

**THE  
COPYRIGHT  
PENTAGLOGY**

**HOW THE  
SUPREME COURT  
OF CANADA  
SHOOK THE  
FOUNDATIONS OF  
CANADIAN  
COPYRIGHT LAW**

**EDITED BY  
MICHAEL GEIST**





# **The Copyright Pentalogy**



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**How the Supreme Court of Canada  
Shook the Foundations of  
Canadian Copyright Law**



University of Ottawa Press

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## **Contents**

Acknowledgements	<a href="#">i</a>
Introduction by Michael Geist	<a href="#">iii</a>

### **Standard of Review and the Courts**

1. Of Reasonableness, Fairness and the Public Interest: Judicial Review of Copyright Board Decisions in Canada's Copyright Pentalogy – <i>Graham Reynolds</i>	<a href="#">1</a>
2. Courts and Copyright: Some Thoughts on Standard of Review – <i>Paul Daly</i>	<a href="#">47</a>
3. The Context of the Supreme Court's Copyright Cases – <i>Margaret Ann Wilkinson</i>	<a href="#">71</a>

### **Fair Dealing**

4. Fair Use 2.0: The Rebirth of Fair Dealing in Canada – <i>Ariel Katz</i>	<a href="#">93</a>
5. Fairness Found: How Canada Quietly Shifted from Fair Dealing to Fair Use – <i>Michael Geist</i>	<a href="#">157</a>
6. The Arithmetic of Fair Dealing at the Supreme Court of Canada – <i>Giuseppina D'Agostino</i>	<a href="#">187</a>
7. Fair Dealing Practices in the Post-Secondary Education Sector after the Pentalogy – <i>Samuel E. Trosow</i>	<a href="#">213</a>
8. Fairness of Use: Different Journeys – <i>Meera Nair</i>	<a href="#">235</a>

### **Technological Neutrality**

9. Technological Neutrality: (Pre)Serving the Purposes of Copyright Law – <i>Carys J. Craig</i>	<a href="#">271</a>
10. Technological Neutrality in Canadian Copyright Law – <i>Gregory R. Hagen</i>	<a href="#">307</a>

## **Copyright Collective Management**

11. Copyright Royalty Stacking – *Jeremy de Beer* [335](#)
12. The Internet Taxi: Collective Management of Copyright and the Making Available Right, after the Pentalogy  
– *Daniel Gervais* [373](#)

## **The Scope of Copyright**

13. Righting a Right: *Entertainment Software Association v SOCAN* and the Exclusive Rights of Copyright for Works  
– *Elizabeth F. Judge* [403](#)
14. Acknowledging Copyright's Illegitimate Offspring:  
User-Generated Content and Canadian Copyright Law  
– *Teresa Scassa* [431](#)

- Contributors** [455](#)



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*Michael Geist  
Ottawa, Ontario  
February 2013*

# Introduction

Copyright cases typically reach the Supreme Court of Canada (the Court) only once every few years, ensuring that each case is carefully parsed and analyzed. On 12 July 2012, the Court issued rulings on five copyright cases in a single day, an unprecedented tally that shook the very foundations of copyright law in Canada. In fact, with the decisions coming just weeks after the Canadian government passed long-awaited copyright reform legislation, Canadian copyright law experienced a seismic shift that will take years to sort out.

Not surprisingly, the immediate coverage of the Court's decisions, which were quickly dubbed the "copyright pentalogy," focused on the specific outcomes for the litigants, including wins for Bell and computer giant Apple (no fees for song previews on services such as iTunes),<sup>1</sup> the entertainment software industry (no additional payment for music included in downloaded video games),<sup>2</sup> and the education community (copying materials for instructional purposes may qualify as fair dealing).<sup>3</sup>

Yet it took little time for the Canadian copyright community to begin to debate the larger implications of the decisions. Several issues quickly came to the fore. First, the cases provided an unequivocal affirmation that copyright exceptions such as fair dealing should be treated as users' rights. The Court first raised the notion of balancing creator rights and user rights in 2004. Publisher and creator groups had urged the Court to retreat from its user rights approach, claiming it was merely a metaphor, yet the Court used these cases to re-emphasize the importance of users' rights. The user rights analysis affects virtually all copyright cases, forcing all courts to ensure that there is a fair balance between the interests of creators and users. Moreover, the users' rights framework has attracted growing attention worldwide, as Canadian copyright law is

increasingly cited as the paradigm example for emphasizing both creator and user rights.

Second, the Court endorsed a technology-neutral approach to copyright law. For example, in striking down the demand for payment for music included in downloaded video games, it noted that there is “no practical difference between buying a durable copy of the work in a store, receiving a copy in the mail, or downloading an identical copy using the Internet.”<sup>4</sup> Instead, it likened the Internet to a “technological taxi” and warned that additional payments for a downloaded copy violated the principle of technological neutrality. It stated that the “principle of technological neutrality requires that, absent evidence of Parliamentary intent to the contrary, we interpret the Copyright Act in a way that avoids imposing an additional layer of protections and fees based solely on the method of delivery of the work to the end user.”<sup>5</sup>

In doing so, the Court effectively embedded a technology-neutral principle into the law that will extend far beyond these particular cases, as future litigants will undoubtedly argue that existing exceptions can be applied to new uses of copyright works to ensure technological neutrality.

Third, the Court continued its expansion of fair dealing by interpreting it in a broad and liberal manner. In *Bell*, where Bell and Apple argued that 30-second song previews could be treated as consumer research and thus qualify for fair dealing, the Court agreed, concluding that “limiting research to creative purposes would also run counter to the ordinary meaning of ‘research’, which can include many activities that do not demand the establishment of new facts or conclusions. It can be piecemeal, informal, exploratory, or confirmatory. It can in fact be undertaken for no purpose except personal interest.”<sup>6</sup>

Similarly, in *Alberta (Education)*, the Court adopted an expansive view of private study (another fair dealing category) by ruling that it could include teacher instruction and that it “should not be understood as requiring users to view copyrighted works in splendid isolation.”<sup>7</sup> The decisions point to a very broad approach to fair dealing that can be used by a wide range of businesses and education groups to make the case that innovative uses of copyrighted materials qualifies as fair dealing and therefore does not require prior permission or compensation.

This book represents an effort by many of Canada’s leading copyright scholars to begin the process of examining the long-term implications of the copyright pentalogy. This is the third such initiative, following on the 2005 book *In the Public Interest: The Future of Canadian Copyright*

*Law*, to respond to the introduction of Bill C-60, and *From “Radical Extremism” to “Balanced Copyright”*: *Canadian Copyright and the Digital Agenda*, which addressed Bill C-32 (later Bill C-11), the 2010 copyright reform bill. The books have brought together many leading Canadian academics who are researching and writing about intellectual property with representatives from universities stretching from Dalhousie on the east coast to Simon Fraser University and the University of British Columbia on the west.

This book followed much the same approach. All contributors from the prior books were invited to participate once again. In addition, new intellectual property scholars were identified and given the opportunity to contribute. This book features fourteen articles on copyright written by independent scholars from coast to coast. The diversity of contributors provides a rich view of the copyright pentalogy, with analysis of the standard of review of copyright decisions, fair dealing, technological neutrality, the implications of the decisions for copyright collective management and the scope of copyright law.

While I am honoured to have again served as editor (and contribute my own work on the shift from fair dealing to fair use in Canada), each contributor was granted total freedom to address whatever aspects of the decisions they saw fit. There was no editorial attempt to prescribe a particular outcome or perspective. Indeed, the contributors differ in their views of the decisions and their support for the Court’s analysis and conclusions.

Contributions are grouped into five parts. Part 1 features three chapters on standard of review and the courts. Part 2 examines the fair dealing implications of the copyright pentalogy, with five chapters on the evolution of fair dealing and its likely interpretation in the years ahead. Part 3 contains two chapters on technological neutrality, which the Court established as a foundational principle of copyright law. Part 4 features two chapters on copyright collective management and its future in the aftermath of the Court’s decisions. The scope of copyright is assessed in Part 5 with two chapters that canvass the exclusive rights under the copyright and the establishment of new “rights” associated with user-generated content.

### *Standard of Review and the Courts*

While the copyright pentalogy may have shaken the foundation of Canadian copyright law, the cases themselves raised important

administrative law questions about the standard of review. With all five cases originating with the Copyright Board of Canada, the interplay between the Copyright Board and Canada's appellate courts is at issue throughout the five cases, with two decisions: *Rogers Communications Inc. v Society of Composers, Authors and Music Publishers of Canada*<sup>8</sup> and *Alberta (Education) v Canadian Copyright Licensing Agency (Access Copyright)*, both specifically discussing standard of review issues.

Graham Reynolds provides a powerful endorsement of the Court's decisions. He argues that by failing to adopt a broad, liberal approach to fair dealing in *Alberta (Education)*, the Copyright Board fell outside the range of acceptable outcomes. Therefore, as a matter of law, it was not open to the Copyright Board to reach the decision it did. Given that conclusion, Reynolds maintains that Abella J applied a reasonableness standard of review in a manner consistent with prior cases.

The implications of Reynolds's chapter extend to future fair dealing cases, as he notes that "one conclusion that we can draw from *Alberta (Education)* is that fairness (in the context of fair dealing) is not as discretionary a concept as it appears to be. *Alberta (Education)* and *Bell* clarify that the purpose of the *Copyright Act* requires a broad, liberal approach to fairness. By implication, then, fairness is not broad and open-ended; rather, it is infused with certain expectations with respect to the way in which it is to be applied (namely, in a large and liberal manner)."

Paul Daly is more critical of the administrative law implications of the decisions, warning that there is a risk of confusion for lower courts. Daly is particularly critical of the Court's refusal to accord deference to the Copyright Board. He argues that the Copyright Board is far more than a rate-setting tribunal. Rather, it is the body "best positioned to identify and develop the underlying principles of the [*Copyright*] Act."

Daly's chapter also considers the administrative law implications of the decisions beyond intellectual property. He notes that lawyers are likely to try to extend the administrative law findings beyond intellectual property and, in so doing, will undermine the principle of deference in administrative law decisions.

Margaret Ann Wilkinson attempts to place the copyright pentalogy within the broader context of the Court's jurisprudence. She notes that copyright has assumed an increasingly important role within the Court's docket, yet there has been relatively little scholarly attention paid to how copyright fits within the larger jurisprudence of the Court.

Wilkinson's study brings together the copyright pentalogy and the five other copyright cases rendered over the past decade: *Théberge* (2002),<sup>9</sup> *CCH* (2004),<sup>10</sup> *the Tariff 22* decision (2004),<sup>11</sup> *Robertson* (2006)<sup>12</sup> and the *Toblerone* decision (2007).<sup>13</sup> Wilkinson traces the judges participating in these decisions, noting that there has been a steady evolution in which judges have participated. Further, there are no discernible patterns among the common and civil law judges. Wilkinson identifies the most active Supreme Court justices on copyright, with Abella J having written or co-written reasons for all but one copyright-related case since she joined the Court in 2004.

### *Fair Dealing*

Given the centrality of fair dealing to the recent decisions, the issue is the most discussed in this book. Led by Abella J, the Court reaffirmed that fair dealing is a user's right that must be interpreted in a broad and liberal manner.

Ariel Katz begins the fair dealing analysis with an exceptional chapter examining the legislative history of the fair dealing provision contained in the 1911 *UK Copyright Act*. Katz discovers that the provision was intended to be flexible, yet for more than a hundred years, courts treated the fair dealing principle in a narrow, restrictive manner.

Katz characterizes the distinction between fair use and fair dealing as a "myth," marshalling evidence culled from the historical record to make the case that the codification of fair dealing in 1911 was not designed to limit its application to the five enumerated purposes included in the statute. Katz's unique history of fair dealing suggests that the Court has not expanded fair dealing, but rather has aligned its treatment of the exception with the historical record.

My substantive contribution covers similar terrain, but without reference to the historical record. I argue that the Court's fair dealing analysis, when coupled with Bill C-11's statutory reforms, may have effectively turned the Canadian fair dealing clause into a fair use provision. The Court's emphasis on the need for balance between creators' rights and users' rights laid the foundation for a shift away from a two-stage fair dealing test toward a single analysis based on fairness of the use of a copyrighted work. By elevating fair dealing to a user's right, it made little sense for the law to premise the exercise of those rights on fitting within a small number of narrowly defined purposes.

While Canadian copyright law still involves the two-stage analysis, the first stage has become so easy to meet that Canada appears to be inching closer to fair use. Indeed, the breadth of the fair dealing purposes is now so wide—eight purposes covering most imaginable uses—that future Canadian fair dealing analyses are likely to involve only a perfunctory assessment of the first-stage purposes test together with a far more rigorous analysis (what the Court in *Bell* described as “heavy-hitting”) in the second-stage, six-factor assessment.

Giuseppina D’Agostino shifts the fair dealing discussion in her chapter with a critical assessment of the decisions. D’Agostino argues that the Court’s reliance on the six-factor test found in the *CCH* decision has elevated the framework to the level of law. Describing the approach as “six-factor absolutism,” she maintains that rigidity in applying the six-factor test ultimately muddles the state of fair dealing in Canada.

D’Agostino believes the Court’s decisions have created a framework whereby assessing fairness is now a matter of arithmetic, with courts simply adding up the six factors in order to determine whether the proposed use is more or less fair. D’Agostino argues that a more flexible approach is needed, with courts free to reject a one-size-fits-all framework in favour of a more nuanced analysis.

Sam Trosow considers how the decisions will affect fair dealing practices in the post-secondary education sector. Given the heated debates over collective licensing within the education sector, Trosow’s chapter provides a timely look at how the decisions and recent copyright reforms will be implemented at the local level.

Trosow argues that the decisions and statutory reform should alleviate concerns about fair dealing uncertainty that may have previously led to a reluctance among some institutions to rely on fair dealing as a cornerstone of an institutional copyright policy. Nevertheless, he remains somewhat pessimistic, pointing to “the problems of undue risk aversion, overreaching on the part of content owners, and an inadequate understanding of copyright throughout the academy.”

Meera Nair’s comparative analysis of the Canadian and Israeli paths toward fairness of use is the fifth and final chapter in the fair dealing part. Nair points out that the Israeli Supreme Court was seized with concerns related to restrictive copyright even earlier than the Canadian Supreme Court. The Israeli court, facing a legal framework that restricted commercial, satirical uses in 1993, began introducing more flexibility to the



fair dealing provision. Almost fifteen years later, Israeli copyright reform included a fair use provision.

Despite the introduction of a fair use provision, Nair notes that the Canadian jurisprudence on fair dealing features a stronger articulation of users' rights within the framework. By contrast, the Israeli court has been more conservative, yet it has emphasized the importance of transformative uses.

### *Technological Neutrality*

The inclusion of technological neutrality as a foundational principle of Canadian copyright was a landmark aspect of the copyright pentalogy. The message from the Court is clear: copyright law should not stand in the way of technological progress and potentially impede the opportunities for greater access afforded by the Internet through the imposition of additional fees or restrictive rules that create extra user costs. Viewed in this light, technological neutrality as a principle within Canadian copyright may have the same dramatic effects on the law as the articulation of users' rights did in 2004.

Carys Craig opens the technological neutrality part with a critical assessment of the significance of the principle and its potential to guide future development of copyright law and policy in Canada. Craig's chapter examines the various meanings that can be attached to technological neutrality, as a principle of both regulation and statutory interpretation.

Craig offers a strong endorsement of technological neutrality as a guiding principle for Canadian copyright, arguing that its justification can be found in the oft-referenced need for balance in copyright. Her chapter emphasizes the importance of thinking of technological neutrality in a functional sense with the goal of shaping copyright norms that treat technologies in a roughly equivalent fashion in order to preserve the copyright balance in the digital environment.

Greg Hagen's discussion of technological neutrality considers its potential application to contentious copyright policy issues. For example, Hagen argues that the principle of technological neutrality can be used to create new exceptions to the prohibition on circumventing technological protection measures (TPMs, often referred to as "digital locks") and to strike down some prohibitions (which make user rights subject to not circumventing a TPM) on the basis of a conflict with the rule of law.

Hagen notes that anti-circumvention legislation favours incumbents over new market rivals, raising concerns about whether such rules meet the technological neutrality principle articulated by the Court. Indeed, Hagen suggests that courts should be empowered to establish new exceptions to the anti-circumvention rules in order to preserve technological neutrality.

### *Copyright Collective Management*

The complexity of copyright collective management is a recurring theme in debates over whether the Copyright Board of Canada, the *Copyright Act* and industry practice result in multiple payments for use of the same works. Jeremy de Beer describes this as “copyright royalty stacking” in his important chapter that unpacks “the layering of multiple payments for permission—through a certified tariff, collective blanket license or individual contract—to use copyright-protected subject matter.”

The chapter notes there is reason for optimism as the decisions, along with recent copyright reforms, may reduce copyright royalty stacking. While this may result in reduced revenues for copyright management organizations in the short term, the longer-term effects may be more positive, with increased certainty, reduced transaction costs, and a growing market. Creators—whether individually or acting through collective management organizations—would be the net beneficiaries, with more commercial opportunities and innovation in the distribution of creative works.

With copyright collectives involved as parties in all the copyright pentalogy cases, the implications of those decisions are particularly pronounced for the collectives and the future of copyright collective management. Daniel Gervais sharply criticizes the Court’s decisions, which, he says, “can be seen as a frontal assault on collective management of rights.”

Gervais assesses the *ESA*, *Bell* and *Alberta (Education)* decisions, finding each wanting. He maintains that the decisions adopt a binary view of copyright—good vs. bad, control vs. free—when the reality is far more nuanced. Gervais argues that collective management organizations better reflect that nuance and that a system that effectively replaces collective management with fair dealing runs the danger of creating greater uncertainty and lost revenues for creators.

## *The Scope of Copyright*

While the public's attention in *ESA* was focused primarily on duelling references to “technological taxis”, Elizabeth Judge notes that the more far-reaching implication of the decision lies in the nature of exclusive rights of copyright for works. At issue are the rights enumerated in section 3(1) of the *Copyright Act* and the more specific rights listed in sections 3(1)(a)-(i). The majority ruled that the three rights defined in 3(1)—reproduction, performance and publication—are exhaustive with the subsection 3(1)(a)-(i) rights illustrative of the general rights. The dissent disagreed, concluding that all rights are distinct.

Judge struggles with the majority's interpretation of the scope of copyright, citing statutory interpretation principles, prior case law, and differing approaches in other jurisdictions. She notes that the subsection rights do not always map neatly onto one of the three general rights. For example, section 3(1)(a) refers to translation, yet its comprehensive coverage extends beyond mere reproduction.

Teresa Scassa links one of the most notable reforms in Bill C-11—the inclusion of a new user-generated content provision—with the Court's decisions. Scassa argues that the statutory and case law developments “signal a new paradigm for copyright law in Canada—one that tolerates a much greater level of interaction with copyright-protected works.”

This extension in the scope of copyright from a user perspective has been criticized by some as an unfair limitation on the rights of copyright owners. Yet Scassa persuasively illustrates how the reforms reflect changes in the way cultural products are created and distributed.



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<sup>1</sup> *Society of Composers, Authors and Music Publishers of Canada v Bell Canada*, 2012 SCC 36, [2012] 2 SCR 326 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9996/index.do>> [Bell].

<sup>2</sup> *Entertainment Software Association v Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 34, [2012] 2 SCR 231 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9994/index.do>> [ESA].

<sup>3</sup> *Alberta (Education) v Canadian Copyright Licensing Agency (Access Copyright)*, 2012 SCC 37, [2012] 2 SCR 345 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9997/index.do>> [Alberta (Education)].

<sup>4</sup> *ESA*, supra note 2 at para 5.

<sup>5</sup> *Ibid* at para 9.

<sup>6</sup> *Bell*, supra note 1 at para 22.

<sup>7</sup> *Alberta (Education)*, supra note 3 at para 27.

<sup>8</sup> *Rogers Communications Inc. v Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 35, [2012] 2 SCR 283 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9995/index.do>> [*Rogers*].

<sup>9</sup> *Théberge v Galerie d'Art du Petit Champlain inc.*, 2002 SCC 34, [2002] 2 SCR 336 <[http://www.lexum.umontreal.ca/cscsc/en/pub/2002/vol2/html/2002scr2\\_0336.html](http://www.lexum.umontreal.ca/cscsc/en/pub/2002/vol2/html/2002scr2_0336.html)>.

<sup>10</sup> *CCH Canadian Ltd. v Law Society of Upper Canada*, 2004 SCC 13, [2004] 1 SCR 339 <[http://www.lexum.umontreal.ca/cscsc/en/pub/2004/vol1/html/2004scr1\\_0339.html](http://www.lexum.umontreal.ca/cscsc/en/pub/2004/vol1/html/2004scr1_0339.html)> [*CCH*].

<sup>11</sup> *Society of Composers, Authors & Music Publishers of Canada v Canadian Association of Internet Providers*, 2004 SCC 45, [2004] 2 SCR 427 <[http://www.lexum.umontreal.ca/cscsc/en/pub/2004/vol2/html/2004scr2\\_0427.html](http://www.lexum.umontreal.ca/cscsc/en/pub/2004/vol2/html/2004scr2_0427.html)> [*SOCAN v CAIP*].

<sup>12</sup> *Robertson v Thomson Corp.*, 2006 SCC 43, [2006] 2 SCR 363 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2317/index.do>>.

<sup>13</sup> *Euro-Excellence Inc. v Kraft Canada Inc.*, 2007 SCC 37, [2007] 3 SCR 20 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2377/index.do>>.



# Of Reasonableness, Fairness and the Public Interest: Judicial Review of Copyright Board Decisions in Canada's Copyright Pentalogy

GRAHAM REYNOLDS

## Introduction<sup>1</sup>

On 12 July 2012, five copyright law decisions were handed down by the Supreme Court of Canada (SCC). These decisions have been referred to (among other names) as the pentalogy (or the copyright pentalogy).<sup>2</sup> One of the more contentious topics addressed in the pentalogy was judicial review of Copyright Board decisions. Two of the five cases dealt with issues relating to judicial review of such decisions.

In one case—*Rogers Communications Inc. v Society of Composers, Authors and Music Publishers of Canada* [*Rogers*]<sup>3</sup>—the SCC addressed the standard of review that ought to apply to questions of law decided by the Copyright Board. Rothstein J, who wrote the reasons for judgment, held that the proper standard was one of correctness. In concurring reasons, Abella J argued that the majority's approach did not give sufficient deference to the Copyright Board. Instead, Abella J advocated for the adoption of a reasonableness standard to be applied to questions of law decided by the Copyright Board.

In a second case—*Alberta (Education) v Canadian Copyright Licensing Agency (Access Copyright)* [*Alberta (Education)*]<sup>4</sup>—the SCC

reviewed the Copyright Board's application of fair dealing to a specific set of facts (an issue which, as I will suggest in Part II.B, is ultimately one of statutory interpretation).<sup>3</sup> *Alberta (Education)* arose in the context of the Copyright Board's review of a proposed tariff applied for by Access Copyright that would apply to the reproduction of works for use in primary and secondary schools in Canada (outside Quebec).<sup>4</sup> One issue of disagreement with respect to this tariff was whether short excerpts from textbooks reproduced by teachers and distributed to students (referred to in the decision as Category 4 copies) met the test for fair dealing.

The Copyright Board determined that Category 4 copies did not meet the test for fair dealing.<sup>5</sup> This decision was appealed to the FCA, which determined that the Copyright Board's reasons with respect to fair dealing were reasonable.<sup>6</sup> The judgment of the FCA was appealed to the SCC. Abella J, who wrote the reasons for judgment in a 5-4 decision (McLachlin CJ and LeBel, Moldaver and Karakatsanis JJ concurring), determined that the Copyright Board's decision with respect to fair dealing was unreasonable.<sup>7</sup> Abella J thus allowed the appeal and remitted the matter to the Copyright Board for reconsideration in accordance with her reasons.<sup>8</sup>

Rothstein J, who wrote dissenting reasons in *Alberta (Education)* (Deschamps, Fish and Cromwell JJ concurring), disagreed with Abella J's conclusion that the Copyright Board's decision was unreasonable. In his dissenting reasons, Rothstein J also implied that Abella J, in reaching her conclusion, did not give adequate deference to the judgment of the Copyright Board; or, said differently, that Abella J, in spite of using the language of reasonableness, inadvertently applied a correctness standard instead of a reasonableness standard.<sup>9</sup>

A pentalogy can be defined as "a combination of five mutually connected parts".<sup>10</sup> Are the five copyright decisions handed down by the SCC on 12 July 2012 mutually connected? Is there a coherent narrative with respect to judicial review of Copyright Board decisions in Canada's copyright pentalogy? If so, what is this narrative? Is it a story of inconsistency and inadvertence, where Abella J advocated for deference in one decision<sup>11</sup> yet did not give adequate deference in another, as suggested by Rothstein J in his dissenting reasons in *Alberta (Education)*? Or is there another story?

In this chapter, I suggest that the story told in the pentalogy is instead the story of the continuing evolution of the SCC's interpretation of the purpose of the *Copyright Act*, a process that began in *Théberge v Galerie d'Art du Petit Champlain inc.* [*Théberge*]<sup>12</sup> and which is ongoing; of the nature of fair dealing and the fairness analysis; and of the relationship between the Copyright Board and reviewing courts.

I will argue that the purpose of the *Copyright Act*, as interpreted by the SCC, is to contribute to the development of a robust public domain. In order to fulfill this purpose, it is necessary for courts and the Copyright Board to adopt a broad, liberal approach to fair dealing. I will suggest that in its decision in *Alberta (Education)*, the Copyright Board interpreted fair dealing in a narrow manner that—to paraphrase the reasons for judgment of Moldaver JA (as he then was) in *Toronto Police Services Board v (Ontario) Information and Privacy Commissioner [Toronto Police Services Board]*—“[failed] to reflect the purpose and spirit of the [*Copyright Act*] and the generous approach to [fair dealing] contemplated by it.”<sup>13</sup> As a result, the outcome reached by the Copyright Board fell outside the range of “possible, acceptable outcomes” (this range being defined as the outcomes that flow from the adoption of an interpretation of fair dealing or an approach to fair dealing that is consistent with the purpose of the *Copyright Act*, as interpreted by the SCC).<sup>14</sup> As a matter of law, it can thus be said that it was not open to the Copyright Board to decide the question in the way that it did.

Based on this argument, Abella J did not incorrectly apply a correctness standard in *Alberta (Education)*. Rather, Abella J applied a reasonableness standard of review in a manner consistent with the way in which reasonableness has been applied in *Dunsmuir v New Brunswick [Dunsmuir]*, in numerous SCC decisions handed down post-*Dunsmuir*, and in several Canadian appellate decisions. As well, based on this argument, Abella J's reasons for judgment in *Alberta (Education)* can be seen as consistent with her concurring reasons in *Rogers*.

How, then, to explain Rothstein J's dissenting reasons in *Alberta (Education)*? One point of divergence between the majority and dissent in *Alberta (Education)* relates to the nature of the fairness requirement (the second step in the fair dealing analysis). Rothstein

J's dissenting reasons can be seen as being grounded in an assumption that fairness is an open-ended discretionary concept; one that is capable of multiple interpretations, none of which are preferable over any other. If fairness is open-ended, then there would be little scope for appellate review on a reasonableness standard. If this were the case, almost any decision of the Copyright Board with respect to fairness, provided it is transparent and intelligible, would fall within the range of "possible, acceptable outcomes which are defensible in respect of the facts and law" (as required by *Dunsmuir*).<sup>15</sup>

However, one conclusion that we can draw from *Alberta (Education)* is that fairness (in the context of fair dealing) is not as discretionary a concept as it appears to be. *Alberta (Education)* and *Bell* clarify that the purpose of the *Copyright Act* requires a broad, liberal approach to fairness. By implication, then, fairness is not broad and open-ended; rather, it is infused with certain expectations with respect to the way in which it is to be applied (namely, in a large and liberal manner).

This chapter will proceed as follows. In Part I, I will briefly discuss the (recent) history of judicial review of decisions of the Copyright Board. In Part II, I will analyze Abella J's reasons for judgment in *Alberta (Education)* in light of Rothstein J's implied suggestion, in his dissenting reasons, that Abella J applied a correctness standard as opposed to a reasonableness standard. In Part III, I will discuss the implications of *Alberta (Education)* for fair dealing (and specifically the fairness analysis), for future Copyright Board decisions, and for the relationship between the Copyright Board and reviewing courts.

## **I: Judicial Review of Copyright Board Decisions<sup>16</sup>**

### **A. Introduction**

In 2008, the SCC handed down its decision in *Dunsmuir*. In this decision, Bastarache J and LeBel J delivered joint reasons for judgment in which they "reassess[ed]" the "approach to be taken in judicial review of decisions of administrative tribunals."<sup>17</sup> Two determinations, made by Bastarache J and LeBel J in their reasons for judgment, are particularly relevant for this chapter. First, they



determined that the existing three standards of review (correctness, patent unreasonableness and reasonableness *simpliciter*) ought to be replaced with two standards—correctness and reasonableness.<sup>18</sup> Second, Bastarache J and LeBel J concluded that “[d]eference will usually result where a tribunal is interpreting its own statute or statutes closely connected to its function, with which it will have particular familiarity”.<sup>19</sup>

One question, following *Dunsmuir*, was the impact that it might have on judicial review of Copyright Board decisions. The Copyright Board is an “independent administrative tribunal”<sup>20</sup> consisting of “not more than five members, including a chairman and a vice-chairman, to be appointed by the Governor in Council.”<sup>21</sup> The chairman of the Copyright Board “must be a judge, either sitting or retired, of a superior, county or district court.”<sup>22</sup> Through this requirement, as noted by the FCA in *Society of Composers, Authors and Music Publishers of Canada v Canadian Assn. of Internet Providers [SOCAN v CAIP (FCA)]*, “[t]he Act...ensures that the Board possesses legal expertise.”<sup>23</sup> Qualifications for the other members of the Copyright Board, including the vice-chairman, are not explicitly set out in the *Copyright Act* (its home statute). While there is no right of appeal from Copyright Board decisions, these decisions are subject to judicial review by the FCA.<sup>24</sup> Would the SCC’s restatement of judicial review principles in *Dunsmuir* impact the standards of review applied to questions of law, questions of mixed fact and law, and findings of fact made or decided by the Copyright Board?

## **B. Standard of Review to Be Applied to Questions of Law Decided by the Copyright Board**

At the time *Dunsmuir* was decided, the leading case addressing the standard of review on questions of law decided by the Copyright Board was the SCC decision in *SOCAN v CAIP*.<sup>25</sup> Binnie J, who delivered the reasons for judgment in *SOCAN v CAIP* (McLachlin CJ and Iacobucci, Major, Bastarache, Binnie, Arbour, Deschamps and Fish JJ concurring<sup>26</sup>) concluded that the standard of review to be applied to questions of law addressed by the Copyright Board is correctness.<sup>27</sup>

This determination was a departure from previous decisions in which questions of law decided by the Copyright Board had been reviewed on a standard of “patent unreasonableness.”<sup>28</sup> This standard had been applied by courts largely on the basis that courts perceived the Copyright Board to be, as noted by Létourneau JA in *Canadian Assn. of Broadcasters v Society of Composers, Authors and Music Publishers of Canada*, “in a better position than...Court[s] to strike a proper balance between the interests of copyright owners and users.”<sup>29</sup>

The first court to address the issue of the standard of review on questions of law decided by the Copyright Board post-*Dunsmuir* was the FCA in *Shaw Cablesystems G.P. v Society of Composers, Authors and Music Publishers of Canada*.<sup>30</sup> Citing *Dunsmuir*, the FCA held that “[t]he Board is a specialist tribunal which deals extensively with copyright matters. The Act is its home statute. It is therefore entitled to deference with respect to its interpretation of that Act.”<sup>31</sup>

The FCA’s judgment in *Shaw* was appealed to the SCC, where it was heard as *Rogers* (one of the cases in the copyright pentalogy).<sup>32</sup> As noted above, the reasons for judgment in *Rogers* were written by Rothstein J.<sup>33</sup> Echoing the judgment of Evans JA in *SOCAN v CAIP*, Rothstein J concluded that largely on the basis of “the unusual statutory scheme under which the Board and the court may each have to consider the same legal question at first instance,”<sup>34</sup> and due to concerns for consistency,<sup>35</sup> the standard of review on questions of law decided by the Copyright Board should be correctness.<sup>36</sup>

In her concurring reasons in *Rogers* (to which no other judge signed on), Abella J critiqued Rothstein J’s reasons for judgment, arguing strongly that courts ought to take a more deferential approach to decisions of the Copyright Board. She did so in two main ways: first, by advocating for a reasonableness standard of review to be applied to questions of law decided by the Copyright Board,<sup>37</sup> and second, by offering a much more fulsome view of the role and mandate of the Copyright Board than that suggested by Rothstein J in *Rogers*.<sup>38</sup>

With respect to the question of the standard of review that ought to be applied to questions of law decided by the Copyright Board, Abella J stated that “since *Dunsmuir*...this Court has unwaveringly held that institutionally expert and specialized tribunals are entitled to a presumption of deference when interpreting their home statute.”<sup>39</sup>

In support of this statement, Abella J cited the SCC’s decision in *Alberta (Information and Privacy Commissioner) v Alberta Teachers’ Association [ATA]*, which Abella J stated stands for the proposition that “deference on judicial review is presumed *any time* a tribunal interprets its home statute.”<sup>40</sup> Abella J characterized the approach adopted by the majority in *Rogers*—which she summarized as “[a]pplying a correctness standard of review on the sole basis that a court might interpret the same statute”<sup>41</sup>—as an “anomalous jurisprudential relapse,”<sup>42</sup> the consequences of which are to “effectively [drain] expert tribunals of the deference and respect they are owed.”<sup>43</sup>

In dismissing the majority’s concern about inconsistent results that might flow from the adoption of a reasonableness standard of review when judicially reviewing Copyright Board decisions, Abella J characterized the Copyright Board as a body with “particular familiarity and expertise with the provisions of the *Copyright Act*.”<sup>44</sup> She stated:

The *Act* may sometimes be home to other judicial actors as part of their varied adjudicative functions, but their occasional occupancy should not deprive the Board of the deference it is entitled to as the permanent resident whose only task is to interpret and apply the *Act*.<sup>45</sup>

This statement implicitly rejects Binnie J’s characterization of the *Copyright Act*, in *SOCAN v CAIP*, as an “act of general application which usually is dealt with before courts rather than tribunals.”<sup>46</sup> Binnie J’s characterization was accepted by Rothstein J in his reasons for judgment in *Rogers*.<sup>47</sup>

In addition to disagreeing on the question of which standard of review ought to apply to questions of law decided by the Copyright Board, Abella J and Rothstein J, in their respective reasons in *Rogers*, also presented very different views of the role and mandate of the Copyright Board. In his reasons, Rothstein J affirmed Binnie J’s statement in *SOCAN v CAIP* that “the core of the Board’s mandate is ‘the working out of the details of an appropriate royalty tariff.’”<sup>48</sup>

Objecting to the characterization of the Copyright Board as a mere rate-setter, Abella J instead provided a much more expansive view of the role of the Copyright Board. She stated:

The Board has specialized expertise in interpreting the provisions of the *Copyright Act*. ... The Board does not simply “wor[k] out...the details of an appropriate royalty tariff”, despite what is suggested in [*SOCAN v CAIP*], at para. 49. It sets policies that collectively determine the rights of copyright owners and users, and plays an important role in achieving the proper balance between those actors.<sup>49</sup>

In advocating for a reasonableness standard of review for questions of law that are decided by the Copyright Board, and in offering a broad interpretation of the Copyright Board and its mandate (as opposed to the interpretation of the board’s mandate as set out by the majority), Abella J provided, in her concurring reasons in *Rogers*, a robust defence of a deferential approach to decisions of the Copyright Board.

### **C. Standard of Review to Be Applied to Findings of Fact and Questions of Mixed Fact and Law Made or Decided by the Copyright Board**

In *Dunsmuir*, Deschamps J (Charron and Rothstein JJ concurring) wrote that in the context of administrative review, deference is owed by reviewing courts both with respect to findings of fact and questions of mixed fact and law made or decided by administrative bodies (implying a reasonableness standard of review).<sup>50</sup> The first court, post-*Dunsmuir*, to address the issue of the proper standard to be applied to findings of fact made by the Copyright Board was the FCA in *Alberta (Education)* (FCA).<sup>51</sup> In this decision, the FCA confirmed that the standard of review to be applied when reviewing findings of fact made by the Copyright Board was reasonableness.<sup>52</sup> This conclusion was upheld by Abella J in *Alberta (Education)*.<sup>53</sup> In *Canadian Recording Industry Association v Society of Composers, Authors and Music Publishers of Canada*, the FCA confirmed that questions of mixed fact and law decided by the Copyright Board are also reviewed on a reasonableness standard.<sup>54</sup>

## II: The Reasonableness Standard Applied: Analyzing Abella J’s Reasons in *Alberta (Education)*

### A. Introduction

In this Part, I will focus on Abella J’s application of the reasonableness standard in her reasons in *Alberta (Education)*. As noted above, while Abella J (who wrote the majority decision) and Rothstein J (who wrote dissenting reasons) agreed that the question of whether photocopies made by teachers for their students qualified as fair dealing ought to be reviewed on a reasonableness standard,<sup>55</sup> they disagreed both on how this standard ought to be applied and on the ultimate conclusion (namely, whether the Copyright Board’s decision with respect to fair dealing was unreasonable).

Prior to the pentalogy, the leading SCC case to address fair dealing was *CCH*.<sup>56</sup> *CCH* dealt with copyright infringement actions brought by legal publishers CCH Canadian Ltd., Thomson Canada Ltd. and Canada Law Book Ltd. against the Law Society of Upper Canada (LSUC). The publishers alleged, among other claims, that the LSUC—which, “[s]ince 1845... has maintained and operated the Great Library at Osgoode Hall in Toronto, a reference and research library with one of the largest collections of legal materials in Canada”<sup>57</sup>—had infringed copyright by “providing [a] custom photocopy service in which single copies of the publishers’ works are reproduced and sent to patrons upon their request [and by]... maintaining self-service photocopiers and copies of the publishers’ works in the Great Library for use by its patrons”.<sup>58</sup>

In the course of her decision (in which she found that the LSUC had not infringed copyright), McLachlin CJ, writing for the Court, made several statements with respect to the nature and scope of fair dealing. Specifically, McLachlin CJ noted that fair dealing is an “integral part of the *Copyright Act*”;<sup>59</sup> that it is a “user’s right”;<sup>60</sup> and that “[i]n order to maintain the proper balance between the rights of a copyright owner and users’ interests, it must not be interpreted restrictively”.<sup>61</sup>

Fair dealing is the broadest defence to copyright infringement available under the *Copyright Act*.<sup>62</sup> Under fair dealing, individuals have, in certain circumstances, the “right” to use a substantial amount of copyright-protected expression without the authorization of the

copyright owner.<sup>63</sup> The fair dealing analysis proceeds in two steps. First, it must be established that the dealing was done for one of eight purposes, namely research, private study, education, parody, satire, criticism, review and news reporting.<sup>64</sup> Dealings done for the purpose of criticism, review or news reporting, in order to be considered fair, must also satisfy certain attribution requirements.<sup>65</sup> Second, it must be established that the dealing was “fair.”<sup>66</sup>

With respect to the second part of the fair dealing analysis, McLachlin CJ, in *CCH*, noted that “[t]he Copyright Act does not define what will be fair; whether something is fair is a question of fact and depends on the facts of each case”.<sup>67</sup> In support of this statement, she cited the judgment of Lord Denning M.R. in *Hubbard v Vosper* [*Hubbard*] in which he noted that “[i]t is impossible to define what is ‘fair dealing’. It must be a question of degree...after all is said in done, it must be a matter of impression.”<sup>68</sup>

In the attempt to provide some guidance to future decision makers with respect to the fairness analysis, McLachlin CJ set out a list of factors outlined originally by Linden JA that, in the view of the SCC, “provides a useful analytical framework to govern determinations of fairness in future cases”.<sup>69</sup> Specifically, based on *CCH*, factors that may be considered are the purpose of the dealing, the character of the dealing, the amount of the dealing, alternatives to the dealing, the nature of the work, and the effect of the dealing on the work.<sup>70</sup>

As described earlier, in *Alberta (Education)*, in the context of reviewing the tariff proposed by Access Copyright, the Copyright Board determined that short excerpts from textbooks reproduced by teachers and distributed to students did not meet the test for fair dealing. This determination was reviewed first by the FCA (which held that it was reasonable) and subsequently by the SCC. In her decision, Abella J concluded that “the Board’s finding of unfairness was based on...a misapplication of the *CCH* factors.”<sup>71</sup> As a result, Abella J held that “its outcome was rendered unreasonable.”<sup>72</sup> Consequently, Abella J allowed the appeal and remitted the matter to the Copyright Board for reconsideration based on her reasons.<sup>73</sup>

Rothstein J, in his dissenting reasons, disagreed with Abella J, stating that “[i]n my view, the Board made no reviewable error in principle in construing the *CCH* factors and, with one relatively minor

exception, its factual analysis, application of the CCH factors to the facts and its conclusions were not unreasonable.”<sup>74</sup> Rothstein J also objected to what he viewed as the approach taken by Abella J in her reasons for judgment, implying that Abella J did not give adequate deference to the Copyright Board with respect to its analysis of the fairness (or CCH) factors. As Rothstein J stated: “The application of these factors to the facts of each case by the Copyright Board should be treated with deference on judicial review. A principled deferential review requires that courts be cautious not to inadvertently slip into a more intrusive, correctness review.”<sup>75</sup>

Rothstein J’s contention that Abella J did not give adequate deference to the Copyright Board in her decision in *Alberta (Education)* merits further analysis, particularly given Abella J’s concurring reasons in *Rogers* in which Abella J called for greater deference to be given to decisions of the Copyright Board. What can explain this outcome?

As noted above, one explanation—alluded to by Rothstein J, in his dissenting reasons in *Alberta (Education)*, is that Abella J, in her reasons for judgment in *Alberta (Education)*, “inadvertently [slipped] into a more intrusive, correctness review.”<sup>76</sup> Based on this explanation, Abella J did not give adequate deference to the decision of the Copyright Board; rather, she simply substituted her judgment for that of the Copyright Board. This explanation, however, implies an inconsistency between Abella J’s decision in *Alberta (Education)* and her concurring reasons in *Rogers*—that Abella J advocated for deference to be given to determinations of the Copyright Board in one case, yet failed to give deference in another. Such an inconsistency—particularly given that *Rogers* and *Alberta (Education)* were heard by the SCC on back-to-back days, and the judgments delivered on the same day—would be surprising.

I suggest that there is another explanation. Specifically, in this Part, I suggest that the Copyright Board, in applying fair dealing to a specific set of facts, adopted an approach to fair dealing that was inconsistent with the purpose of the *Copyright Act*, as interpreted by the SCC. In so doing, it reached an outcome that fell outside of the range of possible, acceptable outcomes. As a result, Abella J’s decision to allow the appeal did not reflect a lack of deference to the decision of the Copyright Board.

In the next section of this Part, I will describe the application of the reasonableness standard, post-*Dunsmuir*, in the context of statutory interpretation. While the question of “whether something is fair is a question of fact”, as noted by McLachlin CJ in *CCH*,<sup>77</sup> the question of how to interpret and apply fair dealing is ultimately a question of statutory interpretation. The interpretation or approach adopted by a court or the Copyright Board to fair dealing is (or ought to be) informed by their view of the purpose of the legislation as a whole. Thus interpreted, fair dealing is applied to the facts of the case, making the question dealt with in *Alberta (Education)* a question of mixed fact and law, reviewable on a reasonableness standard.<sup>78</sup> In numerous judgments, as will be described below, reviewing courts have found decisions of administrative bodies to be unreasonable on the basis that the administrative body adopted an interpretation of the statutory provisions in question that was inconsistent with the purpose of the legislation, as interpreted by the reviewing court.

## **B. The Application of the Reasonableness Standard in the Context of Statutory Interpretation**

In *Dunsmuir*, the SCC describes reasonableness as a

[D]eferential standard animated by the principle that underlies the development of the two previous standards of reasonableness: certain questions that come before administrative tribunals do not lend themselves to one specific, particular result. Instead, they may give rise to a number of possible, reasonable conclusions. Tribunals have a margin of appreciation within the range of acceptable and rational solutions. A court conducting a review for reasonableness inquires into the qualities that make a decision reasonable, referring both to the process of articulating the reasons and to outcomes. In judicial review, reasonableness is concerned mostly with the existence of justification, transparency and intelligibility within the decision-making process. But it is also concerned with whether the decision falls within a range



of possible, acceptable outcomes which are defensible in respect of the facts and law.<sup>79</sup>

In *Newfoundland and Labrador Nurses' Union v Newfoundland and Labrador (Treasury Board)* [NLNU],<sup>80</sup> Abella J (writing for the Court) clarified the approach taken by reviewing courts in determining whether a decision of an administrative decision maker is unreasonable.<sup>81</sup> Rather than requiring the reviewing court to engage in “two discrete analyses—one for the reasons and a separate one for the result”, Abella J described the reasonableness analysis as a “more organic exercise—the reasons must be read together with the outcome and serve the purpose of showing whether the result falls within a range of possible outcomes.”<sup>82</sup>

As noted in *Catalyst Paper Corp. v North Cowichan (District)* (following *Dunsmuir*), “reasonableness must be assessed in the context of the particular type of decision making involved and all relevant factors.”<sup>83</sup> In the context of cases in which the issue being reviewed involves the tribunal’s interpretation of a specific statutory provision, many reviewing courts engage in a process of statutory interpretation in order to determine whether the “decision falls within a range of possible, acceptable outcomes which are defensible in respect of the facts and law.”<sup>84</sup> Abella J, who delivered the judgment of the Court in *Celgene Corp. v Canada (Attorney General)* [*Celgene*], described “statutory interpretation [as] involv[ing] a consideration of the ordinary meaning of the words used and the statutory context in which they are found.... The words, if clear, will dominate; if not, they yield to an interpretation that best meets the overriding purpose of the statute.”<sup>85</sup>

Reviewing courts engage in the process of statutory interpretation, at least theoretically, not to determine whether they would agree with the outcome reached by the tribunal (this would be an inappropriate application of the correctness standard in the context of a reasonableness analysis), but to determine the range of possible outcomes (thus allowing the reviewing court to determine whether the tribunal’s decision fell within the range of possible, acceptable outcomes, even if it is not the outcome that the reviewing court itself would have adopted).<sup>86</sup>

This is not to say, however, that some courts engaged in this process of statutory interpretation do not “inadvertently slip into a more intrusive, correctness review”.<sup>87</sup> This concern was noted by Binnie J in *ATA*.<sup>88</sup> Binnie J pointed to two cases—*Dunsmuir*<sup>89</sup> and *Canada (Canadian Human Rights Commission) v Canada (Attorney General)* [*CHRC*]<sup>90</sup>—in which he argued that “the intensity of scrutiny” applied by the reviewing courts was “not far removed from a correctness analysis”.<sup>91</sup> Similarly, Gus Van Harten, Gerald Heckman and David J. Mullan have noted that

[o]ccasionally, there are cases, usually involving issues of legal interpretation, where a court applies the reasonableness standard in a way that appears to show little if any deference to the decision-maker. In such cases, it is pertinent to ask whether the court carried through on its commitment to defer or whether, instead, the court engaged in correctness review ‘in disguise.’<sup>92</sup>

In addition to questioning whether some reviewing courts might use this process to engage in “correctness review ‘in disguise’”,<sup>93</sup> it can also be asked, more broadly, how the range of possible outcomes should be determined. In the context of a case involving statutory interpretation, should the court’s determination of statutory purposes trump that of the administrative tribunal? This approach sits uneasily with the idea of “deference as respect” articulated by David Dyzenhaus and adopted by the SCC in *Dunsmuir*.<sup>94</sup> Rather, it seems to perpetuate a policy of judicial supremacy over the actions of administrative tribunals.<sup>95</sup>

The resolution of this question is beyond the scope of this chapter to address. Instead, this chapter will merely note that the approach to the reasonableness analysis described above, in which the reviewing court determines whether the outcome reached by the tribunal falls within the range of possible, acceptable outcomes after having engaged in the process of statutory interpretation in order to ascertain the range of outcomes, has been adopted in numerous SCC and Canadian appellate decisions since *Dunsmuir*.

In many of these cases, reviewing courts have found decisions of administrative tribunals to be unreasonable, at least in part on

the basis that the tribunal's approach to or interpretation of specific statutory provisions was inconsistent with the purpose of the statute, as interpreted by the reviewing court. In *Dunsmuir*, for instance, Bastarache and LeBel JJ critiqued the "reasoning process of the adjudicator", suggesting that it was "deeply flawed" in that "[i]t relied on and led to a construction of the statute that fell outside of the range of admissible statutory interpretations".<sup>96</sup>

A similar approach was adopted in *CHRC*.<sup>97</sup> After having engaged in an interpretive process to determine the range of possible outcomes, LeBel and Cromwell JJ (McLachlin CJ and Deschamps, Abella, Charron and Rothstein JJ concurring), stated that

[i]n our view, the text, context and purpose of the legislation clearly show that there is no authority in the Tribunal to award legal costs and that there is no other reasonable interpretation of the relevant provisions. Faced with a difficult point of statutory interpretation and conflicting judicial authority, the Tribunal adopted a dictionary meaning of "expenses" and articulated what it considered to be a beneficial policy outcome rather than engage in an interpretive process taking account of the text, context and purpose of the provisions in issue. In our respectful view, this led the Tribunal to adopt an unreasonable interpretation of the provisions.<sup>98</sup>

In *Halifax (Regional Municipality) v Canada (Public Works and Government Services)* [*HRM*]<sup>99</sup> (Cromwell J, writing for the Court), the Minister of Public Works and Government Services' determination that "roughly 40 acres of the Halifax Citadel National Historic Site of Canada has only nominal value for the purposes of municipal taxation"<sup>100</sup> was held to be unreasonable on the basis that it was "inconsistent with the Act's purpose".<sup>101</sup> As the Minister had adopted an approach that would "[defeat] Parliament's purpose", the outcome reached as a result of this approach was determined to fall outside the range of possible, acceptable outcomes.<sup>102</sup>

This type of approach to the reasonableness analysis has also been adopted in several decisions of appellate courts. For instance, in *Toronto Police Services Board*, Moldaver JA (as he then was) (Sharpe

and Blair JJA concurring) restored the order of the Adjudicator and set aside the order of the Divisional Court (which had found the Adjudicator's interpretation of s 2(1)(b) of the *Municipal Freedom of Information and Protection of Privacy Act* to be unreasonable) on the basis that "[t]he Divisional Court [gave] s 2(1)(b) a narrow construction—one which...[failed] to reflect the purpose and spirit of the Act and the generous approach to access [to information] contemplated by it".<sup>103</sup>

*Celgene* is an example of a decision in which the SCC determined that the tribunal's decision fell within the range of possible, acceptable outcomes (and was thus reasonable) largely on the basis that the tribunal's decision was consistent with the purpose of the statutory provisions, as interpreted by the reviewing court.<sup>104</sup> In *Celgene*, Abella J framed the question to be decided as whether the interpretation adopted by the Patent Medicine Prices Review Board (Board) of ss. 80(1)(b), 83(1) and 85 of the *Patent Act* was "justified."<sup>105</sup> In order to determine the answer to this question, Abella J relied on general principles of statutory interpretation, noting that the Board adopted an interpretation of these provisions that was "guided by the consumer protection goals of its mandate"<sup>106</sup> and stating that "[t]he Board's interpretive choice is supported by the legislative history".<sup>107</sup> Abella J determined that in adopting an interpretation of ss. 80(1)(b), 83(1) and 85 of the *Patent Act* that was consistent with the Board's consumer protection purpose, the Board had reached an outcome that fell within the range of possible, acceptable outcomes.

As this section has demonstrated, in a number of cases, reviewing courts have found tribunal decisions to be either reasonable or unreasonable on the basis that the tribunal had adopted an approach to or an interpretation of statutory provisions that was either consistent with or inconsistent with the purpose of the legislation, as interpreted by the reviewing court. In the next section, I will argue that consistent with the decisions described above, Abella J, in *Alberta (Education)*, determined that the Copyright Board's decision was unreasonable on the basis that it adopted an approach to fair dealing that was inconsistent with the purpose of copyright, as interpreted by the SCC.

## C. The Application of the Reasonableness Standard in *Alberta (Education)*

### a. The Continuing Evolution of the Purpose of the *Copyright Act*, as Interpreted by the SCC

#### i. *The Author-centric Approach to Copyright*

In *Bell*, Abella J, writing for the Court, referenced the “author-centric” view of copyright in her reasons for judgment.<sup>108</sup> She described this view of copyright as “focus[ing] on the exclusive right of authors and copyright owners to control how their works were used in the marketplace,”<sup>109</sup> and cited *Bishop v Stevens* as an example of an SCC case in which this approach to copyright was employed.<sup>110</sup> Abella J’s description of the author-centric approach to copyright can be seen as implying that the purpose of the *Copyright Act*, under this approach, is to reward and protect authors and copyright owners.<sup>111</sup> As well, based on this statement, it can be suggested that under the author-centric approach to copyright, owners’ rights are to be interpreted broadly, while exceptions to copyright infringement are to be interpreted narrowly. Interpreting the *Copyright Act* in such a manner would be consistent with the focus of the *Copyright Act* being on authors and copyright owners (and not on users or the broader public interest, for instance). Citing Carys Craig, Abella J noted that under the author-centric approach to copyright, “any benefit the public might derive from the copyright system [is] only a fortunate by-product of private entitlement.”<sup>112</sup> Based on this statement, it can be suggested that the author-centric approach privileges private interests over broad consideration of the public interest.

In *Bell*, Abella J described the author-centric approach to copyright as the “former framework” and the “earlier” view of copyright.<sup>113</sup> This choice of diction is significant. It implies that this view of copyright was, at one time, the dominant conception of copyright in Canada. It also implies that this is no longer the case. What, then, is the current governing approach to copyright in Canada?

#### ii. *The Instrumental–Public Interest Approach*

Beginning in *Théberge* and most recently affirmed in the pentalogy,<sup>114</sup> the SCC has interpreted the *Copyright Act* as supporting

a conceptualization of copyright as a mechanism (or instrument) employed to achieve a specific outcome. I refer to this approach to copyright as the instrumental–public interest approach. Under this approach to copyright, the purpose of the *Copyright Act* is to advance the public interest by contributing to the development of a “robustly cultured and intellectual public domain.”<sup>115</sup>

Copyright contributes to the development of the public domain by providing an economic incentive for the creation and dissemination of works of the arts and intellect.<sup>116</sup> This economic incentive spurs the creation and dissemination of works that would otherwise not have been created or disseminated. Once created and made public, these works become available for certain types of unauthorized uses (thus facilitating future creation and contributing to a vibrant public domain). In order to ensure that the economic incentive of copyright functions properly (and that individuals continue to invest in the creation and dissemination of expression), copyright owners must receive a “just” or “fair reward.”<sup>117</sup> Ensuring a fair reward for copyright owners is thus consistent with and advances the public interest in a vibrant public domain. As such, it is an integral part of the instrumental–public interest approach to copyright.

Interpreting the rights of copyright owners too broadly, however, could negatively impact and run counter to the public interest. To quote McLachlin CJ, the “public domain...flourish[es]” when “others are able to produce new works by building on the ideas and information contained in the works of others.”<sup>118</sup> It becomes impoverished if copyright owners are able to restrict, to too great a degree, the ideas, information and expression contained within their works.

Ensuring that information and expression is disseminated is crucial in maintaining a vibrant public domain. Works that are not disseminated (or that are not disseminated broadly) cannot be accessed or used by others. As noted by Binnie J in *Théberge*, “[e]xcessive control by holders of copyrights and other forms of intellectual property may unduly limit the ability of the public domain to incorporate and embellish creative innovation in the long-term interests of society as a whole, or create practical obstacles to proper utilization.”<sup>119</sup>

Recognizing that overcompensating copyright owners risks harming the public interest in a vibrant public domain, the SCC has taken several steps to limit the rights of copyright owners. First, it has emphasized that the rights of copyright owners are of a “limited nature”.<sup>120</sup> As noted by Binnie J in *Théberge*, “[i]n crassly economic terms it would be as inefficient to overcompensate artists and authors ... as it would be self-defeating to undercompensate them”.<sup>121</sup> Second, the SCC has also reframed exceptions, limitations and defences to copyright infringement as “users’ rights”.<sup>122</sup> Users’ rights help to mediate “[e]xcessive control by holders of copyrights” and, as a result, to protect the public domain.<sup>123</sup> In so doing, users’ rights play an “essential” role in “furthering the public interest objectives of the *Copyright Act*”.<sup>124</sup> Fair dealing, the broadest users’ right set out in the *Copyright Act*, contributes to the development of a vibrant public domain by giving individuals the right to reproduce, build upon and disseminate works of the arts and intellect in various ways.

Under the instrumental–public interest approach, fair dealing and other user rights are seen as an “integral part of the *Copyright Act*”.<sup>125</sup> As such, they “must not be interpreted restrictively”.<sup>126</sup> The role played by the fairness analysis (the second step in the fair dealing analysis) is particularly important in “balanc[ing] between protection and access”<sup>127</sup> and in advancing the public interest in a vibrant public domain. Abella J has described the fairness analysis as the part of the test in which the “analytical heavy-hitting is done in determining whether the dealing was fair”.<sup>128</sup> It is thus crucial, under the instrumental–public interest approach to copyright, that the fairness analysis not be interpreted restrictively.<sup>129</sup> Under this approach to copyright, both fair dealing (broadly) and the fairness analysis (specifically) must be given large, liberal interpretations.

#### **b. Abella J’s Decision in *Alberta (Education)* Focuses on the Approach to Fair Dealing Adopted by the Copyright Board**

In his dissenting reasons, Rothstein J suggested that Abella J “seize[d] upon a few arguable statements or intermediate findings to conclude that the overall decision is unreasonable”.<sup>130</sup> I suggest that

this is not the case. Although Abella J does not explicitly ground her decision in the text of *Dunsmuir* or other, more recent SCC decisions in the area of administrative law, I suggest that Abella J—in a manner consistent with the way in which *Dunsmuir* has been interpreted by numerous SCC and Court of Appeal decisions, as described above—found the decision of the Copyright Board to be unreasonable on the basis that it adopted an approach to fair dealing that was inconsistent with the purpose of the *Copyright Act*, as interpreted by the SCC. By virtue of its adoption of such an approach, the outcome reached by the Copyright Board fell outside the range of “possible, acceptable outcomes which are defensible in respect of the facts and law”.<sup>131</sup>

The contention that Abella J’s reasons for judgment focused on the overall approach to fair dealing taken by the Copyright Board and not to a few isolated statements or findings is supported by reference to Abella J’s reasons for judgment. On numerous occasions throughout her reasons for judgment, Abella J indicated that she took issue either with how the Copyright Board “approached” a fairness factor, or the “approach” taken by the Copyright Board in the context of its fair dealing analysis. For instance, Abella J stated that “[i]n my view, the key problem is in the way the Board *approached* the ‘purpose of the dealing’ factor”;<sup>132</sup> she distinguished several authorities from the United Kingdom on the basis that “courts in the U.K. have tended to take a more restrictive *approach* to determining the ‘purpose’ of the dealing than does *CCH*”;<sup>133</sup> she critiqued “[t]he Board’s *approach*” for “driv[ing] an artificial wedge” into what she states are the “unified purposes” of “teacher/copier and student/user”;<sup>134</sup> she stated that “[t]he Board’s skewed characterization of the teachers’ role...also led to a problematic *approach* to the ‘amount of the dealing’ factor”;<sup>135</sup> noting that this was a “flawed *approach*”;<sup>136</sup> she stated that she “[had] difficulty with how the Board *approached* the ‘alternatives to the dealing’ factor”;<sup>137</sup> noting that “the Board’s *approach*” led to a “demonstrably unrealistic outcome”;<sup>138</sup> and stated that “[t]he final problematic application of a fairness factor by the Board was its *approach* to the ‘effect of the dealing on the work’”.<sup>139</sup> In the penultimate paragraph in her decision, Abella J connected the Board’s approach to the outcome that it reached, stating that “[b]ecause the Board’s finding of unfairness was based on what was, in



my respectful view, a misapplication of the *CCH* factors, its outcome was rendered unreasonable”.<sup>140</sup>

I will proceed by discussing the approach to copyright adopted by the Copyright Board in *Alberta (Education)*. I will demonstrate that the Copyright Board, in its decision, adopted an interpretation of fair dealing that was inconsistent with the purpose of the *Copyright Act*, as interpreted by the SCC. In so doing, it arrived at an outcome that was outside of the range of possible, acceptable outcomes.

**c. The Approach to Fair Dealing Adopted by the Copyright Board in *Alberta (Education)* was Inconsistent with the Purpose of the *Copyright Act*, as Interpreted by the SCC**

Although acknowledging that *CCH* is the “unavoidable starting point of any analysis of fair dealing”,<sup>141</sup> the Copyright Board, through the course of its decision, interpreted and applied both *CCH* and fair dealing more generally in a narrow, restrictive manner. Such an approach is inconsistent with the purpose of the *Copyright Act*, as interpreted by the SCC, namely to contribute to the development of a strong, robust public domain.<sup>142</sup> This purpose, as outlined above, requires a large, liberal interpretation to be given to user’s rights such as fair dealing.

The approach adopted by the Copyright Board, on the other hand, is more consistent with the author-centric approach, under which the purpose of the *Copyright Act* is to reward and protect authors and copyright owners. The Copyright Board adopted such an approach in order to have its analysis “conform with”<sup>143</sup> article 9(2) of the Berne Convention<sup>144</sup> and article 13 of the TRIPS Agreement<sup>145</sup> and to reach the only result that it believed was consistent with these two treaty provisions—a result it viewed as “self-evident”—namely, “that copies made on a teacher’s initiative for his or her students either conflict with the normal exploitation of the work or unreasonably prejudice the legitimate interests of the rights holders” and as a result ought not to satisfy fair dealing.<sup>146</sup>

The Copyright Board’s decision to interpret fair dealing in a manner consistent with the Berne Convention and TRIPS Agreement—done on the basis of its view that “the Supreme Court has been placing

significant emphasis on treaties that Canada has not yet ratified; it seems even more crucial to account for those that have been”<sup>147</sup>—is not in itself necessarily unreasonable.<sup>148</sup> However, both article 9(2) of the Berne Convention and article 13 of the TRIPS Agreement can be seen as presenting a view of limitations and exceptions to copyright infringement that is inconsistent with the purpose of the *Copyright Act*, as interpreted by the SCC. Both article 9(2) of the Berne Convention and article 13 of the TRIPS Agreement portray limitations and exceptions to copyright infringement as carve-outs from the copyright owner’s exclusive rights, as opposed to integral elements of the copyright scheme that must not be interpreted restrictively. In interpreting *CCH* through the lens of these two articles, the Copyright Board adopted an approach to copyright that was more reflective of now-rejected interpretations of the purpose of the *Copyright Act*—namely, to reward and protect authors and copyright owners—than contemporary interpretations of its purpose, as interpreted by the SCC.

The Copyright Board’s adoption of a narrow, restrictive interpretation of fair dealing is evident in several ways that will be described in more detail below. First, several statements from *CCH* that point to the continuing evolution in the SCC’s interpretation of the purpose of the *Copyright Act* were absent from the Copyright Board’s decision in *Alberta (Education)*; second, the Copyright Board reframed one of the central conclusions reached in *CCH* in a manner that is more reflective of now-rejected interpretations of the purpose of the *Copyright Act* than contemporary interpretations of its purpose, as interpreted by the SCC; third, the Copyright Board repeatedly adopted a narrow interpretation of the scope of *CCH*; and fourth, the Copyright Board made certain assumptions when evaluating the fairness factors set out in *CCH* that led it to conclude that the factors tended to unfairness. Taken together, these elements of the Copyright Board’s decision suggest that the approach to fair dealing adopted by the Copyright Board was inconsistent with the purpose of the *Copyright Act*, as interpreted by the SCC.

As noted above, the Copyright Board began its fair dealing analysis by stating that “*CCH* now is the unavoidable starting point of any analysis of the notion of fair dealing”.<sup>149</sup> It then set out what it viewed

as the “substance of the propositions resulting from that decision”.<sup>150</sup>  
 The Copyright Board summarized *CCH*’s main principles as follows:

76 First, all exceptions provided in the Act are now users’ rights. They must be given a liberal interpretation, according to the purposes of copyright in general, including maintaining a balance between the rights of copyright holders and the interests of users, and the exception in particular.

77 Second, the fair dealing exception applies only to certain allowable purposes: private study, research, criticism, review, and news reporting. Dealings for other purposes are not covered by the exception, even if they would otherwise be fair.

78 Third, dealings for an allowable purpose are not ipso facto fair. The fairness of the dealing is assessed separately, according to an open list of factors including the purpose, character and amount of the dealing, available alternatives, the nature of the work and the effect of the dealing on the work.

79 Fourth, since all of the conditions for application of the exception must be satisfied, the exception will not apply as long as any one condition is not met.

80 Fifth, a practice or a system may constitute a “dealing” just as well as an individual act. The exception can benefit a practice or system if it is established either that all of the individual dealings are research-based and fair, or that the practice or the system itself is research-based and fair.

81 Sixth, the notion of fair dealing is a legal concept that must be interpreted according to the framework laid down in *CCH*. [...] <sup>151</sup>

Certain important elements of *CCH* are absent from this summary. While the mere fact that “[r]easons may not include all the arguments, statutory provisions, jurisprudence or other details the

reviewing judge would have preferred...does not impugn the validity of either the reasons or the result under a reasonableness analysis”, as noted by Abella J in *NLNU*,<sup>152</sup> the manner in which the Copyright Board summarized *CCH* reveals inconsistencies, with respect to the scope of defences to copyright infringement, between the approach adopted by the Copyright Board and the purpose of the *Copyright Act*, as interpreted by the SCC. Three elements of *CCH*, in particular, are absent from the Copyright Board’s summary.

First, in *CCH*, fair dealing is referred to as an “integral part of the *Copyright Act*”<sup>153</sup> and an “integral part of the scheme of copyright law.”<sup>154</sup> Reference to fair dealing as being “integral” to the *Copyright Act* is absent from the Copyright Board’s decision. This absence can perhaps be attributed to the Copyright Board’s view that the *Copyright Act* ought to be interpreted in a manner consistent with the Berne Convention and the TRIPS Agreement. Conceiving of fair dealing as an “integral” part of the *Copyright Act* can be seen as inconsistent with the adoption of a view of fair dealing that is “confine[d]” to “certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder”, as articulated in article 13 of the TRIPS Agreement.<sup>155</sup>

Second, in *CCH*, McLachlin CJ referenced Binnie J’s statement in *Théberge* that one must not only “recogniz[e] the creator’s rights but...giv[e] due weight to their limited nature.”<sup>156</sup> Reference to the “limited nature” of creator’s rights is absent from the Copyright Board’s decision. Instead, the Copyright Board noted that its approach “helps to ‘maintain the proper balance between the rights of a copyright owner and users’ interests’ and avoid restricting them unduly (since both copyright owners’ interests and users’ rights can be unduly restricted)”.<sup>157</sup> The idea that the Copyright Board should guard against interpreting the *Copyright Act* in a manner that would unduly restrict the rights of copyright owners (perhaps through a large and liberal approach to users’ rights) echoes the language used in article 9(2) of the Berne Convention and article 13 of the TRIPS Agreement, and is more consistent with the author-centric approach to copyright than with the purpose of the *Copyright Act*, as interpreted by the SCC. To refer to the interests of copyright owners as being “limited”—as was done in *CCH*—could be seen as being inconsistent with the language

used in article 9(2) of the Berne Convention and article 13 of the TRIPS Agreement, which focuses on the need for states to ensure that exceptions or limitations to exclusive rights are not interpreted in an overbroad manner.

Third, in *CCH*, in the context of discussing the originality standard, McLachlin CJ stated that creating “safeguard[s] against the author being overcompensated for his or her work...helps ensure that there is room for the public domain to flourish as others are able to produce new works by building on the ideas and information contained in the works of others.”<sup>158</sup> No reference to this statement, or to the idea of the public domain more generally, is made in the Copyright Board’s decision in *Alberta (Education)*. Although the Copyright Board was not required to include reference to this statement (or the concept of the public domain, more broadly) in its reasons, its absence again suggests an inconsistency between the approach adopted by the Copyright Board and the purpose of the *Copyright Act*, as interpreted by the SCC.

In addition to selectively quoting from and reframing elements of *CCH*, the Copyright Board, through the course of its decision in *Alberta (Education)*, also repeatedly interpreted *CCH* in a restrictive manner. It did so in several ways. First, while noting that the “notion of research must be interpreted broadly,”<sup>159</sup> a comment that draws directly from the statement by the SCC in *CCH* that “[r]esearch’ must be given a large and liberal interpretation in order to ensure that users’ rights are not unduly constrained,”<sup>160</sup> the Copyright Board then stated that “it appears that *CCH* did not challenge previous interpretations of the notion of private study.”<sup>161</sup> In making this statement, the Copyright Board thus chose not to interpret *CCH* as authority for the proposition that a “large and liberal interpretation” ought to be applied to all fair dealing purposes (and not simply the purpose at issue in *CCH* itself).<sup>162</sup> As well as serving as a restrictive interpretation of *CCH*, this statement is also inconsistent with the language used by the SCC in *CCH*. Three paragraphs after stating that “research’ must be given a large and liberal interpretation,” the SCC broadens the scope of this statement, noting that “the allowable purposes under the *Copyright Act*, namely research, private study, criticism, review or news reporting...should not be given a restrictive interpretation or

this could result in the undue restriction of users' rights".<sup>163</sup>

Second, the Copyright Board, in the course of its decision, relied on judgments in which a restrictive approach to fair dealing was adopted. For instance, in support of its view that the purpose of the dealing should be analyzed from the perspective of the teacher or copier rather than from the perspective of the ultimate user, the Copyright Board relied heavily on three decisions, two of which were from the United Kingdom. As noted by Abella J, however, "courts in the U.K. have tended to take a more restrictive approach to determining the 'purpose' of the dealing than does *CCH*".<sup>164</sup> Thus, relying on these decisions can itself be seen as inconsistent with the purpose of the *Copyright Act*, as interpreted by the SCC (which mandates the adoption of a large and liberal interpretation to fair dealing).

A third example of the Copyright Board's application of a restrictive interpretation of *CCH* is found in the way in which it distinguished between the role of the teacher in a school and that of staff at the Great Library. Describing these two roles as "scarcely comparable", the Copyright Board noted that<sup>165</sup>

[T]he teacher-student relationship is not the same as that between the Great Library and lawyers. The Great Library is simply an extension of a lawyer's will. A teacher does not merely act on behalf of a student, given that, to a large extent, it is the teacher who instructs the student what to do with the material copied.<sup>166</sup>

In constructing the comparison between teachers and staff at the Great Library in such a manner, the Copyright Board narrowed the ambit of *CCH* to situations in which an intermediary acts as an extension of the will of the user. In so doing, the Copyright Board was able to avoid overtly challenging the determination in *CCH* while concluding that, in this instance, fair dealing was not made out.

The characterization of teachers adopted by the Copyright Board (as performing a role very different from staff at the Great Library) was not the only characterization that could have been adopted. Instead of being seen as having roles that are "scarcely comparable", teachers and the staff at the Great Library could instead have been seen as playing similar roles, in that both attempt to increase access to

works of the arts and intellect. This appears to be the approach taken by Abella J, who noted that “[t]he teacher...facilitates wider access to [the] limited number of [purchased originals] by making copies available to all students who need them”.<sup>167</sup> This approach is consistent with the purpose of the *Copyright Act*, as interpreted by the SCC.

A fourth instance of the Copyright Board adopting a narrow, restrictive interpretation of *CCH* is found in the way in which the Copyright Board interpreted *CCH* as indicating that in order for a photocopy made by one party (A) for another party (B) to qualify for the purpose of research, B must request the copy (thus imposing a procedural requirement not dictated by the SCC in *CCH*). Abella J pointed out that

Nowhere in *CCH* did the Court suggest that the lawyer had to ‘request’ the photocopies of legal works from the Great Library before those copies could be said to be for the purpose of ‘research.’ On the contrary, what the Court found was that the copies of legal works were ‘necessary conditions of research and thus part of the research process’... Similarly, photocopies made by a teacher and provided to primary and secondary school students are an essential element in the research and private study undertaken by those students.<sup>168</sup>

The final way in which the Copyright Board interpreted and applied fair dealing in a manner inconsistent with the purpose of the *Copyright Act*, as interpreted by the SCC, is demonstrated in the assumptions made by the Copyright Board when evaluating the fairness factors; assumptions that led it to conclude that the factors tended to unfairness and that, as a result, the dealing was not fair. For instance, when evaluating the alternatives to the dealing factor, the Copyright Board determined that it tended to unfairness on the basis that there was an alternative to the dealing—namely, that educational institutions could “[b]uy the originals to distribute to students or to place in the library for consultation.”<sup>169</sup> The assumption made by the Copyright Board in the context of reaching this conclusion was that schools could afford to purchase multiple copies of original texts to distribute to students. The Copyright Board stated that “[t]he fact

that the establishment has limited means does not seem to bar the recognition of this point.”<sup>170</sup> This is a curious statement, given that in the previous sentence, the Copyright Board notes that this option (namely, purchasing the book) is, “from a practical standpoint...not open to the student.”<sup>171</sup>

On the basis of this assumption, the Copyright Board was able to conclude that the alternatives to the dealing factor tended to unfairness (a conclusion that contributed to the Copyright Board’s ultimate conclusion that the dealing at issue was unfair). Abella J was highly critical of the Copyright Board’s suggestion that schools could “buy the original texts to distribute to each student,” describing this suggestion as “a demonstrably unrealistic outcome.”<sup>172</sup>

With respect to two other factors to be considered in the fair dealing analysis, namely the amount of the dealing and the effect of the dealing on the work, the Copyright Board made assumptions, in the apparent absence of evidence, that led it to conclude that the factors tended to unfairness. In CCH, the SCC had noted that in assessing the amount of the dealing, “[b]oth the amount of the dealing and importance of the work allegedly infringed should be considered.”<sup>173</sup> In applying this factor to the facts of CCH, the SCC noted that “[a]lthough the dealings might not be fair if a specific patron of the Great Library submitted numerous requests for multiple reported judicial decisions from the same reported series over a short period of time, there is no evidence that this has occurred.”<sup>174</sup> In the absence of evidence, the SCC did not accept this finding (and as a result, concluded that this factor tended to fairness).

The Copyright Board, however, adopted a different approach in *Alberta (Education)*. Although noting that “it seems that teachers generally limit themselves to reproducing relatively short excerpts from a work to complement the main textbook” (a result which should cause this factor to tend to fairness), the Copyright Board then stated that “[on] the other hand, in our view, it is more than likely that class sets will be subject to ‘numerous requests for...the same...series,’ which would tend to make the amount of the dealing unfair on the whole.”<sup>175</sup> It is unclear on what evidentiary basis (if any) the Copyright Board reached this conclusion.<sup>176</sup> Reaching this



conclusion in the absence of evidence would be inconsistent with the SCC's decision in *CCH*, and with the purpose of the *Copyright Act*, as interpreted by the SCC. One way to ensure that copyright owners' rights are not interpreted in an overbroad manner is to insist on evidence demonstrating the amount of the work that was used by the party relying on fair dealing, and, in the absence of such evidence, to decline to find that this factor tends to unfairness.

When analyzing the factor that addresses the effect of the dealing on the work, the Copyright Board also made assumptions, in the apparent absence of evidence, that led it to conclude that the dealing was unfair. As noted by the SCC in *CCH*, the effect of the dealing factor looks at whether the “reproduced work is likely to compete with the market of the original work”.<sup>177</sup> If so, “this may suggest that the dealing is not fair”.<sup>178</sup> Applying this factor to the facts of *CCH*, on the basis that “no evidence was tendered to show... that the publishers' markets had been negatively affected by the Law Society's custom photocopying service”,<sup>179</sup> the SCC refused to find that “the market for the publishers' works had decreased as a result of [the copies in question] having been made”.<sup>180</sup>

The Copyright Board, however, in its decision in *Alberta (Education)*, accepted the “uncontradicted evidence from textbook publishers... that textbook sales have shrunk by more than 30 per cent in 20 years”, noted that “[s]everal factors contributed to this decline, including the adoption of semester teaching, decrease in registrations, longer lifespan of textbooks, use of the Internet and other electronic tools, resource-based learning and use of class sets”,<sup>181</sup> and, despite the fact that they were “not able to determine precisely to what extent each factor [described above] contributed to this decline”,<sup>182</sup> concluded that “the impact of photocopies... is sufficiently important to compete with the original to an extent that makes the dealing unfair”.<sup>183</sup> To paraphrase the SCC judgment in *CCH*, although “no evidence was tendered to show that the market for the publishers' works had decreased *as a result* of these copies having been made”,<sup>184</sup> the Copyright Board still “conclude[d] that photocopies made on a teacher's initiative for his or her students have an unfair effect on the works in Access Copyright's repertoire.”<sup>185</sup>

Referring to the lack of evidence on this point as an “evidentiary

vacuum”;<sup>186</sup> Abella J criticized the Copyright Board’s conclusion that the photocopies had a sufficiently detrimental impact on the original to make this factor tend to unfairness, pointing out that “other than the bald fact of a decline in sales over 20 years, there is no evidence from Access Copyright demonstrating any link between photocopying short excerpts and the decline in textbook sales”.<sup>187</sup>

In reaching its conclusion in the absence of such evidence, the Copyright Board adopted an approach to fair dealing that is inconsistent with the purpose of the *Copyright Act*, as interpreted by the SCC. This purpose requires a large and liberal interpretation to be given to users’ rights, and for courts and the Copyright Board to ensure that the rights of copyright owners are not overprotected. One way through which these outcomes can be achieved is to insist—before concluding that the factor addressing the effect of the dealing on the work tends to unfairness—on evidence either linking the dealing with negative economic consequences for the work or works in question, or establishing that the dealing resulted in negative economic consequences.

In the above analysis, I have suggested that the approach to copyright adopted by the Copyright Board is inconsistent with the purpose of the *Copyright Act*, as interpreted by the SCC. Although the Copyright Board framed its decision within the language of *CCH* (in which the SCC continued the process of articulating the modern understanding of the purpose of the *Copyright Act* as promoting an instrumental–public interest approach to copyright), its decision was shaped by its view that the outcome must “conform with” article 9(2) of the Berne Convention and article 13 of the TRIPS Agreement.<sup>188</sup> These two articles emphasize the ability of the copyright owner to control and to profit from the use of his or her works. While they contemplate (and accept) that there may be some limitations and exceptions to owners’ exclusive rights, these exceptions are limited.

Such an approach, as described above, is inconsistent with the purpose of the *Copyright Act*, as interpreted by the SCC, through which both copyright and user’s rights work in concert to advance the public interest by contributing to the development of a vibrant public domain, and in which users’ rights are given a large and liberal interpretation. Instead, the approach adopted by the Copyright Board

is more consistent with the author-centric approach to copyright, an approach that was explicitly rejected by the SCC in the pentalogy. Under this approach, exceptions and limitations to copyright infringement are narrowly interpreted in order to maximize the rewards given to (and protection offered to) authors and copyright owners.

As a result of its adoption of an approach to fair dealing that is inconsistent with the purpose of the *Copyright Act*, as interpreted by the SCC, the Copyright Board reached an outcome that fell outside of the range of possible, acceptable outcomes (as defined by the SCC). While some commentators question whether reviewing courts should have the final say on determining the range of possible, acceptable outcomes, such an approach, as outlined above, is consistent with SCC and appellate jurisprudence both in *Dunsmuir* and post-*Dunsmuir*. Thus, the conclusion reached by Abella J—that the Copyright Board’s decision is unreasonable—can be seen as defensible under the approach to the reasonableness analysis adopted in authorities such as *Dunsmuir*, *CHRC*, *Celgene*, *HRM*, and *Toronto Police Services Board*.<sup>189</sup>

### III: Significance of *Alberta (Education)*

What, then, is the significance of *Alberta (Education)*? What does this decision portend for fair dealing, for the future of the Copyright Board, and for Canadian copyright law more generally? With respect to fair dealing, *Alberta (Education)* suggests that fair dealing is no longer merely “a matter of impression”.<sup>190</sup> Rather, it is rooted in and shaped by the purpose of the *Copyright Act*, as interpreted by the SCC—namely, to contribute to the development of a robust public domain. This purpose requires a broad interpretation to be given to fair dealing.

One question that flows from this conclusion involves the nature of the fairness analysis. Rothstein J’s dissenting reasons in *Alberta (Education)* can be seen as being grounded in an assumption that “fairness” is a discretionary concept, one that is open-ended and capable of multiple interpretations. In Rothstein J’s view, the Copyright Board ought to be given wide latitude to apply the fairness factors to the facts of a specific dispute as it sees fit.<sup>191</sup> Such an approach is

suggested in cases like *Hubbard*, cited with approval in *CCH* as well as other Canadian copyright decisions.<sup>192</sup> If Rothstein J is correct, and if fairness is an open-ended, discretionary concept, then there would be little scope for appellate review when applying the reasonableness standard.

However, one conclusion that we can draw from *Alberta (Education)* is that fairness (and fair dealing more generally) is not as discretionary a concept as it appears to be (and as previous decisions, including *CCH*, have suggested it to be). From *CCH*, we know that the fair dealing categories are to be applied in a large and liberal manner.<sup>193</sup> Abella J's reasons in *Alberta (Education)*, read alongside *Bell*, suggest that courts and the Copyright Board must also apply fairness in a large and liberal manner.

In *Bell*, Abella J affirmed the importance of fairness both to fair dealing and to the purpose of the *Copyright Act*. As stated by Abella J, the fairness analysis is the part of the fair dealing test in which the “analytical heavy-hitting is done in determining whether the dealing was fair.”<sup>194</sup> It is the core of fair dealing. As such, it plays a particularly important role in “balanc[ing] between protection and access.”<sup>195</sup> Consequently, it must not be interpreted restrictively. Abella J's reasons for judgment in *Alberta (Education)*, in which she adopted a large and liberal approach to fairness, can thus be seen as the logical extension of—and an application of—her reasons in *Bell*.

The Copyright Board failed to apply a large and liberal approach when evaluating fairness. Instead, it adopted a narrow, restrictive interpretation of fairness (and fair dealing more generally). In so doing, the Copyright Board adopted an interpretation of fair dealing that was inconsistent with the purpose of the *Copyright Act*, as interpreted by the SCC. This led it to arrive at an outcome that fell outside of the range of possible, acceptable outcomes.

If, following *Bell* and *Alberta (Education)*, fairness is now considered to be rooted in and shaped by the purpose of the *Copyright Act*, as opposed to being an open-ended, discretionary concept, might the fairness analysis itself have to be modified to reflect this shift? Is the list of factors outlined in *CCH* still a “useful analytical framework to govern determinations of fairness”, as McLachlin CJ referred to it?<sup>196</sup> Should this “structured approach” be reformed to

take into account the importance of fairness to fair dealing and to the purpose of the *Copyright Act*, as articulated by Abella J in *Bell*? If so, how might the fairness analysis be reformed? Should some factors dominate or have greater weight than others? Are some factors now irrelevant? Or, instead of modifying the “structured approach”, ought it be abandoned entirely in favour of a new approach to determining fairness (such as a proportionality analysis)? It remains to be seen how these questions, which are beyond the scope of this chapter to address, will play out in future jurisprudence.<sup>197</sup>

With respect to the future of the Copyright Board and its impact on copyright policy, *Alberta (Education)* is authority for the principle that reviewing courts can challenge decisions of the Copyright Board on the basis that the Copyright Board applied the *Copyright Act* in a manner that was inconsistent with the purpose of copyright, as interpreted by the SCC. Post-*Alberta (Education)*, failure to apply the *Copyright Act* in a manner consistent with the purpose of copyright—as interpreted by the SCC in cases such as *Théberge*, *CCH*, *Bell*, and *Alberta (Education)*—can lead to the Copyright Board’s decision being overturned by reviewing courts.

This is not to say, however, that Abella J is dismissive of the ability of the Copyright Board to play a positive role in the development of Canadian copyright law. Based on her concurring reasons in *Rogers*, it appears that Abella J sees the Copyright Board as playing an important role in this process. Respectful of the Copyright Board’s expertise, Abella J would be prepared to defer to its judgments, even with respect to questions of law.

Nevertheless, in *Alberta (Education)*, Abella J emphasized that in interpreting and applying the *Copyright Act*, the Copyright Board must do so in a manner that is consistent with the purpose of the *Copyright Act*, as interpreted by the SCC. This approach—sitting uneasily with the idea of “deference as respect”<sup>198</sup>—is consistent with what Sheila Wildeman refers to as an “[attitude] of judicial supremacy” through which reviewing courts “[set] strict limits of legality within which administrative reasoning is closely hedged”.<sup>199</sup>

Seen through this lens, Abella J’s reasons in *Alberta (Education)* are consistent with her concurring reasons in *Rogers*. In *Rogers*, Abella J advocated for a deferential approach to be taken to decisions made

by the Copyright Board while maintaining, in *Alberta (Education)*, that it is the role of the Court to set the limits of legality within which the Copyright Board may reason, and while setting those limits more narrowly than Rothstein J thinks is acceptable (based on his dissenting reasons in *Alberta (Education)*).

The end result is that post-*Alberta (Education)*, the Copyright Board is significantly constrained in its ability to shape Canadian copyright law. Abella J's reasons for judgment in *Alberta (Education)* clarify that the Copyright Board does not have unlimited discretion under fairness (and fair dealing more broadly) to implement policy goals or promote values that are inconsistent with the purpose of the *Copyright Act*, as interpreted by the SCC.

It can be argued that Canadian copyright law and policy may suffer as a result of this outcome. If the Copyright Board does have "specialized expertise", and if it does "[play] an important role in achieving the proper balance between [owners and users]",<sup>200</sup> then it could perhaps have offered interpretations of the purpose of the *Copyright Act* different from those set out by the SCC, contributing to the "wider constitutional project...of public justification...shared among the legislative, judicial, and executive/administrative branches."<sup>201</sup> Wildeman refers to this "model of constitutional ordering" as "constitutional pluralism, wherein all three branches of government participate in working out the significance of the legal norms governing the exercise of state power."<sup>202</sup> The ability of the Copyright Board to contribute to this project, in the context of the *Copyright Act*, is limited by *Alberta (Education)*.

*Alberta (Education)*, however, will not necessarily lead to the marginalization of the Copyright Board, an institution described by Canadian academics as playing "a crucial but underappreciated role in shaping Canadian copyright policy"<sup>203</sup> and a "pivotal role in balancing the seesaw of interests in Canada's copyright playground."<sup>204</sup> Instead, *Alberta (Education)* can serve as the starting point for a new era in the history of the Copyright Board and in the development of Canadian copyright policy. If the Copyright Board responds to the SCC's decision in *Alberta (Education)* by wholeheartedly embracing the purpose of the *Copyright Act*, as interpreted by the SCC, it can become what Abella J envisions based on her judgments in *Rogers*

and *Alberta (Education)*—a body that truly plays an important role in contributing to Canadian copyright policy by advancing the public interest in matters of copyright: that fairly rewards copyright owners; increases and facilitates access to works; and ultimately contributes to the development of a vibrant public domain. If the Copyright Board does not seize this opportunity, however, and continues to apply an approach to copyright that is inconsistent with the purpose of the *Copyright Act* as interpreted by the SCC, then Abella J’s reasons for judgment in *Alberta (Education)* provide reviewing courts with the framework through which they can—defensibly and in a manner consistent with prior jurisprudence—overturn the decisions of the Copyright Board on the basis that they are unreasonable.

The story of the pentalogy with respect to judicial review of Copyright Board decisions is thus not a story about inconsistency and the inadvertent application of an incorrect standard of review. It is instead a story about the continuing evolution of the SCC’s interpretation of the purpose of the *Copyright Act*—from rewarding and protecting authors and copyright owners, to contributing to the development of a robust public domain—a process that originated in *Théberge*, was advanced in *CCH*, and was articulated most recently in the pentalogy; of the fairness analysis and its shift from a discretionary, open-ended concept to one that is rooted in and shaped by the purpose of the *Copyright Act*; and of the tension between the SCC and the Copyright Board with respect to the proper interpretation of the purpose of the *Copyright Act*.

It is a story that points to two possible futures: one of continued tension between the SCC and the Copyright Board, and one in which both institutions work together toward a common purpose. Ultimately, it is up to the Copyright Board to write the epilogue to the story of the Canadian copyright pentalogy; to determine—based on whether it chooses to interpret the *Copyright Act* in a manner consistent with the purpose of the *Copyright Act*, as interpreted by the SCC—the future it wishes for itself.<sup>205</sup>



<sup>1</sup> I am grateful to Michael Geist, Diana Ginn, Meghan Murtha, Justine Pila, Sheila Wildeman and an anonymous reviewer for their valuable comments on an earlier draft of this chapter. Any errors or omissions are my responsibility alone.

<sup>2</sup> *Entertainment Software Association v Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 34, [2012] 2 SCR 231 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9994/index.do>> [ESA]; *Rogers Communications Inc. v Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 35, [2012] 2 SCR 283 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9995/index.do>> [Rogers]; *Society of Composers, Authors and Music Publishers of Canada v Bell Canada*, 2012 SCC 36, [2012] 2 SCR 326 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9996/index.do>> [Bell]; *Alberta (Education) v Canadian Copyright Licensing Agency (Access Copyright)*, 2012 SCC 37, [2012] 2 SCR 345 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9997/index.do>> [Alberta (Education)]; *Re:Sound v Motion Picture Theatre Associations of Canada*, 2012 SCC 38, [2012] 2 SCR 376 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9999/index.do>> [Re:Sound]. Numerous individuals have referred to this set of five cases as the pentalogy, including Howard Knopf, Ariel Katz, and Michael Geist.

<sup>3</sup> *Alberta (Education)*, *supra* note 2. Fair dealing is the broadest defence to copyright infringement set out in the *Copyright Act*, RSC 1985, c C-42 [*Copyright Act*] <<http://laws.justice.gc.ca/en/C-42/>>. Prior to the copyright pentalogy being handed down, the leading Canadian SCC decision to address fair dealing was *CCH Canadian Ltd. v Law Society of Upper Canada*, 2004 SCC 13, [2004] 1 SCR 339 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2125/index.do>> [CCH]. I will describe fair dealing in greater detail in Part II.A of this chapter.

<sup>4</sup> *Statement of royalties to be collected by Access Copyright for the reprographic reproduction, in Canada, of works in its repertoire*, [2009] CBD No 6 at para 1 <<http://www.cb-cda.gc.ca/decisions/2009/Access-Copyright-2005-2009-Schools.pdf>> [Alberta (Education) (CB)].

<sup>5</sup> *Ibid* at para 118.

<sup>6</sup> *Alberta (Minister of Education) v Canadian Copyright Licensing Agency (c.o.b. Access Copyright)*, 2010 FCA 198 <<http://decisions.fca-caf.gc.ca/en/2010/2010fca198/2010fca198.html>> [Alberta (Education) (FCA)].

<sup>7</sup> *Alberta (Education)*, *supra* note 2 at para 37.

<sup>8</sup> *Ibid* at para 38.

<sup>9</sup> *Ibid* at para 40.

<sup>10</sup> *The Oxford English Dictionary*, 3d ed, *sub verbo* “pentalogy”.

<sup>11</sup> *Rogers*, *supra* note 2.

<sup>12</sup> *Théberge v Galerie d'Art du Petit Champlain inc.*, 2002 SCC 34, [2002] 2 SCR 336 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/1973/index.do>> [Théberge].

<sup>13</sup> *Toronto Police Services Board v (Ontario) Information and Privacy Commissioner*, 2009 ONCA 20 at para 49 <<http://www.ontariocourts.ca/decisions/2009/january/2009ONCA0020.pdf>> [Toronto Police Services Board].



<sup>14</sup> *Dunsmuir v New Brunswick*, 2008 SCC 9, [2008] 1 SCR 190 at para 47 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2408/index.do>> [*Dunsmuir*].

<sup>15</sup> *Ibid*.

<sup>16</sup> A comprehensive history of judicial review of Copyright Board decisions (and Copyright Appeal Board decisions) is beyond the scope of this chapter to address. For a detailed history, see YA Hynna, “Evolution of Judicial Review of Decisions of the Copyright Board” in Ysolde Gendreau, ed, *Institutions Administratives du Droit d’Auteur/Copyright Administrative Institutions* (Cowansville, QC: Les Éditions Yvon Blais Inc., 2002).

<sup>17</sup> *Dunsmuir*, *supra* note 14 at para 1.

<sup>18</sup> *Ibid* at para 34.

<sup>19</sup> *Ibid* at para 54. See also the statement of Rothstein J, who delivered the reasons for judgment in *Alberta (Information and Privacy Commissioner) v Alberta Teachers’ Association*, 2011 SCC 61, [2011] 3 SCR 654 at para 39 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/7979/index.do>> [ATA], that “[w]hen considering a decision of an administrative tribunal interpreting or applying its home statute, it should be presumed that the appropriate standard of review is reasonableness.”

<sup>20</sup> *Society of Composers, Authors and Music Publishers of Canada v Canadian Assn. of Internet Providers*, 2002 FCA 166 at para 70 <<http://decisions.fca-caf.gc.ca/en/2002/2002fca166/2002fca166.html>> [*SOCAN v CAIP (FCA)*].

<sup>21</sup> *Copyright Act*, *supra* note 3, s 66(1). As of 17 December 2012, the members of the Copyright Board are Mr. Justice William J Vancise (Chairman), Mr. Claude Majeau (Vice-Chairman and Chief Executive Officer), and Mr. Nelson J Landry (Member).

<sup>22</sup> *Copyright Act*, *supra* note 3, s 66(3).

<sup>23</sup> *SOCAN v CAIP (FCA)*, *supra* note 20 at para 71.

<sup>24</sup> Section 28(1) of the *Federal Courts Act*, RSC 1985, c F-7, states that “[t]he Federal Court of Appeal has jurisdiction to hear and determine applications for judicial review made in respect of any of the following federal boards, commissions or other tribunals: ... (j) the Copyright Board established by the *Copyright Act*.”

<sup>25</sup> *Society of Composers, Authors and Music Publishers of Canada v Canadian Assn. of Internet Providers*, 2004 SCC 45, [2004] 2 SCR 427 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2159/index.do>> [*SOCAN v CAIP*]. *SOCAN v CAIP* was a decision in which the Copyright Board was required to interpret its home statute, the *Copyright Act*.

<sup>26</sup> LeBel J wrote reasons in which he disagreed solely with the “appropriate test for determining the location of an Internet communication under the *Copyright Act*” (*ibid* at para 134).

<sup>27</sup> *Ibid* at para 50.

<sup>28</sup> See, for instance, *Canadian Assn. of Broadcasters v Society of Composers, Authors and Music Publishers of Canada*, [1994] FCJ No 1540 (CA) [CAB 1994]; *Réseaux Premier Choix Inc. v Canadian Cable Television Association*, 1997 FCJ No 1723 (CA), Linden, Strayer and McDonald JJA <[http://decisions.fca-caf.gc.ca/fr/1997/a-759-96\\_6037/a-759-96.html](http://decisions.fca-caf.gc.ca/fr/1997/a-759-96_6037/a-759-96.html)> [*Réseaux*]; and *Society of Composers, Authors and Music Publishers of Canada v Canadian Association of Booksellers* (1999) 1 CPR (4th) 80

(FCA) <[http://decisions.fca-caf.gc.ca/en/1999/a-130-98\\_1482/a-130-98.html](http://decisions.fca-caf.gc.ca/en/1999/a-130-98_1482/a-130-98.html)> [CAB 1999].

<sup>29</sup> CAB 1994, *supra* note 28 at para 15.

<sup>30</sup> *Shaw Cablesystems G.P. v Society of Composers, Authors and Music Publishers of Canada*, 2010 FCA 220 <<http://decisions.fca-caf.gc.ca/en/2010/2010fca220/2010fca220.html>> [Shaw].

<sup>31</sup> *Ibid* at para 27. In reaching this conclusion, the FCA echoed earlier judgments such as *AVS Technologies Inc. v Canadian Mechanical Reproduction Rights Agency* (2000), 7 CPR (4th) 68 (FCA) <[http://decisions.fca-caf.gc.ca/en/2000/a-19-00\\_2147/a-19-00.html](http://decisions.fca-caf.gc.ca/en/2000/a-19-00_2147/a-19-00.html)> [AVS]; CAB 1994, *supra* note 28; *Réseaux*, *supra* note 28; and CAB 1999, *supra* note 28.

<sup>32</sup> *Rogers*, *supra* note 2.

<sup>33</sup> In *ibid*, Rothstein J delivered the reasons for judgment, with McLachlin CJC and LeBel, Deschamps, Fish, Rothstein, Cromwell, Moldaver and Karakatsanis JJ concurring. Abella J wrote a separate set of concurring reasons.

<sup>34</sup> *Ibid* at para 15.

<sup>35</sup> *Ibid* at para 14. In this para, Rothstein J states that “[i]t would be inconsistent for the court to review a legal question on judicial review of a decision of the Board on a deferential standard and decide exactly the same legal question *de novo* if it arose in an infringement action in the court at first instance. It would be equally inconsistent if on appeal from a judicial review, the appeal court were to approach a legal question decided by the Board on a deferential standard, but adopt a correctness standard on an appeal from a decision of a court at first instance on the same legal question.”

<sup>36</sup> As noted above, the same conclusion—albeit through a different line of reasoning—was reached by Binnie J, who delivered the reasons for judgment in *SOCAN v CAIP*, *supra* note 25 at para 15.

<sup>37</sup> *Rogers*, *supra* note 2 at paras 59-88.

<sup>38</sup> *Ibid* at para 65.

<sup>39</sup> *Ibid* at para 60.

<sup>40</sup> *Ibid* at para 61 [emphasis in original], citing *ATA*, *supra* note 19 at para 34.

<sup>41</sup> *Rogers*, *supra* note 2 at para 60.

<sup>42</sup> *Ibid* at para 88.

<sup>43</sup> *Ibid* at para 60.

<sup>44</sup> *Ibid* at para 68.

<sup>45</sup> *Ibid*.

<sup>46</sup> *SOCAN v CAIP*, *supra* note 25 at para 49.

<sup>47</sup> *Rogers*, *supra* note 2 at para 10.

<sup>48</sup> *SOCAN v CAIP*, *supra* note 25 at para 12.

<sup>49</sup> *Rogers*, *supra* note 2 at para 65.

<sup>50</sup> *Dunsmuir*, *supra* note 14 at para 166.

<sup>51</sup> *Alberta (Education) (FCA)*, *supra* note 6.

<sup>52</sup> *Ibid* at para 27.

- <sup>53</sup> *Alberta (Education)*, *supra* note 2 at para 37.
- <sup>54</sup> *Canadian Recording Industry Association v Society of Composers, Authors and Music Publishers of Canada*, 2010 FCA 322 at para 12 <<http://decisions.fca-caf.gc.ca/en/2010/2010fca322/2010fca322.html>>.
- <sup>55</sup> *Alberta (Education)*, *supra* note 2 at paras 37, 41.
- <sup>56</sup> *CCH*, *supra* note 3.
- <sup>57</sup> *Ibid* at para 1.
- <sup>58</sup> *Ibid* at para 4.
- <sup>59</sup> *Ibid* at para 48.
- <sup>60</sup> *Ibid*.
- <sup>61</sup> *Ibid*.
- <sup>62</sup> See *Copyright Act*, *supra* note 3 at ss 29-29.2.
- <sup>63</sup> *CCH*, *supra* note 3 at para 48.
- <sup>64</sup> *Copyright Act*, *supra* note 3 at ss 29-29.2.
- <sup>65</sup> *Ibid*.
- <sup>66</sup> *Ibid*.
- <sup>67</sup> *CCH*, *supra* note 3 at para 52.
- <sup>68</sup> *Hubbard v Vosper* (1971), [1972] 1 All ER 1023 (CA) at 1027 [*Hubbard*], cited in *CCH*, *supra* note 3 at para 52.
- <sup>69</sup> *CCH*, *supra* note 3 at para 53.
- <sup>70</sup> *Ibid*.
- <sup>71</sup> *Alberta (Education)*, *supra* note 2 at para 37.
- <sup>72</sup> *Ibid*.
- <sup>73</sup> *Ibid* at para 38.
- <sup>74</sup> *Ibid* at para 41.
- <sup>75</sup> *Ibid* at para 40.
- <sup>76</sup> *Ibid*.
- <sup>77</sup> *CCH*, *supra* note 3 at para 52.
- <sup>78</sup> *Dunsmuir*, *supra* note 14 at para 166.
- <sup>79</sup> *Ibid* at para 47.
- <sup>80</sup> *Newfoundland and Labrador Nurses' Union v Newfoundland and Labrador (Treasury Board)*, 2011 SCC 62, [2011] 3 SCR 708 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/7980/index.do>> [*NLNU*].
- <sup>81</sup> The main issues addressed by the SCC in *NLNU*, *ibid*, were whether the reasons offered by the arbitrator, in this specific instance, were reasonable and, more broadly, how reviewing courts are to conduct a reasonableness review where the question focuses on the adequacy of reasons.
- <sup>82</sup> *Ibid* at para 14.
- <sup>83</sup> *Catalyst Paper Corp. v North Cowichan (District)*, 2012 SCC 2, [2012] 1 SCR 5 at para 18 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/7987/index.do>> [*Catalyst*].

<sup>84</sup> *Dunsmuir*, *supra* note 14 at para 47.

<sup>85</sup> *Celgene Corp. v Canada (Attorney General)*, 2011 SCC 1, [2011] 1 SCR 3 at para 21 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/7913/index.do>> [*Celgene*].

<sup>86</sup> For example, the Alberta Court of Appeal, in *P.A.L. v Alberta (Criminal Injuries Review Board)*, 2012 ABCA 177 <<http://www.albertacourts.ab.ca/jdb/2003-ca/civil/2012/2012abca0177.pdf>>, [*P.A.L.*], stated that “the issue of whether an interpretive outcome is or is not within a range of reasonable outcomes can *only* be determined by engaging in the interpretive process” (para 33).

<sup>87</sup> *Alberta (Education)*, *supra* note 2 at para 40.

<sup>88</sup> *ATA*, *supra* note 19.

<sup>89</sup> *Dunsmuir*, *supra* note 14.

<sup>90</sup> *Canada (Canadian Human Rights Commission) v Canada (Attorney General)*, 2011 SCC 53, [2011] 3 SCR 53 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/7969/index.do>> [*CHRC*].

<sup>91</sup> *ATA*, *supra* note 19 at para 85.

<sup>92</sup> Gus Van Harten, Gerald Heckman, David J Mullan, *Administrative Law: Cases, Text, and Materials*, 6th ed (Toronto: Emond Montgomery Publications, 2010) at 869.

<sup>93</sup> *Ibid.*

<sup>94</sup> David Dyzenhaus, “The Politics of Deference: Judicial Review and Democracy”, in M Taggart, ed, *The Province of Administrative Law* (Oxford: Hart Publishing, 1997) 279 at 286 (quoted with approval in *Dunsmuir*, *supra* note 14 at para 48).

<sup>95</sup> For a discussion of this issue, see Sheila Wildeman, “Pas de Deux: Deference and Non-Deference in Action” in CM Flood and L Sossin, eds, *Administrative Law in Context* (Toronto: Emond Montgomery, 2013) 323 [Wildeman]; see also David J Mullan, “Dunsmuir v New Brunswick, Standard of Review and Procedural Fairness for Public Servants: Let’s Try Again!” (2008) 21 Can J Admin L & Prac 117.

<sup>96</sup> *Dunsmuir*, *supra* note 14 at para 72.

<sup>97</sup> *CHRC*, *supra* note 90.

<sup>98</sup> *Ibid* at para 64.

<sup>99</sup> *Halifax (Regional Municipality) v Canada (Public Works and Government Services)*, 2012 SCC 29, [2012] 2 SCR 108 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9989/index.do>> [*HRM*].

<sup>100</sup> *Ibid* at para 1.

<sup>101</sup> *Ibid* at para 5.

<sup>102</sup> *Ibid* at para 47.

<sup>103</sup> *Toronto Police Services Board*, *supra* note 13 at para 49. For further examples, see also *Ontario (Ministry of Community Safety and Correctional Services) v Ontario (Information and Privacy Commissioner)*, 2011 ONCA 32; *P.A.L.*, *supra* note 86.

<sup>104</sup> *Celgene*, *supra* note 85. Wildeman, *supra* note 95 at 370 refers to *Celgene* as a case that is “arguably exemplary of the potential for reconciliation of concerns for deference and for supervision of legality in reasonableness review”, citing, in

particular, the “close and respectful attention” given by the SCC “to the reasoning of the Board.”

<sup>105</sup> *Ibid* at para 20.

<sup>106</sup> *Ibid* at para 25.

<sup>107</sup> *Ibid* at para 26.

<sup>108</sup> *Bell, supra* note 2 at para 9. Abella J delivered the reasons for judgment for the Court (McLachlin CJC and LeBel, Deschamps, Fish, Rothstein, Cromwell, Moldaver and Karakatsanis JJ concurring).

<sup>109</sup> *Ibid* at para 9.

<sup>110</sup> *Bishop v Stevens*, [1990] 2 SCR 467 at 478-79 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/640/index.do>>.

<sup>111</sup> *Bell, supra* note 2 at para 9.

<sup>112</sup> *Ibid*, citing Carys J Craig, “Locke, Labour and Limiting the Author’s Right: A Warning against a Lockean Approach to Copyright Law” (2002), 28 *Queen’s LJ* 1 at 14-15.

<sup>113</sup> *Ibid*.

<sup>114</sup> See in particular *ibid*.

<sup>115</sup> *Ibid* at para 10. For an in-depth discussion of the benefits of a robust public domain, see e.g. James Boyle, *The Public Domain* (New Haven: Yale University Press, 2010) and Carys J Craig, “The Canadian Public Domain: What, Where, and to What End?” (2010) 7 *CJLT* 221. See also Carys J Craig, “Putting the Community in Communication: Dissolving the Conflict Between Freedom of Expression and Copyright” (2006) 56 *Univ of Toronto LJ* 75. In this work, Craig describes copyright as “a policy tool whose purpose is to advance our common interest in the vibrant social exchange of meaning” (110). She characterizes this “explanation for the copyright system...as a ‘public interest’ approach. According to the public interest approach, copyright law must be understood in light of its public purpose, which is to encourage the creation and dissemination of intellectual works” (108).

<sup>116</sup> In *Théberge, supra* note 12 at para 12, Binnie J stated that “[g]enerally speaking, Canadian copyright law has traditionally been more concerned with economic than moral rights.” Craig, *supra* note 115 at 109, suggests that “[c]opyright is granted to further the public interest in the maximum proliferation of intellectual goods in the belief that, unless authors are given sufficient opportunity to exploit their work for financial returns, intellectual works will be under-produced.”

<sup>117</sup> See e.g. *ibid* at para 30; *CCH, supra* note 3 at para 2; *Bell, supra* note 2 at para 49.

<sup>118</sup> *CCH, supra* note 3 at para 23.

<sup>119</sup> *Théberge, supra* note 12 at para 32.

<sup>120</sup> *Ibid* at para 31.

<sup>121</sup> *Ibid*.

<sup>122</sup> *CCH, supra* note 3 at para 48.

<sup>123</sup> *Théberge, supra* note 12 at para 32.

<sup>124</sup> *Bell, supra* note 2 at para 11

<sup>125</sup> *CCH, supra* note 3 at para 48.

<sup>126</sup> *Ibid.*

<sup>127</sup> *Bell*, *supra* note 2 at paras 10-11 (citing David Vaver, *Intellectual Property Law: Copyright, Patents, Trademarks* (2d ed, 2011) at 60).

<sup>128</sup> *Bell*, *supra* note 2 at para 27.

<sup>129</sup> *CCH*, *supra* note 3 at para 54.

<sup>130</sup> *Alberta (Education)*, *supra* note 2 at para 59.

<sup>131</sup> *Dunsmuir*, *supra* note 14 at para 47.

<sup>132</sup> *Alberta (Education)*, *supra* note 2 at para 15 [emphasis added].

<sup>133</sup> *Ibid* at para 19 [emphasis added].

<sup>134</sup> *Ibid* at para 24 [emphasis added].

<sup>135</sup> *Ibid* at para 28 [emphasis added].

<sup>136</sup> *Ibid* at para 29 [emphasis added].

<sup>137</sup> *Ibid* at para 31 [emphasis added].

<sup>138</sup> *Ibid* at para 32 [emphasis added].

<sup>139</sup> *Ibid* at para 33 [emphasis added]. Also of note is Abella J's statement that she had concerns over *how* the Board applied several of [the *CCH*] factors" (*ibid* at para 14 [emphasis added]).

<sup>140</sup> *Ibid* at para 37.

<sup>141</sup> *Alberta (Education) (CB)*, *supra* note 4 at para 75.

<sup>142</sup> See Part II.C.a.ii, above.

<sup>143</sup> *Alberta (Education) (CB)*, *supra* note 4 at para 114.

<sup>144</sup> Article 9(2) of the Berne Convention <[http://www.wipo.int/treaties/en/ip/berne/trtdocs\\_wo001.html](http://www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html)>, states that "[i]t shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author" (Berne Convention for the Protection of Literary and Artistic Works, 9 September 1886, as revised at Paris on 24 July 1971 and amended in 1979, S Treaty Doc No 99-27 (1986) [Berne Convention]).

<sup>145</sup> Article 13 of the TRIPS Agreement <[http://www.wto.org/english/tratop\\_e/trips\\_e/t\\_agm0\\_e.htm](http://www.wto.org/english/tratop_e/trips_e/t_agm0_e.htm)> states that "[m]embers shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder" (*Agreement on Trade-Related Aspects of Intellectual Property Rights*, 15 April 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 UNTS 299, 33 ILM 1197 (1994) [TRIPS Agreement]).

<sup>146</sup> *Alberta (Education) (CB)*, *supra* note 4 at para 114.

<sup>147</sup> *Ibid.*

<sup>148</sup> See, for instance, the decision of the SCC in *National Corn Growers Assn. v Canada (Import Tribunal)*, [1990] 2 SCR 1324 at 1371 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/674/index.do>> [*National Corn Growers Assn.*], in which Gonthier J, who delivered the reasons for judgment, held that "in circumstances where the domestic legislation is unclear it is reasonable to examine any underlying

international agreement.” Gonthier J went on to note that “where the text of the domestic law lends itself to it, one should also strive to expound an interpretation which is consonant with the relevant international obligations” (1371). The latter passage was cited with approval in *Re:Sound*, another pentalogy case (*supra* note 2 at para 51). Detailed consideration of the extent to which the SCC is required to interpret the *Copyright Act* in a manner consistent with the Berne Convention, the TRIPS Agreement, and other international treaties in light of Canada being a signatory to these treaties is beyond the scope of this chapter to address. For the purposes of this chapter, it is assumed that the SCC is not required to interpret the *Copyright Act* in a manner consistent with these agreements.

<sup>149</sup> *Alberta (Education) (CB)*, *supra* note 4 at para 75.

<sup>150</sup> *Ibid* at para 76.

<sup>151</sup> *Ibid* [citations omitted].

<sup>152</sup> *NLNU*, *supra* note 80 at para 16.

<sup>153</sup> *CCH*, *supra* note 3 at para 48.

<sup>154</sup> *Ibid* at para 70.

<sup>155</sup> TRIPS Agreement, *supra* note 145 at art 13.

<sup>156</sup> *CCH*, *supra* note 3 at para 10, citing *Théberge*, *supra* note 12 at paras 30-31.

