile de fond. Il s'agit d'une oeuvre fictive qui est le produit d'une contribution créative et originale. Il existe donc une présomption que l'oeuvre Marguerite Volant est protégée par un droit d'auteur et que son producteur en est le titulaire (art. 34.1 de la loi). Les noms de certains personnages, dont celui de Marguerite Volant et celui de la Seigneurie Volant, n'étaient pas enregistrés lors de la conclusion de l'entente de mars 1998, mais il n'était pas nécessaire qu'ils le soient pour protéger les droits de l'auteur. Les mots «Marguerite Volant», utilisés seuls, ne sont pas originaux puisqu'ils proviennent des recherches effectuées par un tiers. Toutefois, lorsqu'ils sont utilisés comme titre d'une oeuvre originale, ils

deviennent une partie intégrante de l'oeuvre et font partie de son originalité. L'utilisation du titre de la télésérie était étroitement liée à l'oeuvre de la défenderesse et, par conséquent, elle était protégée par la loi. Certains des personnages principaux de la télésérie, notamment celui de l'héroïne, sont suffisamment individualisés et identifiables pour constituer une partie essentielle et substantielle de l'oeuvre et, par conséquent, ils sont aussi protégés par la loi (Productions Avanti Ciné Vidéo inc. c. Favreau, (1999) R.J.Q. 1939 (C.A.) (J.E. 99-1607)). Par ailleurs, les bâtiments visés par l'entente, et qui sont des reproductions ou des copies d'immeubles de l'époque de la conquête, ont été construits par C.A. Télévision en 1995 afin d'être utilisés comme décor de la télésérie. Ces bâtiments et l'emplacement où ils sont situés, pris isolément, ne constituent pas des oeuvres architecturales protégées par la loi. Toutefois, si on les considère dans leur ensemble, on pourrait conclure qu'il s'agit d'une compilation d'oeuvres extraites d'une oeuvre dramatique (art. 2 de la loi) ou encore d'une oeuvre artistique originale (art. 3 (1) et 5 (1) de la loi) qui sont protégées par la loi. En effet, on a démontré que les caractéristiques et l'arrangement des bâtiments sur les lieux de la télésérie étaient uniques en Amérique du Nord. La clause 3 de l'entente, aux termes de laquelle la défenderesse a obtenu le droit exclusif d'exploiter l'emplacement, les bâtiments et les éléments de la télésérie, doit être interprétée à la lumière de la clause 2, en vertu de laquelle elle a obtenu la propriété de ces bâtiments. Sa prétention selon laquelle elle n'aurait pas acquis un droit exclusif d'exploiter les bâtiments et l'emplacement ne peut donc être retenue. Les droits exclusifs d'exploitation qui ont été accordés à la défenderesse proviennent de droits d'auteur protégés par la Loi sur le droit d'auteur. En vertu de l'article 34.1 (2) c) de la loi, le producteur de l'oeuvre, C.A. Télévision, est le titulaire des droits d'auteur. Or, celle-ci a autorisé la défenderesse à céder les droits d'exploitation qui en découlent, ce que cette dernière a fait aux termes de l'entente de mars 1998. La défenderesse a donc tort de prétendre qu'elle n'a jamais obtenu les droits prévus à cette convention parce que son auteur ne détenait aucun droit dans la télésérie. D'autre part, l'utilisation gratuite des photos des comédiens de la télésérie ou de leurs visages afin de promouvoir l'entreprise de la défenderesse n'est pas visée par cette entente. Même si elle est ambiguë, l'expression «titres intellectuels de la télésérie» ne peut englober l'image des artistes-interprètes puisqu'une telle utilisation nécessite le paiement d'une rémunération additionnelle aux comédiens alors que l'entente des parties est silencieuse à cet égard. En conséquence, le fait que la défenderesse ait été empêchée d'utiliser les visages des comédiens ou leurs photos ne résulte pas d'une faute qu'aurait commise la défenderesse. Quant aux meubles que cette dernière aurait omis de remettre à la défenderesse, ils ont été prêtés à un musée avant l'entente de mars 1998, à la connaissance de la défenderesse. Cependant, aux termes de l'entente, la défenderesse avait l'obligation de fournir «les éléments visuels de base qu'elle détenait» à ce moment. Les allégations concernant l'inexécution de l'obligation de la défenderesse de collaborer à la promotion du complexe de la défenderesse ne sont pas non plus fondées. La demande reconventionnelle sera donc rejetée.

L'intention commune des parties concernant le paiement des redevances est claire: les activités et les forfaits quotidiens donnant accès à l'emplacement ou aux bâtiments sont sujets au paiement d'une redevance de 7%, les produits dérivés, à une redevance de 15%, tandis qu'une redevance de 5% est exigible sur le prix des forfaits-séjours. Ces sommes doivent être calculées sur les revenus gagnés par la défenderesse à compter du 1er juin 1998. La défenderesse a prouvé le bien-fondé de sa réclamation en paiement des redevances jusqu'à concurrence d'une somme de 492 312 \$. Enfin, il sera ordonné à la défenderesse de fournir la liste détaillée de tous les produits, de toutes les activités et de tous les forfaits faisant l'objet d'une redevance, de remettre à la défenderesse, tous les six mois, un rapport de vente et de lui verser les redevances dues.

54 Le scénario de Marguerite Volant est original, ainsi que la production de l'oeuvre dramatique par C.A. Télévision, même si certains faits historiques et politiques de l'époque servent de fond à l'oeuvre cinématographique.

55 *Prima facie*, la Télésérie, avec les vidéocassettes de cette série produites comme P-19 A, B et C, constituent une "oeuvre cinématographique". Il s'agit d'une combinaison, ou compilation, d'une "oeuvre artistique", et/ou d'une "oeuvre dramatique", et, quant au scénario, d'une "oeuvre littéraire", dont le caractère original est évident et n'est pas contesté. C'est une oeuvre fictive, plutôt que historique, et ne résulte pas "d'un simple collage de morceaux épars". La Télésérie est le produit d'une contribution créative et originale.

63 Baluchon ne peut pas se plaindre de la possibilité que son utilisation du titre seul ne serait pas protégée par la Loi comme prétexte pour son refus de verser les redevances prévues à l'Entente. En signant l'entente, le but de Baluchon était d'utiliser le nom de Marguerite Volant pour attirer à son complexe hôtelier, y compris le Site, une clientèle qui connaissait la Télésérie et voulait revoir les personnages et les décors qui en faisaient partie. Par conséquent, l'utilisation par Baluchon de ce titre était étroitement reliée à l'oeuvre cinématographique/artistique/dramatique, et ainsi protégée par la Loi.

64 Probablement les mots "Marguerite Volant", utilisés seuls, ne sont pas originaux, parce qu'ils proviennent des recherches historiques d'une tierce personne. Cependant, lorsque ce titre est utilisé par rapport à l'oeuvre originale qu'il décrit, le titre devient une partie intégrante de cette oeuvre et participe à son originalité. Le caractère distinctif du titre est évident; c'est le nom de l'héroïne de l'oeuvre, qui permet de distinguer l'oeuvre, de la particulariser.

66 Marguerite Volant est une oeuvre fictive, et certains personnages principaux de cette Télésérie, comme l'héroïne, sont suffisamment individualisés et identifiables pour constituer une partie essentielle et substantielle de l'oeuvre, et ainsi pour être protégés par la Loi.

67 Les plaintes de l'Union des artistes concernant l'utilisation par Baluchon des photos des comédiens dans Marguerite Volant n'étaient pas fondées sur la prétention qu'ils étaient titulaires de certains droits aux personnages de la Télésérie, mais plutôt à l'utilisation des photos personnelles des comédiens. Ceux-ci ne possédaient pas les droits aux personnages, selon l'art. 17(1) de la Loi.

77 Les bâtiments constituent essentiellement des copies ou reproductions de constructions semblables qui existaient à l'époque de la Télésérie. La preuve ne démontre pas que les Bâtiments, pris individuellement ou dans l'ensemble, sont dessinés avec flair ou que leur construction fait preuve d'originalité, en l'absence d'éléments distinctifs. Par conséquent, la Cour est d'avis que les Bâtiments, pris individuellement, et évidemment le Site, ne constituent pas d'oeuvres architecturales protégées par la Loi.

78 Cependant, selon les définitions de l'art. 2 de la Loi, les Bâtiments et le Site considérés comme un ensemble pourraient constituer une "compilation" d'oeuvres extraites d'une oeuvre dramatique (la Télésérie montrant le Site et les Bâtiments -- une oeuvre cinématographique) et/ou d'une oeuvre artistique (l'arrangement des Bâtiments -- une oeuvre architecturale), qui serait, comme une oeuvre originale, protégée par les art. 3(1) et 5(1) de la Loi. La preuve a établi que les caractéristiques et l'arrangement des Bâtiments sur le Site, pris comme un ensemble, était unique en Amérique du Nord

92 Les difficultés à ce sujet prennent leur source dans l'art. 15(1) de la Loi, qui accorde un droit d'auteur à l'artiste-interprète, ou comédien. L'art. 17(2) permet à l'artiste-interprète de

stipuler, dans son contrat par rapport à une oeuvre cinématographique, une rémunération pour la reproduction d'une photo de sa performance dans l'oeuvre.

Delrina Corp. v. Triolet Systems Inc.)

(2002), 58 OR (3d) 339, 17 CPR (4th) 289, (2002) OJ 676, (2002) CarswellOnt 633, 23 BLR (3d), 156 OAC 166, (2002-03-01) <http://www.canlii.org/on/cas/onca/2002/2002onca10099.html>, <http://www.ontariocourts.on.ca/decisions/2002/march/delrinaC30375.htm> (OntCA) Morden J. (2002), 22 CPR (4th) 332, (2002) OJ 3729 (2002-10-02) <http://www.canlii.org/on/cas/onca/2002/2002onca10451.html>, (OntCA-Costs); motion for leave to appeal to the Supreme Court of Canada dismissed on 2002-11-28 (2002) SCCA 189 (SCC).

BD was employed by D Corp. to improve a computer program called Sysview, which was used to monitor the performance of a Hewlett-Packard HP 3000 computer. BD left D Corp. in 1985 and began to design a program called Assess, which was functionally similar to Sysview and meant to compete with it. D Corp., alleging that Assess infringed its copyright in Sysview, sued for copyright infringement, and it obtained an interlocutory injunction restraining the defendants from selling, giving away, or marketing Assess. The copyright infringement action came on for trial and O'Leary J. dismissed D Corp.'s action and ordered that it pay damages pursuant to the undertaking given to obtain the interlocutory injunction. D Corp. appealed both the judgment and the order.

Held, the appeals should be dismissed.

As its first ground of appeal, D. Corp. submitted that the trial judge erred in his definition of "copying". In the law of copyright, copying includes copying from memory, evensubconscious memory. When the reasons of the trial judge were read as a whole, his essential findings were not based on a view that copying from memory could not be a basis of copyright infringement and, accordingly, effect could not be given to this ground of appeal.

As its second ground of appeal, D Corp. submitted that the trial judge erred by excusing copying on the basis of the factors that D deliberately designed Assess to be similar to Sysview and that he was the author of both programs. While it would be an error to use these factors to excuse copying, the trial judge made no such error and, accordingly, effect could not be given to this ground of appeal.

As its third ground of appeal, D Corp. submitted that the trial judge erred in denying copyrightability to much of Sysview and, in particular, it was a mistake to dissect Sysview into parts and then determine whether each part was entitled to copyright protection. The trial judge, however, made no such error. The proper analysis, which he applied, was to determine whether Sysview as a whole was entitled to copyright and then to determine whether the quality and the quantity of part reproduced by BD was a substantial part of the whole. The trial judge properly considered whether the elements of Assess alleged to be similar to Sysview were entitled to copyright protection. In this case, the trial judge found that all of the alleged similarities, including similarities in the arrangements of elements, were dictated by functional considerations or otherwise not protectable by copyright. It is a fundamental feature of copyright law that copyright protects only original expression. It does not protect the idea underlying the expression, and it has been recognized that the non-protection of ideas embraces the view that there is no copyright in any arrangement, system, scheme or method for doing a particular thing or process. It was submitted that the

trial judge erred by relying on United States authorities that have the effect of narrowing the scope of what is entitled to copyright protection; however, the trial judge's analysis did not show any denial of copyright protection to ideas reflecting skill and labour on the part of D Corp. that would attract protection under what is said to be the less rigorous English application of the idea/expression dichotomy.

The fourth ground of appeal was that the trial judge erred in drawing an adverse inference that D Corp. did not produce what it submitted was a privileged expert's report because it would not have been helpful to D Corp. This point could be dealt with on the short ground that the reasons for judgment on this issue had no bearing on how the trial judge arrived at his ultimate conclusion.

Turning to the appeal with respect to the award under the undertaking given at the time of the granting of the interlocutory injunction, the trial judge properly applied the applicable principles. The damages must be reasonably foreseeable at the time of the granting of the interlocutory injunction and they must be caused by the injunction and not by something else. There was no basis for an appellate court to alter the award.

(10) It is not in issue that "copying" in the law of copyright clearly goes beyond copying from something which is physically before the person who copies. It includes copying from memory, even subconscious memory
Résumé de l'arrêtiste

(11) (...)As my reasons will indicate, the main basis for explaining similarities between Assess and Sysview is that features common to both programs are not capable of copyright protection.

Design Council Ltd. v. Net Village Inc.

(2002), (2002) CarswellNat 891, (2002) FCJ 589, 2002 FTR Uned 284, 2002 FCT 459, (2002-04-23) <http://decisions.fct-cf.gc.ca/fct/2002/2002fct459.html> (FCTD) Rouleau J.

(9) I was satisfied that the defendant Gregoire was the one responsible for creating the web, not the defendant Net Village Inc.; it is only a server.

(10) In order to grant an injunction, the Court must be satisfied that there is serious issue to be tried; weigh the balance of convenience and determine irreparable harm.

(11) With respect to the serious issue, two questions arise: does the Court have jurisdiction (is it a copyright matter, or contractual dispute); and why the delay in launching the application. I am also satisfied that the textile designs and prints are already in the public domain and should the plaintiff ultimately prove successful, damages as a remedy are available.

Diamant Toys Ltd. v. Jouets Bo-Jeux Toys Inc.

(2002), 19 CPR (4th) 43, 2002 CarswellNat 726, (2002) FTR TBEEd AP031, (2002) FCJ. 485, 2002 FCT 384, (2002-04-05) <http://decisions.fct-cf.gc.ca/fct/2002/2002fct384.html> (FCTD) Nadon J.

The plaintiffs' were the successor-in-title to the intellectual property including copyright in a line of toy products. The copyright included artistic works, namely drawings created by

employees of the plaintiffs' predecessor-in-title and photographs created by photographers retained by the predecessor. The defendant purchased inventory and other physical assets of the predecessor.

The defendant launched a brand of toy products that closely mimicked the packaging of the predecessor's line of products and incorporated many of the artistic works of the predecessor. The plaintiffs commenced an action for copyright infringement and brought a motion for an order pursuant to s. 38(1) of the Copyright Act, R.S.C. 1985, c. C-42, for seizure before judgment of the defendant's products both in the possession of the defendant and in the possession of third parties. The defendant did not challenge the plaintiffs' assertion that its products were essentially identical to the predecessor's line of products. Instead the defendant challenged the plaintiffs' title to the copyright and asserted that it had acquired rights in the intellectual property.

Held, the motion should be granted.

There was no evidence to support the defendant's assertion that it acquired anything more than physical assets from the predecessor.

The defendant reproduced the copyrighted photographs on packaging, the copyrighted drawings on written instructions accompanying its products and the copyrighted drawings as part of a number of the products. The plaintiffs had therefore established a prima facie case of copyright infringement. As a result the plaintiffs were allowed to seize all infringing copies of the works in view of s. 38(1) of the Copyright Act and Rule 377(1) of the Federal Court Rules, 1998, SOR/98-106. It was not necessary for the plaintiffs to meet the tripartite test applicable to interlocutory injunction applications.

In any event, the plaintiffs met the tripartite test. First, the plaintiffs established a prima facie case of copyright infringement. Secondly, with respect to irreparable harm, as the copying was blatant, it was not necessary to establish that the plaintiffs would suffer irreparable harm. Thirdly, as it would be unconscionable to allow the prima facie infringement to continue until trial, the balance of convenience favoured the plaintiffs.

An order issued authorizing a bailiff in the province of Quebec to seize before judgment specified products of the defendant and any other products bearing or containing any of the copyrighted works in the possession of the defendant or in the possession of specified third parties. The defendant was also directed to take all necessary steps and provide all reasonable assistance to the bailiff to permit the bailiff to fully carry out the order. (page45)

(55) I therefore conclude that the plaintiffs have established a prima facie case of copyright infringement by the defendant. Consequently, it is my view that paragraphs 38(1)(a) and (b) of the *Copyright Act*, in conjunction with Rule 377(1) of the Federal Court Rules, 1998, allow the plaintiffs to seize before judgment all infringing copies of the works in regard to which they own the copyright.

(56) If I am right that the plaintiffs are entitled to a seizure before judgment, akin to the seizure before judgment which a plaintiff can obtain under article 734(1) of the Quebec Code of Civil Procedure, then the plaintiffs need not meet the tripartite test applicable to interlocutory injunction applications (*Théberge v. Galeries d'Art Yves Larakia* (2000), 9 C.P.R. (4th) 259 (Que. C.A.)).

Editors' Assn. of Canada Certification Application (In the matter of a request for reconsideration of Decision No. 033, as modified by Decision No. 036, filed by The Writers' Union of Canada) (2002), 22 CPR (4th) 21, (2002) CAPPRT 039, (2002-11-01) <http://capprt-tcrpap.gc.ca/decisions/tribunal/39-e.html>. in French at <http://capprt-tcrpap.gc.ca/decisions/tribunal/39-f.html> (Canadian Artists and Producers Professional Relations Tribunal)

An editors' association had applied for certification to represent a sector composed of freelance editors. The certification had been granted on the basis that the editors were joint authors within the meaning of the Copyright Act, R.S.C. 1985, c. C-42, and, therefore, artists within the meaning of the Status of the Artist Act, S.C. 1992, c. 33. A writers' union applied for a reconsideration of the certification decision.

Held, the application should be granted in part.

Standard of Review

Section 20(1) of the Status of the Artist Act empowers the tribunal to uphold, rescind or amend any determination or order made by it. The reconsideration power is not intended to be an appeal process nor is it meant to contest the findings or the decision of the original panel. Accordingly, the tribunal will not interfere lightly with the findings of the original panel unless it has committed an error of law or a serious error of fact.

Joint Authorship

The definition of "work of joint authorship" set out in s. 2 of the Copyright Act requires two elements: collaboration and contribution. Essentially, an editor must contribute significant original expression and must collaborate with the other author in a pre-concerted joint design. The issue of joint authorship cannot be determined on the basis of the intent of the parties alone.

The evidence had shown that although authors and editors worked toward a common goal, the final product remained that of the authors. Further, the editors had never considered themselves joint authors even where their contribution had been significant. The editors collaborated with the authors only in the sense that they assisted the authors in perfecting their work. Accordingly, although the editors and authors worked together on a common project, they did not collaborate on a pre-concerted joint design as the term is understood in the Copyright Act. Professional freelance editors who provided services in the nature of developmental and substantive editing did not fall within the jurisdiction of the Status of the Artist Act and the original panel erred in certifying this sector.

Professional freelance editors who created original compilations of data, including but not limited to original indexes, glossaries, tables of contents and bibliographies, however, were authors within the meaning of the Copyright Act and, therefore, artists within the meaning of the Status of the Artist Act. A sector composed of such freelance editors was a sector suitable for bargaining and the editors' association was the association most representative of the artists in the sector. The original panel was correct in certifying this sector.

Issue 1: What is the appropriate test to determine joint authorship within the meaning of the Copyright Act?

(70) The Tribunal considers that the issue of whether professional freelance editors are joint authors cannot be determined on the basis of the intent of the parties alone. It is one factor that must be taken into consideration and it is unclear, at this time, whether it constitutes an independent part of the test for joint authorship. The Tribunal will therefore look first to the

elements of joint authorship that have been clearly established by Canadian and British jurisprudence to determine the test for joint authorship.

(71) The definition of "work of joint authorship" found in the *Copyright Act* requires two elements: collaboration and contribution. Regarding these two elements, the original panel stated at paragraph 61 of Decision 033:

Turning to the question of joint authorship, the *Copyright Act* defines "work of joint authorship" in terms of collaboration and contribution. Two or more authors must collaborate in order to be considered joint authors. On the issue of collaboration, McKeown writes: "Frequently, this will involve engaging in the production of a work by joint labour in the implementation of a pre-concerted joint design." (At pp. 322-323.) Respecting contribution, he states: "The contribution must be that of an 'author' and the exercise of skill, labour and judgement in the expression of the work in material form is required." (At p. 323). The contributions do not have to be equal in quantity or quality, provided that they are significant and original.