<sup>157</sup> *Alberta (Education) (CB)*, *supra* note 4 at para 114.

<sup>158</sup> *CCH*, *supra* note 3 at para 23.

<sup>159</sup> *Alberta (Education) (CB)*, *supra* note 4 at para 89.

<sup>160</sup> *CCH*, *supra* note 3 at para 51.

<sup>161</sup> *Alberta (Education) (CB)*, *supra* note 4 at para 90.

<sup>162</sup> The Copyright Board chose to interpret *CCH* in such a manner despite its acknowledgement that “all exceptions provided in the Act are now users’ rights [that]...must be given a liberal interpretation” (*ibid* at para 76).

<sup>163</sup> *CCH*, *supra* note 3 at para 54 [emphasis added].

<sup>164</sup> *Alberta (Education)*, *supra* note 2 at para 19.

<sup>165</sup> *Alberta (Education) (CB)*, *supra* note 4 at para 98.

<sup>166</sup> *Ibid* at para 113.

<sup>167</sup> *Alberta (Education)*, *supra* note 2 at para 32.

<sup>168</sup> *Ibid* at paras 24-25.

<sup>169</sup> *Alberta (Education) (CB)*, *supra* note 4 at para 107.

<sup>170</sup> *Ibid*.

<sup>171</sup> *Ibid*.

<sup>172</sup> *Alberta (Education)*, *supra* note 2 at para 32.

<sup>173</sup> *Ibid* at para 56.

<sup>174</sup> *Ibid* at para 68.

<sup>175</sup> *Alberta (Education) (CB)*, *supra* note 4 at para 104.

<sup>176</sup> Abella J also critiqued the approach taken by the Copyright Board with respect to this factor on the basis that in considering the total number of pages copied over

time under the amount of the dealing factor as well as under the character of the dealing factor, the Copyright Board “conflated the two factors, which had the effect of erasing proportionality from the fairness analysis” (*Alberta (Education)*, *supra* note 2 at para 30).

<sup>177</sup> *CCH*, *supra* note 3 at para 59.

<sup>178</sup> *Ibid.*

<sup>179</sup> *Ibid* at para 72.

<sup>180</sup> *Ibid.*

<sup>181</sup> *Alberta (Education) (CB)*, *supra* note 4 at para 110.

<sup>182</sup> *Ibid* at para 111.

<sup>183</sup> *Ibid.*

<sup>184</sup> *CCH*, *supra* note 3 at para 72 [emphasis added].

<sup>185</sup> *Alberta (Education) (CB)*, *supra* note 4 at para 112.

<sup>186</sup> *Alberta (Education)*, *supra* note 2 at para 34.

<sup>187</sup> *Ibid* at para 35.

<sup>188</sup> *Alberta (Education) (CB)*, *supra* note 4 at para 114.

<sup>189</sup> *Dunsmuir*, *supra* note 14; *CHRC*, *supra* note 90; *HRM*, *supra* note 99; and *Toronto Police Services Board*, *supra* note 13.

<sup>190</sup> *Hubbard*, *supra* note 68.

<sup>191</sup> *Ibid* at para 40.

<sup>192</sup> *Hubbard*, *supra* note 68, cited in *CCH*, *supra* note 3 at para 52 and *Bell*, *supra* note 2 at para 32, among other cases.

<sup>193</sup> *CCH*, *supra* note 3 at para 51.

<sup>194</sup> *Bell*, *supra* note 2 at para 27.

<sup>195</sup> *Ibid* at paras 10-11 (citing *Vaver*, *supra* note 127 at 60).

<sup>196</sup> *CCH*, *supra* note 3 at para 53.

<sup>197</sup> I am currently writing a paper in which I examine these questions in depth.

<sup>198</sup> *Dunsmuir*, *supra* note 14 at para 48.

<sup>199</sup> *Wildeman*, *supra* note 95 at 350.

<sup>200</sup> *Rogers*, *supra* note 2 at para 65.

<sup>201</sup> *Wildeman*, *supra* note 95 at 324.

<sup>202</sup> *Ibid* at 325.

<sup>203</sup> Jeremy de Beer, “Twenty Years of Legal History (Making) at the Copyright Board of Canada” <<http://www.jeremydebeer.ca/images/20%20years%20of%20legal%20history%20making%20book%20chapter.pdf>> in ALAI Canada, ed, *The Copyright Board of Canada: Bridging Law and Economics for Twenty Years* (Cowansville, QC: Editions Yvon Blais, 2011) 5 at 7 [*Bridging*].

<sup>204</sup> Giuseppina D’Agostino, “Copyright Exceptions and Limitations and the Copyright Board of Canada” in *Bridging*, *supra* note 203 at 221.



<sup>205</sup> This epilogue may already be partially written. The Copyright Board, subsequent to the SCC's decision in *Alberta (Education)*, supra note 2, in which Abella J remitted the matter for reconsideration in accordance with her reasons, ruled that "[t]he decision of the Supreme Court is clear and leaves no room for interpretations: based on the record before the Board and the findings of fact of the Supreme Court, Category 4 copies [copies made by teachers for distribution to students] constitute fair dealing for an allowable purpose and as such, are non-compensable. The FTE rate must be reduced accordingly", Copyright Board of Canada, Ruling of the Board, 19 September 2012; cited in Ariel Katz, "Copyright Board: Category 4 copies are fair dealing" Ariel Katz Blog (19 September 2012) <<http://arielkatz.org/copyright-board-category-4-copies-are-fair-dealing/>>.



## **Courts and Copyright: Some Thoughts on Standard of Review<sup>1</sup>**

**PAUL DALY**

A series of interesting questions was raised in the pentalogy of copyright cases decided by the Supreme Court of Canada (the Court) in July 2012. Are additional royalties payable when a video game is downloaded rather than bought over the counter?<sup>2</sup> Is streaming a communication to the public that requires payment to the copyright holder?<sup>3</sup> When a consumer listens to a preview of a song on iTunes, is Apple on the hook for an extra royalty?<sup>4</sup> How much copying can a teacher do to create course materials for students?<sup>5</sup> And is a movie soundtrack to be treated as a whole or a collection of components?<sup>6</sup>

Amidst all this, the Court found time to introduce an innovation in administrative law doctrine that, regrettably, is likely to cause significant confusion for lower courts. In this chapter, I explain this innovation and outline the reasons to consider it a regrettable one. My primary focus is thus relatively narrow, confined to technical questions of administrative law. However, I adopt a broader lens toward the end of this chapter and suggest that Canadian courts ought to be more willing to accord deference to the decisions of the Copyright Board. I then conclude with some thoughts on the application of the general principles of administrative law in one of the other cases in

the pentalogy. The serious disagreement between the majority and minority judges in that case casts light on an important issue in administrative law: the characterization of administrative decisions.<sup>7</sup>

## An Innovation

As is well known, the Court held in *Dunsmuir v New Brunswick*<sup>8</sup> that there are two standards of review: reasonableness and correctness.<sup>9</sup> Subsequently, the Court has made clear that there are certain categories of decision to which the two standards apply, as follows: (1) correctness for constitutional questions, resolutions of jurisdictional overlaps, true questions of jurisdiction, and questions of general law of central importance to the legal system, and (2) reasonableness for interpretations of a decision maker's home statute, issues where law and fact are intertwined, and policy-making decisions.<sup>10</sup>

In the *Copyright Cases*, the Court was reviewing decisions of the Copyright Board, the expert tribunal established under the *Copyright Act* (the *Act*)<sup>11</sup> to set tariffs for the use of copyrighted material. The jurisdiction to impose tariffs is found in ss. 67 and 68 of the *Act*, while in Part I, the contours of copyright are traced; these were of central importance in the pentalogy.<sup>12</sup> Within the post-*Dunsmuir* framework, the *Act* is clearly the home statute of the Copyright Board, and should be presumptively entitled to deference (i.e. review on a standard of reasonableness rather than correctness).

Instead, the Court introduced an exception to the framework. In *Rogers*,<sup>13</sup> the Court explained that the appropriate standard of review was correctness, because the Copyright Board shares jurisdiction with the Trial Division of the Federal Court. Here, the Copyright Board had imposed additional tariffs on online music services on the basis that the streaming of music constituted a communication “to the public” under s 3(1)(f) of the *Act*.<sup>14</sup>

However, pursuant to s 37 of the *Act*, the Federal Court “has concurrent jurisdiction with provincial courts to hear and determine all proceedings...for the enforcement of a provision of this Act or of the civil remedies provided by this Act.” It is thus possible for an action to be brought to enforce a copyright in the Federal Court, which would require it to determine the boundaries of the copyright

in question. But part of the Copyright Board's role in setting tariffs is to make precisely the same determination: after all, no tariff can be imposed in respect of material that cannot be copyrighted.<sup>15</sup> Questions can arise, then, about the interpretation of Part I of the Act, where the contours of copyright are traced, before both the Federal Court and the Copyright Board.

For a majority of the Court, Rothstein J suggested that in these circumstances, according deference to the Copyright Board could lead to inconsistency.<sup>16</sup> If the Federal Court were to answer a question of law in its determination of whether a copyright infringement had occurred, no deference would be owed, and in any appeal to the Federal Court of Appeal and the Supreme Court, the standard of review would be correctness.<sup>17</sup> But if deference were paid to the Copyright Board in interpreting its home statute, the exact same question might be reviewable on a standard of reasonableness by the Federal Court, the Federal Court of Appeal and the Supreme Court.

From this, Rothstein J inferred that Parliament could not have intended deference to be paid to the Copyright Board's determinations of questions of law arising under the *Act*:

It would be inconsistent for the court to review a legal question on judicial review of a decision of the Board on a deferential standard and decide exactly the same legal question *de novo* if it arose in an infringement action in the court at first instance. It would be equally inconsistent if on appeal from a judicial review, the appeal court were to approach a legal question decided by the Board on a deferential standard, but adopt a correctness standard on an appeal from a decision of a court at first instance on the same legal question. Because of the unusual statutory scheme under which the Board and the court may each have to consider the same legal question at first instance, it must be inferred that the legislative intent was not to recognize superior expertise of the Board relative to the court with respect to such legal questions. This concurrent jurisdiction of the Board and the court at first instance

in interpreting the *Copyright Act* rebuts the presumption of reasonableness review of the Board's decisions on questions of law under its home statute....<sup>18</sup>

Rothstein J's argument can be pared down to this point: Parliament could not have intended to allow divergent approaches to the interpretation of copyright. Therefore, it must be inferred that the appropriate standard of review is correctness. Interpreting copyright must remain a matter for the courts, consistent with the intention of Parliament.<sup>19</sup>

### Legislative Intent

In a strong set of concurring reasons, Abella J confessed that it was not "obvious to [her] why shared jurisdiction should be seen to displace Parliament's attributed intention that a tribunal's specialized expertise entitles it to be reviewed with restraint."<sup>20</sup> On this view, Parliament vested broad authority in the Copyright Board as an expert forum for the resolution of complex questions about the scope of copyright and its protections; resolutions in which interested parties could participate.<sup>21</sup>

One could suggest various reasons for the shared jurisdiction between the Federal Court and Copyright Board. Concerns may have been felt about whether fully ousting Federal Court jurisdiction over copyright was consistent with s 96 of the *Constitution Act, 1867*. Or it may have been thought prudent to incentivize central enforcement of copyrights in the Federal Court rather than allowing divergent approaches in the provinces.<sup>22</sup>

But in the end, all such speculation is beside the point, for in reality there is no "ghost in the machine."<sup>23</sup> Courts do not attempt to divine legislative intent in a literal sense.<sup>24</sup> Rather, in following the "polar star" of legislative intent,<sup>25</sup> it is necessary for courts to pay heed to the language, context and subject matter of statutory provisions and their purposes and consequences.<sup>26</sup> In *Rogers*, however, Rothstein J's inference as to legislative intent was dubious. If there was a legislative intent that issues arising under the *Act* should be within the purview of the courts, an appeal could have been provided for. Traditionally, this is the sort of indicator that Canadian courts have looked for.<sup>27</sup>

Indeed, the courts have “usually viewed the lack of a right of appeal in the *Copyright Act* as a factor favouring deference to the Board.”<sup>28</sup>

Inserting such a clause would have been straightforward: Parliament could simply have provided that there would be an appeal to the Federal Court from the Copyright Board on any question of law concerning the interpretation of the *Act*. The failure to do so is a strong indicator that Parliament intended the Copyright Board, not the courts, to be the primary decision maker in copyright matters, subject to deferential review. Should deference to the Copyright Board prove unappealing as a matter of general policy, it would be open to Parliament to amend the *Act* to introduce an appeal clause.

### **A Strange Reading of *Dunsmuir***

In *Dunsmuir*, the Court was clear that its goal was to simplify and clarify the general principles of judicial review, to find “solutions that provide real guidance.”<sup>29</sup> One would think that *Dunsmuir* would be best interpreted with these overarching purposes in mind. However, the majority decision in *Rogers* provides another example from the 2011–2012 term of the Court departing from the spirit of *Dunsmuir*.<sup>30</sup> It cannot be said that developing an exception to what has gradually become a settled judicial review framework assists in clarifying and simplifying the law. A strange reading of *Dunsmuir* was thus necessary.

In justifying his conclusion that a standard of review of correctness ought to apply to the Copyright Board’s determinations of the contours of copyright, Rothstein J relied on the fact that shared jurisdiction meant the Copyright Board was no longer operating in a discrete and specialized administrative regime. As a result,

This is consistent with *Dunsmuir*, which directed that “[a] *discrete and special administrative regime* in which the decision maker has special expertise” was a “facto[r] that] will lead to the conclusion that the decision maker should be given deference and a reasonableness test applied” (para. 55). Because of the jurisdiction at first instance that it shares with the courts, the Board cannot be said to operate in such a “discrete...administrative regime.”<sup>31</sup>

This language comes directly from *Dunsmuir*. But in *Dunsmuir*, discreteness was only one factor that could lead to a finding that a reasonableness standard ought to be applied. Here is the full paragraph from which Rothstein J extracted the factor:

A consideration of the following factors will lead to the conclusion that the decision maker should be given deference and a reasonableness test applied:

— A privative clause: this is a statutory direction from Parliament or a legislature indicating the need for deference.

— A discrete and special administrative regime in which the decision maker has special expertise (labour relations for instance).

— The nature of the question of law. A question of law that is of “central importance to the legal system... and outside the...specialized area of expertise” of the administrative decision maker will always attract a correctness standard. On the other hand, a question of law that does not rise to this level may be compatible with a reasonableness standard where the two above factors so indicate.<sup>32</sup>

To pluck one factor from one paragraph in a decision that aimed to *simplify* and *clarify* judicial review is a strange way of justifying the new shared jurisdiction exception. The exception is, as Abella J pointed out, “not even hinted at in *Dunsmuir*.”<sup>33</sup>

The potential for confusion is obvious. The new exception can only *complicate* judicial review. Rothstein J seemed to suggest that the exception will apply only to intellectual property regimes<sup>34</sup> and Abella J predicted a change in the trademarks field.<sup>35</sup> But whatever the Court says about the scope of the new shared jurisdiction exception, it will inevitably have ramifications in the lower courts. For the logic of the Court’s approach extends far beyond the territory of intellectual property and into other domains regulated by the general principles of administrative law.

Clever counsel will undoubtedly argue before provincial and federal courts that the existence of a private right of action negates



the deference owed to interpretations of a home statute. After all, in an action, a provincial superior court or the Trial Division of the Federal Court will be called upon to answer any questions of law arising, potentially the same questions addressed by the relevant administrative body in its regulatory functions.

There are some obvious examples. As with the *Copyright Act*, the *Competition Act*<sup>36</sup> creates a private right of action. Section 36(1) provides as follows:

Any person who has suffered loss or damage as a result of

(a) conduct that is contrary to any provision of Part VI, or

(b) the failure of any person to comply with an order of the Tribunal or another court under this Act, may, in any court of competent jurisdiction, sue for and recover from the person who engaged in the conduct or failed to comply with the order an amount equal to the loss or damage proved to have been suffered by him, together with any additional amount that the court may allow not exceeding the full cost to him of any investigation in connection with the matter and of proceedings under this section.

Section 36(3) makes the Federal Court a “court of competent jurisdiction” for the hearing of such actions. Meanwhile, s 7(1) (a) of the *Competition Act* makes clear that its “administration and enforcement” falls within the purview of the Commissioner of Competition.

Although the Court has previously held that deference is owed to the bodies administering the *Competition Act*,<sup>37</sup> this conclusion sits very uneasily with the shared jurisdiction exception developed in *Rogers*. A private right of action and an administrative body co-exist; jurisdiction is thus shared between courts and regulators. *Rogers* teaches that, in such situations, no deference is owed to administrative interpretations of law. The existence of conflicting decisions is unnecessary, because the *mere potential* for inconsistency is the trigger for the new shared jurisdiction exception.

Securities legislation in the provinces may also fall within the shared jurisdiction exception. While the Ontario Securities Commission is “responsible for the administration” of the *Securities Act*,<sup>38</sup> and is owed deference,<sup>39</sup> Parts XXIII and XXIII.1 create civil remedies actionable in the Superior Court of Justice. Clearly, interpreting the provisions of the *Securities Act* is central both to the work of the Ontario Securities Commission and to that of the Superior Court. Jurisdiction is shared. Following *Rogers*, any questions of law that *could* arise before the Ontario Securities Commission or the Superior Court would be subject to review on a standard of correctness.

Beyond these two examples, counsel for the applicant in future judicial review cases will doubtless closely parse the statute book in order to identify areas of shared jurisdiction.

Creative counsel might even argue that public law duties that can ground actions against public bodies in negligence also create shared jurisdiction. In determining whether an action lies against a public body in negligence, a provincial superior court must of necessity trace the contours of the public body’s duties;<sup>40</sup> in order to accomplish this task, the body’s home statute will have to be interpreted. On the logic exhibited in *Rogers*, the *mere potential* for shared jurisdiction is what matters. Could it not be said, then, that the possibility of actions against a public body in negligence would require review on a standard of correctness? To so argue would be to stretch the *Rogers* logic very far indeed. If, in principle, the availability of actions in negligence would always justify a standard of review of correctness, deference could be completely gutted. This cannot be what Rothstein J intended. But the very availability of the argument is evidence that the approach taken in *Rogers* will complicate rather than simplify and clarify the general principles of judicial review.

### **Embracing Pluralism: Multiple Interpretations**

One can appreciate Rothstein J’s concern with the potential for conflicting interpretations. Certainly, anomalous outcomes may result from the shared jurisdiction of the Federal Court and the Copyright Board.

However, as Abella J responded, deference has always been “based on the idea that multiple valid interpretations of a statutory provision were inevitable, and ought not to be disturbed unless the tribunal’s decision was not rationally supported.”<sup>41</sup> From the earliest days of the Court’s deferential approach, this has been a key idea.<sup>42</sup>

The philosopher Chaim Perelman put the point eloquently:

In fact, we admit that two reasonable and honest men can disagree on a determined question and thus judge differently. The situation is even considered so normal, both in legislative assemblies and in tribunals that have several judges, that decisions made unanimously are esteemed exceptional; and it is normal, moreover, to provide for procedures permitting the reaching of a decision even when opposing opinions persist.<sup>43</sup>

Admitting divergent outcomes is the *sine qua non* of deference. Quailing at the prospect contrasts starkly with the Court’s comfort with determining whether a particular result “falls within a range of possible outcomes.”<sup>44</sup>

Even allowing that the potential for the sorts of divergent result identified by Rothstein J requires a solution, it is not clear that reserving questions of law to the courts is the appropriate one. Other solutions are available.

First, Rothstein J could have placed faith in the paramountcy-type analysis employed in *British Columbia Telephone Co. v Shaw Cable Systems (B.C.) Ltd.*<sup>45</sup> There, contradictory decisions were reached by administrative bodies: compliance with one would have been defiance of the other.<sup>46</sup> The Court resolved the conflict by reference to legislative intent. It essentially asked, based on the statutory provisions in question, which tribunal the legislature would have intended to have the last word in a situation of conflict. Here, the telecommunication regulator’s decision, “being an expression of the broad policy-making role accorded to it by Parliament, should take precedence over the decision of the labour arbitration board to the extent of the inconsistency.”<sup>47</sup> In the *Rogers* scenario, the Court could simply have kicked the problem down the road. If and when contradictory decisions were issued, a reviewing court could determine which ought to prevail.

Second, the Court could simply have trusted in the ability of the Federal Court and Copyright Board to work out any problems between themselves. To put it starkly, the Federal Court would need a very good reason to depart from a decision of the Copyright Board and *vice versa*. Discretion would be the better part of valour. Moreover, if the Federal Court departed without adequate justification from a decision of the Copyright Board, the Federal Court of Appeal could, if necessary, correct it. If the Copyright Board departed without adequate justification from a decision of the Federal Court, its decision would be unreasonable.<sup>48</sup>

These two alternative solutions might excite opposition, but they would surely have been preferable to the development of an exception to the *Dunsmuir* framework, which is likely to complicate the law of judicial review.<sup>49</sup> Moreover, the shared jurisdiction exception requires an interventionist standard of review where deference would otherwise be appropriate. Deference will be undermined by the new exception, and the legislative purpose of creating specialized administrative bodies will be subverted. Indeed, given the potential that the new shared jurisdiction exception has to undermine the framework of deference, I hope that future courts will use these alternative approaches to deal with inconsistency if and when it arises, thereby confining the *Rogers* exception to the intellectual property field.

## Deference to the Copyright Board

Taking a step back and viewing the *Rogers* decision more broadly, the refusal to accord deference to the Copyright Board is most unfortunate. There is certainly a “long history” of judicial, rather than administrative, interpretation of the scope of copyright.<sup>50</sup> Pedigree, however, is no reason to ignore principle, especially given that the *Copyright Cases* represented the Court’s first major post-*Dunsmuir* foray into intellectual property law.

As Abella J explained, the Copyright Board is undoubtedly an expert body, to which decision-making authority had been delegated, and therefore deference was appropriate:

The Board has highly specialized knowledge about the media technologies used to create and disseminate

copyrighted works, such as the Internet, digital radio, satellite communications, as well as related economic issues.... This specialized knowledge is precisely the kind of institutional expertise that *Dunsmuir* concluded was entitled to deference.<sup>51</sup>

One might suggest that the Copyright Board's expertise lies solely in the area of rate setting, not in defining the scope of copyright. This seems too narrow an approach. One would be wise to recall Abella J's previous admonition: "If every provision of a tribunal's enabling legislation were treated as if it had jurisdictional consequences that permitted a court to substitute its own view of the correct interpretation, a tribunal's role would be effectively reduced to fact-finding."<sup>52</sup> No distinction between rate setting and law interpreting is made in the *Act*; again, providing an appeal, in order to segment these two questions, would not have been difficult. Indeed, the fact that the Chair of the Copyright Board must be a judge<sup>53</sup> casts doubt on the plausibility of a segmentation of legal and economic questions.<sup>54</sup> While the other members need not have legal training, their regular exposure to the relevant legal principles and, crucially, their regular application of these principles in concrete contexts allows them to accrue significant expertise. Accordingly, the Copyright Board should not be treated as solely a technocratic body to be trusted only with complex economic questions and not broader questions of law and policy.

More generally, the Copyright Board is the body that is best positioned to identify and develop the underlying principles of the *Act*. It deals with tariff applications and various issues pertaining to the contours of copyright on a regular basis. All interested parties can participate before the Copyright Board and submit their respective points of view in a deliberative forum.<sup>55</sup> By contrast, the Court is only an occasional actor on the copyright stage. A similar justification for deference was advanced by Dickson J (as he then was) in his seminal set of reasons in *Canadian Union of Public Employees, Local 963 v New Brunswick Liquor Corporation*:

The rationale for protection of a labour board's decisions within jurisdiction is straightforward and

compelling. The labour board is a specialized tribunal which administers a comprehensive statute regulating labour relations. In the administration of that regime, a board is called upon not only to find facts and decide questions of law, but also to exercise its understanding of the body of jurisprudence that has developed around the collective bargaining system, as understood in Canada, and its labour relations sense acquired from accumulated experience in the area.<sup>56</sup>

For example, while there is doubtless much to be said for the Court's recognition in the *Copyright Cases* of a principle of "technological neutrality",<sup>57</sup> there is much more to be said for leaving the identification, development and application of such principles to the Copyright Board. Once the Court has spoken on a question of law, the principles it announces are set in stone. If, say, major technological advances unforeseen by the Court render the principle of technological neutrality inappropriate, it will ultimately require an appeal to the Court to resolve the situation. Take, for example, Canadian judges' treatment of fair dealing before the Court's decision in *CCH Canadian Ltd. v Law Society of Upper Canada*:<sup>58</sup> "For a long time, the Canadian approach to fair dealing was one of single-minded reliance upon specific rules, together with a distinct unwillingness to consider the purpose of fair dealing within the larger policy aims of copyright law."<sup>59</sup> It may be true that the Court's decision in *CCH* revitalized fair dealing,<sup>60</sup> but had the development of fair dealing been entrusted to the Copyright Board, a long period of stagnation might have been avoided.

If legal principles were developed by the Copyright Board in the first place, subject to deferential review, the principles could be modified or even jettisoned as conditions demanded it.<sup>61</sup> Allowing the Court to review interpretations of the Copyright Board on a standard of correctness has the unfortunate potential to ossify the law. Far better to allow the various parties affected by the Copyright Board's determinations to fight for their preferred interpretations in the forum provided for by Parliament. Instead, the Court seems to see itself as perched on the apex of the judicial hierarchy, reluctant to cede its position to an expert body that is better placed to answer polycentric

copyright questions and receive input from interested parties.<sup>62</sup> Yet the Court does not, in short, have the copyright on wisdom in this field.

### **Deference in Application: The Problem of Characterization**

For all of Abella J's ornate words about deference in *Rogers*, one could be forgiven for questioning just how deferential she was to the Copyright Board in the *Alberta (Education)* case. Two general points emerge from a consideration of the sharp disagreement between the majority and dissenting reasons. First, when it comes to deference to administrative decision makers, judicial acts matter as much as words. Second, the characterization of administrative decisions by reviewing courts plays an important role in determining whether the decisions will ultimately be upheld.

In *Alberta (Education)*, the issue was whether photocopies made by teachers in order to distribute them to students as part of classroom instruction could qualify as fair dealing.<sup>63</sup> On foot of a dispute between Access Copyright and its provincial and territorial partners about the extent of copying being done pursuant to their agreements, a quantitative study was conducted. The particular issue that emerged and wended its way to the Court was whether copies made on the initiative of teachers with a subsequent instruction to students to read the materials constituted fair dealing.<sup>64</sup>

The Copyright Board concluded that the copying was for an allowable purpose, but that, on application of the “fairness factors” laid out previously by the Court in *CCH*,<sup>65</sup> the copying had been done in an unfair manner. The argument before the Court was entirely about the application of the fairness factors. There was no general question of legal interpretation. Accordingly, the parties agreed that the appropriate standard of review was reasonableness. I should sound a note of caution before describing the decision: the justices agreed among themselves neither about the way to conduct a deferential review nor about the way to characterize the impugned decision.

Abella J, writing for a five-member majority, noted four problems with the Copyright Board's approach. First—indeed, the “key problem”<sup>66</sup>—the Copyright Board had misapplied the “purpose of the dealing factor”. According to Abella J, the Copyright Board's error

was to look at the copying solely from the perspective of the teacher. Rather, the appropriate perspective to adopt was that of the “user”.<sup>67</sup> As a result, the Copyright Board drove an “artificial wedge” between the initiative of the teacher and the initiative of the student.<sup>68</sup> It also “artificially” separated study in the classroom among one’s peers from study on one’s own.<sup>69</sup>

Second, the Copyright Board’s approach to the “amount of the dealing” factor was “flawed”.<sup>70</sup> Abella J took the view that the Copyright Board had been wrong to say that repeated copying of a particular set of materials tended to make the dealing unfair. Contrary to the view expressed by the Copyright Board, the “amount” factor requires an assessment of proportionality between the copied excerpt and the work as a whole. It is the “character” factor that speaks to overall quantification of the copying. The Copyright Board had inappropriately “conflated the two factors”.<sup>71</sup>

Third, in its discussion of “alternatives to the dealing”, the Copyright Board had suggested that the schools could buy more hard copies of the textbooks being copied. Abella J flatly rejected this suggestion: “buying books for each student is not a realistic alternative to teachers copying short excerpts to supplement student textbooks”.<sup>72</sup>

Fourth, the Copyright Board had concluded, in its application of the “effect of the dealing on the work” factor, that the copying had caused a decline in sales of hard copies of the textbooks in question. However, there was simply “no evidence” to suggest a causal link between the copying and the decline in sales,<sup>73</sup> an observation shared by Rothstein J in dissent.<sup>74</sup>

Abella J concluded that as a result of the Copyright Board’s “misapplication of the *CCH* factors”, its decision was unreasonable.<sup>75</sup>

To take up my first general point about *Alberta (Education)*—deference—the overview of Abella J’s reasoning, with its reliance on artificial wedges, inappropriate conflation and unrealistic alternatives, required an intrusive review of the Copyright Board’s decision. While the philosophy Abella J described in *Rogers* is laudable, it is difficult to square her philosophy with her application of it in *Alberta (Education)*. Unsurprisingly, Abella J’s approach provoked a sharp dissent from four of her colleagues, for whom Rothstein J wrote. As he warned, courts should be “cautious not to inadvertently slip into a



more intrusive, correctness review”.<sup>76</sup> In particular, the substitution of judgment by the Court on whether the purchase of extra books was an “alternative to the dealing” was problematic: there was no doubt that these were “relevant facts” which the Copyright Board could consider;<sup>77</sup> for the Court to take a diametrically opposed view was simply not appropriate. Moreover, the factors identified in *CCH* were outlined as an aid to interpretation of the *Act*.<sup>78</sup> As Abella J noted in *Rogers*, interpretation of its home statute is precisely the area in which the Copyright Board has greater expertise than a reviewing court. For a judicial decision that aimed to establish guidelines for the Copyright Board to undermine deference is most unfortunate.

In addition, Abella J’s careful slicing of the Copyright Board’s decision into various components cuts against her own previous advice not to “segment” administrative decisions.<sup>79</sup> Rothstein J’s criticism is vivid and persuasive:

I do not think it is open on a deferential review, where a tribunal’s decision is multifaceted and complex, to seize upon a few arguable statements or intermediate findings to conclude that the overall decision is unreasonable. This is especially the case where the issues are fact-based, as in the case of a fair dealing analysis.<sup>80</sup>

Administrative decisions should be viewed in the round, not dismantled into distinct components. The sum of the parts is what should count, not the parts themselves. For example, Rothstein J agreed that there was insufficient evidence to justify the Copyright Board’s conclusion on the “effect of the dealing on the work” factor. Nevertheless, “an unreasonable observation under this one factor” was insufficient to render the whole of the Copyright Board’s assessment unreasonable.<sup>81</sup> A properly deferential approach, such as that followed by Rothstein J, would not lead a reviewing court to strike down a complex administrative decision on the basis of an isolated unreasonable finding.

To lead into my second general point about *Alberta (Education)*—characterization—I should say a brief word in defence of Abella J. It is true, although Abella J did not make reference to the concept, that a failure to follow judicially developed jurisprudence can cause

an administrative decision maker to take an unreasonable decision.<sup>82</sup> However, this sort of failure does not automatically require a decision to be struck down as unreasonable by a reviewing court: attention must be paid to whether the decision nonetheless has the characteristics of “justification, transparency and intelligibility” and falls within a range of possible, acceptable outcomes.<sup>83</sup> In any event, without having regard to this possibility, Abella J clearly took the view that the decision was fatally flawed

Rothstein J disagreed: he found that the Copyright Board’s decision was reasonable. Indeed, although he agreed with Abella J that the Copyright Board’s decision was, in part, unsupported by evidence, he did not agree that the Copyright Board had misapplied *CCH*. What is interesting, therefore, is *why* he disagreed.

It seems that the disagreement arose because Abella J and Rothstein J adopted diametrically opposed characterizations of *CCH* and of the Copyright Board’s application of the *CCH* factors. In respect of *CCH*, recall that Abella J held that in the course of its “purpose of the dealing” analysis, the Copyright Board had inserted an “artificial wedge” between the purpose of the teacher and the purpose of the student.<sup>84</sup> Rothstein J flatly disagreed: “the distinction drawn by the Board remains consistent with and reasonable in light of *CCH*.”<sup>85</sup> Indeed, in Rothstein J’s view, the purpose of the teacher could not reasonably have been ignored by the Copyright Board. Abella J and Rothstein J, then, took very different views of the meaning of *CCH*, views that indelibly coloured their performance of the task of judicial review.

In respect of the Copyright Board’s application of the *CCH* factors, a similar difference can be perceived. Recall Abella J’s criticism of the Copyright Board for having “conflated” the “amount” and “character of the dealing” factors.<sup>86</sup> Rothstein J, however, saw no reason to rebuke the Copyright Board. He held that the Copyright Board had quite properly “remained focused” on the question of proportion throughout its analysis.<sup>87</sup> Rothstein J’s characterization of the Copyright Board’s decision was that the Copyright Board was concerned about teachers returning to copy further excerpts from the same works they had copied from previously

There was no confusion at all between the two factors, on

Rothstein J's reading of the Copyright Board's decision. Two completely different views of the Copyright Board's decision were taken: Abella J concluded that the Copyright Board was confused; Rothstein J concluded that the Copyright Board was perfectly clear.

At its core, then, the disagreement between Abella J and Rothstein J was not necessarily one about the proper way for a reviewing court to be deferential toward an administrative decision maker. Rather, it was about the nature of *CCH* and the Copyright Board's decision. It is fair to conclude that her skepticism about the quality of the impugned decision led Abella J to apply an intrusive standard of reasonableness.

There is an important lesson here for administrative lawyers: the comparatively neglected question of characterization is an important one. Ultimately, its characterization by a reviewing court will determine to an important extent whether an administrative decision will survive judicial review. In circumstances of good faith disagreement between judges about how to characterize administrative decisions, it seems logical that the more deferential course would be to adopt the characterization that casts the decision in the most favourable light available. Similarly, if two reasonable readings of a judicial precedent are available, a reviewing court should not substitute its preferred reading for a reasonable one chosen by an administrative decision maker. Accordingly, the obligation to defer is not necessarily exhausted by the application of a standard of review of reasonableness. Even Abella J, so elegant in her defence of deferential review in *Rogers*, proved less than deferential in *Alberta (Education)*, because of the manner in which she characterized the Copyright Board's decision.

## Conclusion

It remains to be seen how the shared jurisdiction exception will play out in the lower courts. It is almost certain that applicants will attempt to extend Rothstein J's logic beyond the parameters of intellectual property. If they succeed in doing so, deference will be undermined. It is hoped that the innovation will be limited to intellectual property law. Enough harm has been done to the autonomy of the Copyright Board. It would be most unfortunate if other administrative bodies were

to suffer collateral damage as a result of the unnecessary development of the new shared jurisdiction exception. Finally, however, as a consideration of *Alberta (Education)* reveals, simply applying a deferential approach may not be enough. Adopting an appropriately deferential mindset may require in addition a deferential approach to the characterization of administrative decisions.




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<sup>1</sup> Thanks, with the usual disclaimer, to Michael Geist, Mark Rubenstein, Bob Tarantino and an anonymous reviewer for comments on an earlier draft. I also benefited from a discussion of the *Copyright Cases* with lawyers at Fraser Milner Casgrain LLP, kindly facilitated by Tim Banks.

<sup>2</sup> *Entertainment Software Association v Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 34 [2012] 2 SCR 231 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9994/index.do>> [ESA].

<sup>3</sup> *Rogers Communications Inc. v Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 35 [2012] 2 SCR 283 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-l-csc-a/en/item/10553/index.do>> [Rogers].

<sup>4</sup> *Society of Composers, Authors and Music Publishers of Canada v Bell Canada*, 2012 SCC 36 [2012] 2 SCR 326 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9996/index.do>> [Bell].

<sup>5</sup> *Alberta (Education) v Canadian Copyright Licensing Agency*, 2012 SCR 376 [2012] 2 SCR 376 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9997/index.do>> [Alberta (Education)].

<sup>6</sup> *Re:Sound v Motion Picture Theatre Associations of Canada*, 2012 [2012] 2 SCR 376 SCC 38 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9999/index.do>> [Re:Sound].

<sup>7</sup> I should note that I am using the term “characterization” not to describe the process of determining whether a decision is discretionary or interpretive, or factual or legal (see below, text accompanying n 9). Rather, I am using it to describe the process of determining what the decision maker actually said or did.

<sup>8</sup> 2008 SCC 9, [2008] 1 SCR 190 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2408/index.do>> [Dunsmuir].

<sup>9</sup> See e.g. Gerald Heckman, “Substantive Review in Appellate Courts Since *Dunsmuir*” (2009) 47 Osgoode Hall LJ 751 <[http://ohlj.ca/english/documents/47-4\\_Heckman-FINAL.pdf](http://ohlj.ca/english/documents/47-4_Heckman-FINAL.pdf)>; Laverne Jacobs, “Developments in Administrative Law: The 2007-2008 Term—The Impact of *Dunsmuir*” SSRN (2008) 43 Sup Ct L Rev 1 <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1343593](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1343593)>; Alice Woolley, “The Metaphysical Court: *Dunsmuir v New Brunswick* and the Standard of Review” (2008) 21 Can J Admin L & Prac 259.

<sup>10</sup> *Smith v Alliance Pipeline*, 2011 SCC 7 at para 26, [2011] 1 SCR 160 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/7919/index.do>>. For a critical overview of the “categorical” approach taken by the court, see Paul Daly, “The Unfortunate Triumph of Form over Substance in Canadian Administrative Law” SSRN (2012) 50 Osgoode Hall LJ (forthcoming) <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1934392](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1934392)>. See also Gerald Heckman, “Nor-Man Regional Health Authority: Labour Arbitration, Questions of General Law and the Challenges of Legal Centrism” (2011) 35 Man LJ 63 <<http://ebookbrowse.com/manitoba-law-journal-issue-351-nor-man-regional-health-authority-pdf-d342145134>>.

<sup>11</sup> RSC 1985 c C-42, Part VII [*Copyright Act*] <<http://laws.justice.gc.ca/en/C-42/>>.

<sup>12</sup> See further below, text accompanying nn 47-50.

<sup>13</sup> *Rogers*, *supra* note 3. On standard of review, *Rogers* is the leading decision of the five. In both *Bell*, *supra* note 4, and *Re:Sound*, *supra* note 6, the court seemed satisfied that the Copyright Board was correct in its determinations. In *ESA*, *supra* note 2, the minority followed *Rogers*, treating it as conclusive as to the applicable standard of review, even though chronologically speaking it was decided subsequently. Confusingly, the majority reasons in *ESA*, written by Abella and Moldaver JJ, did not discuss the applicable standard of review at all. They appeared to apply a standard of correctness: see paras 10, 27, 28, 31, 32 and 39. Given the presence of Abella J in the majority, this makes sense only if *Rogers* is taken as determinative of the standard of review. In any event, *Rogers* is the only one of the cases in which there is discussion of the standard of review. The remaining case, *Alberta (Education)*, *supra* note 5, involved purely an application of the standard of reasonableness to a determination of the Copyright Board. I discuss it below, text accompanying nn 63-87.

<sup>14</sup> *Copyright Act*, *supra* note 11, s 3(1)(f).

<sup>15</sup> *C.T.V. Television Network Ltd. v Canada (Copyright Board)*, [1993] 2 FC 115 (CA) <<http://reports.fja.gc.ca/eng/1993/1993fca0399.html>>.

<sup>16</sup> *Rogers*, *supra* note 3 at para 14.

<sup>17</sup> *Housen v Nikolaisen*, 2002 SCC 33 at para 8, [2002] 2 SCR 235 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/1972/index.do>>.

<sup>18</sup> *Rogers*, *supra* note 3 at paras 14-15.

<sup>19</sup> *Ibid* at para 64.

<sup>20</sup> *Ibid* at para 63.

<sup>21</sup> *Society of Composers, Authors and Music Publishers of Canada v Canadian Association of Internet Providers*, [2002] 4 FC 3 (CA) at para 97, Evans JA <<http://decisions.fca-caf.gc.ca/en/2002/2002fca166/2002fca166.html>>. See further below, text accompanying nn 47-50.

<sup>22</sup> Pursuant to s 37 of the *Copyright Act*, the jurisdiction of the Federal Court is concurrent with that of the superior courts. But there are very strong incentives to bring an action in the Federal Court: “The Federal Court is often preferred because its judges are more experienced in [intellectual property] litigation, the case can often be more quickly heard and appealed, and the Federal Court’s orders are enforceable Canada-wide”. David Vaver, *Intellectual Property Law*, 2d ed (Toronto: Irwin Law, 2011) at 608.

<sup>23</sup> With apologies to Gilbert Ryle, *The Concept of Mind* (New York: Routledge, 2009) <<http://archive.org/details/conceptofmind032022mbp>>.

<sup>24</sup> Even the use of legislative history aims to elucidate the meaning of words used in legislation, not to peer into the individual minds of lawmakers. See Ronald Dworkin, *A Matter of Principle* (Cambridge, MA: Harvard University Press, 1985) at 42.

<sup>25</sup> *Canadian Union of Public Employees v Ontario (Minister for Labour)*, 2003 SCC 29 at para 149, [2003] 1 SCR 539, Binnie J <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2061/index.do>>.

<sup>26</sup> See e.g. William A. Blackstone, “Introduction” in *Commentaries on the Laws of England*, Vol I (London: Henry Butterworth; Dublin: Hodges and Smith, 1848) at 70-71, and for a modern iteration, *Rizzo & Rizzo Shoes Ltd. (Re)*, [1998] 1 SCR 27 at para 21 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/1581/index.do>>.

<sup>27</sup> See e.g. *Dr. Q. v College of Physicians and Surgeons of British Columbia*, 2003 SCC 19 at para 27, [2003] 1 SCR 226 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/scc-csc/en/item/2050/index.do>>.

<sup>28</sup> De Beer et al, *Standards of Review of Federal Administrative Tribunals*, 4th ed (Markham, ON: LexisNexis, 2012) at 196. See e.g. *Réseaux Premier Choix Inc. v Canadian Cable Television Association* (1997), 80 CPR (3d) 203 (FCA) at para 16 <[http://decisions.fca-caf.gc.ca/fr/1997/a-759-96\\_6037/a-759-96.html](http://decisions.fca-caf.gc.ca/fr/1997/a-759-96_6037/a-759-96.html)>.

<sup>29</sup> *Dunsmuir*, *supra* note 8 at para 1, LeBel and Bastarache JJ.

<sup>30</sup> In *Catalyst Paper Corp. v North Cowichan (District)*, 2012 SCC 2 at para 24, [2012] 1 SCR 5, the Court recognized a third standard of review applicable to policy decisions of municipalities, on the basis that this standard was recognized in the pre-*Dunsmuir* jurisprudence, <http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/7987/index.do>>. It is difficult to square the court’s logic, however, with the reduction in *Dunsmuir* of the available standards of review from three to two. See Paul Daly, “*Dunsmuir*’s Flaws Exposed: Recent Decisions on Standard of Review” SSRN (2012) 58 McGill LJ 1 (forthcoming) <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2111353](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2111353)>.

<sup>31</sup> *Rogers*, *supra* note 3 at para 15 [emphasis in the original].

<sup>32</sup> *Dunsmuir*, *supra* note 8 at para 55 [internal citation omitted].

<sup>33</sup> *Rogers*, *supra* note 3 at para 63.

<sup>34</sup> *Ibid* at para 19.

<sup>35</sup> *Ibid* at para 70.

<sup>36</sup> RSC 1985, c C-34 <<http://laws-lois.justice.gc.ca/eng/acts/C-34/FullText.html>>.

<sup>37</sup> See *Pezim v British Columbia (Superintendent of Brokers)*, [1994] 2 SCR 557 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/1156/index.do>>; *Canada (Director of Investigation and Research) v Southam*, [1997] 1 SCR 748 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/1493/index.do>>. In some more recent decisions, however, the Federal Court of Appeal has been reluctant to accord deference. See e.g. *Canada (Commissioner of Competition) v Superior Propane Inc.*, 2003 FCA 53, [2003] 3 FC 529 <<http://decisions.fca-caf.gc.ca/en/2003/2003fca53/2003fca53.html>>; *Canada (Commissioner of Competition) v Canada Pipe Co.*, 2006 FCA 233, [2007] 2 FCR 3 <<http://reports.fja.gc.ca/eng/2007/2006fca233.html>>.

<sup>38</sup> RSO 1990, c S.5, s 3.2(2) <[http://www.e-laws.gov.on.ca/html/statutes/english/elaws\\_statutes\\_90s05\\_e.htm](http://www.e-laws.gov.on.ca/html/statutes/english/elaws_statutes_90s05_e.htm)>.

<sup>39</sup> See e.g. *Committee for the Equal Treatment of Asbestos Minority Shareholders v Ontario (Securities Commission)*, 2001 SCC 37, [2001] 2 SCR 132 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/1875/index.do>>.

<sup>40</sup> See generally *The Queen v Saskatchewan Wheat Pool*, [1983] 1 SCR 205, <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2466/index.do>>.

<sup>41</sup> *Rogers*, *supra* note 3 at para 69.

<sup>42</sup> See *Canadian Union of Public Employees, Local 963 v New Brunswick Liquor Corporation*, [1979] 2 SCR 227 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2648/index.do>>; Mark Walters, “Jurisdiction, Functionalism, and Constitutionalism in Canadian Administrative Law” in Christopher Forsyth, Mark Elliott, Swati Jhaveri, Michael Ramsden & Anne Scully-Hill, eds, *Effective Judicial Review: A Cornerstone of Good Governance* (Oxford: Oxford University Press, 2010) 300 <<http://www.lpbr.net/2011/07/effective-judicial-review-cornerstone.html>>.

<sup>43</sup> Chaim Perelman, *Justice* (New York: Random House, 1967) at 96, quoted in *King v Canada (Attorney General)*, 2012 FC 488 at para 93.

<sup>44</sup> *Newfoundland and Labrador Nurses’ Union v Newfoundland and Labrador (Treasury Board)*, 2011 SCC 62 at para 14, [2011] 3 SCR 708, Abella J <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/7980/index.do>>.

<sup>45</sup> [1995] 2 SCR 739 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/1268/index.do>> [*Shaw*].

<sup>46</sup> The phrase first originated in the Court’s constitutional jurisprudence, in the particular context of the division of powers. See *Multiple Access Ltd. v McCutcheon*, [1982] 2 SCR 161 at 191 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2450/index.do>>.

<sup>47</sup> *Shaw*, *supra* note 45 at para 79, McLachlin J <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2450/index.do>>.

<sup>48</sup> The Québec Court of Appeal has provided a recent reminder that although administrative bodies are not bound by *stare decisis*, they must nonetheless respect the principle of coherent decision-making by justifying departures from prior decisions: *Syndicat de l’enseignement de la région de Laval c. Commission scolaire de Laval*, 2012 QCCA 827 at para 60 <[http://www.canlii.org/fr/qc/qcca/doc/2012/2012\\_qcca827/2012qcca827.html](http://www.canlii.org/fr/qc/qcca/doc/2012/2012_qcca827/2012qcca827.html)>.

<sup>49</sup> Another means of resolving the instant case would have been to hold simply that the standard of review had already been satisfactorily determined, as envisaged by the Court in *Dunsmuir*, *supra* note 8 at para 62. A majority of the Court had applied a standard of correctness to the Copyright Board’s determination of a legal question in *Society of Composers, Authors and Music Publishers of Canada v Canadian Association of Internet Providers*, 2004 SCC 45 at paras 48-50, [2004] 2 SCR 427, Binnie J <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2159/index.do>>. As I explain below, text accompanying nn 47-54, I do not agree that a standard of correctness is appropriate. It would, nonetheless, have been preferable to go down this route rather than the hazardous road taken in *Rogers*.

<sup>50</sup> *Society of Composers, Authors and Music Publishers of Canada v Canadian*

*Association of Internet Providers*, 2002 FCA 166 at para 97, [2002] 4 FC 3 <<http://decisions.fca-caf.gc.ca/en/2002/2002fca166/2002fca166.html>> [*Society*].

<sup>51</sup> *Rogers*, *supra* note 3 at para 66 [internal citation omitted].

<sup>52</sup> *Council of Canadians with Disabilities v VIA Rail Canada Inc.*, 2007 SCC 15, at para 89 [2007] 1 SCR 650 [*Via Rail*] <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2352/index.do>>. Compare *Lévis (City) v Fraternité de policiers de Lévis*, 2007 SCC 14, [2007] 1 SCR 591 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2351/index.do>>; see David Mullan, “The McLachlin Court and the Public Law Standard of Review: A Major Irritant Soothed or a Significant Ongoing Problem?” in Adam Dodek & David Wright, eds, *Public Law at the McLachlin Court: the First Decade* (Toronto: Irwin Law, 2011) 79.

<sup>53</sup> *Copyright Act*, *supra* note 11, s 3.

<sup>54</sup> *Ibid*, s 66(3).

<sup>55</sup> The *Copyright Act* does not erect high barriers to participation (see e.g. ss 67.1(5) and 68(1)) and Article A.2 of the Copyright Board’s model directive on participation is generous in its scope: “Anyone may comment in writing on any aspect of the proceedings. As a general rule, comments received later than the date by which participants must present or file oral or written arguments, will not be considered. In due course, the Board will forward these comments to participants” <<http://www.cb-cda.gc.ca/about-apropos/directive-e.html>>. See generally Henry Richardson, *Democratic Autonomy: Public Reasoning about the Ends of Policy* (Oxford: Oxford University Press, 2002).

<sup>56</sup> [1979] 2 SCR 227 at 235-236 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2648/index.do>>.

<sup>57</sup> See e.g. *ESA*, *supra* note 2 at paras 8-10.

<sup>58</sup> [2004] 1 SCR 339, 2004 SCC 13 [*CCH*].

<sup>59</sup> Carys Craig, “The Changing Face of Fair Dealing in Canadian Copyright Law: A Proposal for Legislative Reform” in Michael Geist, ed, *In the Public Interest: The Future of Canadian Copyright Law* (Toronto: Irwin Law, 2011) 437 at 443.

<sup>60</sup> In a draft essay, Ariel Katz has suggested that the decision “breathed new life” into fair dealing. See “The Rebirth of Fair Dealing” <[http://www.law.nyu.edu/ecm\\_dlv2/groups/public/@nyu\\_law\\_website\\_global/documents/documents/ecm\\_pro\\_073711.pdf](http://www.law.nyu.edu/ecm_dlv2/groups/public/@nyu_law_website_global/documents/documents/ecm_pro_073711.pdf)>.

<sup>61</sup> See e.g. *National Cable and Telecommunications Association v Brand X Internet Services*, 545 US 967 (2005) <<http://caselaw.lp.findlaw.com/cgi-bin/getcase.pl?court=US&navby=case&vol=000&invol=04-277>>.

<sup>62</sup> See e.g. *Society*, *supra* note 50 at para 75.

<sup>63</sup> *Alberta (Education)*, *supra* note 5 at para 1.

<sup>64</sup> *Ibid* at para 7.

<sup>65</sup> *CCH*, *supra* note 58 at para 53. The following factors were there said to provide an “analytical framework to govern determinations of fairness in future cases”: (1) the purpose of the dealing; (2) the character of the dealing; (3) the amount of the dealing; (4) alternatives to the dealing; (5) the nature of the work; and (6) the effect of the dealing on the work.



<sup>66</sup> *Alberta (Education)*, *supra* note 5 at para 15.

<sup>67</sup> *Ibid* at para 22.

<sup>68</sup> *Ibid* at para 24.

<sup>69</sup> *Ibid* at para 27.

<sup>70</sup> *Ibid* at para 29.

<sup>71</sup> *Ibid* at para 30.

<sup>72</sup> *Ibid* at para 32.

<sup>73</sup> *Ibid* at para 33.

<sup>74</sup> *Ibid* at para 57.

<sup>75</sup> *Ibid* at para 37.

<sup>76</sup> *Ibid* at para 40.

<sup>77</sup> *Ibid* at para 56, Rothstein J, dissenting.

<sup>78</sup> *Ibid* at para 39, Rothstein J, dissenting: “While useful for the purposes of the fair dealing analysis, the factors are not statutory requirements”.

<sup>79</sup> See above, text accompanying nn 52-54. It does not necessarily contradict her advice. The two issues are distinct. In *Via Rail*, *supra* note 52, Abella J was faced by an attempt to extricate a legal question from a decision. Here, Abella J extricated several factual questions from a decision. Despite the absence of an outright contradiction, the contrast is nonetheless telling.

<sup>80</sup> *Alberta (Education)*, *supra* note 5 at para 59.

<sup>81</sup> *Ibid* at para 58.

<sup>82</sup> See e.g. *Canada Safeway Ltd v Retail, Wholesale and Department Store Union, Local 454*, [1998] 1 SCR 1079 <<http://www.canlii.org/en/ca/scc/doc/1998/1998canlii780/1998canlii780.pdf>>.

<sup>83</sup> *Dunsmuir*, *supra* note 8 at para 47. See further Paul Daly, *A Theory of Deference in Administrative Law: Basis, Application and Scope* (Cambridge: Cambridge University Press, 2012), chapter 4.

<sup>84</sup> *Alberta (Education)*, *supra* note 5 at para 24.

<sup>85</sup> *Ibid* at para 44.

<sup>86</sup> *Ibid* at para 30.

<sup>87</sup> *Ibid* at para 51.



# The Context of the Supreme Court's Copyright Cases

MARGARET ANN WILKINSON<sup>1</sup>

## A. Setting the Stage

In the summer of 2012, the Supreme Court of Canada created history by simultaneously releasing five copyright judgments: *Entertainment Software Association v Society of Composers, Authors and Music Publishers of Canada* [ESA],<sup>2</sup> *Rogers Communications Inc. v Society of Composers, Authors and Music Publishers of Canada* [Rogers],<sup>3</sup> *Society of Composers, Authors and Music Publishers of Canada v Bell Canada* [Bell],<sup>4</sup> *Alberta (Education) v Canadian Copyright Licensing Agency* [Alberta (Education)],<sup>5</sup> and *Re:Sound v Motion Picture Theatre Associations of Canada* [Re:Sound].<sup>6</sup>

This historic event reverberated in a number of domains.

These five judgments mark the final moments before a long-anticipated major reform in Canada's copyright law: on 12 July 2012, when the five judgments were released, the *Copyright Modernization Act* had been passed by Parliament but had not been declared in force.<sup>7</sup>

In addition to marking the end of one version of the *Copyright Act*, in the context of intellectual property development in Canada, the "pentology" instantly enormously multiplied the total jurisprudence from Canada's highest court that bears on copyright. Indeed, between

the time McLachlin J became Chief Justice of the Supreme Court in 2000 and the release of the pentalogy, there had only been five copyright judgments from the Court:<sup>8</sup> *Théberge v Galerie d'Art du Petit Champlain* [*Théberge*],<sup>9</sup> *CCH Canadian Ltd v Law Society of Upper Canada* [*CCH*],<sup>10</sup> *Society of Composers, Authors, and Music Publishers of Canada v Canadian Association of Internet Providers* [*SOCAN v CAIP*],<sup>11</sup> *Robertson v Thomson Corp* [*Robertson*],<sup>12</sup> and *Euro-Excellence Inc. v Kraft Canada Inc.* [*Toblerone*].<sup>13</sup> Taken together, these ten cases represent a greater volume of interest from the Supreme Court in copyright than has been evinced at any time since it became Canada's final appeal court.<sup>14</sup> For example, in Ian Bushnell's history of the Federal Court, spanning 1875 to 1992, there is mention of only one intellectual property case being appealed to the Supreme Court,<sup>15</sup> a trademark case, *Benson & Hedges v St. Regis Tobacco Corporation*.<sup>16</sup> Others did reach the Supreme Court but did not merit discussion in Bushnell's history: for example, in copyright, on appeal from the Exchequer Court (predecessor to the Federal Court), the Supreme Court decided *Cuisenaire v South West Imports Ltd* in 1969—but consideration of copyright by the Supreme Court under previous Chief Justices has definitely been infrequent.<sup>17</sup> One reason for this relative paucity of copyright cases in the Supreme Court may be the strong contribution to intellectual property jurisprudence between 1964 and 1980, which is universally acknowledged as being made by Jaccett CJ of the Federal Court.<sup>18</sup>

But, beyond the context of copyright jurisprudence, the release of these five copyright decisions together was a landmark in the history of Supreme Court jurisprudence in general. This chapter will focus on the historic copyright “pentalogy” but, rather than considering these judgments primarily in light of Canadian copyright jurisprudence—or, indeed, in light of intellectual property jurisprudence more broadly—the discussion will focus on these five judgments in the context of Canada's Supreme Court jurisprudence generally.

Although scholarly attention to Canadian courts is slowly gaining momentum, it still lags behind the academic attention given, for instance, to the United States Supreme Court (USSC). A seminal monograph, as recently as 1985, about the Supreme Court was James Snell and Frederick Vaughan's *The Supreme Court of Canada: History*

of the Institution.<sup>19</sup> Sometime later, in 1992, Ian Bushnell published a second major study, *The Captive Court: A Study of the Supreme Court of Canada*, in which he analyzed the “voices” of individual justices as revealed in a selection of cases from the period 1876 to 1989, selected because their reasons discussed issues concerning the function of the judiciary.<sup>20</sup> A decade later, Saywell’s *The Lawmakers: Judicial Power and the Shaping of Canadian Federalism* appeared.<sup>21</sup> Over twenty years after Snell and Vaughan’s ground-breaking work, there was a flurry of academic interest in the Supreme Court engendered by Prime Minister Stephen Harper’s procedural changes in the way appointments to the Court were to be made.<sup>22</sup> At about that same time, C. L. Ostberg and Matthew E. Wetstein published *Attitudinal Decision Making in the Supreme Court of Canada*,<sup>23</sup> which self-consciously emulated empirical methodologies pioneered in the American scholarship about the USSC<sup>24</sup> and applied them to analyze decisions of the Supreme Court of Canada.<sup>25</sup> This was followed by Donald Songer’s *The Transformation of the Supreme Court of Canada: An Empirical Examination*.<sup>26</sup> Recently, marking the occasion of a decade of Chief Justice Beverley McLachlin’s leadership of the Court, a festschrift honouring the Chief Justice appeared in 2011: *Public Law at the McLachlin Court: The First Decade*.<sup>27</sup>

Probably because of the relative dearth of copyright decisions rendered by the Supreme Court, this growing scholarship about the Supreme Court tends to overlook copyright decisions,<sup>28</sup> either ignoring them altogether<sup>29</sup> or incorporating them into databases of decisions so large that the role of the copyright jurisprudence in the analysis becomes insignificant. As an example of the former, Graham Mayeda’s recent study “Between Principle and Pragmatism: The Decline of Principled Reasoning in the Jurisprudence of the McLachlin Court”<sup>30</sup> is based upon analysis of a set of decisions of the Court, none of them copyright cases.<sup>31</sup> As mentioned, in the latter instance, in studies based upon quantitative methodologies, the very small numbers of copyright decisions will render their influence on the results negligible. Peter McCormick’s work, as an example, draws upon a database “initially created in the mid-1990s to cover Supreme Court of Canada decisions since 1949 [and]... kept up to date on a personal and voluntary basis.”<sup>32</sup> While, in addition to his quantitative

work, McCormick’s analysis also includes discussion of a good number of specific cases, none of them is a copyright case. Donald Songer and Julia Siripurapu, on the other hand, rely solely on quantitative analysis in their study and, consequently, make no reference to individual decisions, copyright or otherwise.<sup>33</sup> Nonetheless, their analysis, using data from 1970 up to and including 2002, would have included the *Théberge* decision<sup>34</sup>—however, it represents but a tiny fraction of the 1,639 cases comprising the “N” in Table 1 of their analysis.<sup>35</sup> In Songer’s earlier monograph based on data from the same period, the category “other private law”, itself a subset of the category “private economic law”, accounts for only 5.2 percent of the Court’s docket.<sup>36</sup>

This chapter will focus directly upon the copyright-related decisions of the Supreme Court since 2002, including the pentalogy, and establish whether they fit patterns identified in studies of the larger jurisprudence of the Court.

Songer and Siripurapu studied the unanimous decisions of the Court between 1970 and 2003,<sup>37</sup> concentrating particularly on the period 1982 to 2002 (after the passage of the *Charter of Rights and Freedoms*),<sup>38</sup> complemented by interviews with ten then current or recent justices of the Court (and four former law clerks).

Emmett Macfarlane<sup>39</sup> also focused on the unanimous decisions of the Court, conducting twenty-eight research interviews with then current and retired justices, former law clerks and other staff.<sup>40</sup>

Peter McCormick focused on analysis of concurrent reasons, from the start of Dickson CJ’s Court (April 1984) until the end of December 2006.<sup>41</sup>

Finally, Christine Joseph focused on solo dissents, examining all 133 solo dissent judgments rendered between 1974 and 2003.<sup>42</sup>

With respect to unanimous judgments of the Court, Songer and Siripurapu established that the fewer the number of separate legal issues raised in a case, the more likely the decision was to be unanimous. Emmett Macfarlane noted that previous research had established that the Court achieved unanimity in 63 percent of cases,<sup>43</sup> and concluded from his own analysis that this relatively high degree of unanimity<sup>44</sup> should “be viewed as a natural by-product of the institution’s norms and processes, rather than as an overt goal of the justices.”<sup>45</sup>

McCormick demonstrated, through his data, that “separate concurrences are a regular and ongoing aspect of the work of the Supreme Court of Canada...[and that] all judges participate to a greater or lesser degree.”<sup>46</sup> However, although he found 600 concurrences in twenty-three years of activity at the Supreme Court, concurring reasons peaked in 1995–1996 and declined thereafter.<sup>47</sup> McCormick attributes this change to the fact that the

dynamic period of flux and change has come to an end...[as] most of the major questions [raised by the Charter] have been answered; as a result, fewer “big” questions are coming before the Court, and few policy-divergent responses need to be generated to prepare the field within which these can be managed.<sup>48</sup>

McCormick made this observation based on the theory that “divided decisions demonstrate a court that is both open to a variety of arguments (and that therefore mollifies the losing side) and willing to change its mind over time (which keeps the losing side in the game.)”<sup>49</sup>

Christine Joseph established that the rate of solo dissents was rising in the Supreme Court, with solo dissents in the McLachlin Court (to 2003) reaching a rate of 6.3 percent of cases.<sup>50</sup> She describes three categories of solo dissent: free-standing (extensive, reasoned arguments similar in style to the form of majority opinions), limited (generally shorter, focused on a specific point of divergence from the majority judgment) and adoptive (“brief, content-free analyses which reiterate the reasons from the lower court”).<sup>51</sup> She also asked whether there was a relationship between the overall disagreement<sup>52</sup> on the Court in a particular case and the likelihood of a solo dissent and found that, although the McLachlin court (to 2003) had the highest rate of solo dissents, it also had the lowest disagreement rate (34 percent).<sup>53</sup>

Joseph’s data also indicated that though the proportion of solo dissents rises as the size of the panel sitting moves from five justices to seven justices, it drops to its lowest level when all nine justices are sitting.<sup>54</sup> The analysis also showed that in the five-justice panels and seven-justice panels, the solo dissents were most often “free-

standing”<sup>55</sup> dissents, while when the full Court was sitting, the solo dissents were most often “limited” dissents.<sup>56</sup>

## B. The Decisions

Although heard as a group and released at the same time, each judgment in the recent copyright pentalogy is unique and has its own set of characteristics. For instance, the group includes two unanimous judgments (*Re:Sound* and *Bell*), a decision with concurring reasons (Rogers), and two decisions with majority judgments and minority reasons (*ESA* and *Alberta (Education)*). Although LeBel J wrote for the Court in *Re:Sound*, Abella J wrote for the Court in *Bell*. Rothstein J wrote for the majority in *Rogers*, with Abella J writing concurring reasons. Moldaver and Abella JJ wrote for the majority in *ESA*, while Abella J wrote alone for the majority in *Alberta (Education)*; Rothstein J wrote for the minority in both *Rogers*, and *Alberta (Education)*.

While the five cases each involved copyright, the issues in each were quite distinct from one another and highlighted different facets of the copyright regime. The issue in *Re:Sound* was focused on the question of what is protected under the *Copyright Act* as “other subject matter”. Both *ESA* and *Rogers* centred upon the ambit of s.3(1)(f) of the *Copyright Act*, the rights holder’s right “to communicate the work to the public by telecommunication.” The *Bell* case, on the other hand, was concerned with the user’s right of “fair dealing” and the *Alberta (Education)* case was concerned with the user’s rights provided under the *Copyright Act* for “Educational Institutions” as defined by the *Act*.

For purposes of this analysis, then, the five cases of the pentalogy released in 2012 will be considered, together with five previous copyright judgments of the Court that dealt with the same version of the *Copyright Act* as do the pentalogy judgments.<sup>57</sup> These latter are the same five mentioned at the outset as having been decided since McLachlin CJ has headed the Court: *Théberge* (2002), *CCH* (2004), the *SOCAN v CAIP* decision (2004), *Robertson* (2006), and the *Toblerone* decision (2007). In addition, this analysis will include consideration of one libel decision rendered in 2011 by the Supreme Court, *Crookes v Newton* [*Crookes*].<sup>58</sup>

The *Crookes* decision, although rendered in defamation and not a copyright case, is included in this analysis, in part, because it invokes



a concept of “context”—a concept that was raised by the majority in the Supreme Court’s copyright decision in *Robertson*.<sup>59</sup> In *Robertson*, LeBel and Fish JJ wrote the joint majority judgment in which they de-emphasized a “process” analysis<sup>60</sup> in favour of focusing on the “context” in which the articles written by Heather Robertson appeared in the various products created by the respondent Thomson. Abella J, writing for the dissenting justices, favoured the kind of analysis the Court had previously used in the *SOCAN v CAIP* decision.

Consideration of the concept of “context” by the courts is not the only way in which the *Crookes* case is linked to copyright. *Crookes* focused on the question of the meaning of “publication” in an Internet environment—a question germane to both copyright and defamation. There is no statutory definition of “publish” in either the libel or copyright context, although the concept is relevant to both.<sup>61</sup> Specifically, the question before the Court in *Crookes* was whether the inclusion of a hyperlink to another website in a given website constituted publication by the given website of the material to which the link was made on the other website.

The British Columbia Court of Appeal, in both the majority<sup>62</sup> and minority<sup>63</sup> reasons in *Crookes*, used the language of “context”. The majority agreed the following:

If it is apparent from the context in which the hyperlink is used that it is being used merely as a biographical or similarly limited reference to an original source, without in any way actively encouraging or recommending to the readers that they access that source then...this would not amount to publication.<sup>64</sup>

Factors tending toward a finding of publication, however,

would include the prominence of the hyperlink, any words of invitation or recommendation to the reader associated with the hyperlink, the nature of the materials which it is suggested may be found at the hyperlink...the apparent significance of the hyperlink in relation to the article as a whole, and a host of other factors dependant upon the facts of a particular case.<sup>65</sup>

The Supreme Court released its judgment in the *Crookes* appeal in 2011<sup>66</sup> and all three sets of reasons rendered in the decision use language broad enough to be adopted in the context of copyright

publication as well as in the circumstances of this libel case itself.

Abella J, writing the majority decision for herself and Binnie, LeBel, Charron, Rothstein and Cromwell JJ, holds that hyperlink technology is technologically neutral and creates no more than a footnote—which is not “publishing” the underlying content.<sup>67</sup> McLachlin CJ and Fish J co-author concurring reasons in which they agree that there is no publication on the facts of the case before the Court but leave open the possibility that there could be situations in which linking can constitute publication. Deschamps J, writing separately and concurring in the result, holds that the analogy between footnotes and links is not helpful to the question before the Court because both footnotes and links may be defamatory in a given case, although not the one before the Court. Not one of the three sets of reasons referred to the *Robertson* decision, although both the majority reasons and Deschamps J’s reasons refer to the Court’s copyright decision in the *SOCAN v CAIP* case.<sup>68</sup>

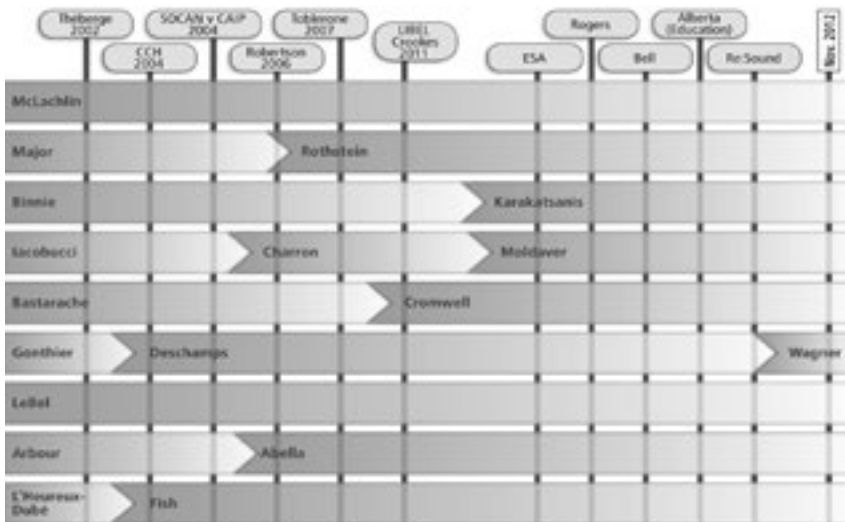
It is interesting to note, in this connection, that in the *Toblerone* decision, the copyright decision that the Court made in 2007, the justices writing three of the four sets of reasons refer to the *Robertson* decision,<sup>69</sup> but in no instance is any reference made to the concept of “context”. While in several of the pentalogy decisions, *Robertson* is also cited,<sup>70</sup> it is, again, not cited with reference to “context.” In *ESA*, both the majority and minority cite it in support of their own perspectives on media neutrality.<sup>71</sup> In the unanimous decision in the *Bell* case, *Robertson* is also cited for the proposition that the *Copyright Act* is to be interpreted as media neutral.<sup>72</sup> In *Rogers*, the majority judgment cites it in support of the proposition that the *Copyright Act* applies to new technologies,<sup>73</sup> while Abella J, concurring, does not refer to it. The *Crookes* case, rather than any of the subsequent copyright cases, therefore, is the Supreme Court’s most recent word on the “context” approach, and the majority judgment, written by Abella J, does not favour it.

For these two reasons—the Court’s views on publishing and on “context” (concepts that bear equally on defamation and on copyright)—it appears appropriate to include the *Crookes* defamation case in this analysis of copyright jurisprudence.

In examining the set of eleven cases just described, then, a first

observation is that the Supreme Court that has decided the copyright pentalogy, with the addition of Karakatsanis and Moldaver JJ, is a court different in composition from the Supreme Courts that decided the earlier six cases. The Court that decided the pentalogy is also, at the same time, a court that will never again decide a copyright case: Deschamps J retired from the Court on 7 August 2012 and has been replaced by Wagner J. (See Figure 1.)

*Figure 1. The composition of the court deciding copyright-related cases since 2002*



It may also be noted that only two justices of the Court that existed at the time the *Théberge* case was heard in 2002 remain on the bench (the Chief Justice and LeBel J). As it happens, both participated in the decision in *Théberge*, although that bench involved only seven of the justices (Arbour and Bastarache JJ did not participate<sup>74</sup>). It is striking to notice that all the copyright cases after *Théberge* have been heard by the full panel of nine, as was the *Crookes* libel case. This is surely an indication of the importance to society the Court is recognizing in this area of law.

When *Théberge* was decided, all three civil law judges were sitting—and comprised the dissent in the decision. The majority was comprised entirely of common law-trained judges. In their reasons,

Gonthier J, for the minority, and Binnie J, for the majority, explicitly referred to the common and civil law traditions behind copyright concepts.<sup>75</sup> It might have been thought that the division that occurred in that case between the common- and civil law-trained judges would be seen in subsequent copyright decisions. As shown in Figure 2, no such pattern emerges in the subsequent judgments of the Court.

In her study, discussed above, Joseph looked at the solo dissenting patterns of the individual Supreme Court judges who had sat or were sitting between 1974 and 2003. Among the thirty-two judges examined, L’Heureux-Dubé J accounted for almost 25 percent of all the solo dissents written.<sup>76</sup> L’Heureux-Dubé J sat on the *Théberge* appeal under consideration here, before retiring from the Court, but, although she did dissent, she did not do so “solo” and she was not the author of the dissenting reasons.<sup>77</sup>

Table 1 below has been developed from Joseph’s study and shows those judges who were included in the study and have sat on at least one of the copyright-related decisions under consideration in this chapter.<sup>78</sup>

**Table 1. Solo dissents record for Justices involved in the decisions under review and sitting in 2002 or appointed by the end of 2003**

<b>Justice</b> (bold indicates on the Court for the pentalogy)	<b>Frequency of solo dissent reported by Joseph</b> (up to and including 2003)
Major	More than average
Arbour	More than average
L’Heureux-Dubé	More than average
Bastarache	More than average
<b>McLachlin</b>	Average
<b>LeBel</b>	Average
Iacobucci	Less than average
Gonthier	Less than average
<b>Deschamps</b>	Less than average
Binnie	Never
<b>Fish</b>	Never

McLachlin CJ, LeBel and Fish JJ, shown in bold in Table 1, are the only three judges of those studied by Joseph who remain on the Supreme Court (DesChamps J, also shown in bold because she was part of the “pentalogy court,” has now retired).

Of those whom Joseph found wrote solo dissents a “more than average” number of times, only Bastarache J wrote in the eleven cases under consideration here, writing concurring reasons in the *Toblerone* case, for himself and for LeBel and Charron JJ. The *Toblerone* case is itself a bit of an outlier among these eleven decisions because it really involved questions about the limits of grey marketing and turned not on copyright infringement issues directly, but on the issue of secondary infringement.<sup>79</sup> Much of the disagreement within the Court (which produced four separate sets of reasons in the case—see Figure 2, below) focused on questions involving assignment of rights.

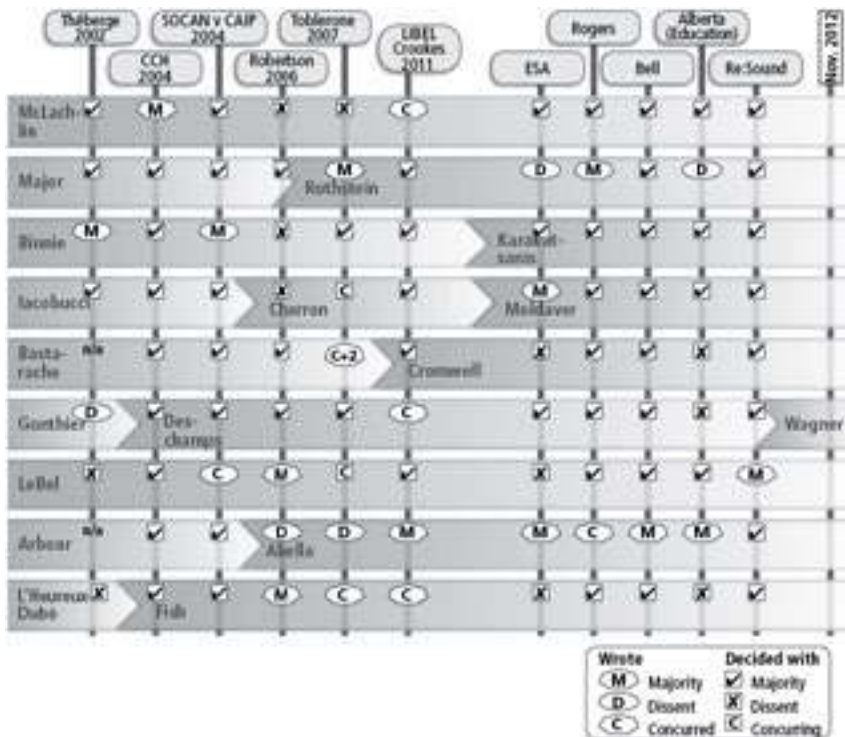
Despite the fact that McLachlin CJ and LeBel J were found by Joseph to tend to write solo dissenting reasons at an “average” rate, and though both have written reasons among the eleven cases under consideration,<sup>80</sup> neither has written a dissent in any of these eleven, let alone a solo dissent. In fact, there have been no *solo* dissenting reasons written in these eleven cases (see Figure 2, below). This complete lack of solo dissents is clearly not because the judges never write solo reasons in these cases. Of the twenty-two separate sets of reasons written in the eleven cases, four were concurring reasons written by one judge and not adopted by any other. LeBel J wrote his own reasons in the *SOCAN v CAIP* case, concurring in the result and with most of the areas of the majority judgment but dissenting in part and also alone raising the issue of privacy. Fish J wrote his own concurring reasons in the *Toblerone* case.<sup>81</sup> Deschamps J concurred in the result in the *Crookes* case, but for her own reasons. Abella J concurred in the *Rogers* case, but for her own reasons.

On the other hand, of the eleven cases under consideration, only in three has the Court been unanimous (see Figure 2, below). In the 2004 decision in the *CCH* case, the Chief Justice wrote the judgment (her only reasons written in all the ten strictly copyright cases under discussion: she did write concurring reasons with Fish J in the *Crookes* libel case). Two of the 2012 pentalogy are unanimous judgments: *Bell*, for which Abella J wrote, and *Re:Sound*, for which LeBel J wrote. Even

allowing for the fact that the number of judgments being considered here is very small, three of eleven (or 27 percent) is a far cry from the 63 percent proportion of unanimous cases found in research based upon the full range of cases undertaken by the Court. The difference may suggest that these copyright cases<sup>82</sup> possess unique characteristics that make it more difficult for the Court to achieve consensus.

The *CCH* case raised many difficult issues for the Court, among them the appropriate test for originality, the relationship of the more recent “Libraries, Archives and Museums” statutory exceptions to the older “Fair Dealing” provisions of the *Copyright Act*, whether a concept of agency could be involved in exercising rights under the *Act*, the ambit of “Fair Dealing” and so on. It could hardly be described as a case with a small number of separate legal issues. *Re:Sound* might be characterized as involving a more discrete problem: is a soundtrack in a movie within the s.2 definition of “sound recording”? The *Bell* case

Figure 2. The judgments in the eleven cases



again, however, raised more than one question: do music previews fall within the category of “research” under s 29? And, if so, do they meet the requirements of “Fair Dealing”? Thus, despite Songer and Siripurapu’s expectation that cases with fewer separate legal questions are more likely to produce unanimous judgments, the three unanimous judgments in these copyright-related cases (i.e. the *Bell*, *Re:Sound* and *CCH* cases) defy this expectation, ranging, as they do, from more straightforward to extremely complex.

McCormick has noted that, between 1984 and late 2007, judges of the Supreme Court co-authored eighty-six times.<sup>83</sup> Amongst the twenty-two sets of reasons in these eleven cases, there are three instances of co-authorship (14 percent): the majority judgment in *Robertson* was co-authored by LeBel and Fish JJ, one of the sets of concurring reasons in the *Crookes* case was co-authored by the Chief Justice and Fish J, and the majority judgment in *ESA* was written by Moldaver and Abella JJ.

### C. Conclusions

The increased interest in copyright that the SCC seems to be demonstrating is at odds with the overall decline in docket space that the Supreme Court is assigning to “private economic law” cases generally (of which copyright would form a subset) as identified since 1970 by Donald Songer.<sup>85</sup>

Within the limited domain of these eleven cases, McCormick’s assertion that “all judges participate to a greater or lesser degree”<sup>86</sup> in concurring reasons is not borne out: Major, Rothstein, Binnie, Karakatsanis, Iacobucci, Moldaver, Cromwell, Gonthier, Arbour and L’Heureux-Dubé JJ did not write or participate in concurring reasons in any of these cases. On the other hand, of the twenty-two sets of reasons involved in the eleven cases, six are concurring reasons (27 percent, more than one quarter of all the reasons written in the cases).<sup>87</sup> There are concurring reasons in four of the eleven cases (36 percent)—which is exactly identical to the percentage of concurring reasons McCormick found in his 1,716 judgments between 1984 and 2006.<sup>88</sup> This certainly makes this data on the Supreme Court’s copyright-related judgments between 2002 and the present consistent with McCormick’s earlier data right across the ambit of cases heard by

the Supreme Court, which showed that “separate concurrences are a regular and ongoing aspect of the work”<sup>89</sup> of the Court.

Of the eleven decisions reviewed here, there are five decisions in which the Court has been divided into a majority and minority (*Théberge*, *Robertson*, *Toblerone*, *ESA* and *Alberta (Education)*) and three decisions in which the majority has been accompanied by concurring judgments but no minority dissent (*SOCAN v CAIP*, *Crookes* and *Rogers*): eight of the eleven copyright-related decisions of the past eleven years. This data makes it clear that there are divided opinions at the highest level in Canada over issues related to copyright. It is evident that, with only three unanimous decisions in that period, unanimity is more the exception than the rule in copyright cases, in marked contrast to the prevailing prevalence of unanimous decisions found overall in the Supreme Court’s jurisprudence. Moreover, there is a complete absence of solo dissents across this data, which would appear to suggest that the reasons for lack of unanimity in the copyright area are more likely to be those same reasons that McCormick identified as leading to concurrent judgments: copyright is in a “dynamic period of flux and change”, “‘big’ questions are coming before the Court” and “policy-divergent responses [would appear to] need to be generated to prepare the field within which these can be managed.”<sup>90</sup>

Since joining the Court in 2004 after the *CCH* and *SOCAN v CAIP* copyright cases were decided, Abella J has written (or co-written, in the case of the majority judgment in *ESA*) reasons for every one of the eight subsequent copyright-related cases discussed here, except the unanimous judgment in *Re:Sound* (which LeBel J authored). Rothstein J, who joined the Court just in time to participate in all the same decisions, has written reasons in half of the same eight cases. This makes him the second most prolific author of copyright reasons of those participating in any of the copyright-related judgments examined here. Fish and LeBel JJ have authored reasons in three cases each, of the eleven analyzed here, and all the other judges discussed here, past and present, have authored fewer.

It is interesting to compare the relative positions of the two leading authors in the copyright area. While they have obviously been in agreement in the Court’s two unanimous copyright judgments



delivered since they both joined the Court (in *Bell* Abella J wrote the judgment, in *Re:Sound*, as mentioned, LeBel J did), Abella and Rothstein JJ have rarely otherwise agreed. In their first copyright case together on the Supreme Court, *Robertson*, Rothstein J agreed with the majority while Abella J wrote the dissent. Immediately following, in *Toblerone*, Rothstein J wrote the majority judgment and, again, Abella J penned the dissent. In the libel case, *Crookes*, which appears to have such strong copyright implications, Abella J wrote the majority and, here, Rothstein J agreed with her. In the three pentalogy judgments that were not unanimous, however, the two judges again differ. In *Rogers*, their differences are not great: Rothstein J writes the majority judgment and Abella J pens her own concurring reasons (the only concurring reasons written), differing with Rothstein J over his views of the proper characterization of the authority of the Copyright Board. But in the *ESA* and *Alberta (Education)* cases, the differences between their two views in copyright matters are marked, with Abella J writing for the majority and Rothstein J for the dissent in each case.

In each of the eight cases, Rothstein J has found himself of like mind with other members of the bench; this has been the case for Abella J in seven of the eight, the single exception being Abella J's lone concurrence in *Rogers*. Although Fish J seems to view matters consistently from Rothstein J's perspective, and Cromwell J has also agreed with Rothstein J in these copyright-related matters since joining the Court, neither Karakatsanis nor Moldaver JJ, in deciding the pentalogy cases as part of the Court for the first time on copyright matters, always sided with one or the other of Rothstein or Abella JJ. Nor has the Chief Justice or LeBel J sided with one or the other consistently.

Looking at this pattern of copyright-related judgments in the Supreme Court since 2002 and comparing the judges' participation and roles within these cases with the patterns discerned in other studies about the Supreme Court's jurisprudence, it has been demonstrated that the Court's decision-making patterns in these copyright-related areas differ from the overall patterns of Supreme Court judgments in a number of ways: the lack of solo dissents; the good number of concurring reasons being written, both where there is a dissent and where there is not; the relatively low number

of unanimous judgments. In his own work based on data since 1949, McCormick saw a decline in these kinds of patterns, overall, when the major questions raised by the *Charter* after 1982 had, as he said, “been answered.” But here, in copyright, we see evidence of the patterns McCormick associated with an area that the whole Court recognizes as important and yet in a dynamic state and one that requires the Court to canvass and welcome a diversity of policy-divergent responses from among its members.




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<sup>1</sup> The author would like to thank Western Law JD student Dr. Matthew Frontini for his assistance and the reviewers of this chapter for their careful review and thoughtful suggestions.

<sup>2</sup> 2012 SCC 34, [2012] 2 SCR 231 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9994/index.do>> [ESA].

<sup>3</sup> 2012 SCC 35, [2012] 2 SCR 283 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9995/index.do>> [Rogers].

<sup>4</sup> 2012 SCC 36, [2012] 2 SCR 326 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9996/index.do>> [Bell].

<sup>5</sup> 2012 SCC 37, [2012] 2 SCR 345 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9997/index.do>> [Alberta (Education)].

<sup>6</sup> 2012 SCC 38, [2012] 2 SCR 376 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9999/index.do>> [Re:Sound].

<sup>7</sup> Passed 29 June 2012, much of the *Copyright Modernization Act*, SC 2012, c 20 <[http://laws-lois.justice.gc.ca/eng/AnnualStatutes/2012\\_20/FullText.html](http://laws-lois.justice.gc.ca/eng/AnnualStatutes/2012_20/FullText.html)>, amending the *Copyright Act*, RSC 1985, c C-42 <<http://laws.justice.gc.ca/en/C-42/>>, has been brought into force on 7 November 2012. Those sections of the revised *Copyright Act* which are *not yet in force* (but pending implementation under the *Copyright Modernization Act* when declared in force) are, new or revised, s 2(1) (the definitions of “moral rights” and “treaty country” replaced), s 5 (1.01) to (1.03) replaced, s 15 (2.2) added, s 15(4) added, s 18(2) replaced, s 18(2.2) added, s 18(4) added, s 19(1.2) added, s 19.2 added, s 20(1.2) added, s 20 (2.1) added, s 22(1) replaced, ss 41.25, 41.26 and 41.27(3) added and, finally, s 58(1) replaced <<http://canadagazette.gc.ca/rp-pr/p2/2012/2012-11-07/html/si-tr85-eng.html>>.

<sup>8</sup> In 2002, the Supreme Court refused leave to appeal from *Delrina Corp. (c.o.b. Carolian Systems) v Triolet Systems Inc.* [2002] OJ No 676 (CA); see [2002] 178 OAC 200, 2002 CarswellOnt 4080 <<http://www.ontariocourts.ca/decisions/2002/october/delrinaC30375.htm>>.

<sup>9</sup> 2002 SCC 34, [2002] 2 SCR 336 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/1973/index.do>> [*Théberge*].

<sup>10</sup> 2004 SCC 13, [2004] 1 SCR 339 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2125/index.do>> [*CCH*].

<sup>11</sup> 2004 SCC 45, [2004] 2 SCR 427 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2159/index.do>> [*SOCAN v. CAIP*].

<sup>12</sup> 2006 SCC 43, [2006] 2 SCR 363 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2317/index.do>> [*Robertson*].

<sup>13</sup> 2007 SCC 37, [2007] 3 SCR 20 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2377/index.do>> [*Tablerone*].

<sup>14</sup> The Judicial Committee of the Privy Council had oversight of Canada's Supreme Court in criminal cases until 1933 and in civil cases until 1949. Ian Bushnell, in introducing his *The Captive Court: A Study of the Supreme Court of Canada* (Montreal: McGill-Queen's University Press, 1992), makes the observation that the Supreme Court was not an important part of Canadian society until after 1949 when appeal to the Privy Council of the House of Lords in England was abolished (see xi).

<sup>15</sup> Ian Bushnell, *The Federal Court of Canada: A History, 1875–1992* (Toronto: The Osgoode Society for Canadian Legal History, 1997) at 190.

<sup>16</sup> *Benson & Hedges (Canada) Ltd. v St. Regis Tobacco Corpn.* [1969] SCR 192 <<http://www.canlii.org/en/ca/scc/doc/1968/1968canlii1/1968canlii1.html>>.

<sup>17</sup> See *Cuisenaire v South West Imports Ltd.*, [1969] SCR 208 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/4990/index.do>>. In 1998, leave was refused from both *Gould Estate v Stoddart Publishing Co.* (1998), 39 OR (3d) 545 (CA) <<http://www.canlii.org/en/on/onca/doc/1998/1998canlii5513/1998canlii5513.html>>; and *Tele-Direct (Publications) Inc v American Business Information, Inc.*, [1998] 2 FC 22 (CA) <<http://reports.fja.gc.ca/eng/1998/1998fc21425.html>>.

<sup>18</sup> WR Jackett became President of the Exchequer Court, predecessor to the Federal Court, in 1964 and was made Chief Justice of the Federal Court when it was created in 1971. He retired in October of 1979. See Richard W Pound, *Chief Justice Jackett: By the Law of the Land* (Montreal: McGill-Queen's University Press, 1999) at 185–192 and 270–276. There was tension between the Federal Court and the Supreme Court in those years, and especially between Jackett CJ of the Federal Court and Laskin CJ of the Supreme Court (1973–1984), especially over the jurisdiction of the Federal Court. However, this tension played out in fields other than intellectual property. See both Pound's monograph, cited here, and Bushnell's *The Federal Court of Canada*, *supra* note 15 at 220–23.

<sup>19</sup> James Snell & Frederick Vaughan, *The Supreme Court of Canada: History of the Institution* (Toronto: University of Toronto Press, 1985).

<sup>20</sup> *Supra* note 14, at xiii.

<sup>21</sup> John T Saywell, *The Lawmakers: Judicial Power and the Shaping of Canadian Federalism* (Toronto: The Osgoode Society for Canadian Legal History, 2002).

<sup>22</sup> See, for instance, P McCormick, "Selecting the Supremes: The Appointment of Judges to the Supreme Court of Canada" (2005) 7 J of Appellate Practice and Process 1 <<http://www.docstoc.com/docs/63541180/Selecting-the-supremes-the>>

[appointment-of-judges-to-the-Supreme-Court-of-Canada](#)>; PW Hogg, “Appointment of Justice Marshall Rothstein to the Supreme Court of Canada” (2006) 44 Osgoode Hall LJ 527 <<https://litigation-essentials.lexisnexis.com/webcd/>.

<sup>23</sup> CL Ostberg & Matthew E Wetstein, *Attitudinal Decision Making in the Supreme Court of Canada* (Vancouver: UBC Press, 2007).

<sup>24</sup> Ostberg & Wetstein were challenged in this task by the differences between the legal cultures of the United States and Canada. For example, in a study emulating American studies of the attitudes of individual judges, these scholars of the Canadian court were challenged by the relative dearth of personal information available about Canadian Supreme Court appointees. They therefore used proxies for actual evidence of the judges’ attitudes: the party of the appointing Prime Minister for the judge’s political affiliation, for example (see *ibid* at 47-85).

<sup>25</sup> Decisions of the Court from the period 1984 to 2003 in selected categories (criminal, civil rights and liberties, and economics (predominantly union-management disputes)) were analyzed. There is no mention of any intellectual property dispute.

<sup>26</sup> Donald Songer, *The Transformation of the Supreme Court of Canada: An Empirical Examination* (Toronto: University of Toronto Press, 2008). This work combined in-depth interviews with judges of the Supreme Court and analysis of three decades of the Court’s decisions in criminal law, the *Charter* and economic disputes (see 10-12). Here, again, there is no mention of either intellectual property generally or copyright specifically.

<sup>27</sup> David A White & Adam M Dodek, eds, *Public Law at the McLachlin Court: The First Decade* (Toronto: Irwin Press, 2011). The Chief Justice contributed the Foreword, “The First Decade of the 21st Century: The Supreme Court of Canada in Context” at vii.

<sup>28</sup> For instance, the festschrift (*ibid*), which focused on public law, contains sections with papers on administrative law, federalism and aboriginal law, equality and fundamental freedoms and criminal and international law. It may be recalled that copyright is public law creating private limited-term monopoly rights through statute and therefore might have been considered for inclusion.

<sup>29</sup> For instance, there is nothing about intellectual property generally or copyright specifically in Bushnell’s *The Captive Court* (*supra* note 14). Neither is there any mention of intellectual property or copyright in Saywell’s *The Lawmakers* (*supra* note 21).

<sup>30</sup> Graham Mayeda, “Between Principle and Pragmatism: The Decline of Principled Reasoning in the Jurisprudence of the McLachlin Court”, SSRN, (2010) 50 SCLR (2d) 41 <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1714646](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1714646)>.

<sup>31</sup> *Ibid*. This set of decisions is *Sauvé v Canada (Chief Electoral Officer)*, 2002 SCC 68, [2002] 3 SCR 519 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2010/index.do>>; *Alberta v Hutterian Brethren of Wilson Colony*, 2009 SCC 37, [2009] 2 SCR 567 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/7808/index.do>>; *R v Orbanski*; *R v Elias*, 2005 SCC 37, [2005] 2 SCR 3 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2269/index.do>>; *R v Clayton*, 2007 SCC 32, [2007] 2 SCR 725 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2372/index.do>>.

<sup>32</sup> Peter McCormick, “Standing Apart: Separate Concurrence and the Modern Supreme Court of Canada, 1984–2006” (2008) 53 McGill LJ 137 at 142 [McCormick] <<http://lawjournal.mcgill.ca/documents/McCormick.pdf>>.

<sup>33</sup> Donald Songer & Julia Siripurapu, “The Unanimous Decisions of the Supreme Court of Canada as a Test of the Attitudinal Model” (2009) 42 Canadian J of Pol Sc 65 <<http://bit.ly/YcW2oH>>.

<sup>34</sup> Decided in 2002 (*supra* note 9).

<sup>35</sup> Songer & Siripurapu, *supra* note 33 at 80.

<sup>36</sup> Songer, *supra* note 26 at 55. Lawsuits arising from copyright are maintained between private parties over economic rights, even though, as mentioned at *supra* note 28, the rights are created through public laws.

<sup>37</sup> Songer & Siripurapu, *supra* note 33 at 66.

<sup>38</sup> *Ibid* at 77.

<sup>39</sup> Emmett Macfarlane, “Consensus and Unanimity at the Supreme Court of Canada” (2010) 52 SCLR (2d) 379 <<http://www.emmettmacfarlane.com/resources/consensus%20and%20unanimity%20at%20the%20Court.pdf>>.

<sup>40</sup> Macfarlane’s work included also a discussion of the following specific cases: *Quebec Secession Reference*, [1998] 2 SCR 217 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/1643/index.do>>; *Tremblay v Daigle*, [1989] 2 SCR 530 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/515/index.do>>; *Law v Canada (Minister of Employment and Immigration)*, [1999] 1 SCR 497 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/1691/index.do>>; *Egan v Canada*, [1995] 2 SCR 413, <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/1265/index.do>>; *Miron v Trudel*, [1995] 2 SCR 418 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/1264/index.do>>; *Lavoie v Canada*, 2002 SCC 23, [2002] 1 SCR 769 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/1961/index.do>>. None of these are copyright cases, or indeed, intellectual property cases.

<sup>41</sup> The analysis was based on a total of 610 judgments. See *supra* note 32 at 142. McCormick has since published “Structures of Judgments: How the Modern Supreme Court of Canada Organizes its Reasons” (2009) 32 Dal LJ 35, in which he analyzed every written decision handed down between 1 July 1990 and 31 December 2007. In it he identifies the fact that the Court has changed its attitude to reasons being advanced by the minority in a decision, acknowledging before completing the drafting that these reasons will not govern the outcome of the case at bar and thus keeping them quite short and relying on elements of the majority opinion such that the minority reasons cannot be read as stand-alone judgments. This, in turn, has led to a shift in nomenclature about the reasons wherein the majority reasons are generally termed “judgments” while the minority reasons, whether concurring or in dissent, are not and are referred to as “reasons”. That nomenclature is used in this chapter, but not consistently in the sources upon which it draws.

<sup>42</sup> Christine Joseph, “All but One: Solo Dissents on the Modern Supreme Court of Canada” (2006) 44 Osgoode Hall LJ 501 <<https://litigation-essentials.lexisnexis.com/webcd/p?action=DocumentDisplay&crawlid=1&srctype=smi&srcid=3B15&dctype=cite&docid=44+Osgoode+Hall+L.J.+501&key=299ecfb0f32298b94e94916e>>

[ba8f0682](#)>; between January 2000 and October 2007, 175 dissents were reported, including solo dissents: McCormick *supra* note 32 at 140.

<sup>43</sup> Macfarlane, *supra* note 39 at 380, citing to Peter McCormick, “Blocs, Swarms, and Outliers: Conceptualizing Disagreement on the Modern Supreme Court of Canada” (2004) 42 Osgoode Hall LJ 99.

<sup>44</sup> Richard Posner reports that the American Supreme Court judges, between 1975 and 2005, were only unanimous in 28 percent of cases; see *How Judges Think* (Cambridge: Harvard University Press, 2008) at 50. See also Macfarlane, *supra* note 39 at 381, citing to a study by Paresch Kumar Narayan and Russell Smyth (“The Consensual Norm on the High Court of Australia: 1904–2001” (2005) 26 Int Pol Sci Rev 147), for the proposition that Australia traditionally also has a lower rate of consensus.

<sup>45</sup> Macfarlane, *supra* note 39 at 383.

<sup>46</sup> McCormick, *supra* note 32, at 163. In his article he also creates a typology of concurrences: 1. Bridging, 2. “Let me add...”, 3. Narrower Grounds, 4. “Except for...”, 5. Different Route, 6. Ditto, 7. Seriatim Style, and, lastly, 8. Other.

<sup>47</sup> *Ibid* at 164.

<sup>48</sup> *Ibid* at 166.

<sup>49</sup> *Ibid* at 166, citing to MT Henderson, “From *Seriatim* to Consensus and Back Again: A Theory of Dissent”, SSRN (1 April 2008), U of Chicago Law & Economics, Olin Working Paper No. 363; U of Chicago, Public Law Working Paper No. 186 <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1019074](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1019074)>.

<sup>50</sup> The Laskin Court having a rate of 3.8%, the Dickson 2.7%, and the Lamer 5.5%; Joseph, *supra* note 42, Table 1, at 506.

<sup>51</sup> *Ibid* at 505.

<sup>52</sup> *Ibid* at 506. Joseph appears to use the term “disagreement rate” to refer to the total number of dissents (solo or otherwise) in the cases decided.

<sup>53</sup> As opposed to the Dickson Court disagreement rate of 35.5%, the highest.

<sup>54</sup> Joseph, *supra* note 42 at 512.

<sup>55</sup> In five-person panels, 46.8%; in seven-person panels, 37.7% (*ibid* at 513).

<sup>56</sup> *Ibid*. When the full Court sat, solo dissents were “limited” in 63.7% of cases. Although Joseph did not comment on this point, to this author, Joseph’s finding that solo dissents occurred less often when the full Court was sitting is completely consistent with her finding that, when they do occur, they are most often “limited” dissents.

<sup>57</sup> The previous major revision to the *Copyright Act* before the *Copyright Modernization Act* (SC 2012, c 20), which had not yet come into force at the time of the release of the pentalogy, as mentioned above, occurred through the *Act to Amend the Copyright Act*, SC 1997, c 24.

<sup>58</sup> *Crookes v Newton*, 2011 SCC 47, [2011] 3 SCR 269 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/7963/index.do>> [*Crookes*].

<sup>59</sup> The *Robertson* appeal was unusual in that argument was first heard before the full Court, which included Major J, on 14 December 2005, but then Major J retired on Christmas, 2005. When he was replaced by Rothstein J on 1 March 2006, there followed

an order in *Robertson*, recorded in the case information for *Robertson* [<http://www.scc-csc.gc.ca/case-dossier/cms-sgd/dock-regi-eng.aspx?cas=30644>] that:

On the consent of the parties, the Court will rehear the appeal by reviewing the transcript and viewing the videotape of the hearing held on December 6, 2005. Any questions arising during the re-hearing shall be addressed to counsel for the parties, in writing. Counsel shall be given the opportunity to answer and reply in writing in accordance with dates as directed by the Registrar.

This was what occurred on 18 April 2006 and is recorded as the “re-hearing”, which included Rothstein J.

<sup>60</sup> Distinguishing the approach taken by the Court in its earlier *SOCAN v CAIP* decision.

<sup>61</sup> See *Copyright Act*, *supra* note 7, s 3.

<sup>62</sup> Saunders JA, for herself and Bauman JA.

<sup>63</sup> Prowse JA.

<sup>64</sup> *Crookes v Newton*, 2009 BCCA 392 at para 59 <<http://canlii.ca/t/25md2>>.

<sup>65</sup> *Ibid* at para 60.

<sup>66</sup> *Crookes*, *supra* note 58.

<sup>67</sup> *Ibid* at para 30.

<sup>68</sup> It may be noted that neither the majority nor minority reasons in the Court of Appeal (see *supra* note 64) referred to the *Robertson* decision (*supra* note 12) of the Supreme Court either—nor did the Judge Kelleher in the original summary trial judgment. However, the majority in the Court of Appeal referred, in *obiter*, to the *SOCAN v CAIP* decision of the Supreme Court (*supra* note 11).

<sup>69</sup> *Toblerone*, *supra* note 13, the majority at para 36, the dissent at para 118 and Fish J in his concurring reasons at para 55. Bastarache J, for himself and for Charron and LeBel JJ, does not refer to the case in his concurring reasons.

<sup>70</sup> It is not cited in the *Alberta (Education)* case (*supra* note 5), by either the majority or dissent, nor in the unanimous judgment in *Re:Sound* (*supra* note 6).

<sup>71</sup> *ESA*, *supra* note 2. In the majority judgment, see para 5, and in the dissenting reasons, see para 121.

<sup>72</sup> *Bell*, *supra* note 4 at para 43.

<sup>73</sup> *Rogers*, *supra* note 3 at para 39.

<sup>74</sup> This is noted in Figure 2 by the “n/a” beside each of their names on the line descending from “*Théberge*.”

<sup>75</sup> *Théberge*, *supra* note 9. Binnie J at paras 6, 15, 16, 28 and 63 and Gonthier J at paras 116, 120, and 121 (explicitly disagreeing in para 121 with Binnie J’s characterization of the role of the civilian tradition with respect to the issues at bar).

<sup>76</sup> Joseph, *supra* note 42 at 518.

<sup>77</sup> Those were written by Gonthier J—and LeBel J joined Gonthier and L’Heureux-Dubé JJ. Indeed, as discussed above, all the judges who were civilly trained dissented from the majority judgment in this case, which came to the Court from the Quebec Court of Appeal. See discussion above.

<sup>78</sup> Joseph, *supra* note 42 at 518, Table 14. Joseph's data does not extend to Abella, Rothstein, Cromwell, Moldaver or Karakatsanis JJ, who were part of the Court deciding the pentalogy but were all appointed to the Supreme Court after 2003. But Joseph's data showed that solo dissent rates were higher for those with more than five years of judicial experience prior to being appointed to the Supreme Court of Canada (*ibid* at 523). Extrapolating from her finding, we would expect, then, that all of Abella, Rothstein, Cromwell, Moldaver and Karakatsanis JJ are more likely to write solo dissents because all have had more than five years' experience on various benches before being appointed to the Supreme Court.

<sup>79</sup> *Copyright Act*, *supra* note 7, s 27(2)(e).

<sup>80</sup> The Chief Justice wrote for the unanimous court in the *CCH* case (*supra* note 10) and, with Fish J, concurring reasons in *Crookes* (*supra* note 58), LeBel J wrote for the majority in *Robertson* (*supra* note 12) and the unanimous court in *Re:Sound* (*supra* note 6) as well as writing concurring reasons in (*SOCAN v CAIP*, *supra* note 11).

<sup>81</sup> There is another concurring judgment in *Toblerone*, written by Bastarache J, who was joined by LeBel and Iacobucci JJ (see *Toblerone*, *supra* note 13 at paras 57-100). In Figure 2, Fish J's solo concurrence is marked by a large "C", while Bastarache J, writing the concurring judgment in which LeBel and Iacobucci JJ joined, is marked by "C+2" and LeBel and Iacobucci JJ are each then marked with a small boxed "c".

<sup>82</sup> Treating the libel case of *Crookes* here (*supra* note 58), as the author has done throughout this analysis, as a "copyright" case because of the direct relevance of its decision about "publishing" to the copyright environment.

<sup>83</sup> McCormick, *supra* note 32 at n 1.

<sup>84</sup> It may be significant that two of the three co-authorships involve Fish J, but it is impossible to determine this without further information.

<sup>85</sup> Songer, *supra* note 26 at 65-66.

<sup>86</sup> *Ibid*.

<sup>87</sup> It must be recalled that because of the limitations of what can be graphed (in terms of maintaining visual clarity amid complex information), what appear to be separate concurring judgments of the Chief Justice and Fish J under the *Crookes* case (*supra* note 58) in Figure 2 are actually one co-authored concurring judgment, as noted above.

<sup>88</sup> Rounding from the 35.5% extrapolated from the data presented in McCormick, *supra* note 32, Table 1 at 144.

<sup>89</sup> McCormick, *supra* note 32 at 163.

<sup>90</sup> *Ibid* at 166.



## Fair Use 2.0: The Rebirth of Fair Dealing in Canada

ARIEL KATZ<sup>1</sup>

### I: Introduction

A century ago, on 16 December 1911, the UK *Copyright Act, 1911* received royal assent, and for the first time fair dealing was explicitly recognized in the imperial copyright legislation.<sup>2</sup> Ten years later, the same fair dealing provision would appear in the Canadian *Copyright Act, 1921* and would remain the basis of the current fair dealing provisions. Tragically, what was supposed to be an exercise in the codification of a dynamic and evolving common-law principle, usually referred to as “fair use”, ended up—with a few notable exceptions—in a hundred years of solitude and stagnation.<sup>3</sup> Misinterpreting the 1911 *Act*, some courts and commentators in many Commonwealth jurisdictions adopted a narrow and restrictive view of fair dealing. Meanwhile, in the United States, fair use, the same common law rule developed by English and American courts, remained uncoded for most of the twentieth century, and when the United States finally codified it in 1976, Congress left no doubt that the codification would not alter its common law basis and ought not hinder its flexibility and adaptability. Thus, toward the end of the twentieth century, a noticeable split in Anglo-American copyright

law emerged: an omnipresent, flexible fair use regime in the United States, and a seemingly rigid and restrictive fair dealing tradition in the Commonwealth countries.

However, at the turn of the twenty-first century, fair dealing was reborn in Canada. In 2004 the Supreme Court of Canada heard *CCH Canadian Ltd. v Law Society of Upper Canada* [*CCH*],<sup>4</sup> its first-ever case involving fair dealing, and unanimously declared that fair dealing is a users' right, which is as integral to copyright law as the rights of copyright owners and therefore should be given large and liberal interpretation.<sup>5</sup> Eight years later, the Court rejected attempts to roll back its earlier decision and handed down two judgments reaffirming its holdings from *CCH* and clarifying that they apply to a wider range of activities.<sup>6</sup> In doing so, the Court corrected a century-long misconception of fair dealing, reunited it with its historical roots, and brought it closer to its American counterpart. Moving in the same direction, and shortly before the Supreme Court handed down its judgments, the Parliament of Canada passed the *Copyright Modernization Act*, which explicitly recognized education, parody and satire as purposes that could qualify as fair dealing,<sup>7</sup> and added a series of other specific exceptions, dealing with issues such as user-generated content, copying for private purposes, time-shifting or temporary copying.<sup>8</sup>

Still, both the Court and Parliament stopped short of explicitly adopting of an open-ended approach to fair dealing, seemingly unable to decide whether Canada is better off clinging to a burdensome colonial British past or embracing an imperfect (North) American present. This chapter shows, however, that this dilemma is false: while fair dealing has ossified under current British law,<sup>9</sup> the colonial copyright past that Canada inherited is not quite as burdensome as it is commonly perceived to be. On some measures, Canada has already improved upon the present American model of fair use, yet it still seems hesitant to fully embrace its most important and salient feature: its open-endedness. But Canada is now poised to fully embrace an open-ended fair dealing, and there are very good reasons for doing that. It can and should upgrade from Fair Dealing 1.9 to Fair Use 2.0.

The chapter will recount the history of fair use and fair dealing and show that, contrary to conventional wisdom, the enactment of

the *Imperial Copyright Act of 1911*—and subsequently the enactment of the Canadian *Copyright Act of 1921*—was not designed to cause any major alteration in the common law of fair dealing, and the explicit recognition of five enumerated purposes in the (then) newly enacted fair dealing provision was not intended to limit the principle of fair dealing exclusively to those five purposes. Moreover, despite abundant contemporary literature that highlights a seeming dichotomy between the open-ended US-style fair use, and the supposedly close-ended fair dealing,<sup>10</sup> this dichotomy is false. The question of whether the list of enumerated purposes is exhaustive or, instead, illustrative of a broader principle has never been put squarely before the courts, let alone the higher courts, and certainly not in Canada. Similarly, no court has ever confronted the question of whether the common law fair use doctrine that existed before 1911 continues to coexist with the statutory fair dealing. Therefore, the question of whether fair dealing in Canada can apply to purposes that are not explicitly mentioned in the *Copyright Act* is an open one, and as this chapter shows, can and should be answered affirmatively. Doing so will not transplant a foreign legal concept, as some have argued.<sup>11</sup> Rather, it will reunite present copyright doctrine with its rich and historic roots that were latent but never discarded. Embracing an open-ended fair dealing is the only logical application of the Court’s decisions and Parliament’s action, and the only interpretation of the Act that can be internally, historically and constitutionally coherent.

## II: The Fair Use vs. Fair Dealing Myth

According to conventional wisdom, a fundamental difference exists between the American fair use doctrine and the Canadian fair dealing doctrine. American fair use can apply potentially to any purposes, and the enumerated purposes in section 107 of the *US Copyright Act* are only illustrative, as is clear from the explicit words “such as”.<sup>12</sup> In contrast, ss 29 and 29.1 of the Canadian *Copyright Act*, like other descendants of the 1911 UK *Copyright Act*, do not contain the magic words “such as”, and therefore, the list of enumerated purposes (originally: research, private study, criticism, review or newspaper summary,<sup>13</sup> and currently: research, private study, education, parody,

satire, criticism, review or news reporting)<sup>14</sup> is treated as exhaustive.<sup>15</sup> Accordingly, the argument goes, “[d]ealings for other purposes are not covered by the exception, even if they would otherwise be fair.”<sup>16</sup>

As the following parts show in greater detail, this conventional wisdom is flawed. The 1911 codification of fair dealing was not meant to limit its application to those five enumerated purposes. Moreover, the question of whether the list is indeed exhaustive has never been, as far as I know, put squarely before the courts, let alone the highest courts, neither in Canada nor in any other Commonwealth jurisdiction. Some courts assumed that the list is exhaustive, and judicial dicta and commentary supporting this proposition can easily be found, but the proposition that the list of allowable purposes is exhaustive has never been the ratio of any decided and reported case. In other words, there is no reported case in which a defendant, who dealt with a work in a manner that would be considered fair under the fairness factors developed by the courts, was found to be infringing nonetheless, solely on the basis that the dealing could not fit into any of the enumerated categories.<sup>17</sup> Moreover, cases in other Commonwealth jurisdictions that may come close to that situation sometimes prompted ad hoc legislative amendments, and in any event were based on a pre-*CCH* conception: namely, that fair dealing is an exception that should be interpreted narrowly.<sup>18</sup> Therefore, these cases are of limited utility in post-*CCH* Canada.<sup>19</sup>

A related misconception is that distinct histories and origins of Canadian and American copyright laws, as well as differences in their constitutional foundations, reflect disparate conceptions of copyright and hence justify, or at least explain, differences in substantive rules. A representative example of a claim about distinct history and origin is Estey J’s remark in *Compo v. Blue Crest* that despite many similarities between the copyright acts of both countries, “United States court decisions, even where the factual situations are similar, must be scrutinized very carefully because of some fundamental differences in copyright concepts which have been adopted in the legislation of that country.”<sup>20</sup> According to Estey J, the Canadian legislation has been based on the international copyright treaties of the nineteenth and twentieth centuries, whereas the American legislation was not.<sup>21</sup> This historical account is highly inaccurate, as the copyright acts

of both countries are descendants of the *Statute of Anne* and the jurisprudential developments that followed in Britain and the US. The international treaties may explain some differences and later developments, but those treaties have not altered the fundamental concepts and key doctrines.

Attributing differences in the area of fair dealing to differences in the constitutional foundations is equally flawed. The US Constitution empowers Congress “To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries”<sup>22</sup>, and this clause is generally understood to impose some limitations on Congressional legislative power in this area.<sup>23</sup> In contrast, the argument goes, the *Constitution Act, 1867* [previously known as the *British North America Act*] gives the Parliament of Canada exclusive jurisdiction over Patents of Invention and Discovery (s 91(22)), and over Copyrights (s 91(23)),<sup>24</sup> but mentions no substantive limitation on the content of such laws.

However, the lack of language similar to that of the US Constitution does not necessarily imply any differences in how copyright (and patent) laws were conceived when those constitutional documents were drafted.<sup>25</sup> Indeed, the notion that purpose of copyright and patent laws is to promote progress of science and the useful arts was not invented by the Framers of the US Constitution, but rather reflected the common conception of the era. It is easy to see that the title of the *Statute of Anne*, the first copyright statute, contained the three elements found in the American Constitutional clause. The *Act’s* long title was *An act for the encouragement of learning, by vesting the copies of printed books in the authors or purchasers of such copies, during the times therein mentioned*. Both combine a public policy goal (compare “For the encouragement of learning” and “to promote the Progress of Science”); to be achieved by granting private exclusive rights (compare “by vesting the copies of printed books in the authors or purchasers of such copies” and “by securing...to Authors exclusive Right to their... Writings”); and a duration limitation (compare: “during the times therein mentioned” and “for limited Times”).<sup>26</sup>

The idea of “progress” was a buzzword in the eighteenth century<sup>27</sup> and reflected the contemporaneous ideals of the Enlightenment.<sup>28</sup>

While the US Constitution might be considered as one of the highlights of the Enlightenment,<sup>29</sup> those ideals were not invented by the Framers and did not originate in the American colonies. Those ideas were prevalent in Britain, and it is not surprising that they would also appear in contemporaneous English judicial decisions.

In 1785 (four years before the adoption of the US Constitution), Lord Mansfield warned that

[w]e must take care to guard against two extremes equally prejudicial; the one, that men of ability, who have employed their time for the service of the community, may not be deprived of their just merits, and the reward of their ingenuity and labour; the other, that the world may not be deprived of improvements, nor the progress of the arts be retarded.<sup>30</sup>

And in 1802, Lord Ellenborough wrote that “a man may fairly adopt part of the work of another: he may so make use of another’s labours for the promotion of science, and the benefit of the public.”<sup>31</sup> And when in 1842, the *Statute of Anne* was repealed and replaced with a new *Copyright Act*, section 1 of that *Act* used similar language, evoking similar ideas, and recited that it was “expedient to amend the law of copyright, and to afford greater encouragement to the production of literary works of lasting benefit to the world.”<sup>32</sup>

Thus, when Souter J of the US Supreme Court explained that “[f]rom the infancy of copyright protection, some opportunity for fair use of copyrighted materials has been thought necessary to fulfill copyright’s very purpose, ‘[t]o promote the Progress of Science and useful Arts....’”<sup>33</sup> his historical account of fair use was as accurate with respect to American law as it was true to English and Canadian law, notwithstanding the absence of explicit “progress” language in Anglo-Canadian constitutional documents.<sup>34</sup>

Likewise, the notion that copyrights, like patents for inventions, were limited grants of statutory exclusive rights, justified in the name of the public interest, was common to both jurisdictions, and evolved in corresponding steps in Britain and the US. Why the *British North America Act* chose the terms “copyright” and “patents of invention and discovery” without adding any limiting language such as can

be found in the US Constitution is beyond the scope of this chapter. A possible answer, however, is that by 1867, the terms “copyright” and “patents of invention and discovery” already embodied an established meaning containing the inherent limitations on duration and purpose.<sup>35</sup> This meaning harks back at least to *Darcy v Allen* from 1603<sup>36</sup> and the *Statute of Monopolies* from 1624.<sup>37</sup> As Bracha writes,

By the end of the eighteenth century, the principle of limited duration of monopolies had been a staple of English political thought for two centuries. According to this principle, monopolies usually seen as reprehensible could be tolerated in exceptional cases where they served the public good, provided the monopolies were kept within certain safeguards. Chief among these safeguards was limited duration.<sup>38</sup>

While the applicability of this principle to patents of invention was beyond debate, it took longer for the law to settle on this point in the case of copyrights, where a competing vision of copyright as perpetual common law property right lingered until eventually being laid to rest, first in Britain and later in the US.

After the expiry of the statutory terms provided in the *Statute of Anne*, the London book publishers continued to assert that they had a perpetual common law copyright, which was not affected by the *Statute*. In *Millar v. Taylor*<sup>39</sup> the King’s Bench agreed. Five years later, however, in *Donaldson v Beckett*,<sup>40</sup> the House of Lords reached a different conclusion.<sup>41</sup> The traditional account is that the House of Lords held that there was a common law right of first publication, replaced by the limited-term statutory copyright after publication, although doubts about that continued to linger.<sup>42</sup> In 1854, however, in *Jeffreys v Boosey*,<sup>43</sup> the House of Lords handed down another decision rejecting the notion of a common law property right whose nature was akin to the statutory protection first established by the *Statute of Anne*.<sup>44</sup> If any rights existed prior to publication, they were no more than an incident of the author ownership of the tangible manuscript, but not “copyright”. Copyright, in contrast, was a pure creature of statute.<sup>45</sup> To remove any doubt, the issue was finally settled when the 1911 *Act* abrogated any common law copyright that might have

existed, and applied statutory copyright indiscriminately to published and unpublished works.

What prompted the Framers of the US Constitution in 1789 to include the specific language in cl. 8 is not entirely clear, and what their precise intention was is equally obscure.<sup>46</sup> In any event, incorporating these limitations into the US Constitution did not prevent a competing narrative of common law copyright from emerging. As in Britain, the issue was finally settled by legislation, with the passage of section 301 of the *Copyright Act* in 1976, pre-empting all state laws creating or recognizing, as a matter of state statutes or common law, rights equivalent to those within the scope of the *Act*.<sup>47</sup>

The lack of similar language in the *Constitution Act* is very poor indication for fundamental differences in the conception of copyright between the two countries. If the language of the US Constitution was meant to limit legislative power, the absence of similar language in the *Constitution Act* is not surprising, because explicit limits on state power are a key feature of the American constitutional design.<sup>48</sup> In contrast, Canada's *Constitution Act* is premised on the British concept of parliamentary omnipotence, and its core objective has been the division of theoretically unlimited legislative power between the Dominion of Canada and the Provinces. Moreover, the *Statute of Anne* did not use the term "copyright", and although the term had already been in use by the end of the eighteenth century, the language in the US Constitution might have been adopted simply to describe the mandate that was given to Congress. It would be unnecessary to do the same in Canada because by 1867, the meaning of the terms "copyrights" and "patents of invention and discovery" had already been established.

In sum, the claim that differences between American fair use and Canadian fair dealing arise from different constitutional structures reflecting divergent ideological views about copyright does not have any serious historic support.

### **III: The History of Fair Dealing**

This part describes the history of fair dealing, from its emergence as a common law doctrine to its first statutory appearance in section



2(1)(i) of the *Copyright Act, 1911* in the UK, and subsequently, in section 16 of the *Copyright Act, 1921* in Canada.

### A. Common Law Origins

Fair use and fair dealing were not born by statute but developed as judge-made law, first by English and then by American judges, who mutually influenced and cross-referenced each other.<sup>49</sup> The pre-history of fair use and fair dealing has been documented by several scholars<sup>50</sup> and needs not be repeated here fully, but a few highlights are worth mentioning. First, as Patry writes, “unlike Athena, the doctrine of fair use did not spring forth fully formed.”<sup>51</sup> Its scope and contours developed gradually, although “the basic foundation and rationale were established remarkably early.”<sup>52</sup> By 1841, when the doctrine made its full appearance in the United States in *Folsom v Marsh*,<sup>53</sup> American courts already had a hundred years of English case law to draw upon.<sup>54</sup> During the nineteenth century, fair use was a broad concept that encompassed several issues that today would often be treated separately: for example, it would apply to the copying of non-protectable facts and ideas as distinct from protectable expressions,<sup>55</sup> to the copying of non-substantial parts of protected expressions,<sup>56</sup> as well as to permissible copying of substantial parts of protected expressions. While current doctrine tends to treat these issues as conceptually distinct, and confine fair dealing to the third, the three are not entirely separate. The tests used for determining “substantiality” involve similar questions to those that are asked in determining “fairness,”<sup>57</sup> and whether the work is mainly factual or expressive may influence the outcome of the fairness analysis.<sup>58</sup>

Second, the common terminology in English copyright law prior to 1911 was often “fair use,”<sup>59</sup> just like the American terminology, but it was also common to use the term “fair” as an adjective to describe specific activities, such as “fair quotation,”<sup>60</sup> “fair criticism,” “fair refutation,”<sup>61</sup> and, in the earlier cases, “fair abridgement.”<sup>62</sup> Sometimes courts would not use the term “fair” but its synonyms, such as “bona fide imitations, translations and abridgements.”<sup>63</sup> The switch to “fair dealing” in Commonwealth jurisdictions seems to simply follow a terminology adopted when the doctrine was codified in 1911,<sup>64</sup> but, as will be discussed in greater detail below, there is no evidence that

the switch from “use” to “dealing” was intended to reflect any change in the law or its direction.<sup>65</sup>

Third, the English judges who created fair use should not necessarily be seen as champions of users’ rights and the public interest reining in overly expansive copyrights—as might be seen through contemporary spectacles. Rather, recognizing fair use allowed judges to actively expand the scope of copyright protection, beyond the original exclusive right to print or reprint books.<sup>66</sup> “By starting with the unobjectionable proposition that making a merely colourable alteration to an earlier work would not be sufficient to avoid the statute, the courts were able to expand copyright protection well beyond cases that could meaningfully be described as a case of reprinting.”<sup>67</sup>

Still, even before the Supreme Court of Canada declared in *CCH* that fair dealing is a “users’ right”,<sup>68</sup> courts and commentators often referred to the ability to use another’s work without permission as a users’ right, and employed the term “the right of fair user”.<sup>69</sup> Similarly, the connection between fair use, the scope of protection, and the public interest was not invented in *CCH*, but had been recognized two centuries earlier.<sup>70</sup> For example, in *Cary v Kearsley*, decided in 1802, Lord Ellenborough CJ explained that

a man may fairly adopt part of the work of another: he may so make use of another’s labours for the promotion of science, and the benefit of the public; but having done so, the question will be, Was the matter so taken used fairly with that view, and without what I may term the *animus furandi*?

Then, after further elaboration, he put the question for the jury to consider as

whether what so taken or supposed to be transmitted from the plaintiff’s book, was fairly done with a view of compiling a useful book, for the benefit of the public, upon which there has been a totally new arrangement of such matter—or taken colourable, merely with a view to steal the copy-right of the plaintiff?<sup>71</sup>

Therefore, to the extent that *CCH* may be seen as revolutionary, it is only revolutionary when viewed through a very narrow historical lens, but viewing it with a broader historical perspective suggests that if *CCH* departed from earlier case law, it only brought back the law to its historical path.

## **B. The Codification of Fair Use**

Fair use remained a common-law principle in the UK until the enactment of the *Copyright Act, 1911*, which for the first time included a statutory fair dealing provision. Section 2(1)(i) of the 1911 *Act* provided that “Any fair dealing with any work for the purposes of private study, research, criticism, review, or newspaper summary” shall not constitute an infringement of copyright. It was supplemented by additional, specifically tailored exceptions. The same provision would appear a decade later in Canada, and its language would remain unchanged until 1993 (when attribution requirements were added to criticism, review and newspaper summary),<sup>72</sup> and 1997 (when “newspaper summary” was replaced with the wider “news reporting”, the phrase “private study or research” was modified to “research or private study”, apparently to pre-empt an interpretation that would limit research to private settings,<sup>73</sup> and the reference to “work” was deleted to expand fair dealing to sound recordings, performers’ performances and communication signals,<sup>74</sup> and again in 2012 (when “education, parody, and satire” were added alongside research and private study). In the US, the doctrine remained uncoded until 1976.

As noted above, conventional wisdom holds that the enactment created an exhaustive list of allowable purposes. However, this view is biased by hindsight. It confuses a narrow (and, as we shall see below, erroneous) *subsequent* interpretation of the 1911 *Act* with the *intended* effect of the 1911 codification, and it also wrongly deduces from the inclusion by US Congress of the explicit words “such as”, that their absence from the UK 1911 legislation *necessarily* reflects Parliament’s desire to limit fair dealing to the enumerated purposes. As I explain below, a small number of early English courts misinterpreted Parliament’s intent, adopting a restrictive but erroneous view of fair dealing, which has never been seriously challenged. Moreover, the

legislative history of section 107 in the US indicates that the decision of Congress to add the words “such as” reflects a lesson learned from the British earlier exercise in codification.<sup>75</sup>

### C. Fair Dealing’s Decline

In retrospect, it appears that the first attempt to legislate fair dealing has not been successful. A few early cases have set the law of fair dealing in the UK and the Commonwealth on a restrictive trajectory from which it has not yet recovered. This has also been the case of Canada, at least until the recent rulings of the Supreme Court. Of these cases, *University of London Press*, *British Oxygen*, and *Hawkes and Son* are particularly noteworthy: the first, not for what it actually held, but for how it had been misinterpreted, and the other two for their holding and reasoning.<sup>76</sup> Overall, with some exceptions, these decisions set the tone for a castrated version of fair dealing, first by confining fair dealing to the list of enumerated purposes and then by construing them narrowly.<sup>77</sup>

#### 1. *University of London Press*

*University of London Press Ltd v University Tutorial Press Ltd*.<sup>78</sup> was one of the first reported cases decided under the 1911 *Act*, and the first case involving the newly enacted fair dealing provision, and a few other novelties of that *Act*. This, perhaps, explains its enduring influence, despite the fact that it was a trial level decision. *University of London* might be an example of an easy case that makes bad law. The outcome of the case does not seem to be particularly controversial or revolutionary—not in retrospect, and probably also not at the time it was decided—but some of its dicta and misinterpretations of some of its holdings have turned it into an important milestone in the takeover of an owner-centric view of copyright in English law.<sup>79</sup>

The defendants published a book entitled *London Matriculation Directory*, which contained several matriculation papers copied from a prior publication of the plaintiff, a subsidiary of the University of London, that were written by examiners hired by the university. The defendants’ publication also included “answers to the questions in [some of] the papers...; and it also comprise[d] a short criticism of

the construction of the various papers,... intended for the guidance of future examiners rather than for the edification of possible students.”<sup>80</sup> The court found that both publishers recognized that students and teachers derived significant utility from samples of previous examination questions, and that recognizing that demand, both publishers had decided to compete in that market.<sup>81</sup> Even though the defendants’ publication was not identical to the plaintiffs’ and added its own content, copying a significant amount from one publication for the purpose of publishing a competing publication would hardly make an easy case for fair dealing, either today or a century ago. MacGillivray, who acted as co-counsel for the defendants, probably recognized that fair dealing would be an uphill battle, and focused most of its defense on other issues: whether the publisher plaintiff had any valid legal or equitable interest in the copied works,<sup>82</sup> and whether the author co-plaintiffs suffered any damage.<sup>83</sup> He also challenged the copyrightability of the copied examination papers, arguing that the reference to “literary works” and “original” in the 1911 *Act* had set a higher standard compared to the 1842 *Act*, which referred only to “books”.<sup>84</sup> Fair dealing was the last line of defense, pleaded in the alternative, should other arguments fail.<sup>85</sup>

Peterson J’s judgment appears to share the same view of the importance of the issues. It devoted only one paragraph to the fair dealing argument, which he easily dismissed without much elaboration. After describing how both publishers sought to compete in the same market, how there was very little in the defendants’ work that could be seen as criticism, and how the partial answers provided by the defendant to some of the questions provided relatively little added value, he concluded that

It could not be contended that *the mere republication* of a copyright work was a “fair dealing” because it was intended for purposes of private study; *nor, if an author produced a book of questions for the use of students, could another person with impunity republish the book with the answers to the questions.* Neither case would, in my judgment, come within the description of “fair dealing.” In the present case the paper on more advanced

mathematics has been taken without any attempt at providing solutions for the questions, and the only way in which the defendants have dealt with this paper is by appropriating it, except that there are eleven lines of criticism of it, dividing the questions into easy, troublesome, and difficult questions. To the questions in the other two papers answers are provided. *Both publications are intended for educational purposes and for the use of students*, and in my judgment the defendants have failed to bring themselves within the protection of s. 2, sub-s. 1 (i.), of the Act.<sup>86</sup>

When read in context, it is clear that *University of London* did not define what “private study” is, let alone hold that the term applied only to copying made by students for their own private use, nor it did say anything about whether fair dealing could apply to other purposes, beyond those explicitly mentioned in the *Act*. *University of London* stands only for the proposition that the *mere* republication of a work, by a competing publisher, without adding anything substantial, does not make a credible fair dealing case—a proposition that, on the reported facts of the case, does not seem to be highly controversial.

Nevertheless, for almost a century, this case has been misinterpreted, and was frequently cited as an authority supporting both propositions. The first misinterpreter seems to be F. E. Skone James, who, as the editor of the sixth edition of *Copinger*, cited *University of London* as authority for the proposition that private study “only covers the case of a student copying out a book for his own use, but not the circulation of copies among other students.”<sup>87</sup> And until the Supreme Court’s ruling in *Alberta (Education)*, Canadian courts repeated this error.

For example, the Federal Court of Appeals (FCA) in *CCH* posited that “British courts have held that use in an educational institution was not for the purpose of private study”, but despite the reference to “British courts” in plural, provided a single reference, *University of London Press*.<sup>88</sup> The Court further added that “the Court in *University of London Press, supra* interpreted private study as not including educational purposes, and therefore did not allow professors to

claim an exemption based upon their students' purposes."<sup>89</sup> But *University of London* did not make any of those holdings. It did not deal with "professors [claiming] an exemption" or with "use in an education institution" but rather with two competing commercial publishers. Therefore, it did not and could not have held that "use in an educational institution was not for the purpose of private study". *University of London* held that the defendant publisher's dealing was not fair, but it did not interpret the meaning of "private study" at all, and nowhere did it mention professors invoking the private study of their students to justify their own copying and therefore could not have disallowed them to invoke it.

The Copyright Board in *Alberta (Education)* repeated the same errors. It stated: "Almost a century ago, British courts established a dichotomy between private study and teacher-student classroom interaction" and concluded that "[i]t therefore seems impossible that a copy made by a teacher for his or her class can be for the purpose of private study..."<sup>90</sup> Like the FCA, it referred to "British courts" in plural while citing a single reference, *University of London*, and in a similar erroneous fashion suggested that *University of London* was a case about a classroom setting, when no discussion of "teacher-student classroom interaction" exists there.

On appeal, the FCA endorsed the Copyright Board's interpretation. While the FCA did not repeat the same blatant errors, it still misinterpreted and misquoted *University of London*. The FCA recognized that "unlike the teachers in the case at bar, the University Tutorial Press was clearly using the examinations for commercial purposes", but concluded that this was an irrelevant distinction. The FCA explained that "Justice Peterson found this was not private study and therefore not fair dealing *because* the publications were "intended for educational purposes and for the use of students" as opposed to private study".<sup>91</sup> This statement, however, misquotes and misinterprets *University of London*. The FCA quoted only half of a sentence, an omission that changes its meaning completely. The original sentence reads: "*Both publications are intended for educational purposes and for the use of students*, and in my judgment the defendants have failed to bring themselves within the protection of s. 2, sub-s. 1 (i.), of the Act."<sup>92</sup> Clearly, Peterson J was not making any distinction between the

defendant's "educational purposes and for the use of students" on the one hand and "private study" on the other, and he did not hold that fair dealing did not apply *because* the use had been for the former purpose and not the latter. Rather, he used the phrase "educational purposes and for the use of students" as a synonym to "private study" and was emphasizing that both parties' publications were intended for the same purposes, catering to the same market, and for that reason could not be considered fair dealing. The FCA confused a statement about the scope of fairness for a statement about the meaning of private study.

Ultimately, the Supreme Court declined to repeat these errors and noted that *University of London* had very little bearing on the meaning of "private study" and does "not stand for the proposition that 'research' and 'private study' are inconsistent with instructional purposes."<sup>93</sup>

## 2. *British Oxygen*

*British Oxygen v Liquid Air*<sup>94</sup> involved two competitors: the plaintiff, who manufactured and sold oxygen gas, and the defendant, who manufactured equipment for producing oxygen gas. Both were competing for the same customers. To persuade a customer not to buy the defendant's equipment, the plaintiff offered that customer a deep discount conditional on a long-term exclusivity commitment. The details of the offer were communicated in a letter sent to the customer. The defendant obtained the letter from that customer, reproduced twelve copies, and sent one of them to a firm of stockbrokers on the London Stock Exchange, together with a letter complaining about the plaintiff's competitive tactics.<sup>95</sup> The plaintiff filed a lawsuit claiming copyright infringement.

The defendant challenged the copyrightability of such a letter, but argued that if such a letter was a literary work within the meaning of the 1911 *Act*, then its reproduction was permitted as fair dealing for the purpose of criticism.<sup>96</sup> The defendant also relied on earlier cases that found that a person was entitled to publish a letter when it was necessary to protect his character.<sup>97</sup> *Romer J* rejected all those



arguments. He indicated that he was in agreement with the plaintiff's view that "criticism" within the meaning of the *Act* meant criticism of the work as such, but thought that he did not have to actually decide this matter because fair dealing simply could not apply to criticizing an unpublished literary work. Subjecting a literary work to public criticism, review or newspaper summary without the consent of the copyright owner would be, in his mind, "manifestly unfair."<sup>98</sup> He further doubted that the right to publish a letter to vindicate one's character survived the passage of the 1911 *Act* and held that in any event that defence was inapplicable.<sup>99</sup>

### 3. *Hawkes & Son*

*Hawkes & Son* involved the unauthorized use by Paramount Film of twenty seconds of the musical work *Colonel Bogey* (which lasted four minutes in total) in a newsreel reporting the opening of the Royal Hospital School by the Prince of Wales.<sup>100</sup> At trial level, the defendants argued that the part copied was not substantial and that in any event fair dealing applied because "These news films are in effect a pictorial form of newspaper. The case comes within s. 2, sub-s. 1(i.), under which any fair dealing for the purposes of private study, research, criticism, review, or newspaper summary is not to constitute an infringement of copyright. The sound film is an audible and pictorial newspaper summary."<sup>101</sup> Eve J, the trial judge, ruled for the defendants on both counts. He held that in order to find for the plaintiff, he would have to find "that the introduction into the babel of sound inseparable from any pageantry, of a few bars of some more or less appropriate piece of music, would constitute an infringement calculated seriously to prejudice the rights of those whose aim is to reproduce the spectacle as a whole."<sup>102</sup> Such conclusion, he thought, was one that he could not believe could be right.<sup>103</sup> He held that no substantial part of the work had been reproduced, and that if he was wrong about that then "the acts of the two defendants constitute a fair dealing with the work, under s. 2, sub-s. 1(i.), of the *Act*. [And that] it is impossible that what has been done can inflict any substantial injury on the plaintiffs' monopoly, or invade any market of the plaintiffs, actual or problematic."<sup>104</sup>

The Court of Appeals reversed. On appeal, the defendant's lawyers conceded that the part taken was substantial, but maintained that fair dealing applied, because

although it is admitted that the news reel cannot be called a newspaper summary it is something of much the same nature, and the matters specified in the proviso to s. 2, sub-s. 1, are merely examples of "fair dealing," and this case falls within the general principle involved in the proviso. The reproduction of part of "Colonel Bogey" was merely incidental to a sound film which as an item of news gave the opening of the Royal Hospital School by the Prince of Wales.<sup>105</sup>

They emphasized that the reproduction was made for the sole purpose of indicating what happened when the Prince of Wales opened the school, and maintained, based on the case law prior to 1911, that the purpose of the reproduction had always been "of vital importance for the purpose of ascertaining whether there has been an infringement."<sup>106</sup> MacGillivray, who acted as co-counsel for the defendant, must have been familiar with the legislative history, and his argument that "the matters specified in the proviso to s. 2, sub-s. 1, are merely examples of 'fair dealing'"<sup>107</sup> is entirely consistent with that history.<sup>108</sup> However, his ability to rely on the legislative history was probably constrained, because even though it was trite that proper interpretation of a statute requires considering "how the law stood when the statute to be construed was passed, what the mischief was for which the old law did not provide, and the remedy provided by the statute to cure that mischief",<sup>109</sup> the use of extrinsic materials to help ascertain legislative intent was not permitted as it currently is.<sup>110</sup> Rather, the rule was that "Parliament's intention must be gathered solely from the Act itself".<sup>111</sup>

The case is also interesting because it foreshadows some of the problems of overlaying royalties that would occupy the Supreme Court of Canada in 2012. The defendants emphasized that the "march has been performed in 417 cinema theatres with the consent of the author of the composition and on payment of fees to the plaintiffs. The only question is whether the making of the film is

unauthorized.”<sup>112</sup> They must have referred to a blanket licence issued by the Performing Rights Society, but they did not and could not get a timely synchronization licence if one was needed, and urged that a holding for the plaintiff under the circumstances would seriously hamper trade. Lord Hanworth M.R. dismissed the argument, noting that the plaintiffs “do not at all intend or desire to hamper trade. All that they say is this: that if this reproduction of a copyright musical march is allowed or is sought by the defendants, then, on a payment, that licence can be granted.”<sup>113</sup> He dismissed the defendants’ argument that “the rapidity with which they have to reproduce these new films makes it difficult, or indeed impossible, for them to obtain a licence from the owners of the musical copyright. Some system could no doubt be arranged whereby, if there is a possibility of some infringement of copyright, there could be a licence applicable to the occasion, so as to avoid any damage to the plaintiffs or other owners of copyright.”<sup>114</sup> By “some system” he might have thought about obtaining an additional licence from a collecting society (a solution that would probably be viewed as undesirable “double dipping” by the Supreme Court of Canada, post *ESA v SOCAN*),<sup>115</sup> but he did not elaborate.<sup>116</sup>

Lord Hanworth then turned “simply to look at the statute” and to interpret it according to its purpose, which in his view was “the necessity for the protection of authors whether of musical or of literary compositions.”<sup>117</sup> In interpreting the *Act* as if that was its only purpose, he adopted a very strong owner-centric view of copyright, ignored its public interest goals, and dismissed the relevance of any consideration of whether the defendant’s actions caused any harm to the plaintiff.<sup>118</sup> Turning to consider the fair dealing argument, he rejected the defendant’s argument that the film was analogous to a newspaper summary. In an extremely narrow interpretation of the statute, he held that “the collocation of the words ‘criticism, review, or newspaper summary’ clearly points to the review or to notices of books which appear in newspapers, and not to anything of the nature that was done in the present case.”<sup>119</sup> This holding was a clear departure from pre-1911 case law, which did not limit “review” to those narrow settings,<sup>120</sup> and recognized that “criticism” did not apply solely to criticism of the copied work, but could extend to criticizing the views contained in it.<sup>121</sup>

Slessor LJ agreed with Lord Hanworth and added a few interesting remarks. While he acknowledged that the notion of “substantial part” appeared in the statute for the first time in 1911, he emphasized the continuity with the pre-1911 case law and the fact that Parliament explicitly codified what had already been decided by the courts under the previous legislation.<sup>122</sup> Interestingly, however, when considering the defense of fair dealing, he declined to recognize any similar continuity with the previous case law and adhered to strict and literal interpretation of section 2(1)(i). He took the view that “this proviso must be dealt with strictly, and when it says ‘newspaper summary’ it means newspaper summary and nothing else. Now here there is neither a summary nor a newspaper, and it is impossible, I think, to hold that this case comes within that protection.”<sup>123</sup>

Romer J, despite showing some sympathy to the defendants, who caused no harm to the plaintiffs, was equally dismissive of their legal arguments. He joined the view that the plaintiffs’ harm—or lack thereof—was irrelevant because the plaintiffs were simply asking the court to enforce their property rights,<sup>124</sup> and reasoned that even if the defendants’ film could be analogized to a newspaper summary, it was nonetheless unfair, because a newspaper reporting on the Prince of Wales’s visit would be free to report that the schoolboys marched past him to the tune of “Colonel Bogey” but it could not reproduce a substantial part of the tune’s musical score for the benefit of readers who were not there.<sup>125</sup> This reasoning, of course, misses the point entirely. Not only does it assume that benefiting the readers who were not present is an irrelevant consideration, what it considers as a legitimate form of news reporting that might benefit from the fair dealing provision does not involve any reproduction of any part of the work at all.

The strong proprietary and owner-centric language used by the judges makes it difficult to speculate whether the outcome of *Hawkes & Son* would have been different under an explicitly open-ended fair dealing provision, or one that used a different term from “newspaper summary.” In any event, while the owner-centric legacy of *Hawkes & Son* continued to burden Commonwealth law for many years, some of its harsh consequences were relieved through legislative change. In 1956, the UK changed the term “newspaper

summary” to “reporting current events”<sup>126</sup>; Canada would do the same in 1997, by replacing “newspaper summary” with “news reporting”.<sup>127</sup> Subsequent amendments in both countries also exempted “incidental inclusion”.<sup>128</sup>

It appears that this view of fair dealing as limited to the explicitly enumerated purposes has never been challenged, and accordingly courts did not have the opportunity to thoroughly consider it. Nevertheless, suggesting that prior to *CCH*, all Commonwealth courts subscribed orthodoxically to *Hawkes & Son’s* overly restrictive view of fair dealing would be an error. On occasion, courts have approached fair dealing in a more liberal way. For example, in *Hubbard v Vosper*, Lord Denning declined to interpret fair dealing as narrowly as the plaintiff suggested, and did not follow *British Oxygen’s* suggestion that “criticism” was limited to “criticism of the work as such” or that fair dealing cannot apply to criticizing unpublished works.<sup>129</sup> Moreover, his canonical statement that “It is impossible to define what is ‘fair dealing’”, the general test that he offered for applying it, and his observation that “[a]s with fair comment in the law of libel, so with fair dealing in the law of copyright. The tribunal of fact must decide”<sup>130</sup> reflect a vision of flexibility and common law adjudication rather than one that sees courts as strictly bound by the literal confines of the statutory provision. A year later, the holding in *Hubbard v Vosper* led the court to recognize that a common law “public interest” defence may “override the rights of the individual, (including copyright), which would otherwise prevail and which the law is also concerned to protect.”<sup>131</sup>

*Pro Sieben v Carlton* is also noteworthy for its suggestion that the phrase “for the purpose of” ought to be interpreted as “in the context of” or “as part of an exercise in”—an interpretation that defies strict construction of each of the individual purposes, and prefer an application of fair dealing in a wider array of circumstances.<sup>132</sup> In *Allen v Toronto Star*, the court concluded that since “the nature and purpose of the use by the Toronto Star...of the [plaintiff’s] photograph [was] to illustrate a current news story, the defence of fair dealing applie[d] in the circumstances of this case.”<sup>133</sup> Even though the use might not fall neatly within the “newspaper summary” rubric, the court did not feel itself strictly bound by that. Guided by Lord Denning’s general

test for applying fair dealing, the court reasoned that “test of fair dealing is essentially purposive. It is not simply a mechanical test of measurement of the extent of copying involved”.<sup>134</sup>

#### **IV: Interpreting the 1911 Act**

The crucial question, therefore, is what the UK Parliament was trying to achieve and what it thought it was doing when it enacted the fair dealing provision in 1911. Did Parliament intend to replace the common law doctrine with an exhaustive statutory regime but without changing its scope, or did it contemplate a limited statutory regime that coexists with the common law? Did Parliament intend to amend the common law of fair use or fair dealing by confining the doctrine to the five enumerated purposes and restrain the judiciary from further developing it on a case-by-case basis, in light of new circumstances and new types of uses, or was Parliament’s intention merely to clarify that the doctrine existed without restraining courts’ power to continue developing it? Might it even be possible that in addition to clarifying the existence of the doctrine, Parliament intended to expand it? While plain reading of the statutory language may support the interpretation that Parliament replaced and restricted the common law doctrine, other principles of statutory interpretation, including the legislative history, support the conclusion that that is the least likely interpretation.

This part begins with discussing the restrictive interpretation, largely based on the fair dealing provision’s plain meaning, and then proceeds to refuting it.

##### **A. Interpreting the text**

###### **1. *Expressio unius***

The strongest support for the interpretation that section 2(1)(i) of the 1911 *Act* (and its subsequent iterations in the Canadian legislation) confines fair dealing to the five enumerated purposes and excludes all other purposes is implied exclusion, based on an inference from the *Act*’s language. Arguably, if Parliament intended to allow courts to

apply fair dealing to other purposes beyond the enumerated ones, it would have said so. Parliament could have added the words “such as” (as the US Congress did in 1976) or could have used similar drafting techniques to clarify that the enumerated purposes are illustrative rather than exhaustive. In other words, *expressio unius est exclusio alterius*: “to express or include one thing implies the exclusion of the other.”<sup>135</sup>

While *expressio unius* is helpful in determining a text’s linguistic meaning, it does not necessarily ascertain its legal meaning.<sup>136</sup> As Barak writes,

logic governs the scope of this canon [of interpretation]. If I say that people are mortal, you should not infer that animals live forever. Even when it is possible to infer “no” from “yes”, that choice does not necessarily become the text’s legal meaning. Perhaps the “yes” itself is included merely as a precaution, to remove doubt (*ex abundantia cautela*); perhaps it is only an example; perhaps it reflects sloppy writing.<sup>137</sup>

Therefore, “[l]ike the other presumptions relied on in textual analysis, implied exclusion is merely a presumption and can be rebutted.”<sup>138</sup>

As the preceding analysis shows, this presumption can be easily rebutted in the present context. There is no evidence in the legislative history to support the *expressio unius* interpretation, and there is sufficient evidence supporting the proposition that the most likely interpretation of the meaning of the “yes” is that rather than implying “no”, it reflects Barak’s three possibilities: some of the purposes may have been included to remove doubt; all of them, read together, stand in synecdochically for a variety of permissible uses;<sup>139</sup> and, admittedly, and in retrospect, the omission of “such as” reflects sloppy writing.

## 2. A Note on Plain Meaning

Even though the *expressio unius* interpretation assumes that the statute’s meaning is clear, it must be noted that this clear meaning is nevertheless peculiar. The notion that fair dealing applies only to certain allowable purposes implies that “[d]ealings for other purposes are not covered by the exception, even if they would otherwise be

fair”<sup>140</sup> This means that when the UK Parliament enacted in 1911 (and Canada’s Parliament enacted in 1921) that “Any fair dealing with any work for the purposes of private study, research, criticism, review, or newspaper summary...shall not constitute an infringement of copyright”, it meant that dealings with works for other purposes, even though they may otherwise qualify as fair, still constitute an infringement of copyright.

Under this interpretation, the scope of permissible copying is limited twice: first, by selecting only five categories of uses that could be eligible for an exemption, and then further narrowing them down by allowing only those among them that would be found to be “fair”. Even though this interpretation is plausible grammatically, it is paradoxical logically, because it implies that even though some activities might be entirely fair, they would still be categorically unlawful. But the adjective “fair” usually stands for something that is “just or appropriate under the circumstances”,<sup>141</sup> and it would seem rather peculiar to adopt a provision that recognizes that some dealings are just or appropriate, but are still unlawful. If the intent had really been to limit the exception only to the five enumerated purposes, and further limit it to the subset of those that are fair, it would have been open to say “it shall not constitute an infringement of copyright to deal with any work for the sole purposes of private study, research, criticism, review, or newspaper summary, and provided that any such dealing is fair.”

This point provides an additional illustration to the perils of plain meaning interpretation. Legislated texts are imperfect, and sometimes their legal meaning cannot be based solely on their textual meaning, but should be aided by resort to the legislative history and other interpretative principles, which are discussed below.

### 3. *“Research” and “Private Study”*

A hurried plain meaning approach has also resulted in a restrictive interpretation of the term “private study”. Since the meanings of “research” and “study” overlap considerably, the fact that the adjective “private” precedes “study” but not “research” has led some to interpret this difference as an indication that Parliament intended “to expressly qualify ‘study’ but not ‘research’ [which] indicates an intention to



permit all fair research, whether in a private setting or not”<sup>142</sup> but disallow study that is “non-private.”<sup>143</sup> In *Alberta (Education)* this view was adopted by the decisions below, as well as by Rothstein J in his dissenting opinion at the Supreme Court. According to him, “Parliament does not speak in vain”<sup>144</sup> and the only possible interpretation that would respect Parliament’s intention would be to interpret “private study” as excluding other forms of “non-private” study, which means that “private study” means “study by oneself”, and excludes copying done by teachers to support their students’ private study in the ordinary course of instruction.<sup>145</sup>

While there is no question that this interpretation is within the range of plausible linguistic meanings, it is certainly not the only one, nor is it the only one consistent with the presumption that Parliament does not speak in vain. While Rothstein J conceded that the word “private” does not necessarily limit “study” to studying in solitude,<sup>146</sup> he failed to recognize the existence of a wider spectrum of meanings. A standard lexical meaning of “private” is “not open to the public,”<sup>147</sup> and distinction between the legal significance of acts that are public and those that are not runs throughout the *Act* and copyright doctrine.<sup>148</sup> Applied to “private study”, this meaning could comfortably include study that is done in a setting that is not open to the public at large, such as in the case of ordinary classroom instruction.

In fact, rather than interpreting “private study” and “instruction” as antonyms, as Rothstein J and the decisions below did, English courts, before and after the enactment of the 1911 *Act*, interpreted “private study”, “teaching”, and “instruction” as synonyms. The distinction that was made was not between “private study” and “teaching”, but between works that are communicated to others in private settings and those communicated to the public at large.

For example, in *Caird v Sime*,<sup>149</sup> decided in 1887, the House of Lords held that a university professor had not forfeited his power to prevent the first publication of his lectures by delivering them to his students in the classroom in the ordinary course. Such lectures were held not to be public in the sense of being “communicated urbi et orbi by the mere act of delivery,”<sup>150</sup> but private “inasmuch as the author does not by their delivery communicate his ideas and language to the public at large.”<sup>151</sup> The Lords reasoned that the professor’s duty as a

teacher was not to address the public at large, but “to give *personal instruction* to the individuals composing his audience.”<sup>152</sup> “The relation of the professor to his students is simply that of teacher and pupil; his duty is, not to address the public at large, but to instruct his students.”<sup>153</sup> This sentence could easily read “the teacher’s duty is to assist students in their private study, not to address the public at large” without altering its meaning or the rationale of the ruling.<sup>154</sup> Printing and selling copies would amount to publication, but “giving copies for *private perusal* or by recitation before a select audience... admitted for the purpose of *receiving instruction* or amusement”<sup>155</sup> would not.<sup>156</sup>

This interpretation opens the possibility that the term “private study” was not inserted to prevent fair dealing from applying to teaching, but instead to make sure that it does. As I explain in greater detail below, the case law on fair use prior to 1911 dealt predominantly with defendants who published works incorporating parts of, or based on, works of others. Where courts found that the use was fair, it was usually because the parts that were copied were non-copyrightable, not substantial, or that the defendant’s work had been—in modern terms—“transformative.” The few cases involving “private use” in the sense of “not public” were actually held to be infringing. Therefore, prior case law might have been interpreted as allowing only transformative uses that enrich the public by adding to the stock of knowledge, and excluding non-transformative or non-public uses (or both).<sup>157</sup> On this account, “private study” could have been added to pre-empt such restrictive interpretation. Thus, by adding “private study” in addition to “research”, Parliament did not speak in vain at all, although it meant something different from what Rothstein J understood.<sup>158</sup>

## **B. Legislative History of the 1911 Act**

“The legislative evolution and history of a provision may often be important parts of the context to be examined as part of the modern approach to statutory interpretation.”<sup>159</sup> Understanding the meaning of fair dealing also requires understanding the law that existed prior to 1911 and what changes, if any, the 1911 *Act* intended to effect.<sup>160</sup>

## 1. *Background: The Law Prior to 1911*

The *Copyright Act, 1911* was “An Act to amend and consolidate the Law relating to Copyright.” As early as 1878, consolidation of the law was recommended by a Royal Commission, which found the existing law “wholly destitute of any sort of arrangement, incomplete, often obscure, and, even when intelligible upon long study, so ill-expressed that no one who did not give such study to it could expect to understand it.”<sup>161</sup> As MacGillvray noted, “The great obstacle in the way of consolidation and amendment has been the difficulty in coming to a satisfactory settlement with the self-governing dominions. Canada, in particular ...”<sup>162</sup> Indeed, Canada was concerned about the prohibitively high prices of British publications, which “were beyond the means of the ordinary reading public in Canada.”<sup>163</sup> Some additional amendments were required in order to comply with the first revision of the Berne Convention for the Protection of Literary and Artistic Works signed in 1908.<sup>164</sup>

In addition to extending the term of copyright protection, its application to new subject matter and the abolition of mandatory registration, the new *Act* broadened the definition of what copyright was, expanded the definition of what constituted infringement, and enlarged the scope of remedies that might be available to the plaintiff under the *Act*, in comparison to what was contained in the *Copyright Act, 1842*. The changes were not entirely revolutionary, because many of them reflected developments already recognized in the case law. Still, their explicit recognition in the new statute removed any doubt that the rights and remedies were broader than those explicitly stated in the 1842 *Act*. For example, section 2 of the 1842 *Act* provided that “the word ‘copyright’ shall be construed to mean the sole and exclusive Liberty of printing or otherwise multiplying Copies of any Subject to which the said Word is herein applied”;<sup>165</sup> section 1(2) of the 1911 *Act* made it clear that the exclusive right was not limited to reproducing the entire work, but extended to a reproduction of “any substantial part thereof”. It also clarified that the exclusive right to reproduce was not limited to reproduction in the same material form (e.g., a printed book reproduced into another book), but also included reproductions

“in any material form whatever”, including additional techniques, such as lithography.<sup>166</sup>

Even more significant change was eliminating what appeared to be a mismatch between the scope of the exclusive right under section 2 of the 1842 *Act* and the definition of what constituted infringement under section 15. While section 2 defined “copyright” as “the sole and exclusive Liberty of printing or otherwise multiplying Copies”,<sup>167</sup> remedy appeared to have been available only to a narrower set of commercial activities<sup>168</sup> (similar to those currently termed “secondary infringement” in section 27(2)).<sup>169</sup> Thus, the 1842 *Act* made actionable not the mere act of unauthorized reproduction, but only commercial dealing with such unauthorized reproductions, such as distribution, importation or exportation. This might have meant, and perhaps indeed meant, that reproductions outside this commercial domain were simply beyond the scope of the *Act* and not actionable. These could include, for example, copies made by individuals for their own personal use, but also copies made by teachers for educational purposes, and indeed any copying, as long as the copies were not commercially dealt with in the ways described in section 15.

Since entirely almost all reported cases, including those where copying was found to be fair use, involved commercial dealings (e.g., a published book containing extracts from another), it is hard to tell whether the lack of cases dealing with non-commercial copying reflected a common understanding that those types of reproductions were not prohibited by the *Copyright Act*, or whether the lack of cheap and ubiquitous reproduction technologies meant that instances of such non-commercial copying were rare, or at least did not really trouble copyright owners. In other words, it is hard to tell whether the mismatch between the right and the remedy under the 1842 *Act* was intentional or an oversight.

However, in the first case whose outcome would turn on the answer to this question, the court decided that Parliament could not have intended to render actionable only commercial activities. This case, *Novello v Sudlow*,<sup>170</sup> involved 250 lithographic reproductions of a musical work (in the form of a music sheet) that were made and distributed to members of The Liverpool Philharmonic Society, to be performed in a particular event. This society, “consisting of several

hundred persons, was established for the purpose of giving concerts and musical performances for the gratification of the members, and for the promotion of music, and not as a source of profit to the members, who performed gratuitously.”<sup>171</sup> The court struggled with the argument that section 15 of the 1842 *Act* rendered gratuitous distribution of these copies non-actionable, but eventually ruled that Parliament could not have intended to limit the common law remedies available to a granted property right and ruled for the plaintiff.<sup>172</sup>

But this case was not a House of Lords case, so it might not have provided the certainty that copyright owners would have desired. The 1911 *Act*, however, removed any doubt about that. Unlike the 1842 *Act*, the definition of an infringement in section 2 of the 1911 *Act* applied explicitly to “any person who, without the consent of the owner of the copyright, does anything the sole right to do which is by this Act conferred on the owner of the copyright”. In addition, to remove any doubt about the scope of available remedies, section 6(1) explicitly provided that “Where copyright in any work has been infringed, the owner of the copyright shall, except as otherwise provided by this Act, be entitled to all such remedies by way of injunction or interdict, damages, accounts, and otherwise, as are or may be conferred by law for the infringement of a right.”<sup>173</sup>

This overview helps understanding the motivation for legislating a fair dealing provision—what hitherto had been a set of loosely defined common law rules and principles.

A simple explanation might be that since the 1911 *Act* was mainly a project of consolidation of different acts and codification of different common law rules, it seemed prudent not to leave fair use without any statutory basis. Even though the Royal Commission in 1878 recommended against legislating fair use, noting that “In the majority of cases these are questions that can only be decided, when they arise, by the proper legal tribunals, and no principle which we can lay down, or which could be defined by the Legislature, could govern all cases that occur”,<sup>174</sup> it is possible that the drafters of the 1911 *Act* had a different view and thought that their ambitious project of codification and consolidation would be incomplete without mentioning the doctrine in the statute.<sup>175</sup>

Another explanation relates directly to the changes described in the previous paragraphs. Possibly, if the *Act* recognized only the expansion of the copyright but remained silent about limitations to those expanded rights, courts might have interpreted that as a signal that Parliament had decided to abolish fair use. MacGillivray, in his 1912 commentary, offered an explanation along those lines:

The protection granted under the general definition of copyright in sect. 1 is so absolutely prohibitive of any use in the nature of a reproduction of the whole or any part of the author's work, that it is necessary to introduce the exceptions specified in sub-section (i) [of s 2]. It would hardly have been safe to have left it entirely to the Court to say what exceptions should or should not be admitted upon the analogy of the case law decided under the Copyright Act, 1842.<sup>176</sup>

Of course, Parliament could have achieved this result by simply stating that “any fair dealing with any work does not constitute copyright”, without specifying particular purpose. This, however, might have been considered too vague, and it would make sense to give some illustration.

Alternatively, it is possible that the purpose of specifying the five categories was not only to remove any doubts that fair dealing applied to those already recognized in the case law, but also to ensure that it applied to those who lacked solid grounding in the case law. In particular, the addition of “research”, “newspaper summary” and “private study”, categories that had no direct precedent in the case law, can support this explanation. Although commentators such as MacGillivray noted that “The liberty of fair dealing by way of research [was] probably intended to express the whole of the existing case law on the meaning of fair use”,<sup>177</sup> there does not seem to be prior case law dealing with research as such, possibly because reproduction for the purpose of research that did not involve publication or distribution was not a reason for concern and might not have even been actionable under the previous *Act*.<sup>178</sup> “Newspaper summary” did not appear in the Bill, but was added in Committee.<sup>179</sup> And “private study” might have been added to overrule, or at least narrow the scope of, the holding in *Novello v Sudlow* and its progeny.<sup>180</sup>

Lastly, and in contrast, it is possible that by specifying five classes of cases to which fair dealing applies, Parliament intended to modify the common law, limit fair dealing to those and only those categories, and prevent the courts from recognizing additional ones. However, despite the fact that this view has been accepted lately as conventional wisdom, it is the least likely of all explanations. As we shall see below, there is no evidence supporting this explanation, and sufficient evidence to reject it.

## 2. *The Legislative Record*

Unfortunately, the legislative record is not rich enough to determine precisely and unequivocally what was Parliament's intent in 1911, but it contains enough to refute the claim that the codification of fair dealing was intended to confine it to the five enumerated purposes, or otherwise change the common law nature of the doctrine. The record contains sufficient evidence to the contrary, and it also demonstrates the difficulties in drafting a detailed provision to codify a principle that defies precise articulation.

When the Bill was introduced to the House of Commons, Mr. Buxton, the President of the Board of Trade (the ministry responsible for drafting the legislation), surveyed the main changes in the proposed *Act*.<sup>181</sup> If the Bill contemplated major reform with respect to fair dealing, it would have been expected that such change was mentioned, but it was not. Nor did Viscount Haldane, who introduced the Bill to the Lords, mention any contemplated change with respect to fair dealing. In fact, in objecting to a motion “to confine to literary and dramatic works the doctrine of fair dealing which has been laid down by the Courts, and not to extend it to pictures”,<sup>182</sup> Viscount Haldane emphasized the judge-made nature of the doctrine of fair dealing and stated:

All we propose to do is to declare that for the future the principle of fair dealing which the Courts have established is to be the law of the Code. ... The principle of fair dealing is a principle which the Courts have applied with the greatest care. ... All that is done here is

to make a plain declaration of what the law is and to put all copyright works under the same wording.<sup>183</sup>

This statement proves illuminating in several respects. First, it regards fair dealing as a *principle*, and recognizes that the purpose was to codify a general principle, applicable to a wide range of circumstances, instead of legislating specific rules, articulating specific exceptions, tailored to specific circumstances. Second, it clarifies that there was no motivation to effect any change in the nature of that principle, only to declare its existence. Third, it shows that there was no concern that the application of this principle by the courts had caused any mischief, and that legislation was required to rein them in and limit their discretion. Instead, the statement evinces trust in the way courts have applied the principle and confidence in their continued ability to do the same in the future.

The parliamentary debates provide additional evidence. One of the debates concerned the status of copyright in written letters. One Member of Parliament proposed adding to section 2 an explicit exception permitting “The publication of letters where such publication is necessary in the public interest, or to preserve or establish the rights or reputation of the recipient or his family.”<sup>184</sup> It was argued that the new Bill would take away such a right, which the courts had previously recognized.<sup>185</sup> The Solicitor General opposed the amendment on the basis that such an amendment was unnecessary, because courts are perfectly capable of dealing with these issues, should they arise. He described the law as it stood then in the following way:

A man who receives a private letter from another must not make an unconscionable or unfair use of it—he must not sell copies of it for reward or exercise a copyright in it. That would be to make an unfair use of it. But it may be possible that there are cases when a man who has received a letter, although he has no copyright in it, may be entitled to produce it in a court of law and publish it.

He argued that there was no need for an explicit exception because the courts can be trusted not to enjoin or award damages against a person who published a letter when the publication was justified.



He believed that leaving that for the courts to decide is a better approach than creating an explicit exception that might be abused.<sup>186</sup> The subsequent withdrawal of the proposed amendment confirms that Parliament did not consider section 2 as preventing courts from finding certain uses to be fair, even if not mentioned explicitly.<sup>187</sup>

Recent scholarship by Robert Burrell and Allison Coleman<sup>188</sup> and from Isabella Alexander<sup>189</sup> provides further evidence.<sup>190</sup> It appears, therefore, that section 2(1)(i) was meant to codify the *principle* of fair dealing, without restricting or limiting its application, adaptation and adjustment by the courts according to the circumstances of particular cases. By specifying instances of dealings (two of which—criticism and review—were well recognized by the courts, and three—private study, research and newspaper summary—were new) and subjecting them to an overarching principle of fair dealing, Parliament intended to guarantee the continued vitality of the doctrine. As Isabella Alexander writes, rather than to restrict, the five enumerated purposes “were intended to be understood synecdochically as standing in for a variety of permissible uses.”<sup>191</sup>

### 3. *Additional Extrinsic Evidence*

In addition to the legislative record, other contemporaneous extrinsic aids support the view that the 1911 *Act* was not meant to restrict fair dealing and confine it to the five enumerated purposes. Several commentaries followed the enactment of the 1911 *Act*. All of them offer a general overview of the 1911 *Act* and survey the motivations for enacting it and the main changes relative to earlier law. Neither of them mentions fair dealing in that context, let alone viewing the fair dealing provision as a major change compared to previous law, nor do they indicate that the previous law on fair use was deficient in its overbreadth. All of them, when discussing the various provisions of the 1911 *Act*, including the issue of infringement, refer to earlier case law, thus clearly indicating that they did not regard the 1911 *Act* as revolution, but as evolution of a previous body of statutory rules and common law interpretation.

The views expressed in two of the leading contemporaneous commentaries on the 1911 *Act* are particularly noteworthy.

MacGillivray, as noted earlier, suggested that the fair dealing provision was added out of abundance of caution.<sup>192</sup>

J. M. Easton, the author of the fourth and fifth editions of *Copinger on Copyright*, the leading treatise on copyright,<sup>193</sup> noted that “[a]ny fair dealing, with, any work for the purposes of private study, research, criticism, review, or newspaper summary is also *expressly permitted* by the Act”, but wondered why it was even necessary to include an explicit fair dealing provision for the enumerated purposes, because “fair dealing for other purposes has always been...permitted and, presumably, it was not intended to cut down the rights of fair use previously enjoyed under the old law.”<sup>194</sup>

Richardson’s general observation about the 1911 *Act* is consistent with Easton’s. In his introduction, he remarked that

The passing of The Copyright Act, 1911, has completely recast the Law of Copyright, at any rate those parts which depend primarily on Statute Law, such as the term of protection and ownership of copyright. Only those parts of the law which are practically judge-made—such as the questions as to infringement by a new work other than an exact copy—have remained to any great extent unaltered, and even they are not untouched.<sup>195</sup>

L. C. F. Oldfield’s commentary did not seem to read section 2(1) (i) as limiting the common law of fair use either. In his introduction, he stated that when an Act of Parliament has received judicial construction, and a later *Act in pari materia* uses the same words, it is presumed that those words retain their meaning, unless there is indication to the contrary.<sup>196</sup> His discussion of fair dealing reveals that he did not see anything in the 1911 *Act* suggesting alteration of the law on fair use. After repeating the statutory provision, he explained that “[w]hat is fair dealing with a work depends upon the circumstances of each particular case”, and quoted a paragraph from an American case, which he regarded as giving “an excellent summary of the law”.<sup>197</sup>

Oldfield then turned to discussing the question of abridgements, and concluded that “[i]t is submitted that the present Act does not alter the law with respect to abridgements, and that if *bona fide* and original, although made without the original author’s consent, they

are not infringements.”<sup>198</sup> Earlier in the book, he even noted that the Copyright Bill, as introduced, contained an explicit exception for making an abridgement for private use, but “under the present Act there is no specific mention of abridgements, but any fair dealing with a work for the purpose of private study or research is not an infringement” and concluded that as a result “under this Act, the author of an original work cannot prevent the publication of any fair and *bona fide* abridgement which in its nature is original...”.<sup>199</sup> The fact that abridgement was not mentioned in section 2(1)(i) did not bother him.

G. S. Robertson’s commentary<sup>200</sup> discusses fair dealing rather briefly, noting that “[t]his exception is couched in very wide terms, and its limits are not easy to define”<sup>201</sup> and then contains some inconsistent statements. At one point he explained that “the proviso which permits fair dealing for [the enumerated] purposes...covers the cases, which have caused some difficulty in the minds of judges, where a reproduction of an artistic work is made by hand for the purpose of private study or amusement.”<sup>202</sup> He then stated that “the reproduction, however, when made, must not be dealt with for any other purpose than one of those specified in the proviso.”<sup>203</sup> It can be immediately noticed that “amusement”, which he claims to be covered by the proviso, is actually not specified in it.<sup>204</sup>

In sum, if by enacting the fair dealing provision Parliament had intended to modify the existing doctrine of fair use by confining it to five enumerated categories exclusively, most of the contemporaneous commentators failed to notice that intention. The parliamentary debates do not support this view either. In Canada, the debates in 1921 do not contain any meaningful discussion of fair dealing.

The view that Parliament had intended to restrict fair dealing to the five enumerated purposes began appearing later. In 1927, the sixth edition of *Copinger* was published. This edition was no longer authored by Easton, but penned by F. E. Skone James and published by a different publisher. The sixth edition’s view about the scope of fair dealing was entirely different and considerably more restrictive. In Skone James’s view, the principle embodied in section 2(1)(i) limited “the right to fair use to purposes which in their nature are likely to differ from those of the works from which extracts are taken”. He

clearly regarded the enumeration of the five purposes as a “limitation of purposes in regard to which the defence of fair dealing can be set up”, a limitation that “has probably not altered the law, but it has prevented any attempt to extend the defence to new purposes.”<sup>205</sup> Skone James provided no authority to support this restrictive interpretation and, remarkably, failed to acknowledge that a contrary view was expressed in the previous edition of the same book. Instead of grappling with the contrary position, he simply chose to omit it.

Skone James’s treatment of the meaning of “private study” was equally deficient. While Easton, in the fifth edition, took the view that section 2(1)(i) narrowed the scope of the holding in *Novello v Sudlow* (“It is no defence that the copying is made for the purpose of gratuitous circulation, unless it be for private study or research”)<sup>206</sup>—a position that would include circulation to students—Skone James took the opposite view, asserting that “[p]rivate study, it is submitted, only covers the case of a student copying out a book for his own use, but not the circulation of copies among other students.”<sup>207</sup> Again, Skone James failed to acknowledge the reversal from the position stated in the previous edition, and purported to support this proposition by reference to *University of London Press*, a case that, as discussed above, had nothing to do with gratuitous circulation among students.

Perhaps it was the status of *Copinger* as the leading treatise on copyright that entrenched the restrictive view of fair dealing, despite the fact that this view has misstated the meaning of the 1911 *Act*.

A Canadian leading treatise has witnessed a similar inexplicable reversal of view on fair dealing, from one observing continuity with the pre-1911 case law to another emphasizing disjuncture. Writing in 1944, Harold Fox, in his first treatise on Canadian copyright law, took it for granted that a statutory fair dealing coexisted with a common law fair use.<sup>208</sup> In numerous other places, he referred to fair use, relying indiscriminately on prior English and American cases.<sup>209</sup> Nowhere did he suggest that the UK 1911 *Act* or the Canadian 1921 *Act* rendered the common law concepts of fair use obsolete, and nowhere did he suggest that by enacting the fair dealing provision, Parliament adopted a fundamentally different and more restrictive view of what constitutes infringement compared to American law. Apparently, his view was that the statutory fair dealing allowed only

the enumerated purposes, and that “[t]hose terms will no doubt be construed strictly.”<sup>210</sup> But “[a]t the same time it would seem that ‘substantiality’ of the amount copied is still a test for infringement and that the Court still has jurisdiction notwithstanding section 17(1)(i) [the fair dealing provision] to hold that a substantial part of the work has not been taken where the part or parts taken can be justified as fair use or fair quotation.”<sup>211</sup> Thus, the statutory fair dealing would apply even when substantial part was taken,<sup>212</sup> and “affords additional protection to defendants”, that is, even beyond what might be permitted as fair use.<sup>213</sup> While his view of what the common law of fair use had permitted might be overly restrictive, the crucial point is that he viewed the statutory right as expanding upon it. Fox’s second edition from 1967 repeats the same view.<sup>214</sup>

Fox died in 1969; the third edition of his treatise, by John McKeown, was published in 2000.<sup>215</sup> The discussion in the previous editions of the pre-1911 case law on fair use has all but disappeared. When discussing what constitutes infringement, McKeown stated:

Prior to the British Act of 1911, a number of cases took the approach that it was not an infringement for a compiler to refer to a preceding work or works and take extracts from them so long as the author expended skill and labour which resulted in the production of a new original work and the alterations made were not of a merely colourable character. This was referred to as “fair use” of an earlier work. In light of subsequent cases and the current provisions of the Act this approach is no longer appropriate.<sup>216</sup>

McKeown did not refer to any specific subsequent cases or any current provision of the *Act* that he relied on. Moreover, he failed to acknowledge Fox’s much richer account of fair use and his different view of the relevance of pre-1911 cases. Rather than explaining why Fox’s view might have been incorrect when it was written, or at least was no longer correct, he simply ignored it.

While Fox’s discussion of the concept of “lawful use” began with restatement of the general common law concept of fair use before turning to the statutory fair dealing, McKeown’s editions address

only the statutory fair dealing. Again, the change of heart was neither acknowledged nor defended. The only hint to the possibility that other exceptions might apply was an assertion, in reference to *Bishop v Stevens*, that “[s]ince copyright law in Canada is purely statutory law an implied exception from infringement seems unlikely.”<sup>217</sup> To the extent that this view was defensible in 2000, it ought to be questioned in light of the recent Supreme Court decisions and of the Court’s explicit repudiation of the vision of copyright that informed its holding in *Bishop*.<sup>218</sup>

In any event, most recent and present discussions about copyright and about copyright reform in Commonwealth jurisdictions have taken it for granted that fair dealing cannot apply beyond the explicitly enumerated purposes. This assumption was shared both by those who advocated replacing the current fair dealing regime with a non-exhaustive provision as well as by their opponents. Proposals to amend the *Act* in this direction never came to fruition,<sup>219</sup> and the preferred approach in all recent rounds of copyright reform—or maybe, more accurately, the political compromise—was to specify additional exceptions instead.<sup>220</sup> Does that indicate Parliament’s intent to have a closed fair dealing regime? The answer is no. It would be tempting to say that Parliament did not adopt those proposals for reform because it correctly recognized that the existing provisions were never intended to be exhaustive and reform was unnecessary. But this would be inaccurate. The truth is that while Parliament recognized needs to expand exceptions, it chose not to open up the fair dealing provision but chose a different path. But even if this choice reflects the way that recent Parliaments interpreted the existing provision, this perception does not change the meaning of the original provisions. Parliament enacts laws, but it does not interpret them.<sup>221</sup>

## C. Additional Principles of Statutory Interpretation

### 1. *The Mischief Rule*

The mischief rule, traced back to the *Heydon’s Case* of 1584, instructs courts to discern and consider the following: (1) what was the common law prior to the enactment of the statute; (2) what was the mischief and defect for which the common law did not provide;

(3) the remedy that Parliament proscribed for that mischief; and (4) “The true reason of the remedy; and then the office of all the judges is always to make such construction as shall suppress the mischief, and advance the remedy.”<sup>222</sup>

Since fair dealing had no statutory basis prior to 1911 and there was no case law holding that the doctrine can apply only to the five enumerated purposes, it must be the case that courts prior to 1911 could expand fair dealing to new purposes that had not been recognized before. Therefore, the view that the 1911 *Act* has limited the power of courts to apply the doctrine to additional purposes must suppose that Parliament had had such intention. As the previous discussion makes clear, there is no indication that the way courts handled the doctrine was considered to be a mischief. There is no indication that legislation was deemed required to remedy such mischief by limiting courts’ discretion with regard to the purposes to which fair dealing might apply. Therefore, if Parliament did not consider the existing doctrine of fair use to cause any mischief, there is no reason to presume that Parliament had intended to restrict its application.

## ***2. Presumption that an Enactment Does Not Change Existing Law without Clear Indication***

The conclusion that Parliament had no intention to prevent the application of fair dealing to other purposes is further supported by the presumption that an enactment does not change the existing law without clear indication, and by the interpretative rule that an enactment is presumed to create absurd results. As Sullivan writes, “despite the constitutional primacy of the legislature...it is presumed that the legislature does not intend to change the common law, to introduce exceptions to general principles (which often originate in the common law), to interfere with common law rights and freedoms, or to take away the jurisdiction of common law courts.”<sup>223</sup> To interpret an enactment otherwise requires clear indication. This principle was well recognized at the time of the enactment of the 1911 *Act*.<sup>224</sup>

Indeed, the drafters of the 1911 *Act* were clearly cognizant of these principles, because when Parliament wished to deviate from

the common law, it did so explicitly. For example, section 31 of the 1911 *Act* was titled “Abrogation of common law rights”, and provided that: “No person shall be entitled to copyright...whether published or unpublished, otherwise than under and in accordance with the provisions of this *Act*, or of any other statutory enactment for the time being in force, but nothing in this section shall be construed as abrogating any right or jurisdiction to restrain a breach of trust or confidence.” This provision was meant to settle once and for all the uncertainty with respect to whether there existed a “common law copyright” independent of the statute.<sup>225</sup> At the same time, Parliament clarified that “the abrogation of common law rights only applie[d] to the common law proprietary right”<sup>226</sup> but did not affect other common law causes of action.<sup>227</sup> The provision, with almost identical wording, constitutes section 89 of the current *Copyright Act*.<sup>228</sup>

While section 31 explicitly abrogated some common law rights, section 6(1) of the 1911 *Act* (and the corresponding section 34(1) in the current *Act*) explicitly invite courts to resort to the common law when deciding the proper remedy when infringement has been found.<sup>229</sup> Notably, neither section 31 nor section 6(1) limit any common law rights of users or any common law defense that might be applicable. If Parliament was interested in restricting users’ rights or limiting the common law defenses that may be applicable to them, it would have done that explicitly.

The choice of the terms “fair” or “fair dealing” also indicate the legislative intent to maintain continuity with the pre-enactment case law. Notably, in the 1937 case of *Johnstone v Bernard Jones*, both parties agreed that while the case had to be decided according to the statutory provision, the previous case law on what constituted “fair use” was relevant and helpful. The plaintiff went even further and maintained that “It is notorious that the Copyright Act, 1911, was an attempt to codify the law: and it would be strange if the Legislature consented to accept from the draftsman the word ‘fair’ with a different meaning from that which it had in the cases decided before 1911.”<sup>230</sup>

Even though there is no indication that Parliament intended to restrict fair dealing and displace the common law doctrine with a more restrictive statutory version, it may still be unclear whether the intention was (1) merely to incorporate or codify the common



law principle without an intention to modify it, except that its future development will be based on the statute and not on the common law; (2) to supplement the common law without displacing it (in which case the statutory fair dealing continues to exist alongside a common law fair use); or, alternatively, (3) to supplement the common law without creating conflict, but with the intention of replacing the common law with an exhaustive statutory scheme.<sup>231</sup>

While Viscount Haldane’s statement that section 2(1)(i) merely “declare[s]...for the future the principle of fair dealing which the Courts have established is to be the law of the Code” seems consistent with the first interpretive alternative, there are some aspects in which the statutory fair dealing supplements the common law: first, it explicitly recognizes that “private study”, “research” and “newspaper summary” could be considered fair dealing, even though there was no previous case law dealing with the latter and there was case law that might have implied that the doctrine did not apply to the former.<sup>232</sup> Second, prior case law often disposed of cases of copying of insubstantial part as a matter of fair use, but the statutory scheme created a distinction between the two concepts. Copying of an insubstantial part did not constitute an infringement by virtue of the definition of the copyright in section 1(1) (currently section 3(1) in Canada), whereas fair dealing would not constitute an infringement by virtue of the proviso in section 2(1)(i) (currently ss 29-29.2 in Canada), meaning that fair dealing may apply—and indeed should only be considered—if what has been copied is substantial.<sup>233</sup> Therefore, the first alternative (codification without any modification) may not be the correct one.

The second alternative—namely, that the statutory fair dealing coexists with a common law fair use—may be an attractive way of interpreting the current fair dealing provisions, because it allows the court easily to reconcile the plain language of the fair dealing provisions with the other considerations militating against the view that fair dealing is confined to the five enumerated purposes. Recognizing that a common law fair use continues to coexist alongside the statutory fair dealing allows the court to avoid two evils: one, an interpretation of the *Act* that may seem to be reading into it language that is not there (e.g., reading in the words “such as”, or interpreting the five enumerated purposes so broadly in order to capture the impugned

use),<sup>234</sup> and, two, the absurd results arising from an interpretation that views all fair dealings for purposes beyond the five enumerated ones as categorically infringing, no matter how otherwise fair those dealings are.

The difficulty may lie in reconciling this approach with the *Compo* legacy: the Supreme Court's statement that "The legislation speaks for itself and the actions of the appellant must be measured according to the terms of the statute,"<sup>235</sup> and that "copyright in this country is a creature of statute and the rights and remedies it provides are exhaustive."<sup>236</sup> Perhaps it is time to add some nuance to these statements.<sup>237</sup>

The third alternative may seem more consistent with Viscount Haldane's statement, and with the *Compo* legacy, but it will require courts to either interpret each of the enumerated purposes so broadly as to encompass any possible use that may deem to be fair, or to recognize that the list of enumerated purposes is after all, and contrary to conventional wisdom, not exhaustive. A court may do so either by interpreting the list as merely illustrative of a broader principle that underlies fair dealing, or by acknowledging the occasional imperfections of statutory drafting and reading in the words "such as".

### **3. *Avoiding Absurd Consequences***

As noted above, the notion that by enumerating the five (now eight) categories, Parliament intended to exclude all possible other instances of fair dealing is linguistically plausible. But what is linguistically plausible is not determinative of the text's legal meaning. "[T]he linguist inquires into what meanings the text can 'tolerate' in its language, in light of the totality of potential contexts. ... Legal interpreters build on the work of the linguists who determine linguistic range. Interpreters translate the language into law by pinpointing or extricating a single, unique legal meaning."<sup>238</sup> Among other consideration, the legal interpreter is directed to avoid an interpretation that produces absurd consequences.<sup>239</sup> "[A]n interpretation can be considered absurd if it leads to ridiculous or frivolous consequences, if it is extremely unreasonable or inequitable, if it is illogical or incoherent, or if it is incompatible with other provisions or with the object of the legislative enactment."<sup>240</sup>

A few examples will suffice to show that the view that the list of enumerated purposes is exhaustive leads to such absurd consequences. Consider, for example, the common—and indeed indispensable—practice in judicial proceedings whereby litigants make several copies of the authorities they rely on and submit them to the court and to all other parties. There is no explicit provision in the *Copyright Act* that permits this action, and the making of such copies does not easily fit any of the enumerated fair dealing provisions. Interestingly, the current UK legislation includes explicit provisions that permit the making of such copies,<sup>241</sup> but they did not exist in 1911, and cannot be found in the Canadian *Act*.<sup>242</sup> Yet, in *CCH* the Court did not hesitate to endorse the Great Library’s practice of making copies, which explicitly permitted the making of copies “required for the purposes of research, review, private study and criticism, *as well as use in court, tribunal and government proceedings*”<sup>243</sup> and concluded that “the Law Society’s dealings with the publishers’ works satisfy the fair dealing defence.”<sup>244</sup> Even though Parliament never explicitly exempted this activity, the Court effectively recognized an additional implied fair dealing exception for this purpose, and rightly so. Doing otherwise would be utterly absurd.<sup>245</sup>

Or consider time-shifting. In 1984, the US Supreme Court ruled, in the landmark *Sony v Universal* case, that it was fair use—and therefore not an infringement of copyright—for individuals to use a video cassette recorder to tape television shows in order to view them at a later time. At the end of the majority opinion, after providing a detailed doctrinal analysis, Stevens J wrote the following epilogue:

One may search the Copyright Act in vain for any sign that the elected representatives of the millions of people who watch television every day have made it unlawful to copy a program for later viewing at home, or have enacted a flat prohibition against the sale of machines that make such copying possible.<sup>246</sup>

Should we assume that because time-shifting was explicitly recognized as non-infringing only in 2012 (and not as part of the fair dealing provision),<sup>247</sup> the elected representatives of millions of Canadians who have watched television every day and have taped

TV shows for the better part of the last three decades have made it unlawful to videotape TV shows? Is there any valid political theory that would explain why Stevens J’s assumption about the American political process could not apply to Canada in this context? And what about a person who made two copies of a TV show: to begin watching one at home, and continue watching it on an iPad at the gym? The new time-shifting exception in section 29.23(c) covers only the making of one reproduction. Does the second one necessarily make that person an infringer? Do we really need to try shoehorning this activity into one of the enumerated purposes to avoid this absurdity?<sup>248</sup>

Should we assume that Justin Bieber infringed copyright when, in 2008, he posted on YouTube videos of himself singing others’ songs without first clearing the copyrights,<sup>249</sup> and that this kind of activity was made lawful only in 2012, when section 29.21 was enacted?

Or consider section 29.4, permitting common classroom activities, such as writing a poem on a blackboard or incorporating an image into an overhead presentation. This provision was enacted in 1997, meaning that until that year, there was no explicit provision permitting those activities. While PowerPoint presentations did not exist in 1911—and likely were not even contemplated then—chalk, blackboards and poems clearly did. It would be absurd to think that for the better part of the twentieth century, writing a poem on a blackboard in a classroom required the permission of the copyright owner, and that Parliament intended this result, but changed its mind in 1997. Likewise, it would be absurd to think that any deviation from the requirements of section 29.4, even after 1997 (e.g., if the copying is done not “on the premises of an educational institution”, but during a field trip, or if an image is being photocopied and distributed as handouts, but not displayed on a board or projected) would constitute infringement without the consent of the copyright owner. Strange as it may sound, this would have been the implication of the minority view in *Alberta v Access Copyright*, had this view prevailed.<sup>250</sup>

Fortunately, this interpretive challenge is now moot, because the Supreme Court confirmed that “private study” includes classroom instruction, and Parliament added “education” to section 29, an amendment that removes any doubt about the availability of fair dealing to these circumstances.

Moreover, the notion that fair dealing applies only to certain allowable purposes implies that “[d]ealings for other purposes are not covered by the exception, even if they would otherwise be fair”. This means that when Parliament enacted in 1911 that “Any fair dealing with any work for the purposes of private study, research, criticism, review, or newspaper summary...shall not constitute an infringement of copyright”, it meant that dealings with works for other purposes may still be regarded as fair, but nonetheless shall constitute an infringement of copyright. As noted above, this is a paradoxical result.<sup>251</sup>

Finally, and more generally, the notion that Parliament intended to exclude the possibility of applying fair dealing to non-enumerated purposes necessarily relies on one of the following two alternative assumptions: one, that Parliament believed that it had canvassed the entire universe of uses that were known at the time of the enactment as well as those that might be known and possible sometime in the future, and concluded that only the five (and now eight) enumerated purposes are capable of qualifying as fair dealing; or that Parliament was aware it could not foresee all potential future uses, but still decided in advance that no matter what those uses are, they ought to be categorically excluded.

The first alternative is inconsistent with the “basic assumption that the legislature is a competent institution acting in the public interest.”<sup>252</sup> No competent legislature could believe that it could foresee all types of future uses and predetermine that they could not possibly be fair.

The absurdity of the alternative assumption requires more elaboration. The absurdity of the notion that if a purpose is not explicitly enumerated, it is categorically excluded from the purview of fair dealing, stems from its incompatibility with the purpose of the *Copyright Act*.

Fair dealing has a purpose: to allow the unauthorized use of works in a manner that promotes the public interest in the encouragement and dissemination of works of the arts and intellect, when the dealing does not seriously undermine the copyright owner’s opportunity to obtain a just reward.<sup>253</sup> It is the same purpose identified by Lord Mansfield in 1785,<sup>254</sup> Souter J in 1995<sup>255</sup> or the Supreme Court of Canada in 2004 and 2012.

Yet, even though it is possible to identify the *principle* that fair dealing stands for, articulating a precise legal *rule* that implements it is notoriously difficult, if not impossible. The Royal Commission on Copyright, whose 1878 report was one of the bases for the enactment of the *Copyright Act, 1911*, stated that “no principle which we can lay down, or which could be defined by the Legislature, could govern all cases that occur” and that ultimately these can be decided only on a case-by-case basis by “the proper tribunals.”<sup>256</sup> Almost a century later, the US Congress House Committee reached a similar conclusion, noting that “since the doctrine is an equitable rule of reason, no generally applicable definition is possible, and each case raising the question must be decided on its own facts.”<sup>257</sup> Lord Denning, in *Hubbard v Vosper*,<sup>258</sup> and the Court, in *CCH*, made similar observations, as did the US Supreme Court in *Campbell*.<sup>259</sup>

It is not surprising, therefore, that instead of precise *rules*, legislation that includes fair dealing or fair use provisions tends to adopt a flexible and adaptable *standard*,<sup>260</sup> to be implemented by courts on a case-by-case basis or, more often, a combination of a general governing fair dealing *standard*, supplemented by specifically proscribed *rules* applicable to certain circumstances that were identified in advance.

Similarly, at the international level, attempts to draft a precise rule regarding limitations and exceptions to copyright proved futile, and resulted in the intentionally vague three-step test, such as the one incorporated in the Berne Convention.<sup>261</sup>

Once the central role that fair dealing plays in calibrating the rights of owners with the rights of users and the public interest is recognized, the view that fair dealing applies only to the explicitly enumerated purposes becomes tenuous, because it requires one to believe that those five, now eight, purposes encompass the entire universe of dealings that could justify using a work without getting the copyright owner’s permission. But it is easy to identify uses that do not fall into any of the enumerated purposes (or any other specific statutory exception) and that Parliament cannot have intended to be regarded as categorically infringing.

But more importantly, if the purpose of the *Copyright Act* is to encourage future innovation and creativity, fair dealing must be

flexible and unlimited with respect to the purposes to which it could apply, otherwise this purpose would be undermined. Rule makers cannot foresee all the types of future uses that justify exemption, and inevitably, a system that relies exclusively on *ex ante* proscribed rules will be tailored to allow only the interests of existing users who had enough political clout to lobby for an exemption.<sup>262</sup> By definition, however, truly new innovations in technology or in cultural expression, those that do not yet exist and may not even be thought of, have no one advocating for them.<sup>263</sup> Without a possibility of relying on a flexible fair dealing standard, the law might prevent these innovations from ever being created. A system that permits only the uses that were able to bargain their way at the legislative negotiation table but excludes all others is doomed to cultural and technological stagnation. While a flexible fair dealing does not guarantee that all socially beneficial uses will be permitted, at least it allows the new uses, those that were not even thought of, or that had no one lobbying for them during the legislative process, to have their day in court and argue, “We’re fair!” It allows innovators to use their scarce resources on recruiting the most talented developers before they need to hire the lobbyists.<sup>264</sup> Not all such uses or expressions are necessarily fair, but a rule that categorically excludes them from the purview of fair dealing means that they require *prior* permission from either the copyright owner or from Parliament. If such an outcome does not constitute an outright unconstitutional prior restraint on speech, then it is at least very close, and “the traditional reticence of English, American, and Canadian courts to impose prior restraints on speech”<sup>265</sup> ought to disfavour it.<sup>266</sup>

Leaving room to individual litigants and the courts to apply fair dealing to circumstances unforeseen by Parliament is not a “far less effective, less democratic and less principled way to approach copyright reform”<sup>267</sup> than the alternative. Quite the contrary: it is more effective, more democratic and more principled, because it enables policy making based on evidence and arguments that are inherently incapable of having a voice in the legislative process.<sup>268</sup> It is a feature, not a bug.

Moreover, specific rule-based exceptions, whose main advantage is the certainty that they are purported to promote, are vulnerable to rigidity, and without an overarching principle to guide them, their application tends to “hinge on arcane debates over taxonomy

[making them] perennially uncertain.”<sup>269</sup> In contrast, an omnipresent flexible fair dealing avoids this rigidity, and increases certainty over time, as the contours of owners’ and users’ rights in unforeseen circumstances is determined through litigation,<sup>270</sup> and subsequent legislative amendments when necessary.

## V: Conclusion

When fair dealing was codified a century ago, there was no intention to restrict or limit its application, adaptation and adjustment by the courts. Parliament sought to codify a principle, a flexible *standard*, not precise rules, yet the English courts that failed to recognize this point have sentenced fair dealing to a hundred years of solitude. Fortunately, at the turn of the twenty-first century, the Supreme Court of Canada declined to follow that restrictive path. Parliament’s decision to explicitly recognize additional purposes and add specific exceptions moves Canadian law in the same direction. The Court’s rulings and Parliament’s action have entrenched fair dealing and provided a necessary correction that allows fair dealing to resume the role it was always supposed to play. The recent developments have narrowed the range of potential uses that may not be found within the ambit of the explicit exceptions, or the more general fair dealing provisions, but if conventional wisdom is correct, some uses, present or future, are still categorically excluded. This is not a recipe for progress. We can easily predict that fewer new forms of expressions, and fewer novel ways of using, reusing and disseminating works, will emerge in a legal environment that outlaws them outright.

However, there is no serious indication that this is what Parliament intended when it legislated fair dealing, and there are very good reasons to challenge the view that it did have such intentions. “All we propose,” declared Viscount Haldane before the House of Lords in 1911, “is to declare that for the future the principle of fair dealing which the Courts have established is to be the law of the Code.”<sup>271</sup> All I propose is that we follow that law.

Omnipresent fair dealing is here. It always has been.





<sup>1</sup> In November 2011, the Centre for Innovation Law and Policy at the Faculty of Law, University of Toronto filed an Intervener Factum in *Alberta (Education) v Access Copyright* (SCC 33888). Howard Knopf and I wrote that factum; this chapter is based in part on the research conducted in its preparation. Howard Knopf deserves much credit for helping me develop some of the ideas in this chapter, as well as for being instrumental in distilling them into a ten-page factum. I also wish to thank Abbas Kassam, Rachel Weinberg, and David Yi for their research assistance, as well as Aharon Barak, Barton Beebe, Michael Birnhack, Oren Bracha, Carys Craig, Abraham Drassinower, Richard Ellis, Brett Frischmann, Jeanne Fromer, Tomas Gomez-Arostegui, Bill Patry, Matthew Sag, and Simon Stern for their various comments and suggestions.

<sup>2</sup> Interestingly, Australia enacted a fair dealing provision in 1905. Section 28 of the short-lived *Copyright Act 1905* (Cth) provided that “[A] book shall not be infringed by a person making an abridgement or translation of the book for his private use (unless he uses it publicly or allows it to be used publicly by some other person), or by a person making fair extracts from or otherwise fairly dealing with the contents of the book for the purpose of a new work, or for the purposes of criticism, review, or refutation, or in the ordinary course of reporting scientific information.” This provision was apparently taken from cl 4(5) of the failed UK’s Copyright Bill 1900 (no 295) (*An Act to Amend and consolidate the Law relating to Literary Copyright*); see Alexandra Sims, “Strangling Their Creation: The Courts’ Treatment of Fair Dealing in Copyright Law Since 1911” (2010) 2 *Intell Prop Q* 192 [Sims, “Strangling Their Creation”]. The 1905 Act was replaced with the *Copyright Act 1912* (Cth), which adopted the *Copyright Act 1911* (UK), 1 & 2 *Geo V*, c 46.

<sup>3</sup> *Ibid.*

<sup>4</sup> *CCH Canadian Ltd. v Law Society of Upper Canada*, 2004 SCC 13, [2004] 1 SCR 339 <<http://www.canlii.org/en/ca/scc/doc/2004/2004scc13/2004scc13.html>> [CCH].

<sup>5</sup> *Ibid* at paras 48, 51.

<sup>6</sup> *Society of Composers, Authors and Music Publishers of Canada v Bell Canada*, 2012 SCC36, [2012] 2 SCR 326 <<http://canlii.ca/en/ca/scc/doc/2012/2012scc36/2012scc36.html>> [Bell]. *Alberta (Education) v Canadian Copyright Licensing Agency (Access Copyright)*, 2012 SCC 37 at para 19, [2012] 2 SCR 345 <<http://canlii.ca/en/ca/scc/doc/2012/2012scc37/2012scc37.html>> [*Alberta (Education)*].

<sup>7</sup> *Copyright Modernization Act*, SC 2012, c 20 <[http://laws-lois.justice.gc.ca/eng/AnnualStatutes/2012\\_20/FullText.html](http://laws-lois.justice.gc.ca/eng/AnnualStatutes/2012_20/FullText.html)>, amending the *Copyright Act*, SC, c C-42, s 29.

<sup>8</sup> *Ibid*, ss 29.21, 29.22, 29.23, 30.71.

<sup>9</sup> Since this Chapter focuses on Canada, I will leave the question of whether fair dealing has been irrevocably ossified in the UK to others.

<sup>10</sup> See e.g. David Vaver, *Intellectual Property Law: Copyright, Patents, Trade-marks*, 2d ed (Toronto: Irwin Law, 2011) at 234; Lior Zemer, “Copyright Departures: The Fall of the Last Imperial Copyright Dominion and the Case of Fair Use” (2011) 60 *DePaul L Rev* 1051 at 1068; Louis Grilli et al, “Fair Dealing or Fare Stealing?: Implications of Canadian Copyright Law Reform on the Online Classroom” (2010) 7:2 *CJLT* 267; Giuseppina D’Agostino, “Healing Fair Dealing? A Comparative Copyright Analysis of Canada’s Fair Dealing to U.K. Fair Dealing and U.S. Fair Use” (2008) 53:2 *McGill LJ* 309 at 314; David Bradshaw, “Fair Dealing as a Defence

to Copyright Infringement in UK Law: An Historical Excursion from 1802 to the Clockwork Orange Case 1993” (1995) 10 Denning LJ 67 at 71. Until recently, I echoed this view, too; see Ariel Katz, “What Can Canada Learn from Israel about Copyright Reform?” (10 December 2007), University of Toronto Law School Faculty Blog <[http://web.archive.org/web/20071210161010/http://utorontolaw.typepad.com/faculty\\_blog/2007/12/what-can-canada.html](http://web.archive.org/web/20071210161010/http://utorontolaw.typepad.com/faculty_blog/2007/12/what-can-canada.html)>.

<sup>11</sup> Barry Sookman & Dan Glover, “Why Canada Should Not Adopt Fair Use: A Joint Submission to the Copyright Consultation” (2009) 2:2 Osgoode Hall Rev L Pol’y 139 at 157 <<http://ohrlp.ca/wp-content/uploads/2012/10/why-canada-should-not-adopt-fair-use.pdf>>.

<sup>12</sup> *Copyright Act*, 17 USC § 107 (US): (“Notwithstanding the provisions of sections 106 and 106A, the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. ...”).

<sup>13</sup> These are the five enumerated categories that originally appeared in s 2(1)(i) of the 1911 *Act*.

<sup>14</sup> *Copyright Act*, *supra* note 7, ss 29-29.2.

<sup>15</sup> See Sookman & Glover, *supra* note 11. See also *Bell*, *supra* note 6 at paras 24-26.

<sup>16</sup> *Alberta (Education) v Access Copyright*, [2009] CBD No 6 at para 77 (rev’d) [*Alberta (Education) (CB)*]; see also *CCH Canadian Ltd. v Law Society of Upper Canada*, 2002 FCA 187 at para 127 (reversed on other grounds) <<http://canlii.ca/en/ca/fca/doc/2002/2002fca187/2002fca187.html>> [*CCH (FCA)*].

<sup>17</sup> The closest case is *Hawkes & Son (London), Ltd. v Paramount Film Service, Ltd.* (1934), 1 1934 Ch 593, discussed *infra*, in part III.C.3 [*Hawkes & Son*].

<sup>18</sup> *Ibid* at 608. (Slessel J, “It is impossible to say that this reproduction in a film of sound can be a newspaper summary. I think this proviso must be dealt with strictly, and when it says ‘newspaper summary’ it means newspaper summary and nothing else.”)

<sup>19</sup> *Ibid*; *Alberta (Education)*, *supra* note 6 at para 19; .

<sup>20</sup> *Compo Co. Ltd. v Blue Crest Music et al.*, [1980] 1 SCR 357 at 366-67, 1979 CanLII 6 <<http://canlii.ca/t/1mjth>> [*Compo*].

<sup>21</sup> *Ibid*.

<sup>22</sup> US Const art I, § 8, cl 8.

<sup>23</sup> There is no consensus, however, about nature and scope of those limitations. See e.g., Jeanne C Fromer, “The Intellectual Property Clause’s External Limitations” 61 Duke LJ 1329. See also Dotan Oliar, “Making Sense of the Intellectual Property Clause: Promotion of Progress as a Limitation on Congress’s Intellectual Property Power” 94 Geo LJ 1771.

<sup>24</sup> *The Constitution Act, 1867* (UK), 30 & 31 Vict, c 3, reprinted in RSC 1985, App II, No 5.

<sup>25</sup> It might be argued that the choice of the terms “patents for inventions and discovery” and “copyrights” actually embodies some substantive limitations; see *infra* note 35 and surrounding text.

<sup>26</sup> Oren Bracha, “The Adventures of the Statute of Anne in the Land of Unlimited

Possibilities: The Life of a Legal Transplant” (2010) 25 Berkeley Tech LJ 1427 at 1445 [Bracha, “Statute of Anne”]. Bracha also describes how the first US *Copyright Act*, enacted in 1790, was a mere copy of the *Statute of Anne*, and had the same title. See also Michael D Birnhack, “The Idea of Progress in Copyright Law” 1 Buff IP LJ 3, text surrounding n 181. The term “science” in 1790 had a broader meaning than today and was synonymous with “knowledge” or “learning,” see *ibid*, text of n 178.

<sup>27</sup> Birnhack, *supra* note 26.

<sup>28</sup> *Ibid*.

<sup>29</sup> *Ibid* at n 91.

<sup>30</sup> *Sayre v Moore* (1785), 1 East 361, 102 ER 139 (KB) at 139. Compare *Théberge v Galerie d'Art du Petit Champlain inc.*, 2002 SCC 34, [2002] 2 SCR 336 [Théberge]: “Excessive control by holders of copyrights and other forms of intellectual property may unduly limit the ability of the public domain to incorporate and embellish creative innovation in the long-term interests of society as a whole, or create practical obstacles to proper utilization.”

<sup>31</sup> *Cary v Kearsley* (1802), 4 Esp 168, 170 ER 679 at 680.

<sup>32</sup> *An Act to amend the Law of Copyright* (UK), 1842, 5 & 6 Vict, c 45.

<sup>33</sup> *Campbell v Acuff-Rose Music, Inc.* (1994), 510 1994 US 569 <<http://www.law.cornell.edu/supct/html/92-1292.ZS.html>> [*Campbell v Acuff-Rose*].

<sup>34</sup> Souter J did not reference only the US Constitution, but also supports the proposition with references to English law. *Ibid*. See also Barry Torno, *Fair Dealing: The Need for Conceptual Clarity on the Road to Copyright Revision* (Copyright Revision Studies, Research and International Affairs Branch, Bureau of Corporate Affairs, Consumer and Corporate Affairs Canada, 1981) at 57 (and further references therein, noting that American and Canadian copyright laws are predicated on the same scheme, as descendants of the *Statute of Anne*).

<sup>35</sup> Possibly, the terms “patents of inventions and discovery” and “copyrights” distinguishes those two types of statutory grants from other types of exclusive rights or monopolies whose grant remained outside the scope of Parliament’s legislative power, and within exclusive Provincial jurisdiction as matters of Property and Civil Rights (and subject to the *Statute of Monopolies* in those Provinces where it is in force), see Harold G Fox, “Abuse of Monopoly” [1945] 23:5 Can Bar Rev 353 at 363.

<sup>36</sup> *Darcy v Allen* (1603), 11 Co Rep 84b.

<sup>37</sup> (1624) 21 Jac I, c 3.

<sup>38</sup> Bracha, “Statute of Anne”, *supra* note 26 at 1450.

<sup>39</sup> (1769) 4 Burr 2203; 98 ER 201.

<sup>40</sup> (1774) 4 Burr 2408.

<sup>41</sup> Oren Bracha, “Commentary on: The Constitutional Copyright Clause (1789)” (2008), online: *Primary Sources on Copyright (1450–1900)* <[http://copy.law.cam.ac.uk/cam/tools/request/showRecord?id=commentary\\_us\\_1789](http://copy.law.cam.ac.uk/cam/tools/request/showRecord?id=commentary_us_1789)> [Bracha, “Commentary”].

<sup>42</sup> Melissa de Zwart, “An Historical Analysis of the Birth of Fair Dealing and Fair Use: Lessons for the Digital Age” (2007) 1 *Intell Prop Q* 60 at 70–71.

<sup>43</sup> (1854) 4 HLC 815.

<sup>44</sup> Ronan Deazley, *Rethinking Copyright, History, Theory, Language* (Cheltenham, UK: Edward Elgar, 2006) at 52.

<sup>45</sup> Compare *Compo*, *supra* note 20 at 373 (stating that copyright is “This creature of statute [that] has been known to the law of England at least since the days of Queen Anne when the first copyright statute was passed”).

<sup>46</sup> Bracha, “Commentary”, *supra* note 41.

<sup>47</sup> 17 USC § 301 (US).

<sup>48</sup> David Schneiderman, “Property Rights, Investor Rights, and Regulatory Innovation: Comparing Constitutional Cultures in Transition” (2006) 4 *ICON* 371 at 378.

<sup>49</sup> See e.g. *Scott v Stanford* (1867), LR 3 Eq 718 at 722 (quoting Story J’s famous formulation of fair use in American law from *Folsom v Marsh*, 9 F Cas 342 (CCD Mass 1841), and noting that “[t]he general principles guiding the Court in cases of this description could hardly be found better stated” than in that case).

<sup>50</sup> E.g. Matthew Sag, “The Pre-History of Fair Use” SSRN (2011) 76:4 *Brook L Rev* 1371 <<http://ssrn.com/abstract=1663366>>; Alexandra Sims, “Appellations of Piracy: Fair Dealing’s Prehistory” (2011) *Intell Prop Q* 3 [Sims, “Appellations of Piracy”]; William F Patry, *The Fair Use Privilege in Copyright Law*, 2d ed (Washington, DC: Bureau of National Affairs, 1995).

<sup>51</sup> *Ibid.*

<sup>52</sup> *Ibid.*

<sup>53</sup> *Folsom v Marsh*, *supra* note 49.

<sup>54</sup> Patry, *supra* note 50.

<sup>55</sup> *Hotter v Arthur* (1863), 1 H&M 603 at 609; EJ MacGillivray, *The Copyright Act, 1911, Annotated* (London: Stevens & Sons, 1912) at 29.

<sup>56</sup> *Chatterton v Cave* (1878), 3 App Cas 483 (HL) at 492.

<sup>57</sup> Vaver, *supra* note 10 at 187-88.

<sup>58</sup> *Cambridge University Press v Becker*, 863 F Supp (2d) 1190 (ND Ga 2012) at 1225 (“It is generally recognized that ‘Under [the second] factor, the more creative a work, the more protection it should be accorded from copying; correlatively, the more informational or functional the plaintiff’s work, the broader should be the scope of the fair use defense.’ 4-13 Nimmer on Copyright, § 13.05[A][2][a].”)

<sup>59</sup> *Lewis v Fullarton* (1839), 2 Beav 6, 48 ER 1080. See also Bradshaw, *supra* note 10 at 68.

<sup>60</sup> *Wilkins v Aikin* (1810), 17 Ves Jun 422, 34 ER 163 at 164 per Lord Chancellor Eldon: “There is no doubt, that a man cannot under the pretence of quotation, publish either the whole or part of another’s work; though he may use, what it is in all cases very difficult to define, fair quotation.”

<sup>61</sup> *Lord Perceval v Phipps* (1813), 2 V & B 19.

<sup>62</sup> *Gyles v Wilcox* (1740), 2 Atk 141, 26 ER 489 at 490.

<sup>63</sup> *Millar v Taylor* (1769), 4 Burr 2303, 98 ER 201 at 205. See generally Saul Cohen, “Fair Use in the Law of Copyright” (1955) 6 *Copyright L Symp* 43 at 48.

<sup>64</sup> The term “fairly dealing” was used in the Copyright Bills of 1900 and 1910, and in the Australian *Copyright Act 1905*; see Sims, “Appellations of Piracy”, *supra* note 50 at 3.

<sup>65</sup> Sims hypothesizes that substituting “fair dealing” for “fair use” may be attributed

“to the acrimonious relationship at that time between Britain and the United States over copyright law. Britain may have been reluctant to use ‘fair use’ because that term was in common use in the United States” and chose a term that had been already in use in Australia, see *ibid*. Since the term “fair use” was also in common use in Britain, and was not the only term used in the copyright laws of both countries, it is not clear why the international politics of copyright would cause Britain to change this particular term.

<sup>66</sup> Robert Burrell & Allison Coleman, *Copyright Exceptions: The Digital Impact* (New York: Cambridge University Press, 2005). This expansion would finally be codified in the notion of “substantial part” in s 2 of the 1911 *Act*. See also Sag, *supra* note 50.

<sup>67</sup> Burrell & Coleman, *supra* note 66. This expansion would finally be codified in the notion of “substantial part” in s 2 of the 1911 *Act*.

<sup>68</sup> *CCH*, *supra* note 4.

<sup>69</sup> JM Easton, *The Law of Copyright in Works in Literature, Art, Architecture, Photography, Music and the Drama by the Late Walter Arthur Copinger*, 5th ed (London: Stevens & Haynes, 1915) at 144 [*Copinger on Copyright*, 5th ed].

<sup>70</sup> de Zwart, *supra* note 42 at 160.

<sup>71</sup> *Cary v Kearsley*, *supra* note 31 at 680.

<sup>72</sup> *North American Free Trade Agreement Implementation Act*, SC 1993, c 44, s 64(1).

<sup>73</sup> John S McKeown, *Fox on Canadian Law of Copyright and Industrial Designs* (Toronto: Thomson Carswell, 2003) s 23:2(c), loose-leaf, Rel 4, 2010.

<sup>74</sup> *An Act to amend the Copyright Act*, SC 1997, c 24, s 18(1).

<sup>75</sup> The Latman Study, one of the preliminary studies that lead to the enactment of s 107 reviewed previous attempts to codify fair use since the passage of the US *Copyright Act, 1909*. Some proposals explicitly suggested adopting the UK provision. One of them, from 1940, proposed a provision protecting “fair dealing” for “the purpose of private study, research, review or newspaper summary.” ... The entire section was deleted after the Joint Committee on Materials for Research, apparently considering “the position of the scholar more favorable under the case law, convinced all other interested groups except the book publishers that the attempt to codify the doctrine of fair use had been unsuccessful”; see Allen Latman, *Study 14: Fair Use of Copyrighted Works* (U.S. Copyright Office, 1958).

<sup>76</sup> For discussions of these and additional cases, see Burrell & Coleman, *supra* note 66 at 260-63; Sims, “Strangling Their Creation”, *supra* note 2.

<sup>77</sup> Carys Craig, *Copyright, Communication and Culture: Towards a Relational Theory of Copyright Law* (Northampton, MA: Edward Elgar, 2011) at 160. See also Sims, “Strangling Their Creation”, *supra* note 2.

<sup>78</sup> *University of London Press, Ltd. v University Tutorial Press, Ltd.* (1916), 2 1916 Ch 601 [*University of London*].

<sup>79</sup> It took Canadian law almost a century to lay some of its problematic legacy to rest, first in *CCH*, with regard to the meaning of “originality”, and then in *Alberta (Education)*, with regard to the misinterpretation of the case’s holding about the meaning of “private study”.

<sup>80</sup> *University of London*, *supra* note 78 at 613.

<sup>81</sup> *Ibid.*

<sup>82</sup> *Ibid* at 604-05.

<sup>83</sup> *Ibid* at 605.

<sup>84</sup> *Ibid* at 606.

<sup>85</sup> *Ibid* at 606-07.

<sup>86</sup> *Ibid* at 613-14 [emphasis added].

<sup>87</sup> FE Skone James, *Copinger on the Law of Copyright*, 6th ed (London: Sweet & Maxwell, 1927) at 123 [*Copinger on Copyright*, 6th ed].

<sup>88</sup> *CCH (FCA)*, *supra* note 16 at para 129.

<sup>89</sup> *Ibid* at para 130.

<sup>90</sup> *Alberta (Education) (CB)*, *supra* note 16 at para 90.

<sup>91</sup> *Alberta (Education)*, 2010 FCA 198 at para 39 <<http://canlii.ca/en/ca/fca/doc/2010/2010fca198/2010fca198.html>> [emphasis added].

<sup>92</sup> *University of London*, *supra* note 78 at 614 [emphasis added].

<sup>93</sup> *Alberta (Education)*, *supra* note 6 at para 21. This interpretation of *University of London* was one of the key arguments in the CILP Intervener Factum, *supra* note 1.

<sup>94</sup> *British Oxygen v Liquid Air* (1925), 1 Ch 383 [*British Oxygen*].

<sup>95</sup> *Ibid* at 386-88.

<sup>96</sup> *Ibid* at 393.

<sup>97</sup> *Ibid* at 385. The defendant was probably referring to the same cases discussed at the House of Commons, *infra* note 185 and surrounding text.

<sup>98</sup> *Ibid* at 393.

<sup>99</sup> *Ibid* at 393-94.

<sup>100</sup> *Hawkes & Son*, *supra* note 17.

<sup>101</sup> *Ibid* at 595.

<sup>102</sup> *Ibid* at 598.

<sup>103</sup> *Ibid.*

<sup>104</sup> *Ibid.*

<sup>105</sup> *Ibid* at 599.

<sup>106</sup> *Ibid* at 600.

<sup>107</sup> *Ibid* at 599.

<sup>108</sup> *Infra* part IV.B.

<sup>109</sup> *Re Mayfair Property Co*, [1898] 2 Ch 28 at 35, Lindley MR.

<sup>110</sup> *R. v Morgentaler*, [1993] 3 SCR 463 at 484 <<http://canlii.ca/en/ca/scc/doc/1993/1993canlii74/1993canlii74.html>>.

<sup>111</sup> *Hawkes & Son*, *supra* note 17 at 600.

<sup>112</sup> *Ibid* at 595.

<sup>113</sup> *Ibid* at 602.

<sup>114</sup> *Ibid.*

<sup>115</sup> *Entertainment Software Association v Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 34 at para 11, [2012] 2 SCR 231.

<sup>116</sup> Ralph Hawkes of Hawkes & Son was a board member of the Performing Rights Society. The late 1920s were years of “sudden and seismic upheaval in the economics of the music trade”, Hellen Wallace, *Boosey & Hawkes The Publishing Story* (London, UK: Boosey & Hawkes, 2007) at 7. Sales of sheet music, music publishers’ main source of revenue, plummeted, as recorded and broadcast music and changing tastes led to a decline in the number of concerts and amateur music making, *ibid* at 8, and saw further drastic decline after the arrival in Britain of *The Jazz Singer*. The ascendance of the “talkies” and the decline of the “silent” film meant that musicians were no longer necessary for accompanying movies with music, and an important market for sheet music disappeared immediately, *ibid* at 7. This prompted music publishers to seek new revenue sources, and the case probably reflects such attempts.

<sup>117</sup> *Hawkes & Son*, *supra* note 17 at 602.

<sup>118</sup> *Ibid* at 603. Compare *Bishop v Stevens*, [1990] 2 SCR 467 at para 21 (declaring that the benefit of authors of all kinds is the sole object of the *Act*) and para 22 (holding that the nature and purpose of the reproduction and whether it is prejudicial to the copyright owner are irrelevant considerations) with *Bell*, *supra* note 6 at paras 9-10 (acknowledging the shift in the Court’s approach, away from *Bishop v Stevens*’ “author-centric view which focused on the exclusive right of authors and copyright owners to control how their works were used in the marketplace” to focusing “instead on the importance copyright plays in promoting the public interest, and emphasiz[ing] that the dissemination of artistic works is central to developing a robustly cultured and intellectual public domain.”

<sup>119</sup> *Hawkes & Son*, *supra* note 17 at 604.

<sup>120</sup> Sims, “Strangling Their Creation”, *supra* note 2 at 197.

<sup>121</sup> *Ibid* at 195.

<sup>122</sup> *Hawkes & Son*, *supra* note 17 at 603-08.

<sup>123</sup> *Ibid* at 608.

<sup>124</sup> *Ibid*.

<sup>125</sup> *Ibid* at 609.

<sup>126</sup> *Copyright Act*, 1956 (UK), 4 & 5 Eliz II, c 74, s 6(3).

<sup>127</sup> *An Act to amend the Copyright Act*, SC 1997, c 24, s 18(1).

<sup>128</sup> *Copyright, Designs and Patents Act 1988* (UK), c 48, s 31; *Copyright Act*, *supra* note 7, s 30.7. Note, however, that the Canadian exception is drafted more restrictively. The Canadian exception contains two conditions: “incidentally and not deliberately”, while the UK exception applies only to “incidental inclusion”.

<sup>129</sup> *Hubbard v Vosper*, [1972] 2 QB 84 at 94.

<sup>130</sup> *Ibid*.

<sup>131</sup> *Beloff v Pressdram Ltd.*, [1973] FSR 33 at 38.

<sup>132</sup> *Pro Sieben Media AG v Carlton UK Television Ltd.*, [1999] FSR 610 (CA) at 614.

<sup>133</sup> *Allen v Toronto Star* (1997), 36 OR (3d) 201 (Gen Div) at para 44.

<sup>134</sup> *Ibid* at paras 39-40.

<sup>135</sup> Aharon Barak, *Purposive Interpretation in Law* (Princeton, NJ: Princeton University Press, 2005) at 8.

<sup>136</sup> *Ibid*.



<sup>137</sup> *Ibid* at 108-09.

<sup>138</sup> Ruth Sullivan, *Statutory Interpretation*, 2d ed (Toronto: Irwin Law, 2007) at 193.

<sup>139</sup> Isabella Alexander, *Copyright Law and the Public Interest in the Nineteenth Century* (Oxford: Hart, 2010) at 284.

<sup>140</sup> *Alberta (Education) (CB)*, *supra* note 16 at para 77 (rev'd on other grounds).

<sup>141</sup> Oxford Dictionaries (Oxford University Press, April 2010) *sub verbo* “fair” (accessed 17 November 2012) <<http://oxforddictionaries.com/definition/english/fair>>.

<sup>142</sup> *CCH (FCA)*, *supra* note 14 at para 128.

<sup>143</sup> *Ibid* at para 129.

<sup>144</sup> *Alberta (Education)*, *supra* note 6 at para 47, Rothstein J, dissenting.

<sup>145</sup> *Ibid* at para 49.

<sup>146</sup> *Ibid*.

<sup>147</sup> *The Oxford English Dictionary*, 2d ed, CD-ROM (v 4.0.0.3), *sub verbo* “private”.

<sup>148</sup> See e.g. s 3(1) (rights of “publication”, “public performance”, “communication to the public”), s 27(1)(c) (“by way of trade distribute, expose or offer for sale or rental, or exhibit in public”).

<sup>149</sup> *Caird v Sime* (1878), 12 App Cas 326 (HL Sc).

<sup>150</sup> *Ibid* at 350.

<sup>151</sup> *Ibid*.

<sup>152</sup> *Ibid* at 348 [emphasis added].

<sup>153</sup> *Ibid* at 349. Compare *Alberta (Education)*, *supra* note 6 at para 23 (Abella J, “the teacher’s purpose in providing copies is to enable the students to have the material they need for the purpose of studying. The teacher/copier therefore shares a symbiotic purpose with the student/user who is engaging in research or private study. Instruction and research/private study are, in the school context, tautological.”).

<sup>154</sup> Similarly, in *Dickens v Hawksley*, [1935] 1 Ch 267, the terms “instruction” and “private study” were used interchangeably by different judges, and were distinguished from “public” and “publication”. The case involved a dispute between heirs of Charles Dickens over the copyright in his unpublished manuscript about the life of Jesus Christ. Bennett J, at 267, described the manuscript as “written for the **instruction** of the author’s children and...not intended by him for publication”. On appeal, Maugham LJ described the work as one “written by the author **not for publication but** for the benefit of his family, and...for their **private study**”, *ibid* at 301 [emphases added]. Even though those two cases do not deal with fair dealing, their discussion of the meaning of “private” *in pari materia* of copyright legislation supports that that the term “private” in “private study” means not-public, rather than “by oneself”.

<sup>155</sup> *Caird v Sime*, *supra* note 149 at 344 [emphasis added].

<sup>156</sup> This interpretation is also consistent with MacGillivray’s interpretation, *supra* note 55. According to MacGillivray, the right to use a work for private study gave a very broad liberty to copy works “So long as a work is utilised in this manner, solely for the personal instruction of the person so utilizing it”, *ibid* at 27. He also suggested that it also permitted multiplication of copies for the use of classes and societies,



as long as such copying does not go beyond the limit of fairness. “The test will be whether there is a probability of substantial commercial injury ... to the copyright work”, *ibid* at 27-28. See also a similar view in the 5th edition of *Copinger, infra* note 206 and surrounding text.

<sup>157</sup> Compare SOCAN’s argument that “research” meant “the systematic investigation into and study of materials and sources in order to establish facts and reach new conclusions” and that its goal “must be for the purpose of making creative works, since only uses that contribute to the creative process are in the public interest”, *Bell, supra* note 6 at para 20.

<sup>158</sup> In fact, if Rothstein J’s interpretation of “private” was correct, this would mean that in 1997, Parliament actually spoke in vain when in s 80 it exempted certain copies “for the private use of the person who makes the copy.” If “private” means “by oneself”, there would be no reason to add “of the person who makes the copy”.

<sup>159</sup> *Canada (Canadian Human Rights Commission) v Canada (Attorney General)*, 2011 SCC 53 at para 43, [2011] 3 SCR 471.

<sup>160</sup> Francis Bennion, *Statutory Interpretation*, 3d ed (London, UK: Butterworth, 1997) at 458 (“The interpreter cannot judge soundly what mischief an enactment is intended to remedy unless he or she knows the previous state of the law, the defects found to exist in that law, and that facts that caused the legislator to pass the Act in question.”) See also Ruth Sullivan, *Sullivan on the Construction of Statutes*, 5th ed (Markham, ON: LexisNexis, 2008) at 578 (“In tracing the evolution of a provision, an interpreter may begin by locating the first legislative formulation of the provision of the origin on the provision in common law case law.”).

<sup>161</sup> Great Britain, Royal Commission on Copyright, *Report of the Commissioners* (1897) at para 7.

<sup>162</sup> MacGillivray, *supra* note 55 at iii-iv.

<sup>163</sup> Ronan Deazley (2008) “Commentary on the Royal Commission’s Report on Copyright (1878)”, Primary Sources on Copyright (1450-1900) website, L. Bently & M. Kretschmer, eds <[www.copyrighthistory.org](http://www.copyrighthistory.org)> [Deazley, “Commentary”].

<sup>164</sup> MacGillivray, *supra* note 55 at iv.

<sup>165</sup> *Copyright Act 1842* (UK), 5 & 6 Vict, c 45.

<sup>166</sup> George Stuart Robertson, *The Law of Copyright* (Oxford: Clarendon Press, 1912) at 15. (“The words ‘any substantial part thereof’ express meaning of what has been decided under the Copyright Act, 1842, upon the construction of the phrase, ‘multiplying copies.’ The sole right of making copies is held to include the sole right of making copies of any part. This deduction, coupled with the maxim, *de minimis non curat lex*, resulted in the decisions to the effect that it was an infringement to take a substantial part, but that it was not an infringement to take an insignificant particle.”)

<sup>167</sup> *Copyright Act 1842* (UK), *supra* note 165.

<sup>168</sup> The title of s 15 was “Remedy for the Piracy of Books by Action on the Case” and it read: “And be it enacted, That if any Person shall, in any part of the *British* Dominions, after the passing of this Act, print or cause to be printed, either for Sale or Exportation, any Book in which there shall be subsisting Copyright, without the Consent in Writing of the Proprietor thereof, or shall import for Sale or Hire any such Book so having been unlawfully printed from Parts beyond the Sea, or, knowing

such Book to have been so unlawfully printed or imported, shall sell, publish, or expose to Sale or Hire, or shall have in his Possession for Sale or Hire, any such Book so unlawfully printed or imported, without such Consent as aforesaid, such Offender shall be liable to a special Action on the Case at the Suit of the Proprietor of such Copyright, to be brought in any Court of Record in that Part of the *British Dominions* in which the Offence shall be committed...”, *ibid*.