(72) Essentially, an editor must contribute significant original expression and must collaborate with the other author in a pre-concerted joint design in order to be a joint author. This panel concurs that this is the correct test to be applied in determining whether professional freelance editors can be, in certain circumstances, joint authors with the authors of the works that they edit.

Issue 2: Did the original panel err in determining that certain professional freelance editors were joint authors of a literary work within the meaning of the Copyright Act and therefore artists within the meaning of the Act?

(73) The original panel concluded that editors who perform substantive and developmental editing contribute original significant expression to the works that they edit. Joint authorship also requires an element of collaboration with the other author or authors. While we agree with the test that the original panel adopted in Decision 033, we are of the view that it was not applied correctly. The original panel relied on the second component of the *Neudorf* test, which requires that putative co-authors intend that their contributions be merged into a unitary whole. Paragraph 64 of Decision 033 states:

The Tribunal was given a specific example of extensive collaboration and contribution as between an editor and a group of writers. Jim Lyons and the writers of the Revenue Canada Advisory Committee subcommittee reports collaborated over a period of approximately five months to create the work, *Electronic Commerce and Canada's Tax Administration*. Mr. Lyons contributed significant original expression to this work, particularly in relation to the contextual chapters. Mr. Lyons did not merely copy or line edit: he made substantive and structural changes to bring about the final product. Mr. Lyons and the *writers worked with the common intention that their contributions be merged into a unitary whole*. In the Tribunal's opinion, this is a concrete example of joint authorship. (Emphasis added)

The crux of the issue before this panel is to determine whether professional freelance editors "collaborate" within the meaning of the *Copyright Act*.

(74) TWUC and PUC took the position that although an author and an editor work together to complete a common project, this limited meaning of collaboration is not sufficient to establish the existence of a pre-concerted joint design between writer and editor, as this concept has been developed by the jurisprudence.

(77) The Tribunal finds that the conclusions of the Court in *Boudreau v. Lin* ((1997), 75 C.P.R. (3d) 1 (Ont. Gen. Div.)) and the evidence indicate that an editor collaborates with an author

only in the sense that he or she assists the author in perfecting a work. The author's role is to write the best work possible and the editor's role is to help the author achieve that goal while preserving the author's voice.

(80) In light of the above, the Tribunal finds that although an editor and an author work together on a common project, they do not collaborate on a pre-concerted joint design, as this term is understood under the *Copyright Act*.

(83) The Tribunal finds that whether editors' suggestions are or are not accepted does not in and of itself address the issue. Rather, this element of control demonstrates that while an editor's suggestions may contribute to a work creatively, the final decision rests with the writer.

(86) In light of the above, we find that the original panel erred when it certified a sector that included professional freelance editors whose contribution was in the nature of joint authorship, as these editors are not authors within the meaning of the *Copyright Act*, and therefore not artists within the meaning of the Act. Given these conclusions, the EAC's argument respecting editors' credo of invisibility need not be addressed.

(87) Although this panel has decided not to adopt the *Neudorf* test in its analysis, the evidence presented by the EAC and TWUC demonstrates that professional freelance editors who perform developmental and substantive editing on a work do not view themselves as joint authors. Accordingly, we can only conclude that editors who perform any kind of editing, from developmental and substantive editing to line and copy editing, do not intend to be joint authors. Given that the third criteria of the *Neudorf* test requires putative joint authors to intend to be joint authors with one another, had we adopted this test, our conclusion would have been the same: professional freelance editors would not be considered joint authors within the meaning of the *Copyright Act*.

Issue 4: Can professional freelance editors be authors of original literary works in the form of compilations and collective works within the meaning of the Copyright Act?

(89) In Decision 033, the Tribunal also certified a sector composed of professional freelance editors who are authors of compilations and collective works. The original panel relied on McKeown, *supra*, to conclude that, legally, compilations and collective works are "essentially similar", and that the "definition of "compilation" is broad enough to include all of the works listed in the definition of "collective work" (see Decision 033, para. 58).

(91) TWUC concedes that a sector composed of professional freelance editors who are the authors of compilations of data which include indexes, glossaries, tables of contents and bibliographies, provided these works meet the test of originality, is an appropriate sector to be certified and does not overlap with its sector. We agree. These works correspond to the second definition of compilation found in section 2 of the *Copyright Act*.

(92) McKeown, *supra*, at p. 319, defines authors of collective works as follows:

Generally speaking, the individual who provides the general conception and design will be the author of the collective work although there may be much detail left to individual contributors. In the case of collective works such as encyclopedias, directories, newspapers, periodicals and journals the editor or arranger of the whole work is the author of the work in so far as it consists of the arrangement and co-ordination of the separate parts. (Footnotes omitted)

(93) The Tribunal must now determine whether the evidence presented at the original hearing and the reconsideration hearing supports the conclusion of the original panel that professional freelance editors are authors of collective works and compilations of literary

works, such authors being, as indicated in McKeown, *supra*, the individuals who provide the general conception and design of the work.

(96) Ms. Shipton and Ms. Latham's (EAC witnesses) contributions to these collective works were undoubtedly valuable. They did not, however, provide the general conception and design nor did they arrange and co-ordinate the separate parts. It is the organizing editors who are recognized as authors pursuant to the *Copyright Act*. The EAC did not present any evidence that would allow the Tribunal to conclude that professional freelance editors act in the capacity of "organizing editor" of collective works or compilations of literary works. We must therefore conclude that, within the meaning of the *Copyright Act*, professional freelance editors are not authors of these works.

Decision

(98) The Tribunal acknowledges the value of the work performed by professional freelance editors. Editors are essential to the literary world, and many literary works would not be published were it not for their assistance. As the legislation is now drafted, however, professional freelance editors who provide services in the nature of developmental and substantive editing do not fall under the jurisdiction of the Act.

Figley v Loran

(2002) CarswellSask 838 (Sask ProvCt; 2002-07-29) Dirauf J.

(9) I should say that while *The Small Claims Act* allows a claim for the debt or damages, I have some doubts that an action that involves the determination of copyright and copyright infringement is within the jurisdiction of the Saskatchewan Small Claims Court. While section 37 of *The Copyright Act* provides for concurrent jurisdiction of the Federal Court with Provincial Courts, the *Copyright Act* also provides for relief that would not be available in our Small Claims Court, for example, injunction.

Great Canadian Oil Change Ltd. v. Dynamic Ventures Corp.

(2002), 21 CPR (4th) 318, (2002) CarswellBC 2048, (2002) BCJ 2015, 2002 BCSC 1295, (2002-09-05) <http://www.courts.gov.bc.ca/jdb-txt/SC/02/12/2002BCSC1295.htm> (BCSC) Goepel J.

The plaintiff operated drive-through lube and oil franchises. The defendants included the owner of the Langley building, the company that constructed the building, the architectural firm that drew up the plans for the building, the company that owned the Walnut Grove building and the company that operated an oil change business in the Langley building.

The plaintiff arranged for architectural plans and drawings to be made for a new design for a building in Kamloops for its franchisees and by an assignment acquired copyright in such plans and drawings and in a building constructed to the plans and drawings. The plaintiff arranged for 10 buildings to be constructed to the design shown in the plans and drawings, including the Walnut Grove building.

The defendants created drawings for the Fraser Highway building to be used by an oil change business. The building did not proceed beyond the stage of municipal approval. The defendants then prepared plans for the Langley building initially intended as an oil change and automotive repair building for the plaintiff. The architectural firm was the same firm that prepared the drawings for the Fraser Highway building. The firm alleged that it did not copy

any plans or drawings for the building but instead designed the building to meet the plaintiff's program and functional requirements.

Ultimately, the plaintiff decided not to locate a franchisee in the Langley building. Nevertheless, the defendants proceeded to construct the building using the existing plans. One of the defendants entered into a franchise agreement with a competitor of the plaintiff operating its business out of the Langley building. There were differences between the Langley building and the Kamloops building, including the colours and design on the outside of the building and the signage. There was no (page 319) sign or trade-mark on the Langley building which would suggest any connection to the plaintiff.

The plaintiff commenced an action against the defendants for copyright infringement of the plans and drawings for the Kamloops building and in the building itself, and for passing off. The plaintiff alleged that the defendant infringed copyright by copying the drawings and plans for the Kamloops building and that s. 40 of the Copyright Act, R.S.C. 1985, c. C-42, did not preclude the court from ordering the alteration of the Langley building. The defendants alleged that s. 64.1 of the Act barred the action because the construction of the Langley building involved a method or principle of manufacture or construction.

The defendants moved for summary judgment under Rule 18A of the B.C. Rules of Court, B.C. Reg. 221/90. The parties filed numerous affidavits and extracts from examinations for discovery on the motion. Submissions on the motion took five days.

Held, the motion for summary judgment should be dismissed with respect to the claim for copyright infringement and granted with respect to the claim for passing off.

Under Rule 18A the court must determine whether the application is not suitable for disposition on summary judgment. An application is not suitable for determination if the court is unable to find the facts necessary to decide the issues of fact or law or it would be unjust to decide the issues on a motion under Rule 18A. The volume of material alone may be sufficient to make a case unsuitable for determination under Rule 18A.

Based on the mass of materials submitted and the complexity of the issues, the copyright aspects of the action were not suitable for determination under Rule 18A. In addition, the conflicts on the evidence made the court unable to determine the issues of fact and law raised by the motion. Furthermore, the action raised novel arguments of law under s. 40 and s. 64.1 of the Copyright Act for which a motion under Rule 18A was not the appropriate means for determination.

On the other hand, with respect to the claim for passing off, there was no misrepresentation by the defendants and no damage or potential damage flowing to the plaintiff. The plaintiff's claim for passing off was therefore dismissed.

(44) As part of the presumption of subsistence of copyright in a work under s. 34.1(1), originality of the work is also presumed. The burden is on the defendant to prove that a work is not original. However, there is no presumption that copyright is owned by a particular plaintiff in an action for copyright infringement. While copyright is presumed to subsist there is no presumption as to who the owner of a particular copyright might be. See *Inhesion Industrial Co. v. Anglo Canadian Mercantile Co.* (2000), 6 C.P.R. (4th) 362 at 371-372 (F.C.T.D.).

(45) To establish a claim for copyright infringement, a plaintiff must establish that the work in which the plaintiff claims copyright is original, that there has been copying from that work

and that if there was copying a substantial portion of the work has been reproduced. See *British Columbia Automobile Assn. (British Columbia Automobile Assn. v. Office & Professional Employees International Union, Local 378)* (2001), 85 B.C.L.R. (3d) 302 at para. 171 (B.C.S.C.) [at para. 173]; and *Slumber-Magic Adjustable Bed Co. Ltd. v. Sleep-King Adjustable Bed Co. Ltd.* (1984,) 3 C.P.R. (3d) 81 (B.C.S.C.).

(46) Although a plaintiff must show that the copyright work is the source from which the infringing work was derived, the copyright work does not need to be the direct source. It is immaterial whether the infringing article is derived directly or indirectly from the original work. The standard is objective. The question is whether or not the original work, or a substantial part thereof, has been reproduced. If it has been, then it is no answer to say that it has been copied from a work which was itself, whether licensed or unlicensed, a copy of the original. Indirect infringement may occur when the copyright is derived from an intermediate copy. See *King Features Syndicate Inc. v. Kleeman Ltd.*, (1940) 2 All E.R. 355 at 359 (Ch. D.).

(47) In order to constitute an infringement the act complained of must be done without the consent of the owner of the copyright. Consent may be presumed from the circumstances, but the inference of consent must be clear before it will operate as a defence. It must come from the person holding the predicated right to be infringed. See *Bishop v. Stevens*, (1990) 2 S.C.R. 467.

(48) Under s. 39 a defence lies to a copyright claim if the defendant can prove that at the date of the infringement the defendant was not aware and had no reasonable grounds for suspecting that copyright subsisted in the work in question. This section does not apply if the copyright was registered at the date of the infringement (s. 39(2)). In the case of a continuing infringement, a registration will be opposable to actions continuing thereafter.

(50) There are obviously similarities between the Langley Building and the facilities operated by the plaintiff. Given the functional uses of such buildings and the genesis of the Langley Building, the fact that similarities are found is not surprising. That the buildings are similar does not establish the plaintiff's cause of action. The plaintiff must prove actual copying.

(55) (...) I would note in passing that the agreements by which the authors assigned their interest to the plaintiff are before me. Those agreements state that the copyrights were assigned for one dollar and other good and valuable consideration. The other consideration referenced in the agreement was not put in evidence but might well be of some significance in determining how damages should be awarded in this case.

Groupe Chabot AST (1993) Inc. c. Ross

(2002), JE 2002-1984, (2002) CarswellNat 1654, (2002-05-23) (QueSupCt), vard (2002), (2002) JQ 4768 (2002-10-25) <http://www.jugements.qc.ca/ca/200210fr.html> (QueCA)

Résumé

Appel d'un jugement de la Cour supérieure ayant rendu une ordonnance de sauvegarde. Accueilli en partie.

L'intimée exploite une entreprise qui fait concurrence à celle de l'appelante. Les mis en cause Ross et Gervais ont travaillé pour l'intimée. Ross offre maintenant ses services à l'appelante. Le 3 mai 2002, la Cour supérieure a rendu contre lui une ordonnance provisoire lui interdisant notamment de solliciter les clients de l'intimée et lui ordonnant de ne pas détruire les documents de celle-ci en sa possession mais de les remettre à l'huissier. Des visites et des fouilles ont eu lieu au siège social de l'appelante et à la résidence de Ross ainsi que

chez Gervais. On y a trouvé des documents appartenant à l'intimée. Le 8 mai suivant, l'ordonnance a été prolongée à titre d'ordonnance de sauvegarde. Le 14 mai, Gervais et sa compagnie ont présenté une requête visant à faire déclarer l'illégalité de la saisie et à obtenir la remise des biens saisis. Le 23 mai, la Cour supérieure a prolongé de nouveau l'ordonnance, qui visait aussi Gervais ainsi que sa compagnie. Le 28 mai, elle a rendu trois jugements, qui ont fait l'objet d'un appel de la part de l'appelante (dossier no 200-09-004085-020), de la part de Gervais et de sa compagnie (dossier no 200-09-004090-020) et de la part de l'intimée (dossier no 200-09-004082-027). L'appelante demande de rayer la mention «Matériaux Bomat inc.» du paragraphe 20 du jugement de première instance, de biffer les paragraphes 21, 23, 25 à 30 et de retirer les mots «actionnaires» et «associés» du paragraphe 24. S'appuyant sur les propos du juge LeBel dans l'arrêt *Lac d'amiante du Québec ltée c. 2858-0702 Québec inc.*, (2001) 2 R.C.S. 743 (J.E. 2001-1735), l'appelante et Gervais font valoir qu'une ordonnance de type Anton Piller ne peut être rendue au Québec parce qu'elle ne respecte pas les dispositions du Code de procédure civile relatives aux saisies avant jugement et qu'elle va à l'encontre des droits et libertés fondamentaux prévus dans la Charte des droits et libertés de la personne et au Code civil du Québec.

Décision

M. le juge Morin: La mention «Matériaux Bomat inc.» doit être retirée du paragraphe 20. Cette entreprise est l'un des clients de l'appelante depuis 1999. Rien n'autorisait le premier juge à mettre fin à cette relation, qui ne peut être reliée aux manoeuvres déloyales reprochées à Ross et à Gervais. D'autre part, il n'y a pas lieu de biffer les paragraphes 21 et 23 sous prétexte que l'appelante n'a pas la liste des clients de l'intimée et qu'elle ne connaît pas le nom des personnes visées par l'ordonnance. Elle a accès à cette liste par l'entremise de Ross et de Gervais. Cependant, l'interdiction de solliciter la clientèle mentionnée au paragraphe 21 est trop large et ne devrait pas empêcher l'appelante d'exploiter son entreprise ni de solliciter des clients par les moyens usuels (*Groupe financier Assbec ltée c. Dion*, (1995) R.D.J. 172 (C.A.) (D.T.E. 95T-70 et J.E. 95-181)). Ce paragraphe doit être biffé et le paragraphe 23 doit être modifié afin de préciser la portée de l'interdiction ainsi que la catégorie de personnes visées par elle. Par ailleurs, il n'existe aucune raison de supprimer les mots «actionnaires» et «associés» se trouvant au paragraphe 24. Selon l'esprit de l'article 751 du Code de procédure civile (C.P.C.), une injonction rendue à l'égard de la société peut viser les associés. Quant au mot «actionnaires», il ne cause aucun problème, étant donné que Gervais est le seul actionnaire de sa compagnie et que l'appelante n'a elle aussi qu'un seul actionnaire.

Si le Code de procédure civile ne prévoit pas de disposition autorisant précisément une mesure hybride comme l'ordonnance de type Anton Piller, qui tient à la fois de la saisie et de l'injonction, il ne contient pas non plus de disposition l'interdisant. D'autre part, l'objet d'une telle ordonnance diffère de celui visé par les ordonnances de saisie avant jugement ou d'injonction habituelles. En outre, les dispositions du Code de procédure civile relatives à la conservation de la preuve ne couvrent pas le même champ. En vertu des articles 20 et 46 C.P.C., les tribunaux peuvent donc rendre une ordonnance de type Anton Piller. Par ailleurs, même si ce type d'ordonnance entre en conflit avec les dispositions de la Charte des droits et libertés de la personne et du Code civil du Québec qui portent sur le respect de la vie privée, le droit à la jouissance paisible des biens, l'inviolabilité de la demeure et le respect de la propriété privée, il peut faire l'objet d'un jugement au Québec. En effet, les droits et libertés fondamentaux ne peuvent être invoqués en tout temps; ils doivent être exercés en tenant compte des valeurs démocratiques, de l'ordre public et du bien-être général des citoyens (art. 9.1 de la charte).

Pour rendre une ordonnance de type Anton Piller, il faut un commencement de preuve très solide, l'existence d'un préjudice réel ou possible très grave de même qu'une preuve

manifeste que les défendeurs ont en leur possession des documents ou des objets pouvant servir de pièces à conviction et qu'il est réellement possible qu'ils les détruisent. Si ces trois conditions sont remplies, la requête devrait être accueillie. Son rejet serait susceptible de déconsidérer l'administration de la justice. L'article 9.1 de la charte ne doit pas servir à l'auteur d'un dommage pour se soustraire à ses obligations en lui permettant de supprimer les preuves de sa faute. Dans le cas présent, l'appelante et les mis en cause n'ont pas réellement contesté l'existence des deux premières conditions, qui est donc tenue pour acquise. En ce qui concerne l'appréciation de la preuve quant à la possibilité de destruction des documents, rien n'indique que le premier juge a commis une erreur grave et déterminante à ce sujet. Il a rendu son jugement en se fondant sur l'affidavit de l'intimée et sur divers autres documents dont il fait état dans son jugement. Après avoir constaté l'existence des conditions requises, il était donc fondé à rendre une ordonnance de type Anton Piller. D'ailleurs, c'est le seul moyen dont l'intimée dispose pour revendiquer ses biens qu'elle croit en la possession des mis en cause et qu'elle ne peut identifier de façon précise. La portée de l'ordonnance rendue n'est pas trop large. Celle-ci vise les écrits émanant de l'intimée ou des copies de ceux-ci. Cette description est suffisamment précise. Malgré cela, le paragraphe 28 doit être rayé parce qu'il va à l'encontre d'une ordonnance de type Anton Piller, laquelle consiste en une ordonnance de se laisser saisir. On peut donc difficilement autoriser des huissiers à utiliser la force nécessaire pour exécuter l'ordonnance. En l'absence de preuve que les personnes visées ont refusé l'enlèvement des biens, il n'y a pas lieu d'intervenir à cet égard. Quant au paragraphe 29, il ne contrevient pas aux dispositions du Code de procédure civile. L'huissier qui exécute l'ordonnance ne se trouve pas dans la situation prévue à l'article 297 C.P.C., qui porte sur la signification d'une assignation et diffère de l'exécution d'une ordonnance. Par ailleurs, le paragraphe 29 n'autorise pas l'huissier à interroger des témoins: il ordonne plutôt aux mis en cause de fournir l'information et les documents réclamés. Cette obligation de faire ne contrevient pas aux règles relatives au témoignage. Il n'existe aucune preuve que l'intimée aurait obtenu les documents par la force après un premier refus. En résumé, à l'exception du paragraphe 28, les paragraphes 25 à 30 sont valides.

Dans son appel (dossier no 200-09-004090-020), Gervais a tort de prétendre que l'ordonnance ne devait pas viser sa compagnie ni lui. Lors de l'audience en vue de l'ordonnance du 28 mai 2002, le premier juge a précisé qu'il allait rendre une ordonnance de sauvegarde avec les conséquences importantes que cela entraînait pour la suite du dossier. Si Gervais et son procureur se sont mépris sur le sens de ces propos, cela ne justifie pas d'accueillir leur appel. Ils ne peuvent prétendre avoir été surpris de ce que l'ordonnance s'appliquait aussi à Gervais et à sa compagnie. D'ailleurs, ces derniers avaient accepté de se plier volontairement à ces conclusions jusqu'au 28 mai 2002. De toute façon, en vertu de l'article 761 C.P.C., toute personne non désignée qui contrevient sciemment à une injonction se rend coupable d'outrage au tribunal. En mentionnant Gervais et sa compagnie dans ses conclusions, le juge n'a fait que rendre la situation encore plus claire à leur égard. Leur appel est donc rejeté.

L'ordonnance de type Anton Piller peut être rendue même à l'égard d'inconnus. Dans un tel cas, il est préférable de désigner le plus rapidement possible les personnes contre qui elle est exercée, et ce, dès qu'elles sont connues. C'est ce qui s'est produit lors de l'ordonnance rendue le 3 mai 2002. Le 21 mai, l'intimée a présenté une requête afin d'y ajouter le nom de Gervais et de sa compagnie. Le premier juge a donc eu tort d'accueillir la requête en annulation de l'injonction, de la saisie et de la perquisition rendue à l'endroit de Gervais et de sa compagnie. L'appel de l'intimée (dossier no 200-09-004082-027) est accueilli.

La demande subsidiaire des mis en cause en vue de faire limiter la durée de l'ordonnance jusqu'à la fin d'octobre 2002 est rejetée. À ce jour, les parties n'ont soumis aucun projet d'échéancier relatif à la requête en injonction interlocutoire. Les conclusions du premier juge

permettent à l'une ou l'autre des parties de s'adresser à la Cour pour faire fixer un terme précis, au besoin. Dans les circonstances, il est préférable de continuer l'application du mécanisme en permettant aux parties de faire toute la preuve requise, plutôt que de fixer un terme fondé seulement sur la plaidoirie des avocats.

93. Toutefois, dans la présente instance, les allégations portaient aussi sur des atteintes au droit d'auteur de Groupe AST (1993) inc. et la saisie des biens visés par l'ordonnance devenait alors nécessaire pour faire la preuve de cette atteinte. De plus, l'ordonnance Anton Piller constituait pour Groupe AST (1993) inc. le seul moyen de mettre la main sur des biens lui appartenant qu'elle croyait être désormais en la possession des intimés, sans pouvoir les identifier individuellement, de façon précise.

96. Je crois bon de souligner ici qu'à cause même de l'objet d'une ordonnance de type Anton Piller, on ne peut exiger la même précision quant à la description des biens visés que dans le cas d'une saisie traditionnelle. En effet, la personne qui requiert l'ordonnance connaît la nature des biens qu'elle recherche, mais elle ignore par contre quels biens précis se trouvent entre les mains des personnes à qui est signifiée l'ordonnance. Dans la mesure où la nature des biens visés est décrite de façon à identifier clairement ces biens, je crois que la requête recherchant une telle ordonnance ne doit pas être rejetée sous prétexte d'une description trop vague des biens.

97. Je suis surpris, par contre, du contenu du paragraphe 28 de l'ordonnance:

(28) ORDONNE que les huissiers de justice chargés d'exécuter le jugement soient autorisés à utiliser la force nécessaire pour ce faire et à requérir, s'ils le jugent utile, l'assistance immédiate des forces constabulaires.

98. En effet, cette disposition va à l'encontre de l'idée qu'une ordonnance de type Anton Piller est une ordonnance de se laisser saisir. Il est difficile, dans les circonstances, de voir comment on peut autoriser les huissiers à utiliser la force nécessaire pour exécuter l'ordonnance. C'est le processus de l'outrage au tribunal qui doit plutôt être suivi au cas de refus d'obtempérer à l'ordre de se laisser saisir. Je suggère donc de biffer le paragraphe 28 du jugement.

Hollywood Nights Sports Inc. v. Banda Filarmonica Lira De Fatima Inc.

(2002), 17 **CPR** (4th) 263, (2002) CarswellNat 297, (2002) FCJ 156, 2002 FTR Uned 75, 2002 FCT 105, (2002-01-28) <http://decisions.fct-cf.gc.ca/fct/2002/2002fct105.html> (FCTD) O'Keefe J.

The plaintiff was a party to an agreement with a broadcaster pursuant to which it obtained exclusive rights to broadcast Portuguese football games in commercial establishments in Canada. The plaintiff had commenced an action against the defendants for copyright infringement and infringement of the Radiocommunication Act, R.S.C. 1985, c. R-2. It brought a motion for an interlocutory injunction. (page264)

Certain of the defendants appeared and were represented at the hearing (the "named defendants"). The evidence showed that prior to date of the agreement, the named defendants had entered into an arrangement with a wholly owned subsidiary of the broadcaster whereby the defendants were permitted to receive the Portuguese games. The plaintiff alleged that the defendants had falsely represented that they has U.S. addresses and had failed to mention that they were commercial establishments. Counsel for the named defendants requested that the hearing of the motion be adjourned pending cross-

examination. Accordingly, the plaintiff requested an interim injunction against the named defendants and an interlocutory injunction against those defendants who did not appear.

Held, the motion for an interim injunction against the named defendants should be dismissed; the motion for an interlocutory injunction against those defendants who did not appear should be allowed.

To obtain either an interim or interlocutory injunction, the plaintiff must show that it has raised a serious issue to be tried, that it would suffer irreparable harm if the order is not granted and that the balance of convenience favours the grant of the order.

If the plaintiff can be compensated by damages for any loss that it may suffer, there is no justification to issue an interim injunction. With respect to the issue of irreparable harm arising from the activities of the named defendants, the time period to the next hearing date was very short. As the plaintiff's evidence did not show that it would suffer a loss of reputation or that its business would be lost prior to the hearing date, it had not established that it would suffer irreparable harm arising from the activities of the named defendants.

The situation was different with respect to those defendants who did not appear or put forward any evidence that they had any right to receive the services to which the plaintiff claimed sole rights. With respect to those defendants, the plaintiff had met the test for the grant of an interlocutory injunction. There was a serious issue to be tried -- did the plaintiff have the sole right to provide the services? There was irreparable harm in that the plaintiff's business could cease if customers were not purchasing the services from the plaintiff. Finally, the balance of convenience favoured the plaintiff as it was entitled to provide the services pursuant to its agreement with the broadcaster.

Interim Tariff of Levies to Be Collected by CPC, in 2003, on the Sale of Blank Audio Recording Media, In Canada, in respect of the Reproduction for Private Use of Musical Works Embodied in Sound Recordings, of Performer's Performances of Such Works and of Sound Recordings in which such Works and Performances are Embodied (2002) <http://www.cb-cda.gc.ca/decisions/c19122002-b.pdf> (Cop.Bd; 2002-09-19)

Both CSMA and the Retailers have asked that the interim tariff provide for a transition period between the date of the final decision and the date the certified tariff becomes effective. The Board considers that this is not an issue for this interim tariff but rather a question to be determined in the final tariff. No transition period will therefore be provided in this interim tariff.

Kroeger v. Amar II Canada Productions Inc.

(2002), 21 **CPR** (4th) 46, (2002) CarswellBC 1941, (2002) BCJ 1714, (2002) BCTC TBE d AU049, 2002 BCSC 1099, (2002-07-23) <http://www.courts.gov.bc.ca/jdb-txt/SC/02/10/2002BCSC1099.htm> (BCSC) Allan J.

The plaintiffs, members of a rock band, entered into an agreement with the corporate defendant to provide management services relating to the recording of a record in return for compensation based on net monthly earnings of the band. The rock band wrote the music and lyrics for the recording and recorded the record in 1996. The corporate defendant retained the master recording. The plaintiffs commenced an action seeking a declaration that the master recording was the property of the plaintiffs and an order that it be returned to them.

The plaintiffs brought a summary trial application for judgment in the action. The corporate defendant contended that it undertook arrangements for the recording of the record and therefore qualified as a maker of the recording and was entitled to an interest in the copyright in the recording and possession of the master recording.

Held, judgment should be for the plaintiffs.

On a summary trial application, the court may grant judgment unless it is unable to find the facts to decide the issues of fact or law or the court is of the opinion it would be unjust to decide the issues.

The applicable provisions of the Copyright Act, R.S.C. 1985, c. C-42, were those in place at the time the record was recorded and not the amendments to the Act made effective September 1, 1997. The definition of "maker" in relation to a record in s. 2 of the Act applied to the person by whom the arrangements necessary for the making of the record were undertaken. Section 38 of the Act provided that the owner of copyright in a work may recover possession of infringing copies and all plates used or intended to be used for the production of infringing copies.

The intent of the Act is that the author of a record or musical work is the first owner of copyright and the owner of the plate, in this case the master recording.

Any act done by the corporate defendant pursuant to the management service agreement it did in its managerial capacity for the rock band. It was reimbursed for (page 47) all expenses incurred on behalf of the band in performing the management services. The corporate defendant could not therefore be described as a maker of the recording.

(24) It is clear that the general intent of the Act is that the author of a record or musical work is the first owner of the copyright in the work and the owner of the plate (here, the Master) is the author of that work in which copyright arises.

(25) Amar claims that it qualifies as a maker because it is "the person by whom the arrangements necessary for the making of the (record) are undertaken." It says the source of the funding for the production of Curb was provided jointly by the plaintiffs and Amar and that Amar made all of the arrangements for the recording. It prepared an application to raise funds to pay for the recording of the album. It made arrangements with the recording studio and purchased the metal tapes.

(26) Amar submits that there may be more than one maker of a record. Whether or not that is correct, I conclude that Amar cannot be described as "the maker" or "a maker" of the Master. Amar and the plaintiffs entered into a form of written agreement (the validity of which will be determined in the other action). That Agreement between Amar as manager and Nickelback as artist provided that Amar would receive compensation of 20% of Nickelback's net monthly earnings, as well as 20% of monies earned and received as a result of Nickelback was to be responsible for all out-of-pocket expense incurred by Amar in performing the management services.

(27) Any acts done by Amar in relation to the recording of Curb were done in its managerial capacity as agent for Nickelback. If Amar purchased the magnetic tapes, it merely incurred an expense, on behalf of Nickelback, for which it is entitled to be reimbursed. There is no evidence of any act or financial contribution by Amar that would entitle it to a copyright

interest. It is telling that Amar made no claim to such an interest before the plaintiffs filed their defence in the other action.

LeBlanc v. R

(2002), (2002) CarswellNat 312, 2002 TCJ 70 (CCI) Bowman J.

Income tax --- Business and property income -- Whether a business -- Reasonable expectation of profit --- Taxpayer was professional musician who had produced and recorded numerous songs and albums -- Taxpayer's music was played on radio stations in Canada, United States and Europe -- Taxpayer was member of professional association for musicians and collected royalties for his work -- Minister of National Revenue assessed taxpayer -- Minister disallowed deductions for business losses on grounds taxpayer did not have reasonable expectation of profit -- Taxpayer appealed -- Appeal allowed -- Taxpayer's expenses, even those for vehicle and moving, were reasonable and were for purpose of improving music career -- Although taxpayer's expenses were significantly greater than his income, taxpayer was involved in business, not hobby -- Taxpayer had reasonable expectation of profit.

39 S'il était nécessaire pour moi d'exprimer une conclusion sur la question de "expectative raisonnable de profit" je dirais qu'il y a certainement une expectative raisonnable de profit ici. Je reconnais que ces dernières années pour l'industrie de la musique ont été maigres. Ce ne doit pas être le rôle de cette cour ou le rôle du gouvernement de rendre la situation encore plus difficile pour une personne comme M. LeBlanc, qui essaie consciencieusement et de bonne foi de développer les arts au Canada.

Levesque v. Desgagnés (2002), JE 2003-721,
<http://www.canlii.org/qc/jug/qccq/2002/2002qccq24099.html>,
<http://www.jugements.qc.ca/c4/200211fr.html> (Que Ct - Small Claims; 2002-11-11) Vézina J.

(16) Pour le requérant, le silence sur son identification comme créateur des plans et de l'aménagement de cette cuisine haut de gamme est générateur de dommages économiques à son endroit parce qu'il contrevient à un usage dûment établi dans le monde de l'édition et publication de ce genre de revues spécialisées.

(21) Il ne s'agit pas ici d'une présentation trompeuse d'un produit dans le but de créer une confusion dans l'esprit du public, mais plutôt d'une omission de se soumettre à un usage bien établi et qui a pour conséquence de passer sous silence et de cacher au public l'identité du concepteur. Ce faisant, cette omission prive le requérant d'une visibilité à laquelle il a droit.

(26) Il est de connaissance judiciaire que de telles revues, soit par des notes in fine, des notes en bas de page, ou par le renvoi à une liste d'adresses à la fin de la revue, identifient systématiquement les créateurs, fabricants ou concepteurs des biens et services qui font l'objet des photos publiées dans ce genre de revues.

(28) Le Tribunal conclut donc que Desgagnés, es qualités d'auteur de l'article en question, Cuisines Rochon, es qualités d'employeur de

Desgagnés et de commanditaire de cet article, et Prestige, es qualités d'éditeur de la revue Prestige, sont solidairement responsables des dommages économiques subis par le requérant, vu le manque de visibilité conséquent au fait qu'elles ont occulté l'identification du requérant à titre de créateur et de concepteur des plans et de l'aménagement de la cuisine-secrétariat dont il s'agit.

Maisons Chantignole Inc. c. Dumont

(2002), (2002) CarswellQue 1397, (2002) JQ 2617 (2002-07-17)
<http://www.jugements.qc.ca/cs/200207fr.html>,
<http://www.canlii.org/qc/jug/qccs/2002/2002qccs13558.html> (QueSupCt) Reeves J.

(32) Alors qu'il est commun de discuter du caractère et du mérite artistique d'une oeuvre, il est aussi reconnu que toute préférence en ce domaine est subjective. Le qualificatif "artistique" est donc en pratique inapplicable à la reconnaissance d'un droit d'auteur.

(38) Bref l'esthétique n'est pas essentielle à l'originalité, mais sans esthétique l'originalité n'aura guère de valeur.

(39) On doit distinguer entre les plans (ici les plans de l'architecte) et l'immeuble ou l'oeuvre volumétrique réalisée conformément à, ou à partir de tels plans.

(62) (...)La loi sur le droit d'auteur étant une loi nationale, les Tribunaux du Québec tout comme ceux des autres provinces devraient favoriser la stabilité dans l'industrie plutôt que la prolifération de litiges marginaux invoquant de prétendus droits d'auteur.

(71) Si aucun profit n'a été "réalisé" au sens de l'art. 35.2, le Tribunal ne peut déterminer de montant à ce poste.

Mensys Business Solution Centre Ltd. c. Drummond (Municipalité régionale de comté)

(2002), (2002) RJQ 765, (2002) CarswellQue 662, (2002) JQ 169, JE 2002-591, (2002-01-30)
<http://www.jugements.qc.ca/cs/200201fr.html>,
<http://www.canlii.org/qc/jug/qccs/2002/2002qccs10318.html> (QueSupCt) Mercure J.

Résumé

Action en réclamation de dommages-intérêts (242 000 \$). Accueillie en partie contre la défenderesse MRC de Drummond (12 000 \$).

La demanderesse est cessionnaire des droits d'auteur de Bevadec inc. dans les logiciels que celle-ci a spécialement conçus pour les municipalités québécoises. En septembre 1986, la défenderesse MRC de Drummond a acquis de Bevadec quelques-uns de ces logiciels. Après que le système d'exploitation Thouroughbred de Drummond eut été remplacé par un système Unix, en 1993, celle-ci a apporté des modifications aux logiciels de la demanderesse afin de régler certaines incompatibilités. En janvier 1995, la défenderesse MRC de Nicolet-Yamaska a conclu une entente d'une durée de cinq ans avec Drummond visant la fourniture par cette dernière de soutien informatique pour les modules d'évaluation foncier et locatif ainsi que du soutien informatique à l'implantation du service d'évaluation et du service de comptabilité informatisée. Les données nécessaires à la confection du rôle d'évaluation, qui étaient saisies par les employés de Nicolet-Yamaska, étaient alors acheminées par modem à

l'ordinateur de Drummond, qui préparait les rôles d'évaluation grâce aux logiciels de Bevadec. Informée de la situation, la demanderesse a fait appel à la Gendarmerie royale du Canada afin qu'elle ouvre une enquête, mais aucune suite n'a été donnée. À compter de ce moment, Nicolet a mis un terme à l'entente la liant à Drummond. La demanderesse prétend que Drummond aurait violé ses droits d'auteur grâce à la complicité de Nicolet, d'où son action en réclamation d'une somme de 92 000 \$ à titre de dommages-intérêts et d'une indemnité de 150 000 \$ à titre de dommages exemplaires. Les défenderesses ont admis que le code source et le code objet de chacun des logiciels acquis par Drummond constituaient une oeuvre au sens des articles 2 et 3 de la Loi sur le droit d'auteur. Elles allèguent toutefois que la demanderesse n'a pas démontré que les droits d'auteur dans ces logiciels lui auraient été cédés ni que ceux qu'on leur reproche d'avoir utilisés étaient bien ceux qui avaient été créés par Bevadec.

Décision

La cession des droits d'auteur de Bevadec à la demanderesse n'a jamais été constatée par écrit (art. 13 (4) de la Loi sur le droit d'auteur). Toutefois, les résolutions des conseils d'administration de la demanderesse et de Bevadec autorisant la vente des codes sources des logiciels satisfont aux exigences de cette disposition et établissent la cession de droits. En effet, l'article 13 (4), qui a pour but de protéger le premier titulaire du droit d'auteur, ne doit pas être interprété de manière à permettre aux tiers d'échapper à leur responsabilité dans le cadre d'une poursuite pour violation de droits d'auteur. D'autre part, les logiciels vendus par Bevadec à Drummond étaient visés par la cession de droits d'auteur. La demanderesse a reconnu que la clause interdisant à Drummond d'utiliser ses logiciels sur plus d'un ordinateur à la fois ne visait pas le cas où cette dernière remplaçait son équipement afin de le moderniser. Par ailleurs, le contrat d'utilisation des logiciels n'interdisait pas à Drummond de changer de système d'exploitation. Cette dernière n'a pas contrefait les logiciels de la demanderesse dans le but de les vendre ou de les louer à des tiers, mais elle a permis à Nicolet, moyennant rémunération, d'avoir accès à son disque rigide par le biais d'un modem et d'utiliser ses logiciels afin de saisir ses propres données et d'effectuer des opérations dans ses dossiers d'évaluation. Même si, aux termes de la convention d'utilisation des logiciels, il était permis à Drummond de les modifier au fil des ans, le droit d'auteur de Bevadec subsistait sur les logiciels ainsi modifiés. Par conséquent, en faisant une copie de ces logiciels dans un répertoire de son disque rigide et en la mettant à la disposition de Nicolet, Drummond a contrevenu à la convention d'utilisation. Les dommages-intérêts qu'elle devra verser à la demanderesse à cet égard sont fixés à 12 000 \$. En l'absence de preuve de mauvaise foi ou d'intention malicieuse de la part de Drummond, qui s'est tout simplement méprise sur l'étendue des droits que lui conférait la convention d'utilisation des logiciels, la partie de la réclamation concernant les dommages exemplaires doit être rejetée. D'autre part, la demanderesse n'a pas démontré que Nicolet, dans le cadre d'un dessein commun, avait autorisé Drummond à contrefaire ses logiciels. D'ailleurs, Nicolet ne connaissait même pas l'existence de droits d'auteur sur ces logiciels et elle s'est empressée de mettre fin à l'entente la liant à Drummond dès qu'elle en a été informée. L'action doit donc être rejetée à son égard.

(29) La jurisprudence et la doctrine retiennent les principes suivants en ce qui a trait à l'exigence de l'écrit comme condition essentielle à la cession du droit d'auteur :

- l'absence de tout écrit est fatale en ce qu'elle empêche la personne qui se prétend cessionnaire de faire la preuve de la cession. Une cession verbale n'est pas valide
- l'exigence d'un écrit est une condition de fond et non une simple règle de preuve ou de procédure
- l'écrit n'a pas à prévoir explicitement la cession. Il suffit qu'il soit signé par l'auteur et que l'on puisse raisonnablement inférer la cession du droit d'auteur du texte de l'écrit

- une preuve testimoniale peut être admise pour permettre au tribunal d'interpréter l'écrit et de décider s'il emporte cession du droit d'auteur;
- l'écrit peut être rédigé et signé postérieurement à la cession du droit d'auteur.

(36) À la vue de ces pièces produites au dossier, le Tribunal considère qu'il ne saurait conclure à l'absence de tout écrit signé par le titulaire des droits d'auteur ou par son agent autorisé au sens de l'article 13 (4) précité.

(37) La résolution de Bevadec à l'effet de vendre et celle de Mensys à l'effet d'acheter les codes sources sont des, écrits. Ils émanent des Conseils d'administration de chacune des deux sociétés impliquées. Les témoignages non contredits de Lampron et de Picard établissent qu'à compter de ces résolutions, c'est Mensys qui détenait tous les droits sur les logiciels vendus. Lampron affirme que Bevadec a dès lors cessé toutes opérations dans ce domaine tout en continuant d'opérer comme consultant. C'est Mensys, avec Lampron et Picard à la barre, qui a continué de développer les mêmes logiciels et de les offrir sur le marché.