<sup>169</sup> *Copyright Act*, *supra* note 7, s 27(2).

<sup>170</sup> *Novello v Sudlow* (1852), 12 CB 177.

<sup>171</sup> *Ibid*.

<sup>172</sup> The reasoning of *Novello v Sudlow* was also followed in *Ager v Peninsular and Oriental Steam Navigation Company* (1882), 26 Ch D 637, where the court ruled against the defendant who incorporated substantial parts of the plaintiff’s work in an internal company document, which was distributed among the defendant’s employees and agents, but never sold or distributed to the public. Relying on *Novello*, the court held that the “it has long been settled that multiplying copies for private distribution among a limited class of persons is just as illegal as if it were done for the purpose of sale,” *ibid* at 641. See also *Warne & Co. v Seebohm* (1888), 39 Ch D 73.

<sup>173</sup> Provisions dealing with “secondary infringement” similar to those available under s 15 of the 1842 *Act* were included in s 11(1), the precursor of the present s 27(2) of the Canadian *Act*.

<sup>174</sup> Royal Commission, *supra* note 161 at para 67.

<sup>175</sup> Interestingly, in 1909, US Congress consciously decided to leave the determination of fair use entirely to the courts and the *Act* of 1909 remained, like its predecessors, entirely silent on this issue; Latman, *supra* note 75.

<sup>176</sup> MacGillivray, *supra* note 55 at 27.

<sup>177</sup> *Ibid* at 28.

<sup>178</sup> *Supra* note 168 and surrounding text.

<sup>179</sup> Alexander, *supra* note 139 at 283.

<sup>180</sup> Alexander explains that a previous provision that appeared in the 1910 Bill was vehemently opposed by music publishers and other copyright owners’ organizations. The 1910 proposal was broader than the 1911 provisions in some aspects and narrower in some others. It was broader in specifying a greater number of explicitly mentioned purposes that were deemed non-infringing where they were done for “private use”, and did not require passing any test of fairness. That meant that any such use would be legal, as long as it was for private use. The music publishers’ concern was that this would legalize activities of organizations such as church choirs and musical societies that constituted an important market for the sale of music sheets, but whose activities were more likely to be seen as private than commercial, *ibid* at 282, thus legalizing exactly what had been prohibited in *Novello v Sudlow*. At the same time, the proposal was narrower because it did not mention research, private study and newspaper summary, and because it contained specific rules covering specific acts with respect to specific types of works. Only criticism and review were subject to a general fair dealing standard. The final version is potentially broader in its scope, although it subjects all such uses to a test of fairness (which might have alleviated the music publishers’ concerns), and applied equally to all types of works.

<sup>181</sup> UK, HC, *Parliamentary Debates*, 5th ser, vol 23 at cc 2587-663 (7 April 1911) <[http://hansard.millbanksystems.com/commons/1911/apr/07/copyright-bill#S5CV0023P0\\_19110407\\_HOC\\_11](http://hansard.millbanksystems.com/commons/1911/apr/07/copyright-bill#S5CV0023P0_19110407_HOC_11)>.

<sup>182</sup> UK, HL, *Official Report*, 5th ser, vol 10, c 117 (14 November 1911) <[http://hansard.millbanksystems.com/lords/1911/nov/14/imperial-copyright#column\\_117](http://hansard.millbanksystems.com/lords/1911/nov/14/imperial-copyright#column_117)>.

<sup>183</sup> *Ibid.*

<sup>184</sup> UK, HC, *Parliamentary Debates*, 5th ser, vol 28 at cc 1951 (28 July 1911) <[http://hansard.millbanksystems.com/commons/1911/jul/28/clause-2-infringement-of-copyright#column\\_1951](http://hansard.millbanksystems.com/commons/1911/jul/28/clause-2-infringement-of-copyright#column_1951)>.

<sup>185</sup> *Ibid* at cc 1951-56.

<sup>186</sup> *Ibid* (reply of Solicitor-General Sir Simon).

<sup>187</sup> Yet *British Oxygen*, *supra* note 94 shows that not all judges interpreted the *Act* in that manner.

<sup>188</sup> Burrell & Coleman, *supra* note 66.

<sup>189</sup> Alexander, *supra* note 139.

<sup>190</sup> *Ibid* at 283-84.

<sup>191</sup> *Ibid* at 284.

<sup>192</sup> MacGillivray, *supra* note 55 at 27.

<sup>193</sup> Deazley, “Commentary”, *supra* note 163. Copinger died in 1910. James Marshall Easton was his son in law. See Will of Walter Arthur Copinger, 1910, online at <<http://www.copinger.org.uk/1WA35Will.html>>.

<sup>194</sup> *Copinger on Copyright*, 5th ed, *supra* note 69 at 144 [emphasis added].

<sup>195</sup> JB Richardson, *The Law of Copyright* (London: Jordan & Son, 1913) at xi. His discussion in the main text is consistent with this observation. For example, in discussing what constitutes an infringement, he summed up explaining that “[c]opyright then consists in the right to prevent an unfair use of the work”, *ibid* at 99. He described how the doctrine on this point evolved and conceded that it is not fully settled, *ibid* at 100. He then discussed “fair quotation” and noted that extracts were allowed “for the purpose of illustration or criticism”, provided it conformed to standards of fairness, *ibid* at 101. He devoted an entire section to the notion of “unfair use”, explaining that “The question as to what constitutes a fair use of an earlier work is by no means easy to answer; it varies with the nature of the subject, and it has also varied with the same subject from time to time”, *ibid* at 162. While he clearly disfavoured the notion of fair abridgement, he acknowledged that the law on this point was still unsettled. He took the view that the reasoning in earlier cases allowing fair abridgment did not reflect modern views on copyright, so he was not convinced that courts would necessarily do that. He acknowledged the possibility that courts might “shrink from over-ruling a rule of law laid down so long ago. And possibly so long ago relied on”, *ibid* at 109. Apparently, he did not consider that the absence of ‘quotation’, ‘illustration’, or ‘abridgement’ from s 2(1)(i)—which he discusses only twice, almost in passing (at 37, and 173)—represented any change in the law on fair use.

<sup>196</sup> LCF Oldfield, *The Law of Copyright* (London: Butterworth & Co, 1912) at 6.

<sup>197</sup> *Ibid* at 57, citing *Lawrence v Dana*, 4 Cliff 1 at 83 (CC Mass 1869) at 61 (“As a question of strict law, apart from exceptional cases, the privilege of fair use accorded

to a subsequent writer must be such, and such only, as will not cause substantial injury to the proprietor of the first publication; but cases frequently arise in which, though there is some injury, yet equity will not interpose by injunction to prevent the further use, as where the amount copied is small and of little value, if there is no proof of bad motive, or where there is well-founded doubt as to the legal title, or where there has been long acquiescence in the infringement, or culpable laches and negligence in seeking redress, especially if it appear that the delay has misled the respondent.”).

<sup>198</sup> *Ibid* at 58.

<sup>199</sup> *Ibid* at 18.

<sup>200</sup> Robertson, *supra* note 166.

<sup>201</sup> *Ibid* at 107.

<sup>202</sup> *Ibid*.

<sup>203</sup> *Ibid*.

<sup>204</sup> Additional statements are also inconsistent with the conclusion that fair dealing is limited to those purposes. For example, in discussing abridgements, he conceded that the issue was unsettled, and suggested that “whether there is likelihood of competition between the infringing work and the work infringed [would be] an important factor in deciding whether a fair use has been made of the latter or not”, without suggesting the fair use is limited to the five enumerated purposes, or noticing that abridgment is not among them, *ibid* at 106. In discussing parodies, he noted the difficulty that they might present but added that “[i]t has never been suggested, for instance, that the brilliant parody of *Tannhäuser* was a breach of copyright,” without noticing that ‘parody’ is not mentioned in s 2(1)(i), or without arguing that it is a form of criticism, *ibid* at 112.

<sup>205</sup> *Copinger on Copyright*, 6th ed, *supra* note 87 at 122.

<sup>206</sup> *Copinger on Copyright*, 5th ed, *supra* note 69 at 164. This interpretation would include gratuitous circulation to students. It is clear when this statement is compared to the same author’s treatment of gratuitous circulation in the 4th edition. There, in discussing *Novello v Sudlow* and its progeny, the author explained that “[t]he gratuitous circulation of copies...is an infringement. And an injunction will be granted to restrain the publication of lithographic copies intended for private use and not for sale or exportation”, JM Easton, *The Law of Copyright in Literature and Art*, 4th ed (London: Stevens & Hayes, 1904) at 191 [*Copinger on Copyright*, 4th ed]. The passage from the 5th edition clearly evinces Easton’s view that s 2(1)(i) narrows the scope of the holding in *Sudlow* and permit gratuitous circulation for private study or research, wherein “private” does not mean “copying for one’s own use”, but is used as the opposite of making available to the public.

<sup>207</sup> *Copinger on Copyright*, 6th ed, *supra* note 87 at 123.

<sup>208</sup> Harold G Fox, *The Canadian Law of Copyright* (Toronto: University of Toronto Press, 1944) at 423-25.

<sup>209</sup> *Ibid* at 348-65.

<sup>210</sup> *Ibid* at 346. Fox did not offer support for the notion that those terms would be construed strictly, and elsewhere in the book he actually suggested that the term criticism should be given “its broadest sense as meaning a critical use of the material

for the promotion of the art or science to which it pertains,” *ibid* at 430.

<sup>211</sup> *Ibid*.

<sup>212</sup> *Ibid*.

<sup>213</sup> *Ibid* at 425.

<sup>214</sup> Harold G Fox, *The Canadian Law of Copyright and Industrial Designs* (Toronto: Carswell Co., 1967).

<sup>215</sup> John S McKeown, *Fox Canadian Law of Copyright and Industrial Designs* (Scarborough, ON: Carswell, 2000).

<sup>216</sup> *Ibid* at 439; see also at 546 (referring to the same case law and adding “At the time these cases were decided there were no express exceptions from infringement in the relevant legislation and the concept was linked to whether a substantial part of a work had been taken. This was a common law equitable doctrine which was referred to as ‘fair use’ or ‘fair dealing’. Cases dealing with this doctrine must be applied with care.”)

<sup>217</sup> *Ibid* at 546-47.

<sup>218</sup> *Bishop v Stevens*, *supra* note 118. Moreover, since *Bishop* did not discuss Fox’s view or its implications, it cannot be read as repudiation of the view that common law fair use was not abrogated by the legislation.

<sup>219</sup> See e.g. Torno, *supra* note 34 at 71. See also Judy Erola et al, *From Gutenberg to Telidon: A White Paper on Copyright: Proposals for the Revision of the Canadian Copyright Act* (Govt. of Canada, Consumer and Corporate Affairs Canada, 1984) at 39-40.

<sup>220</sup> Sookman & Glover, *supra* note 11 at 153.

<sup>221</sup> Barak, *supra* note 135 at 348-49. It should also be noted that even though the current provision is not identical to the original fair dealing provision from 1921, the changes have been minor, and, with the exception of the insignificant attribution requirements that were added in 1993, all other changes expanded the scope of fair dealing, see *supra* notes 72-74 and surrounding text.

<sup>222</sup> Sullivan, *supra* note 138 at 201, citing *Heydon’s Case* (1584), 76 ER 637 at 638.

<sup>223</sup> *Ibid* at 314.

<sup>224</sup> See e.g. William Feilden Craies, *A Treatise on Statute Law* (London: Stevens & Haynes, 1911) at 301-03.

<sup>225</sup> *Supra*, note 45 and surrounding text.

<sup>226</sup> MacGillivray, *supra* note 55, at 159-160.

<sup>227</sup> *Ibid*.

<sup>228</sup> This is probably what the Court referred to when it stated in *Compo*, *supra* note 20 at 372-73 that “copyright law is neither tort law nor property law in classification, but is statutory law. ... This creature of statute has been known to the law of England at least since the days of Queen Anne when the first copyright statute was passed.”

<sup>229</sup> “Where copyright has been infringed, the owner of the copyright is, subject to this Act, entitled to all remedies by way of injunction, damages, accounts, delivery up and otherwise that are or may be conferred by law for the infringement of a right”, *Copyright Act*, *supra* note 7, s 34(1).

<sup>230</sup> *Johnstone v Bernard Jones Publications* (1937), 1 Ch 599 at 602.

<sup>231</sup> Sullivan, *supra* note 138 at 314.

<sup>232</sup> *Supra* note 180 and surrounding text.

<sup>233</sup> *Hawkes & Son*, *supra* note 17 at 607 (distinguishing between a fair user within the meaning of s 1 and fair dealing under s 2(1)(i)).

<sup>234</sup> *Alberta (Education)*, *supra* note 6, Rothstein J, dissenting.

<sup>235</sup> *Compo*, *supra* note 20 at 373.

<sup>236</sup> *Théberge*, *supra* note 30 at para 5.

<sup>237</sup> The notion that the “legislation speaks for itself” is rather naïve. “Every text requires interpretation. ... Indeed, the determination that a text’s instructions are plain, and thus do not require interpretation, is an interpretive determination that succeeds, rather than precedes, the interpretive act. Characterizing a text as “unclear” is a result of the interpretive process, not an occasion to begin it”, Barak, *supra* note 135 at 12-13. If the statement in *Compo* ever was true of the Court’s attitude toward statutory interpretation, it must have been seriously discredited following the Court’s holding in *Rizzo Shoes* that “that statutory interpretation cannot be founded on the wording of the legislation alone. ... Today there is only one principle or approach, namely, the words of an Act are to be read in their entire context and in their grammatical and ordinary sense harmoniously with the scheme of the Act, the object of the Act, and the intention of Parliament.” *Rizzo & Rizzo Shoes Ltd. (Re)*, [1998] 1 SCR 27 at para 21 <<http://canlii.ca/en/ca/scc/doc/1998/1998canlii837/1998canlii837.html>> [*Rizzo Shoes*].

<sup>238</sup> Barak, *supra* note 135 at 7.

<sup>239</sup> *Rizzo Shoes*, *supra* note 237.

<sup>240</sup> *Ibid.*

<sup>241</sup> *Copyright, Designs and Patents Act 1988* (UK), *supra* note 128, ss 45-46.

<sup>242</sup> The *Copyright Act*, however, includes specific provisions permitting acts required to comply with some statutory obligations, see *supra* note 7, s 32.1.

<sup>243</sup> *CCH*, *supra* note 4 at para 61.

<sup>244</sup> *Ibid* at para 73.

<sup>245</sup> Interestingly, the Court’s reasoning in para 64 omitted the submission to court proceedings from the quoted policy. The Court reasoned: “The Law Society’s custom photocopying service is provided for the purpose of research, review and private study. The Law Society’s Access Policy states that ‘[s]ingle copies of library materials, required for the purposes of research, review, private study and criticism...may be provided to users of the Great Library.’ When the Great Library staff make copies of the requested cases, statutes, excerpts from legal texts and legal commentary, they do so for the purpose of research. ... The reproduction of legal works is for the purpose of research in that it is an essential element of the legal research process. There is no other purpose for the copying.” The truth, of course, is that there was another purpose for the copying: submission to court proceedings, and the Court must have correctly felt that this act cannot be considered as legal research—submissions are typically done after the research, or at least parts of it, has been completed. At the same time, the Court must have realized the absurd consequences for the administration of justice of a rule that required obtaining a copyright owner’s

permission before copies could be submitted to the court and the other parties. It does not seem implausible that if the plaintiff attempted to argue that this aspect of the Library's policy drives it beyond any possible meaning of fair dealing, the Court might have explicitly recognized it as a non-enumerated permissible category; it was wise for the plaintiffs not to raise the issue, and allow the Court to gloss over it. The result, however, is that the Court implicitly recognized this non-enumerated category, even though dealing with the issue in the judgment and recognizing it explicitly might have been a more elegant approach than glossing over it.

<sup>246</sup> *Sony Corp. of America v Universal City Studios, Inc.*, 464 US 417 (1984) at 456.

<sup>247</sup> *Copyright Act*, *supra* note 7, s 29.23.

<sup>248</sup> In some cases it might not be difficult, but in others it might. If the person is an intellectual and the TV show is a discussion on TVO, it might not be difficult to regard the purpose as research or private study. But what about the tired working Canadian who comes home late from work and has more children to attend to and chores to complete than time to watch TV, and makes a recording of the dumbest TV show, in the hope of finding time to turn the brain off for a few minutes and relax? Should this person's user's right not be recognized, or should a court, in order to avoid this absurdity, have no choice but to categorize this activity as research or private study too?

<sup>249</sup> "With You – Chris Brown Cover – Justin singing" (11 February 2008) <<http://youtu.be/eQOFRZ1wNLw>>.

<sup>250</sup> *Alberta (Education)*, *supra* note 6.

<sup>251</sup> *Supra* part IV.2.

<sup>252</sup> Sullivan, *supra* note 138 at 211.

<sup>253</sup> *Théberge*, *supra* note 30. While the Court never reflected on what distinguishes a "just reward" as opposed to an unjust one, the Court's immediate observation that "it would be as inefficient to overcompensate artists and authors for the right of reproduction as it would be self-defeating to undercompensate them", *ibid* at para 31, suggests that reward that exceeds what is reasonably necessary to encourage the creator to create in the first place can hardly be seen as just. Such reward is a windfall gain to the owner, which burdens the user and the public.

<sup>254</sup> *Sayre v Moore*, *supra* note 30.

<sup>255</sup> *Campbell v Acuff-Rose Music*, *supra* note 33.

<sup>256</sup> *Royal Commission*, *supra* note 161 at para 67.

<sup>257</sup> HR Rep No 94-1476 (1976), at 65 <[http://en.wikisource.org/wiki/Page%3AH.R.Rep.No.94-1476\\_%281976%29\\_Page\\_065.djvu](http://en.wikisource.org/wiki/Page%3AH.R.Rep.No.94-1476_%281976%29_Page_065.djvu)> at 65.

<sup>258</sup> *Hubbard v Vosper*, *supra* note 129.

<sup>259</sup> *Campbell v Acuff-Rose*, *supra* note 33.

<sup>260</sup> Christopher Sprigman, "Copyright and the Rule of Reason" (2009) 7 *Journal on Telecommunication and High Tech Law* 317 at 327 <<http://law.bepress.com/cgi/viewcontent.cgi?article=1207&context=ualwps>>.

<sup>261</sup> Martin Senftleben, *Copyright, Limitations, and the Three-Step Test: An Analysis of the Three-Step Test in International and EC Copyright Law* (The Hague: Kluwer Law Int'l, 2004) at 50-51.

<sup>262</sup> Peter DiCola & Matthew Sag, “An Information-Gathering Approach to Copyright Policy” (2012) 34 *Cardozo L Rev* 101 at 188, 241.

<sup>263</sup> Thomas B Nachbar, “Monopoly, Mercantilism, and the Politics of Regulation” (2005) 91 *Va L Rev* 1313 at 1375.

<sup>264</sup> Ariel Katz, “Where Will the Next Google Come From?,” Ariel Katz Blog (14 March 2011) <<http://arielkatz.org/archives/1000>>.

<sup>265</sup> *Little Sisters Book and Art Emporium v Canada (Minister of Justice)*, 2000 SCC 69 at para 236, [2000] 2 SCR 1120 <<http://canlii.ca/t/5239>>.

<sup>266</sup> While limited copyright can serve as the “engine of free expression”, copyrights that exceed their proper limits can serve as an effective engine for censorship and suppression. See NW Netanel, *Copyright’s Paradox* (Oxford: Oxford University Press, 2008) at 3.

<sup>267</sup> Sookman & Glover, *supra* note 11 at 163.

<sup>268</sup> DiCola & Sag, *supra* note 262.

<sup>269</sup> Matthew Sag, *Fair Use in the Internet Age* (draft manuscript, on file with the author).

<sup>270</sup> *Ibid.*

<sup>271</sup> *Supra* note 183.



## **Fairness Found: How Canada Quietly Shifted from Fair Dealing to Fair Use**

**MICHAEL GEIST<sup>1</sup>**

The breadth and scope of copyright limitations and exceptions has emerged as a major policy issue around the world.<sup>2</sup> Some narrow limitations on copyright holders' rights, such as quotation, remain uncontroversial, yet more expansive, flexible exceptions have generated fierce debate. Virtually all domestic copyright laws include some limitations and exceptions to the exclusive rights otherwise granted to copyright holders, typically achieved through the adoption of one of two models.

One approach is a “fair use” model, which is widely viewed as the most flexible limitation and exception on the copyright holders' rights, given its potential applicability to any circumstance or use. As further discussed below, fair use models, which have been implemented in countries such as the United States, Israel and the Philippines, provide an open-ended exception in which any use may qualify as a fair use provided that it meets criteria designed to establish reasonable limits. Those criteria, which seek to adhere to international copyright laws found in the Berne Convention, are either statute-based or developed through case law.

The alternative approach is the “fair dealing” model, commonly

found in Commonwealth countries such as the United Kingdom, Canada and Australia. Fair dealing also incorporates fairness criteria to assure reasonable use of works, yet the key difference between fair use and fair dealing lies in the circumscribed purposes found under fair dealing. Unlike the open-ended fair use model, fair dealing models typically identify specific categories or purposes for which fair dealing is permitted. The model creates a two-stage analysis: first, whether the intended use qualifies for one of the permitted purposes, and second, whether the use itself meets the fairness criteria. By contrast, fair use raises only the second-stage analysis, since there are no statutory limitations on permitted purposes.

Given the need for a two-stage analysis and the prospect that some uses may fall outside of fair dealing by failing to qualify for one of the circumscribed purposes, some fair dealing countries have begun to consider whether to adopt fair use provisions or expand their fair dealing criteria. For example, Israeli copyright reform enacted in 2007 resulted in an open-ended fair dealing provision designed to mirror the flexibility found under fair use.<sup>3</sup> Moreover, countries such as the United Kingdom, Australia and Ireland have conducted public consultations that emphasized the scope and flexibility of their fair dealing rules.<sup>4</sup>

Fair dealing has also occupied a prominent position in Canada's copyright reform debate. After the Supreme Court of Canada (the Court) characterized fair dealing as a "users' right" that required a large and liberal interpretation in the landmark *CCH Canadian Ltd. v Law Society of Upper Canada* decision [*CCH*],<sup>5</sup> Canadian copyright scholars began to consider the benefits of expanding the fair dealing clause that, at the time, was limited to five purposes: research, private study, criticism, news reporting, and review.<sup>6</sup> Many argued that a flexible provision in which the list of enumerated purposes would be illustrative rather than exhaustive would be more consistent with the Court's vision of fair dealing as a user's right.<sup>7</sup> However, the introduction of Bill C-32 (later Bill C-11) dashed hopes that statutory reform would establish a flexible fair dealing provision, as the government chose instead to add several additional purposes (education, satire and parody), but declined to open the provision to allow a court to identify new purposes in appropriate circumstances.<sup>8</sup>

Ironically, weeks after Bill C-11 received royal assent in June 2012, the Court released the “copyright pentalogy”, in which fair dealing featured prominently in several of the cases. As further discussed below, the Court’s strong support for fair dealing may have done more than simply reaffirm fair dealing as a user’s right. The Court’s fair dealing analysis, when coupled with Bill C-11’s statutory reforms, may have effectively turned the Canadian fair dealing clause into a fair use provision.

While Canadian copyright law still involves the two-stage analysis, the first stage has become so easy to meet that Canada appears to be inching closer to fair use. Indeed, the breadth of the fair dealing purposes is now so wide—eight purposes covering most imaginable uses—that future Canadian fair dealing analyses are likely to involve only a perfunctory assessment of the first-stage purposes test together with a far more rigorous analysis (what the Court in *SOCAN v Bell Canada* [*Bell*] described as “heavy-hitting”) in the second-stage, six-factor assessment.<sup>9</sup>

This chapter will examine the emergence of a Canadian “fair use” provision. Part I will review the fair use and fair dealing models, and will examine the current analysis of fair dealing as reflected in the recent Supreme Court cases. Part II will argue that the approach adopted by the Court, together with Bill C-11’s statutory reforms, supports the notion that the current Canadian fair dealing regime now more closely resembles a flexible, open-ended fair use model.

## **I: The Law of Fair Use and Fair Dealing**

Exceptions and limitations within copyright law, whether described as fair dealing, fair use, fair practice, or simply enumerated exceptions, enjoy widespread acceptance. The Berne Convention’s Article 10 includes a specific, though somewhat limited, fair “practice” provision that focuses primarily on quotation, educational use and attribution. The Article provides that:

- (1) It shall be permissible to make quotations from a work which has already been lawfully made available to the public, provided that their making is compatible with fair practice, and their extent does not exceed that

justified by the purpose, including quotations from newspaper articles and periodicals in the form of press summaries.

(2) It shall be a matter for legislation in the countries of the Union, and for special agreements existing or to be concluded between them, to permit the utilization, to the extent justified by the purpose, of literary or artistic works by way of illustration in publications, broadcasts or sound or visual recordings for teaching, provided such utilization is compatible with fair practice.

(3) Where use is made of works in accordance with the preceding paragraphs of this Article, mention shall be made of the source, and of the name of the author, if it appears thereon.<sup>10</sup>

In addition to this fair practice provision, Article 9 of the Berne Convention features the infamous three-step test, which simultaneously opens the door to broader exceptions and limitations within national copyright law and restricts the ability for countries to implement such exceptions. After establishing an exclusive right of reproduction for literary and artistic works in Article 9(1), Article 9(2) provides that “it shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author.”<sup>11</sup> This three-step test—certain special cases, no conflict with the normal exploitation of the work, and no unreasonable prejudice of the legitimate interests of the author—is generally viewed as setting the outer framework for national exceptions.<sup>12</sup>

### **i. Fair Use Models**

The fair use approach for limitations and exceptions is most closely associated with the United States. The US fair use provision is found in Section 107 of the *Copyright Act*, which provides that:

[T]he fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes *such as* criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.<sup>13</sup>

A detailed analysis of the fair use provision is beyond the scope of this chapter; however, it bears noting that what distinguishes the US provision is its inherent flexibility. Unlike the typical fair dealing provision, which features an exhaustive list of purposes, the US provision points to criticism, comment, news reporting, teaching, scholarship and research as illustrative fair use purposes, leaving open the possibility of the identification of additional purposes through case law.

The US fair use doctrine has been applied to a wide range of activities that fall outside the boundaries of the specifically enumerated purposes. In those instances, US courts have engaged in an analysis of the four factors identified in Section 107.<sup>14</sup>

Notwithstanding (or perhaps as a result of) its flexibility, the US fair use provision has drawn criticism from both sides of the copyright spectrum. Cary Sherman, the former President of the Recording Industry Association of America, has argued that the Consumer Electronics Association has “twisted and contorted ‘fair

use' beyond its true intent, turning it into a free pass for those who simply don't want to pay for creative works."<sup>15</sup> On the other side of the issue, Harvard law professor Lawrence Lessig has characterized fair use as the right to retain a lawyer, lamenting the need to "either pay a lawyer to defend your fair use rights or pay a lawyer to track down permissions so you don't have to rely upon fair use rights."<sup>16</sup>

Lessig's perspective finds support in *Will Fair Use Survive? Free Expression in the Age of Copyright Control*,<sup>17</sup> a 2005 report by Marjorie Heins and Tricia Beckles. The report concludes that artists, writers, historians and filmmakers are "burdened by a 'clearance culture' that ignores fair use and forces them to seek permission (which may be denied) and pay high license fees in order to use even small amounts of copyrighted or trademarked material."<sup>18</sup>

While US fair use is often painted as a confusing and unpredictable doctrine, a 2007 study by Barton Beebe, a New York University law professor, suggests that the majority of US courts clearly identify the basis for their fair use analysis.<sup>19</sup> Beebe examined 271 reported federal court opinions that made substantial use of the four-factor fair use test from 1978 through to 2005 to discover how the test operates practically. He found that 65 percent of the opinions identified whether a specific factor favoured the finding of fair use.<sup>20</sup>

The fair use approach may be most closely associated with the US, but it is found in many other countries around the world. Several have adopted a fair use principle and codified a non-exhaustive list of criteria to determine whether the use is fair. For example, Article 19 of the Israel *Copyright Act, 2007* provides that

(a) Fair use of a work is permitted for purposes such as: private study, research, criticism, review, journalistic reporting, quotation, or instruction and examination by an educational institution.

(b) In determining whether a use made of a work is fair within the meaning of this section the factors to be considered shall include, inter alia, all of the following:

The purpose and character of the use;

The character of the work used;

The scope of the use, quantitatively and qualitatively, in relation to the work as a whole;

The impact of the use on the value of the work and its potential market.<sup>21</sup>

Taiwan's *Copyright Act, 2007* features a similar fair use provision at Article 65:<sup>22</sup>

Fair use of a work shall not constitute infringement on economic rights in the work.

In determining whether the exploitation of a work complies with the provisions of Articles 44 through 63, or other conditions of fair use, all circumstances shall be taken into account, and in particular the following facts shall be noted as the basis for determination:

1. The purposes and nature of the exploitation, including whether such exploitation is of a commercial nature or is for nonprofit educational purposes.
2. The nature of the work.
3. The amount and substantiality of the portion exploited in relation to the work as a whole.
4. Effect of the exploitation on the work's current and potential market value.

The Philippines copyright law of 1997 also contains specific fair use language:<sup>23</sup>

185.1. The fair use of a copyrighted work for criticism, comment, news reporting, teaching including multiple copies for classroom use, scholarship, research, and similar purposes is not an infringement of copyright. Decompilation, which is understood here to be the reproduction of the code and translation of the forms of the computer program to achieve the inter-operability of an independently created computer program with other programs may also constitute fair use. In determining whether the use made of a work in any particular case is fair use, the factors to be considered shall include:

- (a) The purpose and character of the use, including whether such use is of a commercial nature or is for non-profit education purposes;
- (b) The nature of the copyrighted work;
- (c) The amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (d) The effect of the use upon the potential market for or value of the copyrighted work.

While these “fair use countries” refer to their exception as fair use, some countries have retained fair dealing language, yet established the flexibility that is the hallmark of fair use. For example, Singapore’s fair dealing provision—with two narrow exceptions—permits the application of fair dealing for any purpose. Article 35(1) stipulates:

Subject to this section, a fair dealing with a literary, dramatic, musical or artistic work, or with an adaptation of a literary, dramatic or musical work, for any purpose other than a purpose referred to in section 36 or 37 shall not constitute an infringement of the copyright in the work.<sup>24</sup>

The provision also includes five factors to be considered in assessing whether the dealing is fair.

Malaysia has also retained fair dealing language, but in 2012 adopted a more flexible approach to the purposes covered by the provision. As amended, section 13(2) of its *Copyright Act* provides,

Notwithstanding subsection (1), the right of control under that subsection does not include the right to control –

- (a) the doing of any of the acts referred to in subsection (1) by way of fair dealing including for purposes of research, private study, criticism, review or the reporting of news or current events:

Provided that it is accompanied by an acknowledgement of the title of the work and its authorship, except that



no acknowledgement is required in connection with the reporting of news or current events by means of a sound recording, film or broadcast.<sup>25</sup>

Flexible fair use exceptions have been adopted by a growing number of jurisdictions. In each instance, the provision identifies either fair use or fair dealing purposes, but leaves open the possibility of expanding the list through judicial interpretation.

## ii. Fair Dealing

Unlike the flexible fair use model, fair dealing is typically characterized by its more limited scope. The primary limitation comes from the requirement that the dealing qualify for at least one of a series of enumerated purposes. Therefore, while fair use is open-ended, the statutory framework for fair dealing often involves a closed list of purposes.

For example, the United Kingdom's fair dealing provision identifies research, private study, criticism, review and reporting current events as the enumerated purposes.<sup>26</sup> The enumerated purposes in the Australian fair dealing provisions are research, private study, criticism, parody, satire, reporting news, or a legal practitioner, registered patent attorney or registered trademarks attorney giving professional advice.<sup>27</sup>

Canadian copyright law currently includes a fair dealing exception as well as specific exceptions for certain classes of works and certain users. Section 29 of the *Act* provides that "fair dealing for the purpose of research or private study does not infringe copyright."<sup>28</sup> Section 29.1 adds that

Fair dealing for the purpose of criticism or review does not infringe copyright if the following are mentioned:

- (a) the source; and
- (b) if given in the source, the name of the
  - (i) author, in the case of a work,
  - (ii) performer, in the case of a performer's performance,

(iii) maker, in the case of a sound recording, or

(iv) broadcaster, in the case of a communication signal.<sup>29</sup>

Section 29.2 includes a similar exception for news reporting.<sup>30</sup>

As part of Bill C-11, the copyright reform bill that received royal assent in June 2012, the Canadian government added three additional purposes to the law: parody, satire and education.<sup>31</sup>

Until relatively recently, the Canadian fair dealing provisions were viewed as fairly restrictive, both with regard to the limited number of purposes that statutorily qualify for fair dealing as well as in the way that the Canadian courts interpreted the provision. Indeed, prior to 2002, the leading pronouncement on copyright law from Canada's highest court came in *Bishop v Stevens*, a 1990 decision that involved the recording of a song without permission.<sup>32</sup> In that case, McLachlin J (as she then was) suggested that since the *Copyright Act* was based on UK law, it was adopted with a single object: "namely, the benefit of authors of all kinds, whether the works were literary, dramatic or musical."<sup>33</sup>

That singular focus was evident in *Michelin v CAW Canada*, a 1997 case involving a suit against a union's distribution of leaflets during a labour dispute that included the image of the Michelin man logo.<sup>34</sup> The union argued that the use of the logo was a parody and thus qualified as criticism under the fair dealing exception. The Federal Court rejected that argument, emphasizing the need to strictly interpret the fair dealing provision, while maintaining that parody was not an enumerated exception within the *Copyright Act* and that further, it was not synonymous with criticism.

The *Bishop* and *Michelin* perspective remained firm for ten years—including throughout the 1997 *Copyright Act* reform process—until the Court shifted its view in *Théberge v Galerie d'Art du Petit Champlain inc.*, a 2002 decision that featured explicit support for a copyright balance and due consideration for copyright's effect on innovation.<sup>35</sup> The case involved a challenge by Claude Théberge, a Quebec painter with an international reputation, against an art gallery that purchased posters of Théberge's work and proceeded to transfer the images from paper to canvas. The gallery's technology was state of the art—it used a process that lifted the ink off the poster

and transferred it to the canvas. The gallery did not actually create any new images or reproductions of the work, since the poster paper was left blank after the process was complete. Théberge was nevertheless outraged—he believed he had sold paper posters, not canvas-based reproductions—and he proceeded to sue in Quebec court, requesting an injunction to stop the transfers, as well as the seizure of the existing canvas-backed images.

Although the Quebec Court of Appeal ruled in favour of the seizure, the majority of the Court overturned that decision, finding that the images were merely transferred from one medium to another and were not reproduced contrary to the *Copyright Act*. Writing for the majority of the Court, Binnie J stated that

[T]he proper balance among these and other public policy objectives lies not only in recognizing the creator's rights but in giving due weight to their limited nature.... Once an authorized copy of a work is sold to a member of the public, it is generally for the purchaser, not the author, to determine what happens to it.<sup>36</sup>

Binnie J also emphasized the dangers of copyright that veers too far toward copyright creators at the expense of both the public and the innovation process. He noted that “[e]xcessive control by holders of copyrights and other forms of intellectual property may unduly limit the ability of the public domain to incorporate and embellish creative innovation in the long-term interests of society as a whole, or create practical obstacles to proper utilization.”<sup>37</sup>

Although critics of the *Théberge* decision suggested that it reflected a divide between common and civil law perspectives on copyright, those views were put to rest two years later in *CCH*, in which a unanimous Court strongly affirmed its support for a balanced approach to copyright law, and in the process breathed new life into the *Copyright Act*'s fair dealing provision.<sup>38</sup>

The case involved a dispute between the Law Society of Upper Canada and several legal publishers. The Law Society, which maintains the Great Library, a leading law library in Toronto, provided the profession with two methods of copying cases and other legal materials. First, it ran a service whereby lawyers could request a copy

of a particular case or article. Second, it maintained several stand-alone photocopiers that could be used by library patrons. The legal publishers objected to the Law Society's copying practices and sued for copyright infringement. They maintained that the materials being copied were entitled to copyright protection and that the Law Society was authorizing others to infringe on their copyright.

The Law Society emerged victorious on most counts in this regard, as the Court ruled that the Society had neither infringed the publishers' copyright nor authorized others to do so. In its decision, the Court provided a detailed discussion of the fair dealing exception, concluding that the exception should be granted a large and liberal interpretation.<sup>39</sup> In fact, the Court remarkably fashioned exceptions to copyright infringement as new copyright rights—users' rights—that must be balanced against the rights of copyright owners and creators:<sup>40</sup>

Before reviewing the scope of the fair dealing exception under the *Copyright Act*, it is important to clarify some general considerations about exceptions to copyright infringement. Procedurally, a defendant is required to prove that his or her dealing with a work has been fair; however, the fair dealing exception is perhaps more properly understood as an integral part of the *Copyright Act* than simply a defence. Any act falling within the fair dealing exception will not be an infringement of copyright. The fair dealing exception, like other exceptions in the *Copyright Act*, is a user's right. In order to maintain the proper balance between the rights of a copyright owner and users' interests, it must not be interpreted restrictively.<sup>41</sup>

Having characterized fair dealing as a user's right that must not be interpreted restrictively, the Court then illustrated the appropriate application of a fair dealing analysis:

The fair dealing exception under s. 29 is open to those who can show that their dealings with a copyrighted work were for the purpose of research or private study. "Research"

must be given a large and liberal interpretation in order to ensure that users' rights are not unduly constrained. I agree with the Court of Appeal that research is not limited to non-commercial or private contexts.<sup>42</sup>

The importance of the *CCH* decision to the application of the fair dealing provision cannot be overstated. In a single decision, the Court elevated fair dealing from a limited exception that was viewed as largely ineffectual to a user right that must not be interpreted restrictively and cannot be unduly constrained. While the *Copyright Act* provides copyright holders with a large basket of rights, the *CCH* decision provided a powerful reminder that those rights are not absolute. Just as patent law balances the rights of patentees with the broad societal interests, so too copyright constrains the rights of copyright holders in favour of public access to works.

In assessing the Law Society's fair dealing arguments, the Chief Justice relied heavily on the six factors enumerated by Linden JA in the earlier Federal Court of Appeal decision. While these factors were not viewed as a strict test, the Court emphasized their value in gauging the fairness of the dealing. The six factors are:

1. *The purpose of the dealing* – The Court explained that “allowable purposes should not be given a restrictive interpretation or this could result in the undue restriction of users' rights.”<sup>43</sup>
2. *The character of the dealing* – One should ask whether a single copy or multiple copies were made. It may be relevant to look at industry standards.<sup>44</sup>
3. *The amount of the dealing* – “Both the amount of the dealing and importance of the work allegedly infringed should be considered in assessing fairness.” The extent of the copying may be different according to the use. In some cases even quoting the entire work may be fair dealing.<sup>45</sup>

4. *Alternatives to the dealing* – Was a “non-copyrighted equivalent of the work” available?<sup>46</sup>
5. *The nature of the work* – “[I]f a work has not been published, the dealing may be more fair in that its reproduction with acknowledgement could lead to a wider public dissemination of the work—one of the goals of copyright law. If, however, the work in question was confidential, this may tip the scales towards finding that the dealing was unfair.”<sup>47</sup>
6. *Effect of the dealing on the work* – Will copying the work affect the market of original work? “Although the effect of the dealing on the market of the copyright owner is an important factor, it is neither the only factor nor the most important factor that a court must consider in deciding if the dealing is fair.”<sup>48</sup>

It is noteworthy that the Linden six-factor test was itself influenced by *Hubbard v Vosper*,<sup>49</sup> a United Kingdom decision authored by Lord Denning. In *Hubbard*, Lord Denning explained that fairness would be determined by reference to the specific facts of the case, which he proceeded to assess on the basis of factors later adopted in the *CCH* decision. Lord Denning added that he did not view the factors as exhaustive and that others may and should be examined by the court.

The *CCH* decision generated considerable debate over the scope of the fair dealing provision, culminating in the latest round of Supreme Court decisions, which were viewed as an opportunity to clarify the scope of the provision. In those decisions, the Court reaffirmed that fair dealing is a user’s right that must be interpreted in a broad and liberal manner. When combined with the recent Bill C-11 reforms, the Court took a big step toward blurring the divide between fair use and fair dealing, effectively turning the Canadian fair dealing provision into a fair use provision in which virtually all purposes engage the second-stage fair dealing analysis.

## II: How Fair Dealing Became Fair Use

### i. Where Fair Dealing in Canada Stands Now

The Court's copyright pentalogy addressed a range of copyright issues, but fair dealing assumed a central role in two cases. In *Alberta (Education)*, the Court addressed the use of fair dealing within education, arriving at several conclusions that expanded both the breadth of education-related purposes as well how such uses should be analyzed within the six-factor test.

For example, the Court assessed the scope of the “private study” purpose, arriving at a broad definition that rejected both spatial limitations and the requirement for isolation. Writing for the majority, Abella J concluded that: “[T]he word ‘private’ in ‘private study’ should not be understood as requiring users to view copyrighted works in splendid isolation. Studying and learning are essentially personal endeavours, whether they are engaged in with others or in solitude.”<sup>50</sup>

The scope of the research purpose was also given a large and liberal interpretation in *SOCAN v Bell Canada [Bell]*, the other major fair dealing case that considered whether song previews on services such as iTunes qualify as research for fair dealing purposes. Once again, Abella J adopted a strong stand in favour of fair dealing. After reiterating that fair dealing is a user's right, Abella J argued for a very broad approach to the fair dealing research category:

Limiting research to creative purposes would also run counter to the ordinary meaning of “research”, which can include many activities that do not demand the establishment of new facts or conclusions. It can be piecemeal, informal, exploratory, or confirmatory. It can in fact be undertaken for no purpose except personal interest. It is true that research can be for the purpose of reaching new conclusions, but this should be seen as only one, not the primary component of the definitional framework.<sup>51</sup>

The *Alberta (Education)* and *Bell* decisions not only articulate an expansive approach to the enumerated purposes under fair dealing, but also provide guidance on the broad and liberal interpretation of

the six-factor test that is used to determine whether the dealing is fair. First, the Court reaffirmed that fair dealing is a user's right, not a rhetorical device, removing any doubt that its previous references to user's rights were a statement of law. The Court states in *Bell*:

*CCH* confirmed that users' rights are an essential part of furthering the public interest objectives of the *Copyright Act*. One of the tools employed to achieve the proper balance between protection and access in the *Act* is the concept of fair dealing, which allows users to engage in some activities that might otherwise amount to copyright infringement. In order to maintain the proper balance between these interests, the fair dealing provision "must not be interpreted restrictively."<sup>52</sup>

Second, the Court firmly entrenched the six-factor analysis as the test for determining whether a particular use or dealing is fair. Building on *CCH*, the Court's guidance on the six-factor test provides the following:

### 1. *Purpose of the Dealing*

The purpose of the dealing involves two issues: whether there is a qualifying purpose, and whose purpose should be considered. As noted above, the Court adopted a broad approach for the research and private study purposes. Moreover, the second issue of whose purposes should be considered was critically important in the *Alberta (Education)* case, with the Court concluding that the purpose of the student (who engages in research or private study) is relevant even when the copying is completed by (or under the instruction of) the teacher:

Teachers have no ulterior motive when providing copies to students. Nor can teachers be characterized as having the completely separate purpose of "instruction"; they are there to facilitate the students' research and private study. It seems to me to be axiomatic that most students lack the expertise to find or request the materials required for their own research and private study, and



rely on the guidance of their teachers. They study what they are told to study, and the teacher's purpose in providing copies is to enable the students to have the material they need for the purpose of studying. The teacher/copier therefore shares a symbiotic purpose with the student/user who is engaging in research or private study. Instruction and research/private study are, in the school context, tautological.<sup>53</sup>

## 2. *Character of the Dealing*

In *CCH*, the Court stated the following about the character of the dealing:

In assessing the character of a dealing, courts must examine how the works were dealt with. If multiple copies of works are being widely distributed, this will tend to be unfair. If, however, a single copy of a work is used for a specific legitimate purpose, then it may be easier to conclude that it was a fair dealing. If the copy of the work is destroyed after it is used for its specific intended purpose, this may also favour a finding of fairness.<sup>54</sup>

The Court provided a good example of how this factor is applied in *Bell*:

SOCAN's argument was based on the fact that consumers accessed, on average, 10 times the number of previews as full-length musical works. However, no copy existed after the preview was heard. The previews were streamed, not downloaded. Users did not get a permanent copy, and once the preview was heard, the file was automatically deleted from the user's computer. The fact that each file was automatically deleted meant that copies could not be duplicated or further disseminated by users.<sup>55</sup>

### 3. *Amount of the Dealing*

The Court in both *Bell* and *Alberta (Education)* confirmed that the amount of the dealing refers to the individual copy, not the aggregate amount being copied. This will be significant for education, since it means that the total amount being copied by a teacher, school, school board or all educational institutions is irrelevant for the purposes of the amount of the dealing analysis. In *Bell*, the Court stated:

Since fair dealing is a “user’s” right, the “amount of the dealing” factor should be assessed based on the individual use, not the amount of the dealing in the aggregate. The appropriate measure under this factor is therefore, as the Board noted, the proportion of the excerpt used in relation to the whole work.<sup>56</sup>

The aggregate approach may also have an impact on widespread Internet-based uses, where the total amount being copied by the Internet community will not be considered within the context of the amount of the dealing. As Abella J warns: “[G]iven the ease and magnitude with which digital works are disseminated over the Internet, focusing on the ‘aggregate’ amount of the dealing in cases involving digital works could well lead to disproportionate findings of unfairness when compared with non-digital works.”<sup>57</sup>

### 4. *Alternatives to the Dealing*

In *CCH*, the Court described alternatives to the dealing as follows: “Alternatives to dealing with the infringed work may affect the determination of fairness. If there is a non-copyrighted equivalent of the work that could have been used instead of the copyrighted work, this should be considered by the court.”<sup>58</sup>

In the *CCH* case, the Court determined that the availability of a licence is not a relevant alternative in deciding whether a dealing is fair. And in *Alberta (Education)*, the Court ruled that purchasing books was not a viable alternative, given the costly nature of purchasing books for all students simply to access shorter excerpts.

### 5. *Nature of the Work*

The Court in *CCH* described the nature of the work in the following manner:

The nature of the work in question should also be considered by courts assessing whether a dealing is fair. Although certainly not determinative, if a work has not been published, the dealing may be more fair in that its reproduction with acknowledgement could lead to a wider public dissemination of the work—one of the goals of copyright law. If, however, the work in question was confidential, this may tip the scales towards finding that the dealing was unfair.<sup>59</sup>

The Court's analysis in *Bell* showed that musical works for purchase meet this standard:

SOCAN does not dispute the desirability of the sale and dissemination of musical works, but argues that since these works are easily purchased and disseminated without the use of previews, previews are of no additional benefit to promoting further dissemination. But the fact that a musical work is widely available does not necessarily correlate to whether it is widely disseminated. Unless a potential consumer can locate and identify a work he or she wants to buy, the work will not be disseminated.<sup>60</sup>

### 6. *Effect of the Dealing on the Work*

The Court in *CCH* emphasized that the effect of the dealing on the work is an important factor, but is not the most important factor:

[T]he effect of the dealing on the work is another factor warranting consideration when courts are determining whether a dealing is fair. If the reproduced work is likely to compete with the market of the original work, this may suggest that the dealing is not fair. Although the effect of the dealing on the market of the copyright

owner is an important factor, it is neither the only factor nor the most important factor that a court must consider in deciding if the dealing is fair.<sup>61</sup>

The Court in *Alberta (Education)* discussed the need for actual evidence of economic harm in order to demonstrate a negative effect, noting that “other than the bald fact of a decline in sales over 20 years, there is no evidence from Access Copyright demonstrating any link between photocopying short excerpts and the decline in textbook sales.”<sup>62</sup>

## ii. The Shift from Fair Dealing to Fair Use

Fair dealing in Canada still requires a two-stage analysis, yet the cumulative effect of legislative reform and the Supreme Court decisions is that the first stage has become so easy to meet that Canada has a fair use provision in everything but name only. Conventional fair use may require only a single test to determine fairness, but the Canadian fair dealing/fair use hybrid comes close by ensuring that virtually all uses will meet the purposes standard and proceed to the second-stage, six-factor analysis described above.

There are three developments responsible for this shift. First, as noted above, the number of fair dealing purposes has grown as Bill C-11 added education, parody and satire to the current list of research, private study, news reporting, criticism and review. This list is quite broad, as many uses are likely to fit within one of the purposes. While a restrictive interpretation of these purposes would have created significant limitations on its applicability, the expansive approach articulated by the Court means that the existing purposes are increasingly likely to capture a broader range of activities.

The research purpose alone is likely to extend to uses far beyond more constrained scientific research, as the Court has ruled that research need not be structured or formalized. Rather, “piecemeal, informal, exploratory, or confirmatory” research all qualifies as research for fair dealing purposes.<sup>63</sup> Indeed, with the inclusion of consumer research and “personal interest” within the definition, fair dealing research covers common commercial activities as well,

opening the door to greater business reliance on the research purpose within fair dealing.

If the use in question is still not covered by the expansive approach to research, the broadening of the private study purpose should further expand the allowable purposes. The Court has removed the need for a structured or isolated environment for private study, thereby opening the door to a wide range of activities that can be characterized as study.

Canadian courts will also give broad interpretations to the remaining fair dealing purposes, including criticism, review, news reporting, parody, satire and education. For example, in *Warman v Fournier*, a 2012 Federal Court of Canada decision,<sup>64</sup> the court acknowledged the need for a broad approach to the news reporting purpose. At issue was the reproduction on an Internet chat site of several paragraphs from opinion pieces published in the *National Post* newspaper. The court ruled that the copying was insubstantial and did not raise infringement concerns. In the alternative, it concluded that posting news reports on an Internet site could itself be regarded as news reporting:

The SCC stated in *CCH*, at paragraph 51, that the fair dealing purposes (in that case, research) “must be given a large and liberal interpretation in order to ensure that users’ rights are not unduly constrained.” Applying this large and liberal interpretation to news reporting, I find that the respondents’ dealing in respect of the Kay Work falls within this purpose. They posted the excerpts of the Kay Work on Free Dominion to promulgate the facts recounted in that article. Thus, the first criterion for fair dealing is met. The news reporting exception also requires that the source and author be mentioned, which is also satisfied in this case.<sup>65</sup>

The new education purpose must also be granted a wide berth. The government specifically rejected requests to establish a narrow definition of education within its copyright reform package. By leaving the term undefined, courts are free to follow the Court’s lead and adopt an expansive approach to education that extends far

beyond accredited educational institutions. Rather, consistent with a research purpose that includes personal interest, the education purpose may well include personal education initiatives and efforts to become better informed about any issue of interest.

Second, having adopted an expansive approach to the fair dealing purposes (and the government having added new purposes that will be subject to a similar expansive analysis), the Court added another wrinkle to the fair dealing test, stating that the first part involves a low threshold: “In mandating a generous interpretation of the fair dealing purposes, including ‘research,’ the Court in *CCH* created a relatively low threshold for the first step so that the analytical heavy-hitting is done in determining whether the dealing was fair.”<sup>66</sup>

Note that the *CCH* decision never describes the first-stage purposes test as having a low threshold, though a broad and liberal interpretation may lead to that conclusion, as it ensures that the user’s right of fair dealing will benefit from a full analysis of whether the use is fair. In that sense, the Court is right that the “heavy hitting” is done in wading through the six-factor analysis to determine whether the dealing is fair, which is consistent with a fair use approach. The signal from the Court is unmistakable: consistent with the exercise of a user’s right, potential fair dealing uses are best assessed through a full fairness analysis. By confirming a low threshold for the first-stage purposes test, the Court has ensured that virtually all purposes will pass the first stage and be considered on the basis of the fairness of the use, not the intended purpose (which is itself only one of the six factors in the second-stage test).

Third, the Court has opened the door to considering the copying purposes of not only the actual copier, but the intended recipient as well. This approach started in the *CCH* case, but was expanded considerably in the *Alberta (Education)* and song previews cases, adding further flexibility to the fair dealing provision by requiring courts to undergo more extensive analysis of the purposes of the copier and recipient or beneficiary.

For example, in the *Alberta (Education)* case, the teacher is technically making the copy on behalf of the student; however, the Court found that their purposes are inseparable, noting that “[t]he teacher/copier therefore shares a symbiotic purpose with the student/

user who is engaging in research or private study.”<sup>67</sup> The Canadian Publishers’ Council, which intervened in the case, addressed this specific issue before the Court:

Accepting the test proposed by the Appellants that their purposes are the purposes of their students would hollow out the intended closed categories of allowable purposes in the Act. It would subject all unauthorized copying for others that might be for their research, private study, criticism, review or news reporting purposes into an allowable purpose for the copier, greatly expanding the scope of the fair dealing exception. It would require courts to ignore a copier’s actual purposes and pay regard only to the possible allowable purposes of another person. Thus the fair dealing provision would shelter intermediaries who act on their own initiative and do not themselves have an allowable purpose.<sup>68</sup>

A similar expansion arose in the song previews case, where Apple makes previews available for the purposes of their customers’ research. The Canadian Recording Industry Association warned against this issue in their intervention in the case:

Even if it is accepted that Services are entitled to rely on the “research” purpose of consumers, the Services only purpose in dealing with Previews is not to facilitate that research. The Services also use Previews for their own economic benefit in marketing the sale of downloads of sound recordings and that is their predominate [sic] purpose for using Previews. The Services are not therefore in a relationship with consumers comparable to the very special relationship between the Law Society’s Great Library and library patrons.<sup>69</sup>

The majority of the Court obviously rejected this view and has now rendered three decisions where the intermediary copier stands in the shoes of the beneficiary—*CCH* (library copying for patron), *Alberta (Education)* (teacher copying for student), and *Bell* (Apple making song previews for customers). This flexibility will be used

by others to argue that their copying is conducted on behalf of a permitted purpose of the recipient, creating a very open approach to the first-stage purposes test.

While the first-stage fair dealing test should now be very easy to meet, Canadian fair dealing resembles US fair use in another way—it is not a free-for-all, since merely meeting the first-stage test only opens the door to the full fairness analysis. This is consistent with a balanced copyright system that addresses both creator rights and user rights, since the analysis focuses on whether the use of or dealing with a work is fair, not whether it fits within one of the fair dealing categories or purposes.

## Conclusion

As the debate over Canadian copyright reform captured increasing attention over the past decade, fair dealing moved from little more than an afterthought to one of the core issues, occupying a prominent role in legislative debates and within landmark cases at the Supreme Court of Canada. While the Canadian copyright community was divided over whether emulating the US fair use provision was the best course of action, the confluence of the Court articulating fair dealing as a users' right in *CCH*, the expansion of the purposes of fair dealing in Bill C-11, and the fair dealing analysis in the copyright pentalogy has rendered much of the debate moot. Canada may remain a fair dealing country from a strict statutory perspective, but its approach points the way to a hybrid fair dealing/fair use model in which the two-stage analysis of fair dealing purpose (stage one) and fairness analysis (stage two) bears close resemblance to an open-ended fair use system, given that virtually all uses will meet the purposes standard and proceed to the second-stage, six-factor analysis.

The Canadian model may emerge as a preferred approach for many fair dealing countries grappling with policy pressures to increase copyright flexibilities but simultaneously facing concerns over compliance with international norms and the value of domestic legal certainty. First, the Canadian fair dealing approach is unlikely to raise significant concerns with regard to its consistency with the Berne Convention, since compliance with the three-step test would



involve fact-specific analysis of how the Canadian courts applied the fair dealing provision that still features a closed list of identifiable purposes. Second, the uncertainty that might follow from the shift from fair dealing to fair use has been minimized, since Canadian case law has gradually evolved to support for a more flexible approach. This enhances legal certainty by grounding fair dealing analysis in the detailed guidance provided by the Court.

The Court's emphasis on the need for balance between creators' rights and users' rights laid the foundation for a shift away from a two-stage fair dealing test toward a single analysis based on fairness of the use of a copyrighted work. By elevating fair dealing to a users' right, it made little sense for the law to premise the exercise of those rights on fitting within a small number of narrowly defined purposes. The core of fair dealing is fairness – fairness to the copyright owner in setting limits on the use of their work without permission and fairness to users to ensure that fair dealing rights can be exercised without unnecessarily restrictive limitations. In the aftermath of years of public debate and landmark jurisprudence, Canada now has a fair use provision in everything but name only, with analysis rightly focused on whether the use of or dealing with a work is fair, not whether it fits within one of the fair dealing categories or purposes.




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<sup>2</sup> Sam Ricketson, *WIPO Study on Limitations and Exceptions of Copyright and Related Rights in the Digital Environment* (Geneva: WIPO, 2003); Raquel Xalabarder, *WIPO Study on Copyright Limitations and Exceptions for Educational Activities in North America, Europe, Caucasus, Central Asia and Israel* (Geneva: WIPO, 2009); Attorney-General's Department, *Fair Use and Other Copyright Exceptions: An Examination of Fair Use, Fair Dealing and Other Exceptions in the Digital Age Issues Paper* (Canberra: Attorney-General's Department, 2005) [Australian Fair Use Issues Paper]; Australian Law Reform Commission, *Copyright and the Digital Economy*

Issues Paper 42 (Sydney: Commonwealth of Australia, 2012) [Australian Copyright Issues Paper]; Ministry of Economic Development, *Digital Technology and the Copyright Act 1994: Internal Working Paper* (Wellington: Crown Copyright, 2002); Copyright Review Committee for the Department of Jobs, Enterprise and Innovation, *Submissions Received by the Copyright Review Committee* (2011) <[http://www.djei.ie/science/ipr/crc\\_submissions.htm](http://www.djei.ie/science/ipr/crc_submissions.htm)>; Copyright and Innovation Copyright Review Committee for the Department of Jobs, Enterprise and Innovation, *Copyright and Innovation: A Consultation Paper* (Dublin: Ireland Copyright Review Committee, 2012) [Ireland Copyright Review].

<sup>3</sup> Israel *Copyright Act*, 5768-2007, 2007 LSI 34 (2007), s 19 [Israel *Copyright Act*].

<sup>4</sup> Intellectual Property Office, *Consultation on Copyright* (United Kingdom: Intellectual Property Office, 2011) <<http://www.ipo.gov.uk/consult-2011-copyright.pdf>>; Australian Fair Use Issues Paper, *supra* note 2; Australian Copyright Issues Paper, *supra* note 2; Ireland Copyright Review, *supra* note 2.

<sup>5</sup> *CCH Canadian Ltd. v Law Society of Upper Canada*, 2004 SCC 13 at para 48, [2004] 1 SCR 339 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2125/index.do>> [CCH].

<sup>6</sup> See e.g. Carys Craig, “The Changing Face of Fair Dealing in Canadian Copyright Law: A Proposal for Legislative Reform” in Michael Geist, ed, *In the Public Interest: The Future of Canadian Copyright Law* (Toronto: Irwin Law, 2005) 437; Carys Craig, “Locking Out Lawful Users: Fair Dealing and Anti-Circumvention in Bill C-32” <<http://www.irwinlaw.com/content/assets/content-commons/666/CCDA%2007%20Craig.pdf>>; and Margaret Ann Wilkinson, “Copyright, Collectives, and Contracts: New Math for Educational Institutions and Libraries” <<http://www.irwinlaw.com/pages/content-commons/copyright-collectives-and-contracts--new-math-for-educational-institutions-and-libraries---margaret-ann-wilkinson>> in Michael Geist, ed, *From “Radical Extremism” to “Balanced Copyright”*: *Canadian Copyright and the Digital Agenda* (Toronto: Irwin Law, 2010) 177, 503.

<sup>7</sup> See e.g. Michael Geist, “Copyright Consultation Submission” (2009) 2 Osgoode Hall Rev L Pol’y 59 <<http://ohrlp.ca/wp-content/uploads/2012/10/copyright-consultations-submission-michael-geist.pdf>>; Samuel E Trosow, “Copyright Consultation Submission” (2009) 2 Osgoode Hall Rev L Pol’y 169 <<http://ohrlp.ca/wp-content/uploads/2012/10/copyright-consultations-submission-samuel-e-trosow.pdf>>. For an opposing perspective, see Barry Sookman and Dan Glover, “Why Canada Should Not Adopt Fair Use: A Joint Submission to the Copyright Consultations” (2009) 2 Osgoode Hall Rev L Pol’y 55 <<http://ohrlp.ca/wp-content/uploads/2012/10/why-canada-should-not-adopt-fair-use.pdf>>.

<sup>8</sup> Bill C-32, *An Act to amend the Copyright Act*, 3d Sess, 40th Parl, 2010 (First Reading 2 June 2010) <[http://www.parl.gc.ca/HousePublications/Publication.aspx?Pub=Bill&Doc=C-32\\_1&Language=&Mode=1&Parl=40&Ses=3](http://www.parl.gc.ca/HousePublications/Publication.aspx?Pub=Bill&Doc=C-32_1&Language=&Mode=1&Parl=40&Ses=3)>.

<sup>9</sup> *Society of Composers, Authors and Music Publishers of Canada v Bell Canada et al.*, 2012 SCC 36 at para 27, [2012] 2 SCR 326 <<http://canlii.ca/en/ca/scc/doc/2012/2012scc36/2012scc36.html>> [Bell].

<sup>10</sup> Berne Convention for the Protection of Literary and Artistic Works, 9 September

1886, as revised at Paris on 24 July 1971 and amended in 1979, S Treaty Doc No 99-27 (1986) <[http://www.wipo.int/treaties/en/ip/berne/trtdocs\\_wo001.html](http://www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html)>. Note that Article 10bis adds: “Further Possible Free Uses of Works: 1. *Of certain articles and broadcast works*; 2. *Of works seen or heard in connection with current events*” and provides that:

“(1) It shall be a matter for legislation in the countries of the Union to permit the reproduction by the press, the broadcasting or the communication to the public by wire of articles published in newspapers or periodicals on current economic, political or religious topics, and of broadcast works of the same character, in cases in which the reproduction, broadcasting or such communication thereof is not expressly reserved. Nevertheless, the source must always be clearly indicated; the legal consequences of a breach of this obligation shall be determined by the legislation of the country where protection is claimed.

(2) It shall also be a matter for legislation in the countries of the Union to determine the conditions under which, for the purpose of reporting current events by means of photography, cinematography, broadcasting or communication to the public by wire, literary or artistic works seen or heard in the course of the event may, to the extent justified by the informatory purpose, be reproduced and made available to the public.”

<sup>11</sup> *Ibid.*

<sup>12</sup> See e.g. Daniel J Gervais, “Towards A New Core International Copyright Norm: The Reverse Three-Step Test” SSRN (2005) 9 Marq Intell Prop L Rev 1 <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=499924](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=499924)>. For an exhaustive analysis of fair use and three-step test, see Martin RF Senftleben, *Copyright, Limitations and the Three-Step Test: An Analysis of the Three-Step Test in International and EC Copyright Law*, Information Law Series vol 13 (The Hague: Kluwer Law International, 2004).

<sup>13</sup> U.S. *Copyright Act*, 1976, 17 USC, 90 Stat 2541.

<sup>14</sup> The four criteria were originally established in *Folsom v Marsh*, and later codified in the *Copyright Act*. In *Folsom v Marsh*, Story J explained that “we must often, in deciding questions of this sort, look to the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work.” *Folsom v Marsh* 9 F Cas 342 (CCD Mass 1841).

<sup>15</sup> Cary Sherman, “Perspective: The Farce Behind ‘Digital Freedom’” (13 November 2006), CNET News <[http://www.news.com/2010-1025\\_3-6134620.html](http://www.news.com/2010-1025_3-6134620.html)>.

<sup>16</sup> Lawrence Lessig, “Free Culture: Version 2004-02-10” <<http://www.sslug.dk/~chlor/lessig/freeculture/index.html>>.

<sup>17</sup> Marjorie Heins and Tricia Beckles, “Will Fair Use Survive? Free Expression in the Age of Copyright Control”, A Public Policy Report, The Brennan Center for Justice, 2005 <<http://www.fepproject.org/policyreports/WillFairUseSurvive.pdf>>.

<sup>18</sup> The Free Expression Policy Project <<http://www.fepproject.org/policyreports/fairuseflyer.html>>.

<sup>19</sup> Barton Beebe, “An Empirical Study of U.S. Copyright Fair Use Opinions, 1978-2005” (2008) 156 U Pa L Rev 549.

<sup>20</sup> *Ibid* at 3. Beebe's more recent findings, adapted from his earlier study, can be found in his presentation to the Los Angeles Copyright Society, titled "An Empirical Study of U.S. Copyright Fair Use Cases, 1978-2011 (11 January 2012) <<http://www.bartonbeebe.com/Beebe%20-%20LA%20Copyright%20Society%20Presentation.pdf>>.

<sup>21</sup> Israel *Copyright Act*, *supra* note 3. For a discussion, see Ariel Katz, "What Can Canada Learn from Israel about Copyright Reform?" University of Toronto Faculty of Law Faculty Blog (8 December 2007) <[http://utorontolaw.typepad.com/faculty\\_blog/2007/12/what-can-canada.html](http://utorontolaw.typepad.com/faculty_blog/2007/12/what-can-canada.html)>; Zohar Efroni, "Israel's Fair Use", The Centre for Internet and Society, Stanford Law School Blog (30 January 2008) <<http://cyberlaw.stanford.edu/blog/2008/01/israel%E2%80%99s-fair-use>>; Neil W Netanel, "Israeli Fair Use from an American Perspective" (14 January 2009) <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1327906](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1327906)>.

<sup>22</sup> Taiwan *Copyright Act*, 2007-07011 <[http://www.tipo.gov.tw/en/AllInOne\\_Show.aspx?path=2557&guid=26944d88-de19-4d63-b89f-864d2bdb2dac&lang=en-us](http://www.tipo.gov.tw/en/AllInOne_Show.aspx?path=2557&guid=26944d88-de19-4d63-b89f-864d2bdb2dac&lang=en-us)>. For a discussion, see Seagull Haiyan Song, "Reevaluating Fair Use in China – A Comparative Copyright Analysis of Chinese Fair Use Legislation, The U.S. Fair Use Doctrine, and the European Fair Dealing Model" (2011) 51:3 IDEA: Intell Prop L Rev 453.

<sup>23</sup> Republic Act No. 8293, *An Act Prescribing the Intellectual Property Code and Establishing the Intellectual Property Office, Providing for its Powers and Functions, and for Other Purposes* <[http://www.lawphil.net/statutes/repacts/ra1997/ra\\_8293\\_1997.html](http://www.lawphil.net/statutes/repacts/ra1997/ra_8293_1997.html)>. For a discussion, see Fe Angela M. Verzosa, "Copyright Protection for Philippine Publications" (2003) <[eprints.rclis.org/11219/1/Copyright\\_Protection.pdf](http://eprints.rclis.org/11219/1/Copyright_Protection.pdf)>.

<sup>24</sup> *Copyright Act* (Cap 63, 1988 Rev Ed Sing) <[http://www.wipo.int/wipolex/en/text.jsp?file\\_id=174829](http://www.wipo.int/wipolex/en/text.jsp?file_id=174829)>. For a discussion, see Ng-Loy Wee Loon, *Law of Intellectual Property in Singapore* (Sweet & Maxwell Asia, 2008) at para 11.3.16.

<sup>25</sup> *Copyright (Amendment) Act 2012*, Laws of Malaysia, Act A1420 <<http://iplawmalaysia.com/legislation/copyright-amendment-act-2012-110.html>>.

<sup>26</sup> *Copyrights, Designs and Patents Act 1988* (UK), c 48, chapter 3 <<http://www.legislation.gov.uk/ukpga/1988/48/part/I/chapter/III>>; Giuseppina D'Agostino, "Healing Fair Dealing? A Comparative Copyright Analysis of Canada's Fair Dealing to U.K. Fair Dealing and U.S. Fair Use" (2008) 53 McGill LJ 309 <<http://lawjournal.mcgill.ca/documents/dAgostino.pdf>>.

<sup>27</sup> *Copyright Act 1968* (Cth) (as amended) Part III <[http://www.austlii.edu.au/cgi-bin/download.cgi/cgi-bin/download.cgi/download/au/legis/cth/consol\\_act/ca1968133.txt](http://www.austlii.edu.au/cgi-bin/download.cgi/cgi-bin/download.cgi/download/au/legis/cth/consol_act/ca1968133.txt)>; M de Zwart, "The Future Of Fair Dealing In Australia: Protecting Freedom Of Communication" (2007) 4:1 SCRIPTed 95 <<http://www.law.ed.ac.uk/ahrc/script-ed/vol4-1/dezward.asp>>.

<sup>28</sup> *Copyright Act*, RSC 1985, c C-42 [*Copyright Act*] <<http://laws.justice.gc.ca/en/C-42/>>.

<sup>29</sup> *Ibid*.

<sup>30</sup> *Ibid.*

<sup>31</sup> Bill C-11, *An Act to Amend the Copyright Act*, 1st Sess, 41st Parl, 2011, s 29 <<http://www.parl.gc.ca/HousePublications/Publication.aspx?DocId=5144516&File=24#1>>.

<sup>32</sup> [1990] 2 SCR 467, 72 DLR (4th) 97 <<http://canlii.ca/t/1fsv7>>.

<sup>33</sup> *Ibid* at para 58.

<sup>34</sup> [1997] 2 FC 306 <<http://www.canlii.org/en/ca/fct/doc/1996/1996canlii3920/1996canlii3920.html>>.

<sup>35</sup> [2002] 2 SCR 336, 210 DLR (4th) 385 <<http://www.canlii.org/en/ca/scc/doc/2002/2002scc34/2002scc34.pdf>>.

<sup>36</sup> *Ibid* at para 31.

<sup>37</sup> *Ibid* at para 32.

<sup>38</sup> *CCH*, *supra* note 5.

<sup>39</sup> *Ibid* at paras 48-60.

<sup>40</sup> *Ibid* at para 12.

<sup>41</sup> *Ibid* at para 48 [emphasis added].

<sup>42</sup> *Ibid* at para 51.

<sup>43</sup> *Ibid* at para 54.

<sup>44</sup> *Ibid* at para 55.

<sup>45</sup> *Ibid* at para 56.

<sup>46</sup> *Ibid* at para 57.

<sup>47</sup> *Ibid* at para 58.

<sup>48</sup> *Ibid* at para 59.

<sup>49</sup> *Hubbard v Vosper*, [1972] 1 All ER 1023 (CA).

<sup>50</sup> *Alberta (Education) v Canadian Copyright Licensing Agency (Access Copyright)*, 2012 SCC 37, [2012] 2 SCR 345 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9997/index.do>> [*Alberta (Education)*].

<sup>51</sup> *Bell*, *supra* note 9 at para 22.

<sup>52</sup> *Ibid* at para 11.

<sup>53</sup> *Alberta (Education)*, *supra* note 50 at para 23.

<sup>54</sup> *CCH supra* note 5 at para 55.

<sup>55</sup> *Bell*, *supra* note 9 at para 38.

<sup>56</sup> *Ibid* at para 41.

<sup>57</sup> *Ibid* at para 43.

<sup>58</sup> *CCH*, *supra* note 5 at para 57.

<sup>59</sup> *bid* at para 58.

<sup>60</sup> *Bell*, *supra* note 9 at para 47.

<sup>61</sup> *CCH*, *supra* note 5 at para 59.

<sup>62</sup> *Alberta (Education)*, *supra* note 50 at para 35.

<sup>63</sup> *Bell, supra* note 9 at para 22.

<sup>64</sup> 2012 FC 803 <<http://www.canlii.org/eliisa/highlight.do?text=Warman&language=en&searchTitle=Canada+%28Federal%29&path=/en/ca/fct/doc/2012/2012fc803/2012fc803.html>>.

<sup>65</sup> *Ibid* at para 31.

<sup>66</sup> *Bell, supra* note 9 at para 27.

<sup>67</sup> *Alberta (Education), supra* note 50 at para 23.

<sup>68</sup> *bid* (Memorandum of Argument of the Interveners the Canadian Publishers' Council, Association of Canadian Publishers, and Canadian Educational Resources Council at para 17) <<http://www.scribd.com/doc/73790862/CPC-SCC-Interveners-Memorandum>>.

<sup>69</sup> *Bell, supra* note 9 (Factum of the Respondent Canadian Recording Industry Association at paras 66-67) <<http://scc-csc.gc.ca/factums-memoires/33800/FM050-Respondent-Canadian-Recording-Industry-Association.pdf>>.

## The Arithmetic of Fair Dealing at the Supreme Court of Canada

GIUSEPPINA D'AGOSTINO<sup>1</sup>

In the 2012 Supreme Court of Canada copyright cases, the Court found an opportunity to redefine the law of fair dealing in Canada. While the Court acknowledged that fair dealing is a question of fact, and thereby properly adjudicated by triers of fact like the Copyright Board of Canada, the Court stepped in to revisit the facts all over again. When compared to its common law counterparts like the UK and the US, Canada stands alone in its willingness to rehear fair dealing cases, which are a matter of first impression.<sup>2</sup> I argue that while it is salutary to re-emphasize the existence of users' rights as per *CCH v Law Society of Upper Canada* [*CCH*], and indeed that these rights are here to stay, it cannot be beneficial for the Court to reinterpret the facts, which is the job of courts and tribunals of first instance, or to make policy, which is the job of government; here, unfortunately, the Court indulged in both. In its reasoning, the Supreme Court of Canada showcases rigid reliance on *CCH*'s six-factor framework and elevates the framework to the level of law.<sup>3</sup> Ironically, in doing so, the Supreme Court of Canada is actually going against the spirit and the benefit that *CCH* created for copyright law in Canada and, more specifically, for fair dealing.

## Fair Dealing and the Copyright Pentalogy

The Supreme Court of Canada released five copyright cases, commonly referred to as the copyright pentalogy, on the same day in July 2012, setting abuzz all circles in the legal community and beyond. Many fundamental copyright issues were raised: delineating the scope of various rights and the overlapping nature of rights in the *Copyright Act*, technological neutrality, questions of payment and, more broadly, appropriate standards of review, as each of these cases originated from the Federal Court of Appeal's judicial review of the Copyright Board of Canada decisions. Among the five cases, two dealt squarely with the doctrine of fair dealing: within certain limits, what a user can do with a substantial part of a copyright work without permission of the owner.<sup>4</sup>

In Canada, the doctrine of fair dealing is statutorily entrenched in the *Copyright Act*. As a result of the recently enacted *Copyright Modernization Act*, there are now five allowable purposes for fair dealing: (1) research or private study (s. 29); (2) criticism or review (s. 29.1); (3) news reporting (s. 29.2); (4) parody or satire (s. 29); and (5) education (s. 29).<sup>5</sup> Fair dealing is a question of fact and a matter of first impression.<sup>6</sup> The onus is on the defendant to prove that the dealing (1) fits within one of the enumerated allowable purposes; (2) is “fair”; and (3) for “criticism or review” and “news reporting”, sufficient acknowledgement is given. In *CCH*, a unanimous Supreme Court of Canada ruled that fair dealing, alongside the other exceptions in the *Copyright Act*, “must not be interpreted restrictively”<sup>7</sup> and that more or less six factors may be used when assessing fairness.<sup>8</sup> In that case, the Law Society of Upper Canada did not infringe copyright, because its Great Library request-based reproduction services fell squarely within the allowances of the fair dealing doctrine. Lawyers carrying on the business of law for profit were held to be conducting non-infringing research. Research should be accorded a “large and liberal interpretation in order to ensure that users’ rights are not unduly constrained.”<sup>9</sup>

In *SOCAN v Bell [Bell]*, Abella J for a unanimous court agreed with the Board that song previews provided by Internet service providers for consumers constituted fair dealing for the purposes



of research and thus were not subject to a tariff. Consistent with the spirit of *CCH*, the term “research” should be given a “large and liberal interpretation”. For the Court, it would be far too restrictive to limit “research” to its ordinary meaning, as it can include “many activities that do not demand the establishment of new facts or conclusions. It can be piecemeal, informal, exploratory, or confirmatory. It can be undertaken for no purpose except personal interest.”<sup>10</sup>

On the other hand, *Alberta (Education)* was a heavily contentious case, with a 5-4 split decision over the appropriate deference afforded to the Board and the interpretation of fair dealing. At issue was whether copies made at the teacher’s initiative in Kindergarten to Grade 12 classrooms and provided to students with instructions to read the material were made for the allowable purpose of research or private study.<sup>11</sup> While the matter was sent back to the Copyright Board for reconsideration, the Board later ruled that the copying at issue was fair dealing.<sup>12</sup> For Abella J’s majority, the Board misinterpreted the six fair dealing factors. For Rothstein J’s dissent, the six factors are not statutory enactments; fair dealing is a question of fact, and deference should be accorded to the Board. In both cases, the Court seized the opportunity to clarify the interpretive framework set out in *CCH*.<sup>13</sup>

In *Bell*, Abella J clarified that a generous, “low-threshold” interpretation should occur for the first part of the test, with respect to determining the allowable purposes, “so that the analytical heavy-hitting is done in determining whether the dealing was fair.”<sup>14</sup> While the Court is quite liberal in the first part of the test—some would say too liberal<sup>15</sup>—it is ironically rigid in the fairness analysis.

What follows is a discussion of the Court’s enthusiasm to rehear facts when it does not agree with the outcome, in specific reference to (1) an emerging user perspective test the Court used for determining both the allowable purpose to warrant fair dealing and the first fairness factor (i.e. the purpose of the dealing), and (2) the Court’s general approach to determine fairness: by methodically examining each of the six fairness factors proposed in *CCH*. I will tackle the latter first, as I find this development the most troubling.

### (1) Six Factors Sequence

In every decision since *CCH*, the courts have embraced a wholesale, mechanistic and absolutist adoption of the six factors. As a result, each factor is interpreted each and every time and in the same sequence. As Rothstein J rightly points out in the dissent of *Alberta (Education)*, these are not statutory requirements.<sup>16</sup> As set out in *CCH*, and as I previously argued, *CCH* endorsed certain factors that may be *more or less relevant* in future fair dealing cases. Here it is particularly important to revisit Linden JA's initial pronouncement of the interpretive fairness framework later endorsed by the Supreme Court of Canada in *CCH*:

Assessing these observations in combination with the American and British factors, I have compiled a list of factors that *should* influence the fairness of the Law Society's dealings with the Publishers' works on behalf of patrons of the Great Library. Importantly, *the elements of fairness are malleable and must be tailored to each unique circumstance. None of the factors are conclusive or binding, and additional considerations may well apply uniquely in the Canadian context.* However, the following factors are usually among the non-exhaustive list of considerations: (1) the purpose of the dealing; (2) the nature of the dealing; (3) the amount of the dealing; (4) alternatives to the dealing; (5) the nature of the work in question; and (6) the effect of the dealing on that work.<sup>17</sup>

Significantly, *CCH* also acknowledged that other considerations or unnamed factors could be used to assess the fairness of a dealing. The six factors emerged as indicia for that particular case, for those particular facts,<sup>18</sup> drawing from the UK and US approaches.<sup>19</sup> Yet, since then, each case involving fair dealing has proceeded to showcase a scrupulous and exclusive adherence to these six factors.

Ironically, this six-factor absolutism all started with the Copyright Board. Shortly after *CCH* was decided, in *Tariff 22.A* the Board considered the doctrine of fair dealing even though it was not pleaded by the parties. The Board acknowledged that, “[a]lthough none of the parties addressed the legal issue directly, we must deal with it”<sup>20</sup> to

ascertain whether the way in which services deal with previews was in fact a protected act under the *Copyright Act*.<sup>21</sup> The Board found that streaming a musical preview with a view to deciding whether to purchase a download or CD constituted “research.”<sup>22</sup> As I previously argued, “[t]he Board thus embraced the liberal lead of *CCH* and systematically applied its six fair dealing factors.”<sup>23</sup> Since then, parties on either side (and here the Board or the Court is not alone in its unequivocal embrace) have argued fair dealing cases based on the six factors.

Finally, before the Supreme Court of Canada, in *Bell*, the Court acknowledged that fairness is a question of fact and similarly proceeded to mechanically consider each of the six factors:

(1) *Purpose of the dealing*: as discussed more fully later, the Court adopted an (end) user perspective test: the purpose of providing previews is primarily to facilitate research by consumers.<sup>24</sup> Interestingly, similar to *CCH*, under this factor, the Court examined the Internet service provider’s behaviour and acknowledged that the Internet service provider put “reasonable safeguards in place to ensure that the users’ dealing in previews was in fact for this purpose: the previews were streamed, short, and often of lesser quality than the musical work itself. These safeguards prevented the previews from replacing the work while still fulfilling a research function.”<sup>25</sup>

(2) *Character of the dealing*: The Court played down the *CCH* observation that a particular dealing must be unfair if multiple copies of works are being widely distributed. It noted that if the use of the work was “for a specific legitimate purpose, or if the copy no longer existed after it was used, this would favour a finding of fairness.”<sup>26</sup> In this case, each file was automatically deleted and so could not be duplicated or disseminated by users.<sup>27</sup>

(3) *Amount of the dealing*: Referring to the quantity of the work taken, and agreeing with the Board, the Court ruled that the correct interpretation is the length

of each preview compared to the length of the work (and not, as SOCAN argued, the aggregate number of previews streamed by consumers).<sup>28</sup> Importantly, the Court noted that the character of the dealing (factor no. 2) considers the aggregate of the dissemination already: that is, whether multiple copies of works are being widely distributed. As a result, considering the number of previews streamed under “amount of the dealing” (factor no. 3) would “deprive that factor of any utility in the analysis, and would erase consideration of the proportion of the excerpt of the entire work.”<sup>29</sup> Also, the Court continued, “given the ease and magnitude with which digital works are disseminated over the Internet”, focusing on the number of previews streamed would lead to disproportionate and unfair findings when compared to non-digital works and would go against the “goal of technological neutrality.”<sup>30</sup> In passing, it is unclear how technological neutrality can be seen to support the Court’s position, as the goal of “media neutrality” in *Robertson* was said not to override in any way authors’ rights.<sup>31</sup> Here again, the Court focused on the ease of dissemination of works and had a user focus.

(4) *Alternatives to the dealing*: A dealing may be less fair if there is a non-copyright protected equivalent that could have been used, or if the dealing was not reasonably necessary to achieve the ultimate purpose. While SOCAN argued that there were other methods available (e.g., advertising with album artwork, textual descriptions and return policies for buying the wrong work), the Court agreed with the Board that “[l]istening to a preview probably is the most practical, most economical and safest way for users to ensure that they purchase what they wish.”<sup>32</sup> In other words, “short, low-quality streamed previews are reasonably necessary to help consumers decide what to purchase.”<sup>33</sup>

(5) *Nature of the work*: This factor examines whether the work is one that should be widely disseminated. Here the Court pointed out that just because the previews were widely available does not mean that they were widely disseminated; if consumers are unable to locate and identify the work they wish to purchase, the work will not be disseminated.<sup>34</sup>

(6) *The effect of the dealing on the work*: This point evaluates whether the dealing adversely affects or competes with the work. Here the Court harkened back to the observation in factor no. 5: because of their short duration and lower quality, previews are not in competition with downloads of the work itself. For the Court, there was the opposite effect, as previews increase the sale and therefore the dissemination of musical works, “thereby generating remuneration to their creators.”<sup>35</sup>

In sum, the Court was satisfied with the Board’s balancing of the purposes of the Act. Practically, consumers should not need to pay for previews as their free access encourages creation and dissemination of works while ensuring that creators are fairly rewarded. Ultimately, while the Court was satisfied by the Board’s application of *CCH* in finding fair dealing in *Bell*, it was not in *Alberta (Education)*; in fact, the outcome was quite different.

### **Dangers Regarding the Six-factor Sequence: Double Counting**

The *Alberta (Education)* case illustrates a danger in the Court’s unique judicial adherence to *CCH* and its willingness to rehear facts. In *Alberta (Education)*, Abella J had “concerns over how the Board applied several of those factors.”<sup>36</sup> Among the various problems with the Board’s application of the *CCH* factors (e.g., purpose of the dealing factor [factor no. 1], which Abella J found problematic because it hinges on the user perspective),<sup>37</sup> she took great pains to go through the six factors, which I will not repeat here. As an example, she indicated that the Board misinterpreted the factors and drew the wrong conclusions

under the “character of the dealing” and the “amount of the dealing.” Significantly, for Abella J, this double counting was an error of law that rendered the Board decision unreasonable. The majority found problematic that the “quantification of the total amount of pages copied” should be considered under “character of the dealing” and not under the “amount of the dealing.” As a result of this analytical framework, by the time the Board assessed the “amount of the dealing” factor (factor no. 3), it had already considered the quantification of the dissemination: “[i]n reapplying this same quantitative concern when assessing the ‘amount of the dealing’, it conflated the two factors, which had the effect of erasing proportionality from the fairness analysis.”<sup>38</sup> In short, the “amount of the dealing factor” is not a quantitative assessment based on aggregate use, but an examination of the proportionality of the amount copied to the whole of the work. Aggregate use or quantification of the total amount of pages copied should be considered under the “character of the dealing”.

It is not at all clear how the Board erased proportionality from the fairness analysis when it made findings of fact that teachers copied “short excerpts”, and that these short excerpts were repeatedly copied by the same “class set” of books over a period of time.<sup>39</sup> Based on the extensive evidence advanced by the parties, the Board concluded that this repeated copying tended to make the dealing more unfair. At what exact point in Abella J’s six-factor sequence these facts were found should not be seen to invalidate a relative assessment of factors that are not themselves the law, nor render a decision unreasonable; nor should any one factor be interpreted as more important than another. In essence, Abella J’s point-by-point analysis is perplexing. Why would it be necessary to ensure that factor x be examined under y? The importance is that it is examined. Why be mechanistic to the point of rendering a decision unreasonable? After all, it was the same court that posited that fair dealing warrants a large and liberal interpretation. As Rothstein J indicates, the appellants themselves did not dispute the Board’s findings of fact<sup>40</sup> and its conclusions were derived independently through an analysis that considered all aspects of the dealing. As a result, “unless it is shown that the Board’s conclusion of fact that the books from the ‘class sets’ will be subject to ‘numerous requests’ was unreasonable, then the Board’s decision

should not be disturbed.”<sup>41</sup> Consequently, what we see is that undue rigidity in interpreting the six factors, sequentially, in the same order, further muddles the state of the Canadian law of fair dealing.

What may be more consistent with *CCH* and its large and liberal interpretation of fair dealing can be seen in other case law. For instance, the court in *Warman v Fournier* (2012)<sup>42</sup> found fair dealing in the context of news reporting. Free dominion, an online political discussion forum, posted an article first published in the *National Post*. Among the works in question was an excerpt of an eleven-paragraph article that consisted of the headline, three complete paragraphs and part of a fourth paragraph.<sup>43</sup> Rennie J for the Federal Court found fair dealing for the purposes of news reporting, pursuant to s 29.2 of the *Copyright Act*. The Federal Court applied *CCH* and adopted a “large and liberal interpretation” of the use of the excerpt to constitute news reporting as it promulgated the facts in the article.<sup>44</sup> The Federal Court noted that *CCH* “sets out important guiding principles in applying the fair dealing exception.”<sup>45</sup> As a result, the Court did not undertake a mechanistic interpretation of each of the six factors, as “*CCH* set out several factors that *may be relevant* in determining whether the dealing is fair...”<sup>46</sup>

The Federal Court liberally referred to the factors and noted that an application of some factors militated toward a finding of fair dealing. It noted the purpose of the dealing to be satisfied, the amount to be limited and the nature of the work to favour fair dealing. Here the Federal Court acknowledged that the article was not currently published, and this finding supported fair dealing, as one of the purposes of copyright law is to promote wider dissemination of works.<sup>47</sup> On the other hand, the Federal Court asserted that some factors weighed less strongly in favour of a finding of fair dealing (e.g., “alternative to the dealing”, as a summary could have been provided instead, and “character of the dealing”, as the excerpts were widely distributed on the Internet). On balance, while some factors were not well satisfied, the reproduction constituted fair dealing.<sup>48</sup> Whether the court was correct in finding fair dealing is not my purpose here; rather, I want to point out that the Federal Court’s approach in *Warman* was more flexible and true to the large and liberal interpretation that *CCH* intended compared to the Supreme Court’s analysis in *Alberta (Education)*.

Of interest is that in *Warman*, the Federal Court also interpreted the doctrine of substantial part. While the test is also fact based and factor based, the Court found that no substantial part of the work in question was copied and noted that “most of the factors are not directly relevant in this case given the circumstances”.<sup>49</sup> Like fair dealing, substantial part is a question of fact and involves a qualitative rather than quantitative analysis. There is no reason why the same liberal approach used in another long-standing copyright doctrine cannot also be used to interpret the factor framework set out in *CCH*.

*Warman* is currently being appealed in a post-pentalogy, post-*Copyright Modernization Act* environment. How the Federal Court of Appeal interprets *CCH* will be important and telling of whether the Supreme Court of Canada’s mechanical interpretation as seen in *Bell* and *Alberta (Education)* will prevail, or whether *CCH*’s more flexible framework will be followed.

### **Some Observations on the Six Factors**

There may be various reasons to explain why the courts (and parties, too) adhere to a six-factor approach. For instance, an explanation may be that the need to address calls for more flexibility is still seen as required in fair dealing and, at the same time, there is a starvation for more certainty. Perhaps there is still a lingering view that the US fair use model with enumerated factors is the panacea;<sup>50</sup> however, as I have already argued at length, fair use continues to confound common law jurisdictions, and after *CCH*, Canada boasted the most flexible approach compared to the US and the UK.<sup>51</sup> It is doubtful that achieving clarity by treating the six factors as law, and ultimately reinterrogating the facts considered in their application, is salutary. Indeed, as illustrated by the recent cases, it leads to more complexity, ambiguity and, ironically, rigidity. It is also unfortunate that no new factors have been considered. Note that in the US, where the fair use factors are statutorily entrenched, the courts also consider others.<sup>52</sup> For example, in *Basic Books v Kinko’s Graphics Corp.*,<sup>53</sup> the United States Court for the Southern District of New York ruled that uses of copyright material for educational purposes by Kinko’s, a commercial enterprise, were not fair use. In making its assessment, the Court



found that most of the factors weighed against fair use and considered two other factors: “monopolistic and competitive practices” (along with necessity) and “industry practices and institutional policies”.<sup>54</sup> In Canada, previous fair dealing cases before *CCH* had weighed other factors, such as motive (i.e. good or bad faith). In *Boudreau v Lin*, no fair dealing was found for private study with regard to substantial use of portions of a student’s work in a professor’s paper. The court zeroed in on the fraudulent nature of the dealing. The defendant, a professor at the University of Ottawa, had “actively” deleted the student’s name from the paper, replaced it with his own, along with that of an associate, presented the paper at a conference without credit, and sold copies of the paper to other students.<sup>55</sup> Because of the defendant’s underhanded conduct, the court mandated that fair dealing be “restrictively interpreted.”<sup>56</sup> As previously argued, it will be important to see the extent to which future cases account for bad faith. In *CCH*, the Great Library’s closely enforced Access Policy cast the defendant in a positive light. It is noteworthy that UK courts account for bad faith as well.<sup>57</sup> While the 2012 Canadian pentalogy cases did not consider this factor, it does seem appropriate that courts closely read the evidence and assess the good or bad faith conduct of the defendant. The very notion of fairness in fair dealing is antithetical to underhanded behaviour. Fair dealing should not be used to shield such conduct. At the same time, it is appropriate that good faith conduct, as is clear in the Great Library’s prudent practices, should weigh in favour of fairness or, at the very least, militate against harsher damages.<sup>58</sup> Of course it is possible that good or bad faith can be accounted for in one of the six factors (i.e. purpose of the dealing or character of the dealing factors.)<sup>59</sup> My point here is that it is less significant whether bad faith is treated as a separate factor or under an existing factor; it is important that, if relevant, bad faith should be considered in fair dealing cases when assessing fairness and, ultimately, damages.

Parties pleading fair dealing, and courts ultimately deciding those cases, should exercise flexibility when interpreting fair dealing: raise factors germane to the case and assess evidence to support them. Whether there are six factors, or seven factors, or four factors should not be the driving preoccupation. And whether one piece of evidence is considered at the wrong part of the equation should be seen with a more flexible lens.

## User Perspective for Allowable Purpose and Purpose of the Dealing

A type of user-perspective test has surfaced from the recent Canadian copyright cases. In *CCH*, while it was clear that users' rights count, it was unclear whose perspective should carry more weight.<sup>60</sup> *CCH* noted that an "objective test" should be adopted to assess the users' real purpose or motive in using the copyright work (factor no. 1). The recent Supreme Court of Canada cases clarify that it is the *end user's perspective* that counts. In *Bell*, it was the consumer's, not the Internet service provider's,<sup>61</sup> and in *Alberta (Education)*, it was the students', not entirely the teachers', and certainly not the copyright holders' perspective that counted.<sup>62</sup>

In *Bell*, the Court emphasized that the perspective of the end user should be the primary driver of the first part of the fair dealing analysis and for the allowable purpose factor.<sup>63</sup> The consumer ultimately triggers meeting copyright's objectives: "consumers used previews for the purpose of conducting research to identify which music to purchase, purchases which trigger dissemination of musical works and compensation for their creators, both of which are outcomes the Act seeks to encourage."<sup>64</sup> The Court's privileging of the end user is important, as it signals its need to restore what it perceives as persistent inequities in the copyright system, where consumers are seen to be gouged.<sup>65</sup> Here Rothstein J's remarks in an IP Osgoode public lecture after the pentalogy are apt: "Judges don't like double-dipping. And if they think someone is double-dipping, they will go into contortions to preclude it."<sup>66</sup> So, however meritorious the double-dipping claim (i.e. someone seen to be paying twice, or someone seems to be earning twice for the same thing), decision makers may well disregard other relevant arguments. In *ESAC*, statutory interpretation questions were trumped by double-dipping claims.<sup>67</sup> In the context of the *Alberta (Education)* and *Bell* cases, similar pro-user, pro-consumer principles may well have informed the majority's findings of fair dealing in favour of students and consumers.

For Abella J, *CCH* focused its investigation on the ultimate user, the lawyers, whose purpose was legal research, and not on the librarian's purpose.<sup>68</sup> Without the librarians, it would have been

impossible for the lawyers to access the materials. Librarians were seen as integral to the research process as enablers.<sup>69</sup> The librarians “don’t profit from this service.”<sup>70</sup> In *Bell*, more problematic is the provider’s purpose (i.e. Bell, Apple, Rogers, Shaw and Telus), as its scope is less altruistic than a librarian’s. Yet, applying the end user perspective and, indeed, a relatively low threshold, allows entry into the enumerated allowable grounds of fair dealing, and into the second part of the test on fairness. The second part of the test, and in particular factor one, the purpose of the dealing, also adopts a user-perspective test. The purpose of providing previews is primarily to facilitate research purposes of the consumers.<sup>71</sup> Here, the Internet service provider’s safeguards could be seen as akin to the librarian’s gatekeeping role in *CCH*.<sup>72</sup> The Court examined the Internet service provider’s behaviour and acknowledged that it put “reasonable safeguards” in place to ensure that the users’ dealing in previews was in fact for research, as “the previews were streamed, short, and often of lesser quality than the musical work itself.”<sup>73</sup> Consequently, these safeguards prevented the previews from replacing the work while still fulfilling a research function.<sup>74</sup>

By contrast, the *Alberta (Education)* case was more controversial. While there was no disagreement that the first step of the dealing was for the allowable ground of research or private study,<sup>75</sup> the end-user perspective as it related to the first factor caused disagreement.

Abella J, for the majority, stated that the teachers and students have a symbiotic purpose: teachers are there to facilitate the students’ research and private study.<sup>76</sup> Teachers have no ulterior motive when providing copies to students, nor do teachers make these for their own use. For Abella J, the Board drove an “artificial wedge” in distinguishing between copies made by the teacher at the request of a student, and copies made by the teacher on their own initiative.<sup>77</sup> In the end, distinguishing between these types of copies is irrelevant to the ultimate end user, the student engaging in research and private study.

Rothstein J, on the other hand, stated that the Board made no reviewable error and that the Court should not slip into a more intrusive correctness review. The Board’s “detailed and extensive analysis and decision were intelligible, transparent and justifiable.”<sup>78</sup> In other words, Abella J seized on “a few arguable statements or

intermediate findings.”<sup>79</sup> For Rothstein J, the Board made a reasonable factual conclusion and appropriately considered that the “teacher’s purpose was relevant and predominant on the facts in this case.”<sup>80</sup> The teacher’s purpose was to instruct and educate the students, “the essence of the job of teaching.”<sup>81</sup> Consequently, the teacher’s role in selecting and photocopying excerpts is for their own use and is “significantly different than the role of the Great Library Staff in *CCH*, which was completely passive.”<sup>82</sup> But for the patron requests at the Great Library, there would be no copies. Ultimately, the copying in *Alberta (Education)* mainly served the teacher’s purpose of teaching, and this was a “realistic assessment of classroom teaching.”

In *Alberta (Education)*, there is a distinction as the majority sees the end user as the ultimate perspective; where there are other users in between (e.g., teachers), those users serve a symbiotic purpose with the end user. For the dissent, one cannot be at the Supreme Court to rehear the facts, especially where the issues are “fact-based, as in the case of a fair dealing analysis.”<sup>83</sup> The Board already observed the teacher’s role in the copying as the predominant perspective and as triers of fact they were in the best position to do so.

In the result, when both fair dealing cases are considered together, the end-user perspective counts (certainly in *Bell*). But the question remains: Who is the end user? And when is there a predominant user? Can the purpose of the in-between users, such as Internet service providers, teachers and librarians, be subsumed in the end users as a symbiotic purpose, such as consumers, students and lawyers? The dissent didn’t think so in *Alberta (Education)*, yet in *Bell*, there was one end user. Curiously, Abella J disregards various common law precedents, as they stand for the principle that “copiers cannot camouflage their own distinct purpose by purporting to conflate it with the research or study purposes of the ultimate user.”<sup>84</sup> Similarly, Rothstein J suggests that the predominant purpose is the way to resolve this: when the in-between user is copying to fulfill their own distinct ends.<sup>85</sup> Ultimately, whether one looks at the end user or predominant user, the answer needs to be one grounded in fact, as opposed to policy.

## Policy Making at the Supreme Court of Canada

When compared to Canada's common law counterparts, such as the UK and the US, Canada stands alone in its enthusiasm to rehear fair dealing cases, which are a matter of first impression.<sup>86</sup> So while the Court acknowledged that fair dealing is a question of fact and thereby properly adjudicated by the lower courts (or, in this case, expert tribunals like the Copyright Board of Canada), the Court steps in to revisit the facts. This Canadian interventionism is set against other higher courts that rarely rehear fair dealing cases. In fact, over the last twenty years, the UK House of Lords, the Australian High Court and the Supreme Court of New Zealand have heard no fair dealing cases, the US Supreme Court has heard two fair use cases<sup>87</sup> and Canada has now heard three fair dealing cases<sup>88</sup> and has noted its importance in copyright law in another.<sup>89</sup> It seems that when common law courts outside of Canada do hear fair dealing cases, they are contained to their role of judicial interpretation and do not overreach into law and policy making.<sup>90</sup>

What seems to be at the core of the Court's approach in the six-factored fair dealing evaluation and the end-user perspective test is its ongoing preoccupation with users. The outcome in these cases is seen in *Alberta (Education)*, where Rothstein J would like the Court to confine itself to its role to interpret the law, while the majority prefers to disregard evidence-based analysis that already occurred at the Copyright Board, and to reinterpret the facts so as to fit its own view of the law and policy. In *Alberta (Education)*, the Court seems to favour a worldview of open, accessible and free collaboration and commerce where the end users, the students, are centre stage. Abella J intimates that creative content, the raw materials that can stimulate learning, creative thinking and, ultimately, the economy, should not be "locked away" in tariffs, burdened by additional fees, but should be given the widest possible access.<sup>91</sup> It seems the majority wants to encourage dissemination from the ground up. The cases thus prioritize the rights of the individual and everyday user, who would likely have been most affected by the tariffs.

This development continues to be expected. As I have argued in *Healing Fair Dealing*, because of the increasing expanse of owner's rights (more works subject to copyright protection, and subject to different types of intellectual property rights), longer terms of protections and more grounds of (criminal) liability, there has been a push back to create more rights for users.<sup>92</sup> The recent *Copyright Modernization Act* consultations and accompanying commentary in the online, terrestrial and media space is evidence of this push. The need to support user rights is equally unsurprising. As David Vaver has recently argued:

It may not just be the *Charter* that is affecting how the Supreme Court views copyright today. International human rights law may be playing its part too. ... For when Justice Abella spoke of achieving a “proper balance between protection and access”, she was partly reflecting how international human rights law treats IP.<sup>93</sup>

Vaver notes that while Rothstein J dissented in *Alberta (Education)*, in *Bell*, Abella J spoke for a unanimous court.<sup>94</sup> And so, all the judges shared her position on at least some fundamental aspects of the role of copyright law in a modern society.

Another development that continues, and this one is unfortunate, is that creators are still the castaways in the copyright balance. Since *Théberge*, courts have come to see promoting the public interest as against rewarding the creators.<sup>95</sup> So while the Court is correct to state that there has been a shift in its preoccupation toward users, as confirmed in *CCH*, I would hesitate to endorse its view that Canada had an author-centric view to begin with.<sup>96</sup> In fact, authors have been the rhetorical stand-ins for *owners* since the onset of copyright law.<sup>97</sup> In reality, with little adequate copyright protection, contract law governs authors' rights, and they typically transfer their rights to new owners (i.e. publishers and others) who give little in return.<sup>98</sup> As a result, what we continue to see in the jurisprudence is a welcome pronouncement of users' rights and a lack of consideration of authors (and the unsatisfactory realities they also face), who are also integral to the balancing formula for copyright and an essential part in furthering the public interest. What may be more accurate to

reflect in the literature and case law is a need to limit less the author's and more the owner's rights.<sup>99</sup> Unfortunately, in *Bell*, Abella J suggests that in privileging the user, copyright law's objectives are met, as more buying will lead to more purchases and compensation to creators.<sup>100</sup> What the Court assumes will happen (i.e. compensation for creators) is a stretch for a number of reasons not limited to consumers actually buying the music, nor to creators ultimately receiving compensation from the current configuration of copyright management.

### Parting Thoughts

Because of the copyright pentalogy, what we now have is, ironically, a fair dealing framework that is far more rigid than before. While fair dealing is said to be a matter of fact and impression and was to have been given a large and liberal interpretation per *CCH*, assessing fairness has now become arithmetic. In addition, the Court has sent the message that parties must avoid double counting or their case will be found to be unreasonable. What would be unfortunate and counter *CCH* is that if each of the six factors was not considered in future cases, or if fewer factors were considered, it would likely create grounds for appeal. If Parliament wanted each of the fair dealing factors to be considered as law, it would have said so in the copyright amendments.<sup>101</sup> If Parliament wanted to ensure that a Berne three-step analysis be included in section 29 of the *Copyright Act* or if it wanted to indicate that one fair dealing factor had priority over the others, it would have said so as well.<sup>102</sup> Its reticence can be taken as agreement that *CCH*'s large and liberal interpretation with its *more or less* six factors is sufficiently clear and is the correct framework.

Rather, Parliament found it important to expand on the enumerated categories for fair dealing, no doubt encouraged by *CCH*'s existing large and liberal interpretive framework. Parody and satire are obvious additions, but it is in the new category of education that future controversy will reside.<sup>103</sup> This amendment, coupled with the *Alberta (Education)* decision and the general bent of a pro-user Supreme Court of Canada, makes for a weary time for authors and owners, as they are at the "front end" of the copyright system rather than the "end user" end. I don't think anyone now has doubts that

users have rights. Like no other commonwealth court, Canada's Supreme Court has proclaimed that message loud and clear. The message that I hope the Court considers as well is that other players are also an integral part of the copyright balance. Ultimately, a way forward may be to go back to the ruling and spirit of *CCH* and weigh with approval Rothstein J's dissent.

Increasing certainty in fair dealing is important; it is a long-standing preoccupation for all parties, not to mention the courts. But increased certainty will not happen in computing the optimal interpretive equation or by mechanically interpreting a specific set of factors.<sup>104</sup> What may be more useful is to appreciate that Canada now boasts the legal tools to attain a large and liberal fair dealing interpretive framework. This flexible framework recognizes that there is no one-size-fits-all six-factor approach and that a more nuanced approach may be necessary depending on the types of uses at issue, over time.

For instance, in a similar vein, Pamela Samuelson in the US argues for a more thoughtful and less rigid approach to deciding fair use cases. She suggests "unbundling fair uses" into "policy-relevant clusters."<sup>105</sup> The goal is to provide "courts with a more useful and nuanced toolkit for dealing with the plethora of plausible fair uses than can be achieved merely by focusing on the four factors set forth in the statute."<sup>106</sup> She also notes that, "given the considerable overlap among these uses...it makes little sense to organize fair use case law around each of these six uses."<sup>107</sup> Indeed, one of the goals of her work is "to embolden courts to consider additional factors, especially those of particular salience in certain policy clusters."<sup>108</sup>

Parties and, ultimately, courts would do well to work within the current large and liberal fair dealing framework, as more complex uses of works will continue to arise. Aspiring toward a rigid interpretive structure will do little to achieve the balance sought by the Court in *CCH*, or meet the larger objectives copyright seeks.

And above all, to ensure that more meaningful clarity is attained, as I argued elsewhere and as was endorsed in *CCH*, it is salutary for various groups to come together and fashion user guidelines.<sup>109</sup> For instance, Patricia Aufderheide and Peter Jaszi recommend putting the balance back into copyright by "making a code of best practices in fair



use.”<sup>110</sup> The same strategy can be applied to reach similar codes for specific sectors of Canada’s copyright communities that comport with fair dealing.<sup>111</sup> Artists, musicians, writers and other creators (who are often on both sides of the issues as creators and users) and other individuals do not have the resources necessary to go to the court to obtain clarity.<sup>112</sup> In this way, protracted litigation may be avoided and equally important access to justice issues addressed.




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<sup>1</sup> The author would like to thank Osgoode JD students Benjamin Farrow and Mekhala Chaubal for their research assistance.

<sup>2</sup> *Hubbard v Vosper*, [1972] 2 QB 84 at para 94 (CA) [*Hubbard*], cited with approval in *CCH Canadian Ltd v Law Society of Upper Canada*, 2004 SCC 13 at para 52, [2004] 1 SCR 339 <<http://www.canlii.org/en/ca/scc/doc/2004/2004scc13/2004scc13.html>> [*CCH*].

<sup>3</sup> *CCH*, *supra* note 2 at paras 53-60.

<sup>4</sup> Giuseppina D’Agostino, “Healing Fair Dealing? A Comparative Copyright Analysis of Canada’s Fair Dealing to U.K. Fair Dealing and U.S. Fair Use” SSRN (2008), 53 McGill LJ 309 <<http://ssrn.com/abstract=1014404>> [D’Agostino, “Healing Fair Dealing”].

<sup>5</sup> *Copyright Act*, RSC 1985 c C-42 <<http://laws.justice.gc.ca/en/C-42/>>; *Copyright Modernization Act*, SC 2012 c 20 <[http://laws-lois.justice.gc.ca/eng/AnnualStatutes/2012\\_20/page-1.html](http://laws-lois.justice.gc.ca/eng/AnnualStatutes/2012_20/page-1.html)> (parody or satire and education were recent additions).

<sup>6</sup> *Hubbard*, *supra* note 2 at para 94.

<sup>7</sup> *CCH*, *supra* note 2 at para 48.

<sup>8</sup> *Ibid* at paras 53-60.

<sup>9</sup> *Ibid* at para 51.

<sup>10</sup> *Society of Composers, Authors and Music Publishers of Canada v Bell Canada*, 2012 SCC 36 at para 22, [2012] 2 SCR 326 <<http://canlii.ca/t/fs0vf>> [*Bell*].

<sup>11</sup> *Alberta (Education) v Canadian Copyright Licensing Agency (Access Copyright)*, 2012 SCC 37, [2012] 2 SCR 345 <<http://canlii.ca/t/fs0v5>> [*Alberta (Education)*].

<sup>12</sup> *Re: Access Copyright - Elementary and Secondary School Tariff (2005-2009)* (19 September 2012) (CB) <<http://www.iposgoode.ca/wp-content/uploads/2012/09/Access-Copyright-Ruling-Sept-19-2012.pdf>>.

<sup>13</sup> *Alberta (Education)*, *supra* note 11.

- <sup>14</sup> *Bell*, *supra* note 10 at para 27.
- <sup>15</sup> Casey Chisick, “Thoughts on SOCAN v Bell” (Remarks delivered at the IP Osgoode & Osgoode Professional Development (OPD) Copyright Teleseminar, September 13, 2012).
- <sup>16</sup> *Alberta (Education)*, *supra* note 11 at para 39.
- <sup>17</sup> *CCH Canadian Ltd. v Law Society of Upper Canada*, 2002 FCA 187 at para 150, 212 DLR (4th) 385, 18 CPR (4th) 161, 224 FTR 111 <<http://www.canlii.org/en/ca/fca/doc/2002/2002fca187/2002fca187.html>> [*CCH* (CA)], *aff’d CCH*, *supra* note 2 [emphasis added].
- <sup>18</sup> *CCH* (CA), *supra* note 17 at para 150.
- <sup>19</sup> *CCH*, *supra* note 2 at para 53; Giuseppina D’Agostino, *Copyright, Contracts, Creators: New Media, New Rules* (Northampton, MA: Edward Elgar Publishing, 2010) at 320 [D’Agostino, *Copyright, Contracts, Creators*].
- <sup>20</sup> *Re: Collective Administration of Performing Rights and of Communication Rights*, [2007] CBD No 7 at para 102, 61 CPR (4th) 353 <<http://www.cb-cda.gc.ca/decisions/2007/20071018-m-e.pdf>> [*Re: Collective*].
- <sup>21</sup> Giuseppina D’Agostino, “Copyright Exceptions and Limitations and Copyright Board of Canada” in Association Littéraire & Artistique Internationale (ALAI) Canada, ed, *The Copyright Board of Canada: Bridging Law and Economics for Twenty Years* (Cowansville, QC: Yvon Blais, 2011); see also D’Agostino, *Copyright, Contracts, Creators*, *supra* note 19 at 333-35 (in earlier decisions, the Board made *obiter dicta* statements on the potential applicability of the fair dealing doctrine to licensing issues and the need for further clarification).
- <sup>22</sup> See D’Agostino, *Copyright, Contracts, Creators*, *supra* note 19 at 333-35 (discussion of the Board’s application of fair dealing).
- <sup>23</sup> *Ibid* at 334-35 (discussion of the Board’s comments on the potential applicability of fair dealing in earlier decisions such as *Re Media Monitoring (2000-2005)*, [2005] CBD No 4 <<http://www.cb-cda.gc.ca/decisions/mm29032005-b.pdf>>, and the dissent in *Re Breakthrough Films & Television 2004-UO-TI-33*, [2005] CBD No 15 <<http://www.cb-cda.gc.ca/unlocatable/156r-b.pdf>>).
- <sup>24</sup> *Bell*, *supra* note 10 at para 34.
- <sup>25</sup> *Ibid* at para 35.
- <sup>26</sup> *Ibid* at para 37.
- <sup>27</sup> *Ibid* at para 38.
- <sup>28</sup> *Ibid* at para 41.
- <sup>29</sup> *Ibid* at para 42.
- <sup>30</sup> *Ibid* at para 43, citing *Robertson v Thomson Corp*, 2006 SCC 43 at para 49, [2006] 2 SCR 363 <<http://canlii.ca/t/1pqw1>> [*Robertson*].
- <sup>31</sup> *Robertson*, *ibid* at para 49 (“Media neutrality is not a license to override the rights of authors—it exists to protect the rights of authors and others as technology evolves.” Unfortunately, it seems that the majority in *Robertson* became the dissent in *Entertainment Software Association v Society of Composers, Authors and Music*

*Publishers of Canada*, 2012 SCC 34, [2012] 2 SCR 231 <<http://canlii.ca/t/fs0v7>> [ESA], one of the pentalogy cases. In *ESA*, Abella J's dissent in *Robertson* on media neutrality came back with a vengeance on technological neutrality to eviscerate s 3 bundle of rights). See D'Agostino, *Copyright, Contracts, Creators*, *supra* note 19 at 145-46 (on media neutrality in *Tasini*) and *Robertson* discussion at 153.