(38) Le but visé par l'exigence d'un écrit signé prévue à l'article 13 (4) est de protéger le premier titulaire du droit d'auteur mais certes pas les tiers en leur permettant d'échapper plus facilement à des poursuites pour violation des droits d'auteur.

(39) Le Tribunal conclut de l'ensemble de la preuve qu'il y a ici un écrit émanant de Bevadec et de Mensys qui satisfait aux exigences de l'article 13 (4) et permet d'établir la cession.

(81) (...) Elle ajoute que ce n'est finalement que lors des interrogatoires hors de cour tenus dans le cadre des présentes procédures et particulièrement de celui de Langelier qu'elle a été à même de constater l'ampleur de la violation de ses droits d'auteur et de comprendre le stratagème élaboré par Drummond pour maquiller les logiciels et les offrir en vente à Nicolet-Yamaska. Elle rappelle que dans de telles circonstances, la jurisprudence permet au titulaire du droit d'auteur de poursuivre le contrefacteur plus de trois ans après la commission de l'acte de contrefaçon

(82) Ces principes, reconnus par la jurisprudence, ne sauraient s'appliquer ici. La lettre DD-1 écrite par Picard semble-t-il, mais signée par Lampron, est datée du 28 avril 1989. Mensys y met en garde Drummond contre l'utilisation "de copie pirate de logiciels" et l'incite "à prendre les mesures nécessaires pour corriger cette situation, les conséquences politiques d'une telle attitude de la part d'un organisme public étant facilement prévisibles". Picard explique que Mensys hésitait à aller plus loin et à intenter des recours étant donné que des municipalités formant la MRC de Drummond étaient déjà clientes chez elle pendant que d'autres étaient considérées comme des clientes potentielles.

(83) Dans les circonstances, le Tribunal conclut qu'il y a prescription quant aux gestes reprochés à Drummond antérieurs à août 1994.

Métromédia C.M.R. Inc v Astral Média inc

(2002), JE 2002-1800, (2002-08-29) <http://www.jugements.qc.ca/cs/200208fr.htm>,
<http://www.canlii.org/qc/jug/qccs/2002/2002qccs14563.html> (QueSupCt) Laramée J.

Résumé

Requête en injonction interlocutoire provisoire. Rejetée.

La requérante réclame la délivrance d'une ordonnance interdisant aux intimés de diffuser les capsules humoristiques que l'intimé Pérusse avait réalisées alors qu'il travaillait à titre de pigiste pour l'une de ses stations radiophoniques. Pérusse a reconnu que la requérante est propriétaire du matériel qu'il a produit, mais il prétend qu'il demeure le seul titulaire des droits d'auteur découlant de cette oeuvre.

Décision

La question relative à la détention des droits d'auteur relatifs aux capsules radiophoniques est complexe et devra être tranchée par le juge qui décidera du fond du litige. Le préjudice invoqué par la requérante, qui prétend que la diffusion des capsules pourrait lui faire perdre des auditeurs alors qu'elle ne se sert plus de ce matériel, est incertain et insuffisant pour justifier la délivrance d'une ordonnance interlocutoire. Au surplus, rien ne permet de conclure qu'un recours en dommages-intérêts contre l'un ou l'autre des intimés serait illusoire. Il y a lieu de distinguer la difficulté de prouver l'étendue des dommages subis du préjudice qui peut difficilement être compensé par des dommages-intérêts. La requérante n'a pas non plus démontré que la prépondérance des inconvénients penchait en sa faveur, d'autant moins qu'aucune preuve n'a été présentée quant à l'intention des intimés de diffuser les capsules faisant l'objet du présent litige. Enfin, comme l'association des intimés est bien connue dans le milieu depuis le mois de juin et que la requérante a attendu jusqu'au 28 août avant de réagir, on ne peut considérer qu'il s'agit d'un cas d'extrême urgence justifiant une mesure aussi exceptionnelle que l'injonction provisoire.

8. De plus, le préjudice n'est pas certain puisque rien n'indique avec certitude que les capsules seront diffusées par les intimés. La requérante prétend qu'elle pourrait perdre des auditeurs, cela n'est pas suffisant. Elle doit alléguer et supporter l'allégation qu'elle perdra des auditeurs. Ses allégations sont pures spéculations. Elle nous dit «peut-être que les intimés vont diffuser et peut-être que je subirai une perte d'auditeurs». Cela ne rencontre pas les exigences de la loi et de la jurisprudence et à ce titre le Juge réfère plus spécifiquement aux arrêts *Lassonde c. Oasis* et *Syntex c. Novopharm*.

11. Le dossier, dans son état actuel, révèle qu'un des intimés semble solvable à première vue. Rien ne permet de conclure à ce stade du dossier qu'un recours en dommages serait illusoire. La difficulté à faire la preuve des dommages n'est pas synonyme de l'impossibilité de faire la preuve des dommages. Lorsque le législateur parle de dommages irréparables, il parle de la notion du préjudice subi et non de son étendue. S'il y a perte de profits, ce n'est pas irréparable. Il ne faut pas confondre la difficulté à compiler les dommages avec le préjudice qui peut difficilement être compensé par des dommages-intérêts. Cette exigence n'est donc pas rencontrée.

20. L'urgence, en matière provisoire, se mesure non pas en rapport au temps requis pour une décision au fond mais plutôt en rapport au temps requis pour la décision interlocutoire. Vu que cette dernière est elle-même une mesure provisionnelle entendue et jugée en priorité, il s'ensuit que l'ordonnance provisoire ne sera accordée que s'il n'y a aucun doute quant à l'urgence exceptionnelle, quant à l'apparence claire de droit et quant au préjudice irréparable, c'est-à-dire celui qui n'est pas susceptible d'être compensé en argent ou autrement.

22. Nous ne devons pas perdre de vue le fait qu'une injonction est une mesure provisionnelle et une procédure spéciale. Elle ne sera donc accordée que si toutes les conditions requises par la loi ont été rencontrées

Meunier Associés Inc. c. Construction de la Chaudière T.L. Inc.

(2002), (2002) JQ 747, BE 2002-399 (2002-01-31) (QCA)

(1) Le croquis et les plans de l'appelante ont été utilisés par les intimés pour réaliser la conception et la construction d'une maison qui est indubitablement le fruit d'une copie;

(2) Les différences que l'on a identifiées sont infimes et ne servent véritablement qu'à tenter de dissimuler, avec peu de subtilité, la ressemblance sinon la similarité entre le croquis, les plans originaux et le modèle construit;

(3) Il y a eu contrefaçon contrairement à la *Loi sur le droit d'auteur*. La titularité des plans et croquis est clairement établie et la ressemblance est manifeste. Quant à l'accès à l'oeuvre, elle a fait l'objet d'une preuve claire;

(4) En l'espèce, il y a eu copie de la manifestation tangible du travail de l'auteur, du concept et du style du modèle de maison;

Pastor (c.o.b. Cuban Dance Entertainment (Caricias Cubanas)) v. Chen

(2002), 19 CPR (4th) 206, (2002) CarswellNat 2177, (2002) BCJ 1123, 2002 BCPC 169 (2002-05-21) (BCProvCt) Romilly Prov. Ct. J.

The complainant was a choreographer, dancer and dancing instructor performing and teaching, at Vancouver, a Cuban form of Salsa called "La Rueda" (the wheel). He claimed to have added to this dance form particular moves and styles which he had created and choreographed. The dance was performed in a group, requiring a minimum of three couples. Each movement was executed upon a call from a leader, with constant exchange of partners.

The defendant was at first a pupil of the complainant, then an apprentice in the complainant's dance company. Upon graduating to the status of a performer in the company's public performances, the complainant required him to sign a confidentiality agreement obliging him not to divulge, publicly perform or teach the artistic work that he had access to as a performer/student, without the complainant's permission. The agreement also included an acknowledgement that everything (page207) taught to him by the complainant was confidential and the property of the complainant. The agreement did not identify which moves had been created by the complainant. In his evidence, the complainant stated that the signing of the confidentiality agreement was a precondition to anyone performing in his group.

About 10 months after signing the agreement, the defendant left the complainant's dance company. He travelled to Montreal and Toronto, where he observed performances of "La Rueda" by others. He claimed to have picked up moves there that he had not been taught and saw other moves that he believed were similar to those the instructor claimed to have invented. Upon his return to Vancouver, the defendant collaborated with competitors of the complainant in teaching "La Rueda". He denied that he had thereafter ever publicly performed any of the complainant's moves.

The complainant commenced an action claiming breach of contract in relation to the confidentiality agreement and infringement of copyright. He claimed that the defendant's

actions had caused him to suffer a loss of income and other damages. At trial the complainant withdrew his claim for copyright infringement.

Held, the complainant should be entitled to judgment, and damages assessed on the basis of reasonable compensation for use of the confidential information.

The confidentiality agreement entered into by the defendant did not amount to an unenforceable restraint of trade. Although the defendant may have been prohibited from disclosing certain trade secrets of the claimant, he was not restricted by the covenant from carrying out his trade, nor was the agreement unreasonable between the parties or injurious to the public interest. There was no restriction imposed on the defendant to perform Salsa or "La Rueda" in the many other forms that the defendant's evidence alleged to exist.

The information that the complainant taught was a mixture, the moves being partly in the public domain and partly having a significant element of originality, not already in the realm of public knowledge. The defendant and his collaborators must have relied on the defendant's knowledge of the claimant's moves and dance styles to attract students away from the complainant. The complainant's enrolment of students began to drop and reached the point where he was attracting a negligible number. He cancelled his classes altogether and his livelihood substantially diminished.

The assessment of damages was calculated on the same principles as damages for breach of copyright would be calculated.

(71) Fairburn & Thorburn (*Law of Confidential Business Information* (Canada Law Book, Canada 2001))also states "There is no one definition of "Confidential Information". Copyright is but one of the indicators that something is capable of protection. Merely because something has earned the title of copyright does not automatically mean that it is also confidential."

(85) I find that the Claimant graphically displayed to me during his evidence his uniquely choreographed moves and dance styles which I find were his invention and properly covered by copyright. He readily admitted that some of his moves like the one he invented at the age of 16 were now in the public domain. However the ones that he made the subject of a Confidentiality Agreement signed by all his performers certainly were not. I find that the Claimant's moves and dance styles have a "significant element of originality, not already in the realm of public knowledge," and certainly could not be found in garden variety instructional videos which demonstrate rather basic steps for mere novices.

Programmation Gagnon Inc. c. Formules d'affaires CCL Inc.

(2002), **JE** 2002-1757, (2002) CarswellQue 1918, (2002) JQ 4409, REJB 2002-34120, (2002-09-16)

<http://www.jugements.qc.ca/ca/200209fr.html>,

<http://www.canlii.org/qc/jug/qcca/2002/2002qcca10413.html> (QueCA)

Résumé

Appel d'un jugement de la Cour supérieure ayant rejeté l'action de l'appelante en injonction permanente et en réclamation de dommages-intérêts. Rejeté.

L'appelante a intenté une action en injonction permanente et elle a réclamé des dommages-intérêts à l'intimée parce que cette dernière aurait violé ses droits d'auteur en reproduisant un document intitulé «Avis d'évaluation foncière et compte de taxes», à l'égard duquel elle avait obtenu un certificat d'enregistrement de l'Office de la propriété

intellectuelle du Canada en 1997. Après avoir reconnu que le document à la source du litige constituait une oeuvre littéraire au sens de la Loi sur le droit d'auteur, le juge de première instance a rejeté l'action de l'appelante au motif qu'elle n'avait pas démontré que l'intimée avait plagié ses formulaires. L'appelante soutient que le juge aurait erré en ne tenant pas compte de certains aveux judiciaires de l'intimée et qu'il aurait mal apprécié la preuve qu'elle a présentée en relation avec la contrefaçon de son oeuvre.

Décision

Les témoignages invoqués par l'appelante ne contiennent pas d'aveux clairs, non ambigus et non équivoques permettant de conclure que l'intimée aurait eu à sa disposition des copies ou encore des originaux de ses formulaires. D'autre part, la conclusion du juge de première instance selon laquelle la similitude des formulaires utilisés par les parties ne résultait pas d'une contrefaçon était fondée sur le témoignage d'une employée de l'intimée. Contrairement à ce que prétend l'appelante, son appréciation de la preuve ne contient pas d'erreur manifeste et déterminante, de sorte qu'il n'est pas possible d'intervenir.

(8) En l'espèce, le juge de première instance a décidé que la similitude entre les formulaires visés par le droit d'auteur délivré au bénéfice de l'appelante et ceux conçus et produits par l'intimée ne résulte pas d'une contrefaçon. Cette conclusion repose notamment sur le témoignage de Mme Linda Moreau, la responsable du service d'infographie chez l'intimée. Celle-ci a expliqué que, bien avant l'enregistrement du droit d'auteur susdit, l'intimée produisait déjà des formulaires à partir de sorties d'imprimante fournies par les municipalités clientes grâce à un logiciel conçu et distribué par l'appelante. Elle a précisé que ces formulaires ont subi des modifications, au fil des ans, pour tenir compte des exigences de la législation et de la réglementation en matière municipale et qu'une banque de données imposante a été constituée au sein de son service à même les formulaires ainsi modifiés. Mme Moreau a démontré qu'en utilisant cette banque de données, elle pouvait, grâce à sa longue expérience, produire des formulaires compatibles avec le logiciel distribué par l'appelante, sans plagier les formulaires produits par cette dernière.

Proteau (syndic de)

(2002), **JE** 2002-862, (2002) CarswellQue 663, (2002) JQ 702 (2002-04-12)
<http://www.jugements.qc.ca/cs/200204fr.html>,
<http://www.canlii.org/qc/jug/qccs/2002/2002qccs11545.html> (QueSupCt) Tellier J.

Résumé

Requête en annulation de contrat. Rejetée.

Le 18 janvier 1994, le débiteur a cédé ses droits d'auteur à l'intimé Lafond. Libéré d'une troisième faillite le 1er mars 1994, il a fait cession de ses biens le 14 juin suivant. Le registraire de faillite a suspendu sa libération pour une période de cinq ans. Le 20 juillet 1998, le requérant est devenu le créancier de la faillite à la suite d'une cession de créance en sa faveur. Le 17 mai 1999, le registraire l'a autorisé à intenter un recours en annulation de la cession des droits d'auteur (art. 38 de la Loi sur la faillite et l'insolvabilité). Le 5 octobre 1999, un jugement de la Cour supérieure a confirmé la décision du registraire. Le 1er septembre suivant, le requérant a présenté sa requête en annulation de la cession. Le 6 septembre 2001, le débiteur est décédé sans avoir rempli les conditions de sa libération.

Décision

En janvier 1994, le débiteur n'était pas libéré de sa troisième faillite. La cession de ses droits d'auteur, pour laquelle il n'a reçu aucune contrepartie, est survenue dans les 12 mois qui ont précédé sa quatrième faillite. Elle est donc nulle. Par ailleurs, le requérant exerce un recours qui lui est propre et pour lequel il a été autorisé (art. 38 de la Loi sur la faillite et l'insolvabilité). Ce recours lui est conféré par la loi et non en vertu de la cession faite par le syndic. Toutefois, il n'a pas plus de droit que le cédant n'en avait contre le débiteur. Or, comme le cédant connaissait la cause de nullité de la cession des droits d'auteur depuis le 18 juillet 1995, le requérant devait exercer son recours en nullité avant le 18 juillet 1996. Par conséquent, lorsque le requérant a présenté sa requête en nullité de la cession, son recours était prescrit.

R. v AFC Soccer

(2002), 22 **CPR** (4th) 369, (2002) MJ 441, (2002) CarswellMan 472 (2002-09-04) <http://www.canlii.org/mb/cas/mbpc/2002/2002mbpc10032.html> (Manitoba Provincial Court) Devine J.

The defendant pleaded guilty to one charge under s. 42(1)(a) of the Copyright Act, R.S.C. 1985, c. C-42, relating to the sale of soccer jerseys and other articles of brand name clothing in which copyright existed. The Crown had proceeded by way of indictment. The matter then came before the court for sentencing.

The defendant knew that the articles of clothing were counterfeit. In total 1,118 articles of clothing and computerized business and accounting records were seized.

The Crown sought a fine in the range of \$50,000 to \$70,000 based on gross revenue of \$180,000 for the period of time covered by the charge. The defence urged a fine between \$2,500 and \$3,500. Counsel agreed that the computers seized were to be returned and that the articles of clothing were to be forfeited.

Held, the defendant should pay a fine set at \$45,000.

The amount and value of the seizure was unprecedented in Canada. Furthermore, there was a paucity of precedent relating to fines imposed under s. 42(1)(a).

In view of the discrepancy between the fines proposed by counsel and the lack of precedent, it was necessary to turn to first principles of sentencing. There was no (page370) doubt that this was a serious instance of deliberate and relatively sophisticated infringement of copyright. The income generated by the sale of the counterfeit clothing was by no means insubstantial. The sales were not only national but international in scope. An inappropriate fine could potentially amount to a calculated cheaper licence fee than could be obtained from the rights holder. Therefore, the fine must bear some relationship to the scope of the profit from the offending activity.

On the other hand, the defendant was a local sole proprietor and this was a first offence with the defendant acknowledging wrong by pleading guilty. There was already a financial penalty to the defendant caused by the seizure and surrounding negative publicity. This would militate against the likelihood of the defendant repeating the offence.

Basing the fine on a percentage of known gross revenues was the most appropriate manner in which to proceed. In most cases the figure sought by the Crown at 30 to 40 per cent of gross revenue could be justified. However, in this case, a lower amount was appropriate in view of the circumstances relating to the small size of the defendant. The amount of the fine was set at \$45,000, approximately 25 per cent of gross revenues generated from the infringing items.

(19) There is no question that this is a serious instance of copyright infringement, deliberate, relatively sophisticated, and ongoing for an extensive period of time, with economic harm caused to more than one copyright holder. Undoubtedly, the relative economic harm to these multinational corporations like Adidas and Umbro is less significant than it would be to an individual copyright holder, but it is economic harm nonetheless. It is also clear that the income generated by these infringements was by no means insubstantial, amounting to tens of thousands of dollars over almost an entire year. The use of the website for sales of goods imported from Thailand also meant that the forum for the distribution of the infringing products became not only national but also international in scope. I agree that inappropriately low fines for these kinds of regulatory offences risk can potentially amount to a calculatedly cheaper licensing fee than actually obtaining the proper license from the manufacturer. Therefore the fine ought to bear some relationship to the scope and profit of the offending activity.

(20) On the other hand, AFC Soccer is a local sole proprietorship operated essentially as a family business. This is a first offence and the company's guilty plea constitutes an acknowledgement of the wrong done. There has already been some financial penalty to this company by virtue of the negative publicity and its impact on business, as well as the seizure of over 1100 apparel items along with computers and business records. This specific deterrence already meted out to the company should militate against the likelihood of its repeating the offence. However there is manifestly a need for general deterrence for this kind of offence as well.

(21) One of the troubling aspects of this case is the lack of concrete data proffered as to the current economic health of the company. Clearly AFC Soccer is not on a par with Microsoft when it comes to ability to pay. Nonetheless I find it difficult to accept the bare assertion by defense that a fine in the range sought by the crown will put the company out of business, nor do I accept that if this were to be the end result it would necessarily amount to a legitimate rationale for the court not to assess the appropriate penalty.

(22) Ultimately I have concluded that the most appropriate method of assessing a fine in these circumstances is to tie the fine in some way to the gross revenues generated by the infringing behaviour, at the same time weighing all of the other factors I have enumerated so as to tailor the fine to the individual circumstances. The Crown's assertion of gross revenues from the sale of the infringing items of \$17,000 per month over a period of approximately ten and a half months for total gross revenues of approximately \$180,000 was not disputed by defense. The discrepancy between the parties related to the net profits. If these gross revenues were representative of the usual retail pattern of a 200 to 300% percent markup referred to earlier, they would represent actual net profits to the defendant of between \$60,000 and \$120,000 for the period in question.

(23) In all of the circumstances I conclude that basing the fine on a percentage of known gross revenues is the most appropriate manner in which to proceed. While I think that in many cases the figure sought by the crown amounting to some thirty to forty percent of gross revenues generated could easily be justified, I am persuaded that in this instance a lower amount is appropriate for the reasons indicated above relative to this particular small business. On the other hand, the fine urged by the defendant company equating to some two per cent or less of gross revenues is manifestly inadequate and would clearly amount to nothing more than a nominal licensing fee.

(24) In my view, a fine of \$45,000 is appropriate here which I find represents approximately twenty-five per cent of the gross revenues generated by the defendant from the infringing items.

R. v. Farrell

(2002), 19 **CPR** (4th) 538, (2002) CarswellNB 139, (2002) NBJ 150, (2002) NBR(2d) TBE d MY012, 2002 NBQB 150, (2002-04-08) (NBQB) Robichaud J.

The accused had offered for sale and sold a number of counterfeit hats bearing the trademark NIKE, FUBU or TOMMY HILFIGER along with sunglasses and cloth cases bearing the trademark OAKLEY. He was charged by single indictment with four counts under s. 42(1) (a) of the Copyright Act, R.S.C. 1985, c. C-42, and four counts under s. 412(1)(a) of the Criminal Code, R.S.C. 1985, c. C-46.

Held, the accused should be found not guilty on all counts.

The burden on the Crown is proof beyond a reasonable doubt. Offences under the Copyright Act are not strict liability offences. The mens rea for which the accused is charged is knowledge that the Tommy Hilfiger, Nike, Oakley and FUBU articles he was offering for sale infringed the copyright in those works. In the absence of knowledge, it is open to the Crown to prove that the accused's conduct amounted to wilful blindness of the infringement of copyright in those works. The Crown must also prove wilful intent to deceive or defraud with respect to the four counts under the Criminal Code. Resolution of proof beyond a reasonable doubt means that the court must find the accused not guilty if: (a) the court believes the evidence of the accused; (b) if the court does not believe the evidence of the accused but after considering all the evidence, still has reasonable doubt as to his guilt; or (c) if the court is unable to decide whom to believe. (page539)

That the accused was offering for sale infringing copies was beyond dispute. However, the evidence showed that the accused had obtained the counterfeit goods on consignment from an individual who, on a number of previous occasions, had supplied him with a variety of goods without incident. He had been instructed to sell the goods at prices that closely approximated the prices of the genuine articles. The accused was not a sophisticated consumer and had never seen the genuine articles. The Crown's own witness had conceded that the general public could easily have been led to believe that the articles were genuine.

The court accepted the accused's evidence as to the absence of his knowledge and the absence of any intent to deceive or defraud. Accordingly, the Crown had not discharged its burden of proving the commission of the offence beyond a reasonable doubt.

(60) In my view, the Photo Centre case (*Photo Centre Inc. v. The Queen* (1986), 9 C.P.R. (3d) 425 (QueSupCt)) has no application to the present situation. Further, I am of the view that Photo Centre does not stand for the proposition that offences under the *Copyright Act* are strict liability offence. It merely deals with the actions required where it has been proven that an accused has knowledge of an infringement and seeks to establish his innocence by showing due diligence.

(63) I agree with the reasoning of Judge Brien (*in R. v. Biron a New Brunswick* (1992) NBJ 746 NBProvCt). In this case the mens rea of the offences for which the accused is charged is the

knowledge that the Tommy Hilfiger, Nike, Oakley and FUBU articles he was offering for sale were articles infringing the copyright in those works. The Crown has not proved this knowledge beyond a reasonable doubt. In the absence of proof of knowledge, it is open to the Crown to prove that the accused's conduct amounted to willful blindness of the infringement of the copyright in those works.

(71) I believe the accused when he asserts that he did not know that he was dealing with infringing products in which a copyright subsists. Having heard all of the evidence, I am satisfied that there was little, if anything, about these articles to raise the suspicion of an unsuspecting individual. I note that the prices of the Tommy Hilfiger, Nike and FUBU hats, in particular, were not so out of line with retail price as to arouse suspicion. As to the Oakley sunglasses, the price of \$25.00 was considerably less than the retail which is often in excess of \$100.00. But with the accused being an unsophisticated consumer and never having been exposed to these high-end sunglasses before, I believe him when he says he was unaware of their counterfeit nature.

R. v. Garby

(2002), (2002) CarswellOnt 2869, (2002) OJ 3383 (2002-07-18) (OntCtJ) MacPhee J.

(1) Mr. Garby, you are a small player frankly in a huge national and international problem, and that is the infringement of copyright. (...)

(2) The infringement of copyright is a serious international phenomenon. You are before the court to face responsibility for your part in that phenomenon. I think the key factor here is a question of business practices and the ethics of business practices and this is unethical business practice, and clearly, it was illegal, unlawful. I am just simply going to make an assumption that anyone who is involved in that, knows that to be the case, despite protestations to the contract. Now, you have entered pleas of guilt here, and that is a very strong mitigating circumstance. There is no prior record. The sums that were garnered by your participation and as well not insignificant, are not large in the overall scheme of things. General deterrence is the primary principle here. (...)

(3) (...) Copyright is integral to the effect of operation of our free market system without adherence to it, then many, many people suffer. Many innocent suffer as well. It is critical that copyright be respected, particularly in those economies like ours where the free market system is so integral to the health and welfare of our citizens.

(44) With respect to the issue of forfeiture, it is clear that all of the offending material produced by means of the computer is to be forfeited to the crown. I need not get more specific than that. The difficulty here is ascertaining whether or not the computers themselves should be ordered forfeited to the crown, there is a case to be made frankly on behalf of the crown and of the defence here, I take the following view, I am not going to order forfeiture of the computers, but I am going to, as a condition of probation make the following order: you are not to have in your possession, for the period of probation, any computers that you put to using for purposes related to the charges before the court. Do you understand that?

(46) It's the use that you use the computer for, that is the subject of my prohibition. For purposes of aiding the issue of general deterrence, it is my view that you are not to have possession of these computers for a further period of six months. At that point in time, the crown will have no further interest in the possession of the computers, and they would be returned to the owner. (...)

(48) THE COURT: Are you consenting to a purging of the hard drive of those computers?

(49) MR. GARBY: That's fine. You can do that, that's no problem.

Ragdoll Productions (UK) Ltd. v. Jane Doe

(2002), 21 **CPR** (4th) 213, (2002) CarswellNat 2457, (2002) FCJ 1232, 2002 FCT 918, (2002-08-28) <http://decisions.fct-cf.gc.ca/fct/2002/2002fct918.html> (FCTD) Pelletier J.

The plaintiffs each owned a number of trade-marks and copyrights. They had obtained and executed a rolling Anton Piller order against the defendants and had seized a number of counterfeit items. The execution order had been reviewed and the interim injunction against the defendants had been converted to an interlocutory injunction. The defendants did not appear on the review motion to contest the lawfulness of the execution order. The plaintiffs then brought a motion for default judgment. Without filing a statement of defence or seeking an extension of time to file a statement of defence, the defendants filed a responding record to the plaintiffs' motion for default judgment.

Held, judgment should be for the plaintiffs.

Proof of Infringement

Pursuant to Rule 184(1) of the Federal Court Rules, 1998, SOR/ 98-106, the absence of a statement of defence means that as none of the allegations have been admitted, all must be taken to have been denied. Accordingly, the plaintiff must establish its entitlement to the relief claimed by way of affidavit evidence. The standard of such proof is on a balance of probabilities and is the same standard required on motions to review the execution of Anton Piller orders. The review order is a judicial determination that infringement has occurred and, in the absence of evidence to the contrary, a plaintiff is entitled to rely on it. As the defendants had not put forward a positive defence, the plaintiffs were entitled to rely on the review order in which trade-mark infringement had been shown. The plaintiffs were not required to put forward the same evidence for a fresh determination of infringement on the motion for default judgment.

Availability of Damages

A defendant's ability to pay (or the plaintiff's inability to collect) is not a factor in deciding whether a plaintiff is entitled to damages. The legislation governing copyright and trade-marks expressly provides for the availability of both injunctive relief and damages. While it was true that injunctions have been refused where damages had been shown to be an adequate remedy, there were no instances where damages were refused because an injunction had been awarded. Accordingly, although the plaintiffs had already obtained injunctive relief based in part on allegations of irreparable harm not compensable in damages and the defendants' inability to pay damages, that fact did not preclude recovery of past damages whose existence and scope had been proven by the plaintiffs. (page215)

Quantum of Damages

Once a plaintiff has proven infringement and that damages have occurred, it is entitled to the court's best estimate of those damages without necessarily being limited to nominal damages. Where a defendant's business methods and a failure to defend a claim make the calculation of damages impossible, the use of conventional awards is fairer to that defendant than would be a system in which each case was treated as sui generis and damages assessed without reference to like cases. The practice established by the court distinguishes between market and transient vendors, fixed retail operations, and

manufacturers and distributors. The amount of awards in these cases, particularly when there are multiple awards against a defendant, exceed any notion of "nominal" or "minimum nominal" damages. Such damages can only be justified as compensatory damages whose amount is determined by convention. The plaintiffs were each entitled to damages in the amount of \$6,000, costs of \$750, declaratory relief and a permanent injunction.

(17) The plaintiffs argue that both the Copyright Act, R.S.C. 1985, c. C-42 and the Trademarks Act, R.S.C. 1985, c. T-13 provide for damages (or accounting) as well as injunctive relief, consequently there is no statutory basis for treating the remedies as mutually exclusive.

(18) As for the quantum of damages, the current practice of assessing what has been described as "minimum nominal damages" has developed as a result of the time and expense involved in the previous practice of directing a reference in applications for default judgment. The defendants rarely attended with the result that the plaintiffs and the court were left to assess damages on a minimum of information without the participation of the defendants. It was thought that this was simply a waste of resources. The current practice has been in place since 1997 and was recently reviewed in *Oakley Inc v. John Doe*, (2000) F.C.J. No. 1388 (QL). There is nothing untoward about the award of nominal damages where no actual damages are shown.

(28) If the standard of proof is no lower, is it also no higher? It is difficult to see the logic of exacting a higher standard of proof in circumstances where the proof is unchallenged. The test is whether the judge, having considered the evidence before the court, is satisfied that, on a balance of probabilities, infringement has occurred. Setting a higher standard simply requires the judge to do for the defendant that which it has declined to do for itself.

(32) Both of these arguments are essentially based on estoppel. Having persuaded the court to grant it an exceptional remedy based upon certain representations as to the ineffectiveness of conventional remedies, can the plaintiffs now come to the court and claim the very remedies whose alleged ineffectiveness justified the granting of the Anton Piller order? The question is a good one, and the answer, while valid, cannot match the cartesian logic of the question. It is essentially an answer based on legal entitlement. A defendant's ability to pay (or, to put it another way, a plaintiff's ability to collect) is not a factor in deciding whether a plaintiff is entitled to damages. As to entitlement, the legislation governing copyright and trademarks expressly provides for the availability of both remedies: (s. 34 of the *Copyright Act* and section 53.2 of the *Copyright Act*)

(33) No authority was cited to me which would support the conclusion that these provisions must be read disjunctively so that a plaintiff could claim either injunction or damages but not both. And while it is true that injunctions have been refused where damages have been shown to be an adequate remedy (see for example, *Cutter J Ltd. v. Baxter Travenol Laboratories of Canada, Ltd.* (1980), 47 C.P.R. (2d) 53 (F.C.A.)), I have not found any instances where damages were refused because an injunction had been awarded.

(34) To the extent that the granting of an injunction deals with prospective damages (whose occurrence the injunction seeks to prevent), it does not preclude recovery of past damages whose existence and scope must be proven by the plaintiffs. As for the immunity of certain defendants from the law's conventional remedies, it would be poor policy to exempt from liability those who seek to escape its consequences. While the plaintiffs' position has an air of having-your-cake-and-eating-it-too, it is, upon reflection, neither unfair nor bad policy.

(37) It is always open to a defendant to prove the extent of its trade in counterfeit goods and to seek to have damages assessed on the basis of its actual sales. But where vendors keep no records, it does not lie in their mouths to say that the plaintiff has no evidence by which to prove the damages flowing from their business operations.

(38) In the absence of business records, the quantity of goods seized is unreliable as an indicator of the level of a defendant's business activity. The case of an unsuccessful infringer who is simply unable to move his stock, so that his entire inventory is seized, does not support the "obvious" conclusion that he caused the plaintiff more damage because he had more goods in his possession. Damages due to sales would be nil for there were no sales, notwithstanding the amount of stock seized. If the same operator sold out his entire stock save for one T-shirt, the "obvious" conclusion that little harm was caused because only 1 shirt was seized would be equally false. The evidence of the harm caused would be on the backs of the purchasers. Consequently, the quantity of goods seized tells the court nothing about the scope and scale of a defendant's operations.

Renaud c. Groupe Ville-Marie Littérature Inc.

(2002), (2002) JQ 961 (2002-04-30) <http://www.jugements.qc.ca/cs/200204fr.html>, <http://www.canlii.org/qc/jug/qccs/2002/2002qccs11752.html> (QueSupCt) Viau J.

(35) En forçant la note, comme on dit, et à son avantage de surcroît, le défendeur (i.e., the publisher) n'a pas respecté non plus une importante clause du contrat. Et ses faits et gestes ont causé un certain préjudice au demandeur (i.e., the author). Mais pas au point de publier un "Frankenstein" de son ouvrage de 1964.

(36) Pour avoir lu les ouvrages déposés au dossier, le Tribunal n'est pas convaincu que la publication a porté atteinte, de façon importante, à la réputation du demandeur. C'est son ouvrage, son style vivant, intéressant. Il aurait pu être différent s'il avait respecté son contrat et l'avait encore modifié comme il pouvait le faire. Mais il ne l'a pas fait, et ne peut reprocher sa propre omission à son éditeur.

Société québécoise de gestion collective des droits de reproduction (COPIBEC) v 9030-7620 Québec Inc

(2002), (2002) CarswellNat 2510, 2002 CFPI 980, (2002-09-16) <http://decisions.fct-cf.gc.ca/cf/2002/2002cfpi980.html> (FCTD) Beaudry J.

EN CONSÉQUENCE, LA COUR ORDONNE ce qui suit :

(...)

AUTORISE l'inspection des lieux de travail de la défenderesse et la saisie durant les deux premières semaines de chaque session d'étude à l'Université du Québec à Montréal de tout document actuel ou à venir reproduit, distribué et/ou vendu par la défenderesse comportant des reproductions illégales d'oeuvres dont les titulaires de droit d'auteur sont représentés par la demanderesse (COPIBEC), que de tels documents soient en sa possession ou sous son contrôle;

ORDONNE à la défenderesse de produire une déclaration assermentée, dans les trente (30) jours du jugement à venir sur la présente requête, comportant les renseignements suivants quant aux oeuvres reproduites et vendues pour le bénéfice des professeurs et des étudiants de l'Université du Québec à Montréal ou de toutes autres universités, à savoir les titres des

oeuvres reproduites, les dates et le nombre de pages copiées et le nombre d'exemplaires reproduits;

Society of Composers, Authors and Music Publishers of Canada v. 1007442 Ontario Ltd.

(2002), 20 **CPR** (4th) 68, (2002) CarswellNat 1355, (2002) FCJ 876, 2002 FCT 657, (2002) FTR TBEEd JN034, (2002-06-11) <http://decisions.fct-cf.gc.ca/fct/2002/2002fct657.html> (FCTD) Kelen J.

The corporate defendant operated an exotic dancing club from 1993 through September 1997. The dancers were not paid by the corporate defendant but instead, as independent contractors, sought a small fee from patrons of the club. Music was an integral part of the entertainment conducted at the club. The individual defendant was the president, director, owner and operator of the corporate defendant.

On September 20, 1996, the Copyright Board had issued its decision with respect to the plaintiff performing rights society's Tariff 3.B which applied mostly to establishments whose form of live entertainment was exotic dancing. In its decision the (page69) board acknowledged that there was confusion surrounding the previous Tariff 3.B and its applicability to clubs that did not pay their dancers. The board certified a new Tariff 3.C which set an amount payable per seat, per day, and which therefore applied to clubs that did not pay their dancers.

The plaintiff commenced an action for payment of the appropriate tariff as required by the Copyright Act, R.S.C. 1985, c. C-42, and for copyright infringement with respect to the performance of musical works at the corporate defendant's club. The plaintiff moved for summary judgment. The corporate defendant consented to judgment and the plaintiff proceeded with the motion as against the individual defendant. The issue was whether the individual defendant, as director and officer of the corporate defendant, was separately and independently liable for the acts of infringement.

Held, the motion should be dismissed as against the individual defendant and granted as against the corporate defendant.

The test for summary judgment is whether, based on the evidence, the plaintiff has shown that the defendant has no genuine issue for trial.

The appropriate test for determining the liability of the individual defendant was whether the defendant's actions could be characterized as dishonest, deceptive and deliberately reckless behaviour, or whether she was indifferent to the obvious consequences of her actions.

There was clear evidence of uncertainty with respect to the applicability of Tariff 3.B which was only resolved by the Copyright Board in its September 20, 1996 decision. It was reasonable to assume that the impact of the decision would not be known immediately upon its issuance. Accordingly, it was beyond the purview of a motion for summary judgment to evaluate the impact of the decision and any resulting liability of a corporate director. The evidence of the individual defendant had to be assessed by the trial judge to determine her personal liability.

(19) The Court derives from the jurisprudence that the appropriate test in cases such as this lies in analysis of the conduct of the personal defendant, to determine whether or not her

actions can be characterized as dishonest, "deceptive and deliberately reckless behaviour", or indifference to the obvious consequences of her actions, such that a finding of personal liability is appropriate.

(30)The principle that an incorporated company is a separate entity from its directors and officers is sacrosanct in the common law. Before the Court will pierce the corporate veil and hold a director personally liable for actions taken in their capacity as a representative of a corporation, questions of fact and credibility must be decided.

Society of Composers, Authors and Music Publishers of Canada v. Canadian Assn. of Internet Providers

(2002), 19 CPR (4th) 289, (2002) 4 FC 3, 215 DLR (4th) 118, (2002) CarswellNat 964, (2002) CarswellNat 965, 290 NR 131, (2002) FCJ 691, (2002) ACF 691, 2002 FCA 166, (2002-05-01) <http://decisions.fct-cf.gc.ca/fct/2002/2002fca166.html>, in French at <http://decisions.fct-cf.gc.ca/cf/2002/2002caf166.html> (FCA)

This was an application to set aside the decision of the Copyright Board excluding most Internet intermediaries from liability to pay royalties for copying music transmitted on the Internet. The Society of Composers, Authors and Music Publishers of Canada (SOCAN), the applicant herein, collectively administers in Canada the performing and communication rights of its members and of foreign composers, authors and publishers. In 1995, it proposed the (page5) first tariff of royalties payable in respect of music transmitted on the Internet. This tariff, known as Tariff 22, covered the years 1996 to 1998 inclusive. At the end of the first phase of a proceeding to determine the amount and allocation of the royalty payable to copyright owners for the communication of music on the Internet, the Copyright Board held that a royalty can be imposed on those who post music on a server located in Canada to which Internet users have access, but cannot be imposed on those whose only role in Internet transmissions is to operate a server on which music is stored, or to provide a recipient with Internet access. The Board also found that the normal activities of Internet intermediaries do not constitute communication by telecommunication for the purposes of the Copyright Act, and thus do not infringe the exclusive communication rights of copyright owners. SOCAN challenged each of these conclusions. Five issues were raised on appeal: (1) the standard of review of the Board's decision; (2) whether the Board erred in law in interpreting paragraph 2.4(1)(b) of the Copyright Act; (3) whether the Board erred in concluding that the services and equipment supplied by operators of host servers and Internet access providers constituted only the means of telecommunication necessary for enabling another to communicate; (4) whether the Board erred in not concluding that, in providing their core services and equipment, Internet intermediaries "authorize" the communication of material requested by end users from host servers, and (5) whether the Board erred in finding that the Copyright Act does not apply to communications by telecommunication, including the Internet, that originate from outside Canada.

Held (Sharlow J.A. dissenting in part), the application should be dismissed in part.

Per Evans J.A.: (1) The Copyright Board's determination in Tariff 22 of the parties' potential liability to pay a royalty was a reviewable "decision" under paragraph 18.1(3)(b) of the Federal Court Act and could be set aside for error of law under paragraph 18.1(4)(c) of the Act. The pragmatic or functional analysis is now the accepted methodology for setting the standard by which a court will review a specialist administrative agency's determinations of questions of law. The concept of jurisdiction has lost its former significance as a determinant of the standard of review in administrative law. The Court must embark on a pragmatic or

functional analysis (page6) in order to determine the standard of review relevant to the issues decided by the Board. The Board exercises a very broad discretion when determining who should pay a royalty and on what basis the royalty should be calculated. The same standard of review will not necessarily apply to an administrative agency's determinations with respect to every provision in its constitutive legislation. Reviewing courts must distinguish between the interpretation of a statutory provision and its application to the facts of a given case. The impact of the Board's decision on the parties' legal rights is limited. While the resolution of the legal questions raised in Tariff 22 was of significant commercial interest to the parties, and to Internet end users, the interests at stake were primarily monetary in nature. The Copyright Board's decision could not be said to impinge on constitutional or quasi-constitutional rights. The limited life span of tariffs approved by the Board also serves to reduce the impact of the Board's decisions on the rights of the parties. Thus, neither the nature of the rights affected by the Board's decision, nor the seriousness of its impact on them, indicates that the Court should review the Board's legal determinations on a standard of correctness. The Copyright Board's decisions are neither protected by a preclusive clause, nor subject to a right of appeal. The scale is tipped in favour of correctness review because the Copyright Board's interpretation of provisions of the Copyright Act in dispute is not within its exclusive domain, but may arise in court proceedings other than judicial review proceedings. Simple unreasonableness was the appropriate standard of review of the Board's decision, in so far as it involved the application, rather than the interpretation, of the statute.