<sup>32</sup> *Bell*, *supra* note 10 at para 46, citing *Re: Collective*, *supra* note 20 at para 114.

<sup>33</sup> *Bell*, *supra* note 10 at para 46.

<sup>34</sup> *Ibid* at para 47.

<sup>35</sup> *Ibid* at para 48.

<sup>36</sup> *Alberta (Education)*, *supra* note 11 at para 14.

<sup>37</sup> See discussion *infra*.

<sup>38</sup> *Alberta (Education)*, *supra* note 11 at para 30.

<sup>39</sup> *Statement Of Royalties To Be Collected By Access Copyright For The Reprographic Reproduction, In Canada, Of Works In Its Repertoire (Educational Institutions – 2005-2009)*, [2009] CBD No 6 at paras 102-04 <<http://www.cb-cda.gc.ca/decisions/2009/Access-Copyright-2005-2009-Schools.pdf>> (It is “more than likely that class sets will be subject to ‘numerous requests for [...] the same [...] series’”).

<sup>40</sup> *Alberta (Education)*, *supra* note 11 at para 54, citing *Re: Collective*, *supra* note 20 at para 50.

<sup>41</sup> *Alberta (Education)*, *supra* note 11 at para 54.

<sup>42</sup> *Warman v Fournier*, 2012 FC 803, [2012] FCJ No 851 <<http://canlii.ca/t/fs2s2>> [*Warman*] (Subject to appeal as at 24 September 2012. See initial commentary in Michael Geist, “All the News That’s Fit to Post and Link: Federal Court Clears Up Legal Risks”, *The Toronto Star* (30 June 2012) <<http://www.thestar.com/business/article/1219975--all-the-news-that-s-fit-to-post-and-link-federal-court-clears-up-legal-risks>>).

<sup>43</sup> Initially, the website had posted the entire article, but after the *Post* complained, only an excerpt was posted.

<sup>44</sup> *Warman*, *supra* note 42 at para 31.

<sup>45</sup> *Ibid* at para 30.

<sup>46</sup> *Ibid* at para 32, citing *CCH*, *supra* note 2 at para 53 [emphasis added]; see also D'Agostino, “Healing Fair Dealing”, *supra* note 4.

<sup>47</sup> Albeit, in terms of the nature of the work, I have argued elsewhere that this interpretation is problematic. See *Healing Fair Dealing*, *supra* note 4 at 323, 347.

<sup>48</sup> *Warman*, *supra* note 42 at para 34.

<sup>49</sup> *Ibid* at para 26 (dealing with the five-factor test for substantial part described in *U & R Tax Services Ltd v H & R Block Canada Inc*, [1995] FCJ No 962 at para 35).

<sup>50</sup> 17 USC § 107 (2000); see also discussion of the section in D'Agostino, *Copyright, Contracts, Creators*, *supra* note 19 at 314, 344-56.

<sup>51</sup> *Ibid* at 356-57.

<sup>52</sup> *Ibid* at 346-51.

<sup>53</sup> 758 F Supp 1522 (SDNY 1991).

<sup>54</sup> *Ibid* at 1535-38.

<sup>55</sup> (1997), 75 CPR (3d) 1 (Ont Sup Ct) <<http://canlii.ca/t/1w8pw>> [*Boudreau*] (discussed in D'Agostino, *Copyright, Contracts, Creators, supra* note 19 at 335-336).

<sup>56</sup> *Ibid*.

<sup>57</sup> See *Hyde Park Residence Ltd v Yelland & Others*, [2000] EWCA Civ 37 at para 36 and *Pro Sieben Media AG v Carlton UK Television Ltd*, [1998] EWCA Civ 2001, [1999] 1 WLR 605 at 614.

<sup>58</sup> Various copyright decisions when assessing damages will turn to some consideration of good or bad faith. For instance, in *Century 21 Canada Ltd. Partnership v Rogers Communications Inc*, 2011 BCSC 1196 at para 253, 96 CPR (4th) 1 <<http://canlii.ca/t/fn00h>>, the court considered the defendant's "bad faith" better dealt with in assessing damages than under "character of the dealing", which is concerned with use of the work, not how it was obtained. See also Simon Frankel & Matt Kellogg, "Bad Faith and Fair Use" SSRN (September 2012) <<http://ssrn.com/abstract=2165468>> at 2-3, arguing that while "the 'bad faith' inquiry has made increasingly frequent and prominent appearances in fair use decisions", doing so is "poor law and poor practice". Though the authors do seem to favour the need to consider bad faith in assessing damages as doing so is consistent with "copyright's economic bargain." See also *ibid* at 8-9.

<sup>59</sup> See *Boudreau, supra* note 55 at para 50, which could be read post-*CCH* to consider bad faith in the fairness analysis.

<sup>60</sup> See D'Agostino, *Copyright, Contracts, Creators, supra* note 19 at 321.

<sup>61</sup> *Bell, supra* note 10 at paras 28-30.

<sup>62</sup> *Alberta (Education), supra* note 11 at paras 22-23.

<sup>63</sup> *Bell, supra* note 10 at paras 8, 29, 34. (The consumer's perspective was seen as akin to the lawyer's perspective in *CCH*, and not the library's perspective, whose purpose was legal research.)

<sup>64</sup> *Ibid* at para 30.

<sup>65</sup> See Michael Geist, "Supreme Court of Canada Stands Up For Fair Dealing in Stunning Sweep of Cases", Michael Geist Blog (12 July 2012) <<http://www.michaelgeist.ca/content/view/6588/125/>>.

<sup>66</sup> M Rothstein, "Reflections on the Supreme Court of Canada's 2012 Copyright Decisions" (Remarks delivered at the IP Osgoode speaker series, Osgoode Hall Law School, 27 November 2012), *Intell Prop J* [forthcoming in 2013]. Rothstein was speaking in the context of *ESA, supra* note 31 at para 43, where the court held that downloads of video games containing a musical work were not "communications" under the *Copyright Act*. For the majority, consumers should not have had to pay twice for the hard copy of the game and then again on the Internet.

<sup>67</sup> *Ibid* at 9.

<sup>68</sup> *Bell, supra* note 10 at para 29.

<sup>69</sup> *CCH, supra* note 2 at para 64 (Put simply, its custom photocopy service helps to ensure that legal professionals in Ontario can access the materials necessary to con-

duct the research required to carry on the practice of law.).

<sup>70</sup> *Ibid.*

<sup>71</sup> *Bell*, *supra* note 10 at para 34.

<sup>72</sup> *Ibid* at para 35.

<sup>73</sup> *Ibid.*

<sup>74</sup> *Ibid.*

<sup>75</sup> *Alberta (Education)*, *supra* note 11 at para 14.

<sup>76</sup> *Ibid* at para 23.

<sup>77</sup> *Ibid* at para 24.

<sup>78</sup> *Ibid* at para 60.

<sup>79</sup> *Ibid* at para 59.

<sup>80</sup> *Ibid* at para 42.

<sup>81</sup> *Ibid* at para 43.

<sup>82</sup> *Ibid.*

<sup>83</sup> *Ibid* at para 59.

<sup>84</sup> *Ibid* at para 21. Of note is that Abella J does not consider *Boudreau*, *supra* note 55.

<sup>85</sup> *Ibid* at para 45.

<sup>86</sup> *Hubbard*, *supra* note 2 at para 94.

<sup>87</sup> *Metro-Goldwyn-Mayer Studios, Inc, et al v Grokster, Ltd, et al*, 545 US 913, 380 F 3d 1154 (2005) <<http://caselaw.lp.findlaw.com/cgi-bin/getcase.pl?court=US&navby=case&vol=000&invol=04-480>>; *Luther R Campbell aka Luke Skyywalker, et al, Petitioners v Acuff-Rose Music, Incorporated*, 510 US 569, 114 S Ct 1164 (1994) <<http://www.law.cornell.edu/supct/html/92-1292.ZS.html>> (see discussion of transformative use, parody and fair use at 2); *Eric Eldred, et al v John Ashcroft, Attorney General*, 537 US 186, 123 S Ct 769 (2003) <<http://www.law.cornell.edu/supct/html/01-618.ZS.html>>; see also *Quality King Distributors, Inc, Petitioner v Lanza Research International, Inc*, 523 US 135 at 10, 22 <<http://caselaw.lp.findlaw.com/scripts/getcase.pl?navby=case&court=us&vol=523&page=135>> (the importance of the fair use defence).

<sup>88</sup> *CCH*, *supra* note 2; *Bell*, *supra* note 10; *Alberta (Education)*, *supra* note 11.

<sup>89</sup> *Euro-Excellence Inc. v Kraft Canada Inc.*, 2007 SCC 37 at paras 77-79, [2007] 3 SCR 20 <<http://canlii.ca/t/1s72h>> (where the SCC revisits *CCH* and notes that “fair dealing is an essential part of copyright protection, and...is constitutive of the idea of the wrong in copyright law.”); *CCH*, *supra* note 2.

<sup>90</sup> The recent UK High Court case of *Newspaper Licensing Agency Ltd v Meltwater Holding BV*, [2010] EWHC 3099 (Ch) <<http://www.judiciary.gov.uk/Resources/JCO/Documents/Judgments/newspaper-licensing-agency-ltd-others-v-meltwater-holding-bv.pdf>> is a demonstration of the EWHC’s attempt to clarify the existing principles of fair dealing as they stand in UK law. The court considered the common law test for fair dealing and consistent with past precedent, ruled that commercial uses are not allowed under fair dealing.

While the high courts of Australia and New Zealand have not recently ruled on fair dealing, The Australian Law Reform Commission is currently reviewing copyright exceptions (among the questions are whether it should adopt a fair use model). For discussion see Australian Law Reform Commission, *Copyright and the Digital Economy* (Issues Paper 42) (Sydney: Australian Law Reform Commission, 2012) <[http://www.alrc.gov.au/sites/default/files/pdfs/publications/whole\\_ip\\_42\\_4.pdf](http://www.alrc.gov.au/sites/default/files/pdfs/publications/whole_ip_42_4.pdf)> at 62-79 [ALRC Report]. For New Zealand, see the discussion on copyright exceptions in the context of the Trans-Pacific Partnership <<http://www.citizen.org/documents/NewzealandproposedIPChaptertext.pdf>>, explored in James Love, “Leak of TPP text on copyright Limitations and Exceptions” (3 August 2012) <<http://keionline.org/node/1516>>.

<sup>91</sup> See *Alberta (Education)*, *supra* note 11 at para 32 (“Under the Board’s approach, schools would be required to buy sufficient copies for every student of every text, magazine and newspaper in Access Copyright’s repertoire that is relied on by a teacher. This is demonstrably an unrealistic outcome”).

<sup>92</sup> D’Agostino, “Healing Fair Dealing”, *supra* note 4 at 312-13.

<sup>93</sup> David Vaver, “User Rights” (Paper delivered at “Copyright in 2012 – A Panel Discussion on New Judicial Developments and Other Copyright Topics and Themes” for the Toronto Computer Lawyers Group, Toronto, 25 October 2012) [unpublished, copy on file with author].

<sup>94</sup> *Ibid.*

<sup>95</sup> See *Bell*, *supra* note 10 at para 8; D’Agostino, “Healing Fair Dealing”, *supra* note 4 (cited with approval in *Bell*, *supra* note 10 at para 26); D’Agostino, *Copyright, Contracts, Creators*, *supra* note 19.

<sup>96</sup> See *Bell*, *supra* note 10 at paras 9-11.

<sup>97</sup> See D’Agostino, *Copyright, Contracts, Creators*, *supra* note 19 (and, in particular, chapters 2 and 3: “Historically, the author appeared to be both a pawn for the booksellers and for the draftsmen, and less the object of social policy”).

<sup>98</sup> *Ibid.*; see also *Robertson*, *supra* note 30; see also *New York Times Co v Tasini*, 533 US 483 (2001) <<http://www.law.cornell.edu/supct/html/00-201.ZS.html>>.

<sup>99</sup> *Bell*, *supra* note 10 at para 9, citing with approval Carys J Craig, “Locke, Labour and Limiting the Author’s Right: A Warning against a Lockean Approach to Copyright Law” SSRN (2002), 28 Queen’s LJ 1 at 14-15 <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2078157](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2078157)>.

<sup>100</sup> *Bell*, *supra* note 10 at paras 30, 48 (see discussion above and at para 48 in particular).

<sup>101</sup> During the committee hearings on C-11 (and earlier on C-32), arguments were heard on both sides: to legislate the six factors (e.g., Trosow, Geist) and not to legislate the six factors (D’Agostino).

<sup>102</sup> See Jean Bouchard’s testimony to the Legislative Committee on Bill C-11, 41st Parl, 1st Sess (28 February 2012) <<http://www.parl.gc.ca/HousePublications/Publication.aspx?DocId=5405461&Language=E&Mode=1&Parl=41&Ses=1#Int-6743633>>.

<sup>103</sup> In support of this predicament, see the US, where Samuelson states: “Sharply divergent views on fair use exist in the educational and research use case law, and it is in this cluster that fair use are least predictable.” Pamela Samuelson, “Unbundling Fair Uses” SSRN (8 January 2009) <<http://ssrn.com/abstract=1323834>> at 6 [Samuelson].

<sup>104</sup> See discussion in D’Agostino, *Copyright, Contracts, Creators*, *supra* note 19 at 314 where many leading scholars have lamented the lack of clarity in US fair use, which features four-statutory based factors in assessing fairness.

<sup>105</sup> Samuelson, *supra* note 103 at 5 (arguing that three main policies underpin Sec 107’s six non-exhaustive list of allowable fair uses: “promoting free speech and expression interests of subsequent authors and the public, the ongoing progress of authorship, and learning”).

<sup>106</sup> *Ibid.*

<sup>107</sup> *Ibid.*

<sup>108</sup> *Ibid* at 73.

<sup>109</sup> See D’Agostino, “Healing Fair Dealing”, *supra* note 4; D’Agostino, *Copyright, Contracts, Creators*, *supra* note 19.

<sup>110</sup> Patricia Aufderheide & Peter Jaszi, *Reclaiming Fair Use: How to Put Balance Back in Copyright* (Chicago: University of Chicago Press, 2011) at 128.

<sup>111</sup> See examples in D’Agostino, *Copyright, Contracts, Creators*, *supra* note 19 at 361–62 for Canada, and Aufderheide & Jaszi, *supra* note 110.

<sup>112</sup> See *ALRC Report*, *supra* note 90 at 77, pointing out access to justice issues, among a list of reasons to consider when determining the viability of adopting a US fair use model for Australia.





# Fair Dealing Practices in the Post-Secondary Education Sector after the Pentalogy

SAMUEL E. TROSOW

Now that the Supreme Court of Canada has handed down its historic decisions in the pentalogy<sup>1</sup> and Parliament has enacted Bill C-11,<sup>2</sup> an extensive set of amendments to the *Copyright Act*,<sup>3</sup> attention should now turn to how copyright policies will be implemented at local institutions. This chapter will focus on how Canada's colleges and universities might respond to these developments and will build on my previous essay "Bill C-32 and the Educational Sector: Overcoming Impediments to Fair Dealing,"<sup>4</sup> which analyzed the various educational provisions of Bill C-32<sup>5</sup> and identified various impediments to the implementation of fair dealing practices.

Taken together, the judicial and legislative events of 2012 are a watershed, representing a significant moment in Canadian copyright history. The level of activity was unprecedented, five Supreme Court decisions and a major legislative enactment coming within a few weeks of each other. At least with respect to the use of copyrighted materials in the educational and library context, the combined message from these measures is unmistakable and clear: users' rights are now firmly entrenched as core principles in Canadian copyright law, and the central policy tool to realize this principle is fair dealing.

In the two decisions directly treating fair dealing, *Alberta (Education) v Access Copyright [Alberta (Education)]*<sup>6</sup> and *SOCAN v Bell Canada [Bell]*,<sup>7</sup> the Court has not only reaffirmed the strong users' rights-oriented policy language from *CCH Canadian v Law Society of Upper Canada [CCH]*,<sup>8</sup> but has also provided further guidance in applying the different levels of fair dealing analysis. And in a third case, *ESA v SOCAN [ESA]*,<sup>9</sup> the Court gave a strong endorsement to the principle of technological neutrality, which should have positive implications in the educational sector where the use of emerging technologies and new media is prevalent.

To the extent that uncertainty was a material impediment to the implementation and realization of fair dealing in the period following the *CCH* decision, these concerns should now be behind us. Between the addition of "education" to the statutory fair dealing categories, and the guidance found in the case law, uncertainty can no longer suffice as a justification for putting off the adoption of robust fair dealing practices any longer.

Yet, the full realization of the benefits of these developments still faces substantial barriers and obstacles at Canadian colleges and universities. Uncertainty aside, other problems persist and need to be addressed. In *Overcoming Impediments*, I argued that

In the increasingly complex web of Canadian educational copyright policy, there remain serious impediments, or counter-factors, to the realization of fair dealing as a substantive users' right, at least insofar as it is formally recognized and incorporated into the reality of everyday practice. These impediments include the risk aversion of educational administrators, the aggressive overreaching of content owners and their representatives; and the general lack of understanding about basic copyright rights and obligations. Taken together, they have frustrated the implementation of a unanimous SCC decision for over six years.<sup>10</sup>

Similarly, Meera Nair conducted extensive research on the copyright policies of Canadian universities in the years following *CCH* and concluded that

[I]t does not appear that Canadian universities have placed a priority upon codifying robust fair dealing practices.... Some institutions have diminished the role of fair dealing, favouring instead a system of permission (and potential payment) for inclusion of material that would legitimately sit as fair dealing. Despite five years of incubation, *CCH Canadian* has not, to any appreciable degree, taken root in the Canadian university landscape.<sup>11</sup>

While there is now increasing reason for cautious optimism, the problems of undue risk aversion, overreaching on the part of content owners, and an inadequate understanding of copyright throughout the academy continue to persist, and so each factor must be addressed in an affirmative manner. The impacts of these problems are cumulative and mutually reinforcing; together they form a vicious cycle that results in an overreliance on unnecessary licences and a general deference to a permissions culture. This situation is not conducive to achieving the fair dealing policies that are justified under the current state of Canadian law, and they present harmful barriers to teaching, learning and research. The purpose of this chapter, then, is first to review and analyze the current state of the law, and second to apply this understanding to institutional copyright policies, alleviating all three prongs of the problem, and working toward the realization of reflexive and conscious fair dealing practices.

Two interrelated actions are suggested, both of which are achievable on a local level. First, those schools that have entered into the AUCC-Access Copyright Model License<sup>12</sup> (or a similar arrangement) should terminate the agreement at the earliest possible opportunity. Second, local campus fair dealing guidelines should be crafted that provide useful guidance to academic staff and students about their copyright rights and obligations, but that also avoid bright-line rule making that has plagued past efforts at drafting copyright policies. Before turning to these measures, the July 2012 rulings will be reviewed and analyzed as they pertain to the issues of educational fair dealing.

## Fair Dealing Analysis under CCH and the Pentalogy

Since the *Copyright Act* sets out fair dealing in sections 29, 29.1 and 29.2 as an exception to infringement,<sup>13</sup> but does not provide a further definition, its interpretation has been left to the courts.<sup>14</sup> Historically, fair dealing had been narrowly construed by the courts and was generally a disfavoured concept.<sup>15</sup> But the judicial hostility to fair dealing was reversed in *CCH* by the Court of Appeal in 2002<sup>16</sup> and again by a unanimous Supreme Court.<sup>17</sup> In the landmark 2004 holding that fair dealing was an important users' right, and not just a technical defense to copyright infringement, the Supreme Court set out a two-part analysis for determining whether fair dealing would apply in any particular situation. In the first stage, the party claiming fair dealing must come within one of the categories specified in the *Copyright Act* (which had been research, private study, criticism, review or news reporting). If the first step is satisfied, then the six fair dealing criteria are applied in order to determine whether the infringement should be excused.

At the first level of analysis, the *CCH* court held that the category of research should be given a "large and liberal interpretation in order to ensure that users' rights are not unduly constrained."<sup>18</sup> In *Bell*, the issue at the threshold level of analysis was also whether the previews were provided for the allowable purpose of "research" under the first step of the *CCH* fair dealing test.<sup>19</sup>

While SOCAN took the position that the provision of the previews did not constitute "research" within the meaning of section 29,<sup>20</sup> the Copyright Board, the Court of Appeal and the Supreme Court all disagreed. SOCAN had argued that research should be limited to "the systematic investigation into and study of materials and sources in order to establish facts and reach new conclusions" and that "the goal of the 'research' must be for the purpose of making creative works, since only uses that contribute to the creative process are in the public interest."<sup>21</sup> SOCAN further argued that "the purpose of 'research' should have been analysed from the perspective of the online service provider and not the consumer [and that] [f]rom this perspective, the purpose of the previews was not 'research', but to sell permanent downloads of the musical works."<sup>22</sup> In rejecting SOCAN's position on the meaning of research, the Court stated:

Limiting research to creative purposes would also run counter to the ordinary meaning of “research”, which can include many activities that do not demand the establishment of new facts or conclusions. It can be piecemeal, informal, exploratory, or confirmatory. It can in fact be undertaken for no purpose except personal interest. It is true that research can be for the purpose of reaching new conclusions, but this should be seen as only one, not the primary component of the definitional framework.<sup>23</sup>

The court also rejected SOCAN’s position on the frame of reference issue, stating that “[t]he provider’s purpose in making the works available is therefore not the relevant perspective at the first stage of the fair dealing analysis.”<sup>24</sup> From the end user’s perspective, “consumers used the previews for the purpose of conducting research to identify which music to purchase, purchases which trigger dissemination of musical works and compensation for their creators, both of which are outcomes the *Act* seeks to encourage.”<sup>25</sup>

In *Alberta (Education)*, it was common ground that the first prong had been satisfied and that the issues revolved around applying the six fair dealing criteria.<sup>26</sup>

Especially now with the addition of education, parody and satire as allowable fair dealing categories, it is increasingly likely that the fair dealing claimant will be successful at this first, threshold level of analysis. The court in *Bell* explicitly stated that “[i]n mandating a generous interpretation of the fair dealing purposes, including ‘research’, the Court in *CCH* created a relatively low threshold for the first step so that the analytical heavy-hitting is done in determining whether the dealing was fair.”<sup>27</sup>

Turning to the second prong of analysis, the *Bell* court had little trouble finding that on balance, the six factors favoured a finding of fair dealing. On the first factor, the purpose of the dealing, the Court reiterated that the relevant frame of reference is that of the end user; “the predominant perspective in this case is that of the ultimate users of the previews, and *their* purpose in using previews was to help them research and identify musical works for online purchase.”<sup>28</sup> With respect to the amount of the dealing, SOCAN argued that the Board

should have applied an aggregate approach: that is, looking at the significant amount of the previews streamed by consumers in their totality. Again, the Court rejected SOCAN's approach:

Since fair dealing is a “user’s” right, the “amount of the dealing” factor should be assessed based on the individual use, not the amount of the dealing in the aggregate. The appropriate measure under this factor is therefore, as the Board noted, the proportion of the excerpt used in relation to the whole work. That, it seems to me, is consistent with the Court’s approach in *CCH*, where it considered the Great Library’s dealings by looking at its practices as they related to specific works requested by individual patrons, not at the total number of patrons or pages requested. The “amount of the dealing” factor should therefore be assessed by looking at how each dealing occurs on an individual level, not on the aggregate use.<sup>29</sup>

With respect to the final factor, the effect of the dealing on the work, the Court was dismissive of SOCAN's position. Noting that the previews were of short duration and degraded quality, the Court stated: “it can hardly be said that previews are in competition with downloads of the work itself,”<sup>30</sup> and that “since the effect of previews is to *increase* the sale and therefore the dissemination of copyrighted musical works thereby generating remuneration to their creators, it cannot be said that they have a negative impact on the work.”<sup>31</sup> The court was unanimous in its holding that the Board properly applied the fair dealing tests.

The companion case arising out of the contested K-12 reproduction tariff was a more difficult case. Both the Copyright Board and the Court of Appeal agreed with Access Copyright's position that the photocopying of texts in question did not constitute fair dealing. But the Supreme Court majority found numerous errors in the Board's approach, which rose to the level of being unreasonable and reversed the Board and the Court of Appeal. In this case, it was common ground that the first prong of the *CCH* test had been satisfied; the attention of the Court turned to the evaluation of the six fair dealing

factors under its second prong. The issue before the Court was the fair dealing status of copies of works made at the teachers' initiative, with instructions to students that they read the material.<sup>32</sup>

In asserting that the first fair dealing factor, the purpose of the dealing, did not favour the schools, Access Copyright had relied on three commonwealth cases where attempts by fair dealing claimants to invoke private study by standing in the shoes of end users had been rejected. In both *Sillitoe v McGraw-Hill*<sup>33</sup> and *University of London Press v University Tutorial Press*<sup>34</sup> commercial publishers sought to invoke the private study prong of fair dealing on behalf of their student customers. The third case, *Copyright Licensing Ltd. v University of Auckland*<sup>35</sup> involved a university providing course packs for students. While the Copyright Board and the Court of Appeal agreed with Access Copyright, the Supreme Court declined to follow these precedents because they “do not stand for the proposition that ‘research’ and ‘private study’ are inconsistent with instructional purposes, but for the principle that copiers cannot camouflage their own distinct purpose by purporting to conflate it with the research or study purposes of the ultimate user.”<sup>36</sup> In rejecting Access Copyright’s artificial separation between the purposes of teachers and their students, the Court put to rest the notion that private study is somehow vitiated in the case of required readings. The court noted that “photocopies made by a teacher and provided to primary and secondary school students are an essential element in the research and private study undertaken by those students.”<sup>37</sup> While the same result should apply in the post-secondary sector, the expansion of the fair dealing categories to include “education” renders the issue of the fine-line distinction between private study and instruction as irrelevant, since required readings would certainly come within the scope of “education” even if a narrow interpretation had been applied to “private study.”

It is important to bear in mind that Access Copyright’s position on the narrow scope of “private study” was not only upheld by the Copyright Board<sup>38</sup> and the Federal Court of Appeal,<sup>39</sup> but the private study/instruction dichotomy was also incorporated into the Fair Dealing Policy issued by the Association of Universities and Colleges of Canada (AUCC) in December 2010<sup>40</sup> and subsequently adopted by

many colleges and universities.<sup>41</sup> The AUCC policy explicitly stated that it “does not permit making copies for sale to students in course packs, making copies of required readings for library reserve, or posting copies on course management systems, e.g., Blackboard, or on course websites.”<sup>42</sup>

With respect to the first fair dealing factor, purpose of the dealing, the Alberta majority applied the *CCH* criteria in a flexible and liberal manner, concluding that

the word “private” in “private study” should not be understood as requiring users to view copyrighted works in splendid isolation. Studying and learning are essentially personal endeavours, whether they are engaged in with others or in solitude. By focusing on the geography of classroom instruction rather than on the *concept* of studying, the Board again artificially separated the teachers’ instruction from the students’ studying.<sup>43</sup>

Before turning to the other grounds on which the Court found the Board’s decision to be unreasonable, a close reading of Abella J’s reasoning on the first factor is warranted:

Teachers have no ulterior motive when providing copies to students. Nor can teachers be characterized as having the completely separate purpose of “instruction”; they are there to facilitate the students’ research and private study. It seems to me to be axiomatic that most students lack the expertise to find or request the materials required for their own research and private study, and rely on the guidance of their teachers. They study what they are told to study, and the teacher’s purpose in providing copies is to enable the students to have the material they need for the purpose of studying. The teacher/copier therefore shares a symbiotic purpose with the student/user who is engaging in research or private study. Instruction and research/private study are, in the school context, tautological.<sup>44</sup>



The Board's approach, on the other hand, drives an artificial wedge into these unified purposes by drawing a distinction between copies made by the teacher at the request of a student (Categories 1-3), and copies made by the teacher without a prior request from a student (Category 4).<sup>45</sup>

This passage explicitly rejects the private study-instruction dichotomy and demonstrates the majority's insights into the educational processes of teaching and learning and its relationships with instructional materials. Going forward, this holistic understanding of teaching and learning should have significant implications for the development of educational fair dealing policies. Instructors and librarians have always understood this holistic relationship between teaching, learning and educational materials; these insights need to be better reflected in institutional copyright policies.

The court found the Copyright Board's decision unreasonable on other grounds as well. On the "amount of the dealing" factor, the Board found that if a teacher had repeatedly copied from the same book, making a set shared by more than one class or by many students in the same class, this tended to make the dealing unfair. The court disagreed with this approach because, as with the music previews in *Bell*, the relevant frame of reference is that of the ultimate end user, here the students. The court found that "teachers do not make multiple copies of the class set for their own use, they make them for the use of the *students*"<sup>46</sup> and that in assessing the "amount" factor, the proper inquiry is not "based on aggregate use, it is an examination of the proportion between the excerpted copy and the entire work, not the overall quantity of what is disseminated."<sup>47</sup>

The court also found the Board's approach to the "alternatives to the dealing" factor was unreasonable. The Board found that the schools had an alternative to the copying in that they could have purchased more books. But the Court found that "buying books for each student is not a realistic alternative to teachers copying short excerpts to supplement student textbooks" and that making copies of short excerpts was "reasonably necessary to achieve the ultimate purpose of the students' research and private study."<sup>48</sup>

Finally, the Court also disagreed with the Board's approach to the final factor, "effect of the dealing on the work." While Access Copyright claimed that this factor weighed against fair dealing because of the diminution of text sales over the last twenty years, there was no evidence presented linking this decline in sales to the photocopying practices of teachers. Nonetheless, the Board found that the impact of photocopies competed with the original texts enough to make the dealing unfair. In reversing this finding, the Court observed that "other than the bald fact of a decline in sales over twenty years, there is no evidence from Access Copyright demonstrating any link between photocopying short excerpts and the decline in textbook sales."<sup>49</sup>

The court remanded the case back to the Copyright Board for a new determination consistent with the ruling. Access Copyright quite predictably tried to minimize the effect of the ruling and argued that the Supreme Court's decision left open questions of fact to be determined in order to properly recalculate the tariff on remand. They even made the rather remarkable claim that "[i]n its decision, the Supreme Court did not conclude that the copying at issue was 'fair' under the terms of the *Copyright Act*."<sup>50</sup> But the Copyright Board disagreed, indicating that "[t]he decision of the Supreme Court is clear and leaves no room for interpretations: based on the record before the Board and the findings of fact of the Supreme Court, Category 4 copies constitute fair dealing for an allowable purpose and as such, are non-compensable."<sup>51</sup>

Before moving on, the implications from a third case from the pentalogy, *ESA*,<sup>52</sup> will be briefly addressed. This appeal also arose from a contested tariff application from SOCAN at the Copyright Board. SOCAN was seeking compensation for musical works downloaded on the Internet under the communication to the public by telecommunication right in section 3(1)(f) of the *Copyright Act*. The Entertainment Software Association, representing producers of video games that incorporate musical works into their games, objected to additional compensation for downloads of musical works under the communication right on various grounds, including that under general industry practice, the reproduction rights to the musical works are separately cleared. The Copyright Board agreed with SOCAN and certified a tariff,<sup>53</sup> and the decision was upheld on appeal.<sup>54</sup> The

Supreme Court reversed, holding that “the Board’s conclusion that a separate, ‘communication’ tariff applied to downloads of musical works violates the principle of technological neutrality, which requires that the *Copyright Act* apply equally between traditional and more technologically advanced forms of the same media....”<sup>55</sup>

The court pointed to the disparity that had been created between buying a physical copy in a store and downloading the same game on the Internet:

there is no practical difference between buying a durable copy of the work in a store, receiving a copy in the mail, or downloading an identical copy using the Internet. The Internet is simply a technological taxi that delivers a durable copy of the same work to the end user.<sup>56</sup>

...

SOCAN has never been able to charge royalties for copies of video games stored on cartridges or discs, and bought in a store or shipped by mail. Yet it argues that identical copies of the games sold and delivered over the Internet are subject to *both* a fee for reproducing the work *and* a fee for communicating the work. The principle of technological neutrality requires that, absent evidence of Parliamentary intent to the contrary, we interpret the *Copyright Act* in a way that avoids imposing an additional layer of protections and fees based solely on the *method of delivery* of the work to the end user. To do otherwise would effectively impose a gratuitous cost for the use of more efficient, Internet-based technologies.<sup>57</sup>

While fair dealing was not at issue in *ESA*, and while the controversy did not arise in the educational sector, the decision could have broad implications for educational fair dealing analysis in the future. The court’s insistence that the *Copyright Act* be interpreted in such a way as to avoid additional copyright protections and fees based on methods of delivery was stated in the most general of terms. The ruling was not limited to the delivery of online video games, and

should be equally applicable to the online delivery of course materials as well as online instruction itself. Just as a different result should not arise between purchasing a video game at a physical retail store and downloading the same content from the Internet, the same principle should apply to photocopying course instructional materials in the library or over a network. The same principles should apply to a course pack regardless of whether a paper copy is purchased in a bookstore or delivered online, as well as to classroom instruction regardless of whether it takes place in a physical classroom or online. This is not to say that technology-enhanced learning or online dissemination of course readings should obtain any special status or privilege. But for the purpose of fair dealing analysis, there should be an even playing field with traditional instructional methods. The decision of how to use technology-enhanced learning should not be driven by copyright concerns, any more than the decision to purchase a video game online or in a store should be.

Overall, the pentalogy demonstrates a strong and ongoing endorsement of the principles established in *CCH*. In addition to providing historical continuity to the general concept of users' rights, these decisions provide further guidelines in applying the different levels of fair dealing analysis, which should help clarify and guide future fair dealing determinations. This guidance comes at an important juncture, as many institutions continue to exhibit uncertainty and undue caution in the face of continuing pressure from rights holders.

To summarize, several clear principles emerge from these cases, which should help guide the development of educational fair dealing policies in the future.

First, at the initial level of fair dealing analysis, there is now a very low threshold in terms of coming within one of the enumerated statutory categories. This result will be even more pronounced with the addition of education, parody and satire as fair dealing categories. It has become clear that even without the addition of the words "such as" to section 29 of the *Copyright Act*, the "analytical heavy-hitting" will be done as part of the factual analysis looking at the six individual fair dealing factors in the second prong of fair dealing analysis.

Second, with respect to the first fair dealing category, which takes a deeper look at the purpose of the dealing, the point of view of the end user is the proper frame of analysis. In schools, this means looking at the use by the students, and in libraries it means looking at the use by the patrons. It is also now clear that artificial distinctions, like whether an instructor has required a reading, are not determinative, as assigning a reading does not preclude private study.

Third, determinations about the amount of the dealing should be assessed by looking at how each dealing occurs on an individual level, not on aggregate use. The issue of whether to adopt the *aggregate versus individual* point of view has been a highly disputed point, with the collectives pushing for the user-disabling aggregate approach. The individual approach, which was endorsed in both *Alberta (Education)* and *Bell*, keeps the control localized in the hands of the end user, who is best able to make reasonable assessments under this factor. This user-centric approach is most conducive to the establishment of local fair dealing policies that are based on actual practices and are understandable to end users.

Like the first factor, the Court has stressed that since fair dealing is a users' right, a user-centred inquiry should prevail.

Fourth, on the alternatives to the dealing factor, fair dealing claimants are not expected to bear unreasonable burdens or expenses. In *Alberta*, the suggested alternative of simply purchasing more texts was dismissed as unreasonable. The court has been consistent on this factor, the *CCH* court having stated that the availability of a licence is not relevant.<sup>58</sup> Finally, and with respect to the last factor, the effect of the dealing on the work, both *Alberta (Education)* and *Bell* hold that demonstrable harm needs to be shown in order to turn this factor against the fair dealing claimant. Simply making generalizations about lost sales due to copying will not suffice to defeat a particular fair dealing claim.

Finally, with respect to all of the fair dealing factors, the principle of technological neutrality can be used to help justify new practices that make use of emerging technologies and new media in a beneficial manner.

## Moving Forward after the Pentalogy

As Canada's colleges and universities move forward in their development of new copyright policies, a thorough understanding of the implications of the pentalogy, together with its relationship to the new provisions of the *Copyright Act*, are essential. At the present time, there are two interrelated issues that warrant the immediate attention of the educational community. The first involves the ongoing proceedings at the Copyright Board with respect to Access Copyright's proposed post-secondary tariff,<sup>59</sup> as well as the ongoing debate over the ensuing licences between Access Copyright and various individual institutions.<sup>60</sup> While a full discussion of the scope of the Proposed Tariff and the ensuing licences as well as the various grounds of objection that have been raised,<sup>61</sup> is beyond the scope of this chapter, the local decisions that are made on these issues will have an important bearing on how fair dealing policies will unfold on these campuses in the future. The AUCC Model License agreements have termination dates of December 2015, whereas the University of Western Ontario and University of Toronto agreements have an earlier termination date of December 2013.

The second interrelated issue concerns the development, implementation and evaluation of institutional fair dealing guidelines. As indicated earlier in this essay, AUCC released a set of fair dealing guidelines in December 2010<sup>62</sup>; these were followed by a very divergent set of guidelines from the Canadian Association of University Teachers (CAUT) in April 2011.<sup>63</sup> After the pentalogy, a new set of guidelines is emerging, including entries from Association of Canadian Community Colleges (ACCC)<sup>64</sup> and the University of Toronto,<sup>65</sup> and there does seem to be a growing consensus about the content of the guidelines.<sup>66</sup> Comparing these emerging policies with the scope of the permissions granted by Access Copyright under the Proposed Tariff and the various licences indicates enough of an equivalency to suggest that Access Copyright is simply granting back permission to make copies that are already permitted under fair dealing. The Access Copyright licence says that “[s]ubject to compliance with each of the conditions in Sections 4 and 5, this tariff entitles an Authorized Person for Authorized Purposes only, to

- (a) make a Copy of up to ten per cent (10%) of a Repertoire Work;
- (b) make a Copy of up to twenty per cent (20%) of a Repertoire Work only as part of a Course Collection; or
- (c) make a Copy of a Repertoire Work that is
  - (i) an entire newspaper or periodical article or page,
  - (ii) a single short story, play, poem, essay or article,
  - (iii) an entire entry from an encyclopaedia, annotated bibliography, dictionary or similar reference work,
  - (iv) an entire reproduction of an artistic work (including a drawing, painting, print, photograph and reproduction of a work of sculpture, an architectural work of art and a work of artistic craftsmanship), and
  - (v) one chapter, provided it is no more than twenty per cent (20%) of a book.

Even before the pentalogy, several institutions questioned the value of the AUCC Model License. Memorial University emphasized this point in its announcement that it would not be signing the license, stating, “[a] dominant theme running through all discussions, consultations and feedback on this issue was the absence of a compelling value proposition for Memorial under the proposed licensing terms.”<sup>67</sup> Similarly, in its announcement rejecting the AUCC Model License, the University of British Columbia stated:

The AUCC model license only permits copying of up to 10% of a work (20% in case of course packs) and only with respect to a narrow repertoire that is almost exclusively print-based. Therefore, the license would not be cost-effective for UBC and does not absolve faculty members and students from the need to respect the legal rights of copyright owners.<sup>68</sup>

In order for collective licensing to maintain relevance in the Canadian educational sector, collectives must offer licensing options that provide additional value to institutions and end users. The level of general permissions must clearly go beyond what is already permitted under fair dealing, and institutions should be encouraged to obtain transactional licences where they are needed.

With the benefit of the pentalogy rulings and the passage of Bill C-11 with educational fair dealing intact, the task facing Canadian educational institutions is clear. Schools that have already entered into licence agreements with Access Copyright should terminate them at the earliest possible opportunity, and guidelines for campus copyright practices should be crafted. These guidelines should provide useful guidance to academic staff and students about their copyright rights and obligations, but should also be flexible enough to accommodate the varied instances in which fair dealing might arise.

In March 2014 we will celebrate the tenth anniversary of the *CCH* decision. It would be fitting to have robust fair dealing policies and practices in place by that time that reflect the true meaning of the decision, and that empower academic staff and students to become conscious practitioners of fair copyright practices.




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<sup>1</sup> *Entertainment Software Association v Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 34, [2012] 2 SCR 231 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9994/index.do>> [ESA]; *Rogers Communications Inc. v Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 35, [2012] 2 SCR 283 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9995/index.do>>; *Society of Composers, Authors and Music Publishers of Canada v Bell Canada*, 2012 SCC 36, [2012] 2 SCR 326 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9996/index.do>> [Bell]; *Alberta (Education) v Canadian Copyright Licensing Agency (Access Copyright)*, 2012 SCC 37, [2012] 2 SCR 345 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9997/index.do>> [Alberta (Education)]; *Re:Sound v Motion Picture Theatre Associations of Canada*, 2012 SCC 38, [2012] 2 SCR 376 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9999/index.do>> [Re:Sound] [the pentalogy].



<sup>2</sup> *Copyright Modernization Act*, SC 2012, c 20 <[http://laws-lois.justice.gc.ca/eng/AnnualStatutes/2012\\_20/FullText.html](http://laws-lois.justice.gc.ca/eng/AnnualStatutes/2012_20/FullText.html)> [Bill C-11].

<sup>3</sup> *Copyright Act*, RSC 1985, c C-42 <<http://laws.justice.gc.ca/en/C-42/>>.

<sup>4</sup> Samuel E. Trosow, “Bill C-32 and the Educational Sector: Overcoming Impediments to Fair Dealing” in Michael Geist, ed, *From “Radical Extremism” to “Balanced Copyright”: Canadian Copyright and the Digital Agenda* (Toronto: Irwin Law, 2010) 541 (analyzing the educational provisions of Bill C-32 and identifying various impediments to the implementation of robust fair dealing policies in the Canadian colleges and universities) [Trosow, *Overcoming Impediments*].

<sup>5</sup> The provisions of Bill C-32, *An Act to amend the Copyright Act*, 3rd Sess, 40th Parl, 2010 <<http://www.parl.gc.ca/HousePublications/Publication.aspx?Language=E&Mode=1&DocId=4580265&Col=2&File=4>> [Bill C-32] was carried forward into the text of Bill C-11, which was ultimately enacted.

<sup>6</sup> *Alberta (Education)*, *supra* note 1.

<sup>7</sup> *Bell*, *supra* note 1.

<sup>8</sup> *CCH Canadian Ltd. v Law Society of Upper Canada*, 2004 SCC 13, [2004] 1 SCR 339 <<http://www.canlii.org/en/ca/scc/doc/2004/2004scc13/2004scc13.html>> [CCH].

<sup>9</sup> *ESA*, *supra* note 1.

<sup>10</sup> Trosow, *Overcoming Impediments*, *supra* note 4 at 542.

<sup>11</sup> Meera Nair, “Fair Dealing at a Crossroads” in Michael Geist, ed, *From “Radical Extremism” to “Balanced Copyright”: Canadian Copyright and the Digital Agenda* (Toronto: Irwin Law, 2010) 90 at 101.

<sup>12</sup> “AUCC Model License April 2012” (April 2012) <[http://www.caut.ca/uploads/Model\\_License\\_Agreement\\_AC.pdf](http://www.caut.ca/uploads/Model_License_Agreement_AC.pdf)>. Neither Access Copyright nor AUCC have visibly posted a copy of the agreement on their website.

<sup>13</sup> The original Canadian *Copyright Act* of 1921 (SC 1921, c 24) contained a fair dealing provision that was based on the U.K. *Copyright Act* of 1911. Section 16(i) (corresponding to s 2.1(i) of the UK *Act*), provided that “any fair dealing with any work for the purposes of private study, research, criticism, review, or newspaper summary” did not constitute an infringement of copyright.

<sup>14</sup> Efforts to add further definition of the concept to the *Act* had not been successful. While the 1984 report by Consumer and Corporate Affairs Canada, *From Gutenberg to Telidon: A White Paper on Copyright: Proposals for the Revision of the Canadian Copyright Act* suggested that the fair dealing provisions be amended to better define the doctrine and provide a list of factors to be considered in determining whether a particular use was fair, the proposal was rejected by a Parliamentary Committee the next year. (See House of Commons, Standing Committee on Communications and Culture, *A Charter of Rights for Creators, Report of the Sub-Committee on the Revision of Copyright* (1985)). The White Paper’s proposals were not incorporated into the Phase I amendments of 1988, nor was fair dealing covered in the Phase II amendments of 1997. In the recently completed round of copyright amendments, Parliament also declined to provide further definition to fair dealing, despite being

requested to do so from stakeholders on both sides of the issue.

<sup>15</sup> This attitude was reflected in the 1999 trial court decision in *CCH Canadian Ltd. v Law Society of Upper Canada*, [2000] 2 FC 451, 179 DLR (4th) 609 <<http://www.canlii.org/en/ca/fct/doc/1999/1999canlii7479/1999canlii7479.html>> which rejected fair dealing as a defense. The court applied a strict construction to the category of research and finding that the Library's copying was not for an allowable purpose as they were not the ones actually engaged in the research. See Denis S Marshall, "First Impressions of a Troubling Case: Some Comments on *CCH Canadian Limited v the Law Society of Upper Canada*" (2000) 25:1 Can L L 18.

<sup>16</sup> *CCH Canadian Ltd. v Law Society of Upper Canada*, 2002 FCA 187, [2002] 4 FC 213 <<http://www.canlii.org/en/ca/fca/doc/2002/2002fca187/2002fca187.html>>.

<sup>17</sup> *CCH*, *supra* note 8.

<sup>18</sup> *Ibid* at para 51.

<sup>19</sup> *Bell*, *supra* note 1 at para 15. The service providers gave consumers the ability to listen to free "previews" of works before deciding on a purchase. SOCAN sought compensation for these previews in addition to what would be paid for the download (*ibid* at para 3).

<sup>20</sup> *Ibid* at para 19.

<sup>21</sup> *Ibid* at para 20.

<sup>22</sup> *Ibid* at para 19.

<sup>23</sup> *Ibid* at para 22.

<sup>24</sup> *Ibid* at para 28.

<sup>25</sup> *Ibid* at para 30.

<sup>26</sup> See *Alberta (Education)*, *supra* note 1 at para 14.

<sup>27</sup> *Bell*, *supra* note 1 at para 27. See also Michael Geist, "Has Canada Effectively Shifted from Fair Dealing to Fair Use?", Michael Geist Blog (13 July 2012) <<http://www.michaelgeist.ca/content/view/6589/125/>>.

<sup>28</sup> *Bell*, *supra* note 1 at para 34.

<sup>29</sup> *Ibid* at para 41.

<sup>30</sup> *Ibid* at para 48.

<sup>31</sup> *Ibid*.

<sup>32</sup> The other categories of copies, those that were made by the teachers for their own use and those that were made at the request of the students, were considered fair dealing and were not in issue.

<sup>33</sup> *Sillitoe v McGraw-Hill Book Company (U.K.) Ltd.*, [1983] FSR 545 (Ch D) (commercial sale of study notes incorporating substantial portions of copyrighted works to students did not qualify as private study).

<sup>34</sup> *University of London Press, Ltd. v University Tutorial Press, Ltd.*, [1916] 2 Ch 601 (commercial sale of publication of old exams to students did not qualify as private study).

<sup>35</sup> *Copyright Licensing Ltd. v University of Auckland*, [2002] 3 NZLR 76 (HC) (sale of course packs by university to students did not qualify as private study).

<sup>36</sup> *Alberta (Education)*, *supra* note 1 at para 21.

<sup>37</sup> *Ibid* at para 25.

<sup>38</sup> *Re Statement of Royalties To Be Collected By Access Copyright For The Reprographic Reproduction, In Canada, of Works In Its Repertoire (Educational institutions – 2005-2009)* (17 July 2009) (CB) <<http://cb-cda.gc.ca/decisions/2009/Access-Copyright-2005-2009-Schools.pdf>>.

<sup>39</sup> *Alberta (Education) v Access Copyright*, 2010 FCA 198, [2011] 3 FCR 223 <<http://www.canlii.org/en/ca/fca/doc/2010/2010fca198/2010fca198.html>>.

<sup>40</sup> See “Fair Dealing Policy With Intro” (22 December 2010) <<http://www.scribd.com/doc/45806217/Fair-Dealing-Policy-With-Intro-December-22-2010>> [AUCC Policy] (containing AUCC’s cover memo). See also University of Regina, “Fair Dealing Policy” (March 2011) <<http://www.uregina.ca/copyright/assets/docs/pdf/fair-dealing-policy-revised-march-2011.pdf>> (adopting the policy with the cover memo) and York University, “Copyright @ York » Fair Dealing Guidelines (AUCC)” <<http://copyright.info.yorku.ca/fair-dealing-guidelines/>> (adopting the text of the guidelines without the memo) (all accessed 28 November 2012).

<sup>41</sup> The matter of the AUCC Fair Dealing Guidelines, including its current status, will be further discussed in the next section.

<sup>42</sup> AUCC Policy, *supra* note 40 (see cover sheet at fifth paragraph). It is likely only a matter of time for this aspect of the AUCC policy to be explicitly withdrawn, not only by AUCC but also by the institutions that adopted it. Unfortunately, AUCC has never actually posted its fair dealing guidelines to its publicly available website so one must rely on other documentation for evidence of its position. As of 24 March 2013, there is not even an acknowledgement of the pentology on the AUCC website.

<sup>43</sup> *Alberta (Education)*, *supra* note 1 at para 27.

<sup>44</sup> *Ibid* at para 23.

<sup>45</sup> *Ibid* at para 24.

<sup>46</sup> *Ibid* at para 29.

<sup>47</sup> *Ibid*. The court further noted that a quantification of the aggregate amount was relevant under the “character of the dealing factor” and had already been considered there. In reapplying this aggregate factor, the Board had erroneously conflated the two criteria (*ibid* at para 30).

<sup>48</sup> *Ibid* at para 32.

<sup>49</sup> *Ibid* at para 35. It should be noted that the dissent agreed with the majority on this last point regarding the unreasonable nature of the Board’s conclusion on this factor (*ibid* at para 57).

<sup>50</sup> Access Copyright, “Impact of Supreme Court Copyright Decision Limited to Small Proportion of Copying in Schools, Access Copyright Says” (12 July 2012) <[http://accesscopyright.ca/media/28161/impact\\_of\\_supreme\\_court\\_copyright\\_decision\\_limited\\_to\\_small\\_proportion\\_of\\_copying\\_in\\_schools.pdf](http://accesscopyright.ca/media/28161/impact_of_supreme_court_copyright_decision_limited_to_small_proportion_of_copying_in_schools.pdf)>. In response

to this claim, see Howard Knopf, “Access Copyright’s Fantasy of a ‘Seven Per Cent Solution’”, Excess Copyright Blog (23 July 2012) <<http://excesscopyright.blogspot.ca/2012/07/access-copyrights-fantasy-of-seven-per.html>>.

<sup>51</sup> See “Ruling of the Board” (19 September 2012) (CB) <<http://www.cb-cda.gc.ca/avis-notice/index-e.html#access3-19092012>>.

<sup>52</sup> ESA, *supra* note 1.

<sup>53</sup> *Re Tariff No. 22.A (Internet—Online Music Services) 1996-2006* (18 October 2007) (CB) <<http://www.cb-cda.gc.ca/decisions/2007/20071018-m-e.pdf>>.

<sup>54</sup> *Entertainment Software Association and the Entertainment Software Association of Canada v CMRRA/SODRAC Inc.*, 2010 FCA 221 <<http://canlii.org/en/ca/fca/doc/2010/2010fca221/2010fca221.html>>.

<sup>55</sup> ESA, *supra* note 1 at para 5.

<sup>56</sup> *Ibid.*

<sup>57</sup> *Ibid* at para 9.

<sup>58</sup> In *CCH*, *supra* note 8 at para 70, the Court stated that: “The availability of a licence is not relevant to deciding whether a dealing has been fair. As discussed, fair dealing is an integral part of the scheme of copyright law in Canada. Any act falling within the fair dealing exception will not infringe copyright. If a copyright owner were allowed to license people to use its work and then point to a person’s decision not to obtain a licence as proof that his or her dealings were not fair, this would extend the scope of the owner’s monopoly over the use of his or her work in a manner that would not be consistent with the *Copyright Act*’s balance between owner’s rights and user’s interests.”

<sup>59</sup> “Statement of Proposed Royalties to Be Collected by Access Copyright for the Reprographic Reproduction, in Canada, of Works in its Repertoire” (2010) C Gaz I, vol 144, no 24 <<http://www.gazette.gc.ca/rp-pr/p1/2010/2010-06-12/html/sup1-eng.html>> [Proposed Tariff].

<sup>60</sup> In January 2012, Access Copyright entered into separate license agreements with the University of Toronto and the University of Western Ontario, the terms of which were substantially similar to the proposed tariff. AUCC and ACCC subsequently reached agreements with Access Copyright for a “Model License”. See Samuel E Trosow, Scott Armstrong & Brent Harasym, “Objections to the Proposed Access Copyright Post-Secondary Tariff and its Progeny Licenses: A Working Paper” (14 August 2012) <<http://ir.lib.uwo.ca/fimspub/24/>>. See also Howard Knopf, “U of T and Western Capitulate to Access Copyright”, Excess Copyright Blog (31 January 2012) <<http://excesscopyright.blogspot.com/2012/01/u-of-t-and-western-capitulate-to-access.html>>; Samuel Trosow, “Toronto and Western sign licensing agreement with Access Copyright”, Sam Trosow Blog (31 January 2012) <<http://samtrosow.ca/content/view/112/2/>>, and Ariel Katz “Governance Issues: The UofT-Access Copyright Agreement”, Ariel Katz Blog (12 February 2012) <<http://arielkatz.org/governance-issues-the-uoft-access-copyright-agreement/>>.

<sup>61</sup> For objections to the proposed tariff, see Glen Bloom, “AUCC Letter to Copyright

Board” (15 July 2010) <<http://www.scribd.com/doc/38477597/AUCC-Letter-to-Copyright-Board-July-15-2010>> and the joint objection filed by the Canadian Federation of Students and the Canadian Association of University Teachers, “Objection: Access Copyright Post-Secondary Educational Institution Tariff 2011-2013” (11 August 2010) <[http://caut.ca/uploads/CAUT\\_CFS\\_Objection\\_to\\_ACT.pdf](http://caut.ca/uploads/CAUT_CFS_Objection_to_ACT.pdf)>.

<sup>62</sup> See *supra* notes 40-42 and accompanying text.

<sup>63</sup> Canadian Association of University Teachers, “CAUT Guidelines for the Use of Copyrighted Material” (April 2011) <[https://www.caut.ca/uploads/Copyright\\_guidelines.pdf](https://www.caut.ca/uploads/Copyright_guidelines.pdf)>, and the revised CAUT Guidelines for the Use of Copyrighted Material (February 2013) <[https://www.caut.ca/uploads/Copyright\\_guidelines\\_2013\\_en.pdf](https://www.caut.ca/uploads/Copyright_guidelines_2013_en.pdf)>.

<sup>64</sup> Association of Canadian Community Colleges, “Fair Dealing Policy” (30 August 2012) <[http://www.michaelgeist.ca/component/option,com\\_docman/task,doc\\_download/gid,115/](http://www.michaelgeist.ca/component/option,com_docman/task,doc_download/gid,115/)>.

<sup>65</sup> University of Toronto, Office of the Vice-President and Provost, “New Fair Dealing Guidelines” (5 November 2012) <[http://www.provost.utoronto.ca/public/pdadc/2012\\_to\\_2013/26.htm](http://www.provost.utoronto.ca/public/pdadc/2012_to_2013/26.htm)>; University of Toronto, “Copyright Fair Dealing Guidelines” (November 2012) <<http://www.provost.utoronto.ca/Assets/Provost+Digital+Assets/26.pdf>>.

<sup>66</sup> See Michael Geist, “Fair Dealing Consensus Emerges Within Canadian Educational Community”, Michael Geist Blog (14 November 2012) <<http://www.michaelgeist.ca/content/view/6698/125/>>.

<sup>67</sup> Memorial University, “Memorial will not sign copyright agreement between AUCC and Access Copyright” (28 June 2012) <[http://today.mun.ca/news.php?news\\_id=7462](http://today.mun.ca/news.php?news_id=7462)>.

<sup>68</sup> University of British Columbia, “UBC is not signing a license agreement with Access Copyright” (15 May 2012) <<http://www.broadcastemail.ubc.ca/2012/05/15/ubc-is-not-signing-a-license-agreement-with-access-copyright/>>. See also University of Saskatchewan announcement of 3 July 2012, stating: “The agreement with Access Copyright is not cost effective for us given the material that is covered by the license.” University of Saskatchewan, “The U of S will not sign the Access Copyright model license” (3 July 2012) <<http://www.usask.ca/copyright/news/model-license-decision.php>>.





# Fairness of Use: Different Journeys

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## I: Introduction

Approximately ten years ago, the Supreme Court of Canada gently opened the door to a more nuanced discussion of copyright. In *Théberge v Galeries du Petit Champlain inc.* [*Théberge*] (2002), the majority opinion declared: “The Copyright Act is usually presented as a 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 proper balance] lies not only in recognizing the creator’s rights but in giving due weight to their limited nature.”<sup>2</sup> A 5-4 decision, these words might have passed into history as nothing more than a minor aberration from mainstream copyright thought. Copyright policy makers of the day were fretting over the phenomenon of file sharing, spurred on by multinational entertainment corporations gripped by a fury worthy of Dodgsonian imagination.<sup>3</sup> Yet, as the past decade has illustrated, *Théberge* marked the start of a shift in Canadian copyright policy, away from the maximalist tendencies evident at the turn of the century to broader recognition that copyright be maintained as a limited right, and that those limits be robust in order to ensure that creativity continues.

Meanwhile, some 9,000 kilometres away, another country was also resisting the trend toward absolute copyright. In fact, Israel's effort to mitigate the excesses of copyright predates that of Canada. Guidance came from the Israeli Supreme Court, with those Justices also introducing the issue slowly. While unable to excuse a commercial, satirical use of copyrighted work in 1993, the Court introduced the importance of flexibility with respect to copyright's exceptions.<sup>4</sup> The seed planted then flowered in 2007 when, with a nod to an earlier developing nation, Israel adopted fair use into its domestic law.<sup>5</sup> Canada did not follow Israel's inclination to an open-ended exception, but expanded the purposes of fair dealing in 2012.<sup>6</sup>

However, the fact remains that both countries are swimming against the global tide. Through the ever-widening scope of trade agreements, the importance of future creativity is diminished by the greater focus placed upon protecting existing assets.<sup>7</sup> This makes the Canadian and Israeli legal developments all the more important—both countries add to diversity within the international community. But a more tolerant law cannot achieve balance on its own. Fulfilling the law's potential requires achieving a wider understanding of what lies at the heart of the exception: *fairness of use*. Without such understanding, individuals, industries and institutions are timid to engage with the exception. And when the exception is not used, copyright becomes absolute by default.

The two countries make for an intriguing study. To a layman, the duo could not have been more unlikely a pair. On closer inspection, though, there are similarities. While Canada and Israel are not identical in terms of cultural substance, they resemble one other in cultural structure. By structure I refer to the role of British Imperialism in shaping the two nations, the diverse social milieu that later followed, and the presence of more than one system of law within the borders.<sup>8</sup> And although both nations later came under closer influence of the United States, each country avoided obliging all American wishes in terms of domestic copyright amendment.<sup>9</sup>

Then again, similarities only take one so far. Currently, the two Courts show differing (but complementary) trajectories via the



principles of fair use. These differences may also be explained by recourse to culture; *culture* famously decreed by Raymond Williams as one of the most complicated words in the English language. In its ideal state, fair use is entirely an outcome of culture—it is shaped by the collective distinctiveness of each nation. Decisions of fair use should be guided by the principles and customs shared within a nation.

Fair use is an imperfect instrument—in and of itself it cannot guarantee legitimate conduct in the hands of others. Yet in a world of increasingly aggressive copyright control, fair use is the last independent space<sup>10</sup> where some unauthorized uses of copyrighted material may occur. Such uses are foundational to the pursuit of creativity; whether one is the struggling author or engineer, reliance on other works is inescapable. The manner in which works will influence future efforts cannot be easily delineated and then championed—sometimes all a fair use enthusiast can do is remind readers of Sir Isaac Newton’s observation of “standing on the shoulders of giants,” or, when feeling a little donnish, quote from T.S. Eliot: “Immature poets imitate; mature poets steal; bad poets deface what they take, and good poets make it into something better, or at least something different. The good poet welds his theft into a whole of feeling which is unique, utterly different from that from which it was torn....”<sup>11</sup>

If Israel and Canada are indeed seeking the benefits allowed via a flexible exception, it will be many years before success or failure is definitively pronounced. This chapter can only set the stage from where to examine their journeys into fairness of use. Section II situates the backdrop of fair use in the American context; of particular importance is the mid-twentieth century discussion on the merits of flexibility which preceded the coding of the exception into law. Israel and Canada enter in Section III via their Supreme Courts, as each Court sought to overcome the rigidity of fair dealing as it existed in the late twentieth and early twenty-first centuries, respectively. Section IV takes a look at the more recent guidance from each Supreme Court, and Section V concludes by considering the potential for each country to make the best of its own cultural approaches to exceptions.

## II: Fair Use: A Complicated Youth

Fair use is best known by its American representation:

...the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified by that section, for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright. In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.”<sup>12</sup>

Generally speaking, this language is credited to *Folsom v Marsh* (1841)<sup>13</sup>—a case concerning two biographies of George Washington. Presiding Justice Story offered what would lead to the four factors of fair use as codified in 1976: “In short, we must often, in deciding questions of this sort, look to the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work.”<sup>14</sup> This multi-faceted approach to analysis emphasizes that questions of unauthorized use must be handled with care; there would be no easy answers. But flexibility of language was prized in the mid-twentieth century; it offered greater potential for creativity to be sheltered.

In 1958, at the behest of the Subcommittee on Patents, Trademarks, and Copyrights, Alan Latman authored a study concerning fair use and raised two questions: (i) should fair use should be codified into

law; and (ii) if so, to what detail.<sup>15</sup> His work was circulated to an advisory panel of nine copyright experts; eight argued that fair use should not be codified with any attempt at specificity.<sup>16</sup> Consensus was that the doctrine was developed by the courts, and courts should remain responsible for the scope of the doctrine. It may not have been easy for the judiciary to interpret fair use, but panel members pointed out that interpretation was necessary in other areas of law as well.<sup>17</sup> Ralph S. Brown, a staunch advocate of the rights of the individual,<sup>18</sup> illustrated both ends of the argument:

The dominant impression that emerges from Mr. Latman's helpful study is that a statutory definition of fair use is inordinately difficult. Since I, for one, regard a liberal concept of fair use as essential to our American concept of copyright, it seems in one sense an abdication of responsibility to ignore the subject in the statute. Yet the history of statutory attempts in this country, and the examples from abroad, suggest great difficulties in specifying the scope of fair use for particular situations. On the other hand, a general statutory recognition of fair use seems to add nothing to the present law as a guide for the courts. There will always be new situations and new uses arising, so that a detailed statute, even if it gave some present guidance to the courts, would be certain to fall behind the times.<sup>19</sup>

It is unsurprising, then, that when the law was codified, fair use was framed in general terms. An instructional guide prepared within the Copyright Office of the Library of Congress gives additional explanation:

Section 107 is somewhat vague since it would be difficult to prescribe precise rules to cover all situations. ...  
Section 107 makes it clear that the factors a court shall consider shall "include" [the four factors]. ... [T]he terms "including" and "such as" are illustrative and not limitative. The legislative reports state that section 107 as drafted is intended to restate the present judicial doctrine; it is not intended to change, narrow or enlarge it in any way.<sup>20</sup>

In 1985, Brown reiterated his view of fair use as essential to the American concept of copyright; one cannot but wonder if he feared a narrowing of fair use's scope:

The Supreme Court has repeatedly emphasized its understanding of the policy that flows from the Constitution: the primary public interest lies in increasing and spreading knowledge, not in rewards to authors and publishers. ... [C]opyright must remain a body of law with fairly definite limits. Copyright has expanded to accommodate any number of changes in the ways that human communications are created and transmitted. It is a successful way of recognizing rights in expressive people, freeing them from dependence on the bounty of a feared ruler or a capricious patron. Congress has limited authors' rights, however, so that the *use* to which readers put writings is not tyrannized. It is significant that the most comprehensive limit on copyright is called fair *use*.<sup>21</sup>

In his article, Brown makes reference to the famed *Sony* decision of fair use lore<sup>22</sup> as well a publication that suggested fair use be evaluated with an eye to resolving market failure.<sup>23</sup> At that time, *Sony* appeared a triumph for private copying and media development, but remarks by the American Supreme Court gave the issue of commerciality too much prominence in assessments of fair use.<sup>24</sup> Barton Beebe's study of fair use case law pinpoints those remarks as the moment when fair use ran "off the rails," leading to an era of overt emphasis upon commerciality.<sup>25</sup> Despite the wishes of the drafters of the 1976 language, fair dealing's scope was narrowed. Further damaging was the onset of mechanistic application of the four-factor analysis.<sup>26</sup> Fortunately, Beebe's overall assessment of the contemporary progress of fair use in the United States is optimistic.<sup>27</sup> American fair use is enjoying better days; scholarship substantiates the robustness of the multi-faceted inquiry and illustrates modest patterns of predictability.<sup>28</sup>

Yet while there is new appreciation for flexibility in systems of copyright,<sup>29</sup> experts remind us that fair use cannot be summarily imported into another jurisdiction.<sup>30</sup> Canadian and Israeli aspirations

to flexible exceptions are viable because the principle has enjoyed a period of domestic incubation. Key cases illustrate that the impetus to a more flexible exception came from the Supreme Courts of both countries; the Courts sought a modest, step-by-step broadening of fair dealing in support of socially desirable purposes.

### III: Fair Use: Eastern and Northern Incubation

#### i. 1993: *David Geva v Walt Disney Corporation*<sup>31</sup>

In 1993, the Supreme Court of Israel explored the question of fair dealing via the work of the late artist David Geva. In his work, *The Duck Book*, Geva had created a character known as Moby Duck, modelled upon Donald Duck but embellished with “the Tembel hat and a curl on the forehead, typical Israeli features.”<sup>32</sup> The work as a whole was a critique of Israeli society, with the principles of freedom of expression lying at the heart of Geva’s petition.

Geva argued that if the court deemed his work to be an infringement of copyright, then the exceptions to copyright would excuse his invocation of Donald Duck. He felt that his use of Disney’s character was in a manner consistent with the American treatment of fair use. Although his case was not a personal success, the proceedings marked two significant developments for exceptions in Israel: i) the establishment of a multi-faceted inquiry when considering unauthorized uses of copyrighted work; and ii) the recognition of parody and satire as legitimate purposes for exception. These developments shaped, and were shaped by, a transition in jurisprudential reliance from English law and authority to American guidance.<sup>33</sup> But this cultural transition was not taking place in a vacuum; Israel had a newly enacted Basic Law of Human Dignity encompassing the protection of property, but not an explicit right of freedom of expression, to accommodate as well.<sup>34</sup>

The Court was careful to give freedom of expression its due, but observed:

We must remember that even basic principles, including the freedom of speech, retract in light of enacted laws. The instructions of the law will be interpreted in light of the basic principles in an attempt to express those

principles, but this will be the case only as long as the interpretation corresponds to the actual purposes and language of the law. As such, also the principle of freedom of speech is limited to the boundaries of enacted copyrights laws.<sup>35</sup>

The presiding copyright law was the Israeli *Copyright Act* of 1911 (as set via the British *Copyright Act* of 1911) and contained a very brief fair dealing allowance: “any fair dealing of a work for the purpose of private study, research, criticism, review, or newspaper summary.”<sup>36</sup> In discussion concerning the structure of the exception came this observation:

[T]he American arrangement is much more advanced and is, when compared to the 1911 law, a more desired arrangement. ... It seems that the American legislator preferred to create a flexible arrangement, one that enables maximal consideration in the circumstances of each and every case.<sup>37</sup>

Recognizing the common heritage between the language of Israeli fair dealing and American fair use,<sup>38</sup> the Court adopted the American four-factor analysis. With the framework of inquiry established, *Geva*'s first challenge was to be admitted to the realm of permitted categories. To provide *Geva* this opportunity required overturning a lower court's view that criticism must refer in a negative capacity to the object copied and that general social criticism could not draw on the exception:

It seems that the term “criticism” for the purposes of article 2(1)(1) should be interpreted in a broad sense. The freedom of speech and creativity, while they cannot change the law per se, do influence, as was mentioned above, the shaping of the law through means of interpretation. Therefore, it is recommended to accept a broad interpretation and to include critiques in the form of parody and satire in the category of artistic criticism.<sup>39</sup>

And future decisions were positioned for a broader scope of inquiry, with reassurance offered to would-be plaintiffs that the

mention of genre is hardly sufficient for an action to be deemed fair dealing:

Indeed, the question whether something is a satire or a parody (which is in fact a form of satire) is significant with respect to the issue of the fairness of the use. ... I don't see a need to differentiate between the two at the stage in which the purpose of the use is being examined. ... At any rate, even if we say that the exception of "fair dealing" can take place in a situation of a critical parody or satire, we still need to examine each and every case and decide to which category the allegedly infringing work falls into. Naturally, not every comic use of a protected work will fall into the exception category.<sup>40</sup>

With criticism expanded, the manner by which Disney's work had been used was explored via the four-factor framework of American fair use. Here, the first condition affected the outcome. The American framework of fair use was not imported in isolation; American case law, complete with its shortcomings, came too. The first factor's consideration of purpose and character, with its bifurcation along commercial and non-profit lines, coupled with prevailing American Supreme Court tendencies to disfavour commercial uses, led to the denial of fair use as a whole.<sup>41</sup>

*Geva* was a product of its time; while extolling the virtues of American fair use, the Justices brought with it the American biases of the late twentieth century. That these biases coincided with Israel's newly created constitutional protection of property explains the emphasis upon the property right of copyright by the Court.<sup>42</sup> Despite this, *Geva* still opened the door to broader interpretation, as there was some discomfort with the idea that commerciality might become the blind arbiter of fair use:

The use may be found to be fair in light of its purpose and character, even if those are commercial oriented, given that the use is found to promote important social values.... This is a product of our modern world, in which most of the activities that promote social values cannot be disconnected from financial motives.

Prohibiting any commercial use of a protected work will discourage activities that society would have liked to encourage.<sup>43</sup>

Perhaps looking for a way out of this conundrum, the Court offered some encouragement, again by drawing from a recently decided (and denied) instance of fair use by an American court:

Where courts have considered transformative, productive, non-superseding secondary use of the type that were favored in the historical development of fair use, they have attached little importance to the presence of profit motivation. Courts have recognized that most instructive publishing activity involves profit motivation.<sup>44</sup>

The consequence of *Geva* was that Israel's copyright landscape was seeded to better serve subsequent creative development. After fair use reached formal codification into Israel's copyright law, Neil Netanel would write: "Israel's new copyright statute essentially completes the move from fair dealing to fair use that the Israeli Supreme Court had already initiated in 1993 in its ruling in *Geva v Walt Disney Co.*"<sup>45</sup> Noting that American jurisprudence had seen two distinct strains of fair use interpretation emerge—fair use as merely a means of resolving market failure in a regime of licensing, and fair use as means of enabling expressive diversity—Netanel speculates that, with *Geva*'s approving nod to American cases that favoured transformative uses of copyrighted works, "Israeli courts should be considerably more receptive to the expressive diversity approach to fair use than to the market approach."<sup>46</sup> But *Geva* is not the complete story behind Israel's good footing today. The potential for transformative use was strengthened through the famed Charlie Chaplin case.

## ii. 2000: *Mifal Hapais v The Roy Export Establishment*<sup>47</sup>

The circumstances of the Charlie Chaplin case began in 1993, when the Israeli national lottery released an advertising campaign featuring Charlie Chaplin's character "Little Tramp." The character was used in memorabilia provided to the public, newspaper advertisements and



television commercials that contained scenes from Chaplin's movies.

Fair dealing was not the primary argument of the lottery corporation. It first argued the following: a fictional character cannot be the object of copyright; even if copyright existed, the ownership was suspect, as certain diplomatic procedures had not been carried out; the original airing of the movies predates the existence of Israel itself and thus a 1953 agreement to protect American copyright should not be applicable; and the amount used was insubstantial and therefore not a violation of copyright.<sup>48</sup> If infringement was still deemed to have occurred, fair dealing was the refuge:

The appellants claim that even if their actions infringed on the copyrights of the respondents, their actions should be considered as fair use, as their usage was intended for "criticism" purposes.... They base their claim on the fact that the [lottery corporation] does not operate for commercial purposes, but rather for different public causes in the fields of education, sports and welfare. Moreover, the appellants believe that the commercials are a form of parody or satire, since they use the Chaplin character, which "is a cultural symbol of poverty, in order to make fun of that cultural symbol and to place it in absurd light."<sup>49</sup>

The Supreme Court, sitting as the Court of Appeal, began by acknowledging the merit of a broad interpretation of fair use:

[The exception to the law] is extremely important, and there is justification to interpret it in a broad manner. When protecting the original work we should also note that too much protection can halt the progression and development of culture and society, which essentially progresses out of past achievements. A certain breakthrough or progression that serves society as a whole, by its nature occurs through the creative achievements of individuals who lead the way. Thus, there are situations in which the public interest justifies limiting the scope of copyright protection. Such is the case of the fair dealing doctrine.<sup>50</sup>

Priority fell upon the consideration of fairness, but the lottery corporation promptly failed at the first factor of analysis. Again, the division between commercial and non-profit was stark:

[The] appellant used Chaplin's creations for advertisement purposes, in order to increase the revenues from the lottery raffle it conducts. Using a protected work in commercial advertisements does not constitute one of the [allowed] purposes, which include "criticism", "parody" or "satire". ... Even if the appellants incorporated as part of their commercials, elements of "parody" or "satire", these elements served, at the most, as means to an end, and were not the main purpose of the commercials.<sup>51</sup>

Although denying the claim of fair use in this instance, the Court offered an even more liberal interpretation of "criticism" by acknowledging the role of prior works as inspiration for something new:

We should thus take into consideration that certain artistic genres may perceive the original creation as a form of inspiration, and as it being a part of a wider, critical discourse, which includes additional creators. Through such perception, the use made of a protected work—as a base for a new, original creation, can be considered, under the appropriate circumstances, to be "fair use" for the purpose of "criticism". This is so provided that the use made with the original work will be examined in light of the fairness of that use.<sup>52</sup>

Tony Greenman, a prominent Israeli attorney, writes that the broadening of interpretation of criticism precipitated more flexible interpretation by lower courts:

While the fair use discourse in the Donald Duck and Charlie Chaplin cases provided little comfort to the defendants at bar, those cases were followed by a number of lower court judgments, actually accepting by then the fair dealing (by then, sometimes called "fair use") defense for the first time.<sup>53</sup>

Within a few years of the Israeli Supreme Court's expansion of criticism, the Canadian Supreme Court would take similar steps with another purpose within fair dealing and take the opportunity to introduce a multi-faceted framework of inquiry to examine the fairness of use.

**iii. 2004: *CCH Canadian v Law Society of Upper Canada*<sup>54</sup>**

As noted at the outset of this chapter, Canada's journey began in 2002 via *Théberge*. Fair dealing was not at issue then. This case concerned a novel means of literally transforming legitimately purchased reproductions of art. The court was divided on what signals reproduction (and thus a breach of copyright); was reproduction the outcome of increasing the number of works, or was reproduction a new fixation of an old work?<sup>55</sup> In the course of their deliberation, the majority opinion presciently saw what lay ahead for Canada:

Excessive control by holders of copyrights and other forms of intellectual property may unduly limit the ability of the public domain to incorporate and embellish creative innovation in the long-term interests of society as a whole, or create practical obstacles to proper utilization. This is reflected in the exceptions to copyright infringement...which seek to protect the public domain in traditional ways such as fair dealing....<sup>56</sup>

Two years later, fair dealing was a prominent issue for the Court. The Great Library of the Law Society of Upper Canada routinely assisted patrons with research by reproducing, upon request, single copies of material related to legal matters. The copies were conveyed in print or via facsimile. Legal publishers protested, claiming infringement, but the Supreme Court declared fair dealing on the part of the library.<sup>57</sup>

Writing for a unanimous Court, McLachlin CJ stated:

Before reviewing the scope of the fair dealing exception under the *Copyright Act*, it is important to clarify some general considerations about exceptions to copyright

infringement. Procedurally, a defendant is required to prove that his or her dealing with a work has been fair; however, the fair dealing exception is perhaps more properly understood as an integral part of the *Copyright Act* than simply a defence. Any act falling within the fair dealing exception will not be an infringement of copyright. The fair dealing exception, like other exceptions in the Copyright Act, is a user's right. In order to maintain the proper balance between the rights of a copyright owner and users' interests, it must not be interpreted restrictively.<sup>58</sup>

According to its critics, the decision marked nothing less than the collapse of copyright protection for creators. The language of user's rights was seized upon and condemned, even though the Chief Justice had indicated that a procedural illustration of fairness was essential to the right.<sup>59</sup>

As in *Geva*, *CCH* only addressed one element of fair dealing, in this case, research. Like its Israeli counterpart, the Canadian Court used the opportunity to give this socially desirable activity a better foothold of safety: "Research must be given a large and liberal interpretation in order to ensure that users' rights are not unduly constrained."<sup>60</sup> Regarding how to determine fair dealing, *CCH* resulted in an even broader framework by which to examine unauthorized use. Decisions concerning fair dealing should include inquiry as to the purpose of the dealing, the character of the dealing, the amount of the dealing, alternatives for the dealing, the nature of the work, and the effect of the dealing on the work, all with the added proviso that the framework itself must be flexible.<sup>61</sup>

And the entry point demarking fairness of use in Canada came with a more precise safeguard against overt emphasis upon commerciality: "Although the effect of the dealing on the market of the copyright owner is an important factor, it is neither the only factor nor the most important factor that a court must consider in deciding if the dealing is fair."<sup>62</sup> Leaving nothing to chance, the Chief Justice emphasized that the presence of a licensing scheme did not render fair dealing inert:

If a copyright owner were allowed to license people to use its work and then point to a person's decision not to obtain a licence as proof that his or her dealings were not fair, this would extend the scope of the owner's monopoly over the use of his or her work in a manner that would not be consistent with the *Copyright Act's* balance between owner's rights and user's interests.<sup>63</sup>

Without any explicit citation, one cannot be sure of the source of such concern, but these words appear to be aimed in rebuttal to the narrowing of fair use in the United States, as brought on by the aftermath of *American Geophysical v Texaco, Inc.* The Second Circuit Court of Appeal had affirmed the district court decision and emphasized that the presence of a means of licensing was reason to deny fair use.<sup>64</sup> Given Canada's pre-existing and far-reaching system of collective licensing,<sup>65</sup> fair dealing was at risk to be written out of existence, not by legislative amendment but simply by contract. The guidance from the Court preserves fair dealing for all Canadians, be they individuals or institutions.

Following these efforts by the Supreme Courts of Israel and Canada to overcome the rigidity of fair dealing, both countries were positioned to make better use of the exception in the manner offered by their Justices. Since then, legislative change also broadened the exception in both countries.<sup>66</sup> Which invites this question: is each country capitalizing upon their opportunities—has the dialogue of fairness become sufficiently robust such that engagement with exceptions is successful?

This is a large question, and many factors play into it. Investigation of the fuller body of case law is necessary, as is a more comprehensive examination of public, professional and institutional approaches to the exceptions; that is to say, how are people, corporations, schools and libraries responding to the opportunity provided? And where does each country sit with respect to international cooperation on matters of exceptions? But for the purposes described herein, focus upon the views of Supreme Court Justices in each country continues to be instructive—comparing recent decisions against their initial judicial history reveals opportunities available and challenges yet to overcome.

#### IV: Fairness of Use: A Recent Snapshot

Since fair use's introduction into Israeli law, and up to the time of this writing, fair use has appeared twice before the Supreme Court of Israel. One occasion was with brevity, the other with some notoriety. While two recent cases of fair dealing heard by the Supreme Court of Canada occurred before Canadian amendment of its copyright law, these cases were part of an unprecedented hearing of five cases in two days<sup>67</sup> and thus bear scrutiny.

##### i. 2011: *The Hebrew University of Jerusalem v Schocken Publishing House Ltd.*<sup>68</sup>

This dispute involved four entities: a publisher, a student club, a political party and a university. Enabled in part by contributions from the political party, the club habitually sold copies of various books at healthy discounts. A district court held the university as liable for contributory infringement; in its appeal, the university introduced a claim of fair use.

The Supreme Court, sitting as the Court of Appeal, deemed the university not guilty of contributory infringement.<sup>69</sup> With infringement set aside, there was no need to analyze fair use. Nevertheless, the Court probed the juxtaposition of universities and fair use:

[O]nce we decided that the university is exempt of contributory infringement liability, we do not need to examine the applicability of the fair use defense with respect to the university....

It should be mentioned that indeed with respect to educational institutions there is significant value to the application of defenses, and this is in order to enable the institutions to fulfill their important role of enriching public knowledge and distributing it as well as educating the future generation of creators. ...

Without setting anything in stone, the fair use defense might permit, under certain circumstances, higher

education institutes to make certain use of protected works for the purpose of education or research. This would allow them to fulfill their important social role. ...

However, this is not the case before us. First and foremost, the distribution of the readers in this case was conducted by a student group that has specific interests, of which some are political. ... This case does not involve the usage of a specific part of a protected work for educational purposes during a class or for an exam. Rather this case involves the copying of an entire book for the purpose of promoting a certain student group. Under such circumstances there is no place to apply the fair use defense.<sup>70</sup>

Here the Court acknowledges that distribution (without stipulating a need of transformation) is a viable activity of fair use in the context of education. Even more helpful is the specific language that the *institutions* will necessarily distribute works when educating future creators. The separation and legitimacy of the distributor could offer much in the future. In any event, the brief excursion into fair use reads as a Court inviting post-secondary institutions to engage with fair use. The next appearance of fair use at the Israeli Supreme Court induced a far more complex discussion.

**ii. 2012: *The Football Association Premier League Ltd. v Anonymous*<sup>71</sup>**

At issue was a website that provided streaming coverage of sports matches without charge. The proprietor was not shy about his activity:

Hi all! I have created this site, as my personal aim, to be able to watch LIVE football/soccer, basketball matches etc, without having to pay a cent! Now you can enjoy this too. With LiveFooty, you can watch all the interesting sporting events FREE.<sup>72</sup>

The copyright holders claimed infringement and sought the identity of the website proprietor. In a controversial decision, a district court judge stated that streaming was not a violation under

the existing language of copyright, and held that the proprietor's conduct was fair use.<sup>73</sup> The support of fair use was extensive; the Judge invoked not only the property rights of the Universal Declaration of Human Rights, but also the right of access contained within that same instrument. Users' rights were declared with recourse to *CCH* and the sense of community that arises through sport was emphasized together with the role of copyright in a democratic society.<sup>74</sup>

This position was untenable at appeal. The Supreme Court, sitting as the Court of Appeal, refused the argument that streaming was not a protected right under copyright, stating that streaming fell within the ambit of broadcasting, which is a protected right.<sup>75</sup> Infringement was the outcome, with commerciality prominent in the discussion.<sup>76</sup> Interestingly, though, the Court offered that "even if the use done by sports fans is fair use, that will not mean that the activities of the owner of the site are permissible."<sup>77</sup> The fact that end uses are separate from intermediate distribution again bodes well for the future.

But the most troubling aspect was with the very premise of users' rights:

It should be clarified that this is a defense which is granted to users, in the appropriate cases. ... [T]here are those who reckon that the permitted uses pursuant to the new law should be categorized as rights, per se, of the users, in the sense that the uses might serve as affirmative claims, as oppose[d] to claims of defense. I am unable to accept that argument. The language of the Law does not contain a clear indication that the legislature sought to alter the existing balance and to turn the defenses into rights. Even if a use is permitted, in that it allows users "freedom", that is not indicative of the existence of a right.<sup>78</sup>

The Court continued, emphatic that there was no reason to refashion the defense of fair use into a right, that the purposes set to be achieved by fair use (to empower the public sphere and to support the production of new works from existing works) can still be achieved by a defense.<sup>79</sup> The matter was laid to rest with these words: "The fair use defense, therefore, constitutes a defense claim, and as such,



the burden of proof lies on the defendant [who] seeks to bring up the claim.”<sup>80</sup>

From a Canadian point of view, users’ rights and a procedural illustration of fairness (said another way, proof) are not incompatible. Unfortunately, invoking the language of users’ rights without the broader explanation of its usage by the Canadian Supreme Court gave users’ rights the appearance of unlimited exercise.<sup>81</sup> Fortunately, the rejection of fair use came with yet another reminder that creative pursuits have a claim to fair use:

If the use is productive use, which rests on the previous (protected) work, but for the purpose of producing a new work or expression, of a different nature and purpose to those of the original product, there is a greater tendency to recognize fair use. The concept is that it is easier to recognize transformative use as being “fair”, since it achieves the purpose of the permit—encouraging creativity and enriching the cumulative reservoir of knowledge in society.<sup>82</sup>

The Israeli Court has not been offered the ideal in adjudication of fairness of use under the 2007 law. Neither the wayward student club nor the thrifty sporting enthusiast suggested a principled setting in which to uphold fair use. With a better roster of cases,<sup>83</sup> the Canadian Supreme Court has been able to further establish fair dealing in Canada as a meaningful users’ right, to be applied with the care that is due from an exception to copyright.

**iii. 2012: *Society of Composers, Authors and Music Publishers of Canada v Bell Canada***<sup>84</sup>

In conjunction with the growth of legitimate online music distribution,<sup>85</sup> a performing rights music society in Canada continued to look for new means of revenue generation. Curiously, though, this took the form of desiring compensation for the use of music file previews as used to facilitate sales of the music itself. The Copyright Board denied the argument, situating the use of previews as research in the hands of consumers, and in keeping with fair dealing. The Board’s decision was upheld by the Federal Court of Appeal. Undaunted,

the society sought leave to appeal to the Supreme Court. The Court unanimously upheld the earlier decisions and took the opportunity to probe the nature of research. In doing so, fair dealing is recognizable now as a shelter to all Canadians engaged with inquiry, not just those performing scholarly undertakings:

It is true that an important goal of fair dealing is to allow users to employ copyrighted works in a way that helps them engage in their own acts of authorship and creativity.... But that does not argue for permitting *only* creative purposes to qualify as “research”.... To do so would ignore the fact that the dissemination of works is also one of the Act’s purposes, which means that dissemination too, with or without creativity, is in the public interest. It would also ignore that “private study”, a concept that has no intrinsic relationship with creativity, was also expressly included as an allowable purpose in [fair dealing]. Since “research” and “private study” both qualify as fair dealing purposes... we should not interpret the term “research” more restrictively than “private study”.

Limiting research to creative purposes would also run counter to the ordinary meaning of “research”, which can include many activities that do not demand the establishment of new facts or conclusions. It can be piecemeal, informal, exploratory, or confirmatory. It can in fact be undertaken for no purpose except personal interest. It is true that research can be for the purpose of reaching new conclusions, but this should be seen as only one, not the primary component of the definitional framework.<sup>86</sup>

While the Court acknowledged the American emphasis upon transformation, it also offered a reminder that transformation was not essential:

In urging the Court to narrow the definition of “research” as requiring the creation of something new,

SOCAN relied on American jurisprudence which looks to the requirement of a “transformative” purpose before the use is seen as fair. ... Although [application of the four factors of fair use] includes whether the use is transformative, it is not at all clear that a transformative use is “absolutely necessary” for a finding of fair use: *Campbell v Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994), at p. 579. <sup>87</sup>

The Court supported the earlier assessments of fairness of use,<sup>88</sup> but what is most compelling is the continued instruction that the party under consideration is the end user:

In CCH, the Great Library was the provider, offering a photocopying service to lawyers requesting copies of legal materials. The Court did not focus its inquiry on the library’s perspective, but on that of the ultimate user, the lawyers, whose purpose was legal research... Similarly, in considering whether previews are for the purpose of “research” under the first step of CCH, the Board properly considered them from the perspective of the user or consumer’s purpose. And from that perspective, consumers used the previews for the purpose of conducting research to identify which music to purchase, purchases which trigger dissemination of musical works and compensation for their creators, both of which are outcomes the Act seeks to encourage. <sup>89</sup>

This emphasis upon the final destination of disseminated material lay at the heart of another fair dealing decision.

**iv. 2012: *Alberta (Education) v Canadian Copyright Licensing Agency (Access Copyright)*<sup>90</sup>**

This case involves the practice of reproducing copyrighted materials in schools across Canada. In 2004, an educational rights society applied for an increase of its royalties based on the volume and content of the material copied in schools across Canada. As there was some dispute regarding the method of data gathering, the society submitted

a proposed tariff to the Copyright Board. At issue was a particular category of reproduction, namely the use of supplemental material (short excerpts) of copyrighted material, photocopied by teachers and used to enhance the understanding of core material taught through required textbooks. While in the music previews case the Board had placed emphasis upon the end user, the consumer, in this situation it focused upon the intermediate distributor, the teachers, and found their conduct was not fair dealing. The Board's decision was supported by the Federal Court of Appeal. Educational institutions sought leave to appeal the question of fair dealing to the Supreme Court and gained a majority opinion favouring fair dealing.

The society endeavoured to keep the focus upon the conduct of the teachers and claimed the purpose of the reproduction was instructional and thus outside the purposes offered by fair dealing. But the Justices took exception to the reliance by the society on analogies to defeated cases concerning course packs or study guides:

[T]hese “course pack” cases involved copiers with demonstrably ulterior—i.e. commercial — motives. They invoked the allowable purposes of “research” or “private study”, in effect, in order to appropriate their customers’ or students’ purposes as their own and escape liability for copyright infringement. These cases, then, to the extent that they are germane, do not stand for the proposition that “research” and “private study” are inconsistent with instructional purposes, but for the principle that copiers cannot camouflage their own distinct purpose by purporting to conflate it with the research or study purposes of the ultimate user.<sup>91</sup>

As a consequence of this reasoning, the society's wish to focus on the teachers' actions brought more than perhaps the society bargained for:

Teachers have no ulterior motive when providing copies to students. Nor can teachers be characterized as having the completely separate purpose of “instruction”; they are there to facilitate the students’ research and private study. It seems to me to be axiomatic that most students lack

the expertise to find or request the materials required for their own research and private study, and rely on the guidance of their teachers. They study what they are told to study, and the teacher's purpose in providing copies is to enable the students to have the material they need for the purpose of studying. The teacher/copier therefore shares a symbiotic purpose with the student/user who is engaging in research or private study.<sup>92</sup>

And earlier efforts to recast institutional education as non-private study were firmly rejected:

Nor, with respect, do I accept the statement made by the Board and endorsed by the Federal Court of Appeal, relying on *University of London Press*, that the photocopies made by teachers were made for an unfair purpose—“non-private study”—since they were used by students as a group in class, and not “privately”. As discussed above, the holding was simply that the publisher could not hide behind the students’ research or private study purposes to disguise a separate unfair purpose—in that case, a commercial one. The court did not hold that students in a classroom setting could never be said to be engaged in “private study”. With respect, the word “private” in “private study” should not be understood as requiring users to view copyrighted works in splendid isolation. Studying and learning are essentially personal endeavours, whether they are engaged in with others or in solitude. By focusing on the geography of classroom instruction rather than on the concept of studying, the Board again artificially separated the teachers’ instruction from the students’ studying.<sup>93</sup>

With the purpose of the teachers’ copying firmly sheltered under fair dealing, the analysis of fairness began. Eschewing suggestions to look at the amount copied in aggregate, the Justices indicated that consideration more correctly falls upon the proportion of the work copied in comparison to that work.<sup>94</sup> And that condition had already been met by the premises of the case itself. To a proposed alternative

that schools purchase sufficient copies of all the supplemental materials came this response:

[B]uying books for each student is not a realistic alternative to teachers copying short excerpts to supplement student textbooks. First, the schools have already purchased originals that are kept in the class or library, from which the teachers make copies. The teacher merely facilitates wider access to this limited number of texts by making copies available to all students who need them. In addition, purchasing a greater number of original textbooks to distribute to students is unreasonable in light of the Board's finding that teachers only photocopy short excerpts to complement existing textbooks. Under the Board's approach, schools would be required to buy sufficient copies for every student of every text, magazine and newspaper in Access Copyright's repertoire that is relied on by a teacher. This is a demonstrably unrealistic outcome. Copying short excerpts, as a result, is reasonably necessary to achieve the ultimate purpose of the students' research and private study.<sup>95</sup>

Finally, no credence was given to the plaintiff's insistence that such copying had caused textbook markets to decline, not because the Court advocates interference in legitimate markets but rather because of the society's absence of logic:

[T]here was no evidence that this decline was linked to photocopying done by teachers. Moreover, it noted that there were several other factors that were likely to have contributed to the decline in sales, such as the adoption of semester teaching, a decrease in registrations, the longer lifespan of textbooks, increased use of the Internet and other electronic tools, and more resource-based learning.<sup>96</sup>

## V: Looking Ahead

In terms of the case law reviewed, Canada's dialogue on fairness of use seems more robust. Following its Supreme Court's first treatment of the concept, a broader application of fair dealing without explicit restriction by way of commerciality was immediately available. In contrast, the Israeli Court's introduction of American fair use made commerciality a prominent issue. Yet Canada's later amendment of copyright would confine fair dealing to a closed set of permissible categories, while Israel has achieved the Holy Grail of exceptions: an open-ended list of possibilities. This despite the fact that the Israeli cases credited with expanding fair dealing were losses.<sup>97</sup>

Recent history appears glorious for Canada—two wins at the highest court in the land, whereas the Israeli counterpart continues in a doggedly conservative approach to fair use. But on the issue of commerciality the Courts are of similar mindset. In *Alberta (Education)*, the Canadian Supreme Court emphasized that commercial motives could not be shielded by using “their customers’ or students’ purposes as their own.” The Court takes great care when considering the intersection of the purpose against the amount copied and the effect on markets; this suggests that a Schocken-like case in Canada would meet with equal disapproval.

In any event, comparison across the countries is not necessary; the pertinent concern is how each country is faring in terms of its own progression. In Canada, the connective tissue from 2004 to 2012 is the advancement of personal knowledge, whether experienced through formal education and research or through informal personal activity. Dissemination of copyrighted works as it supports such development was sheltered then and given added support now. The early focus began with the end user, and that, too, has received further confirmation. The Israeli Court has only recently identified the distinction between a provider of material and an end user of that material. However, the Court appears receptive to a specific realm of end users: those situated in institutions of higher learning. How this will progress, if it will progress, remains to be seen. For now, it is an indication of a widening of the discussion of fairness to support fair use to purposes that are easily seen as beneficial to society as a whole.

The fact that the Israeli Court has been more conservative in its approach to fairness of use is undeniable. But it is explicable. The starting point in 1993 came with American emphasis upon the property rights inherent to the system of copyright, at a time when property was touted as the linchpin of Israel's arrangement of rights.<sup>98</sup> Even so, the Court remained faithful to the importance of transformative uses. And if the Israeli Court only follows the previous American path, that does not close the door on fair use in Israel, it only delays better engagement. But with the Court's willingness to borrow from other jurisdictions,<sup>99</sup> perhaps the examples set within Canada might be of assistance.

The Israeli Court has had a negative run with its case law, reduced to telling citizens what cannot be done, whereas the Canadian counterpart enjoyed the positive action of indicating what *can* be done. Fortunately, both countries are advancing in their respective journeys in cultivating a better understanding of fairness of use and thus approach better engagement with their exceptions. There should be no expectation that the end destinations, or even the journeys themselves, will be the same. Shaping conceptions of fairness relies on each country's individual cultural instincts. To look for uniformity in the development of exceptions is as unreasonable as imposing uniformity in the scope of rights. What is critical is that, within distinct countries, the principle of exceptions exists in actual practice.

At this stage, all that can be said is that both courts have been consistent in keeping an element of creativity alive through their dialogues of fairness of use. Dissemination toward education and research in Canada is on strong footing; transformation in aid of creativity is welcome in Israel. Taken together, dissemination and transformation form the two sides of creativity as per the guiding principles of both Newton and Eliot.

There is something oddly romantic about better copyright interpretation for the Information Age emanating from regions that have been dismissed—one, in its infancy, as *a few acres of snow*, and the other, in its genesis, as *much of it barren mountain and part of it waterless*.<sup>100</sup> A noted Canadian scholar of the early twentieth century, Harold Innis (1894–1952), might say this is not fictional romance but the nonfictional continuation of a well-established pattern of



intellectual development. He argued that ingenuity flourished in the margins—those areas away from the centre of an empire.<sup>101</sup> Ingenuity is not limited to the arts and sciences, but is equally necessary in interpretation of law if a civil society is to avoid the perils that follow stagnancy of thought.




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<sup>2</sup> *Théberge v Galerie d'Art du Petit Champlain Inc.*, 2002 SCC 34 at paras 30-31, [2002] 2 SCR 336 <<http://www.canlii.org/ca/cas/sc/2002/2002scc34.html>> [*Théberge*].

<sup>3</sup> The proposed policies had a distinct *off with their heads* approach. Pamela Samuelson describes the American wish list for copyright in the information age: "...that copyright owners would have considerably stronger rights than ever before, and so that the rights of users of protected works would largely be confined to those they had specifically contracted and paid for." See Pamela Samuelson, "The US Digital Agenda at WIPO" (1996-1997) 37 *Va J Int'l L* 369 at 372.

<sup>4</sup> CA 2687/92 *Geva v Walt Disney Company*, 48 (1) PD 251 (1993) [*Geva*]. Translation prepared by Ricki Newman.

<sup>5</sup> "(a) Fair use of a work is permitted for purposes such as: private study, research, criticism, review, journalistic reporting, quotation, or instruction and examination by an educational institution. (b) In determining whether a use made of a work is fair within the meaning of this section the factors to be considered shall include, inter alia, all of the following: (1) The purpose and character of the use; (2) The character of the work used; (3) The scope of the use, quantitatively and qualitatively, in relation to the work as a whole; (4) The impact of the use on the value of the work and its potential market. (c) The Minister may make regulations prescribing conditions under which a use shall be deemed a fair use"; see *Copyright Act* [Isr.], 5768-2007, 2007 LSI 34 (2007) at § 19. The exception was modelled on American Fair use; see *infra* note 11.

<sup>6</sup> Parody, satire and education were added to the previously allowed purposes; the first exception of fair dealing now reads as: "Fair dealing for the purpose of research, private study, education, parody or satire does not infringe copyright". See *Copyright Act*, RSC 1985, c C-42, s 29 <<http://laws.justice.gc.ca/en/C-42/>>. Subsequent sections extend fair dealing to criticism, review and news reporting with conditions of attribution (*ibid* at ss 29.1, 29.2).

<sup>2</sup> In September 2012, the United States began consideration of Canada as a participant in the Trans-Pacific Partnership Agreement. The International Intellectual Property Alliance (IIPA), an influential American lobbying group, presented some concerns about Canada's intellectual property standards, including: "In particular, we note that the new Canadian copyright reform legislation has significantly expanded the exceptions to copyright protection in current law, and added many new ones. The compatibility of several of these new or expanded exceptions with the well-established '3-step test' for acceptable limitations on exclusive rights (see TRIPS Article 13; WCT Article 10; WPPT Article 16) is subject to serious question." See International Intellectual Property Alliance, *Testimony of the IIPA on Canada's Participation in Proposed TPP Agreement* at 2 (4 September 2012) <[http://www.iipa.com/pdf/2012\\_Sep04\\_IIPA\\_Request\\_to\\_Appear\\_and\\_Testimony\\_on\\_Canada\\_TPP.PDF](http://www.iipa.com/pdf/2012_Sep04_IIPA_Request_to_Appear_and_Testimony_on_Canada_TPP.PDF)>. This same group also expressed displeasure to Israel for its adoption of fair use, insisting that Israel's exception must conform to the international three-step test as found in the Berne Convention. At that time the Israeli government responded with: "Neither Berne, nor TRIPS, requires that the exact language of a treaty general principle be copied verbatim into national legislation. Indeed, if that were the case then the IIPA would also have to claim that Section 107 "Fair Use" of the U.S. *Copyright Act* is in violation of Berne Article 9 (2). Israel's new fair use section (section 19) follows Section 107 of the U.S. Act and is virtually identical therewith." See 2009 *Submission of the Government of Israel to the United States Trade Representative with Respect to the 2009 "Special 301 Review"* 2 at 13 (March 2009) <<http://www.justice.gov.il/NR/rdonlyres/BD753811-E87A-4AB2-8ADD-DC9423DFC794/13684/2009special301submission.pdf>>. Nevertheless, scrutiny continues; the World Trade Organization held a review of Israel's trade policies and practices; the adoption of fair use was duly noted: "the manner in which the 2007 Act is drafted 'could support the interpretation that fair use is a permitted use and not merely a defence'"; see Thiru Balasubramaniam, "World Trade Organization Policy Review of Israel covers new developments on fair use, data exclusivity and parallel importations" infojustice.org (5 November 2012) <<http://infojustice.org/archives/27655>>.

<sup>8</sup> Canada is a bi-jural nation, predominantly governed under common law, but with civil code addressing private matters in the Province of Quebec. This arrangement dates to the ceding of Quebec to Britain following the Seven Years War; see *The Quebec Act* (1774), 14 Geo III c 83. In that same *Act*, the British Crown sought to provide some security for native communities by demarking their territories, much to the dismay of the colonists in what would later become the United States. Israel is better described as multi-jural, as several legal systems are recognized within its borders. Most public matters are guided by common law, but some private matters are determined through religious systems of law, each complete with courts that "utilize particularistic values and procedures derived from its own religious tradition"; see Martin Edelman, *Courts, Politics, and Culture in Israel* (Charlottesville: University Press of Virginia, 1994) at 3. Similar to Canada's experience, protection of the original inhabitants was declared by Britain in its administration of Mandate Palestine (*ibid* at 121)—the lasting value of Britain's declarations of protection is debatable in both countries. And, albeit for different reasons, both Israel and Canada encouraged immigration in their early days of nation building. While the stability of co-existence within the diverse populations is not equitable between Canada and

Israel, it must be emphasized that Canada's stability is not easily understood even by Canadians; Governor General David Johnston has remarked, "The great gift of this nation is that we respect diversity and somehow we've been able to make a nation out of diversity..."; see James Bradshaw, "The Governor-General on health-care, diversity and candid talks with Harper", *The Globe and Mail* (23 December 2011) <<http://www.theglobeandmail.com/news/politics/the-governor-general-on-health-care-diversity-and-candid-talks-with-harper/article4181969/>>.

<sup>9</sup> A fuller story concerning American pressures upon both Canada and Israel is described in Meera Nair, *Canada and Israel: Fairness of Use*, PIJIP Research Paper no 2012-04 American University, Washington College of Law, Washington, DC <<http://digitalcommons.wcl.american.edu/research/>>.

<sup>10</sup> This situation is not without some irony; in the darker days of fair use a prominent intellectual property scholar convincingly argued that fair use only broadened copyright's scope; see Lyman Ray Patterson, "The Worst Intellectual Property Opinion Ever Written: Folsom v Marsh and its Legacy" (1998) 5 J Marshall Rev Intell Prop L 431. So it seems only befitting that as fair use matures, judiciaries move away from an overtly rigid interpretation of fair use and focus instead on a more flexible examination of fairness of use.

<sup>11</sup> TS Eliot, "Phillip Massinger", in *The Sacred Wood—Essays on Poetry and Criticism* (Bartleby.Com—Great Books Online) <<http://www.bartleby.com/200/sw11.html>>.

<sup>12</sup> 17 USC § 107 (2000 & Supp IV 2004) <[http://www.law.cornell.edu/uscode/html/uscode17/usc\\_sec\\_17\\_00000107----000-.html](http://www.law.cornell.edu/uscode/html/uscode17/usc_sec_17_00000107----000-.html)>.

<sup>13</sup> *Folsom v Marsh*, 9 F Cas 342, (CCD Mass 1841) [*Folsom*]. However "...many of the points raised in *Folsom* were anticipated two years earlier by Justice Story in *Gray v Russell*"; see William Patry, *The Fair Use Privilege in Copyright Law*, 2d ed (Washington, DC: The Bureau of National Affairs, Inc., 1995) at 19.

<sup>14</sup> *Folsom*, *supra* note 13 at 348.

<sup>15</sup> Alan Latman, "Fair Use of Copyrighted Works, Study No. 14," *Copyright Law Revision, Studies Prepared for the Subcomm. On Patents, Trademarks and Copyrights*, Comm on the Judiciary, 86th Cong 2d Sess, (Comm Print 1960) at 32-34.

<sup>16</sup> *Ibid* at 39-44; see also Patry, *supra* note 13 at 262.

<sup>17</sup> See remarks of Walter J Deremberg and John Schulman in Latman, *supra* note 15 at 39-40.

<sup>18</sup> Robert A Gorman, "A Tribute to Ralph S. Brown: Pioneer Scholar and Professorial Statesmen" (1999) 108:7 Yale LJ 1465.

<sup>19</sup> See remarks of Ralph S Brown in Latman, *supra* note 15 at 40-41.

<sup>20</sup> Marybeth Peters (Senior Attorney Advisor), "General Guide to the Copyright Act of 1976", United States Copyright Office Library of Congress (September 1977) at 8:2 <<http://www.copyright.gov/reports/guide-to-copyright.pdf>>.

<sup>21</sup> Ralph S Brown, "Eligibility for Copyright Protection: A Search for Principled Standards" (1985) 70 Minn L Rev 579 at 607-08 [emphasis in original].

<sup>22</sup> *Sony Corp. of Am. v Universal City Studios, Inc.*, 464 US 417 (1984) [*Sony*].

<sup>23</sup> Wendy J Gordon, "Fair Use as Market Failure: A Structural and Economic Analysis of the "Betamax" Case and its Predecessors" (1982) 82:8 Colum L Rev 1600 at 1605.

<sup>24</sup> When addressing the fourth factor of fair use, Justice Stevens wrote: “Thus, although every commercial use of copyrighted material is presumptively an unfair exploitation of the monopoly privilege that belongs to the owner of the copyright, non-commercial uses are a different matter”; see *Sony*, *supra* note 22 at 451. The fourth factor makes no reference to the commerciality of the use. William Patry has also commented upon the peculiarity of the situation: “Most basic is the seldom-noted fact that since the use before the Court was non-commercial, the statement is pure dictum. It was made in passing, without any explanation of what such a presumption might mean or how it was to be applied”; see Patry *supra* note 13 at 430.

<sup>25</sup> Barton Beebe, “An Empirical Study of U.S. Copyright Fair Use Opinions: 1978–2005” (2008) 156:3 U Pa L Rev 549 at 596. Beebe illustrates later efforts by the Court to retreat from this unfortunate position but notes that the Court would not explicitly rescind the language of *Sony* (*ibid* at 600-02).

<sup>26</sup> “[C]ourts often acknowledged that the four-factor test should not be applied formulaically; ... [yet] after an initial period of flexibility, judges shifted in the late 1980s toward a rhetorically quite formal and explicit treatment of the section 107 factors” (*ibid* at 561-62).

<sup>27</sup> “Where the non-leading cases declined to follow the leading cases, they repeatedly—and systematically—did so in ways that expanded the scope of the fair use defense” (*ibid* at 622).

<sup>28</sup> Pamela Samuelson, “Unbundling Fair Uses” (2009) 75 Fordham L Rev 2585. See also Neil Netanel, “Making Sense Out of Fair Use” (2011) 15 Lewis & Clark L Rev 715. See also Matthew Sag, *Predicting Fair Use* (2012) 73:1 Ohio St LJ 47.

<sup>29</sup> Recent interest in the merits of flexibility by European nations are detailed in P Bernt Hugenholtz & Martin RF Senftleben, “Fair Use in Europe: in Search of Flexibilities”, Institute for Information Law (IVir) (November 2011) at 4 <<http://www.ivir.nl/publications/hugenholtz/Fair%20Use%20Report%20PUB.pdf>>.

<sup>30</sup> For instance, see Giuseppina D’Agostino, “Healing Fair Dealing?” (2008) McGill LJ 309 at 339; see also Ian Hargreaves, ed., *Digital Opportunity—A Review of Intellectual Property and Growth* (May 2011) <<http://www.ipo.gov.uk/ipreview-finalreport.pdf>> at 45-46.

<sup>31</sup> *Geva*, *supra* note 4.

<sup>32</sup> Michael Birnhack, “Mandatory Copyright: From Pre-Palestine to Israel, 1910–2007,” in *A Shifting Empire: 100 Years of the Copyright Act 1911*, Uma Suthersanen & Ysolde Gendreau, eds. (Cheltenham: Edward Elgar, 2013) 84 at 109.

<sup>33</sup> *Ibid* at 105.

<sup>34</sup> “There shall be no violation of the property of a person”; The State of Israel, Israeli Basic Law: Human Dignity and Liberty (Israel: The Knesset, 1992) <[http://www.knesset.gov.il/laws/special/eng/basic3\\_eng.htm](http://www.knesset.gov.il/laws/special/eng/basic3_eng.htm)>. Freedom of expression is not explicitly listed in the Basic Law but is considered a basic principle encompassed by the protection of dignity. The adoption of this constitutional-like instrument was heralded as a mark of progress and pride by a formidable member of the Israeli judiciary: “In March 1992, two new Basic Laws were passed [Freedom of Occupation and Human Dignity and Liberty]. Under these new Basic Laws, several human

rights—among them Dignity, Liberty, Mobility, Privacy, Property—have acquired a constitutional force above the regular statutes. ... We joined the democratic, enlightened nations in which human rights are awarded a constitutional force above regular statutes” see Aharon Barak, “The Constitutionalization of the Israeli Legal System as the Result of its Basic Laws” (1997) 31 Israel L Rev 3 at 3.

<sup>35</sup> *Geva*, *supra* note 4 at 266.

<sup>36</sup> *Copyright Act, 1911* (Israel), s 2(1)(i) <[http://www.wipo.int/wipolex/en/text.jsp?file\\_id=128058](http://www.wipo.int/wipolex/en/text.jsp?file_id=128058)>.

<sup>37</sup> *Geva*, *supra* note 4 at 271.

<sup>38</sup> “[T]he arrangement in article 107 of the American Law—forms in a sense a codification of common law principles. This fact illuminates the similarity between the two lists of purposes.... In light of the common source of both laws, it seems that we can learn from the American law for the circumstances before us” (*ibid* at 271).

<sup>39</sup> *Ibid* at 274.

<sup>40</sup> *Ibid* at 275. Furthermore, the Court acknowledged an ongoing American debate as to the viability for satire to seek shelter under fair use and sought to pre-empt such future difficulty: “[W]hen the original creator is not severely wronged it is reasonable to classify also satirical uses as fair—based on the considerations as a whole” (*ibid* at 284).

<sup>41</sup> *Ibid* at 277-79. Beebe illustrates that the mistaken precedent set by *Sony* was continually reinforced through the American Supreme Court, even when the Court attempted to undo its early damage; see Beebe, *supra* note 25 at 596-602.

<sup>42</sup> In addition to invoking the property protection inscribed in the Basic Laws, the Court cited protection of intellectual property in the Universal Declaration of Human Rights together with constitutional protection offered to intellectual property in the United States; see *Geva*, *supra* note 4 at 266-67.

<sup>43</sup> *Ibid* at 278.

<sup>44</sup> *American Geophysical Union v Texaco, Inc.*, 802 F Supp 1 at 16 (SDNY 1992), cited in *Geva*, *supra* note 4 at 278. In 1978, publishers in the United States formed the Copyright Clearance Center and began marketing licences for photocopy reproduction in workplace settings. Lawsuits followed shortly thereafter. “Regular reward notices began appearing in periodicals, offering monetary compensation to those who could furnish conclusive evidence of unauthorized copying. And, in 1985, numerous CCC-member scientific and technical journal publishers sued Texaco, a company that purchased a CCC photocopy licence but, according to the CCC, had failed to accurately report the extent of its photocopying.”; see Nicole B. Casarez, “Deconstructing the Fair Use Doctrine: The Cost of Personal and Workplace Copying after *American Geophysical Union v Texaco, Inc.*” (1996) 6:2 *Fordham Intell Prop Media & Ent LJ* 640 at 644. The meaning of “transformative use” has received differing interpretation in American case law, ranging from added creativity to use for a different purpose (*ibid* at 681). Israeli legal scholars deem that the Court’s decision in *Geva* “includes putting a work to a new use or context”; see Michael Birnhack & Niva Elkin-Koren, “Limitations and Exceptions to Copyright in Israel”, *infojustice.org* (April 2012) at n 11 <<http://infojustice.org/wp-content/uploads/2012/05/Israel-v-May-2012.pdf>>.

<sup>45</sup> Neil Netanel, abstract of “Shimush Hogen Yisraeli Me-Nekudat Mabat Amerikaniit” (“Israeli Fair Use from an American Perspective”) in Michael Birnhack & Guy Pessach, eds, *Creating Rights: Readings in Copyright Law*, SSRN (Nevo Press, 2009) <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1327906](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1327906)>.

<sup>46</sup> *Ibid.*

<sup>47</sup> CA 8393/96 *Mifal Hapais v The Roy Export Establishment*, 54(1) PD 577 (2000) [*Mifal Hapais*]. Translation prepared by Ricki Newman.

<sup>48</sup> *Ibid* at 583.

<sup>49</sup> *Ibid* at 596.

<sup>50</sup> *Ibid.*

<sup>51</sup> *Ibid* at 597.

<sup>52</sup> *Ibid.*

<sup>53</sup> Tony Greenman, *Fair Use Under Israel’s New Copyright Act* <<http://www.tglaw.co.il/en/article.php?id=109>>.

<sup>54</sup> *CCH Canadian Ltd. v Law Society of Upper Canada*, 2004 SCC 13, [2004] 1 SCR 339 <<http://www.canlii.org/en/ca/scc/doc/2004/2004scc13/2004scc13.html>> [*CCH*].

<sup>55</sup> *Théberge*, *supra* note 2 at para 38

<sup>56</sup> *Ibid* at para 32.

<sup>57</sup> The fact that the library had well-established, balanced guidance for handling such requests played an integral part in the decision; see *CCH*, *supra* note 54 at paras 61-63.

<sup>58</sup> *Ibid* at para 48.

<sup>59</sup> Meera Nair, “Fair Dealing at a Crossroads,” in Michael Geist ed, *From Radical Extremism to Balanced Copyright: Canadian Copyright and the Digital Agenda* (Toronto: Irwin Law, 2010) 90 at 97-99.

<sup>60</sup> *CCH*, *supra* note 54 at para 51.

<sup>61</sup> *Ibid* at paras 53-60. An initial framework of inquiry was first enunciated through an appellate court’s earlier handling of this dispute; see *CCH Canadian v Law Society*, 2002 FCA187, [2002] 4 FC 213 at para 150 <<http://www.canlii.org/en/ca/fca/doc/2002/2002fca187/2002fca187.html>>.

<sup>62</sup> *CCH*, *supra* note 54 at para 59.

<sup>63</sup> *Ibid* at para 70.

<sup>64</sup> “Despite Texaco’s claims to the contrary, it is not unsound to conclude that the right to seek payment for a particular use tends to become legally cognizable under the fourth fair use factor when the means for paying for such a use is made easier”; see *American Geophysical Union v Texaco, Inc.*, 60 F (3d) 913 (2d Cir 1994) at 931-32. Unfortunately, instead of attempting further appeal, Texaco opted to settle; as a consequence, the licensing regime instituted by the Copyright Clearance Center of the United States was aggressively promoted; see Cásarez, *supra* note 44 at 649.

<sup>65</sup> In the late twentieth century, the Canadian government embarked on a series of copyright reforms, prompted by an advisory council’s recommendation to

streamline the clearance of copyright via collective licensing. In 2002 the progress was reviewed: “There currently exist in Canada 36 collectives, more than in any other country. ... The Government of Canada has encouraged [collectives to explore] administrative solutions that facilitate a more efficient rights management system....”. Canada, *Supporting Culture and Innovation: Report on the Provisions and Operation of the Copyright Act* (Ottawa, Industry Canada, 2002) <<http://www.ic.gc.ca/eic/site/crp-prda.nsf/eng/rp00863.html>>. Eight categories of societies exist: audio-visual and multi-media, educational rights, literary, media monitoring, music, private copyright, retransmission, and visual arts; see Canada, *Copyright Collective Societies* (Ottawa, Copyright Board of Canada, 2010) <<http://www.cb-cda.gc.ca/societies-societes/index-e.html>>.

<sup>66</sup> *Supra* notes 5 and 6.

<sup>67</sup> See Howard Knopf, “Inside Views: A Clatch of Copyright Cases at the Supreme Court”, *Intellectual Property Watch* (December 6, 2011) <<http://www.ip-watch.org/2011/12/06/a-clatch-of-copyright-cases-at-the-supreme-court-of-canada/>>.

<sup>68</sup> CA 5977/07 *The Hebrew University of Jerusalem v Schocken Publishing House Ltd.* (June 20, 2011). Translation prepared by Ricki Newman.

<sup>69</sup> The Court sought to inject a dose of realism into any suggestion that universities are monitors of copyright compliance among students. Using a three-part assessment, the university was found not liable through the third condition of substantial and essential contribution. “The university did not actively promote the infringing actions, or that it implemented measures to encourage them to do so... the university’s contribution is manifested in an oversight, which is allegedly based on the university’s ability to control and monitor the activities of the student groups. Except that in this case this is not sufficient grounds for establishing the university’s liability for the infringement. Many student groups operate in the university, each of which can at any given moment conduct a copyright infringement. Copyright infringements can also occur on behalf of private students that might operate independently. Under such circumstances, it is doubted that the university can effectively control the activities of all the students and can actually prevent the infringements that take place in the campus” (*ibid* at para 28).

<sup>70</sup> *Ibid* at paras 30-31.

<sup>71</sup> CA 9183/09 *The Football Association Premier League Ltd. v Anonymous* (May 13, 2012) [*Football Association*, CA 9183/09]. Translation prepared by Ricki Newman.

<sup>72</sup> *Ibid* at para 2 [emphasis in original].

<sup>73</sup> CC 1636/08 *The Football Association Premier League Ltd. v Anonymous* (September 2, 2009) [*Football Association*, CC 1636/08]. Translation available through Nevo legal database, Nevo Press Ltd. <[http://www.nevo.co.il/psika\\_word/mechozi/me-08-1636-11.doc](http://www.nevo.co.il/psika_word/mechozi/me-08-1636-11.doc)>.

<sup>74</sup> *Ibid* at paras 7a-7b.

<sup>75</sup> *Football Association*, C9183/09, *supra* note 71 at para 14.

<sup>76</sup> *Ibid* at paras 20-22.

<sup>77</sup> *Ibid* at para 20.



<sup>78</sup> *Ibid* at para 18.

<sup>79</sup> *Ibid*.

<sup>80</sup> *Ibid* at para 19.

<sup>81</sup> Following the Supreme Court's decision, a prominent Israeli IP blogger wrote: "I think if we concerned ourselves with human rights like security, health, freedom of expression and property, and didn't cheapen the concept of rights to include the right to watch live football without paying for it, the world would be a [fairer] place." Michael Factor, "UK Premier League Obtains Partial Win on Appeal of Israel Decision", The IP Factor Blog <<http://blog.ipfactor.co.il/2012/05/14/uk-premier-league-obtains-partial-win-on-appeal-of-israel-decision-2/>>.

<sup>82</sup> *Football Association C9183/09*, *supra* note 71 at para 20.

<sup>83</sup> The manner by which cases reach the Supreme Court Justices differs; in Canada the Supreme Court must grant leave to appeal, with approximately 10 percent of the requests made being granted, whereas in Israel, all trial court decisions have an automatic right of appeal. See Suzie Navot, *The Constitutional Law of Israel* (Netherlands: Kluwer Law International, 2007) at 139.

<sup>84</sup> *Society of Composers, Authors and Music Publishers of Canada v Bell Canada*, 2012 SCC 36, [2012] 2 SCR 326 <<http://www.canlii.org/en/ca/scc/doc/2012/2012scc36/2012scc36.html>> [*Bell*].

<sup>85</sup> Michael Geist, "Five Straight Years: Canadian Digital Music Sales Growth Again Beats the U.S.", Michael Geist Blog (24 March 2011) <<http://www.michaelgeist.ca/content/view/5704/125/>>.

<sup>86</sup> *Bell*, *supra* note 84 at paras 21-22.

<sup>87</sup> *Ibid* at paras 23-24. Beebe's study also dispels the myth that transformation is the fundamental principle of fair use; see Beebe, *supra* note 25 at 603-05.

<sup>88</sup> *Bell*, *supra* note 84 at paras 31-48.

<sup>89</sup> *Ibid* at paras 29-30.

<sup>90</sup> *Alberta (Education) v Canadian Copyright Licensing Agency (Access Copyright)*, 2012 SCC 37, [2012] 2 SCR 345 <<http://www.canlii.org/en/ca/scc/doc/2012/2012scc37/2012scc37.html>>.

<sup>91</sup> *Ibid* at paras 20-21.

<sup>92</sup> *Ibid* at para 23.

<sup>93</sup> *Ibid* at paras 26-27.

<sup>94</sup> *Ibid* at para 29.

<sup>95</sup> *Ibid* at para 32.

<sup>96</sup> *Ibid* at para 33.

<sup>97</sup> Even in this regard, the Israeli development resembles that of American fair use; *Folsom* was a loss for its defendant. All the American people received at the time was a dialogue of the merits of limited copyright. Yet from such dialogue came what is touted today as a vital component of American creative success.

<sup>98</sup> In 1993, a year after the enactment of the Basic Law of Human Dignity and Liberty, Justice Barak described property rights as "the cornerstone of the liberal



regime and guarantees the existence of other rights”; cited in Menachem Mautner, *Law and the Culture of Israel* (Oxford: Oxford University Press, 2011) at 152. To an outside observer, the emphasis upon property rights in Israel seems an inevitable corollary to the premise that underlies the founding of the Jewish state.

<sup>99</sup> Michael Birnhack describes the layering of jurisdictions that have shaped Israeli copyright law; see Birnhack, *supra* note 32. An inquiry of originality stands out: “The case cited no less than 17 Israeli cases, 16 American cases, 18 English cases, 1 German case, 1 Hong Kong case, 1 New Zealand case and 3 Jewish law sources” (*ibid* at 106).

<sup>100</sup> Even though Voltaire would later revise his opinion of Canada, his disparaging assessment was immortalized in *Candide*; see Thomas Thorner & Thor Frohn-Nielsen, eds, *A Few Acres of Snow: Documents in Pre-Confederation Canadian History* (Toronto: University of Toronto Press, 2009) at xiii. In 1915, Herbert Samuel presented a memorandum *The Future of Palestine* [CAB 37/123/43] to the British Cabinet supporting the establishment of a homeland for Jewish people in Palestine <[http://en.wikisource.org/wiki/The\\_Future\\_of\\_Palestine](http://en.wikisource.org/wiki/The_Future_of_Palestine)>.

<sup>101</sup> Harold Innis, *Empire and Communications* (Toronto: Dundurn Press, 2007).



# Technological Neutrality: (Pre)Serving the Purposes of Copyright Law

CARYS J. CRAIG

## 1. Introduction

In the realm of law, neutrality is widely hailed as a fundamental principle of fairness, justice and equity; it is also, however, widely criticized as a myth that too often obscures the inevitable reality of perspective, interest or agenda. It should come as little surprise, then, that the principle of *technological* neutrality, recently employed by the Supreme Court of Canada when applying copyright law to online activities, seems similarly fundamental in the copyright realm—but also largely mythical and potentially obfuscatory. In what is now dubbed the Supreme Court’s “copyright pentalogy”—five copyright judgments released concurrently by the Court in July 2012<sup>1</sup>—the unprecedented importance accorded by the Court to the principle of technological neutrality is clear; what remains unclear is precisely what “technological neutrality” means, why it matters, and whether or how it can (or should) ever be attained.

This chapter aims to critically assess the significance of the principle and its potential to guide the future development of copyright law and policy in Canada. In Part 2, I set out the various shades of meaning that can be attached to technological neutrality, first as a

principle of sound regulation, and then as a principle of statutory interpretation by the courts. I review, in Part 3, the reasons delivered by the Justices in three of the five cases to examine the various and divergent ways in which the principle of technological neutrality was defined and rationalized by members of the Court. I proceed to explore the application of the principle and its role in resolving the legal issues before the Court, drawing connections between conceptualizations of the principle and its interpretive impact, and focusing on its capacity to support the extension and/or circumscription of owners' and users' rights. In Part 4, I consider whether the role accorded to technological neutrality as a guiding principle is justifiable or appropriate in the context of Canadian copyright policy. Arguing that its justification is found in, and flows from, the concept of balance at the heart of the copyright system, I proceed to offer some thoughts on its potential significance in the future of Canadian copyright law and in light of the recent amendments to the *Copyright Act*.<sup>2</sup> Part 5 concludes that the new emphasis placed by the Court on technological neutrality as a guiding principle is an important and positive development for Canada's copyright system. The caveat, however, is that the principle cannot perform this role effectively if conceived (or rhetorically invoked) as a limited principle of formal non-discrimination that merely justifies the extension of copyright's reach. Rather, I argue, it must be conceived in a functional sense, shaping copyright norms to produce a substantively equivalent effect across technologies, with a view to preserving the copyright balance in the digital realm.

## **2. Understanding Technological Neutrality and Its Shades of Meaning**

### **2.1 Technological Neutrality as a Regulatory Starting Point**

Technological neutrality is an inherently appealing concept for policy makers in the digital age. At its core, the concept implies that regulations can and should be developed in such a way that they are independent of any particular technology, neither favouring nor discriminating against specific technologies as they emerge and evolve. From a principled perspective, neutrality and non-discrimination in the law are almost always laudable goals; from a practical perspective,

technologically neutral regulation holds the promise of sustainable laws in a time of rapid technological change. No doubt owing to this intrinsic appeal, the principle of technological neutrality is regularly invoked as a regulatory starting point in policy documents from around the globe,<sup>3</sup> but typically with little explanation or justification. This led one commentator to align technological neutrality with “motherhood and apple pie”<sup>4</sup>—the general wisdom being that it is an unquestionably good thing. Professor Reed rightly cautions that “this consensus among legislators seems to have developed in an almost complete absence of any clear understanding [of] what the term ‘technology neutrality’ might actually mean.”<sup>5</sup> In fact, technological neutrality has many shades of meaning, and, of course, different meanings can produce differing applications with more or less desirable results. Before we embark on understanding the significance of the principle as invoked by the Supreme Court, it is therefore worth exploring the various ways in which it might be employed.

Bert-Jaap Koops has expertly deconstructed the claim (or “policy one-liner”) that ICT regulation should be technology neutral, helping us to discern the divergent meanings and potential uses of the term.<sup>6</sup> Koops explains that usages can be divided into three broad categories: those emphasizing (A) the purpose of regulation; (B) the consequences of regulation; and (C) legislative technique. Within each of these categories, Koops identifies two or more approaches, which are closely interrelated but stress different aspects of technology neutrality.

Focusing on the substantive purpose of regulation, one approach (A1) stresses the need to regulate *functions and effects* of actions (technology uses), but not the actions or means of the actions (the technologies) themselves. This functional approach produces regulation that is intended to be technology neutral in its effects (though it may be technology-specific where the effects of technologies differ).<sup>7</sup> A second and related purposive approach (A2) emphasizes that what holds offline should also hold online, with the goal of establishing functional equivalence between the online and offline worlds (and, again, different treatment of specific technologies may be necessary to realize equivalent results).<sup>8</sup>

A less substantive approach to technological neutrality focuses on avoiding potential negative consequences of regulation. One version (B1) stresses non-discrimination between certain technologies so that the rules do not favour some technologies over others. Related to this, a second version (B2) starts with the position that regulation should not hamper the development of technologies. This, too, can justify technology-specific regulation, where uniform rules might inhibit new technologies (for example, the decision not to extend traditional broadcasting content regulations to the Internet).

Finally, emphasizing legislative technique, another approach to technological neutrality derives from basic principles of law-making. First, it might be stressed (C1) that effective laws should be sustainable and not constantly in flux as technologies change. The extent to which consistency in function or effect can be achieved over time and in the face of rapid technological change is, of course, open to challenge. A related starting point (C2) is that formal laws should be sustainable while other forms of regulation can more appropriately be used to further technology-specific aims. An alternative starting point in the same vein (C3) might stress that the law should be transparent and readily understood by those who are subject to it. The more technologically specific the rules, the more detailed and the less accessible they become (as anyone who has taken even a cursory glance at Canada's new *Copyright Modernization Act* would likely attest!).

For the purposes of what follows, the approaches identified by Koops can be broadly classified into those concerned primarily with a functional approach to copyright law (producing equivalent effect across technologies); the potential discriminatory or adverse consequences of copyright on technological development; and the "future-proofing" of copyright law. Importantly, none of these approaches necessarily entails neutrality in the sense of a formal equality that would preclude differentiation between technologies by the law; rather, different treatment can be justified as *substantively* technology neutral where overlooking technical differences would produce unequal results.

## 2.2 Technological Neutrality as a Judicial Approach

If these various approaches describe the starting point for the development of technology-neutral regulation, what should technological neutrality mean for the judiciary and others charged with interpreting and applying the law? While Koops's concern is with regulatory practice, he acknowledges that one strategy for achieving technological neutrality is for laws to be *interpreted* in a functionalist or teleological way, according more importance to their purpose than their precise form.<sup>9</sup> Even where the laws as written are technologically specific, Koops suggests that technological neutrality can be advanced through their functional interpretation. The capacity for such teleological interpretation is enhanced, Koops notes, by the establishment of a legal framework that outlines the main substantive principles, rights and values that are at stake.<sup>10</sup> Such a framework is, by nature, technology neutral and supports a functional approach to the application of specific rules.

In a similar vein, but focusing specifically on the role of courts in maintaining the media neutrality of copyright law, Deborah Tussey articulates three “rules-of-thumb” to keep courts “on a media-neutral keel.”<sup>11</sup> First, where statutory guidance is lacking or ambiguous, courts should generally afford functionally equivalent technologies similar treatment unless there is a compelling doctrinal or policy reason that dictates otherwise. Tussey explains, “To the extent that the copyright balance of incentives and access has been appropriately set for a pre-existing technology, similar treatment of functional equivalents should maintain that balance.”<sup>12</sup> Second, where there is no clear and pre-existing functional equivalent, courts should avoid emphasizing the details of particular technological systems and instead interpret copyright's core concepts in a manner applicable across technologies. A good example of this approach is found in the judicial treatment of software infringement claims that invoke basic concepts of originality, idea-expression dichotomy, merger and *scènes à faire* to determine if substantial copying of code has occurred.<sup>13</sup> Finally, courts should give more weight to broader policy considerations such as fairness,

incentives and innovation, as well as related empirical evidence, in determining how the law should apply to new technologies: “the application of text to technology should be accompanied by full and fair review of policy concerns and consideration of likely market impacts.”<sup>14</sup>

The concept of technological or media neutrality has in fact made quite frequent appearances in the copyright jurisprudence of several common law jurisdictions, but unfortunately without much elucidation of its meaning, or explanation as to why, or the extent to which, it matters. In the United States, media neutrality has been described as “a fundamental principle of the Copyright Act,” and has been endorsed by the Supreme Court as a relevant consideration in determining the scope of copyright, particularly in the context of collective works.<sup>15</sup> The principle has remained closely tied to the idea (C1) that the 1976 US legislation was intentionally “future-proofed,” with the result that the rights it protects are generally not technology specific.<sup>16</sup> The uncontroversial nature of this basic and rather benign proposition has allowed the principle to remain largely beyond critique.<sup>17</sup> In the United Kingdom, the legislative intention to achieve technological neutrality has been taken into account in determining the broad scope of the “communication to the public” right.<sup>18</sup> The concept has received more extensive consideration in the Australian courts, where a declared objective of the copyright law revision process was “to replace technology-specific rights with technology neutral rights so that amendments to the Act are not needed each time there is a development in technology.”<sup>19</sup> As in the United Kingdom, the principle has been invoked to support the inclusion of point-to-multipoint transmissions within the right of “communication to the public.”<sup>20</sup> In a recent case, the full Federal Court referred more generally to “the desirability of technological neutrality—of not limiting rights and defences to technologies known at the time when those rights and defences were enacted.”<sup>21</sup> The Court also explicitly limited the significance of the principle, however, stating: “It is not for this Court to re-draft [a] provision to secure an assumed legislative desire for such [technological] neutrality.”<sup>22</sup>



### 3. Technological Neutrality before the Supreme Court of Canada

#### 3.1 Media Neutrality in *Robertson v Thomson*

While the term “media neutrality” had previously surfaced in Canada’s courts,<sup>23</sup> it was in the 2006 case of *Robertson v Thomson* that the Supreme Court first explicitly addressed its significance in the copyright context.<sup>24</sup> The reasons offered by the split bench in *Robertson* merit attention as a harbinger of what subsequently unfolded in the 2012 decisions.

The majority in *Robertson* found that reproduction of the *Globe & Mail* newspaper in an electronic database caused the original compilation work to be “fragmented, submerged, overwhelmed and lost”,<sup>25</sup> with the result that the database was found to reproduce the individual articles as opposed to the newspaper *per se*, thereby potentially infringing the copyright of freelance authors in their works. The dissenting Justices invoked the concept of media neutrality to stress the functional equivalence of the electronic database with an electronic archive, itself akin to a traditional library:

If media neutrality is to have any meaning, it must permit the publishers to convert their daily print edition into electronic form.... [T]his electronic edition... is a reproduction of the print edition in electronic form. That is precisely what media neutrality protects. ... The analysis is unchanged if a number of these hypothetical electronic editions are collected together. This is simply the electronic analogy to stacking print editions of a newspaper on a shelf.<sup>26</sup>

The majority was criticized for its concern with the form rather than the substance of the database on the grounds that this was “inconsistent with the media neutral approach mandated by s 3 of the *Copyright Act*.”<sup>27</sup>

The principle of media neutrality was, however, explicitly acknowledged by all members of the Court. The majority judgment recognized that “[m]edia neutrality is reflected in s 3(1) of the *Copyright Act* which describes a right to produce or reproduce a work

‘in any material form whatever,’”<sup>28</sup> and emphasized that the Justices were “mindful of the principle”<sup>29</sup> in arriving at their conclusion. The difference between the majority and minority application of media neutrality to the legal issue at hand can be at least partly explained, however, by the divergent characterizations of the principle and the significance attributed to it.

The majority defined media neutrality as meaning that “the *Copyright Act* should continue to apply in different media, including more technologically advanced ones.”<sup>30</sup> This approach is focused on non-discrimination between different technologies (in the sense of Koops’s meaning B2), and is thus limited where differences between media produce legally significant differences in effect. The majority found that the electronic database was not simply an equivalent, if more effective, technical alternative to the traditional or even electronic archiving of individual issues, such that “focusing exclusively on input in the name of media neutrality takes the principle too far and ultimately, turns it on its head.”<sup>31</sup> Given that the principle “exists to protect the rights of authors and others as technology evolves,” the majority insisted that media neutrality “is not a license to override the rights of authors.”<sup>32</sup>

The minority accorded media neutrality a somewhat different significance. Similarly taking as a starting point the section 3(1) right to reproduce the work “in any material form,” the minority stressed that “[t]he concept of media neutrality is how Parliament chose to come to grips with potential technological developments”<sup>33</sup> (consistent with meaning C1). The minority’s emphasis on the functional equivalence of electronic and traditional archiving further invokes technical neutrality in the sense of regulating effects rather than means (A1) and achieving equivalency between offline and online activities (A2). But what comes through clearly in the dissenting reasons—and particularly in the passages that speak to the potential of new technologies—is the commitment to a principle of media neutrality attentive primarily to the *purpose* of the law (in the sense of meaning A, generally). Thus, the minority analysis begins by observing that section 3(1) of the *Copyright Act* has been substantially unchanged since 1921, just after “the first domestic radio sets, and many decades before the technological revolution

that produced, among other innovations, online databases.”<sup>34</sup> The reasons proceed directly to a description of the overarching purposes of copyright, as articulated by the Court in the case of *Théberge v Galérie d’Art du Petit Champlain inc.*: “promoting the public interest in the encouragement and dissemination of artistic and intellectual works, and justly rewarding the creator of the work.”<sup>35</sup> Tasked with maintaining an appropriate balance between these goals, the minority notes the significance of the public interest in the availability of archived newspapers.<sup>36</sup> The link between the public purposes of copyright and the public interest in new technologies is brought to the fore in the following passage, which hints at how a purposive construction of copyright law aligns with a functional conception of technological neutrality:

The *Copyright Act* was designed to keep pace with technological developments to foster intellectual, artistic and cultural creativity. In applying the *Copyright Act* to a realm that includes the Internet and the databases at issue in this case, courts face unique challenges, but in confronting them, the public benefits of this digital universe should be kept prominently in view. As Professor Michael Geist observes:

The Internet and new technologies have unleashed a remarkable array of new creativity, empowering millions of individuals to do more than just consume our culture, instead enabling them to actively and meaningfully participate in it.<sup>37</sup>

The divergence between the minority and majority rulings in *Robertson* reveals the importance of the particular meaning or emphasis given to the principle of technological neutrality, and the bearing that this has on the results that the principle will produce. It also suggests, however, that even following the rules of thumb for media-neutral interpretations of the law could produce significantly different results depending on the assumptions that are brought to bear at any stage of the analysis.

Consider again Tussey’s first rule of thumb, that “where statutory

guidance is lacking or ambiguous, courts should afford functionally equivalent technologies similar treatment.”<sup>38</sup> In any case, particularly one involving new technologies, reasonable people may differ on the question of whether the law is actually clear or ambiguous, and on whether it is directly applicable as written or effectively silent given the technical specificities at issue. Opinions might also differ on whether an analogy to a pre-existing technology is apt or inappropriate, and whether technical functions are substantively equivalent or significantly different in nature or scope. Turning to Tussey’s second rule, that judges should focus on core copyright concepts rather than technical particularities, the core concepts of copyright law are famously fluid, subjective and malleable, with the result that they are often more useful to rationalize a conclusion than they are helpful in producing one. The concept of “substantial reproduction” at issue in *Robertson*, for example, provides little guidance in determining how much copying is too much in any particular case (as do the attendant concepts of “recognizability” and “essential or vital part”), and caused apparent confusion when applied to determine the scope of the owner’s right in a compilation.<sup>39</sup> Finally, taking Tussey’s third suggestion that greater regard be had to policy considerations, given the controversy over copyright’s policy and how they ought to be balanced, this interpretive approach will inevitably produce different results depending on the policy perspective brought to bear by the decision maker. It is evident, for example, that the majority’s analysis in *Robertson* was guided by a concern with protecting the rights of authors in the digital realm, while the minority was somewhat more concerned with protecting the public interest in accessing the works at issue.

The point I mean to make is that even a common or overlapping understanding of technological neutrality, coupled with a shared commitment to advancing a technologically neutral interpretation of the law, can produce very different results when law is applied in particular contexts. Ultimately, what matters is how decision makers understand the law as written, the technology as used, the core copyright concepts at play, and, most importantly, the larger legal framework—the rights and values at stake in the copyright balance.

## 3.2 Conceptions of Technological Neutrality in the Copyright Pentalogy

The principle of technological neutrality made a decisive appearance in three of the five judgments released by the Court in summer 2012: *Rogers*, *ESA* and *Bell*. This section will provide an overview of these cases, assessing the role played by the principle in the reasoning of the Court. To begin, however, it is helpful to pull back and consider the various definitions of, and rationales for, technological neutrality that were offered in the rulings.

### 3.2.1 A Minimalist Approach

The narrowest formulation of the principle is found in the dissenting judgment of Rothstein J in *ESA*, which adopted the statement of LeBel and Fish JJ writing for the majority in *Robertson*: “Media neutrality means that the *Copyright Act* should continue to apply in different media, including more technologically advanced ones.... Media neutrality is not a license to override the rights of authors—it exists to protect the rights of authors and others as technology evolves.”<sup>40</sup> As in *Robertson*, this statement reflects a restrictive vision of technological neutrality as concerned only with non-discrimination between technological means in a formalistic sense: the law remains applicable across different technologies. The emphasis is, again, not on the effect of the law as such, but on its capacity to apply in new and unanticipated contexts. To the extent that broader public policy concerns are considered, the concern appears to be with the continued recognition and protection of authors’ or owners’ rights.

This restrictive version of the neutrality principle coincides with a similarly constrained vision of its appropriate role in shaping the interpretation of the law. Continuing in the formalist vein, Rothstein J writes: “A media neutral application of the Act...does not imply that a court can depart from the ordinary meaning of the words of the Act in order to achieve the level of protection for copyright holders that the court considers is adequate.”<sup>41</sup> The minority is prepared to acknowledge that “[g]enerally, a technologically neutral copyright law is desirable.”<sup>42</sup> Neutrality is cast here as a typical baseline, an

appropriate default position that might be sound, but from which the law may readily depart: regarded in this way, it is far from a standard against which the law ought to be measured, nor even a goal to which the lawmakers—or those tasked with applying the law—should aspire. The minority’s depiction of the principle of technological neutrality minimizes its potential to legitimately inform, and certainly to determine, how the law *should* be interpreted and applied.

What was essentially the position of the majority in *Robertson* became the minority approach to technological neutrality in *ESA*. By the same token, as we will see, the majority position in *ESA* echoes and builds upon the dissenting reasons in *Robertson*. Before we get there, however, it is useful to consider the approach taken by the Court to technological neutrality in its unanimous judgment in the *Bell* and *Rogers* cases, which represent, in my view, intermediate approaches to the principle, somewhere in between that of the minority and majority in *ESA*.

### 3.2.2 An Intermediate Approach

In *Bell*, Abella J references technological neutrality as a “goal,” and explains that the principle “seeks to have the *Copyright Act* applied in a way that operates consistently, regardless of the form of media involved, or its technological sophistication.”<sup>43</sup> Interestingly, the majority ruling in *Robertson* is cited in support of this statement. When we consider Koops’s shades of meaning, however, we can see a subtle but potentially important difference between the definition offered here by Abella J, and that of Fish and LeBel JJ in *Robertson*. Whereas the *Robertson* majority wrote that “[m]edia neutrality means that the *Copyright Act* should *continue to apply* in different media,”<sup>44</sup> Abella J emphasizes that it should be applied “in a way that *operates consistently*.” The emphasis is not on non-discrimination between technologies in a formal sense (B1), but rather on substantive equivalence of effect when the law is applied across different technologies. Put another way, the formulation offered by Abella J and accepted by the full bench in *Bell* hints at a more functional and effects-oriented vision of technological neutrality (A1).

In *Rogers*, in reasons written by Rothstein J, the discussion of technological neutrality is largely tied, as one might anticipate, to the idea of the law’s “continued relevance in an evolving technological environment,”<sup>45</sup> and the *extension* of the Act, “where possible,” to technologies that “were not or could not have been contemplated at the time of its drafting.”<sup>46</sup> What is interesting here, however, is the link drawn between the concept of media neutrality and the idea of copyright as a balance between the public interest and authors’ just rewards.<sup>47</sup> Rothstein J draws the connection when he notes that the copyright balance “is not appropriately struck where the existence of copyright protection depends merely on the business model” chosen; whether conveying content through traditional or new media, he notes, “the end result is the same.”<sup>48</sup> Thus we have, in *Rogers*, a vision of technological neutrality articulated by Rothstein J and endorsed by seven members of the bench<sup>49</sup> that captures the more substantive concern with the equivalent effect of technology in light of the law’s purpose. That said, the emphasis remains on the protection of copyright (and so of copyright owners) across technologies, where consistent with the clear wording of the Act.<sup>50</sup>

### 3.2.3 An Expansive Approach

We can envisage the principle of technological neutrality along a conceptual spectrum: at one end, it is a limited principle of formal non-discrimination between technologies; at the other end, it is a broad and substantive principle that informs a teleological interpretation of the law. With each articulation of the principle so far, we have inched further along the spectrum. It is with the majority’s judgment in the *ESA* case, I suggest, that we reach the most expansive version of the principle.

Abella and Moldaver JJ begin with a simple but substantive expression of technological neutrality as requiring “that the Copyright Act *apply equally* between traditional and more technologically advanced forms of the same media.”<sup>51</sup> Again, the emphasis is on functional equivalence and consistency in effect. The majority stresses that, when works are downloaded, the Internet is a delivery system—a “technological taxi”<sup>52</sup>—no different in function or effect from a store

clerk or a courier putting a copy of the work in the hands of the end user. A purposive approach to technological neutrality emphasizing function and effect (A1) therefore requires that equivalent delivery methods receive equal treatment by the law (consistent with the idea, in the sense of A2, that what holds offline should also hold online).

What sets the majority's ruling apart, however, is the explicit connection drawn between this functional approach and copyright's policy balance, with the statement that "[t]he traditional balance between authors and users should be preserved in the digital environment."<sup>53</sup> This resonates with Professor Tussey's assertion that where copyright has struck an appropriate balance in traditional media, "similar treatment of functional equivalents should maintain that balance."<sup>54</sup> It also embraces what has been called the principle of "prescriptive parallelism," which conveys the notion that "the traditional copyright balance of rights and exceptions should be preserved in the digital environment."<sup>55</sup> In particular, Abella and Moldaver JJ emphasize that their application of the technological neutrality principle is consistent with the recognition, in *Théberge*, of the "limited nature" of creators' rights and the inefficiency of "overcompensating creators." Commitment to technological neutrality *in effect* is thus presented as a principled means by which to maintain the appropriate balance between owners and users in the digital environment; it follows that attributing insufficient weight to technological neutrality can tip the balance too far in favour of owners' rights, to the detriment of the public interest. With this, the majority in *ESA* invokes an expansive version of technological neutrality as an overarching policy consideration that should inform the interpretation and application of copyright law in continuing pursuit of its broader public policy goals.

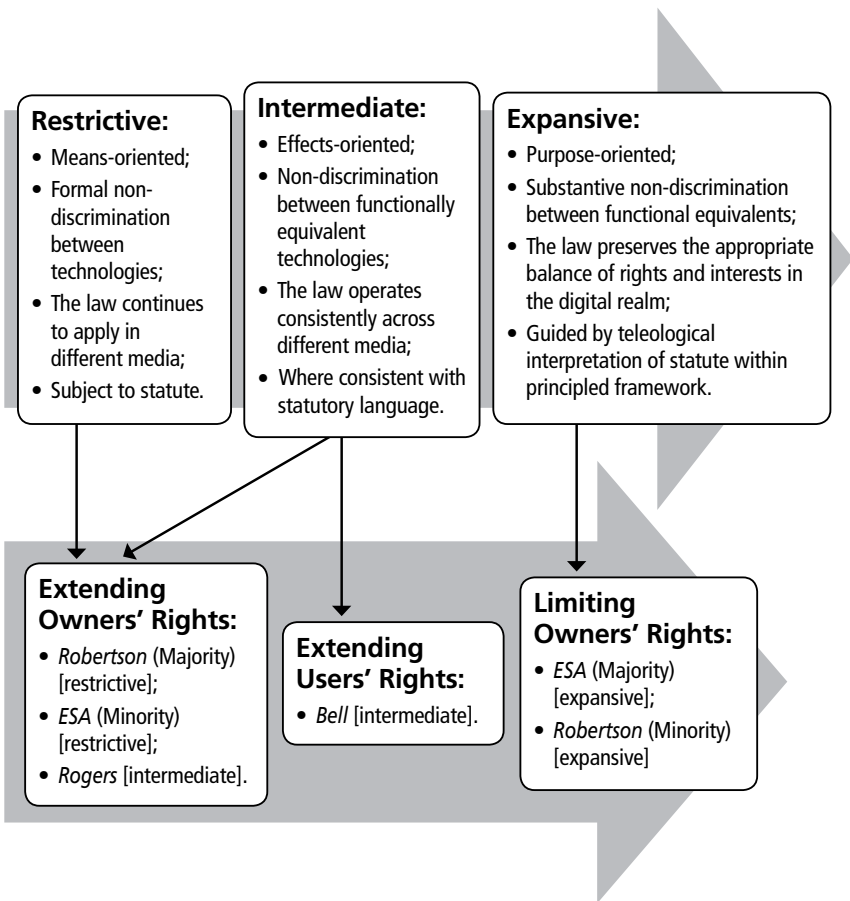
### 3.3 Putting Technological Neutrality to Work in the Copyright Pentalogy

My final aim in Part 3 is to demonstrate how the varying conceptions of technological neutrality and its role informed the interpretation and application of the legal provisions at issue. The principle was invoked to achieve three somewhat distinct ends: to extend the protection of



owners’ rights into new technological contexts; to ensure the equal availability of users’ rights in new technological contexts; and to restrict the extension of owners’ rights into new technological contexts. As illustrated below, these results roughly map onto the somewhat distinct approaches to technological neutrality identified in Part 3.2 above: the minimal approach, stressing non-discrimination; the functional approach, stressing equivalent effect; and the teleological approach, stressing the broader copyright balance.

Figure 1. Approaches to technological neutrality.



### 3.3.1 Extending Owners' Rights

Both *Rogers* and *ESA* were concerned with the scope and application of the section 3(1)(f) right of the copyright owner to “communicate the work by telecommunication.” In *Rogers*, the question was whether music streamed over the Internet to individual end users is a communication “to the public” within the meaning of section 3(1)(f). *ESA* was concerned with whether downloading video games that include musical works is a “communication” at all. In both cases, technological neutrality was raised as a basis for extending the protection of owners’ rights into the online environment.

The communication right has been described as “one of the most clearly technology indifferent legal provisions” in the ICT field.<sup>56</sup> In Canada, as Rothstein J explains, the previous “technology-specific communication right” that attached to “radiocommunication” was amended in 1988 to the “neutral language [of ‘telecommunication’] to encompass evolving but then unknown technological advances.”<sup>57</sup> Yet, what we see in these cases is that, given the significant difference in the nature of offline and online communication methods, technology-indifferent laws do not necessarily render extraneous a technology-neutralizing interpretation.<sup>58</sup> As Shira Perlmutter has observed:

[E]ven rights deliberately written to be technologically neutral are quickly called into question by the rapidity of today’s technological developments. There ensues a tremendous diversion of time and energy in debating the precise borders of each right. Which rights are implicated by a particular type of dissemination—for example, “making available” online? Reproduction? Distribution? Rental? Communication?<sup>59</sup>

Rothstein J and the minority in *ESA* were of the view that the communication right is implicated when works are downloaded over the Internet.<sup>60</sup> A means-oriented and formal non-discrimination approach to technological neutrality might suggest that discriminating between transmissions of electronic downloads and streamed transmissions is contrary to the basic principle. However, seen from a more substantive and effects-oriented perspective, the minority’s

reasoning can be admonished for falling afoul of Tussey’s second rule of thumb—focusing on the technical details of the technologies at issue. By directing the inquiry toward the system specifics (the technical *means* of transmission) rather than the *outcome* of that technical process (the acquisition of a copy), the minority could be accused of pinning its judgment on “technological details rather than lasting principles governing rights and liabilities.”<sup>61</sup> More importantly, satisfied with the “ordinary” meaning of the neutral term “communication” and its application to downloads by virtue of their “transmission,”<sup>62</sup> the minority also falls afoul of Tussey’s third rule: its focus is on the black letter law, largely unencumbered, it would seem, by a concern with the *effect* of capturing downloads within the communication right—the substantive inequality produced between traditional and online distribution systems, and the resultant impact on copyright’s fragile balance. Attentive primarily to the need to secure protection for owners across new technologies, the minority’s reasons relegate consideration of the broader role of technological neutrality in securing consistency in effect and preserving the appropriate policy balance.

In *Rogers*, communication “to the public” was held to include “a series of point-to-point communications of the same work to an aggregation of individuals” on the grounds that “it matters little for the purposes of copyright protection whether the members of the public receive the communication in the same or in different places, at the same or at different times or at their own or the sender’s initiative.”<sup>63</sup> The Court emphasized the technology-neutral language of the amended statutory provision<sup>64</sup> and found, in the expanded scope of section 3(1)(f), “evidence that the Act has evolved to ensure its continued relevance in an evolving technological environment.” Thus, the Court determined that limiting the communication rights to “push-technologies” and so excluding “pull-technologies” would be “inconsistent with the neutral language of the Act itself.”<sup>65</sup> The extension of neutral statutory language to afford protection in relation to online streaming is a good example of a non-discrimination approach at work, ensuring that the law does not discriminate between traditional broadcast and Internet communications, the effects of which are viewed as essentially equivalent. The approach is also in line with Tussey’s second

recommendation: that courts avoid technology-centred judgments and interpret copyright's core concepts in terms applicable across technologies.<sup>66</sup> Taking this non-discrimination approach, technological neutrality was employed to extend owners' right to "communicate to the public" into a new technological context where communications occur at a place and time chosen individually by end users.

### 3.3.2 Extending Users' Rights

As Cameron Hutchinson has observed, the most significant aspect of the *Bell* case in regard to technological neutrality is the explicit extension, for the first time, of the principle beyond the rights of copyright owners to the rights of users.<sup>67</sup> The issue before the Court was whether the streaming of short extracts or "previews" of musical works could benefit from the fair dealing defence. SOCAN argued that the "amount" of the dealing was unfair in light of the aggregate quantity of music heard through previews by consumers. Invoking the principle of technological neutrality, the Court held that the relevant amount is rather the proportion of each extract to the whole work (thus supporting the finding of fair dealing for research purposes). The Court explained:

[G]iven the ease and magnitude with which digital works are disseminated over the Internet, focusing on the "aggregate" amount of the dealing in cases involving digital works could well lead to disproportionate findings of unfairness when compared with non-digital works. If...large-scale organized dealings are inherently unfair, most of what online service providers do with musical works would be treated as copyright infringement. This...potentially undermines the goal of technological neutrality....<sup>68</sup>

The "intermediate version" of technological neutrality articulated in *Bell*, which was focused on consistent operation of the law across technologies, allowed the principle to expand from preserving owners' rights in new environments to preserving the rights of users to deal fairly. While online dealings may well be different in scale than their offline equivalents (and the "character" of such dealing

may weigh against finding fairness), the Court was alert to the risk that assuming (or even double-counting) unfairness based on the potential scale or aggregate volume of digital dealings could *effectively* render the fair dealing defence severely weakened or even eviscerated in the online environment. Such a result would be contrary to the more substantive vision of technological neutrality as concerned with achieving consistency in the effect of the law when applied in different technological contexts. As the Court recognized, the effects of copyright law depend not only on the continued protection of owners' rights, but also on the continued recognition of their appropriate limits.

### 3.3.3 Restricting the Reach of Owners' Rights

It should come as no surprise, however, that it is with the *ESA* case, where the majority offered the most expansive version of technological neutrality as a guiding principle, that we see its most prominent and potentially impactful use. Finding that digital downloads implicated only the reproduction right and not the communication right, which has historically been linked to public performance, Abella and Moldaver JJ focused on “*what* the internet technology was *functionally* doing as opposed to *how* it was technically doing it.”<sup>69</sup> The majority thus explained: “Although a download and a stream are both ‘transmissions’ in technical terms (they both use ‘data packet technology’), they are not both ‘communications’ for the purposes of the *Copyright Act*. . . . Unlike a download, the experience of a stream is much more akin to a broadcast or performance.”<sup>70</sup>

The importance of differentiating downloading from streaming activities—while justified through an analysis of legislative history<sup>71</sup> and a (somewhat controversial) interpretation of section 3(1)<sup>72</sup>—was clearly motivated by an overarching concern with the practical consequences of finding otherwise. If, as SOCAN argued, the activity of downloading a copy of a video game can infringe on both the reproduction and the communication right, the effect is to permit “double-dipping” by copyright owners,<sup>73</sup> requiring the payment of two fees to two separate collective societies.<sup>74</sup> This result was dismissed as inefficient, and therefore harmful to “both end users and copyright

owners.”<sup>75</sup> Moreover, it was explicitly criticized for “ignor[ing] the principle of technological neutrality.”<sup>76</sup> The majority reasoned that permitting such double dipping in respect of copies delivered through the Internet would “effectively impose a gratuitous cost for the use of more efficient, Internet-based technologies,” as compared with delivery through stores or by mail. Informed by its version of technological neutrality, then, the majority opted quite deliberately to interpret the Act “in a way that avoids imposing an additional layer of protections and fees based solely on the *method of delivery* of the work to the end user.”<sup>77</sup>

This use of the principle is interesting in two respects. First, as noted, the result is to discriminate between two kinds of online activities—streaming and downloading—and, in doing so, to overlook the technical means employed for both kinds of transmissions (data packet transmission that is not a “single activity” in any technical sense). This approach might be thought to undermine technological neutrality insofar as it distinguishes between technical processes and imposes legal consequences for using one form of transmission over another. Such a critique would have to rely, however, on a formal non-discrimination-based vision of the principle. Thus, Rothstein J and the minority warn against “limit[ing] the scope of the communication right when it is applied to one such new technology.”<sup>78</sup> However, taking a substantive approach concerned with functional equivalence and discriminatory effect, I would suggest, the majority’s conclusion is well supported and eminently defensible. Protecting an additional income stream for digital downloads that is not available for hard copy sales is essentially the opposite of technological neutrality, thus understood.<sup>79</sup>

Second, the majority’s ruling and reasons signal a willingness to actively limit the potential reach of the ostensibly technology-neutral rights of copyright owners in new technological contexts in recognition of the broader policy balance implicated by owners’ claims. In this vein, the minority takes a legally formalist stance and criticizes the majority for “reading into the Act restrictions which are not apparent from and are even inconsistent with the current language of the Act.”<sup>80</sup> According to Rothstein J, by “inferring limits into the communication right,” the majority ruling went “beyond the function

of the courts.”<sup>81</sup> Indeed, the ruling has proved controversial precisely because the Court could easily have accorded “communication by telecommunication” its readily available and previously attributed meaning,<sup>82</sup> and thereby protected the rights of owners to demand public performance fees for every digital transmission of their works.

Instead, as Professor Hutchinson explains, the majority presented technological neutrality as a “principle of non-interference” when it sought to “avoid imposing copyright liability on technologies and activities that, while theoretically capable of being included under the Act, only incidentally implicate copyright.”<sup>83</sup> In doing so, the Court took a more activist stance, unapologetically curtailing owners’ rights in the digital environment in the name of technological neutrality, thereby insulating the users of new technologies from potential (and doctrinally justifiable) liability—an interpretive approach with potentially significant consequences for future demands for online copyright protection.<sup>84</sup> While the expansive version of the technological neutrality principle might equally support extending copyright or protecting user rights in particular contexts, it is only in this expansive form that the principle has thus far been employed to actively delimit owner rights.

#### **4. The Promise of the Technological Neutrality Principle**

Having charted the various definitions and rationales offered in respect of the principle of technological neutrality, and their bearing on the interpretation and application of the law, I want to offer, in the final section, some brief thoughts about the justification and potential implications of the principle as it emerged, fully formed, from the *ESA* case.

##### **4.1 On Justifications**

To the extent that technological neutrality can be derived directly from the face of the *Copyright Act*, it is generally found in the wording of section 3(1) and the owner’s exclusive right to reproduce the work “in any material form whatsoever.” This provision undoubtedly demonstrates an ambition toward a technologically neutral copyright but, in itself, it demands nothing more than extending the reach of

owners' rights to new media, thereby ensuring non-discrimination in the applicability of the law to different technologies, and, to a certain degree, "future-proofing" the law. What we see in *ESA* is a markedly broader, functional vision of technological neutrality as a guiding principle that actively distinguishes between technological means and restricts copyright's reach in new contexts with a view to achieving consistency in effect; so, if not in the language of the *Act*, where can the principle, in this form, find its origin and justification? The answer, I suggest, is simple and lies in the overarching policy goals of the copyright system as articulated by the Supreme Court in the *Théberge* case.

In *Théberge*, writing for the majority, Binnie J stated that copyright requires "a 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."<sup>85</sup> In *Bell*, Abella J explained the significance of the case:

*Théberge* reflected a move away from an earlier, author-centric view which focused on the exclusive right of authors and copyright owners to control how their works were used in the marketplace.... *Théberge* focused attention instead on the importance copyright plays in promoting the public interest, and emphasized that the dissemination of artistic works is central to developing a robustly cultured and intellectual public domain. ... [B]oth protection and access must be sensitively balanced in order to achieve this goal.<sup>86</sup>

This principled recognition of copyright as requiring a sensitive public policy balance, rather than simply the protection of a private property right, has had a marked impact on the landscape of Canadian copyright law. If copyright in general requires this balance, then it must surely follow that copyright in the digital era requires the *preservation* of this balance, which must mean that the law should have the same effect (produce a similar balance of rights and interests) whether applied offline or online. The broad principle of technological neutrality, as employed by the majority in *ESA*, therefore flows naturally from the Court's recognition of the *Théberge*



balance and its continued significance in the digital environment. Correspondingly, as one might expect, the most limited version of technological neutrality, as employed by the minority in *ESA*, aligns with a restrictive vision of balance and its role in guiding the interpretation of the law. Citing the same statement of balance from *Théberge*, Rothstein J continues: “While the ‘courts should strive to maintain an appropriate balance between these two goals,’...[i]n Canada, copyright [remains] a creature of statute.”<sup>87</sup> Neither balance nor technological neutrality, from this viewpoint, offers a basis for “delimit[ing] the scope of broadly defined rights in the digital environment”; rather, this task is properly left to Parliament, which will “legislate when it considers copyright protection to be improperly balanced.”<sup>88</sup>

With respect, Rothstein J appears to permit the principle of balance to inform the extension of owners’ rights into the online environment (protecting owners in *Rogers*), but not to limit owners’ rights (in *Robertson* and *ESA*). My argument is that, if one begins with a commitment to the principle of balance as articulated in *Théberge*, then it should follow as a matter of course that the balance must be preserved as technologies evolve; this, in turn, demands a principle of technological neutrality that focuses on the *effects* on the law in new technological contexts, and that justifies (in Koops’s terms) a functionalist or teleological interpretation of the law with a view to the substantive principles at stake.<sup>89</sup> In Tussey’s terms, technological neutrality is necessarily furthered by consideration of copyright’s broader policy goals, rather strict adherence to the black letter law.<sup>90</sup> The important point is that technological neutrality, as presented by the majority in *ESA*, is not a new and overarching policy parachuted into Canadian copyright law; rather, it is a principled interpretive tool mandated by the overarching policy of Canada’s copyright law—the preservation or continuing pursuit of an appropriate balance between protecting authors and promoting the public interest. As Tomas Lipinski writes, “The overall goal of balance in the copyright law between rights of copyright owners and copyright users is paramount and the concept of technological neutrality in the application of the law assists in achieving that goal.”<sup>91</sup>

## 4.2 On Implications

If there is anything on which everyone can agree, it would seem to be that the Court's invocation of technological neutrality in *ESA* is of potentially enormous significance when it comes to interpreting and applying the *Copyright Act* as amended by the *Copyright Modernization Act*. Exactly what significance the principle will have, however, and what outcomes it might produce, are less evident and more open to debate. As Michael Geist has argued, “the linkage between technological neutrality and the limited nature of creators’ rights could prove very significant as the court is concerned that a non-neutral approach may result in overcompensating creators.”<sup>92</sup> With this as a potential starting point, the general assumption seems to be that, for better or for worse, the principle may be employed to restrict the scope of the owner rights that have been created or expanded by the new *Act*.

The new *Act* contains a large volume of technologically specific provisions that would appear to be inherently at odds with the guiding principle of technological neutrality as a regulatory strategy. It should be recalled, however, that as a principle of regulation, technology specificity is the opposite of technology *independence*; technology-specific regulations may thus be said to be technologically *neutral* if it is claimed that they differentiate between technologies with legally relevant differences. In such instances, different treatment may be “necessary to realize an equivalent result.”<sup>93</sup> Thus, the additional protection of digital rights management (DRM) systems, for example, is identified by Koops as “a technology-specific or technology-driven regulation, which aims to create the same copyright-law effect in the on-line era as it had in the off-line era.”<sup>94</sup> Such protection may therefore be claimed to be functional (in the sense of Koops’s A1), by attempting to reinstate the norms of the analog world in the digital environment through a combination of technology and law. Koops explains:

[T]he advent of new technologies has threatened to shift the power balance between copyright owners and users to make users more powerful: they can cheaply and without limit make perfect copies, which formerly they

could not do. Thus, the law reacts by shifting the power balance back towards copyright holders: it prohibits the circumvention of DRM systems.<sup>95</sup>

But as Koops rightly warns, “[w]hether it achieves that aim is another matter; the power balance is now arguably tipped deeper towards copyright holders than it has ever done before.”<sup>96</sup> Indeed, even the premise that new technologies represent a net threat to copyright owners (never mind the appropriate legal response) is open to dispute. As Lipinski notes, “those who have control of a technologically dependent medium, the digital medium for example, in fact control both the ownership and the access to the work, without heed to users’ rights.” Rather than neutrality, then, Lipinski perceives in digital environments “the ascendancy of ownership rights.”<sup>97</sup>

It might be claimed that the technology-specific provisions of the *Copyright Modernization Act* are aimed at ensuring the continuing application and enforcement of copyright in the digital environment, with the intention that “what holds offline should also hold online.” Certainly, it seems fair to say that copyright’s balance “can no longer be purely internal to the legal framework of rights and limitations but must factor in elements of practical reality, including the impact of the additional risks engendered, and the additional protection made possible by technology.”<sup>98</sup> Even rationalized in these terms, however, many of the technology-specific provisions exemplify the distortive potential of such efforts, especially when guided by a primary concern to protect the rights of copyright owners against the increased risk associated with the digital environment. By focusing on the perceived threat to copyright owners presented by digital technologies, Canada’s legislature has enacted technology-specific laws that overcompensate owners and tip the balance in their favour. In particular, the additional protections afforded to digital locks (the technological protection measures that prevent access or certain uses of digital content) seem largely incapable of justification when seen through the lens of technological neutrality.

On their face, of course, the provisions violate the basic starting point of technological neutrality insofar as they target the technology itself: section 41.1(1)(c), for example, makes it unlawful to

“manufacture, import, distribute, offer for sale or rental or provide... any technology, device or component” produced primarily for the purpose of circumventing a technological protection measure. Such device prohibitions regulate particular technologies (the means) rather than particular uses (the effects), discriminate between different technologies, and quite deliberately restrict the development of certain technologies. There is no sound basis on which to assert that the anti-circumvention provisions simply shift the balance *back*. The greatest difficulty with such an argument is that these added protections entirely neglect one half of the copyright balance by failing to safeguard in any meaningful way the rights of lawful users of protected works. The new *Act* contains no general fair dealing defence to circumvention liability, and no route by which to demand access to works for lawful purposes. By privileging digital locks and their protection over user rights and the public interest, the new rules disrupt the traditional copyright balance, “sacrificing user rights and privileges to the ultimate power of technical control.”<sup>99</sup>

As such, Michael Geist is right to suggest that “the biggest long term impact [of the *ESA* decision] may be felt when courts begin to assess the effect of the new digital lock rules. Those rules are distinctly non-neutral and could face a rough ride if challenged before the courts.”<sup>100</sup> Geist explains, “those rules ‘impose an additional layer of protections’ and create ‘a gratuitous cost’ for consumers who lose their user rights in the shift to Internet-based technologies”—precisely the kinds of effects that the Court found to be contrary to its substantive version of the technological neutrality principle.<sup>101</sup>

I argued above that technological neutrality is not a new principle suddenly imported by the Court into Canada’s copyright law; rather, technological neutrality is about preserving copyright’s fundamental balance between owners and the public as technologies evolve. By the same token, the digital lock protections in the *Copyright Modernization Act* do not violate the principle of technological neutrality simply because they are technology specific; rather, these additions to the rights of owners violate the principle because they fail to preserve the copyright balance in the digital environment.

With the enactment of the *Copyright Modernization Act*, the legislature has opted for an abundance of technology-specific provisions that establish additional protections for owners without corresponding protections for users. The new requirements lack transparency and comprehensibility for ordinary Canadians tasked with following the rules, and place extraordinary monitoring and compliance obligations on intermediaries and service providers (even including, for example, teachers offering distance-learning lessons). There is no doubt that, in doing so, the legislature has threatened the ability of the judiciary to keep copyright on the technologically neutral and balanced trajectory established by the Supreme Court in recent copyright jurisprudence. However, this does not minimize the significance of these path-breaking decisions—it suggests that the Court’s powerful reasoning may have come just in time to save Canada’s copyright balance.

Koops writes that “within a system of functional interpretation of laws, technology neutrality becomes a minor issue: practice can deal with laws that seem technology-specific by interpreting them in a functional way.”<sup>102</sup> While not always possible or sufficient to achieve equivalence of result, “the possibility of functional interpretation may often be a good way of circumventing the problem of technology neutrality.”<sup>103</sup> Moreover, as Koops suggests, the effects of technology-specific regulation can be minimized by the establishment of a clear framework of substantive principles such as that elucidated by the Supreme Court in the copyright arena over the past decade. By providing a clear sense of the “fundamental rights and values that are at stake and the rationale that underlies” Canada’s copyright system, the Court has established a principled framework that will, in the future, facilitate “the practice of interpreting...technology-specific laws...in a functional, teleological way.”<sup>104</sup>

It is hoped, then, that as Canadian courts grapple with the amended *Copyright Act*, and find themselves challenged with interpreting its dense, technology-specific provisions in new and likely unforeseen situations, this principled framework of rights and values will guide the judicial understanding and application of the law. As an interpretive tool, the principle of technological neutrality should

assist in achieving consistency in the application of copyright (and its limits) in furtherance of copyright's purposes. This should mean, for example, minimizing to the extent possible the scope and impact of the anti-circumvention right on non-infringing uses, thereby giving substance to the Court's repeated insistence that fair dealing is a "users' right" and "an essential part of furthering the public interest objectives of the *Copyright Act*."<sup>105</sup> Without abandoning due regard for the statutory language,<sup>106</sup> courts should strive to apply the text of the law in a way that advances the purposes of copyright by preserving the balance between authors' rights and the public interest in the encouragement and dissemination of works. It is unfortunate that elements of the newly written law do more to jeopardize than to assist in this task; but it is fortunate indeed that those tasked with applying the law can do so with the principle of technological neutrality to guide them as they carve out a path for copyright in this digital age.

## 5. Conclusion

The idea that technological neutrality should be a governing principle in the realm of copyright law has long been present in Canada, as elsewhere, but has gone largely unexamined until now. The Supreme Court's 2012 copyright decisions shone a light on the principle and its potential significance in shaping the copyright law of the digital era. Evident in these rulings were three distinguishable conceptualizations of technological neutrality: a minimalist version focused on formal non-discrimination and the extension of rights into new media; an intermediate version concerned with functional equivalence and consistency of effect in the application of copyright to new media; and an expansive version—extending beyond any previous judicial treatment of the principle in Canada or elsewhere—that demands a teleological interpretation of the law aimed at advancing the purposes of the copyright system as the technological landscape shifts. With these decisions, technological neutrality emerged as a fundamental and functional principle that can inform the application of copyright law in important and arguably unanticipated ways. Not only can it explain the extension of copyright protection into new technological contexts, but it can also be asserted as a safeguard of user rights and their availability in respect of novel technologically facilitated

consumer practices. Most importantly, however, the principle supports circumscribing the potential reach of existing owners' rights where their extension threatens to upset copyright's fragile balance in the digital domain.

The unprecedented power of technological neutrality to shape the contours of copyright protection therefore depends on an understanding of the principle that extends beyond simple non-discrimination in the application of copyright norms to new media. Rather, its power flows from a substantive commitment to the notion that copyright law should apply with equivalent *purpose and effect* across the technological landscape. Taking seriously the idea of copyright as a balance between authors and the public reveals the principle to be ultimately concerned with the *preservation* of this copyright balance in the digital environment. As such, the technological neutrality principle does not occupy a separate or parallel position alongside the guiding principle of balance—it is part and parcel of that balance. Its significance, then, will not be determined by the mere acceptance of technological neutrality as an ideal. As evidenced by the various iterations and applications of the principle by the Justices of the Supreme Court, the significance of technological neutrality will ultimately depend on the meaning and significance that we accord to the public policy objectives of our copyright system.




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<sup>1</sup> *Entertainment Software Association v Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 34, [2012] 2 SCR 231 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9994/index.do>> [ESA]; *Rogers Communications Inc. v Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 35, [2012] 2 SCR 283 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9995/index.do>> [Rogers]; *Society of Composers, Authors and Music Publishers of Canada v Bell Canada*, 2012 SCC 36, [2012] 2 SCR 326 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9996/index.do>> [Bell]; *Alberta (Education) v Canadian Copyright Licensing Agency (Access Copyright)*, 2012 SCC 37, [2012] 2 SCR 345 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9997/index.do>> [Alberta (Education)]; *Re:Sound v Motion Picture Theatre Associations of Canada*, 2012 SCC 38, [2012] 2 SCR 376 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9999/index.do>> [Re:Sound].

<sup>2</sup> *Copyright Act*, RSC 1985, c C-42 <<http://laws.justice.gc.ca/en/C-42/>>; *Copyright Modernization Act*, SC 2012, c 20 <[http://laws-lois.justice.gc.ca/PDF/2012\\_20.pdf](http://laws-lois.justice.gc.ca/PDF/2012_20.pdf)>.

<sup>3</sup> See Bert-Japp Koops, “Should ICT Regulation be Technology-Neutral?” SSRN <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=918746](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=918746)> in Bert-Japp Koops, Miriam Lips, Corien Prins & Maurice Schellekens, eds, *Starting Points for ICT Regulation: Deconstructing Prevalent Policy One-liners* (The Hague: TMC Asser Press, 2006) 77 at 1-2 [cited to SSRN].

<sup>4</sup> Chris Reed, “Taking Sides on Technology Neutrality” (2007) 4:3 SCRIPTed 263 at 265 <<http://www.law.ed.ac.uk/ahrc/script-ed/vol4-3/reed.asp>>.

<sup>5</sup> *Ibid.*

<sup>6</sup> Koops, *supra* note 3.

<sup>7</sup> *Ibid* at 6. Koops offers as an example different rules for “spamming” in the context of telephone, facsimile and email communications, on the apparent grounds that the cost and intrusiveness of unsolicited communications varies with the medium used.

<sup>8</sup> See *ibid* at 6-7.

<sup>9</sup> *Ibid* at 24-25.

<sup>10</sup> *Ibid* at 25.

<sup>11</sup> Deborah S. Tussey, “Technology Matters: The Courts, Media Neutrality, and New Technologies” (2005) 12 J Intell Prop L 427 at 477.

<sup>12</sup> *Ibid* at 479.

<sup>13</sup> See e.g. *Computer Associates International, Inc. v Altai, Inc.* 982 F (2d) 693 (2d Cir 1992); *Delrina Corp. (Carolian Systems) v Triolet Systems, Inc.* (2002), 58 OR (3d) 339 (CA) <<http://www.canlii.org/en/on/onca/doc/2002/2002canlii11389/2002canlii11389.html>>.

<sup>14</sup> Tussey, *supra* note 11 at 481.

<sup>15</sup> See *New York Times Co., Inc., et al. v Tasini et al.*, 533 US 483 (2001) at 502 [*Tasini*]. The Supreme Court agreed with the Publishers that “the ‘transfer of a work between media’ does not ‘alte[r] the character of’ that work for copyright purposes.” The Court held that, in this case, “media neutrality should protect the Authors’ rights in the individual Articles to the extent those Articles are now presented individually, outside the collective work context, within the Databases’ new media.”

<sup>16</sup> See especially *Tasini v New York Times Co.*, 972 F Supp 804 at 818 (SD New York 1997) where the District Court agreed that “the 1976 [Copyright] Act was plainly crafted with the goal of media neutrality in mind”; noted that key terms of the Act such as “copies” and “literary works” are “defined to accommodate developing technologies”; and described as “telling” the fact that “none of the provisions of the Act limit copyright protection to existing technologies.” Compare *Greenberg v National Geographic Society*, 533 F (3d) 1244 at 1257 (2008), adopting from *Tasini* the description of media neutrality as a “long-embraced doctrine” and a “staple of the Copyright Act”, and referencing the legislative history and intention behind the 1976 legislation. The court states: “As technology progresses and different mediums are created through which copyrightable works are introduced to the public, copyright law must remain grounded in the premise that a difference in form is not the same as a difference in substance.” In this case, the principle was held to permit the exact



conversion of a collective work from print to digital form as a privileged “revision” by the owner of copyright in the collective work.

<sup>17</sup> There are some exceptions: see Kevin Smith, “Technological Neutrality as Rhetorical Strategy”, Duke University Scholarly Communications Blog (18 October 2009) <<http://blogs.library.duke.edu/scholcomm/2009/10/18/technological-neutrality-as-a-rhetorical-strategy/>> [Smith, “Rhetorical Strategy”]: “[T]hat copyright law should be technologically neutral seems benign enough, but the work that the music publishing industry tries to get that rhetoric to do is very troubling.” See also Kevin Smith, “Coming Clean on Technological Neutrality”, Duke University Scholarly Communications Blog (23 October 2012) <<http://blogs.library.duke.edu/scholcomm/2012/10/23/coming-clean-on-technological-neutrality/>>. Smith complains that technological neutrality is used by copyright owners as “a battle cry” or “a rhetorical smoke screen” only when it supports their claims.

<sup>18</sup> See *ITV Broadcasting Ltd. & Ors v TV Catchup Ltd.*, [2011] FSR 40, [2011] EWHC 1874 (Pat) at para 102 [ITV] (given “the obvious desire in the [InfoSoc] Directive to provide for a technologically neutral definition of communication to the public” it would be “an unfortunate result if a point-to-multipoint communication were to be actionable but a number of point to point transmissions were not”). References to technological neutrality also appear in respect of broadcasting and communications legislation, e.g. *British Telecommunications Plc, R (on the application of) v Secretary of State for Culture, Olympics, Media and Sport*, [2012] All ER (D) 52 (Mar), [2012] EWCA Civ 232; *Hutchison 3G UK Limited v Office of Communications* [2008] CAT 11.

<sup>19</sup> Explanatory Memorandum to the *Copyright Amendment (Digital Agenda) Bill 1999* (Cth), cited in *National Rugby League Investments Pty Ltd. v Singtel Optus Pty Ltd.* [2012] FCAFC 59 at para 95 [*National Rugby*].

<sup>20</sup> *Roadshow Films Pty Ltd. v iiNet Ltd.* [2011] FCAFC 23 at paras 164, 692 [*Roadshow*].

<sup>21</sup> *National Rugby*, *supra* note 19 at para 95. The idea that technological neutrality protects users as well as owners is also evident in *Gammasonics Institute for Medical Research Pty Ltd. v Comrad Medical Systems Pty Ltd.*, [2010] NSWSC 267 at para 38 (supporting an interpretation of digital downloads as “goods”: “this approach has the advantage of being ‘technology-neutral’ since it affords the same protection to the consumer irrespective of the technical medium used for delivery.”)

<sup>22</sup> *National Rugby*, *supra* note 19 at para 96. Compare *Roadshow*, *supra* note 20 at para 169: “[T]he object of the Digital Agenda Act, to create a technology neutral right of communication, cannot override the plain words of the Copyright Act itself.”

<sup>23</sup> See e.g. *Apple Computer Inc. v Mackintosh Computers Ltd.*, [1987] 1 FC 173 at paras 52, 80; *Re Public Performance of Musical Works 1990 to 1993*, [1993] 52 CPR (3d) 23 at para 59; *Canadian Assn. of Broadcasters v SOCAN*, [1994] 58 CPR (3d) 190 at para 23; *Re SOCAN Statement of Royalties 1994-1997*, [1996] 71 CPR (3d) 196 at para 126; *Re Private Copying 2003-2004, Tariff of Levies to be Collected by CPCC*, [2003] 28 CPR (4th) 417 at para 135.

<sup>24</sup> *Robertson v Thomson Corp.*, 2006 SCC 43, [2006] 2 SCR 363 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2317/index.do>> [*Robertson*].

<sup>25</sup> *Ibid* at para 44, LeBel and Fish JJ, writing for Bastarache, LeBel, Deschamps, Fish and Rothstein JJ. This conclusion was similar in substance and effect to the ruling of the US Supreme Court in *Tasini*, *supra* note 15 (notwithstanding important differences between the US and Canadian law regarding copyright in collective works).

<sup>26</sup> *Robertson*, *supra* note 24 at paras 86-90, Abella J, writing for McLachlin CJC and Binnie, Abella and Charron JJ.

<sup>27</sup> *Ibid* at para 93, Abella J.

<sup>28</sup> *Ibid* at para 49.

<sup>29</sup> *Ibid* at para 48.

<sup>30</sup> *Ibid* at para 49.

<sup>31</sup> *Ibid* at para 48.

<sup>32</sup> *Ibid* at para 49.

<sup>33</sup> *Ibid* at para 75.

<sup>34</sup> *Ibid* at para 68.

<sup>35</sup> *Ibid* at para 69, citing *inter alia* *Théberge v Galerie d'Art du Petit Champlain inc.*, 2002 SCC 34 at para 30, [2002] 2 SCR 336 [*Théberge*]; *CCH Canadian Ltd. v Law Society of Upper Canada*, 2004 SCC 13 at para 23, [2004] 1 SCR 339; and *Society of Composers, Authors and Music Publishers of Canada v Canadian Assn. of Internet Providers*, 2004 SCC 45 at para 40, [2004] 2 SCR 427 [*SOCAN v CAIP*].

<sup>36</sup> *Robertson*, *supra* note 24 at para 70.

<sup>37</sup> *Ibid* at para 79, citing Michael Geist, *Our Own Creative Land: Cultural Monopoly and the Trouble with Copyright* (Toronto: Hart House Lecture Committee, University of Toronto, 2006) at 9.

<sup>38</sup> *Tussey*, *supra* note 11 at 477.

<sup>39</sup> For a sound critique of the Court's reasoning, see Gregory R Hagen, "Layered Rights: *Robertson v Thomson*" (2007) 6:1 *Can JL & Tech* 61 <[http://cjlt.dal.ca/vol6\\_no1/index.html](http://cjlt.dal.ca/vol6_no1/index.html)>. See also Navin Khanna and Julie Catzman, "SCC's premise on copyright for collective work is troubling", *Lawyers' Weekly* (24 November 2006) <<http://www.lawyersweekly.ca/index.php?section=article&articleid=387>>.

<sup>40</sup> Writing for LeBel, Fish, Rothstein and Cromwell JJ, citing *Robertson*, *supra* note 24 at para 49.

<sup>41</sup> *ESA*, *supra* note 1 at para 122.

<sup>42</sup> *Ibid* at para 49.

<sup>43</sup> *Bell*, *supra* note 1 at para 43.

<sup>44</sup> *Robertson*, *supra* note 24 at para 49.

<sup>45</sup> *Rogers*, *supra* note 1 at para 38.

<sup>46</sup> *Ibid* at para 39, once again citing *Robertson*, *supra* note 24 at para 49.

<sup>47</sup> *Rogers*, *supra* note 1 at para 40, citing *Théberge*, *supra* note 35 at para 30.

<sup>48</sup> *Rogers*, *supra* note 1 at para 40.

<sup>49</sup> Abella J's concurring reasons concerned the majority's approach to the standard of review.

<sup>50</sup> See *Rogers*, *supra* note 1 at para 39: “[T]he same [media neutrality] principle should guide the application of the neutral wording of the right to ‘communicate... to the public by telecommunication.’ The broad definition of ‘telecommunication’ was adopted precisely to provide for a communication right ‘not dependent on the form of technology’ (*SOCAN v CAIP*, at para 90).”

<sup>51</sup> *ESA*, *supra* note 1 at para 5 [emphasis added], citing *Robertson*, *supra* note 24 at para 49.

<sup>52</sup> *ESA*, *supra* note 5 at para 5.

<sup>53</sup> *Ibid* at paras 7-8, citing Carys Craig, “Locking Out Lawful Users: Fair Dealing and Anti-Circumvention in Bill C-32”, in Michael Geist, ed, *From “Radical Extremism” to “Balanced Copyright”: Canadian Copyright and the Digital Agenda* (Toronto: Irwin Law, 2010) 177 at 192 <<http://www.irwinlaw.com/content/assets/content-commons/666/CCDA%2007%20Craig.pdf>> [Craig, “Locking Out Lawful Users”].

<sup>54</sup> *Tussey*, *supra* note 11 at 479.

<sup>55</sup> Jerome H Reichman, Graeme B Dinwoodie, and Pamela Samuelson, “A Reverse Notice and Takedown Regime to Enable Public Interest Uses of Technically Protected Copyrighted Works” (2007) 22 *Berkeley Tech. L J* 981 at 1042 <[http://scholarship.law.duke.edu/faculty\\_scholarship/1861/](http://scholarship.law.duke.edu/faculty_scholarship/1861/)>. For further discussion of this principle, see Carys Craig, “Digital Locks and the Fate of Fair Dealing in Canada: In Pursuit of Prescriptive Parallelism” (2010) 13:4 *J of World Intell Prop* 503 <<http://onlinelibrary.wiley.com/doi/10.1111/j.1747-1796.2009.00394.x/full>>.

<sup>56</sup> *Reed*, *supra* note 4 at 269. *Reed* explains: “If the works of Shakespeare were still in copyright I could infringe his rights in *Hamlet* in numerous offline ways, for example via the use of technologies such as semaphore flag communication.”

<sup>57</sup> *ESA*, *supra* note 1 at paras 96, 100, Rothstein J.

<sup>58</sup> Compare *Reed*, *supra* note 4 at 270.

<sup>59</sup> Shira Perlmutter, “Convergence and the Future of Copyright” (2000) 24 *Colum-VLA JL & Arts* 163 at 173.

<sup>60</sup> *ESA*, *supra* note 1 at para 105: when a work is downloaded, “a transmission by telecommunication to the public, and therefore, a communication within the meaning of s 3(1)(f), effectively occurs.”

<sup>61</sup> Compare *Tussey*, *supra* note 11 at 479.

<sup>62</sup> See *ESA*, *supra* note 1 at para 107.

<sup>63</sup> *Rogers*, *supra* note 1 at para 52.

<sup>64</sup> *Ibid* at para 41, citing the *Canada-United States Free Trade Agreement Implementation Act*, SC 1988, c 65, ss 61, 62.

<sup>65</sup> *Rogers*, *supra* note 1 at para 38. This conclusion is consistent with rulings in the United Kingdom and Australia. Compare *ITV*, *supra* note 18; *Roadshow*, *supra* note 20.

<sup>66</sup> *Tussey*, *supra* note 11 at 477.

<sup>67</sup> Cameron J Hutchinson, “The 2012 Supreme Court Copyright Decisions & Technological Neutrality” SSRN at 16 <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2157646](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2157646)>.

<sup>68</sup> Bell, *supra* note 1 at para 43.

<sup>69</sup> Hutchinson, *supra* note 67 at 1.

<sup>70</sup> ESA, *supra* note 1 at para 28.

<sup>71</sup> *Ibid* at paras 32-39.

<sup>72</sup> *Ibid* at para 42: “[T]he rights in the introductory paragraph provide the basic structure of copyright. The enumerated rights listed in the subsequent subparagraphs are simply illustrative.” The statutory language (copyright “means...and includes...”) supports this interpretation on its face, but as Rothstein J observed, it is difficult to reconcile this interpretation with the rental rights in s 3(1)(i) (despite the majority’s statement to the contrary). In my opinion, the majority’s approach is nonetheless to be preferred; the awkward fit of rental rights can be viewed as a testament to the problems that accompany piecemeal, interest-driven extensions of copyright in anticipation of future income streams arising from new technological capabilities.

<sup>73</sup> *Ibid* at para 11.

<sup>74</sup> For an in-depth analysis of this issue, see Jeremy de Beer’s chapter in this volume: “Copyright Royalty Stacking”.

<sup>75</sup> ESA, *supra* note 1 citing Ariel Katz, “Commentary: Is Collective Administration of Copyrights Justified by the Economic Literature?” in Marcel Boyer, Michael Trebilcock & David Vaver, eds, *Competition Policy and Intellectual Property* (Toronto: Irwin Law, 2009) 449 at 461-63.

<sup>76</sup> ESA, *supra* note 1 at para 10.

<sup>77</sup> *Ibid* at para 9.

<sup>78</sup> *Ibid* at para 100.

<sup>79</sup> Smith, “Rhetorical Strategy”, *supra* note 17. Describing the argument of US music publishers who claimed the right to collect a fee for public performance for digital downloads, Smith writes: “To call this grasp at a wholly new income stream ‘technological neutrality’ shows amazing nerve; it is really the opposite of such neutrality.” In *United States v American Society of Composers, Authors and Publishers*, 627 F (3d) 64 (2d Cir 2010), it was held that the download of a copy of a work did not come within the scope of the right to perform in public, as defined in the U.S. *Copyright Act*, 17 USC §§ 101 and 106(4). Citing differences between US and Canadian law, Rothstein J found this decision to be of no persuasive authority in ESA (at para 103). Despite differences in the statutory language, however, the issue of technological neutrality is similarly implicated by both claims.

<sup>80</sup> *Ibid* at para 101.

<sup>81</sup> *Ibid* at para 123.

<sup>82</sup> See e.g. *SOCAN v CAIP*, *supra* note 35 at para 10 (describing downloaded musical works as having been communicated by telecommunication); *Canadian Wireless Telecommunications Assn. v Society of Composers, Authors & Music Publishers of Canada*, 2008 FCA 6 at para 19 [*Canadian Wireless*] (holding that the wireless transmission of a musical ringtone, when received, is a completed communication).

<sup>83</sup> Hutchinson, *supra* note 67 at 17.

<sup>84</sup> At the time of this writing, Rogers, Bell, Telus and Quebecor are already seeking

reimbursement of some \$15 million paid to SOCAN since 2006 on account of the certified Ringtones Tariff that was upheld by the Federal Court of Appeal in *Canadian Wireless*, *supra* note 82.

<sup>85</sup> *Théberge*, *supra* note 35 at para 30.

<sup>86</sup> *Bell*, *supra* note 1 at paras 9-10. Abella J cites as an example of this earlier, author-centric view, *Bishop v Stevens*, [1990] 2 SCR 467. Notably, this is the same case cited by Rothstein J in *ESA* as a basis for his interpretation of section 3 in favour of the plaintiff copyright owner. See *ESA*, *supra* note 1 at para 91.

<sup>87</sup> *ESA*, *supra* note 1 at para 123.

<sup>88</sup> *bid* at paras 124-25.

<sup>89</sup> Compare *Koops*, *supra* note 3 at 24-25.

<sup>90</sup> *Tussey*, *supra* note 11 at 480.

<sup>91</sup> Tomas A Lipinski, “The Myth of Technological Neutrality in Copyright and the Rights of Institutional users: Recent Legal Challenges to the Information Organization as Mediator and the Impact of the DMCA, WIPO and TEACH” (2003) 54:9 J of Am Soc for Info Sci & Tech 824 at 825 <<http://onlinelibrary.wiley.com/doi/10.1002/asi.10269/pdf>>.

<sup>92</sup> Michael Geist, “Beyond Users’ Rights: The Supreme Court Entrenches Technological Neutrality as a New Copyright Principle”, Michael Geist Blog (16 July 2012) <<http://www.michaelgeist.ca/content/view/6592/125/>> [Geist, “Beyond Users’ Rights”].

<sup>93</sup> See *Koops*, *supra* note 3 at 7-8.

<sup>94</sup> *Ibid* at 8.

<sup>95</sup> *Ibid* at 18.

<sup>96</sup> *Ibid* at 8.

<sup>97</sup> *Lipinski*, *supra* note 91 at 825.

<sup>98</sup> *Perlmutter*, *supra* note 59 at 169.

<sup>99</sup> *Craig*, “Locking Out Lawful Users” *supra* note 53 at 198.

<sup>100</sup> *Geist*, “Beyond Users’ Rights”, *supra* note 92.

<sup>101</sup> *Ibid*.

<sup>102</sup> *Koops*, *supra* note 3 at 25.

<sup>103</sup> *Ibid*.

<sup>104</sup> *Ibid*.

<sup>105</sup> *Bell*, *supra* note 1 at para 11.

<sup>106</sup> Compare *Tussey*, *supra* note 11 at 481.



# Technological Neutrality in Canadian Copyright Law

GREGORY R. HAGEN<sup>1</sup>

## I: Introduction: The Supreme Court of Canada Adopts Technological Neutrality

Recently, in *Entertainment Software Association v Society of Composers, Authors and Music Publishers of Canada* [ESA],<sup>2</sup> *Rogers Communications Inc. v Society of Composers, Authors and Music Publishers of Canada* [Rogers]<sup>3</sup> and *Society of Composers, Authors and Music Publishers of Canada v Bell Canada* [Bell],<sup>4</sup> the Supreme Court of Canada dealt with the issue of how copyright law should treat competing *disseminators* of copyrighted subject matter.<sup>5</sup> As the Court recognized, copyright law can impose costs on those who provide new forms of dissemination technology that don't apply to incumbent disseminators, even where the new forms are more efficient.<sup>6</sup> In order to deal with this problem, it applied a principle of technological neutrality, which requires, in one formulation, that, *in the absence of evidence of contrary intent expressed by Parliament*,<sup>7</sup> “the *Copyright Act* apply equally between traditional and more technologically advanced forms of the same media...”<sup>8</sup> Applying that principle in *ESA*, the Court held that technological neutrality requires avoiding the imposition of additional copyright royalties

“based solely on the *method of delivery* of the work to the end user”.<sup>9</sup> While this principle advances the law about how copyright applies to competing disseminators, the judgment raises an issue about whether new amendments to the *Copyright Act*<sup>10</sup> that prohibit the circumvention of technological measures that protect copyright (technological protection measures, or TPMs) are consistent with the principle of technological neutrality, as they allow copyright owners to favour their own dissemination technology over that of competing disseminators.

The earlier case of *Society of Composers, Authors and Music Publishers of Canada v Canadian Assn. of Internet Providers* also concerned the dissemination function of copyright and the relationship between rival disseminators, members of SOCAN and Internet service providers (ISPs).<sup>11</sup> Yet, in *SOCAN v CAIP*, the Court did not mention or apply the principle of technological neutrality to competing disseminators because of Parliament’s explicit treatment of those who merely provide the means of telecommunication under s 2.4(1)(b) of the *Copyright Act*. The result would have likely been the same had the principle of technological neutrality been applied, since the Court ruled, applying s 2.4(1)(b), that content-neutral ISPs do not communicate those works that are disseminated by others through their networks.<sup>12</sup> Indeed, the Court lauded the Internet as a remarkable innovation, the use of which “should be facilitated rather than discouraged.”<sup>13</sup> At the same time, it stated that such facilitation “should not be done unfairly at the expense of those who created the works of arts and intellect in the first place.”<sup>14</sup> It thereby linked the issue of the treatment of rival disseminators to the rights of authors, implicitly raising the fundamental issue of how much authors (and other copyright owners) should benefit from new forms of dissemination. Later, in *ESA*, the Court grounded the principle of technological neutrality in the notion that the traditional balance between authors and users, as described in *Théberge*,<sup>15</sup> should be preserved in the digital environment.<sup>16</sup>

*Théberge* concerned the rights that an artist had in the poster that he created in relation to a gallery that chemically lifted the ink image from it and put it on a canvas backing.<sup>17</sup> The Supreme Court made the fundamental point that authors deserve a just reward, but that their



copyrights are limited by the public interest in encouraging authors to create and to disseminate subject matter.<sup>18</sup> In *CCH Canadian Ltd. v Law Society of Upper Canada* [CCH], a case that concerned the scope of the copyrights of legal publishers in edited judicial reasons, the Supreme Court emphasized that the fair dealing exception that users enjoy, as well as other exceptions and limitations to copyright, are users' rights.<sup>19</sup> Later, *ESA* and *Rogers* made it clear that technological neutrality is an interpretive principle that is aimed, ultimately, at ensuring that the public interest in dissemination is efficiently promoted.<sup>20</sup>

Of course, the application of the principle of technological neutrality is limited to situations where there is no legislative intent to the contrary, but this gives rise to the issue of whether the principle can be of any use given the existence of provisions that prohibit the circumvention of protected TPMs. These provisions present a difficult problem, because they potentially limit the ability of courts to give a technologically neutral interpretation of the *Copyright Act* whenever TPMs are used by copyright owners to favour themselves over rival disseminators and it is prohibited to circumvent the TPMs in the circumstances.

For many, this might appear justifiable on the basis that Parliament should be in charge of allocating the benefits of new technology. Be that as it may, the problem is that whatever balance of benefits may be set by legislation, private actors may undermine that balance through their use of technology. This chapter suggests that the principle of technological neutrality can be used to create new exceptions to the prohibition on circumventing protected TPMs and to strike down some prohibitions (which make user rights subject to not circumventing a TPM) on the basis of a conflict with the rule of law.

Section II will suggest that the principle of technological neutrality, as enunciated by the Supreme Court, is largely an accurate description of copyright's current policy of dealing with disseminators. Section III describes the principle of technological neutrality in the recent Supreme Court judgments as one that requires treating competing disseminators of works and other subject matter equally under copyright law. Section IV argues that, according to the Supreme Court, the principle of technological neutrality is used to ensure

that copyright law does not overcompensate owners of copyrights at the expense of users of copyrighted works. Section V points out, in agreement with William Patry, however, that legislated TPM provisions enable incumbents to favour themselves over their rival disseminators, leading to the question of whether the principle of technological neutrality can be used by courts at all.<sup>21</sup> Finally, Section VI argues that a broad prohibition against circumventing TPMs is contrary to the rule of law because TPMs can involuntarily force persons to abide by “digital rights” fashioned by copyright owners even though no corresponding copyrights exist. It suggests that an effective rule of law would empower courts to create new rights to circumvent TPMs (and, in some cases, strike down TPM provisions) in order to ensure technological neutrality.<sup>22</sup>

## II: Calls for Technological Neutrality in Copyright Law

Calls for technological neutrality have been made in numerous areas of the law, including electronic commerce and telecommunications law,<sup>23</sup> and are currently being made with a great sense of urgency in copyright law. William Patry demands, for instance, that “[o]ur copyright law must be technology neutral...”<sup>24</sup> David Vaver exhorts: “Copyright law should strive for technological neutrality.”<sup>25</sup> Howard Knopf argues that, in copyright law, we need to ensure “technological neutrality and clear, general language.”<sup>26</sup> Francis Gurry, the Director General of the World Intellectual Property Organization (WIPO), claims that “neutrality to technology and to the business models developed in response to technology” is a key principle that is needed to respond to digital technologies and the Internet.<sup>27</sup> Canada’s recent *Copyright Amendment Act* was said to be drafted to “ensure that [the *Copyright Act*] remains technologically neutral.”<sup>28</sup> What reasons could be advanced to support technological neutrality?

One possible rationale is that legislatures, rather than courts, should decide whether to extend the benefits of new dissemination technology to copyright owners. As Wu has shown, the communications policy of US copyright law, which developed in parallel with the growth of the recording industry, radio and television, and the cable industry, has, generally, been one where courts treat rival disseminators equally,

refusing to extend copyright to new methods of dissemination,<sup>29</sup> at least where copyright owners sought to block the new technology rather than participate in the new form of dissemination.<sup>30</sup> On his account, the classic legislative response to novel disseminators in the US (1900–1976) centred on access fees and compulsory licences.<sup>31</sup> The modern regime (post-1976) has created a (judge-run) immunity scheme concerning electronics manufacturers, a safe harbour for ISPs, as well as new provisions (such as concerning TPMs) that affect users.<sup>32</sup>

Arguably, a similar policy has existed in Canada. For example, in response to new dissemination technology, *Parliament* created the (now abandoned) compulsory licence for the reproduction of musical works,<sup>33</sup> the private copying regime for sound recordings,<sup>34</sup> the right to equitable remuneration for the public performance of works or their communication to the public by telecommunication,<sup>35</sup> and extended the communication right to cover cable transmissions while creating the right to retransmit television signals.<sup>36</sup> More recently, Parliament created a new form of secondary liability for enabling infringement,<sup>37</sup> enhanced the immunity of ISPs<sup>38</sup> and added anti-circumvention provisions regarding TPMs.<sup>39</sup> This policy is consistent with the Canadian Supreme Court's *proviso* that a technologically neutral interpretation is only available absent Parliamentary intent to the contrary.<sup>40</sup>

A second possible reason is that *copyright law* should not be used, by either courts or legislators, as a means to control dissemination technology so as to favour incumbent disseminators over rival novel disseminators, such as by either blocking rivals by applying existing copyrights or treating them unequally by applying multiple copyrights (e.g., reproduction and communication rights) to them. Indeed, as will be discussed, the recent Supreme Court cases characterize the principle of technological neutrality as grounded in preserving the traditional balance between authors and users. According to this view, technological neutrality in copyright law is a means of stopping “[t]he proxy battle for control of technologies and markets through copyright law.”<sup>41</sup> Through “proxy battles”, copyright owners have historically tried to extend copyright’s reach to cover new means of dissemination, regardless of whether copyright owners created or funded them, in order to undermine competing disseminators and expand their own market for their copyrights.<sup>42</sup> As Francis Gurry says, technological neutrality

is needed to fend off copyright owners who wish to “preserve business models established under obsolete or moribund technologies.”<sup>43</sup>

This second view is supported by the idea that copyright law should regulate competition between rival disseminators of copyrighted subject matter in order to promote innovation. For instance, the Canadian government has said that copyright law must be technologically neutral in order to ensure fair competition and foster innovation.<sup>44</sup> It maintained that its self-described technologically neutral approach to drafting the *Copyright Modernization Act* was intended to “spur competition and foster innovation by ensuring that businesses have the flexibility to develop and offer innovative products and services to consumers, provided they fall within the permitted scope of the law.”<sup>45</sup>

As evidence for its view, the Canadian government cited the US *Sony*<sup>46</sup> litigation, through which the motion picture industry unsuccessfully attempted to block the distribution of video cassette recorders, saying that copyright can be a barrier to innovation when it is used by copyright owners to attempt to prevent the development of innovative consumer products.<sup>47</sup>

As mentioned above, however, the *Copyright Modernization Act* created a new form of secondary infringement liability, and infringement for the circumvention of TPMs.<sup>48</sup> These two new forms of infringement enhance the ability of copyright owners to control dissemination technology for their own benefit. So, while technological neutrality may be viewed as desirable, to some extent, by Parliament, it is subject to Parliament’s power to legislatively favour incumbent disseminators against new rivals.

Finally, but arguably most importantly, another view is that technology should not be used as a direct means of regulating our use of copyrighted subject matter. That is, the rule of law requires that “the relationship between the state and the individual be regulated by law.”<sup>49</sup> While the rationale for the use of TPMs by copyright owners is clearly to regain some form of excludability with respect to their works that was lost through the information technology revolution,<sup>50</sup> the result of their use will be the practical displacement of copyright law by TPM-powered digital rights management (DRM) systems that enable copyright owners to define the “right to control the manner

in which the public apprehend the work.”<sup>51</sup> These systems subjugate user rights to create a “permissions-based culture,” to access subject matter (whether copyrighted or not) controlled by DRM.<sup>52</sup> Further, with the aid of DRM, the digital ecosystem<sup>53</sup> threatens to evolve into incompatible information fiefdoms controlled by Apple, Sony, Microsoft and Google through their digital appliances,<sup>54</sup> all at the expense of the public interest.

### **III: The Supreme Court of Canada on Technological Neutrality and Media Neutrality**

The three main cases under consideration concerned whether the dissemination of musical works by the Internet were an exercise of owners’ right to communicate to the public by telecommunication for the purpose of setting a tariff for copyright royalties. The underlying policy issue was how to split fairly the benefits of new forms of dissemination between incumbent disseminators (who are often copyright owners) as a (proxy) reward for authorship and novel disseminators, who want to be rewarded for creating new markets and more efficient forms of dissemination. In reaching its decision in these cases, the Supreme Court applied the principle of technological neutrality, which requires that, in the absence of evidence of contrary intent by Parliament, “the *Copyright Act* apply equally between traditional and more technologically advanced forms of the same media...”<sup>55</sup> Failing to apply the principle of technological neutrality, it argued, could result in the imposition of additional costs on users of novel Internet-based methods of delivery relative to incumbent methods of dissemination, overcompensating authors at the expense of the public.<sup>56</sup>

#### **A. Robertson**

Prior to the use of “technological neutrality”, in *Robertson v Thomson Corp.*, the Supreme Court of Canada used the phrase “media neutrality”.<sup>57</sup> Later, in *ESA* and, especially, *Rogers*, it used the two phrases somewhat interchangeably.<sup>58</sup> That is understandable, as both media neutrality and technological neutrality are interpretive principles that are designed to ensure that the benefits of new media

and technology are allocated in a way that is consistent with the purpose of the *Copyright Act*. However, I argue that they are *different* conceptions of neutrality.

### **i. Media Neutrality of the Reproduction Right**

In *Robertson*, the Supreme Court of Canada pointed to section 3(1) of the *Copyright Act*, which uses the phrase “in any material form whatever” as a *reflection* of media neutrality.<sup>59</sup>

3. (1) For the purposes of this Act, “copyright”, in relation to a work, means the sole right to produce or reproduce the work or any substantial part thereof in any material form whatever....

The majority of the Supreme Court said in *Rogers*, citing *Apple Computer Inc. v Mackintosh Computers Ltd.*,<sup>60</sup> that it had “long recognized in the context of the reproduction right that, where possible, the [*Copyright*] Act should be interpreted to extend to technologies that were not or could not have been contemplated at the time of its drafting...”<sup>61</sup> In *Apple*, for instance, a competitor of Apple etched a computer program into a silicon chip and reproduced that chip.<sup>62</sup> The chips were found to be reproductions of the computer program notwithstanding that they were silicon chips.<sup>63</sup>

### **ii. Media Neutrality of the *Copyright Act***

In *Robertson*, the Supreme Court defined “media neutrality”: “Media neutrality means that the *Copyright Act* should continue to apply in different media, including more technologically advanced ones.”<sup>64</sup> Later, in *Rogers*, the Supreme Court noted that “in any material form whatever” in s 3(1) extends to the communication right in s 3(1)(f).<sup>65</sup> In *Robertson*, the Court made it clear that such rights were limited by the “exigencies of the *Copyright Act*.”<sup>66</sup> So, in *Robertson*, the Court found that *The Globe and Mail* did not reproduce the originality of its newspaper in all of the distinct databases that contained its newspaper articles.<sup>67</sup> Similarly, in *Théberge*, lifting the ink layer from a poster and placing it on canvas was not considered to be a reproduction in light of the goals of the *Copyright Act*.<sup>68</sup>

In *ESA*, however, Rothstein J, in dissent, maintained that the

principle of media neutrality implies that the Internet delivery of a musical work *is* a communication just as, he claimed, the work would be communicated by traditional broadcast technologies.<sup>69</sup> This conclusion does not follow, I believe, as it assumes that delivering a musical work is *necessarily* a communication rather than possibly merely the delivery or dissemination of a work. It is true that, *if* a delivery of a work is a communication, then, from the media neutrality principle, it is a communication regardless of the form of media. But the delivery of a work may not be a communication, like shipping a compact disc via the mail. The message of *ESA* is that one cannot conclude that a new medium of dissemination, such as Internet delivery, *is* a form of communication unless that characterization treats incumbent forms of delivery (such as mail) equally under copyright law.

### **B. *Entertainment Software* [ESA]**

The most important case on the principle of technological neutrality is *ESA*.<sup>70</sup> In that case, the appellant, Entertainment Software Association (the Association), represented a group of video game publishers and distributors.<sup>71</sup> The video games contained musical works and the reproduction of the musical works in the video games had been licensed by the video game publishers.<sup>72</sup> By downloading the gaming software from member sites, customers reproduced it.<sup>73</sup> The downloaded copy is identical to a copy that could be purchased from the store or purchased online and then shipped to the buyer.<sup>74</sup> The issue was whether the members of the Association communicate the software (and the musical work it contains) to the public by telecommunication. SOCAN argued that they did, the Copyright Board agreed and this was upheld by the Federal Court of Appeal.<sup>75</sup>

The Copyright Board relied upon Binnie J's observation in *SOCAN v CAIP*, that a work has necessarily been communicated when, "[a]t the end of the transmission, the end user has a musical work in his or her possession that was not there before."<sup>76</sup> It also relied on the more recent ruling in *Canadian Wireless Telecommunications Assn. v Society of Composers, Authors and Music Publishers of Canada*, concerning the downloading of ringtones, that "[t]he word 'communication' connotes the passing of information from one person to another."<sup>77</sup>

In *ESA*, the Supreme Court noted that Binnie J’s comments in *SOCAN v CAIP* were *obiter dicta* and that the meaning of communication was never at issue.<sup>78</sup> It gave an extensive legislative history of the communication right, characterizing it as a kind of performance right that “did not contemplate the delivery of permanent copies of the work, since such a delivery was not possible through the means of Hertzian radio waves.”<sup>79</sup> The Supreme Court agreed with the Association and also held that the Board’s conclusion violated the principle of technological neutrality:<sup>80</sup>

In our view, the Board’s conclusion that a separate, “communication” tariff applied to downloads of musical works violates the principle of technological neutrality, which requires that the *Copyright Act* apply equally between traditional and more technologically advanced forms of the same media: *Robertson v. Thomson Corp.*, 2006 SCC 43, [2006] 2 S.C.R. 363, at para. 49. The principle of technological neutrality is reflected in s. 3(1) of the *Act*, which describes a right to produce or reproduce a work “in any material form whatever”. In our view, there is no practical difference between buying a durable copy of the work in a store, receiving a copy in the mail, or downloading an identical copy using the Internet. The Internet is simply a technological taxi that delivers a durable copy of the same work to the end user.

The Supreme Court says that the principle of technological neutrality is reflected in s 3(1) of the *Copyright Act*, but there is a subtle shift in meaning from media neutrality to technological neutrality because, while media neutrality may extend an existing communication right to new media, technological neutrality may require that the dissemination is no communication at all. The possibility that the dissemination of a work is not a communication at all is provided in the reasoning of David Vaver, which the Court cites as an echo of its own reasoning:

In principle, substitute delivery systems should compete on their merits: either both or neither should pay. Copyright law should strive for technological neutrality.



In the past, whether a customer bought a sound recording or video game physically at a store or ordered it by mail made no difference to the copyright holder: it got nothing extra for the clerk's or courier's handover of the record to the customer. Now, because of the telecommunication right, *copyright holders can and do charge extra for electronic delivery of identical content acquired off websites.*<sup>81</sup>

The Supreme Court, thus, characterizes both the *function* of the download and of shipping through the mail as delivery. Although the Court does not use the language of “functional equivalence”, downloading and mail are, on its view, *functionally equivalent* as modes of delivery, despite their technological differences. In its words, “[t]he Internet is simply a technological taxi that delivers a durable copy of the same work to the end user.”<sup>82</sup> The principle of technological neutrality requires that technologically distinct (e.g., downloading and shipping by mail), but functionally equivalent, methods of dissemination should be treated identically by copyright law.<sup>83</sup> As a result, it ruled, like sending a compact disc via mail, Internet downloading is not a communication.<sup>84</sup>

### C. *Rogers*

In *Rogers*, the issue was whether the dissemination of musical works by Rogers Communications and other companies were communications to the public by telecommunication under s 3(1)(f) of the *Copyright Act*.<sup>85</sup> The Copyright Board had earlier agreed that a claim for royalties was well founded and the Federal Court of Appeal agreed.<sup>86</sup> As discussed, the Supreme Court had determined in *ESA* that *downloads* of musical works were not communications, whether to the public or not. As for streaming music, Rogers and other music services claimed that communications over the Internet that are triggered (or “pulled”) by individual users are not *to the public*.<sup>87</sup> The argument of Rogers was that if a single person initiates a single stream of music to himself or herself, it is not a stream to the public, but *to that single person*.<sup>88</sup> Rogers claimed support from *CCH*, that single, point-to-point transmission of faxes of literary works were *not* to the public.<sup>89</sup>

The majority judgment in *Rogers*, written by Rothstein J, seemed to equate media neutrality and technological neutrality in section 6: “Section 3(1)(f) Is Not Limited to Traditional ‘Push’ Technologies; It Is Technology-Neutral”.<sup>90</sup> It stated that media neutrality applies not only to the reproduction right, but also to the communication right.<sup>91</sup>

Although the words “in any material form whatever” qualify the right to “produce or reproduce the work” in s. 3(1), the same principle should guide the application of the neutral wording of the right to “communicate...to the public by telecommunication”. The broad definition of “telecommunication” was adopted precisely to provide for a communication right “not dependent on the form of technology” (*SOCAN v. CAIP*, at para. 90).

The reference to media neutrality suggests that the Supreme Court considered push (broadcasting) and pull (streaming) technologies to be different material forms of communication and applied the principle of media neutrality to conclude that streaming music is a communication to the public, regardless of whether the technology is one of push broadcasting technology or the newer pull technology. But that conclusion cannot be inferred merely from the principle of media neutrality since the question is not whether the communication right extends to streaming, which was settled in the affirmative in *ESA*, but whether that communication is to the public. The issue that needs to be resolved is one of technological neutrality: how to treat broadcasting and streaming equally as forms of dissemination.

The answer given by the Court is that both music broadcasting and music streaming are characterized abstractly as making music available indiscriminately to anyone with access.<sup>92</sup> The majority once again cites David Vaver on this matter: “If the content is intentionally made available to anyone who wants to access it, it is treated as communicated ‘to the public’ even if users access the work at different times and places”.<sup>93</sup> Thus, “[a]lthough they occur between the online music provider and the individual consumer in a point-to-point fashion, the transmissions of musical works in this case, where they constitute ‘communications’, can be nothing other than communications ‘to the public.’”<sup>94</sup>

## D. *Bell*

In *Bell*, the issue was whether previewing short (30- to 90-second) excerpts of musical works by streaming them prior to purchase was fair dealing.<sup>95</sup> The Supreme Court applied the test of fair dealing from *CCH*.<sup>96</sup> For the first part of the test, the Court determined that the dealing was for an allowable purpose of research, since “research” should be interpreted generously in light of the fact that one of the purposes of the *Copyright Act* is to further the dissemination of works.<sup>97</sup> In determining whether previewing was fair, it applied the standard factors for fairness.<sup>98</sup> In terms of the amount of the dealing, SOCAN argued that the *aggregate* amount of dealing should be considered.<sup>99</sup> The Court held, however, that, because fair dealing is an *individual* user’s right, the amount of dealing related to individual previews, not the aggregate number of previews.<sup>100</sup>

The Supreme Court further commented that SOCAN’s interpretation of the “amount of the dealing” as the aggregate amount was not technologically neutral.<sup>101</sup>

Further, given the ease and magnitude with which digital works are disseminated over the Internet, focusing on the “aggregate” amount of the dealing in cases involving digital works could well lead to disproportionate findings of unfairness when compared with non-digital works. If, as SOCAN urges, large-scale organized dealings are inherently unfair, most of what online service providers do with musical works would be treated as copyright infringement. This, it seems to me, potentially undermines the goal of technological neutrality, which seeks to have the *Copyright Act* applied in a way that operates consistently, regardless of the form of media involved, or its technological sophistication: *Robertson v. Thomson Corp.*, 2006 SCC 43, [2006] 2 SCR 363, at para 49.

In *Bell*, the Court considers the incumbent rivals to Bell to be those who *don’t* communicate works over the Internet, such as disseminators of non-digital works, where dealings would not be found to be unfair.

#### IV: The Supreme Court of Canada’s Rationale for Technological Neutrality

The Supreme Court grounds the principle of technological neutrality in the principle of prescriptive parallelism: “The traditional balance between authors and users should be preserved in the digital environment...”<sup>102</sup> This is, apparently, the majority’s response to Rothstein J’s claim, in dissent, that “technological neutrality is not a statutory requirement capable of overriding the language of the [*Copyright*] Act and barring the application of the different protected rights provided by Parliament.”<sup>103</sup> For the majority, technological neutrality furthers the purpose of the *Copyright Act* and, therefore, for them, is justified as a principle.

In the context of the dissemination function of copyright, the question is: To what extent should copyright owners (who are often the incumbent disseminators) benefit from the development of new forms of dissemination—and the resultant potential new market and new consumers—by third parties? In *Rogers*, the Court said:<sup>104</sup>

Ultimately, in determining the extent of copyright, regard must be had for the fact that “[t]he *Copyright Act* is usually presented as a 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” (*Théberge v. Galerie d’Art du Petit Champlain inc.*, 2002 SCC 34 (CanLII), 2002 SCC 34, [2002] 2 SCR 336, at para 30).

In *Théberge*, the Supreme Court defined a “just reward” to be one that would “prevent someone other than the creator from appropriating whatever benefits may be generated.”<sup>105</sup> This might lead to the inference that all benefits deriving from new dissemination should accrue to the owners, hinted at in Rothstein J’s quip that, “[i]n many respects, the Internet may well be described as a technological taxi; but taxis need not give free rides.”<sup>106</sup> Given such an understanding of a just reward, the principle of media neutrality could be interpreted extremely broadly to mean that copyrights should apply to all new forms of dissemination in such a way as to extract maximal benefits for copyright owners (which is assumed to be passed on to authors).<sup>107</sup>

But the Supreme Court has moved away from the idea that copyright rewards authors for authoring toward the idea that it is merely an economic incentive to encourage them to create so as to benefit the public. On this reasoning, technological taxis must provide free rides *if* they efficiently benefit the public. In *Bell*, the Court said:<sup>108</sup>

*Théberge* reflected a move away from an earlier, author-centric view which focused on the exclusive right of authors and copyright owners to control how their works were used in the marketplace: see e.g. *Bishop v. Stevens*, 1990 75 (SCC), [1990] 2 SCR 467, at 478-79. Under this former framework, any benefit the public might derive from the copyright system was only “a fortunate by-product of private entitlement”: Carys J Craig, “Locke, Labour and Limiting the Author’s Right: A Warning against a Lockean Approach to Copyright Law” (2002), 28 *Queen’s LJ* 1 at 14-15.

*Théberge* focused attention instead on the importance copyright plays in promoting the public interest, and emphasized that the dissemination of artistic works is central to developing a robustly cultured and intellectual public domain. As noted by Professor David Vaver, both protection and access must be sensitively balanced in order to achieve this goal: *Intellectual Property Law: Copyright, Patents, Trade-marks* (2d ed, 2011), at p 60.

As the Supreme Court said in *Théberge*, the traditional balance requires recognizing the limited nature of creators’ rights.<sup>109</sup> It identifies the “proper” balance with efficient compensation for the public benefit, which requires that authors not be overcompensated.<sup>110</sup>

The proper balance among these and other public policy objectives lies not only in recognizing the creator’s rights but in giving due weight to their limited nature. In crassly economic terms it would be as inefficient to overcompensate artists and authors for the right of reproduction as it would be self-defeating to undercompensate them.

Overcompensation can occur in a number of ways. First, collective societies were created to efficiently manage copyrights; the Court cites Ariel Katz for the observation that a situation where multiple rights are managed by distinct collective societies that apply to single activities “can lead to inefficiency.... The result is that the total price the user has to pay for all complements is too high.”<sup>111</sup>

Second, the provider of more efficient Internet delivery could bear additional costs (by paying the royalty for communicating the musical work) compared to offline delivery:

The principle of technological neutrality requires that, absent evidence of Parliamentary intent to the contrary, we interpret the *Copyright Act* in a way that avoids imposing an additional layer of protections and fees based solely on the method of delivery of the work to the end user. To do otherwise would effectively impose a gratuitous cost for the use of more efficient, Internet-based technologies.<sup>112</sup>

Equal treatment also implies that novel disseminators won't be accorded favourable treatment in comparison to incumbents by copyright law. Thus, in *Rogers*, the Supreme Court concluded that the communication right would apply to both traditional broadcasters and on-demand streaming services.

This balance is not appropriately struck where the existence of copyright protection depends merely on the business model that the alleged infringer chooses to adopt rather than the underlying communication activity. Whether a business chooses to convey copyright protected content in a traditional, “broadcasting” type fashion, or opts for newer approaches based on consumer choice and convenience, the end result is the same. The copyrighted work has been made available to an aggregation of individuals of the general public.<sup>113</sup>

By grounding the principle of technological neutrality in the goal of efficient compensation of authors for the benefit of the public, however, it leaves itself open to the criticism that efficient

compensation is not the same as a just reward, as described in *Théberge*, and that abandoning a “Lockean” justification of copyright does not require the abandonment of a deontological theory of justice in favour of economic efficiency.

## **V: Technological Protection Measures**

### **A. TPMs Can Control Dissemination**

One might argue that, faced with copyright owners who employ TPMs to control access to, and dissemination of, works, the principle of technological neutrality is, practically speaking, irrelevant. Whatever balance is set legislatively by Parliament, that balance can be undone through the use of TPMs by copyright owners. Their effectiveness is legally guaranteed, subject to exceptions, by the prohibition against circumventing TPMs that control access to a work, as well as against their manufacturing, distribution, offering for sale or rental, or providing circumvention services.<sup>114</sup> So, whereas copyright law used to control dissemination activity through the application of copyrights, as interpreted by courts, now it can substantially control TPMs independently of copyrights in the *Copyright Act*. As William Patry complains: “Previously, the copyright laws were technology neutral: They did not regulate technologies, but rather they regulated uses of copyrighted material, regardless of the technology employed.”<sup>115</sup>

### **B. TPMs Can Undermine Competition Amongst Disseminators**

TPMs can create an uncompetitive dissemination environment in a number of ways. TPMs can be used by copyright owners to limit, prevent or control the emergence of new devices (e.g., tablets, smart phones, personal video recorders, game consoles, smart television) by ensuring that works can be disseminated and displayed only on devices that are *authorized* to be used by the owner of the work. For instance, the owner of a copyright in a TPM-protected work can require a device manufacturer to license the digital key—which would allow a media player to unlock the digital lock (i.e. TPM) protecting the work—from the copyright owner for a fee.<sup>116</sup> Similarly, a gamer might download a game, as in *ESA*, but the game could be protected by a TPM that could require, in effect, the payment of a fee to the

copyright owner that is equivalent to or greater than the royalty that was denied by the Supreme Court. <sup>117</sup>

### C. TPMs Are Contrary to the Rule of Law

Numerous observers have criticized the prohibition on circumventing TPMs because it “undermines the balance between copyright owners and other parties that [copyright law] purports to achieve.”<sup>118</sup> Others have criticized TPMs as eliminating autonomous choice to such an extent that their use undermines moral decision making.<sup>119</sup> It might be countered, however, that, even if these moral critiques are sound, they do not undermine the *legal validity* of anti-circumvention measures that are explicitly enacted by Parliament. Law is one thing; its merits or demerits are another. So, if Parliament enacts copyright laws that give copyright owners a competitive advantage against competing disseminators, then courts appear to have no legal power to interpret copyright law in a technologically neutral manner. Does this entail that the principle of technological neutrality is effectively useless as an interpretive principle that can help to ensure that the public benefits from copyright law when TPMs are involved?