(2) Three conditions must be established for an intermediary's activity to fall within paragraph 2.4(1)(b) of the Copyright Act, and not to attract liability for infringing copyright by communicating a work to the public by telecommunication. First, the intermediary's activities must amount to the provision of "the means of telecommunication"; second, these means must be "necessary" for enabling another person to communicate a work to the public; and third, the activities in question must constitute the intermediary's "only act" with respect to the communication. (page7) The Copyright Act is not concerned exclusively with advancing the interests of writers, composers, artists and other creative people. Thus, its provisions should be interpreted with an eye to striking an appropriate balance 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. The Board was correct in concluding that the word "means" is capable of describing a wider range of services and equipment than those provided by traditional common carriers. Therefore, that word should not be given the narrow interpretation urged by the applicant. Another issue was whether the Board misinterpreted the word "necessary" when it held that it extended to an activity that merely improves the quality of Internet communication. The context of paragraph 2.4(1)(b) does not justify interpreting "necessary" in a sense that is at odds with its most familiar meaning. Hence, a person provides only the means of telecommunication necessary for another person to communicate when, without that person's activity, communication in that medium of telecommunication would not be practicable or, in all probability, would not have occurred. Whether something is "necessary" for the purpose of paragraph 2.4(1)(b) should be determined when the transmission of material from the server occurs, not when the content provider chooses the means to communicate. The Board did not err in law on that issue. However, it erred in law when it held that an Internet intermediary who caches material is thereby providing the means necessary for another to communicate it. The fact that the cache enhances the speed of transmission and reduces the cost to the Internet access provider does not render it a practical necessity for communication by others. The operator of a cache communicates by telecommunication to end users the material transmitted to them from the cache and thereby infringes the exclusive right of the author or composer to communicate a musical work to the public. Thus, he is not merely a passive transmitter of data. Finally, the Board was right in holding that an Internet intermediary's activities are still only the means of telecommunication when they are ancillary to its provision of the

necessary means of telecommunication by others, provided that these additional activities do not themselves amount to communication. Thus, operators of host servers do not lose the protection of paragraph 2.4(1)(b) by providing their normal facilities and services.

(3) There was ample evidence before the Board to justify its conclusion that operators of host servers and Internet access providers do not effectively control the content of what is transmitted, that their role is passive and that their activities usually consist only of the provision of the means of telecommunication for the purpose of paragraph 2.4(1)(b). On the other hand, the Board's conclusion, that operating a cache is necessary for another person to communicate by telecommunication, was based on an erroneous interpretation of paragraph 2.4(1)(b).

(4) The applicant argued that Internet intermediaries authorize content providers to communicate copyright material from the host servers. Authorizing a communication by telecommunication is a discrete infringement under subsection 3(1) of the Copyright Act. It was open to the Board to conclude that, by performing their core functions, Internet access providers did not authorize content providers to communicate material from the Web site at the request of their customers, the end users. Courts have generally rejected the argument that the authorization of communication can be inferred merely from the supply of equipment that enables another to communicate or to perform a work. Since operators of host servers only provide the passive means for others to communicate, they are not in any real sense approving, consenting or claiming the right to permit content providers to communicate the material stored on their servers. It was not unreasonable for the Board to conclude that the normal activities of host server operators do not implicitly authorize content providers to communicate the material posted on the server.

(5) The applicant is only entitled to a royalty in respect of copyright infringements that occur in Canada. Since the principal infringement relied on in this case was that of communicating copyright works to the public by telecommunication, the Board could only approve a royalty payable for the communications that occurred in Canada. In ruling that a communication by telecommunication occurs at the place from which the transmission originates, the Board was determining a general question of law that was not confined to the facts of the case before it and, hence, its ruling was reviewable on a standard of correctness. The location of the communication should not be determined solely by that of the host server, especially since the Internet communications under consideration were only effected at the request of the end user. The principal infringing activity herein was communication by the content provider, copyright material (page9) was not communicated until it was received on the end user's computer, and the location of the host server could not alone determine where the communication occurred. A royalty may be made payable in Canada in respect of communications by telecommunication that have a real and substantial connection with Canada. The Copyright Board erred in law when it ignored all connecting factors other than the location of the host server for the purpose of identifying communications that occurred in Canada and could therefore attract liability to pay a royalty to the applicant. Since the policy of the Act is to protect copyright in the Canadian market, the location of the end user is an important factor in determining if an Internet communication has a real and substantial connection with Canada.

Per Sharlow J.A. (dissenting in part): The Board was right in characterizing caching as an activity that is ancillary to Internet communication and in concluding that an Internet intermediary whose only activity is to provide caching is entitled to the protection of paragraph 2.4(1)(b) of the Copyright Act. The word "necessary" in legislation that is intended to describe the technology of communication must be interpreted with enough flexibility to recognize incremental technological improvements. In the context of paragraph 2.4(1)(b),

something should be considered necessary for communication if it makes communication practicable or more practicable, which is the meaning that the Board has implicitly adopted.

(111) Hence, three things must be established for an intermediary's activity to fall within paragraph 2.4(1)(b), and thus not to attract liability for infringing copyright by communicating a work to the public by telecommunication. First, the intermediary's activities must amount to the provision of "the means of telecommunication"; second, these means must be "necessary" for enabling another person to communicate a work to the public; and third, the activities in question must constitute the intermediary's "only act" with respect to the communication.

(116) (...) Paragraph 2.4(1)(b) is in my view simply part of the definition of the phrase "communicating by telecommunication", and is intended to clarify what might otherwise be an uncertainty about the scope of the word "communicate". Even without this paragraph, it could have been argued that the word "communicate" implicitly excludes merely enabling another to communicate. That paragraph 2.4(1)(b) should be regarded as definitional, rather than as an exemption, is also suggested by its location in the definitions section of the *Copyright Act*. Hence, paragraph 2.4(1)(b) should not be given a narrow interpretation as an exemption from liability for copyright infringement.

(117) In any event, even if paragraph 2.4(1)(b) were properly regarded as an exemption from the liability imposed by paragraph 3(1)(f), it would still not be justifiable to substitute the narrower word "facilities" for the broader word "means", or to read into paragraph 2.4(1)(b) the adjective, "physical", as a modifier of the noun, "means".

(124) In my opinion, the Board was correct to conclude that the word, "means", is capable of describing a wider range of services and equipment than those provided by traditional common carriers. Accordingly, it should not be given the narrow interpretation urged by SOCAN. An important indicator that a person is providing the means to enable others to communicate by telecommunication is that the person lacks the practical ability to control and monitor content, and hence plays only a passive role in the communication.

(132) (...) In my opinion, the context of paragraph 2.4(1)(b), including the existence of the competing policy considerations outlined above, does not justify interpreting "necessary" in paragraph 2.4(1)(b) in a sense that is at odds with its most familiar meaning. Hence, a person provides the means of telecommunication necessary for an other person to communicate when, without that person's activity, communication in that medium of telecommunication would not be practicable or, in all probability, would not have occurred.

(133) Whether something is "necessary" for the purpose of paragraph 2.4(1)(b) should be determined when the transmission of material from the server occurs, and not when the content provider chooses the means through which to communicate. (...)

(150) Authorizing a communication by telecommunication is a discrete infringement under subsection 3(1) (*Compo Co. Ltd. v. Blue Crest Music Inc.*, (1980) 1 S.C.R. 357, at page 373). Further, paragraph 2.4(1)(b) does not apply to the act of authorizing any of the infringing acts set out in section 3(1), including the communication by telecommunication of a copyright work. Thus, even though the core activities of operators of servers and Internet access providers do not constitute communication by virtue of paragraph 2.4(1)(b), they may still be required to pay a royalty if they can be said to be authorizing the content provider to communicate the material.

(153) (...) Paragraph 2.4(1)(b) does not shelter content providers, nor those who, while not themselves communicating, are authorizing others to communicate to the public. (...)

(156) Nonetheless, it seems counterintuitive to conclude that a person who supplies the means to enable another to communicate material thereby authorizes, as opposed, say, to facilitates, its communication by that other person. The concept of "authorizing" implies that the person who is alleged to have authorized has the right to give any requisite permission. It is thus different from the notion of what is, in effect, vicarious liability used, for example, in the law of copyright infringement in the United States.

(157) Not surprisingly, therefore, courts have generally rejected the argument that the authorization of communication can be inferred merely from the supply of equipment that enables another to communicate or to perform a work: see, for example, *Vigneux v. Canadian Performing Rights Society*, (1945) A.C. 108 (P.C.); *Muzak Corporation v. Composers, Authors, and Publishers Association of Canada*, (1953) 2 S.C.R. 182 ("Muzak"). The inability of the supplier of equipment to control the use to which the equipment is put indicates that the supplier is not impliedly authorizing a communication or performance of a work.

(158) Since operators of host servers only provide the passive means for others to communicate, they are not in any real sense approving, consenting or claiming the right to permit content providers to communicate the material stored on their servers: *Apple Computer Inc. v Mackintosh Computers Ltd.*, (1987) 1 F.C. 173, at paragraph 73, aff'd. (1990) 2 S.C.R. 209. Thus, since it cannot be inferred from their activities that Internet intermediaries "sanction, approve or countenance" (*Muzak*, supra, at page 193, per Kellock J.) the communication of material stored by others on their servers, they normally cannot be said to authorize content providers to communicate infringing material.

Song Corp, (Re)

(2002), (2002) CarswellOnt 5, (2002) OJ 14, (2002) OTC 17 (Ont Sup Ct J – Hill Reversion); (2002), 19 **CPR** (4th) 235, (2002) CarswellOnt 20, (2002) OJ 13, 31 CBR (4th) 97, (2002) OTC 17, (2002-01-07) (Ont Sup Ct J – Trustee's Motion)

Song Recordings Inc. ("Recordings") carried on the business of entering into agreements with recording artists to co-ordinate the production of master sound recordings for use in the manufacture of compact discs or other media. Recordings typically paid the recordings artists advances which were recouped by retaining royalties otherwise payable to the artists. The principal business of each of Song Publishing Inc. ("Publishing") and Attic Music Ltd. ("Attic") was to acquire by assignment the proprietary interest in all or part of copyright from songwriters and to administer the copyright including to collect income from the exploitation of the copyright. The expenses of each of Publishing and Attic were often recoupable out of royalties payable to the songwriters. Approximately 50 per cent of the catalogue of musical works administered by Publishing and Attic were recorded. The remainder were unrecorded.

Recordings, Publishing and Attic became bankrupt and the trustee in bankruptcy moved for declarations relating to the application of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, to the copyrights of the bankrupt companies. In particular, the trustee sought orders that s. 83 of the Act did not apply to copyright in sound recordings or musical works and that certain contractual provisions in agreements between the bankrupt companies and authors or artists were not effective as against the trustee. The trustee proposed to sell the copyright

interests to a purchase who would covenant to ensure that distributions and royalties delayed by the bankruptcy were effected, to pay out royalties due prior to the bankruptcy, and to pay future royalties at rates not less than the bankrupt companies were obliged to pay pursuant to their agreements with songwriters and others.

Held, the motion should be granted declaring that s. 83 of the Act applied to copyright in musical works held by the bankrupt companies by assignment, but not to copyright in sound recordings held by the companies as makers.

The bankrupt companies held copyright interests in musical works referred to in s. 3(1) of the Copyright Act, R.S.C. 1985, c. C- 42, assigned to them by their authors and copyright interests in sound recordings by reason of being the makers of the recordings and the operation of s. 18(1) of the Act.

Section 83 of the Bankruptcy and Insolvency Act provides rules for the treatment of certain copyright interests in works assigned to a person becoming bankrupt and to certain agreements relating thereto between the bankrupt and authors or their heirs. Section 83(1) provides, inter alia, that copyright in such unpublished works shall revert to the authors or their heirs on payment of any expenses incurred by the bankrupt for putting the work into type. Section 83(2) provides, inter alia, that the trustee is entitled to sell any copies of such published works provided royalties that would have been payable by the bankrupt are paid to the authors or their heirs. Section 83(2)(b) provides, inter alia, that the trustee is not entitled to assign the copyright without the consent of the author or his heirs except on terms which guarantee payment of royalties at a rate that the bankrupt would have been liable to pay. Section 83(2)(c) provides, inter alia, that any agreement between the bankrupt and (page237) the author or his heirs terminates at the time of the bankruptcy and is void except for the entitlement to sell copies of the work as provided in s. 83(2)(a)

Section 83 only applies to copyright in works assigned to a bankrupt. It does not therefore apply to copyright interests such as those in sound recordings acquired through the activity of making and not by way of assignment.

The Bankruptcy and Insolvency Act should be interpreted in a practical and not legalistic manner. The trustee submitted that applying s. 83 to copyright in musical works would be detrimental to the proper interest of creditors of the bankrupt companies because the trustee would be without compensation for amounts paid by the companies to acquire the copyright interests. In addition, the trustee submitted that s. 83 should be narrowly construed because the section departed from the basic principle that all unsecured creditors of a bankrupt be treated equally. Copyright assignments have, however, a number of features which differentiate them from a debt owed a supplier. The assignee has a continuing obligation to remit royalties for the exploitation of the copyright. It is therefore understandable that the Act accords special treatment to such assignments. A reading of s. 83 suggests that Parliament set out a regime to apply to all assigned copyright regardless of the industry involved. A restriction of s. 83 to exclude musical works and the music industry could not therefore be supported.

The ordinary meaning of s. 83(2)(b) is that a trustee is given permission to assign copyright in a published work provided that the royalty payment is guaranteed. The remaining declarations requested by the trustee required further consultation between the trustee and interested parties and further submissions to the court, if necessary, for the court to make a determination.

Statement of Royalties to be Collected by Socan and by NRCC for Pay Audio Services (1997 to 2002 for Socan and 1998 to 2002 for NRCC)

(2002), 19 CPR (4th) 67, (2002) CBD 1, (2002) CarswellNat 2381, (2002-03-15) <http://www.cb-cda.gc.ca/decisions/m15032002-b.pdf> (CopBd) (footnotes omitted)

Both a performing rights collective society and a neighbour rights collective society filed a proposed statement of royalties which included a proposed tariff targeting digital pay audio ("DPA") services. A number of parties objected to the proposed tariff and two DPA service providers, two groups of distribution undertakings, two direct-to-home ("DTH") satellite companies and representatives of cable system operators participated in proceedings before the Copyright Board to resolve the objections.

The two DPA service providers commenced operation in Canada in 1997. The services were offered at no extra cost to digital cable subscribers and as part of basic packages to DTH subscribers. DPA offered premium music services exclusively with no advertisements and no on-air talent. Direct-to-home satellite services have achieved explosive growth in the penetration in Canada with the result that DPR service providers have enjoyed substantial profit margins.

The collective societies proposed a tariff rate of between 30 and 40 per cent of a distribution undertaking's affiliation payments to a DPA service provider. The objectors proposed a rate between 3 and 5 per cent based on current commercial radio tariffs.

Held, the tariffs should be certified in accordance with the findings of the board.

None of the comparisons with other tariffs proposed by the parties was clearly preferable to any other. The comparisons were sufficiently weak to make the use of one or a combination highly problematic. DPA did not compete with, nor was it a substitute for, commercial radio. As a result, there were no useful proxies available to the board to use in settling the amount of the proposed tariffs. In such cases, tariff setting involves looking at the characteristics of the industry and trying to figure out what makes sense at the time. The role of the board in so doing is to balance the competing interests of copyright owners and users.

The board set the tariff in four steps. First, the board looked at the relative value of the repertoires. All things being equal, composers represented by the performing rights society should receive the same amount as performers and makers of sound recordings represented by the neighbouring rights society. Secondly, the range of (page68) the proposed tariffs was set by doubling the performing rights society's commercial radio tariff to 6.4 per cent of gross revenues adjusted for the greater music use and differences in business models. The application of these factors increased the bottom end of the range to between 15 to 20 per cent. The top of the range was set at 30 per cent by providing a discount to the higher figures advanced by the collective societies. Thirdly, certain factors tended to favour a higher part of the range while other factors tended to favour the lower part of the range. Factors favouring the higher part were that distribution undertakings found DPA valuable in providing a competitive edge over cable, rights holders were entitled to receive additional benefits from new use of their repertoire, the availability of the repertoire enabled DPA to achieve efficiencies, although DPA was a startup industry it would not remain so for long, and finally, DPA provided foreground rather than background services. Factors favouring the lower part of the range were that DPA was a new business, collectives were not entitled to appropriate all of the efficiencies achieved by using their repertoires, and there must be some room left for other copyrights including the value of the reproduction right. The fourth step was to

select a rate to be adjusted by the eligible repertoire. As the factors favouring the higher part of the range were more important than those favouring the lower part, 26 per cent was selected as the starting point for the royalty. The rate was adjusted to reflect that 5 per cent of the music used by DPA was public domain and that only 45 per cent of sound recordings used were eligible to share in the remuneration. Applying in addition a discount of 10 per cent for the rights holders to share in the risk factor associated with DPA as a new industry, the royalty was set at 16.38 per cent of the amount paid by distribution undertakings, being 11.115 per cent for the performing rights society and 5.265 per cent for the neighbouring rights society.

The ambit of the tariff was to target all pay audio services including those converted into an analogue FM signal. A single tariff applicable to the two collective societies was set. As each collective society could seek payment from either the distribution undertaking or the DPA, the certified tariff did not target one or the other for payment.

At most, there are a variety of marginally relevant indicators, all of which nevertheless serve to establish a "comfort zone" within which the Board, given all the circumstances, is able to exercise its discretion in setting the tariff. As counsel to the cable system operators put it, this is a case where tariff making involves looking at the characteristics of the industry and trying to figure out what makes sense at the time. In doing so, the Board will keep in mind its *raison d'être* which, contrary to what counsel to the DPA service providers stated, is not so much to supervise the rates charged by SOCAN's members as to balance the competing interests of copyright owners and users. (at page 77 CPR.)

(...)

Under the circumstances, the Board intends to set the tariff in four steps. First, it decides on the relative value of the repertoires. This is necessary to the second step, which establishes the range within which a reasonable rate might be found, using the tools made available in the proceedings. Third, the Board will identify the factors which, in its view, tend to push the rate higher or lower within that range. Fourth, it will select a figure, to be adjusted to account for the eligible repertoires. (at pp. 67-68 CPR.)

(...)

For reasons outlined in earlier decisions, the Board finds that all things being equal, authors and composers should get the same as performers and makers. Furthermore, the private copying tariff, being paid on account of the reproduction right, should not be used in the context of pricing the telecommunication right. This being said, the non-exclusive character of remuneration rights is not a reason for discounting the remuneration. By denying to rights holders who are entitled to remuneration the ability to withhold the use of their property, Parliament only wished to guarantee access to the repertoire. Nothing indicates that Parliament thought the price should be less as a result. (at p. 78 CPR.)

(...)

From a legal perspective, when a published sound recording of a musical work is communicated to the public by telecommunication, the rights administered by SOCAN are quite different from those administered by NRCC. When acting individually, (Authors and composers can decide not to administer their rights collectively; that option is not open to performers and makers) authors and composers can control or even prohibit that telecommunication. Performers and makers are only entitled to receive equitable remuneration through a collective society. Still, when the rights over musical works are administered collectively, and for so long as users pay royalties set by the Board, SOCAN and NRCC are, for all practical purposes, in the same situation. Indeed, a single set of provisions

sets out how both collectives obtain a certified tariff. (See Sections 67 to 68.2 of the Act.) (at p. 85 CPR.)

Statement of Royalties for Educational Rights 1999-2002

(2002-10-15) <http://www.cb-cda.gc.ca/decisions/e25102002-b.pdf> (CopBd)

First, setting the rate at the level proposed by the Education Coalition would defeat the objectives of the regime. Its main object is to provide access to programs that educational institutions find valuable and that are not readily accessible currently. It is meant to allow access to more programming, not less. The regime was not set up to allow institutions to lower their cost of accessing programming, nor to reduce the income of rights holders. As a result, and under the current conditions, the tariff must coexist with the existing distribution market, and not act as a substitute for it. (at p. 5)

A tariff that threatens existing markets also seems to run against the reasons which generally lead Parliament to ask the Board to play a role in a market. When the Board is asked to intervene, it generally is to address market failures, not to bring failure to properly functioning markets. The Board's role is not to protect the existing market, but to provide educational institutions with reasonable access to educational programming at a reasonable price. If the existing market became inefficient or uncompetitive, a tariff set at a reasonable rate would (rightly) force the market into a new discipline or lead to its demise. In the same vein, if a competing distribution model 8 succeeded in bringing down the educational institutions' cost of purchasing programming, that would probably have a direct impact on the rate of the tariff. (at p. 6)

It assumes that institutions will substitute the taping of broadcast programs for the purchase of prerecorded videos, when the object of the regime is not to offer a substitute to the existing market but to complement it. (at p. 11)

Though rates set in foreign jurisdictions for similar uses may serve as a reality check, to establish a Canadian rate solely on the basis of one or more existing foreign rates raises too many difficulties. (at p. 10)

Second, the "legal certainty" that the Education Coalition seeks from the Board already exists. First, the *Act* sets out what triggers the payment of royalties set out in a tariff certified by the Board and what does not. Otherwise, the institution can make copies and use them for free as long as it complies with the *Act* and any regulations. Second, reporting requirements can be imposed only through regulations. Reporting regulations came into force on August 31, 2001, and were not retroactive. Therefore, institutions cannot be forced to report on the making or use of copies before that date. (at p. 18)

The Board does not find it necessary to provide a discount for copies made between September 1, 2001 and the date on which the tariff is certified. No incentive is needed to ensure that information is reported, since the duty to report is set by regulation as is independent of any tariff being in place. (at p. 20)

Sunarc Structures Inc. v. Nelson (2002), JE 2003-585, (2002) CarswellQue 3172, <http://www.jugements.qc.ca/cs/200212fr.html> (QueSupCt; 2002-11-12) Wéry J.