Arguably not, because the use of TPMs has deeper legal problems than are often acknowledged, as their use can come at a great cost to the rule of law, a fundamental norm of our legal system.<sup>120</sup> One aspect of the rule of law is that “the relationship between the state and the individual be regulated by law.”<sup>121</sup> As H. L. A. Hart showed, law is not the command of the sovereign backed by force, but is a form of epistemic guidance.<sup>122</sup> To be guided by a legal rule is to understand it and conform to the rule on the basis of its meaning, not merely by force.<sup>123</sup> Following a rule requires the possibility of understanding it, which is not necessary (or often possible) when technology compels behaviour. Unlike technology, legal norms are designed to be followed because their semantic content can be understood and internalized by persons as authoritative reasons for action,<sup>124</sup> perhaps even as a justification of both the decisions of courts<sup>125</sup> and the application of coercive force by government.<sup>126</sup> The law may coerce if necessary, of course, but coercion is not the reason for conformity; rather, it is a response to non-conformity and is itself governed by law. Likewise,



the rule of law does not itself prohibit TPMs but, to satisfy the rule of law, digital rights (in a DRM system) must mirror the underlying substantive values and rules of copyright law (that we *can* understand) rather than conflict with them. The absence of a right to circumvent TPMs<sup>127</sup> that control access to a work in order to exercise a user right (or for another lawful purpose) is inconsistent with the rule of law. The rule of law requires that user rights in law are mirrored by *digital user rights* in DRM systems.

## VI: How to Neutralize TPMs

The *Copyright Act* provides that additional exceptions to the prohibition of circumvention may be made through regulation by the Governor in Council.<sup>128</sup> It envisages making regulations where the prohibition would unduly restrict competition in the aftermarket sector but also under additional circumstances.<sup>129</sup> Several factors are given, such as whether the prohibition could adversely affect criticism, review, news reporting, and similar dealings with subject matter; but any relevant factor may be considered.<sup>130</sup> Given that there is a power to make such regulations under the *Copyright Act*, can Canadian courts do anything to ensure that TPMs don't undermine copyright's balance?

Although there is a lot of talk about the value of the rule of law, courts may be wary of enforcing it in the face of anti-circumvention provisions. Yet, in cases such as fair dealing, given the requirement for a purposive interpretation under the *Interpretation Act*<sup>131</sup> and case law, an *effective* rule of law would empower courts to make new exceptions to the prohibition, at least given the failure of the regulatory regime to do so. The absence of a right to circumvent a TPM in order to exercise a user right creates a gap between the goals of copyright law and the legislation. It has often been objected, of course, that courts cannot fill gaps, unless such gaps are the result of a mistake,<sup>132</sup> but this is a very strict idea of purposive interpretation that does not accord with judicial practice. In practice, courts sometimes refer to a principle, which best fits and explains the existing law, as a kind of law.<sup>133</sup> A (technological) disconnection is a gap that exists between the legislation and its purpose resulting

from a change in technology (or a misunderstanding of its implications during enactment) that undermines the ability of the provisions of an act to attain its objective.<sup>134</sup> In *ESA*, the principle of technological neutrality was applied so as to “reconnect” the *Copyright Act* to its purpose.<sup>135</sup>

The more difficult case is where a particular user right is explicitly *subject to* the user not circumventing a TPM to exercise it, such as the case with the right to reproduce for private purposes.<sup>136</sup> In such a case, while there is no right to make a reproduction for a private purpose *per se* (and so no inconsistency with a digital prohibition in a DRM system), there is a conflict between the *aim* of the *Copyright Act* and the *aim* of the circumvention prohibition (which is to enable private actors to create private digital rules embodied in technology for their own benefit). An effective rule of law would empower courts to further the purpose of the *Copyright Act* when the effect of the circumvention prohibition is to undermine the purpose of the *Copyright Act*. Some might still object that courts have no business making law, but the answer is that courts would merely be engaged in interpreting and applying the rule of law. The rule of law is a legal principle that is contained in the *Charter*, an act of Parliament. Of course, judicial review might force Parliament’s hand to explicitly change the purpose of the *Copyright Act* to accord with the goals of the TPM provisions, but as long as it does not, an effective rule of law would require judicial action.<sup>137</sup>

## VII: Conclusion

This chapter argued that the new principle of technological neutrality is an interpretive rule that regulates competition between incumbent and new disseminators and, thereby, aims to further the goals of the *Copyright Act*. The principle of technological neutrality requires that copyrights are to be interpreted so that incumbent and new disseminators are treated equally, unless otherwise provided by Parliament. This principle of legislative interpretation is grounded by the Supreme Court in the principle that the author’s incentive must efficiently further the public’s interest in dissemination. The problem that this chapter identified is that while, absent Parliamentary intent

to the contrary, disseminators must be treated equally by copyright, Parliament *has* intervened to create a prohibition against circumventing TPMs, which can be used to treat disseminators unequally. These provisions permit copyright owners to define digital access rights as they please, privileging themselves as disseminators over rival disseminators. The lack of digital user rights as well as a general permission to circumvent TPMs for lawful purposes creates a conflict between copyright's purpose and the purpose of the prohibition. It was suggested that an effective rule of law would empower courts to create a remedy where the effect of the circumvention prohibition is to undermine the purpose of the *Copyright Act*.




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<sup>1</sup> My sincere thanks to Maria Lavelle and Michael Geist for comments on an earlier version of this chapter and to the student editors who improved it.

<sup>2</sup> 2012 SCC 34, [2012] 2 SCR 231 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9994/index.do>> [ESA].

<sup>3</sup> 2012 SCC 35, [2012] 2 SCR 283 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9995/index.do>> [Rogers].

<sup>4</sup> 2012 SCC 36, [2012] 2 SCR 326 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9996/index.do>> [Bell].

<sup>5</sup> The interpretation of these cases in this paper has been highly influenced by Timothy Wu, "Copyright's Communications Policy" (2004) 103 Mich L Rev 278.

<sup>6</sup> *ESA*, *supra* note 2. Compare Wu, *supra* note 5 at 284.

<sup>7</sup> *ESA*, *supra* note 2 at para 9.

<sup>8</sup> *Ibid* at para 5.

<sup>9</sup> *Ibid* at para 9. The case, will, therefore have an impact on tariff-setting by the Copyright Board as well as provide a basis for actions for unjust enrichment for ringtone royalties that have already been paid to collective societies. See Howard Knopf, "Rogers, Bell, Telus & Quebecor to SOCAN: We Want Our Ringtones Money Back", Excess Copyright blog (14 November 2012) <<http://excesscopyright.blogspot.ca/2012/11/rogers-bell-telus-quebedor-to-socan-we.html>> and Howard Knopf, "Rogers et al to Copyright Board Too re Ringtones: We Want Our Money Back", Excess Copyright Blog (15 November 2012) <<http://excesscopyright.blogspot.ca/2012/11/rogers-et-al-to-copyright-board-too-re.html>>.

<sup>10</sup> *Copyright Act*, RSC 1985, c C-42 <<http://laws.justice.gc.ca/en/C-42/>> [Copyright Act].

<sup>11</sup> 2004 SCC 45 at para 45, [2004] 2 SCR 427 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2159/index.do>> [SOCAN v CAIP].

<sup>12</sup> *Ibid.*

<sup>13</sup> *Ibid* at para 40.

<sup>14</sup> *Ibid.*

<sup>15</sup> *Théberge v Galerie d'Art du Petit Champlain inc.*, 2002 SCC 34, [2002] 2 SCR 336 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/1973/index.do>> [*Théberge*].

<sup>16</sup> *ESA*, *supra* note 2 at para 8.

<sup>17</sup> *Théberge*, *supra* note 15.

<sup>18</sup> *Ibid* at para 30.

<sup>19</sup> *CCH Canadian Ltd. v Law Society of Upper Canada*, 2004 SCC 13, [2004] 1 SCR 339 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2125/index.do>> [*CCH*].

<sup>20</sup> See Section III.

<sup>21</sup> William Patry, *How to Fix Copyright* (Oxford: Oxford University Press, 2012) at 47.

<sup>22</sup> It is beyond the scope of the chapter to engage with the general literature on technological neutrality, such as Vincent Gautrais, *Neutralité Technologique* (Montreal: Les Éditions Thémis, 2012).

<sup>23</sup> *Ibid.*

<sup>24</sup> Patry, *supra* note 21 at 47.

<sup>25</sup> David Vaver, *Intellectual Property Law* (Toronto: Irwin Law, 2011) at 172.

<sup>26</sup> Howard Knopf, “Six Ways to Simplify Canadian Copyright Revision and WIPO Ratification”, Excess Copyright Blog (2 September 2009) <<http://excesscopyright.blogspot.ca/2009/09/six-ways-to-simplify-canadian-copyright.html>>.

<sup>27</sup> Francis Gurry, “The Future of Copyright” (Lecture delivered at the Blue Sky Conference, Queensland University of Technology, 25 February 2011) <[http://www.wipo.int/about-wipo/en/dgo/speeches/dg\\_blueskyconf\\_11.html](http://www.wipo.int/about-wipo/en/dgo/speeches/dg_blueskyconf_11.html)>.

<sup>28</sup> Bill C-11, *An Act to Amend the Copyright Act*, 1st Sess, 41st Parl, 2011-12 (as passed by the House of Commons 18 June 2012) <<http://www.parl.gc.ca/HousePublications/Publication.aspx?Language=E&Mode=1&DocId=5686009>>.

<sup>29</sup> Wu, *supra* note 5 at 297-324.

<sup>30</sup> Jane Ginsburg, “Copyright and Control over New Technologies of Dissemination” (2001) 101:7 Colum L Rev 1613 at 1619.

<sup>31</sup> Wu, *supra* note 5 at 324-25.

<sup>32</sup> *Ibid* at 341-66.

<sup>33</sup> See *Bishop v Stevens*, [1990] 2 SCR 467 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/640/index.do>>.

<sup>34</sup> *Copyright Act*, *supra* note 10, Part VIII.

<sup>35</sup> *Ibid*, s 19-20.

<sup>36</sup> See *ESA*, *supra* note 2 at para 24.

- <sup>37</sup> *Copyright Act*, *supra* note 10, ss 27(2.3)-(2.4).
- <sup>38</sup> *Ibid*, s 31.1(1).
- <sup>39</sup> *Ibid*, ss 41-41.21.
- <sup>40</sup> *ESA*, *supra* note 2 at para 9.
- <sup>41</sup> Patry, *supra* note 21 at 47.
- <sup>42</sup> *Ibid* at 46-47.
- <sup>43</sup> Gurry, *supra* note 27.
- <sup>44</sup> Industry Canada, *What the Copyright Act Means for Business Innovation* <<http://balancedcopyright.gc.ca/eic/site/crp-prda.nsf/eng/rp01187.html>>.
- <sup>45</sup> *Ibid*.
- <sup>46</sup> *Sony Corp. of Am. v Universal City Studios*, 464 US 417 at 431 (1984) <<https://supreme.justia.com/cases/federal/us/464/417/case.html#445>>.
- <sup>47</sup> Industry Canada, *supra* note 44.
- <sup>48</sup> *Copyright Act*, *supra* note 10, s 27(2.3).
- <sup>49</sup> *British Columbia (Attorney General) v Christie*, 2007 SCC 21 at para 20, [2007] 1 SCR 873 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2359/index.do>>.
- <sup>50</sup> For economic implications of excludability, see Michele Boldrin and David K Levine, *Against Intellectual Monopoly* (New York: Cambridge University Press, 2008).
- <sup>51</sup> Jane C Ginsburg, “From Having Copies to Experiencing Works: The Development of an Access Right in U.S. Copyright Law” in H Hansen, ed, *U.S. Intellectual Property Law and Policy* (Northampton, MA: Edward Elgar, 2001) 39 at para 7. David Pogue relates how Amazon took back copies of George Orwell’s 1984 from Kindle owners, showing how Amazon is able to control their experience. See David Pogue, “Some E-Books Are More Equal Than Others”, *New York Times* (17 July 2009) <<http://pogue.blogs.nytimes.com/2009/07/17/some-e-books-are-more-equal-than-others/>>.
- <sup>52</sup> Lawrence Lessig, *Free Culture: How Big Media Uses Technology and the Law to Lock Down Culture and Control Creativity* (New York: The Penguin Press, 2004) at xiv, 8, 173 <<http://www.free-culture.cc/freecontent/>>.
- <sup>53</sup> See Vlad Savov, “Digital ecosystems: an in-depth comparison”, *The Verge* (18 April 2012) <<http://www.theverge.com/2012/4/18/2956951/ecosystem-comparison-amazon-apple-facebook-google-microsoft-sony>>.
- <sup>54</sup> Jonathan Zittrain, *The Future of the Internet—And How to Stop It* (Cambridge, MA: Harvard University Press, 2008).
- <sup>55</sup> *ESA*, *supra* note 2 at para 5.
- <sup>56</sup> *Ibid* at para 9.
- <sup>57</sup> 2006 SCC 43, [2006] 2 SCR 363 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2317/index.do>> [*Robertson*].
- <sup>58</sup> See e.g. *ESA*, *supra* note 2 at para 5 and the dissent at paras 121-22, where *Robertson* is cited in the context of discussions of technological neutrality.
- <sup>59</sup> *Robertson*, *supra* note 57 at para 49.

<sup>60</sup> [1990] 2 SCR 209 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/626/index.do>> [*Apple*].

<sup>61</sup> *Rogers*, *supra* note 3 at para 39. At para 77 of *Apple Computer Inc. v Mackintosh Computers Ltd.*, [1987] 1 FC 173, 28 DLR (4th) 178, 3 FTR 118, 10 CPR (3d) 1, 8 CIPR 153, Reed J agrees that the opening words of s 3 of the *Copyright Act* “were purposely drafted broadly enough to encompass new technologies which had not been thought of when the Act was drafted”.

<sup>62</sup> *Apple*, *supra* note 60.

<sup>63</sup> *Ibid.*

<sup>64</sup> *Robertson*, *supra* note 57 at para 49.

<sup>65</sup> *Rogers*, *supra* note 3 at para 39.

<sup>66</sup> *Robertson*, *supra* note 57 at para 49.

<sup>67</sup> *Ibid* at para 41.

<sup>68</sup> *Théberge*, *supra* note 15 at para 38.

<sup>69</sup> *ESA*, *supra* note 2 at para 122.

<sup>70</sup> *Ibid.*

<sup>71</sup> *Ibid* at para 4.

<sup>72</sup> *Ibid* at para 1.

<sup>73</sup> *Ibid* at para 4.

<sup>74</sup> *Ibid.*

<sup>75</sup> *Ibid.*

<sup>76</sup> *ESA*, *supra* note 2 at para 30.

<sup>77</sup> 2008 FCA 6 at paras 19-20, [2008] 3 FCR 539, leave to appeal refused, [2008] 2 SCR vi <<http://decisions.fca-caf.gc.ca/en/2008/2008fca6/2008fca6.html>>.

<sup>78</sup> *SOCAN v CAIP*, *supra* note 11 at paras 19-20.

<sup>79</sup> *ESA*, *supra* note 2 at para 19.

<sup>80</sup> *Ibid* at para 5.

<sup>81</sup> *Vaver*, *supra* note 25 at 172-73, cited in *ESA*, *supra* note 2 at para 6 [emphasis added].

<sup>82</sup> *ESA*, *supra* note 2 at para 5.

<sup>83</sup> A functional analysis is also given by Cameron J Hutchison, “The 2012 Supreme Court Copyright Decisions & Technological Neutrality”, SSRN (October 5, 2012) <<http://ssrn.com/abstract=2157646>> or <<http://dx.doi.org/10.2139/ssrn.2157646>>.

<sup>84</sup> *ESA*, *supra* note 2 at para 43. Presumably a different conclusion would have been reached if the legislative history had revealed an intention that the communication right were to be distinct from the performance right.

<sup>85</sup> *Rogers*, *supra* note 3.

<sup>86</sup> *Ibid* at para 8.

<sup>87</sup> *Ibid* at para 27.

<sup>88</sup> *Ibid.*

<sup>89</sup> *CCH*, *supra* note 19 at paras 78-79, quoted in *Rogers*, *supra* note 3 at para 27.

- <sup>90</sup> *Rogers, supra* note 3, heading after para 35.
- <sup>91</sup> *Ibid* at para 39.
- <sup>92</sup> *Ibid* at paras 53-56.
- <sup>93</sup> Vaver, *supra* note 25 at 173, cited in *Rogers, supra* note 3 at para 54.
- <sup>94</sup> *Rogers, supra* note 3 at para 53.
- <sup>95</sup> *Bell, supra* note 4 at para 1.
- <sup>96</sup> *CCH, supra* note 19.
- <sup>97</sup> *Bell, supra* note 4 at paras 15-30.
- <sup>98</sup> *Ibid* at paras 31-49.
- <sup>99</sup> *Ibid* at para 40.
- <sup>100</sup> *Ibid* at para 41.
- <sup>101</sup> *Ibid* at para 43.
- <sup>102</sup> *ESA, supra* note 2 at para 8, quoting Carys Craig, “Locking Out Lawful Users: Fair Dealing and Anti-Circumvention in Bill C-32” [Craig, “Locking Out Lawful Users”] in Michael Geist, ed, *From “Radical Extremism” to “Balanced Copyright”: Canadian Copyright and the Digital Agenda*, 2d ed (Toronto: Irwin Law, 2010) 177 at 192 <<http://www.irwinlaw.com/store/product/666/from-radical-extremism--to-balanced-copyright>>.
- <sup>103</sup> *ESA, supra* note 2 at para 49.
- <sup>104</sup> *Rogers, supra* note 3 at para 40.
- <sup>105</sup> *Théberge, supra* note 15 at para 30.
- <sup>106</sup> *ESA, supra* note 2 at para 50.
- <sup>107</sup> This idea has been ably criticized by Mark Lemley in “Property, Intellectual Property, and Free Riding” (2005) 83 *Tex L Rev* 1031.
- <sup>108</sup> *Bell, supra* note 4 at paras 9-10.
- <sup>109</sup> *Théberge, supra* note 15 at para 31.
- <sup>110</sup> *Ibid*, quoted in *ESA, supra* note 2 at para 7.
- <sup>111</sup> Ariel Katz, “Commentary: Is Collective Administration of Copyrights Justified by the Economic Literature?” in Marcel Boyer, Michael Trebilcock & David Vaver, eds, *Competition Policy and Intellectual Property* (2009) 449 at 461-63, cited in *ESA, supra* note 2 at para 11.
- <sup>112</sup> *ESA, supra* note 2 at para 9.
- <sup>113</sup> *Rogers, supra* note 3 at para 40.
- <sup>114</sup> *Copyright Act, supra* note 10, s 41.1.
- <sup>115</sup> Patry, *supra* note 21 at 43.
- <sup>116</sup> For a short description of the CSS system, see Mark Berry, “Cryptography in Home Entertainment” (June 2004) <<http://www.math.ucsd.edu/~crypto/Projects/MarkBarry/index.htm>>.
- <sup>117</sup> While s 41.12 of the *Copyright Act, supra* note 10, provides an exemption that permits circumvention of TPMs that protect a computer program for the sole purpose of making other programs interoperable with it, there is no general

exemption to circumvent to make copyrighted subject matter like cinematographic or musical works interoperable.

<sup>118</sup> Graham Reynolds, quoted in Craig, “Locking Out Lawful Users”, *supra* note 102 at 196. For instance, a person may wish to make a reproduction of a work for private purposes, but that right is subject to the copier not circumventing a TPM protecting the work.

<sup>119</sup> Ian Kerr, “Digital Locks and the Automation of Virtue” in Geist, *supra* note 102 at 302 <<http://www.irwinlaw.com/content/assets/content-commons/666/CCDA%2009%20Kerr.pdf>>; Dan Burk & Tarleton Gillespie, “Autonomy and Morality in DRM and Anti-Circumvention Law” (2006) 4:2 Triple C: Cognition, Communication, Cooperation 243 <<http://www.triple-c.at/index.php/tripleC/article/view/41/40>>; Jonathan Zittrain, “Perfect Enforcement on Tomorrow’s Internet” in Roger Brownsword & Karen Yeung, eds, *Regulating Technologies* (Oxford: Hart Publishing, 2008) at 151; Roger Brownsword, *Rights, Regulation and the Technological Revolution* (Oxford: Oxford University Press, 2008) at 253.

<sup>120</sup> *British Columbia (Attorney General) v Christie*, 2007 SCC 21, [2007] 1 SCR 873 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2359/index.do>>.

<sup>121</sup> *Ibid* at para 20.

<sup>122</sup> Herbert Hart, *The Concept of Law* (Oxford: Oxford University Press, 1961) at 173.

<sup>123</sup> Scott Shapiro, “On Hart’s Way Out” in Jules Coleman, ed, *Hart’s Postscript* (Oxford, UK: Oxford University Press, 2001) at 174.

<sup>124</sup> Joseph Raz, *Ethics in the Public Domain*, rev ed (Oxford, UK: Clarendon Press, 1995).

<sup>125</sup> Nigel Simmonds, *Law as a Moral Idea* (Oxford: Oxford University Press, 2007) at 123.

<sup>126</sup> Ronald Dworkin, *Law’s Empire* (Cambridge, MA: Harvard University Press, 1986).

<sup>127</sup> This is despite the fact that an exception for circumventing for a lawful purpose would not violate the requirement of the WIPO Internet Treaties that the measures be adequate and effective. See Michael Geist, “The Case for Flexibility in Implementing the WIPO Internet Treaties: An Examination of the Anti-Circumvention Provisions” in Geist, *supra* note 102 at 204.

<sup>128</sup> *Copyright Act*, *supra* note 10, s 41.21.

<sup>129</sup> *Ibid*, s 41.21(2)(a).

<sup>130</sup> *Ibid*.

<sup>131</sup> *Interpretation Act*, RSC 1985, c I-21, s 12, states: “Every enactment is deemed remedial, and shall be given such fair, large and liberal construction and interpretation as best ensures the attainment of its objects”.

<sup>132</sup> Ruth Sullivan, “Statutory Interpretation in a New Nutshell” (2003) 82:1 Canadian Bar Rev 51 <[http://www.cba.org/cba\\_barreview/Search.asp?VolDate=05%2f01%2f2003](http://www.cba.org/cba_barreview/Search.asp?VolDate=05%2f01%2f2003)>.

<sup>133</sup> Dworkin, *supra* note 126.

<sup>134</sup> Brownsword, *supra* note 119 at 161-68.



<sup>135</sup> This kind of reasoning also occurred in *Regina v Secretary of State for Health (Respondent) ex parte Quintavalle (on behalf of Pro-Life Alliance)*, [2003] UKHL 13 <<http://www.publications.parliament.uk/pa/ld200203/ldjudgmt/jd030313quinta-1.htm>>, where the House of Lords effectively rewrote the definition of “embryo” on the grounds that the previous definition was based upon the state of scientific knowledge at the time of the enactment.

<sup>136</sup> *Copyright Act*, *supra* note 10, s 29.22.

<sup>137</sup> *Re Manitoba Language Rights*, [1985] 1 SCR 721 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/60/index.do>>.



# Copyright Royalty Stacking

JEREMY DE BEER<sup>1</sup>

## Introduction

Canadian copyright law evolved more in 2012 than in any other year in recent memory. Parliament substantially amended the *Copyright Act*, and the Supreme Court of Canada decided a quintet of landmark copyright cases.<sup>2</sup> This chapter addresses the issue of copyright royalty stacking, connecting recent developments with broader legal and economic principles.

By copyright royalty stacking, I mean the layering of multiple payments for permission—through a certified tariff, collective blanket licence or individual contract—to use copyright-protected subject matter. Stacking is related to, but different than, the fragmentation of copyright through legislative changes, court decisions or licensing transactions. Fragmentation may or may not lead to royalty stacking; royalty stacking depends more directly on market structures than legal rights, although one does influence the other. Moreover, royalty stacking may result not only from the fragmentation of copyrights, but also from the multiplication of rights holders, through new neighbouring rights or paracopyright protections for technological measures. While the term “royalty stacking” may have pejorative

connotations, I use it neutrally in this chapter to describe a phenomenon commonly encountered in copyright licensing transactions. Normative conclusions about royalty stacking are based on underlying legal and economic principles, not the phenomenon *per se*.

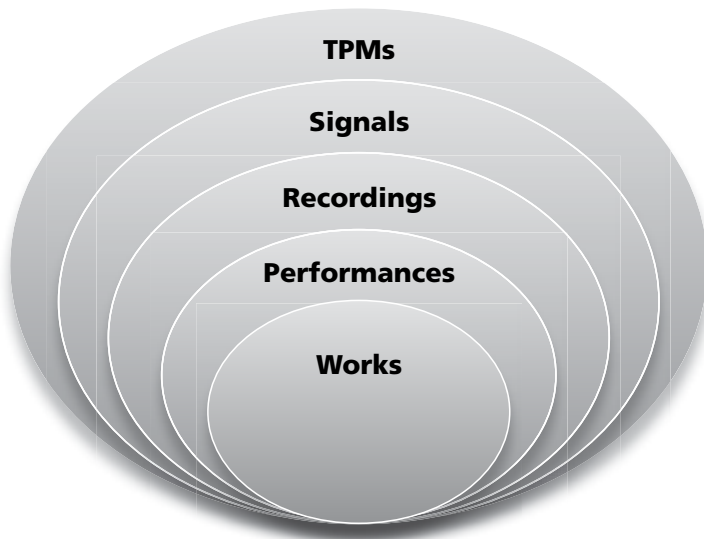
My legal analysis of key Supreme Court decisions and amendments to the *Copyright Act* interpreted in light of the copyright quintet indicates that Canadian jurisprudential developments will probably reduce copyright royalty stacking. The potential implications discussed in this chapter are substantial. Changes in Canadian copyright law could reduce royalties flowing to or through certain collective management organizations in the foreseeable future. However, according to established economic theory, a more streamlined system of copyright licensing would increase certainty and reduce transaction costs, thereby growing the market for copyright-protected content. In the long run, this would lead to more commercial opportunities for entrepreneurial upstarts seeking to establish new businesses offering innovative products and services in creative industries, more choices for consumers in the legal market for creative content and, ultimately, more money for creators individually and in the aggregate. While only time will tell if legal economic theory will prove true in practice, aspects of the copyright quintet and statutory reforms that reduce royalty stacking set up a conceptually sound structural framework for continued economic development of Canadian cultural industries.

I begin this chapter by defining the concept of copyright royalty stacking, setting out core features and practical examples of this phenomenon. Next, I analyze aspects of the Supreme Court's recent decisions that are directly or indirectly relevant to copyright royalty stacking, and synthesize implications in the historical context of Canadian copyright law and in light of very recent legislative reforms. Royalty stacking is related to several basic theoretical problems with property rights, including intellectual property rights, which become apparent in this chapter through the lens of law and economics. After explaining the theoretical implications of unstacking copyright royalties, I conclude the chapter by examining ongoing developments at the Copyright Board of Canada, the quasi-judicial tribunal addressing royalty stacking most immediately and directly.

## What Is Copyright Royalty Stacking?

To understand copyright royalty stacking, one must understand the complex structure of copyright protection: What subject matter is protected, and how? Authors' original works are the conceptual core of copyright-protected subject matter.<sup>3</sup> Rights also exist in subject matter related to original works, such as performances, recordings or broadcasts. Music offers a practical and prevalent example. What a layperson hears as a "song" on the radio is to a copyright lawyer a package of four separately protected elements: (1) a *musical work*, including the composition and often lyrics; (2) a *performance* of the *work* by a singer and/or a band; (3) a *recording* of the *performance* of the *work*, recorded usually in a studio but sometimes at an event; and (4) a *broadcast* of the *recording* of the *performance* of the *work*. Copyright and related rights, also called neighbouring rights, are layered around one another, as shown in Figure 1.

Figure 1. Layers of protected subject matter



The work, performance, recording and broadcast are each protected separately, and often licensed separately, despite the fact that the same person or legal entity could control the rights to each. For instance, a singer/songwriter could own both the author's copyrights in the musical work and the performer's related rights in the performance. Or, the singer/songwriter could assign copyright to a music publishing company affiliated with or controlled by the record company that owns the related rights in the recording of the work performed.

In a digital context, an additional layer of legal rights may also protect technological protection measures (TPMs) that control access to or copying of works and other subject matter, or information used to manage rights.<sup>4</sup> Notably, these rights typically belong not to the author or performer, but to the record producer, broadcaster, retailer or other distributor that applies the TPM to the work or related subject matter. Geo-fencing technologies that prevent music from being streamed or purchased outside of certain jurisdictions, applied by services such as Pandora or Spotify or retailers like Apple iTunes, are good examples.

Through a progressive series of international treaties, countries have agreed to create laws that protect works with copyright,<sup>5</sup> other subject matter with related rights,<sup>6</sup> and technologies applied to both works and related subject matter with prohibitions on circumvention and tampering. Consequently, Canada's *Copyright Act* establishes protection for works in section 3; related rights in sections 15 (performances), 18 (sound recordings) and 21 (communication signals); and technological measures and management information in newly amended sections 41.1 to 41.21.<sup>7</sup>

That explains what is protected, and by implication who is protected—the owners of works and related subject matter. How are they protected? Copyright is usually understood to consist of a bundle of rights. In conventional property discourse, the bundle of rights metaphor captures multiple and various incidents of ownership, including, among other things, use rights and transferability.<sup>8</sup> Other kinds of intellectual property rights focus protection especially on “use.”<sup>9</sup> Copyright, by contrast, is not framed around the right to *use* a work or other subject matter. Rather, use rights are subdivided into

several categories. The precise contours of these categories vary from country to country, but basically follow four general themes: (1) the right to *copy*; (2) the right to *perform* live or transmit technologically; (3) the right to physically or electronically *distribute* copies; and (4) the right to *adapt*, derive or transform, as shown in Figure 2.

Figure 2. Taxonomy of protected rights



While not every enumerated right in every country aligns perfectly with this thematic classification scheme, and leaving aside the complex categorization of moral rights, these themes generally correspond to different methods of extracting economic value from a work or other protected subject matter. A musical work, for example, may be produced and sold as sheet music, which constitutes copying and distribution; made into a sound recording, which is usually understood as a copy, which is then distributed for sale, or rented out, which is also a form of distribution; performed live in concert or via broadcast, cable or Internet transmission, each of which are kinds of performances; translated into other languages or rearranged for different instruments or musical styles, which are examples of adaptation; or synchronized with other audiovisual content such as a television program, advertising commercial or motion picture. My examples here are not exhaustive or categorical, but rather are illustrative of the application of various aspects of copyright and related rights to particular activities. How precisely these rights and uses should and do align is one of the central issues with copyright royalty stacking.

Not every right holder is granted every one of these protections, but there is a pattern. An owner of copyright in a work (e.g., a

musical composition and lyrics) has the exclusive right to use that work in all of the ways listed above. An owner of related rights in a performance, recording or broadcast does not necessarily have all of the same rights. And the related rights the owner does have may not be exclusive rights to prevent others from using their subject matter, as a copyright owner could, but rather, rights to receive remuneration if and when their subject matter is used.<sup>10</sup>

So, in Canada, for example,<sup>11</sup> an owner of copyright in a work has under section 3 of the *Copyright Act* the sole right to copy (produce or reproduce) the work, to perform (or communicate or exhibit) the work, and to adapt (or translate or convert) the work. The owner of related rights in a performance or recording, by contrast, has, among other things, the sole right under sections 15 and 18 to copy the recorded performance,<sup>12</sup> but under section 19, the right only to receive equitable remuneration for a performance or communication. In effect, performers and record makers can prohibit others from copying recorded performances without an individual licence, but cannot prohibit others from broadcasting recorded performances; they can only claim equitable remuneration for broadcasting music through a Copyright Board–certified tariff. Whether a performer or record maker could prohibit or merely claim remuneration for the transmission of a recorded performance via the Internet would depend on whether Internet transmission involves copying, communicating or both—that is the kind of practical question that my analysis of copyright royalty stacking in this chapter helps answer.

The issue with copyright royalty stacking starts to become clear when one combines the many different elements of protected subject matter—a musical work, performance, recording and broadcast, for example—with the many different rights protected in some or all of those elements—copying, performance, distribution, adaptation and potentially more. To “use” a “song” could require a dozen licensing transactions, perhaps more if there are jurisdictional, temporal or technological complexities.

Matters are even more complicated by the various systems a prospective licensee might need to navigate in order to obtain permission. Some rights are administered collectively, while others are dealt with individually. Most collective societies represent a majority of rights holders in their respective domains (authors,



performers, record makers or broadcasters, for example), but none represent 100 percent of available repertoire. So a mixture of collective and individual licensing is almost always necessary. Some collectively administered rights require payment of a tariff certified by the Copyright Board of Canada, while others require payment or negotiation with a particular collective society. And furthermore, the collective societies that a prospective licensee must deal with are not always the same in Quebec and the rest of Canada. Table 1 presents a simplified example of the licensing requirements for most English-language music in Canada, excluding Quebec.

*Table 1: Simplified matrix of protected subject matter and rights*

	Copy	Perform	Distribute	Adapt
Musical work	Board-certified CMRRA* tariff	Board-certified SOCAN** tariff	Individual transactions with owners	Individual transactions with owners
Performer's performance	Individual transactions with AVLA***	Board-certified Re:Sound tariff	Individual transactions with owners	Individual transactions with owners
Sound recording	Individual transactions with AVLA	Board-certified Re:Sound tariff	Individual transactions with owners	Individual transactions with owners
Broadcast signal	Individual transactions with owners	Board-certified retransmission tariff	Individual transactions with owners	Individual transactions with owners

\* Canadian Musical Reproduction Rights Agency

\*\* Society of Composers, Authors and Music Publishers of Canada

\*\*\* Audio-Video Licensing Agency

Which royalty payments are required would depend on the prospective licensee's precise activities. The more rights holders from whom permission is required or to whom compensation must be paid, and the more rights belonging to each rights holder that are implicated by a prospective licensee's activities, the more complex and costly the transactions and the activities become. And whether payment of a tariff or a licensing transaction with a collective society listed in the Table is sufficient for a licensee depends on that collective's repertoire, which is never exhaustive.

Not every user of music would require copyright clearance for every right or rights holder referenced in Table 1. But some would. Websites that host and transmit remixed user-generated content, for instance, could have especially complex licensing requirements. The key question for copyright policy makers and practitioners is not which services currently exist that require all of the above copyright clearances, but rather, which innovative new services do not exist now but might emerge if copyright systems were simpler.

Copyright royalty stacking is the layering of payments for permission—through a certified tariff, collective blanket licence or individual contract—to use copyright-protected subject matter. While the system that enables copyright royalty stacking may seem, on first impression, inherently problematic, the normative implications of this issue are complex.

Permission or payment requirements to different parties for different things are understandable. Even though a song on the radio may not be perceived as a separate work, performance, recording and broadcast, many people can appreciate the value of these distinct contributions. The practical challenges are coordinating and pricing the licensing transactions that are part of the value-added supply chain from creators to consumers.

Some royalty stacking is caused by the fragmentation of copyrights into sub-components that can be licensed separately, based on the territorial, commercial, technological or other demands of licensees. In many contexts, licensees first demanded such fragmentation.<sup>13</sup> For example, a licensee may not want to pay for worldwide rights when they do business only in one country, or pay to put sound recordings on the Internet when their business is selling only lyrics or musical scores, or pay to transmit content when their business is based on storage alone, and so on. Many of SOCAN's tariffs are structured to meet users' demands, while mechanical licences are issued separately because that is what licensees had required.<sup>14</sup> In this way, fragmentation facilitates the efficient market exploitation of protected content.<sup>15</sup>

Prospective licensees' practical problem is that the way markets were structured to respond to past licensing demands may no longer be suited to modern technological or commercial circumstances, which licensees say is inconvenient. Their principled objection to

copyright royalty stacking is that, in some cases, owners' rights now seem redundant—multiple payments are occasionally routed through different intermediaries to the same party for the same activity, which licensees say is unfair.

Copyright owners' basic justification for royalty stacking is that what might seem at first glance like redundant payments are actually not; ostensibly overlapping payments are required not for the same use of the protected subject matter, but for different uses. For instance, radio broadcasters argue that they simply use music, and should accordingly pay once for this single input. Rights holders claim, to the contrary, that radio broadcasters' standard practices constitute both reproduction and communication—not just use—of musical works, performances and sound recordings, and that multiple payments to multiple parties are therefore warranted.

Legislative reforms discussed below have a major impact on that specific issue, and similar conceptual arguments were at the heart of several of the cases in the Supreme Court quintet. These cases provide useful practical examples to further explore the theoretical and practical aspects of copyright royalty stacking.

## **Interpreting the Copyright Quintet and Statutory Reforms**

There are many ways to interpret and analyze the Supreme Court of Canada's 2012 copyright quintet. Some scholars have seized upon the principle of technological neutrality, which influenced the Court's decisions in at least two of the cases.<sup>16</sup> Some have emphasized the Court's unequivocal endorsement of users' rights, which were at the heart of another two of the five cases.<sup>17</sup> Some have assessed the impact of the Court's decisions on the collective administration of copyright.<sup>18</sup> And some have focused on issues of administrative law, specifically the standard of judicial review.<sup>19</sup>

## **Selling and Streaming Music Online**

### **The Context of Tariff 22**

Considerable historical context is required to fully appreciate the companion cases *ESA* and *Rogers*. While that history is probably worthy of its own book, this chapter introduces only the basics. These

cases are the latest episodes in the long and winding saga of SOCAN's Tariff 22, which seeks to establish royalties for the communication of music via the Internet. SOCAN is the collective society that administers the performing rights of composers, authors and music publishers in Canada, including their rights to communicate musical works to the public by telecommunication.

SOCAN first proposed Tariff 22 in 1996, applying to the Copyright Board of Canada for certification of a tariff targeting Internet service providers (ISPs), which SOCAN alleged were involved in communicating works to the public in Canada and/or authorizing their subscribers' communications. The Copyright Board divided its proceedings into two phases, dealing with purely legal issues first. Among other things, the Board decided that the passive transmission of digital content via the Internet would not trigger application of the proposed tariff because such action neither communicated nor authorized communication of SOCAN's repertoire.<sup>20</sup> The Federal Court of Appeal affirmed most but not all of the decision of the Board.<sup>21</sup> On the main issue of copyright liability, the Supreme Court of Canada agreed with the Board's original ruling that ISPs are not liable to pay a tariff when they act as neutral intermediaries.<sup>22</sup>

Following the Supreme Court's 2004 decision, SOCAN asked the Board to certify a revised Tariff 22. Like everything else on the Internet, online music transmissions had changed dramatically during the years since SOCAN's original proposal. Walled gardens of content like America Online became less popular; few Internet subscribers hosted music on their ISP's servers, preferring peer-to-peer file sharing; and the World Wide Web became a platform for new music sites such as MySpace. Many other personal and commercial websites began to include background music, traditional broadcasters began simulcasting, and new companies sold subscriptions to music streaming services. The most profound change came via Apple's iTunes music store, which has quickly become the digital substitute for traditional record retailers.

SOCAN's restructured tariff proposal tracked commercial and technological developments. Proceedings before the Copyright Board were bifurcated to deal separately with Tariff 22.A and 22.B-G, backdated to the period of 1996 to 2006. Tariff 22.A proposed to target

online music services that stream or sell copies of music;<sup>23</sup> Tariff 22.B-G proposed to target websites that use music in other ways, including Internet simulcasting and video gaming.<sup>24</sup>

The reason that the tariffs and corresponding Board decisions were divided this way is at least indirectly related to copyright royalty stacking. CMRRA and SODRAC are the collecting societies that administer reproduction rights in musical works in Canada and Québec. Through a joint venture, CMRRA/SODRAC Inc. (CSI), these collectives filed a tariff targeting many of the same online music services as SOCAN's Tariff 22.A—companies that stream or sell copies of digital music via the Internet. In 2007, the Board certified CSI's first "Online Music Services" tariff.<sup>25</sup> Perhaps because of interim agreements that had been negotiated between the collectives and services already operating in Canada, including Apple, there was no apparent disagreement among the parties before the Copyright Board about the legal requirement to pay royalties for reproducing musical works as part of streaming or sales transactions.<sup>26</sup>

When, in 2007, the Board also certified SOCAN's corresponding Tariff 22.A, it addressed several important legal questions. Among them was the issue of royalty stacking that would eventually reach the Supreme Court of Canada.<sup>27</sup> (Whether previews of music offered for sale online are fair dealing for the purpose of consumer research was also addressed at this point in the decision.<sup>28</sup>) Objectors argued that transmissions of music from online music services are not communications, and if they are communications, are not to the public, so fall outside the scope of the rights SOCAN administers. For reasons discussed later in this chapter, the Copyright Board rejected the objectors' arguments and certified Tariff 22.A.<sup>29</sup>

With that decision, it became clear that online music services selling subscription services or digital downloads were required to pay CSI for the right to reproduce musical works and SOCAN for the right to communicate those works to the public. This arrangement resulted in precisely the kind of copyright royalty stacking described in the first part of this chapter, since both SOCAN and CSI represent authors, composers or music publishers to whom copyright has been assigned. Table 1, above, shows the rights at issue in the two left columns of the first row.

In effect, based on these tariffs, licensees argued they would pay the same creator twice, through different collective societies, to use the same copyright-protected work. The ostensible justification for that arrangement was that the same licensee is “using” the same work differently, both copying and communicating it, for which the *Copyright Act* requires separate payments. The Board wrote:

SOCAN members are not double dipping. The communication and reproduction rights are separate rights, often owned by separate persons, administered through separate channels and subject to separate regimes. The person who copies a work to effect a broadcast of that work “commits two torts” and should pay for both acts. The same should hold true when the sequence is inversed and someone communicates a work to a member of the public with a view to providing that person with a copy of the work.<sup>30</sup>

When the Board dealt a year later with SOCAN Tariff 22.B-G, it implicitly applied the same legal reasoning to certify a tariff for online simulcasting by radio and television broadcasters, and for audio content transmitted by other websites, including websites for downloading or playing video games.<sup>31</sup>

Applications for judicial review of the Board’s decisions in both Tariff 22 cases were practically inevitable; it is standard for Copyright Board proceedings. Procedurally, the Copyright Board’s certification of Tariff 22.A gave rise to the *Rogers* case in the Supreme Court, while its certification of Tariff 22.B-G triggered the *ESA* case. But because the Board’s 2007 decision on Tariff 22.A laid the legal foundation for both certified tariffs, only its reasons in that case were formally reviewed. Also, even though the Board had reached its decisions over a year apart, the Federal Court of Appeal dealt with both applications simultaneously. In both *Bell Canada et al. v SOCAN* (which became the *Rogers* case in the Supreme Court)<sup>32</sup> and *Entertainment Software Association v Society of Composers, Authors and Music Publishers of Canada*,<sup>33</sup> the Court of Appeal upheld the Copyright Board’s decision.

To appreciate why the Federal Court of Appeal agreed with the royalty stacking arrangements established at the Copyright Board,

it is necessary to mention another case that was decided around the same time as the Board's Tariff 22 cases: *Canadian Wireless Telecommunications Association v SOCAN*.<sup>34</sup> In that 2008 decision, the Federal Court of Appeal considered whether the Board correctly certified SOCAN's tariff for the communication of ringtones from mobile service providers to their subscribers. The Court rejected CWTA's legal argument that transmitting a ringtone does not "communicate" the work "to the public". In doing so, it also rejected the premise on which that attempted legal argument rests—that splitting reproduction and communication rights in the same work creates double compensation of the same copyright owners by the same licensees.<sup>35</sup>

While the Supreme Court of Canada refused to hear an appeal of the CWTA case in 2008,<sup>36</sup> it agreed to consider similar royalty stacking issues when it granted leave three years later in *ESA* and *Rogers*.

### **Supreme Court Consideration of Royalty Stacking**

The last time the Supreme Court of Canada dealt explicitly with copyright royalty stacking was in 1990, in *Bishop v Stevens*.<sup>37</sup> The Supreme Court held then that the right to broadcast (perform/communicate) a work did not include the incidental right to reproduce it in preparation for the broadcast. Performance and reproduction, the Court explained, "are distinct rights in theory and in practice".<sup>38</sup>

This remark was central to the Copyright Board's ruling in the Tariff 22.A decision, to the Federal Court of Appeal's decision in *CWTA*, and to both the majority and dissenting opinions in *ESA*. In *CWTA*, the court relied on *Bishop v Stevens* for the proposition that: "the right to reproduce a musical work and the right to communicate it to the public by telecommunication are separate statutory rights."<sup>39</sup> Four days before that case was heard—which is when the Board released its reasons for Tariff 22.A—the Board had made much the same point: "The communication and reproduction rights are separate rights, often owned by separate persons, administered through separate channels and subject to separate regimes."<sup>40</sup> This reasoning, which has dominated Canadian copyright licensing discourse for nearly twenty years, raises two problems.

First, referring to licensing and administration practices is not

particularly helpful, because licensing and administration practices evolve and adapt to legal interpretations of the underlying rights. Had the Court held in *Bishop v Stevens* that performance and reproduction rights are fundamentally similar, licensing practices would probably now reflect that understanding through combined collective administration of both rights. Since the Court decided the rights are distinct, they are now unsurprisingly administered separately.

Moreover, the basic reason that performance and reproduction rights have historically been administered separately is because each system catered to different kinds of licensees, requiring different licences based on the different activities in which licensees engaged. Performing rights societies typically licensed establishments where music is performed or entities using telecommunications technologies to communicate music at a distance. Reproduction rights agencies typically licensed companies to make sound recordings or synchronize musical works with other audiovisual content, such as films or television programs. Each kind of licensee had distinct licensing needs, which separate administrative regimes served well. However, the bare fact that separate licensing systems exist now is alone an insufficient reason to preserve this administrative arrangement if it is no longer efficient or otherwise justified.

Second, conceptually, saying that communication and reproduction rights are separate or distinct does not tell us much about the scope of either right, except perhaps vis-à-vis the other right. Indeed, the distinction highlighted in *Bishop v Stevens* was invoked to support directly contradictory opinions on the communication right in the 5-4 split decision in *ESA*.

Rothstein J, in dissent, reasoned that a copyright holder is entitled to both reproduction and communication royalties in respect of an online transmission because these are separate rights. “The fact that there are two protected rights,” wrote Rothstein J, “does not restrict the protection afforded by each right.”<sup>41</sup> He wrote that this answer to *ESA*’s royalty stacking argument was “straightforward”, but the majority opinion suggests that the legal reasoning is not so simple.

Indeed, the majority drew the exact opposite interpretative inference from the same principle. Because of the recognized separation and distinction between reproduction and performance



rights, Abella and Moldaver JJ held that “[p]erforming a work is fundamentally different than reproducing it.”<sup>42</sup> Interpreting the reproduction right to encompass activities traditionally linked to the performance right “would result in abandoning the traditional distinction in the *Act* between performance-based rights and rights of reproduction.”<sup>43</sup> In other words, because these rights are distinct, they must cover different activities.

In my view, the majority’s interpretation of the principles described in *Bishop v Stevens* is sensible. That reproduction and communication rights are separate and distinct *does* restrict the protection afforded by each right. Each right protects an activity that the other right does not.

However, even accepting that point will not entirely resolve most cases. That is, we can say a communication is *not* a reproduction, and a reproduction is *not* a communication, but beyond that, the distinction between the two rights offers little help in defining either of them. Defining what *is* a communication was the heart of the issue facing the Supreme Court.

On that point, basically, the dissenting judges preferred a literal interpretation, and the majority of the Court took an historical, contextual and purposive perspective. While the dictionary definition of communication could suggest that the right covers any transmission of information,<sup>44</sup> the majority held that such an interpretation would be inconsistent with the historical introduction and evolution of communication rights in Canada,<sup>45</sup> the statutory context of section 3 and other parts of the *Copyright Act*,<sup>46</sup> and the legislative purpose of protecting copyright in a balanced, efficient and technologically neutral way.<sup>47</sup>

The law in Canada is now clearer about what activity is and is not a communication. “Internet delivery of copies”<sup>48</sup> or “the Internet delivery of a permanent copy”<sup>49</sup> or a “durable copy”<sup>50</sup> is *not* a communication.<sup>51</sup> The *ESA* case ruled out collecting communication royalties in these circumstances. “[T]he streaming of files from the Internet,” however, *is* a communication “by online music services who make the files available.”<sup>52</sup> The *Rogers* decision states that in circumstances where “musical works are indiscriminately made available to anyone...requesting the streams...the transmission of any file...constitutes communicat[ing] the work to the public by telecommunication.”<sup>53</sup> Ambiguity remains, however, around the

definition of “durable” copies.

Returning to royalty stacking, the principle of separate and distinct rights basically converts an issue of legal interpretation into a matter of factual application. None of the judges in *ESA* seemed to disagree that there may be circumstances where two licences for two separate rights are needed. Rothstein J was explicit that “if two protected acts occur without authorization of the copyright holder, there are two infringements.”<sup>54</sup> The inference that explains the majority’s views on royalty stacking is that if one protected act occurs, there is one infringement. According to Abella and Moldaver JJ’s majority reasons, “*Bishop* does *not* stand for the proposition that a *single* activity (i.e., a download) can violate two separate rights at the same time.”<sup>55</sup> Underlying the decision, therefore, is the clear impression that “Internet delivery of copies” constitutes a single act, which could implicate either but not both separate and distinct reproduction and communication rights.

Unfortunately, both the majority and the minority opinions on the relationship between the number of “protected act[s]” and the number of infringements are tautological. On either analysis, almost everything hinges on the characterization of the “act” in question. The central determination that courts or the Copyright Board must now make about future royalty stacking cases is whether the fundamental nature of a potential infringer or prospective licensee’s activity implicates one or more rights.<sup>56</sup> The Court did not provide an analytical touchstone for characterizing any particular use (or uses) as a single activity or multiple distinct activities, but it did offer two guiding principles—technological neutrality and economic efficiency.

The principle of technological neutrality does not mean that technologically similar activities must always be legally characterized the same. Rather, the principle means that essentially similar activities involving different technologies should be treated equally. As David Vaver put it in a passage quoted by the Supreme Court, “substitute delivery systems should compete on their merits: either both or neither should pay.”<sup>57</sup>

So the Board’s statement that “[s]ending a music file over the Internet is protected by the *Act*; sending a music CD in the mail is not”<sup>58</sup> should have been the question in the case, not the answer.

According to the Supreme Court, “there is no practical difference between buying a durable copy of the work in a store, receiving a copy in the mail, or downloading an identical copy using the Internet. The Internet is simply a technological taxi that delivers a durable copy of the same work to the end user.”<sup>59</sup> The Court therefore overruled the Copyright Board’s decision that “Internet transmissions are not just another form of delivery.”<sup>60</sup>

Even Rothstein J, writing for the majority in the *Rogers* case, held that what matters is not the business model but rather the underlying activity. “Whether a business chooses to convey copyright protected content in a traditional, ‘broadcasting’ type fashion, or opts for newer approaches based on consumer choice and convenience, *the end result is the same.*”<sup>61</sup> He made this remark to equate on-demand streaming with conventional broadcasting activities, but his emphasis on practical results, rather than technical processes, is perfectly consistent with the majority’s decision in *ESA*, despite his dissent in that case.

So the Copyright Board’s finding of fact that a “download” and a “stream” are technologically similar transmissions, except for their relative permanence, does not mean that they have the same essential character and, therefore, legal implications. And the judgments in *ESA* and *Rogers* are easily reconcilable because, as it was put in arguments: “The sale and transmission of a work from an online retailer is, essentially, like the sale and conveyance of physical media from a conventional retailer. The transmission of a stream from a webcaster is, however, essentially like the transmission of a signal from a conventional broadcaster.”<sup>62</sup> The Supreme Court accepted this argument, writing: “Although a download and a stream are both ‘transmissions’ in technical terms...they are not both ‘communications’ for purposes of the *Copyright Act*. ... Unlike a download, the experience of a stream is much more akin to a broadcast or performance.”<sup>63</sup>

The key to determining which activities implicate which rights is assessing the essential character of the impugned use. Is the essential character of the use akin to a traditional performance, or is it more like conventional copying? Answering that question will help to resolve the issue of which rights apply. Analytically, the exercise seems similar to the process of characterizing the pith and substance

of impugned legislation when assessing the validity of legislation within Canada’s constitutional division of powers. Such reasoning is not entirely foreign to contemporary thinking about other intellectual property issues.<sup>64</sup>

The second principle relied on by the Supreme Court in characterizing the essence of ESA’s activities—economic efficiency—received relatively less attention. Though undoubtedly important, it was touched upon only briefly in the Supreme Court’s reasons in *ESA*, citing the work of Professor Katz: “When a single economic activity implicates more than one type of right and each type is administered by a separate collective, the multiplicity of licences required can lead to inefficiency.”<sup>65</sup> In support of the Supreme Court’s judgment, and to guide decision makers applying its principles in the future, later sections of this chapter elaborate on the economic theoretical implications of royalty stacking.

### Stacking Rights in Movie Soundtracks

Before examining conceptual issues around legal coherence and economic efficiency, it is worth highlighting one other case from the Supreme Court’s quintet that implicated copyright royalty stacking: *Re:Sound v MPTAC*.<sup>66</sup> This case was ostensibly about statutory interpretation, like *ESA* and *Rogers*, but in a broader context, it raised a potential royalty stacking problem.

Re:Sound Music Licensing Company (Re:Sound) is a collective society administering the neighbouring rights of performers and record makers. It plays roughly the equivalent of SOCAN’s role for authors of musical works, administering performing/communication rights but not reproduction rights. Unlike authors, however, performers and record makers do not have the exclusive right to communicate their protected subject matter to the public. The way that performers and record makers get paid for performance/communication rights in Canada is through a Copyright Board tariff certifying “equitable remuneration.”<sup>67</sup>

A growing number of tariffs have been certified by the Copyright Board, establishing equitable remuneration for playing sound recordings on radio; during dances and fitness classes; at bars, festivals,

parks, parades and similar places; and more. The two tariffs at issue before the Supreme Court in 2012 claimed equitable remuneration for the performance/communication of the recorded music in movie soundtracks when movies are played in a theatre or on television.

Theatre operators and television broadcasters objected, on the grounds that movie soundtracks are specifically excluded from the *Copyright Act's* definition of a “sound recording,” which is what Re:Sound members own. While this legal technicality provided the basis for arguments and the bulk of the Supreme Court’s judgment, another of the objectors’ underlying concerns was that they already pay for the recorded music in movie soundtracks when they negotiate contracts to exhibit or broadcast the entire movie.

A common entertainment industry practice is for movie producers, music performers and record makers<sup>68</sup> to individually agree on the royalties to be paid for so-called synchronization rights, such as the right to put music in a movie soundtrack.<sup>69</sup> These may be “bare synchronization” agreements, or “through-to-the-viewer” licences, which, as the label suggests, clears rights for the production as well as downstream uses. Licences may provide for upfront buyouts, or contain clauses setting out the residual royalties that will be paid to various parties involved in making the movie, including sometimes the soundtrack, when the movie is later exhibited, broadcast or franchised into sequels, merchandise, amusement park rides and various other spin-offs. Objectors’ alleged that enabling Re:Sound’s members to negotiate payment terms and conditions up front, when movies are made, and then collect more remuneration later, when movies are exhibited or broadcast, would be double dipping.

That explanation is among the most plausible reasons why Parliament defined a “sound recording” to *exclude* “any soundtrack of a cinematographic work where it accompanies the cinematographic work.”<sup>70</sup> Performers and record makers would get paid when soundtracks are played separately from the movie, but not when they are packaged together.

The Supreme Court did not discuss the contextual problem of royalty stacking, preferring to base its decision on the plain language of the statute. But the case nonetheless provides an excellent example of the structural features of copyright protection that make royalty

stacking a challenge. Unlike *ESA* and *Rogers*, which presented royalty stacking problems involving separate and distinct rights of authors of musical works—reproduction and communication—*Re:Sound* involved the potential stacking of collectively administered equitable remuneration rights on top of individually negotiated licensing contracts. Given that theatre operators and television broadcasters *do* pay royalties for the performance/communication rights of authors of musical works (despite similar pre-clearance procedures), the *Re:Sound* case also illustrates the potential complexities of layering additional protection for neighbouring rights holders.

### **The Implications of Unstacking**

Earlier in this chapter I explained how different categories of copyrights and related rights generally correspond to different methods of extracting economic value from a work or other protected subject matter. More accurately, these rights evolved as changing technological capabilities and consumer behaviours led to new business models exploiting content, and lawmakers responded with corresponding protection through new rights. Whether and how evolving copyrights and related rights align with the realities of new technologies, behaviours and business models is one of the central issues around copyright royalty stacking that this chapter addresses.

Royalty stacking is not always, on a balance, unjustified. Indeed, there are some good reasons why royalty stacking might be permitted. The arguments made to the Supreme Court in *ESA* and *Rogers* were, basically, that the plain language of the statute suggests that any transmission of information is a communication, and that this is appropriate because that is the way Canadian copyright administration and Copyright Board tariffs have been structured in practice. Those arguments are unconvincing.

A much better point, which was not clearly articulated to the Court, could have been that the creators of musical works should fairly share in the economic benefits of technological progress that enables prospective licensees to communicate protected content more cheaply; that the demand for content contributes directly to the economic success of telecommunications companies and supports their cost-saving delivery systems. This principle might explain

why the communication right would cover digital but not physical distribution. Such arguments would not automatically win the matter, but they would be a consideration against which to balance counterarguments about legal coherence and economic efficiency.

The main complaints about copyright royalty stacking are that it adds costs and complicates transactions. Adding costs is not a policy problem *per se*; if those costs are justified on a principled basis, imposing them simply transfers wealth from one party to another. Moreover, as Rothstein J correctly reasoned in dissent in *ESA*, the Copyright Board can mitigate the impact of royalty costs on licensees by setting reasonable total combined rates.<sup>71</sup>

Transactional inefficiencies, uncertainties and complications are more serious challenges, however. These can undermine functioning of the market for copyright-protected content, inhibit the introduction of innovative products and services, and cause economic losses to all parties involved. To understand how, we can consider the fundamental economic theories underlying all property rights, including intellectual property rights.

Judge Richard Posner, a godfather of law and economics scholarship, points out that property law is most efficient when rights are exclusive, universal and transferable.<sup>72</sup> The last of these features is most relevant to royalty stacking. In an enormously influential and widely cited article, economist Ronald Coase explained how, in a world without transaction costs, rights will be exchanged in markets that efficiently allocate entitlements to those who value them the most.<sup>73</sup> This concept is central to welfare economics, and a primary reason that people believe intellectual property protection is capable of driving economic growth.

Although rarely articulated as such, the Coase theorem underpins the utilitarian concept of intellectual property rights as incentives. Intellectual property provides incentives to invest time, effort and money into intellectual endeavours because rights can be exploited in the market to make profit. Take away market transactions and you are left with a purely psychological theory of incentives or deontological theory of intellectual property protection.

Since Coase's path-breaking article was published in 1960, scholars have sought to better understand the factors that interfere with efficient

bargaining. One such factor is the fragmentation and/or layering of rights—the conceptual issue at the heart of *ESA*, *Rogers* and *Re:Sound*. Michael Heller identified the problem of property fragmentation in a seminal article published in the *Harvard Law Review* in 1998.<sup>74</sup> He called this the “tragedy of the anticommons,” mirroring Garrett Hardin’s famous parable of the “tragedy of the commons” that had been published forty years earlier.<sup>75</sup> Hardin initially presented private property rights as a solution to the tragic overuse of resources that would occur in a world of open access. Heller did not dispute Hardin’s claim, but countered that private property can also be a problem. Too much property is as inefficient as too little.

He and Rebecca Eisenberg applied this insight to intellectual property rights specifically: “In theory,” they wrote, “in a world of costless transactions, people could always avoid commons or anticommons tragedies by trading their rights. In practice, however, avoiding tragedy requires overcoming transaction costs.... Once an anticommons emerges, collecting rights into useable private property is often brutal and slow.”<sup>76</sup> This phenomenon has also been discussed as a “thicket, a dense web of overlapping intellectual property rights that a company must hack its way through in order to actually commercialize new technology.”<sup>77</sup> Mark Lemley and Carl Shapiro have also studied the interconnected problems of patent holdups and royalty stacking when a patent covers one important component of a complex product.<sup>78</sup>

Thickets are not just a patent problem; such concerns apply to copyright as well. Daniel Gervais and Alana Maurushat have described, for example, the fragmentation of collectively administered copyright in Canada, explaining how “the rights contained in section 3 are no longer useful in mapping out the real world.”<sup>79</sup> While their focus is on the practical rather than theoretical problems of fragmentation, they effectively highlight the complexities of copyright licensing transactions.

The Supreme Court has also acknowledged that too much copyright protection can cause adverse consequences, ruling in *Théberge*: “In crassly economic terms it would be as inefficient to overcompensate artists and authors for the right of reproduction as it would be self-defeating to undercompensate them.”<sup>80</sup> While the Supreme Court did



not elaborate in *Théberge* on the reasons that overcompensation is inefficient, which may be related to transaction costs or other factors, in *ESA* it took an important step toward a legal interpretation of the *Copyright Act* that slightly reduces royalty stacking.

One argument to counter concerns over transaction costs is that the licensing needs in *ESA* and *Rogers* were actually not all that complicated. The only question was whether licensees had to pay one tariff or two. In fact, *ESA*'s members might not have paid any tariff, if they pre-cleared the entire bundle of rights through pure buyouts, as is sometimes done in the film and television industries. One could also argue that combining tariff-setting procedures helped mitigate the burdens of participating in Copyright Board hearings. That reasoning, however, would overlook other aspects of the copyright anticommons problem.

Just paying two tariffs is not enough to legally operate an online music service in Canada. The two tariffs in question would have covered only authors/owners' rights in musical works; they would not have provided licences to reproduce or communicate neighbouring rights holders' performances or sound recordings. Those reproduction rights must mostly be negotiated directly with record companies, while remuneration for communicating sound recordings may be the subject of another tariff scheme. In such deals, the costs of legal advice and licensing transactions are not the only concerns. These are compounded by a potential holdout problem—even if an online music service provider pays the certified tariffs covering musical works, any particular copyright owner could withhold permission to use its performances and sound recordings.

Another counterargument that suggests royalty stacking is not inappropriate is the explicit statutory recognition in subsection 13(4) that rights holders may carve up copyrights in any manner they please: "The owner of the copyright in any work may assign the right, either wholly or partially, and either generally or subject to limitations relating to territory, medium or sector of the market or other limitations relating to the scope of the assignment, and either for the whole term of the copyright or for any other part thereof, and may grant any interest in the right by licence...". However, it is important to distinguish particular licensing practices from established legal

rights. Although contracts might contain a wide variety of unique clauses on payments or permissions, courts need not compound the legal complexity by reinforcing the fragmentation of copyrights.

In real property law, the notion that rights should not be fragmented beyond a stable set of fixed entitlements is known as the *numerus clausus* principle. Its origins lie in the civil law system, but the label has also been applied to similar common law concepts.<sup>81</sup> As applied in the well-known case of *Keppell v Bailey*, the principle holds that private parties cannot through property transactions or licensing practices create new incidents of ownership.<sup>82</sup> Parties may generally structure contractual relationships however they wish, but cannot by doing so transform the nature of the underlying property rights vis-à-vis third parties.

Merrill and Smith note that the *numerus clausus* principle applies not only to real property, but is also reflected in other areas of property law, including intellectual property.<sup>83</sup> They remark that the *numerus clausus* is “an extremely important qualification on the principle of freedom of contract—a principle widely regarded by law-and-economics scholars as promoting the efficient allocation of resources.”<sup>84</sup> It is particularly useful for limiting adverse effects of excessive fragmentation, i.e. an anticommons.<sup>85</sup> While Merrill and Smith’s work centres on the limited forms that intellectual property rights in general may take, other scholars have explained how the same principles should prevent fragmentation within intellectual property rights, such as copyrights.<sup>86</sup> The concept has been applied most specifically to digital copyright cases.

The *numerus clausus* serves several important functions required equally, if not more, for intellectual property than for real property. It facilitates transferability of rights, increases certainty of transactions, aids identification of owners, and more. Bruce Ziff points to another rationale for the *numerus clausus* principle: “[I]mpediments to the termination of property rights suggests the need for caution in their initial recognition, because doctrinal mistakes cannot easily be corrected.”<sup>87</sup> In other words, once a new right is recognized, it is very difficult to reverse. The one-way ratchet of intellectual property measures that fragment existing rights or add new ones is a well-documented problem.<sup>88</sup> Courts should be reluctant to contribute to

this phenomenon by recognizing new fragments of copyright.

So, based on the *numerus clausus* principle, even if it is true that the *Copyright Act* permits owners to structure licensing and administration in creative ways, it does not follow that courts should recognize such arrangements as creating or reinforcing legal entitlements. This reasoning supports the Supreme Court decision in *ESA*, even though the Court did not discuss such theories. In sum, based on the well-established economic theories underpinning copyright and other property rights generally, the Supreme Court was right to be wary of an interpretation of authors' reproduction and performance rights that could compound the problem of copyright royalty stacking.

The final section of this chapter considers the early impact of the Supreme Court rulings in practice, and the potential significance of statutory reforms that have or soon will come into effect in Canada.

### **Statutory “Modernization” and Early Impacts in Practice**

The immediate aftermath of the Supreme Court's decisions in *ESA* and *Rogers* was a Copyright Board decision certifying SOCAN Tariff 22.A for the years 2007 to 2010, covering only online music services that stream music, not services that distribute copies.<sup>89</sup> SOCAN is not entitled to collect performance/communication royalties from companies that distribute copies.

It does not necessarily follow from the Supreme Court decisions that reproduction royalties cannot be collected from companies that stream songs. The factual question would be whether online music services that stream musical works are engaged in one activity or two. Copying digital files and storing them on computer services might seem like a separate and distinct activity from streaming, and hence trigger multiple royalty payment obligations. This scenario is almost exactly like that in *Bishop v Stevens*, where the Supreme Court ruled that both reproduction and performance royalties were payable. Nevertheless, reproduction tariffs purporting to cover online music streaming will almost certainly be challenged before the Copyright Board, likely leading to a judicial review of this issue by the Federal Court of Appeal in coming years.

The Board has also indicated that it is interested in hearing

arguments about the impact of the Supreme Court’s decisions on applicable tariffs for satellite radio transmissions—presumably contemplating whether one or both of the performance and reproduction rights are implicated in that context.

Statutory reforms will complicate these analyses. In Bill C-11, the Government of Canada introduced a provision governing “temporary reproductions”:

30.71 It is not an infringement of copyright to make a reproduction of a work or other subject-matter if:

- (a) the reproduction forms an essential part of a technological process;
- (b) the reproduction’s only purpose is to facilitate a use that is not an infringement of copyright; and
- (c) the reproduction exists only for the duration of the technological process.

It is easy to imagine a convincing argument that reproducing musical works is an “essential part” of the technological process of streaming, which would not be infringing if appropriate performance royalties were paid. The challenge would be that most music providers streaming music require permanent, not temporary, reproductions that endure longer than the technological process requires. Reasonable counterarguments could be made in favour of a broad interpretation of the technological process of streaming. But time will tell whether such arguments are successful.

There are similar statutory reforms in Bill C-11 exempting broadcast undertakings from liability for ephemeral reproductions of sound recordings.<sup>90</sup> Such new provisions will save costs for radio and television broadcasters, but they are unlikely to apply to online music services. Online services are, so far, outside of the scope of this exemption because they are not regulated as broadcasters by the Canadian Radio-television and Telecommunications Commission (CRTC). How the links between the CRTC and Copyright Board proceedings might evolve in coming years is the subject of another paper.<sup>91</sup>

Another practical issue already raised before both the Copyright

Board and the Federal Court concerns the impact of the new “making available” provision in Canada. Implementing the WIPO Internet Treaties required providing authors, performers and record makers not only with the right to perform/communicate their protected subject matter, but also with the right to make the subject matter available to be communicated. Accordingly, section 2.4 of the *Copyright Act* has been amended to add the following clause:

(1.1) For the purposes of this Act, communication of a work or other subject-matter to the public by telecommunication includes making it available to the public by telecommunication in a way that allows a member of the public to have access to it from a place and at a time individually chosen by that member of the public.

David Fewer has analyzed previous proposals to introduce this right in Canada, cautioning that the wrong approach could result in additional copyright royalty stacking.<sup>92</sup> The question is whether this new provision clarifies or supplements the common law interpretation of existing rights in the *Copyright Act*. One possibility is that this legislative amendment supplements Canadian law by creating a new, additional making available right.<sup>93</sup> Another possibility, however, is that Bill C-11 merely clarifies or codifies existing law.<sup>94</sup> The more legally, purposively and practically sound interpretation of the making available right in Canada is that it is not a separate right, but is subsumed within the communication right as interpreted by the Supreme Court.

First, Rothstein J’s *dicta* in the *Rogers* case leaves little doubt that the Supreme Court believes making available is already protected as part of performance and communication rights in Canada. On-demand streaming constitutes a communication for which SOCAN is entitled to a tariff regardless of the fact that each stream is separately transmitted to a single recipient at the times and places of the recipients’ choosing. The *Rogers* decision elaborates on the Federal Court of Appeal’s ruling about facsimile transmissions in the case of *CCH v LSUC*, which had been subsequently confirmed by the Supreme Court of Canada: “Merely evincing a willingness to accept requests by patrons of the Great Library for copies of the Publishers’ works is not an infringement

of the Publishers’ right to communicate their works to the public.”<sup>95</sup> In *Rogers*, Rothstein J (who had concurred in the *CCH Canadian Ltd. v Law Society of Upper Canada* judgment when he sat on the Federal Court of Appeal) distinguished the facts of *CCH* and explained: “Following the online music services’ business model, musical works are indiscriminately made available to anyone with Internet access to the online music service’s website.” He ruled that interpreting the communication right to include making content available for on-demand streaming is “not out of step” with international treaties that Canada had not and has not ratified—but soon will ratify.

Second, the basic structure of subsection 2.4(1.1) precludes the possibility that making available is a “right” at all. At most, placed where it is among definitional provisions, subsection 2.4(1.1) delineates the scope of the communication right in paragraph 3(1)(f). Furthermore, in *ESA*, the majority of the Supreme Court was clear that the communication right enumerated in paragraph 3(1)(f) is itself not a “sui generis right in addition to the general rights described.”<sup>96</sup> The three rights of reproduction, performance and publication “provide the basic structure of copyright”, while communication is “simply illustrative” of a kind of activity that falls within performing rights generally. In arriving at this interpretation, the Supreme Court relied on the precise statutory language (in English, at least) of the subsection: copyright “means” the rights stated in the introductory paragraph, and “includes” the various rights subsequently enumerated.<sup>97</sup> Based on that principle, the language in subsection 2.4(1.1) that communication “includes” making available confirms that making available is not a new right.

The practical effect, if not the explicitly stated intent, of the Supreme Court’s rulings is that making available was already a protected right under the umbrella of communication, irrespective of implementation of the WIPO Internet Treaties. Copyright means the rights of publication, reproduction and performance; performance includes communication; and communication includes making available.

Although making available is not a new right, but is rather subsumed within the communication right, do recent statutory reforms override the practical outcome of *ESA*? This question matters because licensees are trying to avoid copyright royalty stacking in the future.

Also, telecommunications firms in particular are trying to claim back from SOCAN about a decade's worth of ringtone royalty payments they say were paid improperly, because *ESA* implicitly overruled the *CWTA v SOCAN* decision that had upheld the ringtones tariff. These firms argue that if video game downloads are not communications, as per *ESA*, neither are (or were) ringtone downloads. They have sought to pursue this argument simultaneously before both the Copyright Board and the Federal Court.<sup>98</sup>

In recent submissions to the Copyright Board of Canada, SOCAN said statutory reforms override the Supreme Court's recent rulings:

It is SOCAN's position that with the coming into force of Bill C-11, the introduction of the [making available right] re-establishes SOCAN's right to require licences – and the Board's jurisdiction to certify tariffs – in respect of the downloading of musical works made available to the public in such a way that members of the public may access the musical works from a place and at a time individually chosen by them. This would cover ringtones and ringbacks, as well videogames and full-length musical tracks.<sup>99</sup>

At the time of this chapter's publication, the Copyright Board had just decided that the court is the better arbiter of questions about retroactive ringtone royalties, so refused to vary or vacate a previously certified tariff.<sup>100</sup> But the Board will prospectively consider SOCAN's argument that statutory reforms proclaimed into force on 7 November 2012, roughly five months after the decision in *ESA*, re-establish its right to collect communication royalties when downloads are made available. That issue will be alive in proceedings over ringtones, and in the next sequel to the never-ending saga of Tariff 22.

In these circumstances, the usual devices of statutory interpretation are not particularly helpful. References to legislative history and debates to infer Parliamentary intent are pointless, because this particular problem only became apparent after the substance of Bill C-11 was well settled. The Bill had already received Royal Assent roughly two weeks before the Supreme Court's decisions were released.

One way to address the issue is, therefore, based on the plain

language of subsection 2.4(1.1). Offering for sale a permanent download seems, on its face, to constitute making a work available “in a way that allows a member of the public to have access to it from a place and at a time individually chosen by that member of the public.” This interpretation would suggest that SOCAN’s rights to collect communication royalties are indeed re-established. That, however, would also reintroduce all of the problems that a majority of the Supreme Court sought to avoid through its ruling in *ESA*.

A contextual interpretation of subsection 2.4(1.1) would suggest that the phrase “allows a member of the public to have access” must be read with specific reference to the communication right that the clause defines. Making a work available in a way that allows access to on-demand streaming would, relying on the Supreme Court’s reasoning in *Rogers*, implicate the communication right. Making a work available in a way that allows access to a permanent download would, relying on the Supreme Court’s reasoning in *ESA*, implicate the reproduction right but not the communication right.<sup>101</sup>

Reading subsection 2.4(1.1) contextually, to apply only to making available for communication, not reproduction (i.e. streaming, not downloads), would also be supported by a purposive interpretation that aims to avoid the inefficiencies of overcompensation, consistent with the Supreme Court’s statements in *Théberge* about the purpose of copyright law. When purposively deciding these difficult questions, decision makers at the Board and eventually the courts might also bear in mind this chapter’s cautionary analysis of copyright royalty stacking.

## Conclusion

The legal changes brought about in 2012 by several important Supreme Court decisions should help to alleviate aspects of the problem of copyright royalty stacking. The Court has confirmed that communication and reproduction rights are separate and distinct, and more importantly that this principle means a single activity will normally not infringe both rights. The key question going forward, therefore, is whether in any particular case, a potential infringer or prospective licensee in fact engages in a single activity or multiple separate activities. Before ruling that multiple rights are implicated,



adjudicators should be cautious about the implications on transaction costs that might undermine economic efficiencies in the market for copyright-protected content. Early indications in practice suggest that there will be less royalty stacking in Canada following the Supreme Court's recent decisions. Given the Court's decisions and the sound legal and economic principles supporting them, new statutory amendments to the *Copyright Act* should not be interpreted to undo the structural simplification of Canadian copyright law.




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<sup>2</sup> *Entertainment Software Association v Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 34, [2012] 2 SCR 231 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9994/index.do>> [ESA]; *Rogers Communications Inc. v Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 35, [2012] 2 SCR 283 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9995/index.do>> [Rogers]; *Society of Composers, Authors and Music Publishers of Canada v Bell Canada*, 2012 SCC 36, [2012] 2 SCR 326 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9996/index.do>> [Bell]; *Alberta (Education) v Canadian Copyright Licensing Agency (Access Copyright)*, 2012 SCC 37, [2012] 2 SCR 345 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9997/index.do>> [Alberta (Education)]; *Re:Sound v Motion Picture Theatre Associations of Canada*, 2012 SCC 38, [2012] 2 SCR 376 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9999/index.do>> [Re:Sound].

<sup>3</sup> See discussion of this issue in Jeremy de Beer, "Copyrights, Federalism, and the Constitutionality of Canada's Private Copying Levy" (2006) 51 McGill LJ 735 at 746 <[http://lawjournal.mcgill.ca/documents/1224864774\\_de\\_Beer.pdf](http://lawjournal.mcgill.ca/documents/1224864774_de_Beer.pdf)>.

<sup>4</sup> Ian R Kerr, Alana Maurushat & Christian S Tacit, "Technical Protection Measures: Tilting at Copyright's Windmill" (2002-03) 34 Ottawa L Rev 1 at 13 <[http://www.rdo-olr.uottawa.ca/index2.php?option=com\\_sobi2&sobi2Task=dd\\_download&fid=784&Itemid=842](http://www.rdo-olr.uottawa.ca/index2.php?option=com_sobi2&sobi2Task=dd_download&fid=784&Itemid=842)>.

<sup>5</sup> Berne Convention for the Protection of Literary and Artistic Works, 9 September

1886, as revised at Paris on 24 July 1971 and amended in 1979, S Treaty Doc No 99-27 (1986) <[http://www.wipo.int/treaties/en/ip/berne/trtdocs\\_wo001.html](http://www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html)>; *WIPO Copyright Treaty*, 20 December 1996, 36 ILM 65 (entered into force 6 March 2002) <[http://www.wipo.int/treaties/en/ip/wct/trtdocs\\_wo033.html](http://www.wipo.int/treaties/en/ip/wct/trtdocs_wo033.html)>.

<sup>6</sup> *International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations*, 26 October 1961, 496 UNTS 43 <[http://www.wipo.int/treaties/en/ip/rome/trtdocs\\_wo024.html](http://www.wipo.int/treaties/en/ip/rome/trtdocs_wo024.html)>; *WIPO Performances and Phonograms Treaty*, 20 December 1996, 36 ILM 76 <[http://www.wipo.int/treaties/en/ip/wppt/trtdocs\\_wo034.html](http://www.wipo.int/treaties/en/ip/wppt/trtdocs_wo034.html)>.

<sup>7</sup> *Copyright Act*, RSC 1985, c C-42 <<http://laws.justice.gc.ca/en/C-42/>>.

<sup>8</sup> Tony Honoré, “Ownership” in AG Guest, ed, *Oxford Essays in Jurisprudence* (Oxford: Clarendon Press, 1961) 107; JE Penner, “The Bundle of Rights Picture of Property” (1995-96) 43 UCLA L Rev 711 at 741-746.

<sup>9</sup> Regarding patents, see e.g. *Monsanto Canada Inc. v Schmeiser*, 2004 SCC 34 at paras 28-58, 70-73, [2004] 1 SCR 902 <<http://canlii.ca/t/1h3pt>>. Regarding trademarks, see e.g. *Mattel, Inc. v 3894207 Canada Inc.*, 2006 SCC 22 at para 5, [2006] 1 SCR 772 <<http://canlii.ca/t/1nfhj>>.

<sup>10</sup> Non-exclusive rights permitting compensation but not full control would be protected by liability rules rather than property rules, as defined by Guido Calabresi & A Douglas Melamed, “Property Rules, Liability Rules, and Inalienability: One View of the Cathedral” (1972) 85:6 Harv L Rev 1089.

<sup>11</sup> The web of overlapping copyrights and related rights is not precisely the same in the United States, but the phenomenon of copyright royalty stacking is very similar. See generally Lydia Pallas Loren, “Untangling the Web of Music Copyrights”, SSRN, (2003) 53 Case W Res L Rev 673 <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=424701](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=424701)>; Mark A Lemley, “Dealing with Overlapping Copyrights on the Internet”, SSRN, (1997) 22 U Dayton L Rev 547 <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=41607](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=41607)>.

<sup>12</sup> Prior to the 2012 copyright reforms introduced by Bill C-11, performers did not have the same exclusive right as record makers to control copying of their recorded performances. *An Act to amend the Copyright Act*, SC 2012, c 20, s 9 <[http://www.parl.gc.ca/content/hoc/Bills/411/Government/C-11/C-11\\_4/C-11\\_4.PDF](http://www.parl.gc.ca/content/hoc/Bills/411/Government/C-11/C-11_4/C-11_4.PDF)>.

<sup>13</sup> Mario Bouchard, “An *Essai* on Monetizing Copyright over the Internet” (2010-11) 45 IECLC, abridged from Mario Bouchard, “An *Essai* on Monetizing Copyright over the Internet”, *Entertainment, Advertising & Media Law Symposium* (Toronto: Law Society of Upper Canada, 2009).

<sup>14</sup> *Ibid.*

<sup>15</sup> Daniel Gervais, “*Essai sur le fractionnement du droit d’auteur*” (2002) 15 CPI 501.

<sup>16</sup> Cameron J Hutchison, “The 2012 Supreme Court Copyright Decisions & Technological Neutrality”, SSRN (5 October 2012) <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2157646](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2157646)>.

<sup>17</sup> Michael Geist, “Supreme Court of Canada Stands up for Fair Dealing in Stunning Sweep of Cases”, Michael Geist Blog (12 July 2012) <<http://www.michaelgeist.ca/content/view/6588/125/>>; Michael Geist, “Supreme Court Shakes Foundations

of Copyright Law”, Toronto Star (15 July 2012) <<http://www.thestar.com/business/article/1226800--supreme-court-shakes-foundations-of-copyright-law>>.

<sup>18</sup> Daniel Gervais, “A Shakeup in Canadian Copyright Policy?”, The Trips Agreement (14 July 2012) <<http://www.tripsagreement.net/?p=319>>.

<sup>19</sup> Paul Daly, “Standard of Review in the Copyright Cases”, SSRN, (19 September 2012) <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2149254](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2149254)>. See also Jeremy de Beer et al, *Standards of Review of Federal Administrative Tribunals* (Butterworths of Canada, 2003), chapter 9.

<sup>20</sup> *Statement of Royalties to be Collected for the Performance or the Communication by Telecommunication, in Canada, of Musical or Dramatico-Musical Works (Tariff 22)—Transmission of Musical Works to Subscribers Via a Telecommunications Service Not Covered Under Tariff Nos. 16 or 17* (27 October 1999), Copyright Board of Canada <<http://www.cb-cda.gc.ca/decisions/1999/19991027-m-b.pdf>>.

<sup>21</sup> *Society of Composers, Authors and Music Publishers of Canada v Canadian Association of Internet Providers*, 2002 FCA 166 at paras 185-192, [2002] 4 FC 3 <<http://canlii.ca/t/1g0ls>>.

<sup>22</sup> *Society of Composers, Authors and Music Publishers of Canada v Canadian Association of Internet Providers*, 2004 SCC 45 at paras 100-01, [2004] 2 SCR 427 <<http://canlii.ca/t/1hddf>> [SOCAN v CAIP]; Jeremy F de Beer & Christopher D Clemmer, “Global Trends in Online Copyright Enforcement: A Non-Neutral Role for Network Intermediaries?”, SSRN, (2009) 49:4 *Jurimetrics J* 375 at 379-80 <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1529722](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1529722)>.

<sup>23</sup> *Statement of Royalties to be Collected by SOCAN for the Communication to the Public by Telecommunication, in Canada, of Musical or Dramatico-Musical [Tariff No.22.A Internet—Online Music Services (1996-2006)]* (24 November 2007), Copyright Board of Canada, Supp C Gaz I, 3 <<http://www.cb-cda.gc.ca/tariffs-tarifs/certified-homologues/2007/20071124-m-b.pdf>> [Tariff 22A 2007].

<sup>24</sup> *Statement of Royalties to be Collected by SOCAN for the Communication to the Public by Telecommunication, in Canada, of Musical or Dramatico-Musical Works (Tariffs Nos. 22.B to 22.G Internet—Other Uses of Music (1996-2006))* (25 October 2008), Copyright Board of Canada, Supp C Gaz I, 3 <<http://www.cb-cda.gc.ca/tariffs-tarifs/certified-homologues/2008/20081025-m-b.pdf>> [Tariffs 22B to 22G 2008].

<sup>25</sup> *Statement of Royalties to be Collected by CMRRA/SODRAC Inc. for the Reproduction of Musical Works, in Canada, by Online Music Services in 2005, 2006, 2007* (31 March 2007), Copyright Board of Canada, Supp C Gaz I <<http://www.cb-cda.gc.ca/tariffs-tarifs/certified-homologues/2007/20070321-rm-b.pdf>>. Indeed, when the time came for the Board to consider online music tariff proposals from CSI for the years 2008-10 and from SOCAN for 2007-10, the Board decided to combine the proceedings and resolve relevant legal and economic issues together: *Re: CSI Online Music Services (2008-2010) and SOCAN Tariff 22.A (Internet Online Music Services) 2007-2010* (8 October 2009), Copyright Board of Canada <<http://www.cb-cda.gc.ca/decisions/2009/20091008.pdf>>.

<sup>26</sup> *Collective Administration in Relation to Rights Under Sections 3, 15, 18, and 21: Statement of Royalties to be Collected by CMRRA/SODRAC Inc. for the Reproduction*

of Musical Works, in Canada, By Online Music Services in 2005, 2006 and 2007 (16 March 2007), Copyright Board of Canada <<http://www.cb-cda.gc.ca/decisions/2007/20070316-rm-b.pdf>>.

<sup>27</sup> *Collective Administration of Performing Rights and of Communication Rights: Copyright Act, subsection 68(3): Statement of Royalties to be Collected by SOCAN for the Communication to the Public by Telecommunication, in Canada, of Musical or Dramatico-Musical Works [Tariff No. 22.A (Internet—Online Music Services) 1996-2006]* (18 October 2007), Copyright Board of Canada, paras 86-100 <<http://www.cb-cda.gc.ca/decisions/2007/20071018-m-e.pdf>> [Copyright Board 22A 2007].

<sup>28</sup> *Ibid* at paras 101-16.

<sup>29</sup> *Tariff 22A 2007, supra* note 23.

<sup>30</sup> *Copyright Board 22A 2007, supra* note 27 at paras 99-100.

<sup>31</sup> Reasons at *Collective Administration of Performing Rights and of Communication Rights: Copyright Act, subsection 68(3): Statement of Royalties to Be Collected by SOCAN for the Communication to the Public by Telecommunication, in Canada, of Musical or Dramatico-Musical Works [Tariffs Nos. 22.B to 22.G (Internet—Other Uses of Music) 1996-2006]* (24 October 2008), Copyright Board of Canada <<http://www.cb-cda.gc.ca/decisions/2008/20081024-m-b.pdf>>. *Tariff* at *Tariffs 22B to 22G 2008, supra* note 24, later corrected as *Statement of Royalties to Be Collected by the SOCAN for the Communication to the Public by Telecommunication, in Canada, of Musical or Dramatico-Musical Works: Tariffs Nos. 22.B to 22.G—Internet—Other Uses of Music (1996-2006)* (15 November 2008), Copyright Board of Canada <<http://www.cb-cda.gc.ca/tariffs-tarifs/certified-homologues/2008/20081115-m-b.pdf>>.

<sup>32</sup> *Shaw Cablesystems G.P. v Society of Composers, Authors and Music Publishers of Canada*, 2010 FCA 220 at paras 65-66 <<http://decisions.fca-caf.gc.ca/en/2010/2010fca220/2010fca220.pdf>>. Confusingly, the Federal Court of Appeal decision combined applications for judicial review brought separately by Shaw (A-519-07) and by Bell, Rogers, Puretracks and Telus (A-520-07), but styled the case alphabetically not numerically, as *Bell Canada et al. v SOCAN*. For reasons I cannot determine, this case later became *Rogers Communications Inc. v Society of Composers, Authors and Music Publishers of Canada* (*Rogers, supra* note 2), in the Supreme Court of Canada; not to be confused with *Society of Composers, Authors and Music Publishers of Canada v Bell Canada* (*Bell, supra* note 2), which dealt with music previews and fair dealing.

<sup>33</sup> *Entertainment Software Association v Society of Composers, Authors and Music Publishers of Canada*, 2010 FCA 221 <<http://decisions.fca-caf.gc.ca/en/2010/2010fca221/2010fca221.pdf>>.

<sup>34</sup> *Canadian Wireless Telecommunications Assn. v Society of Composers, Authors and Music Publishers of Canada*, 2008 FCA 6, [2008] 3 FCR 539 <<http://reports.fja.gc.ca/eng/2008/2008fca6.html>> [CWTA].

<sup>35</sup> *Ibid* at paras 13-15.

<sup>36</sup> *Canadian Wireless Telecommunications Assn. v Society of Composers, Authors and Music Publishers of Canada*, [2008] SCCA 135, 2008 CanLII 46984 <<http://canlii.ca/en/ca/scc-1/doc/2008/2008canlii46984/2008canlii46984.html>>.

<sup>37</sup> *Bishop v Stevens*, [1990] 2 SCR 467, 1990 CanLII 75 <<http://canlii.ca/t/1fsv7>> [*Bishop*].

<sup>38</sup> *Ibid* at 13.

<sup>39</sup> *CWTA, supra* note 34 at para 15.

<sup>40</sup> *Copyright Board 22.A 2007, supra* note 27 at para 100.

<sup>41</sup> *ESA, supra* note 2 at para 120.

<sup>42</sup> *Ibid* at para 35.

<sup>43</sup> *Ibid* at para 39.

<sup>44</sup> *Ibid* at para 31.

<sup>45</sup> *Ibid* at paras 13-27.

<sup>46</sup> *Ibid* at paras 33-42.

<sup>47</sup> *Ibid* at paras 5-11.

<sup>48</sup> *Ibid* at para 12.

<sup>49</sup> *Ibid* at para 43.

<sup>50</sup> *Ibid* at paras 5, 10, 31, 35.

<sup>51</sup> The Copyright Board interpreted the communication right to include a “permanent download” and “limited download,” and defined a download to include “a podcast”. The Supreme Court judgment taken as a whole seems to rule out communication royalties for all of these forms of delivering a “copy”. While the Copyright Board called such copies downloads, that terminology can cause confusion because the word “download” can be both a noun, i.e. the product being delivered (to deliver a download), and a verb, i.e. the method of delivery (to download a download).

<sup>52</sup> *Rogers, supra* note 2 at para 5.

<sup>53</sup> *Ibid* at para 56. And, although a close reading of the *Rogers* case reveals that the Court never explicitly stated so, it seems that the mere making available, without the transmission, might already be protected by the communication right in Canada, even before the coming into force of statutory reforms to implement the WIPO Internet treaties.

<sup>54</sup> *ESA, supra* note 2 at para 120.

<sup>55</sup> *Ibid* at para 41.

<sup>56</sup> The Supreme Court did not clearly state whether characterization of the licensee’s activities is a legal or factual issue; most observers would suggest it is a mixed application of facts to law.

<sup>57</sup> *ESA, supra* note 2 at para 6, quoting David Vaver, *Intellectual Property Law: Copyright, Patents Trade-Marks*, 2d ed (Toronto: Irwin Law, 2011).

<sup>58</sup> *Copyright Board 22.A 2007, supra* note 27 at para 99.

<sup>59</sup> *ESA, supra* note 2 at para 5.

<sup>60</sup> *Copyright Board 22.A 2007, supra* note 27 at para 99.

<sup>61</sup> *Rogers, supra* note 2 at para 40 [emphasis added].

<sup>62</sup> *ESA, supra* note 2 (Factum of the Intervener, Samuelson-Glushko Canadian Interest Policy and Public Interest Clinic (CIPPIC) at para 20) <[http://www.cippic.ca/sites/default/files/33921%2633922\\_CIPPIC\\_Factum.pdf](http://www.cippic.ca/sites/default/files/33921%2633922_CIPPIC_Factum.pdf)>.

<sup>63</sup> ESA, *supra* note 2 at para 28.

<sup>64</sup> Jeremy F de Beer, “Constitutional Jurisdiction Over Paracopyright Law” <[http://www.irwinlaw.com/content/assets/content-commons/120/Two\\_01\\_deBeer.pdf](http://www.irwinlaw.com/content/assets/content-commons/120/Two_01_deBeer.pdf)> in Michael Geist, ed, *In the Public Interest: The Future of Canadian Copyright Law* (Toronto: Irwin Law, 2005); Jeremy F de Beer, “Copyrights, Federalism, and the Constitutionality of Canada’s Private Copying Levy” (2006) 51 McGill LJ 735 <[http://lawjournal.mcgill.ca/documents/1224864774\\_de\\_Beer.pdf](http://lawjournal.mcgill.ca/documents/1224864774_de_Beer.pdf)>.

<sup>65</sup> ESA, *supra* note 2 at para 11, quoting Ariel Katz, “Commentary: Is Collective Administration of Copyrights Justified by the Economic Literature?” in Marcel Boyer, Michael Trebilcock & David Vaver, eds, *Competition Policy and Intellectual Property* (Toronto: Irwin Law, 2009) 449 at 461-463.

<sup>66</sup> *Re:Sound*, *supra* note 2.

<sup>67</sup> *Copyright Act*, *supra* note 7, s 19(1). That is more than they would get in the United States, where uses like radio broadcasting are understood to boost record sales. Indeed, rather than paying royalties to performers and record producers, broadcasters got (or get) payola for album airplay and other promotion. See e.g. Ronald H. Coase, “Payola in Radio and Television Broadcasting” (1979) 22:2 JL & Econ 269.

<sup>68</sup> Leaving aside authors’, composers’ or publishers’ rights in the underlying musical work, which were not at issue in the *Re:Sound* case.

<sup>69</sup> The Copyright Board of Canada explained similar practices related to the licensing of musical works (not sound recordings) for inclusion in and distribution with audiovisual productions in *Society for Reproduction Rights of Authors, Composers and Publishers in Canada v Canadian Broadcasting Corporation and Les Chaînes Télé Astral and Teletoon* (2 November 2012) <<http://www.cb-cda.gc.ca/decisions/2012/DecisionSODRAC5andArbitration02-11-2012.pdf>>. See also Donald S Passman, *All You Need to Know About the Music Business*, 7th ed (New York: Free Press, 2009), at 241-45; Paul Sanderson, “The Licensing and Administration of Copyright and the Regulation of Music in Media”, in Paul Sanderson, *Musicians and the Law in Canada*, 3d ed (Toronto: Carswell, 2000) at 31-48.

<sup>70</sup> *Copyright Act*, *supra* note 7, s 2, “sound recording”.

<sup>71</sup> ESA, *supra* note 2 at para 126.

<sup>72</sup> Richard A Posner, *Economic Analysis of Law*, 7th ed (New York: Aspen Law, 2007) at 33ff.

<sup>73</sup> Ronald Coase, “The Problem of Social Cost” (1960) 3 JL & Econ 1 <<http://www.econ.washington.edu/user/yoramb/socialcost.pdf>>.

<sup>74</sup> Michael A Heller, “The Tragedy of the Anticommons: Property in Transition from Marx to Markets”, SSRN, (1998) 111:3 Harv L Rev 621 <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=57627](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=57627)>.

<sup>75</sup> Garrett Hardin, “The Tragedy of the Commons” (1968) 162:3859 Science 1243 <<http://www.cs.wright.edu/~swang/cs409/Hardin.pdf>>.

<sup>76</sup> Michael A Heller & Rebecca S Eisenberg, “Can Patents Deter Innovation? The Anticommons in Biomedical Research” 280:5364 Science 698 <<http://www.sciencemag.org/content/280/5364/698.full>>. See also Michael A Heller, *The Gridlock*

*Economy: How Too Much Ownership Wrecks Markets, Stops Innovation, and Costs Lives* (New York: Basic Books, 2008).

<sup>77</sup> Carl Shapiro, “Navigating the Patent Thicket: Cross Licences, Patent Pools and Standard Setting” in *Innovation Policy and the Economy*, Adam B Jaffe, Josh Lerner & Scott Stern, eds (Cambridge: MIT Press, 2011) 120 <<http://www.nber.org/chapters/c10778.pdf>>.

<sup>78</sup> Mark A Lemley & Carl Shapiro, “Patent Holdup and Royalty Stacking” (2007) 85 *Texas L Rev* 1991.

<sup>79</sup> Daniel J Gervais & Alana Maurushat, “Fragmented Copyright, Fragmented Management: Proposals to Defrag Copyright Management” (2003) 2:1 *Can JL & Tech* 15 at 20.

<sup>80</sup> *Théberge v Galerie d’Art du Petit Champlain Inc*, 2002 SCC 34 at para 31, [2002] 2 SCR 336 <<http://canlii.ca/t/51tn>>.

<sup>81</sup> Bruce Ziff, “The Irreversibility of Commodification” (2005) 16 *Stellenbosch LR* 283.

<sup>82</sup> *Keppell v Bailey* (1834), 2 Myl & K 517.

<sup>83</sup> Thomas W Merrill & Henry E Smith, “Optimal Standardization in the Law of Property: The Numerus Clausus Principle” (2000) 110:1 *Yale LJ* 1 at 4 <<http://www.yalelawjournal.org/pdf/110-1/NEW%20MERRILL.pdf>>.

<sup>84</sup> *Ibid* at 5.

<sup>85</sup> *Ibid* at 6.

<sup>86</sup> Christina Mulligan, “A Numerus Clausus Principle for Intellectual Property”, SSRN, *Tenn L Rev* [forthcoming] <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2017023](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2017023)>; Enrico Baffi, “The Anticommons and the Problem of the Numerus Clausus of Property Rights”, SSRN (19 October 2007) <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1023153](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1023153)>.

<sup>87</sup> Bruce Ziff, “Yet Another Function for the Numerus Clausus Principle of Property Rights, and a Useful One at That”, SSRN (19 March 2012) at 1 <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2026088](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2026088)>.

<sup>88</sup> For example, see Susan Sell, “The Global IP Upward Ratchet, Anti-Counterfeiting and Piracy Enforcement Efforts: The State of Play” (2010) PIJIP Research Paper no 15, American University Washington College of Law, Washington, DC <<http://digitalcommons.wcl.american.edu/cgi/viewcontent.cgi?article=1016&context=research>>. See also Peter Drahos, “The Global Ratchet for Intellectual Property Rights: Why It Fails as Policy and What Should Be Done About It” (2003) <<http://www.anu.edu.au/fellows/pdrahos/reports/pdfs/2003globalipratchet.pdf>>.

<sup>89</sup> *Statement of Royalties to Be Collected by SOCAN for the Communication to the Public by Telecommunication, in Canada, of Musical or Dramatico-Musical Works: Tariff No.22.A Internet—Online Music Services (2007-2010)* (6 October 2012), Copyright Board of Canada, Supp C Gaz I <<http://www.cb-cda.gc.ca/tariffs-tarifs/certified-homologues/2012/Tarif-SOCAN22A.pdf>>.

<sup>90</sup> *Copyright Act*, *supra* note 7, ss 30.8(11), 30.9, as amended.

<sup>91</sup> de Beer & Clemmer, *supra* note 22.



<sup>92</sup> David Fewer, “Making Available: Existential Inquiries” <<http://www.irwinlaw.com/pages/content-commons/making-available--existential-inquiries---david-fewer>> in Michael Geist, ed, *In the Public Interest: The Future of Canadian Copyright Law* (Toronto: Irwin Law, 2005).

<sup>93</sup> Ruth Sullivan, *Statutory Interpretation*, 2d ed (Markham: Irwin Law, 2007) at 317.

<sup>94</sup> *Ibid* at 314.

<sup>95</sup> *CCH Canadian Ltd. v Law Society of Upper Canada*, 2004 FCA 278 at para 102, aff’d 2004 SCC 13, [2004] 1 SCR 339 at para 78.

<sup>96</sup> *ESA*, *supra* note 2 at para 42.

<sup>97</sup> *Ibid*.

<sup>98</sup> *Rogers Communications Partnership et. al. v SOCAN* (2012), Federal Court File No. T-2046-12 (Plaintiff’s Statement of Claim) <<http://www.scribd.com/doc/113244090/rogers-et-al-v-socan-claim-or-return-of-ringtone-payments>>.

<sup>99</sup> Letter to the Copyright Board of Canada from Gowlings LLP Re: SOCAN Tariff 24 (2003-2005 and 2006-2013) Ringtones and Ringbacks Application to Vary filed by Bell Mobility et al. (September 10, 2012) <<http://www.scribd.com/doc/113393656/T-24-SOCAN-Response-to-Appn-ToVary-September-10-2012-Ltr-to-Gilles-McDougall-OTT-LAW-3299187-V5#>>.

<sup>100</sup> *Statement of Royalties to be Collected by SOCAN for the Public Performance or the Communication to the Public by Telecommunication, in Canada, of Musical or Dramatico-Musical Works (Tariff 24—Ringtones (2003-2005), Ringtones and Ringbacks (2006-2013))* (27 October 1999), Copyright Board of Canada <<http://www.cb-cda.gc.ca/decisions/2013/SOCAN-Tariff-24-18-01-2013.pdf>>.

<sup>101</sup> One difficulty with that approach is the lack of statutory or principled grounds to suggest that merely making a work available might constitute reproduction. An interpretation to that effect could set a very problematic precedent, so perhaps the issue of making available for reproduction is best left alone by adjudicators until the need for a firm resolution arises.



# The Internet Taxi: Collective Management of Copyright and the Making Available Right, after the Pentalogy

DANIEL GERVAIS

*In many respects, the Internet may well be described  
as a technological taxi; but taxis need not give free rides.  
(Rothstein J in Entertainment Software Association  
v SOCAN<sup>1</sup>)*

## Introduction

Just after the adoption of Bill C-11,<sup>2</sup> the Supreme Court of Canada handed down five decisions, which are now referred to as the “pentalogy”, to follow the heretofore famous trilogy.<sup>3</sup> The pentalogy, like its three-legged predecessor, marked a significant shift in Canadian copyright policy. The five cases dealt in one form or another with collective management of copyright in that they originated from appeals of decisions made by the Copyright Board of Canada.

Of the five cases, two do not seem particularly controversial. In the first case, *Re:Sound v Motion Picture Theatre Association of Canada*,<sup>4</sup> which involved the 1961 Rome Convention,<sup>5</sup> a unanimous Court agreed with the Copyright Board that sound recordings embedded in movie soundtracks were not (or were no longer) to be treated as sound recordings under the *Copyright Act*,<sup>6</sup> thus rejecting

the application in Canada of an Australian precedent based on a similar fact pattern but on very different statutory language. Given the wording of section 2 of the *Act*, the outcome seems reasonable. While the Rome Convention might have led the Court to take a longer look at the appellants' arguments that a *pre-existing* sound recording reproduced in a soundtrack is still a sound recording and/or that a new sound recording is created by ripping the soundtrack—based on the principle that statutes should be interpreted in accordance with treaties ratified or adhered to by Canada<sup>7</sup>—the statute seems rather unambiguous in defining a soundtrack as something other than a phonogram because it is not exclusively “aural”.<sup>8</sup> The idea that an existing sound recording ceases to exist under Canadian copyright law when (while) it is embedded in a soundtrack and re-emerges when ripped would deserve a longer comment, but the point is not one I wish to belabour here.

In the second case, *Rogers v SOCAN*,<sup>9</sup> the Court decided (unanimously on this point<sup>10</sup>) that a series of point-to-point on-demand transmissions of works constituted a form of communication to the public (covered by an exclusive right) even if each individual transmission was not, at least colloquially, public. The Court referred to the WIPO Copyright Treaty<sup>11</sup> and the making available right in that context. That case was, I believe, rightly decided if the normative basis for the definition of “public” that has applied to signals sent to groups of private homes, hotel rooms, etc. (which, together, constitute a “public”) is to be followed.

Two of the three other cases in the pentalogy were 5-4 splits. Not surprisingly, they are controversial. I return to those two cases below. I will also mention the fifth (and last case) of the pentalogy, namely *SOCAN v Bell*, later on. It is not particularly controversial but it needs to be contextualized. However, before embarking on our review of the cases, I wish to take the reader for a quick tour of ancient China and Greece.

## A Binary Worldview

In a binary worldview, as in the three great monotheistic religions, there is good, and the opposite of good, to which many names have been given (the devil, Satan, etc.). Had the Supreme Court of Canada's

five-part intervention in copyright policy been a movie, the role of Rosemary's baby (in the majority opinions and perhaps also in some of the other chapters in this book) would have been played by Collective Management Organizations (CMOs) such as Access Copyright and SOCAN.

Binary—in the dominant culture—is simple to understand: good v bad, *Alouettes v Argonauts* (for those in Eastern Canada), *Lions v Rough Riders* (for those in the West), or, in the copyright world, exclusive rights v exceptions. One must win and one must lose; one must be the slave to copyright owners' control, or one can be “free”, both as in free beer and free expression (that is, without payment and without any use limitation or restriction). However, thinking in binary terms of this sort is but one way to see the world. Indeed, a significant part of the rest of the world has tended to see things somewhat differently. I will use China as a flag-bearer, but most of Asia would do. This was just as true in the cradle of now apparently binary-happy Western culture (that is, ancient Greece).

Yin and Yang are notions that will be familiar to most readers. Those notions are a “couple”, yet *they work together*.<sup>12</sup> Winter may be the opposite of summer, but it is just as necessary. In other words, spring is not good to autumn's bad. In Chinese philosophy, pairs are seen exactly as that, pairs: night/day; male/female; earth/sky; not one good and one bad. Elements of a pair do not annihilate one another; they complement each other. Some Chinese philosophers saw this as a reflection of nature because the world comes in pairs, as do we.<sup>13</sup>

Many of the ancient Greeks were, surprisingly, in agreement with Chinese thinking on this point. Heraclitus wrote, somewhat enigmatically (that is, until one reads those statements along yin/yang lines): “The way up and the way down are one and the same”.<sup>14</sup> He also wrote that “[i]n the circumference of the circle the beginning and the end are common”.<sup>15</sup>

We are very far from our Supreme Court pentalogy. Or are we?

The Greeks, Plato first among them, perhaps, stressed a way (*technè*) to attain the Truth: dialectic (from *dia-logos*, the art of dialogue). I always thought that law was also a way to get to the “Truth”. Conversely, the way *not* to get there is to adopt an ideological filter instead of adjudicating on the facts. As Plato noted, “the virtue

of each thing, whether body or soul, instrument or creature, when given to them in the best way comes to them not by chance but as the result of the order and truth and art which are imparted to them”.<sup>16</sup> He also noted that, in dealing with the intersubjectivity issues of dialogue and language (*logos*), a dialectic approach implies that an organized dialogue was the best, and perhaps the only, true way forward.<sup>17</sup> It is worth noting that it can also be entertaining. Indeed, one of the dominant art forms in ancient Greek was “dialectic” theatre; Sophocles and Euripides come to mind.

Plato was not alone. Aristotle’s *Metaphysics* are similarly based in part on the notion of using opposites (*antikeiména*) to arrive at a better understanding.<sup>18</sup> He also spent a considerable amount of time explaining the distinction between contradiction (*antiphasis*) and opposites (*ta énantia*).<sup>19</sup> Opposites are what allow one to define proper boundaries such as black and white, *neither of which is right or better, but rather both necessary to understand an issue.*

I could go on, but I think I made my point. As we can explain our world and see Truth by looking at pairs of opposites *but reality as a continuum* (think of all shades between black and white) explained using such pairs, so we may be better able to enter into a respectful and necessary dialogue as opposed to a war of ideas where one must win—and one does—not by analysis but by ideological assertion. Must copyright be either a full exclusive right or nothing at all? I argue that it can be both and neither of those. And in the copyright system, it also means that more than one right may apply to a single act. From that perspective, the two most controversial opinions of the pentalogy strike me as informed by a very, and unnecessarily, binary worldview.

## A Binary Pentalogy

The reasons of the Court’s majority opinions in the two most controversial cases of the pentalogy can be seen as a frontal assault on collective management of copyright. Indeed, both opinions were praised precisely for that reason—including in other chapters contained in this book. In that narrative, CMOs are depicted as mere tax collectors, *des empêcheurs de tourner en rond*, as the French

expression has it. Absent CMOs, “right holders” may license their works directly to users (whether they be individuals, or CTV, or Google) or make their material available for free just like academics do.<sup>20</sup> The Court’s majority was thus in line with *l’air du temps*. Indeed, it seems trendy these days to battle CMOs, or even to challenge the very concept of collective management. For example, documents are being circulated showing abuses and mismanagement by certain CMOs.<sup>21</sup> The intellectual heft of this broad anti-CMO rhetoric strikes me as questionable. Would a report on a brokerage house responsible for the 2008 worldwide financial meltdown justify the elimination of capitalism or of Wall Street? Most observers would agree, I suspect, that what is needed is proper regulation and swift legal action against criminal acts, including appropriate sanctions and ways to ensure it does not happen again—which brings us back to regulation.<sup>22</sup> Unfortunately, when it comes to CMOs, it seems that rotten apples (real or not) are used as evidence that all apples are bad and even lead to proposals to get rid of all apple trees. Put less metaphorically, the *very model*—in which authors pool their rights to generate income and make licensing as painless as possible (other than paying, which, as I argue below, is the whole point of this)—is presented as unacceptable because major users (CBC, CTV, Google, etc.) cannot (or should not) be expected to pay for copyright works.

In the binary worldview that leads to the conclusion that everything *must* be free, as in free beer (the good) because otherwise the only other option is full right holder control of every use (the bad), it is necessary, rhetorically, to paint licensing as suboptimal, or worse. Indeed, a majority of the Supreme Court came close to describing collective management as abusive *per se*.<sup>23</sup> Unfortunately, what is often forgotten in that narrative is that CMOs are also the main source of revenue for several categories of professional creators whose works are used consumptively. In Churchillian terms, it may be the worst solution to make copyright work, except for other forms.

It is patently false to say that collective management is the opposite of fair dealing. This is a clear error in logic. The opposite of fair dealing is infringement. In the presence of a CMO licensing scheme, this does not happen. A CMO would not refuse a licence to one who wishes to pay. Hence, as I demonstrate in greater detail

below, the issue is not about what material someone can use (or not). That is mere rhetorical artifice. The real issue is about which users should pay, and how much.

Let us now turn to three cases of the pentalogy not reviewed above in greater detail, including the two controversial ones just mentioned.<sup>24</sup>

### ESA v SOCAN

In the first and probably most controversial case, *Entertainment Software Association v SOCAN* [ESA], the majority held that music downloads did not implicate the right of communication to the public by telecommunication. Abella J wrote:

Although a download and a stream are both “transmissions” in technical terms (they both use “data packet technology”), they are not both “communications” for purposes of the *Copyright Act*. *This is clear from the Board’s definition of a stream as “a transmission of data that allows the user to listen or view the content at the time of transmission and that is not meant to be reproduced” (para. 15).*<sup>25</sup>

Unlike a download, the experience of a stream is much more akin to a broadcast or performance.<sup>26</sup>

According to the opinion, simultaneity in the auditory or audiovisual experience (or at least contemporaneousness) seems to be required for a transmission to be a communication. If the perception is not contemporaneous with the transmission, then a more or less durable<sup>27</sup> copy is made and then, because of the binary view of the majority,<sup>28</sup> that reproduction *cannot be* also a communication.

The Court more or less correctly joined the communication by telecommunication right and the right of public performance at the hip, arguing that the latter began its existence with the (unavoidable) simultaneity of a live performance, and evolved to the near-simultaneous perception of live radio or television broadcast. It is also true that a similar path was followed by US courts, but on a very different statutory basis.<sup>29</sup>

The linkage between performance and communication is one thing.