16. ISSUES a mandatory injunction ordering Defendant to cancel and withdraw from circulation and to deliver to Plaintiff in continuance of suit, LITWIN BOYADJIAN INC., all infringing copies and reproductions which embody in any substantial form whatsoever the SUNARC's work entitled "transparent solar structure photographs", including but not limited to, any and all negatives and photographs in any material shape or form and, without limitation, including those reproduced and displayed on the websites www.solarroof.com and www.building.com;

Tai Foong International Ltd. v. Maison Sami T.A. Fruits Inc.

(2002), (2002) CarswellQue 1232, (2002) QJ 334, (2002) R.J.Q. 1438, JE 2002-1088, (2002-02-05) (QueSupCt) Mongeon J.

Résumé

Requête en injonction interlocutoire. Rejetée. Requête en annulation d'une ordonnance de sauvegarde et en annulation d'une saisie avant jugement. Accueillie.

La requérante, Tai Foong International Ltd., distribue aux détaillants et aux restaurants des produits alimentaires, dont du riz blanc parfumé provenant de Thaïlande sous la marque de commerce «Ox Head». Cette marque a été enregistrée en 1997. Son logo est constitué d'un cercle à l'intérieur duquel se trouve une tête de boeuf flanquée de deux crevettes. Elle prétend que les éléments faisant partie de sa marque de commerce sont uniques et distinctifs et qu'ils contribuent à identifier facilement les produits qu'elle vend. Foong soutient que l'emballage utilisé par l'intimée, la Maison Sami T.A. Fruits inc., pour approvisionner ses clients en denrées périssables et autres marchandises violerait sa marque de commerce. En effet, elle utiliserait pour la vente de riz blanc parfumé un emballage comportant d'importantes similitudes avec celui utilisé par Foong, de sorte que, en plus de créer de la confusion (art. 6 de la Loi sur les marques de commerce), elle aurait commis un délit de substitution (art. 7). Le logo de Sami est constitué d'une tête de truite dessinée dans un cercle et flanquée de deux crevettes. Foong a fait saisir 92 tonnes de riz blanc parfumé importées par Sami et dont la valeur est estimée à environ 175 000 \$. En plus de s'opposer à la présente requête, Sami réclame l'annulation de cette saisie avant jugement.

Décision

Le sac utilisé par Sami comporte un logo qui est six fois plus gros que celui de Foong. À l'instar de l'emballage utilisé par cette dernière, on y indique clairement le nom de l'entreprise de distribution. En outre, les dessins qui y figurent sont très différents. Même s'ils présentent de nombreuses similitudes, les deux sacs comportent donc d'importantes différences. D'ailleurs, les sacs utilisés par les autres compétiteurs des parties présentent certaines de ces similitudes: ils sont tous faits du même matériau et ont à peu près les mêmes couleurs, ils possèdent des poignées rouges et leurs logos illustrent un animal dans un cercle. De plus, Sami a démontré que les différences entre les deux emballages sont assez importantes pour qu'un consommateur exige le riz contenu dans un certain emballage plutôt qu'un autre. Le fait d'invoquer l'enregistrement d'une marque de commerce ne constitue pas une preuve prima facie qu'il existe une confusion entre les emballages utilisés par les parties. On ne peut donc conclure à la confusion ou encore au risque de confusion entre les deux marques de commerce au sens de l'article 6 de la Loi sur les marques de commerce. D'autre part, Foong n'a présenté aucun élément susceptible de prouver la perte de profit qu'elle aurait pu subir. Même s'il s'agit d'une question relative au droit des marques de commerce, les critères établis dans les affaires Société de développement de la Baie James c. Kanatewat, (1975) C.A. 166, et Procureur général du Manitoba c. Metropolitan Stores Ltd., (1987) 1 R.C.S. 110 (J.E. 87-396

et D.T.E. 87T-322), doivent être remplis. Or, la prépondérance des inconvénients penche en faveur de Sami, qui pourrait subir un préjudice important si la requête en injonction interlocutoire était accueillie. Les conséquences pour son entreprise sont extrêmement sérieuses puisqu'elle ne peut avoir accès à la marchandise qui a été saisie et dont elle doit supporter le coût d'entreposage. En outre, la preuve qu'elle a présentée quant à l'absence de confusion ou de risque de confusion n'a pas été contredite par Foong. Enfin, les allégations de l'affidavit fourni à l'appui de cette saisie avant jugement sont insuffisantes pour justifier une telle mesure. D'une part, aucune disposition de la Loi sur les marques de commerce ne permet à Foong de prétendre à un droit de propriété dans cette marchandise. D'autre part, seuls les sacs le contenant pourraient faire l'objet d'une procédure en vertu de l'article 38 de la Loi sur le droit d'auteur si l'on en venait à la conclusion qu'il s'agit d'oeuvres. Au surplus, Foong devait démontrer en quoi les emballages de Sami constituaient une contrefaçon de ses propres sacs. Or, elle ne s'est pas non plus déchargée de ce fardeau. En conséquence, la requête en injonction interlocutoire sera rejetée et la saisie avant jugement, annulée.

(100) Consequently, it is clear that only the rice bags could be the subject-matter of the exercise of a right under section 38 of the *Copyright Act* (and not the rice itself).

(105) A demonstration that one "work" is a "colourable imitation" of another necessitates the application of a much narrower test than the test of confusion or likelihood of confusion required under the *Trade Mark Act* to conclude that a trade mark infringes upon another. Having been unable to establish a strong prima facie case of trade mark infringement, Tai Foong falls short of establishing that there is here a colourable imitation amounting to a copyright infringement giving rise to the application of section 38 of the *Copyright Act*.

(106) A colourable imitation, by opposition to a copy, is a reproduction to which changes have been made but conserving enough so a reader or one observer would believe that the imitation is in fact the original. In the present instance, a comparison of the two bags, the two logos and the two get-ups have not shown enough elements of similarity to enable the Court to conclude to confusion or likelihood of confusion based upon the evidence presented. It would necessarily follow that without a strong finding of confusion or likelihood of confusion, there cannot be, on the same evidential basis, a finding of copyright infringement.

Théberge v. Galerie d'Art du Petit Champlain inc.

(2002), 17 CPR (4th) 161, (2002) SCJ 32, (2002) ASC 32, (2002) CarswellQue 306, 2002 CarswellQue 307, 23 BLR (3d) 1, 285 NR 267, 210 DLR (4th) 385, JE 2002-625, 2002 SCC 34, (2002-03-28), <http://www.lexum.umontreal.ca/csc-scc/en/rec/html/laroche.en.html>, in French at <http://www.lexum.umontreal.ca/csc-scc/fr/rec/html/laroche.fr.html> and at <http://www.canlii.org/ca/jug/csc/2002/2002csc34.html> (SCC)

Résumé

Pourvoi contre un arrêt de la Cour d'appel du Québec ayant rejeté l'appel d'un jugement de la Cour supérieure du Québec. Accueilli, avec dissidence.

L'intimé, un artiste peintre jouissant d'une réputation internationale enviable, cède par contrat à un éditeur le droit de publier des reproductions, des cartes ainsi que d'autres produits de papeterie représentant certaines de ses oeuvres. Les galeries d'art appelantes achètent de l'éditeur des cartes, photolithographies et affiches représentant différentes oeuvres de l'artiste, pour ensuite en entoiler l'image. L'entoilage est un procédé qui permet de prélever d'une affiche papier imprimée les encres utilisées et de les reporter sur une toile.

Ce procédé laissant l'affiche d'origine blanche, il n'y a pas d'augmentation du nombre total de reproductions. L'intimé intente contre les appelants un recours en injonction, reddition de comptes et dommages-intérêts devant la Cour supérieure du Québec. Il obtient également la délivrance d'un bref de saisie avant jugement, en vertu de l'article 735 du Code de procédure civile (C.P.C.), qui vise tous les entoilages de ses oeuvres, alléguant avoir un droit de propriété présumé sur ces biens en vertu de l'article 38 de la Loi sur le droit d'auteur. L'article 38 (1) de la loi énonce que le titulaire du droit d'auteur peut recouvrer la possession de tous les exemplaires contrefaits d'oeuvres. La «contrefaçon» à l'égard d'une oeuvre est définie à l'article 2 de la loi comme «toute reproduction, y compris l'imitation déguisée, qui a été faite contrairement à la présente loi ou qui a fait l'objet d'un acte contraire à la présente loi». Les appelants demandent la cassation de cette saisie. La Cour supérieure conclut que l'entoilage d'une reproduction papier autorisée n'équivaut pas à contrefaçon au sens de la loi et accorde une mainlevée des saisies. La Cour d'appel, concluant qu'il y a contrefaçon, infirme ce jugement et maintient la saisie avant jugement quant aux entoilages.

Décision

M. le juge Binnie, à l'opinion duquel souscrivent la juge en chef McLachlin et les juges Iacobucci et Major: La Loi sur le droit d'auteur confère à l'intimé à la fois des droits économiques et des droits moraux sur son oeuvre. Les droits économiques sont fondés sur une conception des oeuvres artistiques et littéraires qui les considère essentiellement comme des objets de commerce. Ces droits peuvent être cédés et l'intimé ne peut faire valoir en vertu de la loi que les droits économiques qu'il a conservés. Les droits moraux, qui sont incessibles, traitent l'oeuvre comme un prolongement de la personnalité de l'artiste et lui attribuent une dignité qui mérite d'être protégée. Il n'y a violation de l'intégrité de l'oeuvre que si celle-ci est modifiée d'une manière préjudiciable à l'honneur ou à la réputation de l'auteur. Les droits moraux restreignent de façon permanente l'utilisation que les acheteurs peuvent faire d'une oeuvre une fois que son auteur s'en est départi, mais il faut tenir compte des limites qui constituent une partie essentielle des droits moraux créés par le législateur. Il ne faut pas interpréter les droits économiques en leur attribuant une portée tellement large qu'ils engloberaient les mêmes éléments que les droits moraux, ce qui rendrait inapplicables les limites aux droits moraux imposées par le législateur.

En l'espèce, l'intimé tente de faire valoir un droit moral sous le couvert d'un droit économique et cette tentative doit être repoussée. Les appelants ont acheté des affiches des peintures de l'intimé reproduites légalement et ont utilisé un processus chimique pour détacher la couche d'encre du papier (laissant celui-ci blanc) et pour l'apposer sur une toile. En leur qualité de propriétaires des affiches, ils avaient le droit d'agir ainsi. Il n'y a pas eu de production (ni de reproduction) d'une nouvelle oeuvre artistique ni d'une «partie importante de l'oeuvre, sous une forme matérielle quelconque» au sens de l'article 3 (1) de la loi.

L'image «fixée» dans l'encre sur les affiches n'a pas été reproduite. Elle a été transférée d'un support à un autre. Une interprétation large des droits économiques selon laquelle la substitution d'un support à un autre constitue une nouvelle «reproduction» qui porte atteinte aux droits du titulaire du droit d'auteur même si le résultat n'est pas préjudiciable à sa réputation fait trop pencher la balance en faveur du titulaire du droit d'auteur et ne reconnaît pas suffisamment les droits de propriété des appelants sur les affiches qu'ils ont achetées.

Il faut garder à l'esprit la portée historique de la notion de «reproduction» figurant dans la Loi sur le droit d'auteur. La «reproduction» est généralement définie comme l'action de produire des copies supplémentaires ou nouvelles de l'oeuvre sous une forme matérielle quelconque. Bien que la loi reconnaisse que l'évolution technologique permet maintenant la reproduction de l'expression par de nouveaux moyens, l'évolution importante des concepts juridiques dans

le domaine du droit d'auteur n'entre pas en jeu, compte tenu des faits. Il y a eu en l'occurrence transfert littéral matériel et mécanique sans multiplication.

L'existence dans la loi de régimes distincts couvrant les droits économiques, d'une part, et les droits moraux, d'autre part, dénote l'intention d'établir une distinction et une séparation claires. En ce qui a trait aux recours, le législateur a voulu que la modification sans reproduction soit régie par les dispositions portant sur les droits moraux plutôt que par celles portant sur les droits économiques. Adopter une opinion contraire permettrait à un artiste qui s'oppose à une modification de la reproduction autorisée de se soustraire à l'exigence importante de prouver le préjudice causé à son honneur ou à sa réputation pour établir que ses droits moraux ont été violés.

L'intimé ne répondant pas aux critères d'application de l'article 38 de la loi, l'article 734 C.P.C. ne lui permettait pas d'obtenir la saisie des exemplaires des appelants. Il serait plus juste de considérer la véritable plainte de l'intimé comme visant l'atteinte présumée à ses droits «moraux» et l'effet potentiel de cette atteinte sur le marché de ses oeuvres. L'artiste ou l'auteur qui allègue la violation d'un droit moral ne peut pas recourir à la saisie avant jugement permise par l'article 734. L'évaluation d'une violation potentielle des droits moraux fait grandement appel à l'exercice du jugement. La déformation, la mutilation ou la modification d'une oeuvre ne peut donner lieu à une poursuite que si elle est faite «d'une manière préjudiciable à l'honneur ou à la réputation de l'auteur». L'artiste ou l'auteur ne doit pas devenir juge de sa propre cause en ces matières et il est tout à fait compréhensible que le législateur insiste sur la tenue d'un examen judiciaire préalable à toute saisie fondée sur une allégation de violation des droits moraux. Il appartiendra au juge de première instance de déterminer si la preuve plus complète produite au procès démontre l'existence d'une violation des droits économiques ou des droits moraux. À ce stade-ci, il nous suffit de conclure que le dossier interlocutoire ne justifiait pas la saisie avant jugement.

M. le juge Gonthier, dissident, à l'opinion duquel souscrivent les juges L'Heureux-Dubé et LeBel: La Loi sur le droit d'auteur pourvoit à la fois à la protection du droit d'auteur (copyright) et des droits moraux de l'auteur. Le droit d'auteur protège contre l'appropriation et la dissémination illicites de l'expression créative. C'est un droit de nature patrimoniale qui peut faire l'objet d'une cession. L'objet du droit d'auteur est un droit sur l'oeuvre et non un droit personnel. L'élément-clé est l'oeuvre incluant son support matériel, et non l'idée de l'oeuvre. Pour leur part, les droits moraux s'attachent principalement à la protection de l'intégrité et de la paternité de l'oeuvre, celle-ci étant alors considérée comme une extension de la personnalité de l'auteur. Il s'agit donc de droits extra-patrimoniaux, par définition incessibles. Les notions de droits moraux sont inapplicables aux faits de la présente affaire.

En l'espèce, les appelants ont illégalement procédé à la reproduction des oeuvres de l'intimé sous une forme matérielle quelconque en violation de l'article 3 (1) de la loi. Pour qu'une oeuvre soit reproduite, il n'est pas nécessaire de démontrer une augmentation du nombre total de copies de celle-ci. Le législateur n'a pas uniquement protégé le droit de reproduire la totalité de l'oeuvre, mais également une partie importante de celle-ci. Il faut donc tenir compte non pas uniquement de l'aspect quantitatif, mais également de l'aspect qualitatif. Une analyse restrictive uniquement basée sur la multiplication de l'oeuvre ne saurait lui octroyer la protection nécessaire et ignorerait le concept de «partie importante de l'oeuvre» qui se trouve protégée par l'article 3 (1).

La notion d'«oeuvre» renvoie à toute forme d'expression matérialisée et originale. La fixation à un support matériel constitue une condition sine qua non de la production d'une oeuvre. Ainsi, «produire» une oeuvre fait référence à une première matérialisation et la «reproduire» à toute fixation matérielle ultérieure qui s'inspire (au sens causal) de la première fixation. La

fixation à un nouveau support matériel constitue donc l'élément fondamental de l'acte de «reproduire (...) sous une forme matérielle quelconque» ce qui existait déjà sous une première forme matérielle. Un tel comportement relève du plagiat et constitue une violation des droits d'auteur trouvés à l'article 3 (1).

Il est important de distinguer entre le support matériel protégé par l'article 3 (1) de la loi et qui est inextricablement lié à l'oeuvre, et la notion de «structure» qui se retrouve à l'article 28.2 (3) de la loi. Une modification du support matériel est prohibée par l'article 3 (1) de la loi, tandis que la modification d'une structure qui contient l'oeuvre sera prohibée par l'article 28.2 (3) si l'auteur démontre que la nouvelle structure porte préjudice à l'intégrité de son oeuvre.

La loi prévoit la possibilité pour le titulaire du droit d'auteur de disposer de son droit en totalité ou en partie, conservant alors le reliquat des droits exclusifs de reproduction qu'il n'a pas cédés. L'intimé a autorisé de façon très détaillée la reproduction de ses oeuvres par ses éditeurs. Le contrat entre l'intimé et ses éditeurs doit s'interpréter selon les directives générales offertes aux articles 1425 à 1432 du Code civil du Québec. L'intimé n'a jamais eu l'intention de céder la totalité de son droit de reproduire les oeuvres visées sous une forme matérielle quelconque. Une interprétation de l'ensemble des dispositions contractuelles montre que le droit conféré se limite à la seule reproduction sur produits papier, excluant par le fait même la reproduction sous toute autre forme matérielle, dont l'apposition d'une image représentant une oeuvre de l'intimé sur une toile. L'utilisation de l'expression «autres produits de papeterie» laisse croire que les produits expressément autorisés sont également des produits de papeterie. La possibilité d'encadrer, laminer ou regrouper le produit avec d'autres indique également que le produit en est un de papeterie, le support autorisé ne subissant pas de modification matérielle et demeurant du papier. Les droits cédés par contrat n'incluent certainement pas la possibilité de dénaturer le produit autorisé en changeant le support.

En limitant expressément les droits cédés à des reproductions de ses oeuvres sur support papier, l'intimé a donc conservé tous ses droits de reproduction sur quelque autre support que ce soit. En entoilant des affiches papier des oeuvres de l'intimé, les appelants ont bel et bien reproduit les oeuvres de l'intimé ou une partie importante de celles-ci sous une forme matérielle quelconque en contravention de l'article 3(1) de la loi. L'absence de consentement de l'intimé fait en sorte que son droit d'auteur a été violé. Les appelants se sont ainsi adonnés à des actes de contrefaçon et l'intimé était en droit de saisir les entoilages conformément aux dispositions des articles 734 (1) C.P.C. et 38 (1) de la Loi sur le droit d'auteur.

The respondent, a painter who enjoys a well-established international reputation, assigned by contract the right to publish reproductions, cards and other stationery products representing certain of his works to a publisher. The appellant art galleries purchased cards, photolithographs and posters embodying various of the artist's works from the publisher, and then transferred the image to canvas. The process in issue here involves lifting the ink that was used in printing a paper poster and transferring it onto a canvas. Since this process leaves the poster blank, there is no increase in the total number of reproductions. The respondent applied for an injunction, accounting, and damages against the appellants in the Quebec Superior Court. He also obtained a writ of seizure before judgment, under art. 735 of the *Code of Civil Procedure (C.c.p.)*, with respect to all of the canvas-backed reproductions embodying his works, claiming to have a deemed right of ownership in those items under s. 38(1) of the *Copyright Act (C.A.)*. Section 38(1) C.A. provides that the owner of the copyright in a work may recover possession of all infringing copies of that work. "Infringing", in relation to a work, is defined in s. 2 C.A. as "any copy, including any colourable copy, made

or dealt with in contravention of this Act". The appellants applied to have the seizure quashed. The Superior Court concluded that transferring an authorized paper reproduction onto canvas did not amount to infringement within the meaning of the C.A., and ordered that the seizure be quashed. The Court of Appeal, finding that there had been infringement, set aside that decision and uphold the seizure before judgment with respect to the canvas-backed reproductions.

Held (L'Heureux-Dubé, Gonthier and LeBel JJ. dissenting): The appeal should be allowed. The order of the motions judge setting aside the seizure and ordering that the seized goods be returned to the appellants should be restored.

Per McLachlin C.J. and Iacobucci, Major and **Binnie** JJ.: The *Copyright Act* provides the respondent with both economic and moral rights to his work. The economic rights are based on a conception of artistic and literary works essentially as articles of commerce. Such rights can be assigned and the respondent can only assert under the Act the economic rights he has retained. Moral rights, which are not assignable, treat the *oeuvre* as an extension of the artist's personality, possessing a dignity which is deserving of protection. The integrity of the work is infringed only if the work is modified to the prejudice of the honour or reputation of the author. Moral rights act as a continuing restraint on what purchasers can do with a work once it passes from the author, but respect must be given to the limitations that are an essential part of the moral rights created by Parliament. Economic rights should not be read so broadly that they cover the same ground as the moral rights, making inoperative the limits Parliament has imposed on moral rights.

In this case, the respondent is asserting a moral right in the guise of an economic right, and the attempt should be rejected. The appellants purchased lawfully reproduced posters of the respondent's paintings and used a chemical process that allowed them to lift the ink layer from the paper (leaving it blank) and to display it on canvas. They were within their rights to do so as owners of the physical posters. There was no production (or reproduction) of a new artistic work "or any substantial part thereof in any material form" within the meaning of s. 3(1) of the *Copyright Act*.

The image "fixed" in ink on the posters was not reproduced. It was transferred from one display to another. An expansive reading of the economic rights whereby substitution of one backing for another constitutes a new "reproduction" that infringes the copyright holder's rights even if the result is not prejudicial to his reputation tilts the balance too far in favour of the copyright holder and insufficiently recognizes the proprietary rights of the appellants in the physical posters which they purchased.

The historical scope of the notion of "reproduction" under the *Copyright Act* should be kept in mind. "Reproduction" has usually been defined as the act of producing additional or new copies of the work in any material form. While the Act recognizes that technologies have evolved by which expression could be reproduced in new ways, the important evolution of legal concepts in the field of copyright is not engaged by the facts here. This is a case of literal physical, mechanical transfer in which no multiplication takes place.

The separate structures in the Act to cover economic rights and moral rights show that a clear distinction and separation was intended. In terms of remedies, Parliament intended modification without reproduction to be dealt with under the provisions dealing with moral rights rather than economic rights. A contrary view would allow an artist who objected to a "modification" of an authorized reproduction to sidestep the important requirement of showing prejudice to honour or reputation in order to establish an infringement of moral rights.

Since the respondent has not brought himself within s. 38 of the *Copyright Act*, he had no authority to obtain a seizure of the appellants' copies under art. 734 *C.c.p.* The respondent's real complaint is more properly characterized as the alleged infringement of his "moral" rights and its potential impact on the market for his works. An art. 734 seizure before judgment is not available to an artist or author who relies on the alleged infringement of a moral right. The evaluation of a potential breach of moral rights calls for the exercise of a good deal of judgment. A distortion, mutilation or modification of a work is only actionable if it is to "the prejudice of the honour or reputation of the author". The artist or writer should not become the judge in his own cause on such matters and it is therefore entirely understandable that Parliament should insist on prior judicial review before any seizure takes place based on an assertion of violation of moral rights. Whether a fuller record adduced at trial will demonstrate a breach of economic rights or moral rights will be for the trial judge to determine. At this stage, we need to decide only that the interlocutory record did not justify the seizure before judgment.

Per L'Heureux-Dubé, **Gonthier** and LeBel JJ. (dissenting): The C.A. provides protection for both copyright and the author's moral rights. Copyright protects against the unlawful appropriation and distribution of creative expression. It is a patrimonial right that may be assigned. The subject-matter of copyright is a right in the work and not a personal right. The key factor is the work, including its material support, and not the idea expressed by the work. Moral rights are concerned primarily with protecting the integrity and paternity of the work, which is then regarded as an extension of the author's personality. These are extra-patrimonial rights, which, by definition, are not assignable. The concepts of moral rights are inapplicable to the facts of this case.

In this case the appellants unlawfully reproduced the respondent's works in a material form in breach of s. 3(1) C.A. In order for a work to be reproduced, there is no requirement to establish that there has been an increase in the total number of copies of the work. Parliament did not protect the right only to reproduce the work as a whole but also to reproduce a substantial part of the work. It is therefore necessary to consider not only the quantitative aspect, but also the qualitative aspect. A restrictive analysis based solely on multiplication of the work could not provide the work with the necessary protection and would ignore the concept of "substantial part thereof", which is protected by s. 3(1).

The concept of "work" refers to any materialized and original form of expression. Fixation of the work in a medium is a condition *sine qua non* of the production of a work. Therefore, "producing" a work refers to the initial materialization and "reproducing" it refers to any subsequent material fixation that is modelled (in the causal sense) on its first fixation. Fixation of the work in a new medium is therefore the fundamental element of the act of "reproduc(ing) . . . in any material form whatever" what already existed in a first, original material form. That type of conduct amounts to plagiarism and constitutes an infringement of copyright under s. 3(1) C.A.

It is important to distinguish between the medium, which is protected by s. 3(1) C.A. and is inextricably connected to the work, and the concept of "structure" in s. 28.2(3) C.A. A change to the medium is prohibited by s. 3(1) C.A., while a change to a physical structure containing the work will be prohibited by s. 28.2(3) if the author establishes that the new physical structure causes prejudice to the integrity of his or her work.

The C.A. provides that a copyright owner may dispose of his or her right, either wholly or partially, retaining the residue of the sole reproduction rights that were not assigned. The respondent had given his publishers very detailed authorization for the reproduction of his works. The contract between the respondent and his publishers must be interpreted in

accordance with the general requirements of arts. 1425 to 1432 of the *Civil Code of Québec*. The respondent never intended to assign in full his right to reproduce the works in question in any material form whatever. The contractual provisions, when construed as a whole, show that the right conferred is limited solely to reproduction on paper products, thereby excluding reproduction in any other material form, including affixing an image representing the respondent's work onto a canvas. The use of the expression "other stationery products" implies that the products that are expressly authorized are also stationery products. The fact that the product may be framed, laminated or combined with other products also suggests that the product is in fact a stationery product, as the authorized medium is not physically altered and is still paper. The rights assigned by contract certainly do not include the ability to alter the authorized product by changing its medium.

By expressly confining the rights that were assigned to producing reproductions of his works on paper, the respondent therefore retained all his rights to produce reproductions on any other medium whatsoever. By transferring posters of the respondent's works onto canvas, the appellants did in fact reproduce the respondent's works or a substantial part thereof in any material form whatever, contrary to s. 3(1) C.A. The fact that the respondent did not consent means that his copyright was infringed. The appellants had therefore engaged in infringement and the respondent was entitled to seize the canvas-backed reproductions under art. 734(1) C.C.P. and s. 38(1) C.A.

Trawlercat Marine Inc. v. Folden

(2002), **22 CPR (4th) 514**, (2002) FCJ 1601, (2002) CarswellNat 3289, 2002 FCT 1181, (2002-11-13) <http://decisions.fct-cf.gc.ca/fct/2002/2002fct1181.html> (FCTD) Hargrave, Prothonotary

The individual defendant gave the individual plaintiff a deposit for study copies of plans for a catamaran yacht which the defendant intended to have built by a third party. The defendant submitted plans for a 55-foot catamaran but elected not to proceed with the project after learning that the plaintiff had not made arrangements for the catamaran to be built.

The individual defendant subsequently retained an architect who designed for him a 70-foot catamaran of sleeker design than that shown in the plans for the individual plaintiff. The plaintiff named the catamaran the Amity and had the Amity partially constructed. (page516)

The plaintiffs commenced action for breach of copyright through the use of the plaintiffs' drawings, breach of contract, negligence, fraudulent misrepresentation and other relief. The plaintiffs claimed relief in rem against the Amity and arrested the partially completed catamaran. The plaintiffs alleged that the dispute sounded in rem by reason of s. 22(1) and 22(2)(m) or (n) of the Federal Court Act, R.S.C. 1985, c. F-7.

The defendants brought a motion to strike out the in rem claim and for release of the Amity from arrest.

Held, the motion should be granted.

Section 22(1) of the Federal Court Act grants the court jurisdiction for a claim sought by virtue of Canadian maritime law or other law relating to navigation and shipping. Section 22(2)(m) provides, for greater certainty, that the court has jurisdiction for a claim for the supply of goods, materials or services for the operation or maintenance of a ship. Section 22(2)(n)

provides, for greater certainty, that the court's jurisdiction also includes any claim arising out of a contract relating to the construction of a ship.

Copyright Claim

Section 22(1) of the Federal Court Act is to be broadly construed to give the court jurisdiction over subject matter so integrally connected to maritime matters as to be legitimate Canadian maritime law. The plaintiffs' copyright claim involved plans for a ship neither built nor in existence. The plans were sent to a prospective customer so he might visualize what the ship would look like. The claim did not therefore fall within maritime law or federal jurisdiction in respect of navigation and shipping and was not therefore within the in rem jurisdiction established pursuant to s. 22(1).

Contract Claim

The plaintiffs claimed damages for breach of a contract to enter into a contract to build a vessel. At best this was an in personam claim on which there was nothing in the pleadings to establish a nexus with the Amity. There is no in rem proceeding available in the case of an in personam contract to enter into a contract to build a vessel.

Section 22 Claim

A claim for materials or services supplied to a ship under s. 22(2)(m) of the Federal Court Act is broader than the traditional claim to supply necessities. There are, however, limitations in a claim under s. 22(2)(m). First, the supply must be for the operation or maintenance which is not the case where there are only plans for a non-existing ship. Secondly, the section refers to "the ship" not "a ship". The existence of the ship is essential otherwise there can only be in personam liability.

The claim under s. 22(2)(n) related to the construction of a ship. The best case for the plaintiffs was that there was a contract to enter into a contract for the construction of a vessel. Such a contract did not come within the section. Furthermore, (page 517) the construction contract contemplated by s. 22(2)(n) is one between the shipbuilder and the owner.

Therefore there was nothing pleaded which clothed the court with in rem jurisdiction over the Amity. The in rem claim was struck out and the Amity was released from arrest.

(1) The issues on this motion include whether alleged use of copyright yacht designs might sound in rem. The Defendants contend that there is no applicable in rem jurisdiction in this Court in copyright or otherwise and therefore the (Defendants' ship) Amity must be released from arrest.

(11) While the Federal Court has jurisdiction under section 20 of the Federal Court Rules, 1998, to deal with, among other things, matters of copyright, that jurisdiction must be founded upon applicable federal law and not on the basis of an action in tort or contract, incidental to copyright law. The source of federal law, in the present instance, is said to be the Copyright Act.

(12) In reaching the conclusion that a copyright claim ought not to sound in rem, I have kept in mind that I should interpret section 22(1) of the Federal Court Act broadly. I have also kept in mind that the reference to remedies being sought under or by virtue of Canadian maritime law should not be confined to a traditional or historic approach, but should be interpreted in a modern and relevant context: here seek *Monk Corporation v. Island Fertilizers Ltd.*, (1991) 1 S.C.R. 779 at 795. This approach of broad interpretation allows the Federal Court jurisdiction into subject matter "so integrally connected with maritime matters as to be legitimate Canadian maritime law..." (loc. cit.).

(13) A further difficulty I have with finding jurisdiction within section 22(1) of the Federal Court Act is that the copyright claim involved plans supplied for a ship neither built nor in existence. This is because the claim, involving copyright in a vessel's plans sent to a prospective customer so he might visualize the nature of the vessel, neither falls within the scope of admiralty or maritime law as incorporated into the laws of Canada, nor falls within the federal legislative jurisdiction in respect of navigation and shipping: see for example *Quebec and Ontario Transportation Co. v. The "Incan St. Laurent"* (1979) 104 D.L.R. (3d) 139 at 141 - 142 (F.C.A.), affirmed (1980) 2 S.C.R. 242.

(14) Certainly there have been cases in the Federal Court involving yacht design and here I have in mind, as an example, *Bayliner Marine Corporation v. Doral Boats Ltd.* (1985), 5 C.P.R. (3d) 289 (F.C.T.D.) and (1986), 10 C.P.R. (3d) 289 (F.C.A.). However, Bayliner did not have an in rem aspect. Indeed, I do not see how copyright or industrial design matters might be enforced in rem. In rem jurisdiction depends upon coming within section 22 of the Federal Court Act, enforced in rem as authorized by section 43(2) and as excepted in section 43(3). This leads back to a consideration of whether the claim of the Plaintiffs come within section 22(2), (m) or (n), which I will deal with shortly.

(27) There is nothing pleaded in this action, or explained in the affidavit material, by which the clothe of Federal Court with the necessary in rem jurisdiction to allow the arrest of the Amity. While the in personam aspect of this claim may fall within Federal Court legislative competency, a point not argued on this motion, it is not sufficient, in order to establish in rem jurisdiction, merely for the subject matter to have some connection with a ship.

(30) All of this is not to say that the in personam action might not, to some degree, succeed. Rather, the action shall now proceed purely as an in personam action, with the Amity being released from arrest.

Winkler v. Roy

(2002), 21 **CPR** (4th) 539, (2002) CarswellNat 2421, 222 FTR 161, (2002) FCJ 1258, 2002 FCT 950 (2002-09-12) <http://decisions.fct-cf.gc.ca/fct/2002/2002fct950.html> (FCTD) Gibson J.

Kelley was the author of a number of books including The Black Donnellys and Vengeance of the Black Donnellys (the "Donnelly Books"). By letter agreement in 1968 the author granted to the respondent Saroy Film Productions an option to acquire the sole and exclusive publishing, motion picture and allied rights in the Donnelly Books. Saroy Film Productions exercised its option in 1968 in consideration of a one-time payment to the author. The assignment agreement provided that the assignment to Saroy Film Productions was forever and that no rights granted would revert back to the author.

The respondent Edperbraskan was the successor of Pagurian Press which published the Donnelly Books in the 1970s and which registered copyright in The Black Donnellys in 1974.

In 1992, after Pagurian Press had ceased publishing the Donnelly Books, the respondent Roy, the principal shareholder and director of Saroy Film Productions and a director and officer of three other respondent corporations (collectively the "Roy Respondents"), approached the respondent Firefly Books to publish the books. Firefly Books agreed and commenced publishing the books and from time to time remitted royalties to Saroy Film Productions.

The author died on February 14, 1982. The applicant was the executor under the author's will and the sole surviving named beneficiary in the will. The applicant and subsequently her granddaughter made inquiries of the Roy Respondents as to the arrangements between the author and the Roy Respondents with respect to (page541) copyright in the Donnelly Books. The Roy Respondents stonewalled the inquiries.

In 2000 the applicant registered copyright in the Donnelly Books in her own name, and then both in her own capacity and as executor of the author's estate, commenced an application for, inter alia, a declaration that she was the owner of copyright in the Donnelly Books, that the respondents had infringed the copyright and that the 1974 registration of copyright in *The Black Donnellys* be expunged. The respondent Roy furnished an affidavit in the application annexing the documents constituting the agreement assigning copyright in the Donnelly Books to Saroy Film Productions. The applicant claimed that the agreement was void by reason of ss. 57(3) and 14(1) of the Copyright Act, R.S.C. 1985, c. C-42. Firefly Books pleaded and relied upon the limitation period in s. 41(1) of the Act. The Roy Respondents did not plead the limitation period. The applicant's granddaughter testified that she first became aware of the Firefly Books editions of the Donnelly Books in or shortly before 1999 by which time she had achieved no success to obtain information concerning the Donnelly Books from the Roy Respondents.

Held, the 1974 copyright registration should be expunged and the application should otherwise be dismissed.

Limitation Period

Section 41(1) provides a limitation period of three years in relation to infringement of copyright in a case in which the owner of copyright knew or could reasonably have been expected to know of the infringement at the time it occurred, and in a case in which the applicant did not know and could not reasonably have been expected to know of the infringement of copyright, where proceedings are commenced within three years of when the owner first knew or could reasonably be expected to know of the infringement.

Section 41(2) provides that a court can only apply the limitation period in s. 41(1) in favour of a party who pleads the limitation period. As the Roy Respondents did not plead the limitation period, a limitation defence could not operate in their favour.

On the evidence, as between the applicant and Firefly Books, the applicant had not known or could not reasonably have been expected to have known of infringement of copyright in the Donnelly Books before 1999. Firefly Books could not therefore succeed on grounds that the applicant's claim was barred by the limitation period.

The 1974 Copyright Registration

Section 57(4) provides that the Federal Court may expunge any entry wrongly made or remaining on the Register of Copyrights. Section 53(2) provides that a certificate of registration of copyright is evidence that copyright subsists and that the person registered is the owner of copyright. In this case there was evidence contradicting the presumption in favour of Pagurian Press as the owner of copyright established by the 1974 copyright registration. An order therefore issued to expunge the registration.

Validity of the Assignment of Copyright

Section 57(3) provides that an assignment of copyright is void against a subsequent assignee for valuable consideration who takes the assignment without actual (page542) notice of the prior assignment, unless the prior assignment is registered before registration of the

subsequent assignment. Although on the death of the author the applicant had no notice of the copyright assignment in favour of Saroy Film Productions, the applicant as sole executor and sole surviving named beneficiary under the author's will, could not be said to be an assignee of copyright. Furthermore, even if the applicant could have been said to be an assignee of copyright under the author's will, the assignment was not considered to be "for valuable consideration". The applicant could not therefore invalidate the copyright assignment on the basis of s. 57(3).

Section 14(1) provides that where an author is the first owner of copyright, no grant of an interest other than by will, will vest in the grantee any rights beyond 25 years from the death of the author and that any agreement entered into by the author as to the disposition of the reversionary interest is void. The applicant's contention that the entire assignment to Saroy Film Productions was void because it purported to affect the reversionary interest was not consistent with the scheme of the Copyright Act. Instead, the assignment would not be operative beyond 25 years from the death of the author. The applicant could not therefore invalidate the copyright assignment on the basis of s. 14(1).

As between the applicant and Saroy Film Productions, the latter was the owner of copyright in the Donnelly Books by assignment.

The Reversionary Interest

To the extent that the assignment purported to assign copyright in relation to the reversionary period, the assignment was void with respect to such period. The reversionary interest in the copyright therefore will devolve on the applicant as the author's executor on February 14, 2007.

Costs

Although the application was only marginally successful, because of the unco-operative attitude of the Roy Respondents the applicant could not be faulted for having brought the application. The applicant was therefore entitled to her costs on the ordinary scale as against the Roy Respondents.

(30) The Roy respondents did not plead the limitation period. In the result, a limitation defence cannot operate in their favour.

(43) Here, I am satisfied that there is evidence to contradict Pagurian's certificate of registration. It was not in dispute before me that Mr. Kelley was the author of The Black Donnellys. The evidence before the Court demonstrates that there may be some doubt whether the late Mr. Kelley, and through him, the applicant, or the Roy respondents, is or are the owners of copyright in The Black Donnellys. But there is no evidence other than the registration in favour of Pagurian Press Limited, and the bald assertion on the introductory pages of the Pagurian edition of The Black Donnellys that is an exhibit to the affidavit of Juliet Fernandes sworn the 26th of October, 2000 to support the certificate.

(54) Counsel for the applicant urged that the underlined words in the closing three (3) lines of subsection 14(1) of the Act must be read as rendering any agreement, otherwise valid under subsection 13(4) of the Act, entirely void where it purports to assign the reversionary interest as described in subsection 14(1). Counsel urged this interpretation on two (2) grounds: first, because if the closing words are not so read, they would be purely duplicative of the earlier words in the subsection that I have emphasized; and secondly, because only such an interpretation accords with the grammatical structure of the closing words.

(55) By contrast, counsel for Firefly urged that subsections 13(4) and 14(1) of the Act must be read together and that the interpretation urged on behalf of the applicant would be entirely inconsistent with the objective of subsection 13(4) and the objectives of the Act, read as a whole.

(56) (...) I am satisfied that the interpretation urged on behalf of the applicant would simply not be consistent with the scheme of the Act as a whole and, more particularly, with the scheme of subsections 13(4) and 14(1) of the Act, read together.

(66) The applicant has been only marginally successful on this application. That being said, she certainly cannot be faulted for having brought the application in light of the completely uncooperative attitude displayed by the Roy respondents who were the only ones in a position to effectively answer the questions that arose in the minds of the applicant and her granddaughter surrounding the ownership of copyright in the Donnelly Books. In the circumstances, an Order for costs on the ordinary scale will go in favour of the applicant against the Roy respondents.

(67) Firefly was equally inconvenienced, was put at risk, and was likely deprived of revenues by reason of the intransigence of the Roy respondents. The Roy respondents having failed to effectively identify their copyright interests in the Donnelly Books to the applicant when asked to do so and to effectively defend their copyright interests when called upon in this proceeding to do so, interests through which Firefly claimed its own interests, Firefly was put to what I assume must be substantial legal expense to defend its interests and, in so doing, to defend the interests of the Roy respondents. In all of the circumstances, an Order will go for costs in favour of Firefly, as against the Roy respondents, taxed, if not otherwise agreed upon, on the basis of the upper end of column V of Tariff B to the Federal Court Rules, 1998.

ROBIC + LAW
+ BUSINESS
+ SCIENCE
+ ART

ROBIC + DROIT
+ AFFAIRES
+ SCIENCES
+ ARTS