The separation of communication and reproduction is quite another. As a result of *ESA*, the Copyright Board must now eliminate the portion of their payments to songwriters and composers that was paid (via SOCAN) for the right of communication to the public on downloads.<sup>30</sup> What is less clear is what happens after that. If the Supreme Court’s decision is seen as a legal/technical one (that is, dealing strictly with the right(s) involved, but not the value of the use, which is an economic issue), the Board could say that *the same total amount as before* should be paid for the use of music, but all as mechanicals. While this sounds better for songwriters than a forced reduction in payments to them, it would still not be a benign change because it would substantially alter current financial flows. While some of the funds would end up in the hands of songwriters and composers, unlike with the SOCAN arrangement, the funds would go through music publishers (many of whom now belong to the major record labels). Then the payments to the labels (via publishing houses they now own) might be subject to so-called 360 contracts that allow the music labels to keep part of the payments owed songwriters and composers.<sup>31</sup> By contrast, SOCAN pays songwriters directly and transparently.

A “total amount” approach (keeping the sum paid for music the same, but apportioning differently among CMOs) would be consistent with the Board’s practice in recent years to hear certain tariffs that involved both reproduction and communications together to establish a “total value” of music that was then apportioned among the collectives.<sup>32</sup> From this perspective, the Board could change the allocation but not the value/payment equation. Indeed, nowhere does the Court actually say that songwriters and composers in Canada are overpaid (though it may be seen as implying that they are).

Major commercial users and those who support their cause will no doubt argue that what the Court did was normative in nature and must imply that music was overvalued—and songwriters overpaid. They will argue before the Board that, by eliminating one right (communication), the Court *specifically intended* to reduce payments to songwriters and composers. In support of that view,

the five-member majority seemed moved by the (in my respectful submission, unsupported) assertion that having to pay two collectives was inefficient and led to too high a payment.<sup>33</sup>

Indeed, we already can see<sup>34</sup> that the first signs of the shift in financial flows were ordered by the Supreme Court in a decision published by the Copyright Board of Canada on 6 October 2012 concerning Tariff 22.A (online music).<sup>35</sup> Following *ESA*, the Board eliminated payments to SOCAN (that is, songwriters and publishers) for permanent and limited music downloads (the latter being described as a form of rental).<sup>36</sup> It increased the undiscounted “mechanical rate” from 8.8 percent to 9.9 percent for permanent downloads and from 5.9 percent to 9.9 percent for limited downloads, which will likely result in a diminution of overall payments to songwriters or, in economic terms, a mandated transfer of wealth from songwriters to major corporate users.<sup>37</sup> For streaming, the Board let the existing SOCAN rate stand but increased mechanicals by 12.5 percent.<sup>38</sup> In a rather interesting passage foreshadowing future developments, the Board noted the following:

Absent any relevant evidence, it is not possible to determine whether the non-existence of the communication right for downloads may influence the price of the communication right for streams. For example, what if the ability to transmit downloads and streams were ‘joint products’ in the economic sense of the term, i.e. that costs are shared in developing the ability to communicate? *Economic theory suggests that if the market for one of the joint products is eliminated (arguably, declaring that a product does not exist eliminates the market for the product), the price of all other joint products should rise, all other things being equal. We leave this and other valuation issues to later proceedings.*<sup>39</sup>



### *Questioning ESA's Findings*

The issue in the case was, as far as I can see, simply one of deciding whether/when a transmission is a “communication”. The Court may have done that, but it did a whole lot more. As I see it, the majority’s approach is open to criticism on several fronts.

First, I believe that it misapplied the notion of technological neutrality. To demonstrate this, let me begin by quoting from the majority opinion: “The question in this appeal is whether the rights are nonetheless revived when the work is sold over the Internet instead of in a store. In our view, it makes little sense to distinguish between the two methods of selling the same work.”<sup>40</sup> Yet the difference between physical copies sold as goods and digital copies as “transmissions” is plain in the statute: notions of communication and transmission are applicable to intangible acts, not to sales of physical copies. The majority position is even harder to understand when considering that they found that the sale of physical copies and downloads must be treated equally as a matter of technological neutrality but, in the same breath, that *downloads and streams must be considered as separate acts*.

The majority view strikes me as incorrect also because the lines between streams and downloads are increasingly hard to draw. In a number of new and emerging business models, people use devices to stream content. However, while they may begin with a stream, they might store the file and view the rest later. Put differently, the *timing* of the consumption made of the protected “content” on a suite of devices that the user may have access to is the heart of the majority opinion, but it does not strike me as convincing because technology need not distinguish between copies stored on the device or streamed (but then likely stored on the device temporarily in any event). The majority opinion forces these to be considered as separate acts—and thus separate licensing transactions—rather than one set of pooled rights, depending on whether the act is a stream or download, and then ignoring the fact that “access” may imply both rights. As Rothstein J noted, in pronouncing this divorce of the rights of communication and reproduction, Abella and Moldaver JJ’s approach “sweeps away these well-established principles.”<sup>41</sup>

A second major critique I would level at the majority opinion is that it will force the Copyright Board to *reorient financial flows* without clearly spelling out it why it did so. The Board had unified tariffs and hearings so that it could determine the overall value of music to the user and the apportionment of that value among collectives all at the same time.<sup>42</sup> As the Board explained in its Tariff 22.A 2012 decision:

[A] bundled approach is easier to justify when the Board is able to deal with all the relevant rights at the same time, as is always the case with retransmission. This allows the Board to determine not only what a fair price for the user is, but also what a fair allocation among copyright owners is.<sup>43</sup>

The majority referred to the existence of a “multiplicity of collectives” as a kind of *malum in se*, but the issue that the Court’s majority was trying to remedy strikes me as theoretical or indeed non-existent. Unlike with patents, where multiple patents on a single product can lead to stacking, it has been part of copyright law and policy that the bundle can be split, and that some uses can require more than one right fragment. I have not seen evidence that multiplicity of CMOs is actually an issue for major users, other, of course, than the money they have to pay for music. I am not implying that this is an illegitimate argument on their part. Any business wants to reduce its costs. However, it must just be seen for what it is. For users, the existence of two rights and the obligation to clear both was and is essentially a financial issue because the Board unified tariff hearings and aimed to determine the total value of music.

A third critique I would offer is that the majority interpretation is singularly difficult to reconcile with the French version of the *Copyright Act*.<sup>44</sup> Rothstein J noted (correctly, in my view) that the French version could serve as a guide to understand whether Parliament intended for different rights in the copyright bundle to be separate. As he wrote, his interpretation of the English version of s 3(1) “is consistent with the French version of the text, which states that “[l]e droit d’auteur sur l’œuvre comporte le droit exclusif de produire ou reproduire, [représenter ou publier] l’œuvre; ce droit comporte, en outre, [les droits énumérés aux alinéas (a) à (i)].” The

use of the phrase “*en outre*”—in addition—indicates paras. (a) to (i) are in addition to those in the opening words.<sup>45</sup> One could say even more. Section 3(1) uses the word “*comporte*” (comprises) *twice* to refer to the reproduction right on the bundle and then says that “in addition” copyright includes other rights listed in section 3, including communication to the public.

A fourth flaw is the interface with Bill C-11. Of course, the Court cannot be blamed for this because the amended *Copyright Act* was not in force. However, the Board cannot escape addressing it in the near future. The new section 2.4(1.1) is part of the measures designed to make Canada’s legislation compliant with the WIPO Copyright Treaty. The Treaty requires that countries party to the treaty provide “authors of literary and artistic works...the exclusive right of authorizing any *communication to the public* of their works, by wire or wireless means, *including the making available to the public* of their works in such a way that members of the public may access these works from a place *and at a time individually chosen by them.*”<sup>46</sup> A lack of simultaneity (or the necessary evanescence of a transmission *sans* download) implies a download (otherwise, how will the user access it later than the transmission?). According to *ESA*, it cannot be a communication, but article 2.4(1.1) reads as follows:

[C]ommunication of a work or other subject-matter to the public by tele-communication *includes making it available to the public by telecommunication in a way that allows a member of the public to have access to it from a place and at a time individually chosen by that member of the public.*<sup>47</sup>

If one overlays the simultaneity/temporariness requirement imposed in the Court’s majority opinion on this new section, then the access to the public *must* logically be contemporaneous with the act that makes it available; otherwise, it isn’t a “communication”. This seems rather difficult to reconcile with the text of the amended statute for two reasons.<sup>48</sup> First, “having access” does not necessarily imply simultaneous perception. Second, the section specifically mentions that the user may choose the time of access.

From this perspective, one way to read *ESA* might be to say that the case affects the past (including past tariffs) but not post Bill C-11

“making available” uses. Another way to read it is to say that the owner of the making available right would be owed a payment under an applicable tariff, independent of whether a reproduction also takes place. Bill C-11 would thus get us back in line with (for the future) long-standing principles and a well-known licensing *modus operandi*,<sup>49</sup> because frequently more than one right in the bundle of copyright rights has applied to a single activity. For example, one can listen to a stream *and* make a copy. Broadcasters copy music on computers and then broadcast it; they still have to pay for both.<sup>50</sup> As the Board noted in the most recent Commercial Radio tariff: “A Canadian radio station that broadcasts recorded music off a server reproduces and communicates musical works, performers’ performances and sound recordings. Four copyrights and two remuneration rights must be accounted for.”<sup>51</sup>

Most other countries that have working collective management systems do something similar.<sup>52</sup> As long as the tariffs are set in recognition of this—by taking account of the economic value of the music to the user—then the user should not much care how the funds are apportioned, provided the total amount paid is fair. This is precisely what the Board did, noting in the same decision: “[T]he Board has been asked to set tariffs for all those rights at the same time.”<sup>53</sup>

Naturally, as a matter of principle no one is opposed to a simplification of copyright. Indeed, the bundle of rights may be ripe for such a simplification and I previously argued precisely that it should be simplified.<sup>54</sup> However, I tend to agree with Rothstein J, who noted that this should be done by Parliament, not courts, with proper transitional measures, for at least two reasons.<sup>55</sup> First, copyright contracts are made to reflect the bundle of copyright rights, and that bundle is fragmented just as much through the choices of copyright users as through those of copyright owners in their licensing decisions (by territory, language rights, versions, type of media, etc.). Second, most digital uses require a reproduction followed by a transmission, and *ESA* does not come into play when protected uses occur in that sequence: the transmission that precedes a permanent copy is not a communication, but the copy that precedes a communication remains a reproduction. Whether this somewhat uneven outcome is optimal is probably a matter on which reasonable people might apparently disagree.

Let us now turn briefly to *SOCAN v Bell*, a case related to *ESA* in a number of ways.

### *SOCAN v Bell*

In *SOCAN v Bell* [*Bell*],<sup>56</sup> a unanimous court agreed with the Copyright Board of Canada that listening to previews of a song in deciding whether to make a purchase was fair dealing for research. The decision is interesting, in my view, not so much on substance (because I agree with the outcome) but in that it proceeds formulaically, in a way that may seem familiar to US readers. It does so along the lines drawn in *CCH Canadian* [*CCH*], in determining whether a use argued to be fair falls under one of the purposes of fair dealing and then, as a factual matter, whether this use is fair based on the *CCH* factors. Interestingly, the Court also noted that US cases on fair use were not particularly helpful in a Canadian context.<sup>57</sup> The Court's statement about US law may have more to do with substantive law than methodology.

Then, while the outcome strikes me as fair, I am also not sure how the opinion sits with the elimination of the communication right from the download equation. Even though *SOCAN* eventually pays the authors and publisher, the two rights (communication and mechanical reproduction) typically belong to different entities (*SOCAN v* music publishers). As a technical matter at least, one could ask whether it is really “fair” to use the communication right owned by A to increase the sales of the mechanical right owned by B.

This leaves the second of the two most controversial cases in the pentalogy, a case dealing with reprographic licensing.

### *Alberta (Education) v Access Copyright*

In *Alberta (Education) v Canadian Copyright Licensing (Access Copyright)* [*Alberta (Education)*],<sup>58</sup> a split (5-4) court interpreted the *Copyright Act* in a way that (including in other chapters of this book) is seen as basically saying that *any copying by teachers* in a K-12 setting is for private study or research—ignoring what I read in even Abella J's note of caution about the need to show the fair nature of the copying. Some of the key parts of the majority opinion read as follows:

Teachers have no ulterior motive when providing copies to students. Nor can teachers be characterized as having the completely separate purpose of “instruction”; they

are there to facilitate the students' research and private study. It seems to me to be axiomatic that most students lack the expertise to find or request the materials required for their own research and private study, and rely on the guidance of their teachers. They study what they are told to study, and the teacher's purpose in providing copies is to enable the students to have the material they need for the purpose of studying. *The teacher/copier therefore shares a symbiotic purpose with the student/user who is engaging in research or private study.* Instruction and research/private study are, in the school context, tautological.<sup>59</sup>

And later:

[P]hotocopies made by a teacher and provided to primary and secondary school students are an essential element in the research and private study undertaken by those students. The fact that some copies were provided on request and others were not, did not change the significance of those copies for students engaged in research and private study.<sup>60</sup>

Beyond the nature of the limits that the majority may or may not have imposed on fair dealing, a number of the points made by the majority strike me as questionable. First, it is, as I understand it, the practice of students, schools and school boards to purchase textbooks and other materials (including digital materials) from private publishers. Now, school boards and schools will be allowed to copy existing books for free because their purpose is not profit, but instruction. One can easily understand the appeal of this view, for it would indeed be good if all educational material were available for free worldwide. Perhaps one day that will be the case, as foundations and other institutions decide that they will make all of this happen without the help of commercial textbook publishers. That said, whether the decision to eliminate or severely restrict commercial publishing in the educational sector is desirable is another matter on which I believe that reasonable people might disagree. I will come back to the empirics of the situation below.

Another interesting finding in the majority opinion reads as follows: “[T]he word ‘private’ in ‘private study’ should not be understood as requiring users to view copyrighted works in splendid isolation. Studying and learning are essentially personal endeavours, whether they are engaged in with others or in solitude.”<sup>61</sup> As the dissent rightly asks, *if copies made for a classroom are not public, then what is?* To quote Rothstein J, “‘private study’ cannot have been intended to cover situations where tens, hundreds or thousands of copies are made in a school, school district or across a province as part of an organized program of instruction.”<sup>62</sup> The majority simply read the word “private” out of the statute, at least as far as education is concerned. I would not be surprised if attempts were made to convince lower courts or the Board that widespread copying within corporations or governments is also private by the same logic.

As was shown in a US case (dealing with higher education, not K–12), authors and publishers make a lot of revenue by licensing some incidental but systematic types of uses.<sup>63</sup> This revenue stream will be greatly affected by the Supreme Court’s decision. While there would be much more to say, I will leave the detailed analysis of fair dealing *per se* to Professor d’Agostino in her chapter in this book. However, a few additional comments are in order before moving on.

First, here, as with the previous case, it is unclear how the decision will interface with Bill C-11. The amended *Copyright Act* contains a new section (30.02), which provides a specific exception for copying by educational institutions, and it seems to *require* a licence. The new section reads in part as follows:

[I]t is not an infringement of copyright for an educational institution that has a reprographic reproduction licence under which the institution is authorized to make reprographic reproductions of works in a collective society’s repertoire for an educational or training purpose (a) to make a digital reproduction—of the same general nature and extent as the reprographic reproduction authorized under the licence—of a paper form of any of those works.<sup>64</sup>

If all copying in schools is fair dealing, then no educational establishment should need or have a “licence under which the institution is authorized to make reprographic reproductions.” Read in this fashion, s 30.02 would be rendered utterly inapplicable. Perhaps s 30.02 is simply no longer required because all or most educational uses are fair dealing? If that is the case, that begs the question whether, if indeed that was the law in Canada and that law was merely explicated by the Supreme Court (that is, fair dealing for private study was in the statute while Bill C-11 was being debated), shouldn’t Parliament have known that and taken that into account? Clearly, it will not be easy to reconcile *Alberta (Education)* with the outcome of the democratic debate in Parliament embodied in part in new section 30.02. The key, if there is one, may be in the note of caution sounded by Abella J on the fairness of the copying rather than a sole and myopic focus on its purpose. Perhaps the Copyright Board will be able to, on application from the CMOs concerned, set a limit on educational copying not by limiting the uses that are “private” but those that are fair under the *CCH* test.<sup>65</sup>

Alternatively, provincial governments, or some of them, that no longer need to pay Access Copyright (and the Quebec copyright collective, COPIBEC), or pay them lesser amounts, may decide to shift those funds to subsidize their private publishers more.<sup>66</sup> Yet another option is that the price paid for books to commercial publishers (by provinces for public schools) will go up to compensate for the lack of reprographic income. That may work for major textbooks, but for secondary materials primarily used in education and regularly used in the curriculum, this option will not be available.

Provincial governments can also choose to pay to have textbooks prepared and made available online for free to everyone. If this is done without DRM, the textbooks will indeed be free for all (even outside the province) to use. However, governments could have done so anytime in the past. No one is prevented by copyright law from donating a work she owns to the public domain, as academic authors (who are otherwise remunerated for their work) often like to do.



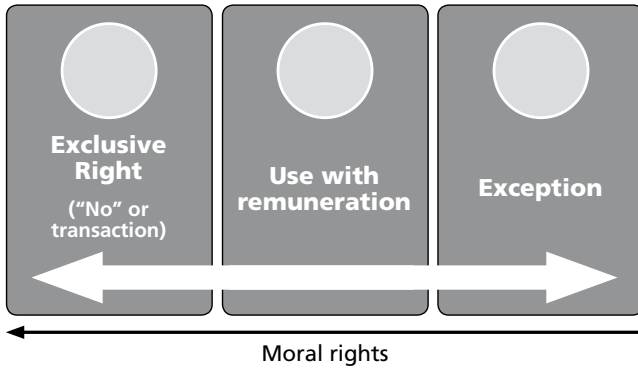
Whichever path is chosen, there are three interesting empirical questions that deserve further examination. First, will students and educators massively use their “right” to copy everything and anything for educational purposes, or will they still prefer to rely on textbooks (whether paper or digital)? Second, will copying for free actually save money as compared to using commercial publishing and paying CMOs, or will it simply result in a shift to higher publishing subsidies<sup>67</sup>? Third and, in my view, more importantly, will educators and students think it works better overall? This, only time will tell.

### **Beyond Binary Copyright Policy**

As mentioned above, the traditional policy view of the exercise of copyright is binary (good/bad; control/free). This was extended by the Supreme Court to a perceived need to artificially separate rights in the copyright bundle. Everything must thus now be seen from “either/or” glasses: full right to exclude or full exception. Reality, I suggest, is more like a kaleidoscope. True, it might be a bit more messy and unstructured. As alluded to above, however, one could learn a thing or two from China and ancient Greece in that regard as we attempt to move forward. In other words, the binary worldview is convenient and beguilingly simple as an explanatory tool, but it should not be confused with reality. The binary nature of copyright seems facially reflected in many national laws and in European directives, because they contain rights and exceptions. However, in reality, laws put in place *systems* of rights and exceptions. Application of laws by courts should thus be more typically informed by the search for a systemic equilibrium.<sup>68</sup>

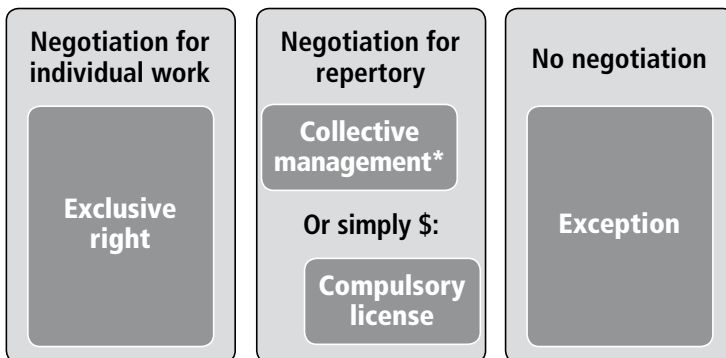
As the Chinese and the ancient Greeks told us millennia ago, the world does not work in a binary way. In other words, there is a very important and substantial middle ground in copyright, an area comprising compulsory licences and collective management, in which right holders have, *de jure* or *de facto*, lost the ability to say no (that is, control uses), but not the right to be paid for some uses of their works.<sup>69</sup> The picture looks like this (Figure 1):

Figure 1. The traditional view (corrected)



This middle ground is much more than an aberration, an oversight or some species of *de minimis* case that one can proceed to ignore or relegate to a policy footnote. *That middle ground is an integral part of what makes copyright work.* We should not ignore it, as the majority of the Supreme Court arguably did in the pentalogy. Instead, we should increase the scope and reach of this middle ground if we want copyright to work for online uses while ensuring healthy financial flows to professional Canadian (and other) creators.<sup>70</sup> Users who pay the required fee or tariff in this middle zone can use the licensed works usually with little or no constraints, because it is contained in the repertory of a voluntary licence administered by a CMO and/or covered by a statutory or compulsory licensing scheme (Figure 2).<sup>71</sup>

Figure 2. The traditional view (completed): use with remuneration



\*The “exclusive right” as exercised by the CMO may lead to order preventing use in case of non-payment.

My underlying premise is simple. Those who believe that YouTube can or should replace Denys Arcand and Neil Young and that self-published books should replace Marie-Claire Blais or Margaret Atwood have not discharged their burden of proof. Nor am I seeing credible evidence that Arcand, Young, Blais or Atwood would have created what they did had they not been able to live from their work or, alternatively, that they could have replaced their income by selling mugs and t-shirts. Let me be clear: I am not making a case against user-generated content or somehow arguing that creators are somehow “owed” a living.<sup>72</sup> I am simply suggesting that professional creativity increases general welfare and that we will be better off if we find a way to retain financial flows to professional authors whose works people want to watch, read or listen to, rather than merely focusing on access restrictions and enforcement, on the one hand, and free content, on the other.<sup>73</sup>

I simply do not accept the view that the real concern in eliminating CMOs is somehow about authors’ welfare. That highly cynical view ignores the fact that licensing via CMOs actually empowers forms of disintermediation (or, more accurately perhaps, reintermediation) where more of the funds paid get to creators and less to industrial intermediaries, so that, even if overall user payments may indeed diminish, professional authors can still make a decent living.<sup>74</sup>

A proper licensing structure can ensure proper financial flows and may set some acceptable limits on copying and use. It can easily allow for the type of spontaneous copying that is usually mentioned as an example of what should be fair dealing in education or as previews on downloads sites.<sup>75</sup> Indeed, I would suggest that a world in which spontaneous or similar copying is allowed, but systematic copying is licensed and materials thus freely available to educators and students, is preferable to one where educators are forced to deal with heavier DRMs to avoid the overreach (from the publishers’ perspective) of fair dealing.

I am not arguing that existing CMOs are a panacea. Indeed, necessary efforts are afoot to establish rules to ensure more uniform, transparent, fair and efficient collective management.<sup>76</sup> There may be a case for some CMOs to merge or work more closely together, and there is undoubtedly a need in some quarters to achieve greater

efficiency. This is (in part) precisely due to the increased frequency in the use of more than one right in the copyright bundle, and it has already led some CMOS down that path.<sup>77</sup> Beyond these immediate concerns, it may very well be that new entities and indeed new forms of collective management will emerge.<sup>78</sup> I also see a greater role in the future for multilateral cooperation, possibly on the regulatory front (or as guidelines), but specifically in the area of rights documentation.<sup>79</sup>

Making the normative case for “it should all be free” a little harder, free “content” in all forms and shapes is used as an input in major for-profit business models. The fact that content is free (as in free beer) increases bottom lines and shareholder value for online intermediaries, but not necessarily general welfare. By the same token, however, I see most efforts to control the Internet and restrict access as misguided because they irritate users and have not been shown to increase financial flows. In practical terms, I thus prefer models in which content is free (as in free expression) but in which professional authors can pool their rights to deal with professional users, whether through existing CMOs or otherwise. Such pools should be fair to them (which usually presupposed that they have a say and some form of control over the organization representing their interests). Pools should also be fair and provide benefits to users, principally in the form of full legal access to, and use of, a vast repertoire of works (which could be virtually everything if extended repertoire licensing is added to the mix), with some form of payment for non-exempt uses adjudicated by a neutral third party (in this case, the Copyright Board).

### **What Happened to “Precedents”?**

Another matter that deserves mention is that the pentalogy rewrote a number of lines of Canadian copyright policy beyond collective management, not the least of which was to change the status of precedents that scholars and practitioners can rely on.

First, the concurrence by the Chief Justice in the two controversial majority opinions lends credence to the definitive burial of *Bishop v Stevens*.<sup>80</sup> Not much of a surprise.<sup>81</sup>

Second, one can reasonably wonder whether another Canadian classic, *Boudreau v Lin*,<sup>82</sup> is still good law. The Copyright Board relied

on the case, but the Supreme Court’s majority opinion does not even mention it, and seems incompatible with the findings they had based on the case.<sup>83</sup>

Even the very recent *SOCAN v CAIP*<sup>84</sup> now looks lame, a significant change of direction within a relatively short time frame, and perhaps a reflection of recent changes in the high court’s composition. I, for one, would certainly hesitate to say that *SOCAN v CAIP* is still good law in Canada.

Above all, however, I was struck by the fate of the venerable *University of London Press, Ltd. vs. University Tutorial Press, Ltd.* [*ULP*].<sup>85</sup> This case was cited in at least 55 Canadian copyright cases.<sup>86</sup> Of course, in a common law world one expects cases—even old classics—to be replaced (or updated) from time to time. That is part of our dynamic and flexible legal system, and I certainly do not dispute that process in any way here. However, one might expect a sentence or two to explain such major departures from precedent.<sup>87</sup>

In *ULP*, a publisher had issued a publication reproducing old exams and sold it to students who were preparing for their own exams. The publisher argued that the publication amounted to fair dealing “for the purposes of private study” by university students preparing for exams. The *ULP* court had held that the company could not bring itself within the fair dealing exception, rejecting the argument that the purpose of the publication was “private” study.<sup>88</sup> The case, was, therefore, relevant. It is now ostensibly in the dustbin of copyright precedents, but unfortunately without a clear explanation.

## Conclusion: Going Forward

The controversial cases in the pentalogy will significantly affect financial flows to creators. In fact, the cases were *not* primarily about what copyright material one is allowed to use because, in a collective management context, permission is granted to users who pay the applicable tariff.<sup>89</sup> The false dichotomy between fair dealing and collective management must be seen for what it is, and it is *not* about access, and least by major commercial users. Most people would agree that as much material as possible—from in-print and out-of-print books to TV shows from the 60s, 70s and 80s (and up to today’s show I just

missed) to music from every corner of the globe—should be available online, for then we all benefit. But why should it all be at the expense of creators and for the benefit of major for-profit business models?

The pentalogy was about *money* that (some) users don't want to pay, because its main impact, at least in the short term, will be about whether users, including professional ones, should pay for uses of copyright material ("content"). In some cases, such as the case concerning previews, there were very good arguments to say that users should not have to pay. In the case of embedded sound recordings, the statutory text supported the Court's conclusion. In the two 5-4 cases, however, reasonable people may well disagree with the outcome.

One could argue that, normatively, there are other issues (like obligations to keep track and report some uses) that separate collective management from fair dealing. I don't necessarily disagree, but those were not the issue in the cases in the pentalogy. The issue was and is payment, or the absence thereof. Moreover, reporting of online uses by major commercial intermediaries can often be done automatically and in an aggregate form that protects end users' privacy.

The pentalogy creates more uncertainty, not less, in copyright tariffs. The Copyright Board had navigated a middle way between a bundle of exclusive rights and users who want maximum access at a fair price. Perhaps everyone was unhappy with the Board's decisions: rights holders because they weren't getting enough; users because they had to pay. Yet, as a rule of thumb, isn't generalized and equal discontent precisely a sign that the Board got it right?

There are a host of additional concerns that Canadian copyright policy makers and courts must now address: in particular, the difficult interface with Bill C-11 and the WIPO Copyright Treaty, both of which now look somewhat shambolic, just months after years of debate on the matter ended in Parliament.

As I close, let me suggest a simple view of the aims of copyright: authors want their books to be read (and songwriters their music to be heard, etc.), and users want to access and read/listen to them. Hence, in the grand copyright policy equation, only authors and users are, in fact, *necessary*. Beyond this, only CMOs, as agents of the authors, also may have some claim to being necessary: without

them, many users would find it impossible to conduct their business. By contrast, commercial intermediaries, whether they be publishers, record companies or online service providers of various kinds, are all contingent, because no individual intermediary or business model is essential.<sup>90</sup> Yet, commercial intermediaries of all stripes seem to dominate the policy and scholarly discourse. My hunch is that this is so precisely because commercial intermediaries know they are replaceable. They have an incentive to use judicial, regulatory and other processes to artificially heighten their importance and to protect or increase their position and market shares.

Then one must also recognize that there is, and should be, room for both authors who “just want to be read” (e.g., authors of op-ed letters and academic writers who are otherwise remunerated) and dedicate their work to others for free (though they often insist on attribution, another feature of copyright, lest we forget). This was true before the pentalogy and remains true now. However, I am not sure on what authority one can argue that, because the model is good for bloggers and university professors, it should therefore be *imposed* on all other creators. As previously explained, I firmly believe that general welfare is maximized when our best songwriters, novelists and filmmakers can hope to make a living from their craft, which presupposes reasonably healthy financial flows. In more ways than one, this debate reminds me of fair trade for coffee.<sup>91</sup>

It may seem too basic to state the point this way, but at bottom it *is* about money and not control, because, *from a creator’s perspective*, a viable solution often does not require limiting or controlling the quality or quantity of uses, but it does require finding ways to compensate professional authors whose works are successful in the marketplace. *Open and unlimited access*, with author compensation in appropriate cases, is not only possible; in many cases it is desirable. In other words, the best guidepost in mapping a way forward in the online environment may not be “free” as in free beer; but rather “free” as in free expression. This is what well-regulated, transparent and efficient collective management can help provide.

Collective management, whether in its present form or in some future new and improved incarnation—that regulators may help prod into existence—has thus far been the best way for creators to get

paid for the ongoing uses of work, whether they self-publish or work with or through major commercial disseminators. To quote Francis Gurry, Director-General of WIPO: “Collective management is the best option that we know for returning value to creators.”<sup>92</sup> Yes, there is undoubtedly room for greater transparency and efficiency in the operation of some CMOs, and greater international coordination of rights information, but that is not a reason to reject the entire model, nor a reason to impose an unwarranted separation of rights in the copyright bundle. This is throwing the baby—indeed, the entire nursery—out with the bathwater.




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<sup>1</sup> *Entertainment Software Association v Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 34 at para 50, [2012] 2 SCR 231 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9994/index.do>> [ESA].

<sup>2</sup> Now *An Act to amend the Copyright Act*, SC 2012, c 20 <<http://www.parl.gc.ca/HousePublications/Publication.aspx?Lan+guage=E&Mode=1&DocId=5697419&Col=2&File=4>> [Bill C-11].

<sup>3</sup> Namely *Théberge v Galerie d'Art du Petit Champlain inc.*, 2002 SCC 34, [2002] 2 SCR 336 <[http://www.lexum.umontreal.ca/cscsc/en/pub/2002/vol2/html/2002scr2\\_0336.html](http://www.lexum.umontreal.ca/cscsc/en/pub/2002/vol2/html/2002scr2_0336.html)> [*Théberge*]; *CCH Canadian Ltd. v Law Society of Upper Canada*, 2004 SCC 13, [2004] 1 SCR 339 <[http://www.lexum.umontreal.ca/cscsc/en/pub/2004/vol1/html/2004scr1\\_0339.html](http://www.lexum.umontreal.ca/cscsc/en/pub/2004/vol1/html/2004scr1_0339.html)> [*CCH*]; and *Society of Composers, Authors & Music Publishers of Canada v Canadian Association of Internet Providers*, 2004 SCC 45, [2004] 2 SCR 427 <[http://www.lexum.umontreal.ca/cscsc/en/pub/2004/vol2/html/2004scr2\\_0427.html](http://www.lexum.umontreal.ca/cscsc/en/pub/2004/vol2/html/2004scr2_0427.html)> [*SOCAN v CAIP*].

<sup>4</sup> *Re:Sound v Motion Picture Theatre Associations of Canada*, 2012 SCC 38, [2012] 2 SCR 376 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9999/index.do>>.

<sup>5</sup> *International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations*, 26 October 1961, 496 UNTS 43 (entered into force 4 June 1998, accession by Canada 4 March 1998) <[http://www.wipo.int/treaties/en/ip/rome/trtdocs\\_wo024.html](http://www.wipo.int/treaties/en/ip/rome/trtdocs_wo024.html)> [Rome Convention].

<sup>6</sup> *Copyright Act*, RSC 1985, c C-42 <<http://laws.justice.gc.ca/en/C-42/>>.

<sup>7</sup> See Daniel Gervais, “The Role of International Treaties in the Interpretation of Canadian Intellectual Property Statutes” in O Fitzgerald, ed, *The Globalized Rule of Law: Relationships between International and Domestic Law* (Toronto: Irwin Law, 2006) 549.



<sup>8</sup> The term “phonogram” is defined in the Rome Convention to mean “any exclusively aural fixation of sounds of a performance or of other sounds” [emphasis added], Rome Convention, *supra* note 5, art 3(b).

<sup>9</sup> *Rogers Communications Inc. v Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 35, [2012] 2 SCR 283 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9995/index.do>> [Rogers].

<sup>10</sup> The court was unanimous on the copyright aspects of the case, though not on the administrative law—the standard of review—aspects. This would need to be studied in a separate paper, but somehow I am not entirely certain how one should reconcile *ESA* and *Alberta (Education)* (*infra* note 58) on this point.

<sup>11</sup> *WIPO Copyright Treaty*, 20 December 1996, WIPO Publication No 226, 36 ILM 65 (entered into force 6 March 2002) <[http://www.wipo.int/export/sites/www/treaties/en/ip/wct/pdf/trtdocs\\_wo033.pdf](http://www.wipo.int/export/sites/www/treaties/en/ip/wct/pdf/trtdocs_wo033.pdf)> [WCT].

<sup>12</sup> In the *Yi King*, or “*Yi Jing*”, also known as the *Book of Changes*, Yin and yang are best described as two poles to explain “interactive energies.” See Wen Ran Zhang, *Yin Yang: A Unifying Theory of Nature, Agents, and Causality, with Applications in Quantum Computing, Cognitive Informatics and Life Sciences* (Information Science Reference, 2011) at 6.

<sup>13</sup> Two lungs, brain hemispheres, arms, eyes, ears, etc.

<sup>14</sup> *Hodosanōkatōmiakaihautē*. William Harris, “Heraclitus: The Complete Fragments”, Middlebury College (16 October 2012) at §108 <<http://community.middlebury.edu/~harris/Philosophy/heraclitus.pdf>>.

<sup>15</sup> *Ibid* at §109. Worth noting, Pythagoras made a list of ten “couples” (reproduced by Aristotle in his *Metaphysics*), including limited (*péras*)/unlimited (*apeiron*); odd (*périton*)/even (*artion*); left (*aristeron*)/right (*dexion*). Of course, not all Greek philosophers saw it this way.

<sup>16</sup> Benjamin Jowett, “Plato’s Gorgias”, Academy for Ancient Texts (26 February 2013) <<http://www.ancienttexts.org/library/greek/plato/gorgias.html>>.

<sup>17</sup> For example in *Sophist*, when the Stranger says: “Are not thought and speech the same, with this exception, that what is called thought is the unuttered conversation of the soul with herself”. Translation at <<http://philosophy.eserver.org/plato/sophist.txt>>.

<sup>18</sup> See generally Robin Smith, “Aristotle’s Logic”, *Stanford Encyclopedia of Philosophy* (11 March 2000, revised 23 March 2011) <<http://plato.stanford.edu/entries/aristotle-logic/>>.

<sup>19</sup> See *ibid*.

<sup>20</sup> Academics may not be a perfect proxy for professional creators. Their salary is rarely dependent on how many copies of their books or articles are sold.

<sup>21</sup> See e.g. Jonathan Band, “Cautionary Tales About Collective Rights Organizations”, SSRN (19 September 2012) <<http://ssrn.com/abstract=2149036>>.

<sup>22</sup> On that note, let me add that I will be first in line when it comes to asking for sanctions against CMOs that have abused the trust of those whose rights they administer. I also support regulation to ensure transparency and efficiency.

<sup>23</sup> *ESA*, *supra* note 1 at para 11.

<sup>24</sup> Before doing so, let me note that the first two sound strangely American in the way the majority and the dissent argue with each other.

<sup>25</sup> Unfortunately, the Supreme Court truncated the quote from the Board's decision, which continues as follows: "even though a 'temporary' copy sometimes is stored on the user's hard drive" (*Re Tariff No. 22.A (Internet – Online Music Services) 1996-2006* (18 October 2007), Copyright Board of Canada at para 84 <<http://www.cb-cda.gc.ca/decisions/2007/20071018-m-e.pdf>> [*Tariff 22.A 2007*]).

<sup>26</sup> *ESA*, *supra* note 1 at para 28.

<sup>27</sup> *Ibid* at para 31.

<sup>28</sup> Here, binary not because of the full exclusive right vs exception opposition, but because somehow rights in the bundle must be separate and distinct.

<sup>29</sup> See *United States v American Society of Composers, Authors and Publishers*, 627 F (3d) 64 (2010) (cert denied, 565 US (2011)) <[http://www.ca2.uscourts.gov/decisions/isysquery/5f703001-5539-432a-8153-08f823b16730/5/doc/09-0539-cv\\_opn.pdf](http://www.ca2.uscourts.gov/decisions/isysquery/5f703001-5539-432a-8153-08f823b16730/5/doc/09-0539-cv_opn.pdf)>.

<sup>30</sup> See *infra* note 36.

<sup>31</sup> See Daniel Gervais, Kent Marcus & Lauren Kilgore, "The Rise of 360 Deals in the Music Industry" (2011) 3:4 *Landslide* 1 <[http://works.bepress.com/cgi/viewcontent.cgi?article=1043&context=daniel\\_gervais](http://works.bepress.com/cgi/viewcontent.cgi?article=1043&context=daniel_gervais)>.

<sup>32</sup> Daniel Gervais & Alana Maurushat, "Fragmented Copyright, Fragmented Management: Proposals to Defrag Copyright Management" (2003) 2 *CJLT* 15 <[http://cjlt.dal.ca/vol2\\_no1/pdfarticles/gervais.pdf](http://cjlt.dal.ca/vol2_no1/pdfarticles/gervais.pdf)>.

<sup>33</sup> *ESA*, *supra* note 1 at para 11.

<sup>34</sup> As of this writing (December 2012).

<sup>35</sup> *Re Statements of royalties to be collected by SOCAN and CMRRA/SODRAC inc. for the communication to the public by telecommunication or the reproduction, in Canada, of musical works* (5 October 2012), Copyright Board of Canada <<http://www.cb-cda.gc.ca/decisions/2012/socan-csi-reasons.pdf>> [*Tariff 22.A 2012*].

<sup>36</sup> *Ibid* at paras 89, 92.

<sup>37</sup> The mechanical rate tariff is paid to CMOs that administer the reproduction right. The name stems from the fact that music is made available on recordings from which it can be perceived using "mechanical devices". The difference between mechanical and communication to the public tariffs was easier to see when users could listen to the music either by turning on the radio or by playing a record (or CD), though uses that combine both rights have been around for a long time (e.g., a musical work embedded in a motion picture). On the Internet, most uses require the making of a copy (at least on the emission server) and many (all streaming services for example, as we now know from the pentalogy) involve a communication to the public. The Court artificially and without valid reason (that I can see) insisted on separating the two rights.

<sup>38</sup> *Tariff 22.A 2012*, *supra* note 35 at para 102.

<sup>39</sup> *Ibid* at para 105 [emphasis added].

<sup>40</sup> *ESA*, *supra* note 1 at para 1.

<sup>41</sup> *Ibid* at para 48.

<sup>42</sup> *Tariff 22.A 2007*, *supra* note 25 at para 84.

<sup>43</sup> *Tariff 22.A 2012*, *supra* note 35 at para 84.

<sup>44</sup> In fact, an entire paper could be written on the application of statutory interpretation principles by the majority. See also s 16 of the *Constitution Act, 1982*, being Schedule B to the *Canada Act 1982* (UK), 1982, c 11.

<sup>45</sup> *ESA*, *supra* note 1 at para 92.

<sup>46</sup> WCT, *supra* note 11, art 8, entitled “Right of Communication to the Public”.

<sup>47</sup> Bill C-11, *supra* note 2, cl 3 [emphasis added].

<sup>48</sup> As Rothstein J noted in *ESA*, *supra* note 1 at para 47, “[C]ourts must still respect the language chosen by Parliament—not override it.”

<sup>49</sup> Perhaps some forms of making available could also be seen as authorizations of a reproduction and this still covered under the statute.

<sup>50</sup> *Re Statement of Royalties To Be Collected by SOCAN, Re:Sound, CSI, Avla/Soproq and Artisti In Respect of Commercial Radio Stations* (9 July 2010), Copyright Board of Canada <<http://cb-cda.gc.ca/decisions/2010/20100709.pdf>> [*Statement of Royalties*].

<sup>51</sup> *Ibid* at para 2.

<sup>52</sup> Daniel Gervais, ed, *Collective Management of Copyright and Related Rights*, 2d ed (Frederick, MD: Kluwer Law International, 2010).

<sup>53</sup> *Statement of Royalties*, *supra* note 50 at para 2.

<sup>54</sup> See Daniel Gervais & Alana Maurushat, *supra* note 32.

<sup>55</sup> *ESA*, *supra* note 1 at para 123.

<sup>56</sup> *Society of Composers, Authors and Music Publishers of Canada v Bell Canada*, 2012 SCC 36, [2012] 2 SCR 326 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9996/index.do>> [*Bell*].

<sup>57</sup> This is discussed in Giuseppina d’Agostino’s chapter in this book.

<sup>58</sup> *Alberta (Education) v Canadian Copyright Licensing Agency (Access Copyright)*, 2012 SCC 37, [2012] 2 SCR 345 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9997/index.do>> [*Alberta (Education)*] [emphasis added].

<sup>59</sup> *Ibid* at para 23.

<sup>60</sup> *Ibid* at para 25.

<sup>61</sup> *Ibid* at para 27.

<sup>62</sup> *Ibid* at para 49.

<sup>63</sup> *Cambridge University Press v Becker*, 863 F Supp (2d) 1190 (ND Ga 2012) <<http://www.tc.umn.edu/~nasims/GSU-opinion.pdf>>.

<sup>64</sup> *Copyright Act*, *supra* note 6, s 30.02; Bill C-11, *supra* note 2, cl 27 [emphasis added].

<sup>65</sup> I am well aware of criticism concerning the way in which Access Copyright managed and argued the case, and that it may not have pursued a negotiated outcome with enough determination. That may well have had an impact on the outcome. Still, the outcome is what one must now deal with.

<sup>66</sup> The latter option seems more likely. Because of their desire to “control” the curriculum,

I see it as unlikely that provincial education ministries would freely accept publicly available material to replace locally produced material entirely.

<sup>67</sup> In that case, whether authors (not publishers) will also get increased subsidies will be an interesting subsidiary question. The CMOs actually pay a share to authors directly. Now this is also gone per the Court's decision, or at least reduced to the same extent as the reduction in the CMOs' licensing ability.

<sup>68</sup> For example, EC, *Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society*, OJ L 167/10 <<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2001:167:0010:0019:EN:PDF>>, contains rights in arts 2, 3 and 4 and exceptions and limitations in art 5, in a section entitled, not surprisingly, "Rights and Exceptions". The Swedish *Copyright Act, Act On Copyright In Literary and Artistic Works*, Swedish Act 1960:729, as amended up to 1 April 2009 <[http://www.government.se/download/20edd6df.pdf?major=1&minor=15195&cn=attachmentDuplicator\\_0\\_attachment](http://www.government.se/download/20edd6df.pdf?major=1&minor=15195&cn=attachmentDuplicator_0_attachment)> [Swedish *Copyright Act*], is much closer to reality by recognizing quite explicitly rights, exceptions and uses with remuneration (the latter in arts 26(k)ff, and arts 42ff).

<sup>69</sup> I will use the term "works" generically as including objects of neighbouring rights.

<sup>70</sup> I should note that the picture refers to economic (patrimonial) rights. Moral rights still apply to most uses—even where an exception might prevent the reach of any exclusive right or even right to be paid. Typically, the moral right of attribution is not absolute. It applies, as under art 3 of the Swedish *Copyright Act*, "to the extent and in the manner required by proper usage".

<sup>71</sup> I also note that this approach seems compatible with the proposed European Copyright Code prepared by the Wittem Group <<http://www.copyrightcode.eu>>.

<sup>72</sup> I made a case for user-generated content in Daniel Gervais, "The Tangled Web of User-Generated Content", SSRN, (2009) 11:4 Vand J Tech & Ent L 841 <[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1444513](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1444513)>.

<sup>73</sup> As should be obvious by now, I do not espouse the "postmodernist" view of payment for intellectual creativity as outdated.

<sup>74</sup> No author is forced to join a collective and an author who prefers to deal directly with major users or wants to dedicate content to the public domain or to major commercial sites like YouTube is mostly free to do so (Canada has fewer compulsory licensing schemes than the United States).

<sup>75</sup> I understand that a teacher may need to make spontaneous copies and some other classroom uses. The Guidelines agreed to in the United States after the passage of the 1976 *Copyright Act* allowed educators some degree of flexibility in this matter, though they do not cover digital uses. However, the Supreme Court does seem to go at least a few steps beyond what the Guidelines allow.

<sup>76</sup> For example, the interesting European Commission's *Proposal for a Directive of the European Parliament and of the Council on collective management of copyright and related rights and multi-territorial licensing of rights in musical works for online uses in the internal market*, 7 July 2012, COM(2012) 372 final 2012/0180 (COD) <[http://ec.europa.eu/internal\\_market/copyright/docs/management/com-2012-3722\\_en.pdf](http://ec.europa.eu/internal_market/copyright/docs/management/com-2012-3722_en.pdf)>.

<sup>77</sup> In Canada, closer ties between SOCAN, CMRRA and SODRAC are an example. Consolidation is visible in other jurisdictions. In Australia, CAL and VISCOPY have entered into a service agreement to merge some of their activities, for the benefit of members and users. See <[http://www.ifrro.org/sites/default/files/cal\\_viscopy-final.pdf](http://www.ifrro.org/sites/default/files/cal_viscopy-final.pdf)>.

<sup>78</sup> And perhaps the definition of “collective management” itself will expand. New services that allow authors directly to be paid for certain online uses of their works come to mind. See e.g. <<http://www.tunecore.com>>.

<sup>79</sup> I am thinking in particular of WIPO’s International Music Registry and the Global Repertoire database project (see <<http://www.globalrepertoiredatabase.com/>>).

<sup>80</sup> *Bishop v Stevens* [1990], 2 SCR 467, 72 DLR (4th) 97 <<http://canlii.ca/t/1fsv7>>.

<sup>81</sup> See Daniel Gervais, “Trente ans de droit d’auteur à la Cour suprême du Canada” (2009), 21:2 Cahiers De Propriété Intellectuelle 419, 426-27.

<sup>82</sup> *Boudreau v Lin* (1997), 150 DLR (4th) 324 (1997), 75 CPR (3d) 1 (Ont Sup Ct) <<http://canlii.ca/t/1w8pw>>.

<sup>83</sup> *Re Statement of Royalties To Be Collected By Access Copyright For The Reprographic Reproduction, In Canada, of Works In Its Repertoire (Educational institutions - 2005-2009)* (17 July 2009), Copyright Board of Canada at para 90 <<http://cb-cda.gc.ca/decisions/2009/Access-Copyright-2005-2009-Schools.pdf>>.

<sup>84</sup> *SOCAN v CAIP*, *supra* note 3.

<sup>85</sup> [1916] 2 Ch 601 [ULP].

<sup>86</sup> This is based on a Westlaw search performed by the author in October 2012, counting (obviously) a case only once even if appealed etc.

<sup>87</sup> The rather modest explanation is that, despite a significant overlap of the fact patterns, ULP was seen as not “particularly helpful”. *Alberta (Education)*, *supra* note 58 at para 19.

<sup>88</sup> *ULP*, *supra* note 85 at 613: “The defendants on these facts contend that their publication... is a fair dealing with them for the purposes of private study within s. 2, sub-s. 1, of the Act of 1911, and is therefore not an infringement of copyright. It could not be contended that the mere republication of a copyright work was a ‘fair dealing’ because it was intended for purposes of private study; nor if an author produced a book of questions for the use of students, could another person with impunity republish the book with the answers to the questions. Neither case would, in my judgment, come within the description of ‘fair dealing.’ In the present case the paper on more advanced mathematics has been taken without any attempt at providing solutions for the questions, and the only way in which the defendants have dealt with this paper is by appropriating it.”

<sup>89</sup> This is a key point: CMOs do not refuse licences to users willing to pay the applicable tariff. Indeed, why would they?

<sup>90</sup> If the past is prologue, then librarians do have a separate and stronger claim to permanency than commercial intermediaries.

<sup>91</sup> See the Music Creators’ Alliance website (27 February 2013) <[http://musiccreatorsalliance.com/The\\_Music\\_Creators\\_Alliance/the\\_music\\_creators\\_alliance.html](http://musiccreatorsalliance.com/The_Music_Creators_Alliance/the_music_creators_alliance.html)>.

<sup>92</sup> Francis Gurry (Opening speech delivered at the Conference on the Collective Management of Copyright and Related Rights in Europe, Brussels, 24 and 25 November 2008) <[http://wipo.int/about-wipo/en/dgo/speeches/gurry\\_brussels\\_08.html](http://wipo.int/about-wipo/en/dgo/speeches/gurry_brussels_08.html)>.



## **Righting a Right:** *Entertainment Software Association* *v* SOCAN and the Exclusive Rights of Copyright for Works

**ELIZABETH F. JUDGE**

### **I: Introduction**

In *Entertainment Software Association v SOCAN* [ESA], in a 5-4 decision, the Supreme Court ruled that the delivery of a copy of a video game containing musical works over the Internet did not implicate the section 3(1)(f) right to communicate to the public by telecommunication under the *Copyright Act*.<sup>1</sup> The practical result of the decision is that video game publishers and distributors are not required to pay royalties to SOCAN, the collective society that administers the right to public performance and the right to communicate a work by telecommunication for musical works, for the communication of the musical works included in video games. Such a royalty would have been in addition to the royalties that are paid for permission to reproduce the musical works in the video games.

The more far-reaching implications of the decision, however, lie with its debate over the nature of the exclusive rights of copyright for works. As Rothstein J noted in his dissent, in this decision he and the majority “part company...on some fundamental principles of copyright law.”<sup>2</sup> The central disagreement between the majority and dissent goes to the core of the definition of “copyright” and

the relationship between the general rights that are set out in the introductory paragraph of section 3(1) and the more specific rights listed in sections 3(1)(a)-(i). The majority concludes that the exclusive rights of copyright are exhaustively defined by the rights set out in the introductory paragraph of section 3(1)—namely, reproduction, performance and publication—and that subsections 3(1)(a)-(i) are merely illustrative of those general rights. The dissent conversely argues that the rights set out in section 3(1) are all separate and distinct. Whereas the majority argues that the communication right is a subset of the performance right, the dissent argues that the performance right and the communication right are independent. Both the majority and the dissent invoke the principles of balance and technological neutrality in support of their reasoning.<sup>3</sup>

Although the judgment’s discussion of the principle of technological neutrality and the decision’s financial import of rejecting the communication tariff have received the most attention in the immediate aftermath of *ESA*, the majority’s interpretation of the exclusive rights of copyright for works is arguably its most noteworthy pronouncement and one that rebalances (again) the relationship between authors and the public interest. The majority’s conclusion that the section 3 listed rights are *not* independent is a striking interpretation of the precedents with important implications in practical terms for the administration of copyright through licensing and collective societies, but also in theoretical terms for the definition of copyright itself. The nature of the disagreement in the closely split Supreme Court arguably goes to the most central principle of copyright law: the nature of the exclusive rights of copyright, which defines how many rights an owner has, how many rights an owner can simultaneously assert, and when the exercise of a right pre-empts other rights.

## II: *ESA v SOCAN*

### A. Justices Abella and Moldaver’s Majority Reasons for Judgment

The majority’s reasons for judgment, written by Abella and Moldaver JJ (and joined by McLachlin CJ and Deschamps and Karakatsanis JJ), concludes that the communication right cannot apply to the downloading of a video game containing musical works, where the



reproduction of the musical works has already been cleared and a reproduction royalty paid. This conclusion rests on a chain of reasoning for which the definition of copyright is a central component. Although the majority does not explicitly spell out the progression of their argument in this fashion, it rests on the following chain of logic. First, each of the “illustrative” rights tracks back to one of the three categories in section 3(1), i.e. reproduction, performance and publication.<sup>4</sup> For example, the section 3(1)(i) rental right is within the general category of reproduction rights and the section 3(1)(f) communication right is within the general category of performance rights. Second, there is a “traditional distinction” between “performance and communication rights on the one hand and reproduction rights on the other.”<sup>5</sup> Third, any “single activity” cannot violate two separate rights at the same time.<sup>6</sup> Fourth, here there is “only one activity at issue: downloading a copy of a video game containing musical works.”<sup>7</sup> Fifth and finally, the communication right cannot apply to the downloading of a video game because that single activity has already been covered by the reproduction right and therefore there should not be more than one type of royalty.

According to the majority, copyright is exhaustively defined in the introductory paragraph to section 3(1), and the rights in sections 3(1)(a)-(i) are “simply illustrative”:<sup>8</sup>

Nor is the communication right in s. 3(1)(f) a *sui generis* right in addition to the general rights described in s. 3(1). The introductory paragraph defines what constitutes “copyright”. It states that copyright “means” the sole right to produce or reproduce a work in any material form, to perform a work in public, or to publish an unpublished work. This definition of “copyright” is exhaustive, as the term “means” confines its scope. The paragraph concludes by stating that copyright “includes” several other rights, set out in subsections (a) through (i). As a result, the rights in the introductory paragraph provide the basic structure of copyright. The enumerated rights listed in the subsequent subparagraphs are simply illustrative: Sunny Handa, *Copyright Law in*

*Canada* (2002), at p. 195; see also *Apple Computer Inc. v Mackintosh Computers Ltd.*, [1987] 1 F.C. 173 (T.D.), at p. 197. The rental rights in s. 3(1)(i) referred to by Justice Rothstein, for example, can fit comfortably into the general category of reproduction rights.

The majority thus contends not only that applying a communication right in addition to the performance right would constitute double counting, but that applying a right from the broad category of “performance and communication rights” to the “same activity” that is already covered by a reproduction right would constitute double counting. To phrase the majority’s position more generally, a right in the lettered list cannot apply in addition to another right that is part of the same category of general rights in the introductory paragraph; presumably, that rule means not only that a general right and a lettered right from the same category cannot apply at the same time, but that more than one right in the lettered list cannot apply if they fall within the same category of rights in the introductory paragraph. Moreover, for any single activity, the rights are effectively exhausted once *any* copyright right applies to it.

As further support for their position, the majority emphasizes that the interpretation of section 3 should adhere to technological neutrality, a principle that underlay the judgment in *Robertson v Thomson Corp.*<sup>9</sup> Under technological neutrality, they argue, there should be no difference between an end purchaser who buys a physical copy of the video game and one who elects to receive it as a digital download because “[t]he Internet is simply a technological taxi that delivers a durable copy of the same work to the end user.”<sup>10</sup> Hence, they reason, a “separate, ‘communication’ tariff applied to downloads of musical works violates the principle of technological neutrality.”<sup>11</sup> As the majority defines that term, it “requires that the *Copyright Act* apply equally between traditional and more technologically advanced forms of the same media.”<sup>12</sup>

### **B. Justice Rothstein’s Dissenting Reasons for Judgment**

By contrast, Rothstein J, in his dissent (joined by LeBel, Fish and Cromwell JJ) argues that all the rights in section 3, whether in the introductory paragraph or in the lettered list, are independent, and

that the majority’s “propositions pre-empt the application of other rights of the copyright holder to this set of facts and divest these rights of their independent content.”<sup>13</sup> Rothstein J invokes first principles of copyright law, including the traditional metaphor of copyright rights as a bundle of sticks:<sup>14</sup>

Copyright is a creature of statute (*Théberge v Galérie d’Art du Petit Champlain inc.*, 2002 SCC 34, 2002 SCC 34, [2002] 2 S.C.R. 336, at para. 5; *Compo Co. v Blue Crest Music Inc.*, [1980] 1 S.C.R. 357, at p. 373; *Bishop v Stevens*, [1990] 2 S.C.R. 467, at p. 477). Copyright is comprised of a bundle of independent statutory rights (*Bishop v Stevens*, at p. 477; *Compo Co. Ltd. v Blue Crest Music*, at p. 373). Courts must give effect to these independent rights as provided by Parliament. While courts must bear in mind that the *Copyright Act* “is...a 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” which balance requires “not only...recognizing the creator’s rights but in giving due weight to their limited nature” (*Théberge*, at paras. 30 and 31), courts must still respect the language chosen by Parliament—not override it.

Rothstein J, like the majority, remarks the bi-partite structure of section 3 but interprets that as supporting, rather than detracting from, the status of the communication right as a “self-standing right” that is independent of the general rights:<sup>15</sup>

I digress briefly to point out that the structure of s. 3(1) implies that the communication right in paragraph (f) is a self-standing right independent of the performance right in the introduction of the section. The first lines of the English version of s. 3(1) provide that “copyright... means the sole right to produce or reproduce the work..., to perform the work...in public or...to publish the work...and includes the sole right”...

There then follow specific rights listed as paragraphs (a) to (i). Paragraph (f) provides for the sole right to “communicate the work to the public by telecommunication”.

Parsing the listed rights, Rothstein J rejects the idea that they each could “fit comfortably”, as the majority put it, within one of the general rights in the introductory paragraph.<sup>16</sup>

While the use of the word “includes” could indicate that the rights listed in subparagraphs (a) to (i) are instances of one of the rights in the opening words of s. 3(1), the context indicates otherwise. Several of the listed rights are clearly outside of the right to produce or reproduce, perform or publish. For example, paragraph (i) provides for the right to rent out a sound recording embodying a musical work. It is difficult to see how this right fits within the right to produce or reproduce, perform or publish the work. Indeed, it would be contrary to *Théberge*, in particular at paras. 42 and 45, where the majority of this Court held that a “reproduction” within the meaning of the Act requires a *multiplication* of copies. All the prerogatives of the copyright holder in s. 3(1) are better considered as separate and distinct rights (*Bishop v Stevens*, at p. 477, *per* McLachlin J.; *Compo Co. v Blue Crest Music Inc.*, at p. 373, *per* Estey J.).

Finally, the dissent turns to the French version of section 3 as support for the interpretation that the listed rights are in addition to, and not mere illustrations of, the general rights in the introductory paragraph.<sup>17</sup>

This interpretation of the English version of s. 3(1) is consistent with the French version of the text, which states that “[l]e droit d’auteur sur l’oeuvre comporte le droit exclusif de produire ou reproduire, [représenter ou publier] l’oeuvre; ce droit comporte, en outre, [les droits énumérés aux alinéas (a) à (i)].” The use of the phrase “en outre”—in addition—indicates paras. (a) to (i) are in addition to those in the opening words.

Hence, as the rights are all independent and can be separately exercised, Rothstein J avers it “cannot be inferred that the independent right of communication to the public by telecommunication in s 3(1)(f) cannot be engaged where, at the same time, copies of a work are made available.”<sup>18</sup> In other words, the reproduction right and the communication right may both apply.

The dissent likewise supports a principle of technological neutrality but disagrees with the majority’s application of the principle, instead observing that “technology neutrality is not a statutory requirement capable of overriding the language of the Act and barring the application of the different protected rights provided by Parliament.”<sup>19</sup> As Rothstein J points out, the passage in *Robertson* that referenced technological neutrality was protective of the author’s (and the public’s) rights. As that decision put it, “Media neutrality is not a licence to override the rights of authors—it exists to protect the rights of authors and others as technology evolves.”<sup>20</sup> In the dissent’s reading, technological neutrality requires that the *Copyright Act* apply to different media, but it does not dilute the exclusive rights. Technological neutrality, according to the dissent, ensures that reproduction rights apply to digital copies and that communication rights apply to technologies other than broadcasting, but it does not vitiate the application of section 3(1)(f).<sup>21</sup> Attacking the majority’s technological taxi metaphor, Rothstein J counters that though “the Internet may well be described as a technological taxi... taxis need not give free rides.”<sup>22</sup> The dissent instead suggests that if the application of statutory rights results in an imbalance, the appropriate recourse is Parliamentary amendment or for the Copyright Board to exercise its discretion to adjust the tariff rates.<sup>23</sup>

### III: Defining Copyright’s Exclusive Rights

#### A. Section 3

Section 3, the interpretation of which is the focus of *ESA*, defines copyright’s exclusive rights for works: that is, the economic rights. The *Copyright Act* defines “copyright” in section 2, which states, in part, that it “means the rights described in...section 3, in the case of a work.”<sup>24</sup> Section 3 in turn defines “copyright” in relation to works.

For ease of reference, section 3 provides:

3 (1) For the purposes of this Act, “copyright”, in relation to a work, means the sole right to produce or reproduce the work or any substantial part thereof in any material form whatever, to perform the work or any substantial part thereof in public or, if the work is unpublished, to publish the work or any substantial part thereof, and includes the sole right

(a) to produce, reproduce, perform or publish any translation of the work,

(b) in the case of a dramatic work, to convert it into a novel or other non-dramatic work,

(c) in the case of a novel or other non-dramatic work, or of an artistic work, to convert it into a dramatic work, by way of performance in public or otherwise,

(d) in the case of a literary, dramatic or musical work, to make any sound recording, cinematograph film or other contrivance by means of which the work may be mechanically reproduced or performed,

(e) in the case of any literary, dramatic, musical or artistic work, to reproduce, adapt and publicly present the work as a cinematographic work,

(f) in the case of any literary, dramatic, musical or artistic work, to communicate the work to the public by telecommunication,

(g) to present at a public exhibition, for a purpose other than sale or hire, an artistic work created after June 7, 1988, other than a map, chart or plan,

(h) in the case of a computer program that can be reproduced in the ordinary course of its use, other than by a reproduction during its execution in conjunction

with a machine, device or computer, to rent out the computer program, and

(i) in the case of a musical work, to rent out a sound recording in which the work is embodied,

[(j) in the case of a work that is in the form of a tangible object, to sell or otherwise transfer ownership of the tangible object, as long as that ownership has never previously been transferred in or outside Canada, with the authorization of the copyright owner,]

and to authorize any such acts.

The *Copyright Modernization Act, 2012*, which came into force a few months after the Supreme Court's decision in *ESA*, added section 3(1)(j), which provides first distribution rights.<sup>25</sup> It did not otherwise change the structure of section 3. Thus, if the majority's interpretation applies, section 3(1)(j), like section 3(1)(f), is illustrative of one of the three general rights. If the dissent's interpretation applies, section 3(1)(j), like section 3(1)(f), is a separate right that applies independently.

The structure of the Canadian *Copyright Act* thus has an introductory paragraph that describes copyright as comprising three rights (copyright "means" the sole right "to produce or reproduce", "to perform" and, for unpublished works, "to publish" the "work or any substantial part" of it). The right "to produce or reproduce" is the only one of the three rights for which the more expansive language "in any material form whatever" applies.<sup>26</sup> Further, it is only in the introductory paragraph that the language "or any substantial part thereof" appears; that phrase is not repeated anywhere in the list of lettered rights.

The introductory paragraph states that copyright "means" those rights, but then concludes by stating that copyright "includes the sole right", followed by a list of several rights, many of which are particular to only certain kinds of works. According to legislative drafting practice, the term "means" conventionally signals that a statutory term of art has been exhaustively defined, while "includes" conventionally signals a non-restrictive definition.<sup>27</sup> Thus the use of

both “means” and “includes” in statutory definitions, as in section 3, has been discouraged as contradictory. For example, the *Drafting Conventions of the Uniform Law Conference of Canada* provide:<sup>28</sup>

“Means” and “includes”

(4) “Means” and “includes” have different uses.

Note that the French version of this subsection is different.

“Means” is appropriate for exhaustive definition (where French uses *s’entend de*, or no linking word at all). “Includes” is appropriate for two kinds of definitions; those that extend the defined term’s usual meaning (here French uses techniques such as *assimiler à*), and those that merely give examples of the defined term’s meaning without being exhaustive (here, French generally uses *s’entend notamment de*). When a bilingual Act is being prepared, the two drafters must consider the issues together. The drafter should exercise caution when using “includes”. It should not be used in exhaustive definitions, and the contradictory “means and includes” should never be used.

The conflict between the majority’s and dissent’s approaches to interpreting section 3 may be attributed in great part to the ambiguity of a statutory definition that employs both “means” and “includes”, a conjunction that “inevitably raises a doubt as to interpretation.”<sup>29</sup> The majority and the dissent agree that the issue turns on statutory interpretation, but part ways on the preferred interpretation. The majority’s approach characterizes the individual listed rights as *mere illustrations* constituting a sub-category of an exhaustively defined term. In effect, the majority partially adopts the second sense of “includes” referred to by the Uniform Law Conference of Canada’s drafting conventions—to merely give examples—but then adapts it for the context of a restrictive definition. The dissent’s approach characterizes the individual listed rights as an *extension* of the defined term’s usual meaning, consistent with the first sense



of “includes” referred to by Uniform Law Conference of Canada’s drafting conventions, but interprets the overall definition to be non-restrictive.

The complication with the majority’s approach to section 3 is that the particular rights in the lettered list after “includes” sometimes, but not always, map neatly onto one of the three main rights in the introductory paragraph. For example, translating a work may be seen as a form of reproduction, albeit one that is metaphorical rather than literal. But section 3(1)(a), which refers to translation, more comprehensively covers the rights to “produce, reproduce, perform or publish” any translation of a work, and thus cannot be contained solely within the category of reproduction rights. Section 3(1)(j)’s distribution right, which had been introduced in a bill at the time of the *ESA* decision but which came in force a few months later, is also convoluted to map onto one of the general rights. If one had to choose from among the majority’s three broad rights, the closest analogy to the right to the first sale or other transfer of the ownership in the tangible object would seem to be publication. But this poor fit underscores the dubious exercise of trying to map all the listed rights back onto the general rights. Indeed, the very existence of some of the explicitly stated rights may fairly be attributed to conflicting judicial interpretations or ambiguities, often occasioned by new technological developments, as to whether a given act was already encompassed, or potentially encompassed, by one of the three main rights.<sup>30</sup> As Rothstein J summarizes, the “legislation has evolved to recognize the evolution of technologies.”<sup>31</sup> Some section 3 rights were motivated by the development of new technologies; both the majority and dissent explain that this was the reason for amending section 3(1)(f) to refer to telecommunication rather than broadcasting, making it a more technologically neutral right.<sup>32</sup> In other cases, rights were added to satisfy treaty obligations (e.g., section 3(1)(f) was added in 1931 to implement the Rome agreement),<sup>33</sup> which suggests that it was not obvious that all the particularized rights were implicit in one of the general rights, and that the uncertainty merited at least a “for greater clarification” amendment.

Thus, the rights in the lettered list are *more* than what might be assumed to be in reproduction, performance and publication;

conversely, they are also *less* than the universe of what reproduction, performance and publication might conceivably include, leaving room not only for courts to interpret a right in the introductory paragraph to include acts that are not in the lettered list but also for Parliament to add other individual rights (as was in fact done in the 2012 *Copyright Modernization Act*). Under this interpretation, the listed rights are part of, and within, the definition of “copyright”, but not necessarily a foreseeable subset of one of the three main rights nor the only analogous and historically related rights that might be envisioned. That is, in contrast to the majority’s reading and consistent with the dissent’s reading, section 3(1) can be interpreted as stating that “copyright” means the sole right to produce or reproduce the work...to perform the work...in public...to publish the work...and [also] includes the sole rights” in the list that follows, including the right to communicate to the public by telecommunication. In that interpretation, *each* of the rights, including the rights in sections 3(1) (a)-(j), is separate, distinct and independent, and the rights owner can exercise *any and all* of those rights. This interpretation seems most consistent with the French version of the text and with Elmer Driedger’s sole principle for statutory interpretation: “namely, the words of an Act are to be read in their entire context and in their grammatical and ordinary sense harmoniously with the scheme of the Act, the object of the Act, and the intention of Parliament.”<sup>34</sup>

Confusingly, the *ESA* majority acknowledges that the “rights enumerated in section 3(1) are distinct”, but then states that the communication right in section 3(1)(f) is not a “*sui generis* right in addition to the general rights described in s. 3(1).” The majority thus contends that the listed rights, although “distinct”, are not “*sui generis*” rights and are not additional to the three general rights.<sup>35</sup> Although the majority rejects the idea that the listed rights are “*sui generis*”, that is not really the key point; rather, it is whether all the rights (general and listed) may be exercised independently. *Black’s Law Dictionary* defines “*sui generis*” as “of its own kind or class; unique or peculiar.”<sup>36</sup> Both the dissent and the majority agree that the right to communicate to the public by telecommunication historically derived from the right to public performance;<sup>37</sup> thus, both sides may be taken to agree that the communication right is not “*sui generis*”, if the use of that term

suggests that a “*sui generis*” communication right would have no historical linkage to one of the three main rights. The most important question, however, is whether the listed rights and general rights are distinct rights that may be exercised independently, regardless of their historical connections, and on that point Canadian case law, including the Supreme Court’s own precedents, gives credence to the dissent’s position that the listed rights be treated as independent rights.

## **B. Canadian Case Law**

As Rothstein J outlines, an alternative interpretation of the structure of the *Copyright Act* to the one put forward by the majority is that copyright is defined as all the rights in section 3, each right is independent of the others, and an owner may exercise any and all of the rights. This seems to be what La Forest JA intended when he wrote: “Section 3(1) defines the rights comprised in a copyright in a non-exhaustive way. Generally it is the sole right to produce or reproduce the work or a substantial part of it in any form, but as will be seen later the law also affords protection to the author against certain interferences with the right.”<sup>38</sup> In other words, copyright *generally* consists of a reproduction right, but it is not confined to that right. Copyright also protects against other interferences, for example, the unauthorized communication to the public by telecommunication.

The difference between the majority and dissent in *ESA* lies in whether the listed rights are all individual rights that a copyright owner may separately exercise or whether a copyright owner for any given act is effectively limited to reproduction, performance and publication. Under the latter interpretation of the Supreme Court majority, for a given activity, a copyright owner may exercise one, and only one, of the three major rights. Under the former interpretation, a copyright owner may exercise more than one of the general rights *and* particular rights, and thus could exercise both public performance and communication to the public rights, as well as reproduction rights. The Supreme Court’s own precedents repeatedly characterize the rights as separate and distinct and thus support the former interpretation.

In *Compo Co v Blue Crest Music Inc.*, Estey J, for a unanimous Court, concluded that a person pressing phonograph records

infringes the exclusive section 3 rights of the copyright holder of the musical work. Notably, the decision characterizes one of the listed rights (in that case, section 3(1)(d)), one of the general rights (performance or reproduction), *and* the authorization right as “separate and distinct rights”:<sup>39</sup>

The sole right to perform the work resides in the owner of the copyright therein (s. 3(1)). The sole right to make such contrivance is in the copyright owner (s. 3(1)(d)). The sole right to authorize either performance or the making of the record is in the copyright holder (s. 3(1)). Sections 3 and 19(9)(c) very clearly establish these rights as *separate and distinct rights*, exclusive to the owner of the copyright in the work.

The same pattern held in *Bishop v Stevens*, where then McLachlin J, for a unanimous court, described section 3(1) in total as listing “a number of distinct rights belonging to the copyright holder” and went on to characterize one of the general rights and one of the listed rights as “distinct rights”. As she continued, “The right to perform (including radio broadcast), and the right to make a recording, are separately enumerated in s 3(1). They are distinct rights in theory and in practice, as is evident from a description of the licensing system by which musicians obtain payment for use of their works.”<sup>40</sup> As Rothstein J summarizes these precedents, “the rights of copyright holders under s. 3(1) are distinct and separate rights. *Bishop v Stevens* re-affirmed...the holding in *Compo*... that the rights listed in s. 3(1) are distinct and separate rights.”<sup>41</sup>

That idea was reaffirmed in the Supreme Court’s 2004 ruling in *SOCAN v CAIP*, which specifically used section 3(1)(f) to illustrate the principle that the exercise of *any* right exclusive to the copyright owner infringes copyright.<sup>42</sup>

It is an infringement for anyone to do, without the consent of the copyright owner, “anything that, by this Act, only the owner of the copyright has the right to do” (s. 27(1)), including, since the 1988 amendments, the right “to *communicate* the work to the public by telecommunication...and to *authorize* any such acts” (s. 3(1)(f) [emphasis added]).

Further support is provided by *CCH Canadian v Law Society of Upper Canada* [CCH], which established that the authorization right, which is part of section 3(1) but not part of the list of particularized rights, was a separate right.<sup>43</sup>

Following a recent pattern in Supreme Court decisions of moving away from *Bishop v Stevens*, especially its “author-centric view”, the *ESA* majority here distinguishes *Bishop v Stevens* on the ground that it involved “two activities”—making an ephemeral copy of a musical work for a broadcast and the broadcast of the work.<sup>44</sup> By contrast, the facts in *ESA*, according to the majority, involved only one activity—downloading a copy of a video game containing musical works. The practical implication of the majority’s reasoning is that there is only one tariff (based on reproduction), and SOCAN is not entitled to an additional royalty based on the section 3(1)(f) communication right.

But even if one were to allow the majority’s argument that the communication right is a subset of performance rights, and that by implication it would be a form of double counting to allow both, that does not explain why the reproduction right and the performance right could not both apply to this situation. Indeed, in *Bishop v Stevens*, a variant of the reproduction right and the performance right both applied. Nevertheless, the *ESA* majority distinguishes *Bishop v Stevens* on the grounds that it stands for the proposition that there may be only one right per one “activity”. But that reading deviates from the language in the *Bishop v Stevens* excerpt that is quoted in support. *Bishop v Stevens* approvingly quotes an English Court of Appeal decision that refers to “acts”, not “activities”. Moreover, the term “acts” is used synonymously with “rights”, not with “activities”, in that excerpt by the English Court of Appeal:<sup>45</sup>

It is clear from an examination of s. 3(1) that it lists a number of distinct rights belonging to the copyright holder. As stated in *Ash v. Hutchinson & Co. (Publishers), Ltd.*, [1936] 2 All E.R. 1496 (C.A.), at p. 1507, *per* Greene L.J.:

Under the Copyright Act, 1911 [on which the Canadian Act was based], s. 1(2), the rights of the owner of copyright are set out. A number of acts are

specified, the sole right to do which is conferred on the owner of the copyright. The right to do each of these acts is, in my judgment, a separate statutory right, and anyone who without the consent of the owner of the copyright does any of these acts commits a tort; if he does two of them, he commits two torts, and so on.

See also *Compo Co. v. Blue Crest Music Inc.*, *supra*, at p. 373.

In context, it is clear that “acts” are intended to be equivalent to the sole rights of copyright and not with activities. Yet Abella and Moldaver JJ, in paraphrasing that decision, write: “*Bishop* does *not* stand for the proposition that a *single* activity (i.e., a download) can violate two separate rights at the same time. This is clear from the quote in *Ash v. Hutchinson*, which refers to ‘two...acts.’”<sup>46</sup>

It breaks from precedent to contend that a copyright owner cannot exercise more than one right per “activity”. “Activity” appears in only a few places in the *Copyright Act*, and the only close instances to the majority’s usage are the references in sections 27(2) and 27.1, where it is used to refer back to previously described activities that constitute secondary infringement. In the legislation, the term “activity” is never used to delimit how the copyright owner may exercise exclusive rights. However, that is what the majority does in *ESA*. The majority invokes “activity” as a restrictive device to address their concern that applying the communication right to the download of musical works would “capture activities akin to reproduction” and “would result in abandoning the traditional distinction in the *Act* between performance-based rights and rights of reproduction.”<sup>47</sup> But recognizing that the transmission of a work is a communication to the public by telecommunication does not amount to a wrongful incursion into the realm of reproduction rights. The reproduction of the work (which, as Rothstein J notes, the Supreme Court has already defined in *Théberge* as requiring the multiplication of copies<sup>48</sup>) is a distinct act from the communication of that work and thus both rights may apply.

Further, the majority does not clearly explain why, if these rights are indeed distinct, more than one right cannot be involved in an

“activity”. It is a truism of intellectual property that any given physical property can implicate more than one type of intellectual property right. The rights protect different aspects, so generally this is not double counting or overprotection. For example, an electronic device will likely have a trademark, copyrighted software and a patented process. Similarly, for each type of intellectual property right, owner’s rights are usually characterized as a bundle of rights, and the owner can exercise any or all of them. The rights can be disentangled and separately exercised, including by assignment and licensing, and can be limited in duration or by region. That structure is replicated in the collective society regimes in which different collectives exercise different rights (e.g., the music performing rights administered by SOCAN and the reproduction rights administered by ACCESS). It follows then, as Rothstein J writes:<sup>49</sup>

The occurrence of one infringement therefore does not preclude the finding of another. As “[i]nfringement is the single act of doing something which ‘only the owner of the copyright has the right to do’” (*Compo Co. v. Blue Crest Music Inc.*, at p. 375), if two protected acts occur without authorization of the copyright holder, there are two infringements. The fact that there are two protected rights does not restrict the protection afforded by each right.

The majority stresses that the principle of technological neutrality demands that an Internet download be treated equivalently to a hard copy and that the mere choice of a delivery method should not implicate additional rights. But, as Rothstein J counters, a “media neutral application of the Act...does *not* imply that a court can depart from the ordinary meaning of the words of the Act in order to achieve the level of protection for copyright holders that the court considers is adequate.”<sup>50</sup> For copyright purposes, the transmission of a digital work *does* implicate different rights than the sale of a hard copy. That conclusion is inherent in the catalogue of rights that the legislation provides. It is also consistent with prevailing contracting practices, with Canadian case law, and with international and other national definitions of the exclusive rights of copyright for works.

### C. Other Sources

Copyright law is “purely statutory law”, which “simply creates rights and obligations upon the terms and in the circumstances set out in the statute.”<sup>51</sup> As such, this question of how to define the exclusive rights of copyright is purely an exercise of statutory interpretation of the Canadian *Copyright Act*. The Supreme Court has rightly cautioned that other countries’ copyright acts “must be scrutinized very carefully”, given differences in the statutory wording.<sup>52</sup> However, the Supreme Court has consulted international agreements, the legislation of member countries bound by the same treaties, and the legislation of “like-minded” countries to aid in interpreting the Canadian statute.<sup>53</sup> The Berne Convention, the TRIPS Agreement and the copyright legislation of other countries, which, like Canada, share historical links with the United Kingdom, all support treating the listed rights as independent.

#### 1. International Agreements

In the Berne Convention, the exclusive rights of copyright are listed in separate articles and are specific to particular types of works.<sup>54</sup> Article 8 provides translation rights for authors of literary and artistic works. Article 9 provides reproduction rights for literary and artistic works and includes sound and visual recordings. Article 11 provides authors of dramatic and musical works with translation rights (art 11(2)), as well as the rights to authorize public performance (art 11(1) (i)) and communication to the public by telecommunication (art 11(1) (ii)). Article 11*ter* provides authors of literary works with the right to authorize the public recitation and communication to the public of their works and translation rights. Finally, Article 12 provides authors of literary and artistic works with the right to authorize adaptations, arrangements and other alterations of their works. Communication rights are present in both articles 11*ter* and 11 and, significantly, are in the same hierarchy as the reproduction rights and performance rights.

All of these rights are in TRIPS, which incorporates articles 1 through 21 of the Berne Convention (with the exception of the provisions in article 6*bis* on moral rights).<sup>55</sup> In *United States—Section 110(5) of the US Copyright Act*, a WTO panel discussed “exclusive rights” in the context of addressing the application of TRIPS’s three-



step test for copyright, which WTO members must satisfy in order to impose limitations and exceptions to copyright.<sup>56</sup> The test, which is set out in TRIPS article 13, provides that “Members shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder.”<sup>57</sup> The meaning of copyright “exclusive rights” is integral to the application of the three-step test because “whether a limitation or an exception conflicts with a normal exploitation of a work should be judged for each exclusive right individually.”<sup>58</sup> The WTO panel treated each Berne subsection that was involved in that dispute as constituting a separate exclusive right: “In our view, normal exploitation would presuppose the possibility for right holders to exercise separately all three exclusive rights guaranteed under the three subparagraphs of Article 11bis(1), as well as the rights conferred by other provisions, such as Article 11, of the Berne Convention (1971).”<sup>59</sup> Moreover, the panel determined that any limitation or exception must be justified for each right. The panel reasoned that “the exclusive rights conferred by different subparagraphs of Articles 11bis and 11 need not necessarily be in the possession of one and the same right holder”, and hence, “[i]f it were permissible to justify the interference into one exclusive right with the fact that another exclusive right generates more revenue, certain right holders might be deprived of their right to obtain royalties simply because the exclusive right held by another right holder is more profitable.”<sup>60</sup> In this dispute, the WTO panel distinguished the right to authorize communication to the public by telecommunication of a musical or dramatic work as separate from the right to authorize a performance of a dramatic or musical work.

Analogizing the WTO panel reasoning on exclusive rights to the Canadian *Copyright Act*, the section 3(1)(f) communication right would likewise be a separate right from the performance right; that interpretation is consistent with the *ESA* dissent’s approach of treating sections 3(1)(a)-(i) as separate rights, rather than with the majority’s approach that they are merely illustrative of three broad rights. As the WTO panel emphasized, “[i]t must be remembered that a copyright owner is entitled to exploit each of the rights for which a treaty, and the national legislation implementing that treaty, provides.”<sup>61</sup>

## 2. Other Countries' Copyright Statutes

None of the statutes of the United Kingdom, Australia, New Zealand or Singapore have the split structure of the Canadian *Act* of an introductory paragraph with a general definition for copyright followed by other rights. Instead, the structure of these statutes accords equal precedence to each of the rights.

In the United Kingdom's *Copyright, Designs and Patents Act 1988*,<sup>62</sup> section 2 defines the "Rights subsisting in copyright works" as the exclusive right to do the acts in Chapter II. In Chapter II, section 16 provides that the copyright owner has the exclusive right to do six acts, including the right to "copy", to "perform, show or play the work in public", and "to communicate the work to the public." Section 17 further provides that the right to communicate the work to the public, which applies to all types of work, covers any electronic transmission, including broadcasting, and also includes the making available right.

In Australia's *Copyright Act 1968*, section 31 defines copyright as the right to do "all or any of the following acts": reproduce, publish, publicly perform, communicate to the public and adapt the work in the case of literary, dramatic and musical works; and reproduce, publish and communicate the work to the public in the case of artistic works.<sup>63</sup>

In New Zealand's *Copyright Act 1994*,<sup>64</sup> section 16(1) sets out nine acts that the copyright owner has the exclusive right to do, including to copy, perform the work in public, communicate the work in public, and to authorize the protected acts. Communicating the work in public is a restricted act for all types of works.<sup>65</sup> Again, each of these rights is set out in the same hierarchy.

In Singapore's *Copyright Act*, section 26 defines copyright as the exclusive right to do "all or any of the following acts", including reproduction, publication, public performance, communication to the public, and adaptation for literary, dramatic and musical works; and reproduction, publication and communication to the public for artistic works.<sup>66</sup>

While it must be stressed that these statutes have limited significance for the statutory interpretation of the Canadian *Copyright Act*, it is nonetheless interesting that in each of these "like-minded" and Berne- and WTO-member jurisdictions, the right to communicate to the public is separately listed, accorded equal weight

to the other rights, and not treated as a subset of a more general right. Australia and Singapore emphasize this by stating that the copyright owner has the right to do “all or any” of the described acts; that is, each right may be exercised independently and more than one right may be exercised. Each of these jurisdictions lists performance and communication to the public as separate rights and places them in the same hierarchy of all the other rights (e.g., equal to reproduction). None of these jurisdictions first generally defines copyright and then lists more particular rights.

#### **IV: Conclusion**

In the wake of the Supreme Court’s decision in *ESA*, a group of companies providing mobile phone services have asked the Copyright Board to reconsider the certification of a different communication-based tariff (Tariff 24), which assesses royalties based on the communication right for the transmission of ringtones from wireless carriers to their subscribers, and seek the Federal Court to order SOCAN to repay \$15 million in royalties that the phone companies have paid. Extrapolating from *ESA*, the companies contend that transmitting a ringtone implicates only the reproduction right and not the communication right and that Tariff 24 is invalid.<sup>67</sup> In SOCAN’s response to the application to the Copyright Board, SOCAN conversely argues that even if *ESA* adversely affects Tariff 24, the making available right in the newly enacted section 2.4(1.1), which is part of the package of amendments in the *Copyright Modernization Act* that came into force shortly after *ESA*, restores its right to collect communication tariffs, and that section 2.4(1.1) applies not only to ringtones but to video games as well.<sup>68</sup>

This development points to two open questions: how far does *ESA*’s ruling on the scope and number of section 3 rights extend? And how does *ESA* (and, more broadly, the other cases in the Supreme Court’s copyright pentalogy) intersect with the amendments in the *Copyright Modernization Act*, particularly those like section 2.4(1.1), which relate to treaty obligations under the WIPO Copyright Treaty?

If one were to emphasize the majority’s reasoning in *ESA*, one would argue that there are only three economic rights and thus only

one means per activity for a copyright owner to acquire a revenue stream. Downloads of works, whether they be ringtones or video games, by telecommunication is a reproduction that does not engage the performance right and hence does not support a right to collect tariffs based on a communication right. The implications of the majority's logic in *ESA* would also seem to mean that section 2.4(1.1)'s making available right is not a freestanding right; it is simply a variant of the performance right. Regardless of the passage of section 2.4(1.1) in the *Copyright Modernization Act*, then, a collective society would not be able to collect a tariff based on the communication right for the Internet transmission of a permanent copy of a work (as opposed to streaming) since that properly falls within the reproduction right. This is the core of the phone companies' argument.

But if the coming into force of the *Copyright Modernization Act* is emphasized, one could alternatively argue either that section 2.4(1.1) indicates Parliament's intent to enact a *new* right for copyright owners (the making available right), which is separate from section 3 and therefore that *ESA*'s ruling on the interpretation of section 3 is not apposite, or that the making available right in section 2.4(1.1) is a species of a communication right, but its recognition in the *Copyright Modernization Act* overrides the earlier ruling in *ESA*. Either way, section 2.4(1.1) suggests a new basis on which to support a revenue stream through the imposition of tariffs. According to SOCAN,

the introduction of the MAR [making available right] *re-establishes* SOCAN's right to require licences—and the Board's jurisdiction to certify tariffs—in respect of the downloading of musical works made available to the public in such a way that members of the public may access the musical works from a place and at a time individually chosen by them. This would cover ringtones and ringbacks, as well videogames and full-length musical tracks.<sup>69</sup>

This is the central premise of SOCAN's counter argument.

These tensions, both between the two views of section 3 rights and between *ESA* and the *Copyright Modernization Act*, will no doubt continue to ramify. Section 3 defines copyright's economic

rights, those rights that Binnie J in *Théberge* described as “based on a conception of artistic and literary works essentially as articles of commerce” and as taking a more “dollars and cents view of the relationship between an artist and his or her work.”<sup>70</sup> Hence, the composition and number of those rights has significant repercussions for a copyright owner’s revenue stream. If there are only three rights and if these rights are limited per activity, as the majority ruled in *ESA*, then that presages significant changes to tariffs and copyright licensing; but it also suggests a more profound reconceptualization of the legal framework for a copyright owner’s economic exploitation of a work and more broadly foretells a rethinking of the purpose of copyright law. The implications of *ESA* and its relationship to the *Copyright Modernization Act* affect elemental questions regarding the nature of rights in copyright law, the relationship between Canadian copyright law and international treaties, statutory interpretation, the interplay between Parliament and the courts, the role of policy in copyright law, and the delineation of the principles of copyright balance and technological neutrality. Rothstein J is thus no doubt correct to remark in *ESA* that it is “fundamental principles of copyright law” on which the majority and dissent “part company.”<sup>71</sup>




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<sup>1</sup> *Entertainment Software Association v Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 34, [2012] 2 SCR 231 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9994/index.do>> [*ESA*]; *Copyright Act*, RSC 1985, c C-42, as amended <<http://laws.justice.gc.ca/en/C-42/>>.

<sup>2</sup> *ESA*, *supra* note 1 at para 47.

<sup>3</sup> *Ibid* at paras 5, 7-8 (Abella and Moldaver JJ) and paras 47, 49-50 (Rothstein J).

<sup>4</sup> *Ibid* at para 42.

<sup>5</sup> *Ibid* at paras 38-39.

<sup>6</sup> *Ibid* at para 41.

<sup>7</sup> *Ibid*.

<sup>8</sup> *Ibid*.

<sup>9</sup> *Robertson v Thomson Corp.*, 2006 SCC 43 at para 49, [2006] 2 SCR 363 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2317/index.do>> [*Robertson*].

<sup>10</sup> *ESA*, *supra* note 1 at para 5.

<sup>11</sup> *Ibid.*

<sup>12</sup> *Ibid.*

<sup>13</sup> *Ibid* at para 49.

<sup>14</sup> *Ibid* at para 47.

<sup>15</sup> *Ibid* at para 90 [emphasis in original].

<sup>16</sup> *Ibid* at para 91.

<sup>17</sup> *Ibid* at para 92.

<sup>18</sup> *Ibid* at para 111.

<sup>19</sup> *Ibid* at para 49.

<sup>20</sup> *Robertson*, *supra* note 9 at para 49.

<sup>21</sup> *ESA*, *supra* note 1 at para 121.

<sup>22</sup> *Ibid* at para 50.

<sup>23</sup> *Ibid* at paras 125-26.

<sup>24</sup> “Copyright” is defined in section 2 as the rights described in section 3 (concerning works) and the rights described in sections 15, 26, 18 and 21 (concerning the related rights in a performer’s performance, sound recording and communication signal). “Copyright” as a term of art in the *Copyright Act* thus comprises only economic rights in copyright works and the related rights. “Copyright” does not include moral rights, which are those rights described in section 14.1(1), namely the right to the integrity of the work and to be associated with the work as an author by name or pseudonym or to remain anonymous, and the equivalent rights in section 17.1(1) for a performer. On the relationship between economic rights and moral rights, see *Théberge v Galerie d’Art du Petit Champlain inc.*, 2002 SCC 34, [2002] 2 SCR 336 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/1973/index.do>> [*Théberge*]. “The economic rights are based on a conception of artistic and literary works essentially as articles of commerce. ... Moral rights, by contrast, descend from the civil law tradition. They adopt a more elevated and less dollars and cents view of the relationship between an artist and his or her work. They treat the artist’s *œuvre* as an extension of his or her personality, possessing a dignity which is deserving of protection” (*ibid* at paras 12, 15).

<sup>25</sup> *Copyright Modernization Act*, SC 2012, c 20 <[http://laws-lois.justice.gc.ca/eng/AnnualStatutes/2012\\_20/FullText.html](http://laws-lois.justice.gc.ca/eng/AnnualStatutes/2012_20/FullText.html)> (royal assent 29 June 2012, provisions in force on 7 November 2012, excepting the notice-and-notice regime for Internet service providers, which is pending regulations, and provisions relating to reciprocity under the WIPO Internet Treaties). Section 3(1)(j) is in force.

<sup>26</sup> In *Rogers Communications Inc. v Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 35 at para 39, [2012] 2 SCR 283 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/9995/index.do>> [*Rogers*], Rothstein J for the majority applies that principle to the right to communicate to the public by telecommunication: “Although the words ‘in any material form whatever’ qualify the right to ‘produce or reproduce the work’ in s 3(1), the same principle should guide the application of the neutral wording of the right to ‘communicate...to the public by telecommunication.’”

<sup>27</sup> Ruth Sullivan, *Sullivan on the Construction of Statutes*, 5th ed (Markham: LexisNexis, 2008); *Dilworth v N.Z. Stamps Commissioner*, [1899] AC 99 (PC NZ) at 105-06; *Ricard v Lord*, [1941] SCR 1, [1941] 1 DLR 536; *Robinson v Barton-Eccles* (1883), 8 App Cas 798; *Gaysek v R*, [1971] SCR 888, 18 DLR (3d) 306; *R v Jollimore* (1950), 12 CR 204 (NSCA).

<sup>28</sup> Uniform Law Conference of Canada, *Drafting Conventions for the Uniform Law Conference of Canada*, Report of the Committee Appointed to Prepare Bilingual Legislative Drafting Conventions for the Uniform Law Conference of Canada (Majority Report).

<sup>29</sup> SGG Edgar, *Craies on Statute Law*, 7th ed (London: Sweet & Maxwell, 1981) at 212-13.

<sup>30</sup> See Elizabeth F Judge and Daniel J Gervais, *Intellectual Property: The Law in Canada*, 2d ed (Toronto: Carswell, 2011) at 166-67, cited by Rothstein J dissenting in *ESA*, *supra* note 1 at para 98.

<sup>31</sup> *ESA*, *supra* note 1 at para 99. Similarly in *Rogers*, *supra* note 26, released the same day as *ESA*, Rothstein J, speaking for the majority of the Court, states at para 39: “this Court has long recognized in the context of the reproduction right that, where possible, the Act should be interpreted to extend to technologies that were not or could not have been contemplated at the time of its drafting.”

<sup>32</sup> *ESA*, *supra* note 1 at paras 16-27 (Abella and Moldaver JJ) and paras 94-100 (Rothstein J).

<sup>33</sup> See *Bishop v Stevens*, [1990] 2 SCR 467 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/640/index.do>>.

<sup>34</sup> Elmer Driedger, *Construction of Statutes*, 2d ed (Toronto, Butterworths, 1983) at 87, cited e.g. by *CCH Canadian Ltd. v Law Society of Upper Canada*, 2004 SCC 13 at para 9, [2004] 1 SCR 339 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2125/index.do>> [*CCH*]; *ESA*, *supra* note 1 at 71 (Rothstein J, dissenting); *Rizzo & Rizzo Shoes Ltd. (Re)*, [1998] 1 SCR 27 at 40-41 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/1581/index.do>>.

<sup>35</sup> *ESA*, *supra* note 1 at paras 41-42.

<sup>36</sup> *Black's Law Dictionary*, *sub verbo* “sui generis”.

<sup>37</sup> *ESA*, *supra* note 1 at paras 27 (majority) and 98-101 (dissent). The majority agrees with the dissent that there is a historical relationship but contends that “this historical connection between communication and performance still exists today”, and presumably thus the communication right is a part of the performance right.

<sup>38</sup> *John Maryon Intl Ltd v New Brunswick Telephone Co.* (1982), 141 DLR (3d) 193 (NBCA) at para 244.

<sup>39</sup> *Compo Co v Blue Crest Music Inc.*, [1980] 1 SCR 357 at 376 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2538/index.do>> [*Compo*] [emphasis added].

<sup>40</sup> *Bishop v Stevens*, *supra* note 33 at 477.

<sup>41</sup> *ESA*, *supra* note 1 at para 119.

<sup>42</sup> *Society of Composers, Authors and Music Publishers of Canada v Canadian Assn. of*

*Internet Providers*, 2004 SCC 45 at para 42, [2004] 2 SCR 427 <<http://scc.lexum.org/decisia-scc-csc/scc-csc/scc-csc/en/item/2159/index.do>> [*SOCAN v CAIP*].

<sup>43</sup> *CCH*, *supra* note 34 at para 37.

<sup>44</sup> *ESA*, *supra* note 1 at para 41. On the Supreme Court moving away from *Bishop v Stevens*, *supra* note 33, see *Society of Composers, Authors and Music Publishers of Canada v Bell Canada*, 2012 SCC 36 at para 9, [2012] 2 SCR 326 <<http://scc.lexum.org/en/2012/2012scc36/2012scc36.html>>: “*Théberge* reflected a move away from an earlier, author-centric view which focused on the exclusive right of authors and copyright owners to control how their works were used in the marketplace: see e.g. *Bishop v Stevens* [1990] 2 SCR 467, at 478-79.”

<sup>45</sup> *Bishop v Stevens*, *supra* note 33 at 477.

<sup>46</sup> *ESA*, *supra* note 1 at para 41.

<sup>47</sup> *Ibid* at para 39.

<sup>48</sup> *Théberge*, *supra* note 24 at para 42.

<sup>49</sup> *ESA*, *supra* note 1 at para 120.

<sup>50</sup> *Ibid* at para 122.

<sup>51</sup> *Bishop v Stevens*, *supra* note 33 at 477; *Compo*, *supra* note 39 at 373. See also *Théberge*, *supra* note 24 at para 5; *CCH*, *supra* note 34 at para 9; *SOCAN v CAIP*, *supra* note 42 at para 82.

<sup>52</sup> *Compo*, *supra* note 39 at 367, cited by Rothstein J, dissenting, in *ESA*, *supra* note 1 at para 104.

<sup>53</sup> See e.g. *Théberge*, *supra* note 24 at para 6, Binnie J: “In light of the globalization of the so-called ‘cultural industries,’ it is desirable, within the limits permitted by our own legislation, to harmonize our interpretation of copyright protection with other like-minded jurisdictions”; *SOCAN v CAIP*, *supra* note 42 at para 43 (considering national and international copyright practices and the WIPO Copyright Treaty).

<sup>54</sup> Berne Convention for the Protection of Literary and Artistic Works, 9 September 1886, as revised at Paris on 24 July 1971 and as amended 28 September 1979, S Treaty Doc No. 99-27 (1986), 1161 UNTS 3 <[http://www.wipo.int/treaties/en/ip/berne/trtdocs\\_wo001.html](http://www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html)>.

<sup>55</sup> TRIPS, *Agreement Establishing the World Trade Organization, Annex 1C: Agreement on Trade-Related Aspects of Intellectual Property Rights*, 15 April 1994, 1869 UNTS 299, art 9 <[http://www.wto.org/english/tratop\\_e/trips\\_e/t\\_agm0\\_e.htm](http://www.wto.org/english/tratop_e/trips_e/t_agm0_e.htm)>.

<sup>56</sup> *United States—Section 110(5) of the US Copyright Act*, WTO Panel Report, WTO/DS160/R (15 June 2000) <[http://www.wto.org/english/tratop\\_e/dispu\\_e/1234da.pdf](http://www.wto.org/english/tratop_e/dispu_e/1234da.pdf)> [*United States—Section 110(5) of the US Copyright Act*].

<sup>57</sup> TRIPS, *supra* note 55, art 13.

<sup>58</sup> *United States—Section 110(5) of the US Copyright Act*, *supra* note 56 at para 6.173.

<sup>59</sup> *Ibid* at para 6.173.

<sup>60</sup> *Ibid* at n 155.

<sup>61</sup> *Ibid* at para 6.175.



<sup>62</sup> *Copyright, Designs and Patents Act 1988* (UK), c 48 <<http://www.legislation.gov.uk/ukpga/1988/48/contents>>.

<sup>63</sup> *Copyright Act 1968* (Cth) <[http://www.austlii.edu.au/au/legis/cth/consol\\_act/ca1968133/](http://www.austlii.edu.au/au/legis/cth/consol_act/ca1968133/)>.

<sup>64</sup> *Copyright Act 1994* (NZ), 1994/143 <<http://www.legislation.govt.nz/act/public/1994/0143/latest/DLM345634.html>>.

<sup>65</sup> *Ibid*, s 33.

<sup>66</sup> *Copyright Act* (Cap 63, 2006 Rev Ed Sing) <<http://statutes.agc.gov.sg/aol/search/display/view.w3p;query=DocId%3Ae20124e1-6616-4dc5-865f-c83553293ed3%20Depth%3A0%20ValidTime%3A31%2F12%2F2009%20TransactionTime%3A31%2F01%2F2006%20Status%3Ainforce;rec=0>>.

<sup>67</sup> *Rogers Communications Partnership et. al. v SOCAN* (2012), Federal Court File No. T-2046-12 (Plaintiff's Statement of Claim) <<http://www.scribd.com/doc/113244090/rogers-et-al-v-socan-claim-or-return-of-ringtone-payments>>.

<sup>68</sup> SOCAN response to Application to Vary SOCAN Tariff 24 (2003-2005 and 2006-2013) Ringtones and Ringbacks filed by Bell Mobility et al., letter to Copyright Board of Canada (10 September 2012). Section 2.4(1.1) states: "For the purposes of this Act, communication of a work or other subject-matter to the public by telecommunication includes making it available to the public by telecommunication in a way that allows a member of the public to have access to it from a place and at a time individually chosen by that member of the public."

<sup>69</sup> SOCAN response to Application to Vary SOCAN Tariff 24, *ibid* at 14 [emphasis added].

<sup>70</sup> *Théberge*, *supra* note 24 at paras 12, 15.

<sup>71</sup> *ESA*, *supra* note 1 at para 47.



## Acknowledging Copyright's Illegitimate Offspring: User-Generated Content and Canadian Copyright Law

TERESA SCASSA<sup>1</sup>

Bill C-11<sup>2</sup> provides for a new exception to infringement for user-generated content (UGC), along with new grounds for fair dealing. These provisions, combined with a strong and clear message from the Supreme Court of Canada's pentology of copyright cases regarding users' rights and the copyright balance, signal a new paradigm for copyright law in Canada—one that tolerates a much greater level of interaction with copyright-protected works. This chapter considers the shape Parliament has given to the UGC exception and examines its place within the scheme of the *Copyright Act*, particularly in light of recent Supreme Court of Canada jurisprudence. The chapter begins with a discussion of the definition of UGC, followed by an analysis of the statutory exception. It next considers the relationship between the UGC exception and the fair dealing exception. Although opponents might characterize both the UGC exception and expanded fair dealing as unjustifiable encroachments upon the rights of copyright owners, this chapter argues that these exceptions reflect the shifting realities of cultural production and dissemination.

## 1. Defining User-Generated Content

User-generated content, or UGC,<sup>3</sup> is a term that has been used to describe a fairly wide range of Internet-based activity from blogging to file-sharing.<sup>4</sup> Gervais, admitting the difficulty of defining a term that covers such a broad range of conduct, has characterized it as “content that is created in whole or in part using tools specific to the online environment and/or disseminated using such tools.”<sup>5</sup> Halbert defines it not so much in terms of what it is, but in terms of who makes it, writing that UGC is “used to describe activities engaged in by those typically seen not as cultural producers but cultural consumers.”<sup>6</sup>

Although these characterizations emphasize different features of UGC, together they highlight the profound transformations wrought by the digital information context. On the one hand, digital technologies empower users of digital works to interact in new ways with copyright-protected content; at the same time, the proliferation of new and modified content from non-professional sources has undermined the traditional content intermediaries, creating a radically transformed context for the dissemination of information and cultural content.<sup>7</sup> It is precisely this new paradigm that underpins the recent Supreme Court of Canada copyright jurisprudence.<sup>8</sup>

The expansive definitions of UGC have led to further attempts to categorize UGC for the purposes of legal analysis. Trosow et al<sup>9</sup> offer a taxonomy for UGC that features three broad categories: creative content, small-scale tools (such as apps) and collaborative projects (such as wikis). In this taxonomy, the focus is on *function*, and it is certainly worth reflecting upon the broad range of purposes served by UGC. UGC may be innovative, creative or informative. Indeed, in fields of activity where UGC has had an impact on knowledge generation and dissemination, the focus of inquiry has been on the substantive issues around the quality and reliability of the new content, rather than on issues of copyright.<sup>10</sup> Copyright lawyers employ a different taxonomy. Gervais offers a taxonomy based on the nature of the content in relation to copyright principles. He would divide UGC into three broad categories<sup>11</sup>: content authored by users,<sup>12</sup> content derived by users<sup>13</sup> and content copied by users.<sup>14</sup> This taxonomy emphasizes the different ways in which individuals now engage with digital works and digital modes of dissemination. The focus on the

characterization of the user's activity, as opposed to, for example, the form of the work, is echoed as well in the Supreme Court of Canada's emphasis in *SOCAN v Bell Canada* [*Bell*] on the importance of the perspective of "the ultimate users" and their purposes in relation to the works at issue.<sup>15</sup>

The UGC exception in Bill C-11 is oriented only toward the second category in Gervais' taxonomy: content that is created by users and that incorporates, to a greater or lesser extent, copyright works by others. It is therefore this category of UGC that will be the focus of this chapter. Because this chapter is about intellectual property law, it is the copyright lawyers' taxonomy that is adopted. Nevertheless, it is important to note that UGC in its many forms is already becoming accepted in different fields of activity as a source of information and creativity, and inquiries in these fields have moved ahead to issues of how best to use, integrate and derive benefit from these new modes of knowledge creation.

## 2. UGC in Context

The phenomenon of user-generated content is linked to the widespread digitization of works, the more recent broad accessibility of the software tools required to modify, mix and mash up digital content, and the availability of Internet platforms on which such UGC may be widely shared and disseminated.<sup>16</sup> Yet while it is true that it is this digital perfect storm that has driven UGC onto the legislative agenda in Canada, UGC has its pre-digital antecedents. Fan fiction, parodies, satires and other forms of UGC have been around far longer than the Internet and digitization. What has changed is the ease with which users may now interact with content, the facility with which such content can reach global audiences, and the fact that users can create and disseminate their content without the participation of traditional cultural industry gatekeepers. In this respect, UGC is part of a much broader social transformation. The technological revolution that has facilitated the creation of UGC has achieved a more fundamental shift as well. Globally, and across a wide range of sectors and industries, digitization and the Web 2.0 environment have led to dramatically new ways in which individuals choose to

receive and share information, communicate with one another, and participate actively in the generation of knowledge, information and creative content. It is not the activity of “users” generating new content from existing works that is novel; rather, it is the social, political and economic consequences of such activity on a massive scale that are fundamentally new.<sup>17</sup>

The creation of UGC is sometimes characterized as economically neutral, culturally trivial and mildly parasitic activity. For example, the term “YouTube exception”<sup>18</sup> was coined to refer to the UGC exception in Bill C-11 and its predecessor, Bill C-32.<sup>19</sup> This term suggests that the paradigmatic activity contemplated by the exception is something like that of an individual who creates a home video using copyright-protected music as a background, and then posts it to YouTube.<sup>20</sup> Seen from this angle, UGC is amateur in nature and carries little significance except within a circle of family and friends. Yet it would be a mistake to dismiss UGC so quickly. As discussed earlier, the label UGC is broad enough to capture a much wider diversity of activity. Fan fiction, mashups,<sup>21</sup> video game modifications,<sup>22</sup> and parodic and satirical uses of works can also be UGC. Many of these works reach a wide audience, and some may take on real cultural significance. Even if individual contributions are not specifically significant, fan interaction with ‘mainstream’ works marks an important cultural phenomenon.<sup>23</sup> As some video game producers have learned, consumer interaction with their products is a trend better embraced than ignored or suppressed.<sup>24</sup>

UGC also includes the very broad range of works contemplated by the open data movement. Individuals may take copyright-protected compilations of government data and use them to create “apps” (such as those for users of public transit systems, for example).<sup>25</sup> Some data sets are geospatial data that can be used to create complex information maps, often layering other content (including other government data sets) onto the map.<sup>26</sup> This type of activity is now being actively encouraged by governments seeking to promote economic development and stimulate innovation.<sup>27</sup> UGC in these contexts can be innovative, useful, critical or analytical. It can make a significant economic or social contribution and may play a role in political discourse by increasing transparency or critical engagement

with political and social issues. In this context, UGC cannot easily be dismissed as economically neutral, culturally trivial or mildly parasitic. UGC may play an undeniable, if not fully fathomed, role in cultural, social and political discourse.

It is worth noting that the open licensing phenomenon—the making available of all manner of copyright-protected works under open licences—is a kind of private response to copyright restrictions that shares some of the goals of the UGC exception. Movements such as Open Source,<sup>28</sup> Creative Commons<sup>29</sup> and now Open Data<sup>30</sup> create the licensing tools that allow copyright owners to share their works and to allow them to be used, modified and adapted with relatively few restrictions. The creation of UGC has for some time now been actively encouraged by the open licensing movement, and has perhaps contributed to the blurring of lines between works that can be engaged with in transformative ways and those that cannot. Canada's UGC exception carves out a space for the creation and dissemination of UGC in contexts where rights holders have not made their works available for the creation of derivative works through open licensing.

### **3. The UGC Exception and the Purpose of the Copyright Act**

The Supreme Court of Canada in *Théberge* described copyright law as “a 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”.<sup>31</sup> In *CCH*, the Court characterized statutory exceptions to infringement as “users’ rights”,<sup>32</sup> thus placing them on a par with the rights of copyright owners, in terms of achieving the purposes of the legislation. More recently, in *Bell*, the Court stated that: “users’ rights are an essential part of furthering the public interest objectives of the *Copyright Act*.”<sup>33</sup> As an exception to infringement, therefore, the UGC exception is part of the legislative balance aimed at achieving the public policy objectives underlying copyright law.

User-generated content, as characterized in Bill C-11, serves both of the twin public policy goals of creation and dissemination of works. Of course, UGC implicates at least two different creators—one of the source work and the other of the UGC. The balance between

these creators is such that it is the creator of the source work who may profit economically from their work; the creator of the UGC may use the modified source work and may disseminate it, but only non-commercially, and only so long as there is no adverse impact on the source work. At the same time, the UGC exception facilitates the broad dissemination, not just of the modified source work, but of *new* content. In *Bell*, the Supreme Court of Canada emphasized the importance of dissemination to the copyright balance, noting: “the dissemination of artistic works is central to developing a robustly cultured and intellectual public domain.”<sup>34</sup>

#### 4. The Statutory Exception

Bill C-11’s UGC exception<sup>35</sup> is for *non-commercial* user-generated content. By characterizing it in this way, Parliament recognizes that UGC may have commercial and non-commercial objectives; the exception is only available for UGC that is used for “non-commercial” purposes.

The following discussion of the statutory exception for UGC is structured around key features of UGC. These are the “user”, the source work, the new work, and the uses to which the new work may be put.

a. *The “user”*: It is clear from the exception that the party who creates UGC must be an individual. The exception is not available to corporate entities. This is in contrast to the fair dealing exceptions in the statute. The exception for fair dealing for the purpose of the communication of news, for example, is clearly available to corporate news outlets.<sup>36</sup> In both *Alberta (Education)*<sup>37</sup> and *Bell*,<sup>38</sup> the Supreme Court of Canada also dealt with corporate entities that claimed fair dealing by proxy; in these cases, the corporate defendants were permitted to assert the fair dealing rights of ultimate users of works (students and consumers of music services, respectively).

Although the UGC exception is designed for individual users, it would appear to extend an indirect protection to those who disseminate UGC. A creator of UGC is expressly permitted to authorize an intermediary to disseminate it. Presumably, then, the disseminator may rely upon this authorization, if, in keeping with



the recent Supreme Court of Canada jurisprudence, the “non-commercial” status of UGC is assessed from the point of view of the user and not the disseminator. This will be so even if the disseminator is a major corporation with a business model that profits directly from the supply of UGC to a broader audience.<sup>39</sup> Thus, so long as the creator of UGC makes a non-commercial use of it, it does not appear to matter that the disseminator is a for-profit company.

The UGC exception in Bill C-11 touches only a subset of UGC, and characterizes the “user” in UGC as one who makes use of the copyright-protected works of others. This is not without its own difficulties. In the first place, it perpetuates the myth that the regular “creator” does not borrow from or use the works of others. They may not do so quite so explicitly, but the contemporary creative context is rife with examples of appropriation both from the public domain and from copyright-protected works.<sup>40</sup> Further, by emphasizing the “use” of the works of others, it constructs UGC as a more parasitic activity than perhaps it deserves to be. Some UGC may be highly creative, innovative and transformative.

Indeed, broad taxonomies of UGC include user-authored works,<sup>41</sup> which suggests that the “user” is not necessarily a user of the works of others, but rather is one who takes advantage of the available technology to create and disseminate their work. In this sense, the only distinction between “users” and regular creators is their non-professional status.<sup>42</sup> There is perhaps something quite significant in the characterization of non-professional creators of works as “users”, especially since the term implies at worst a certain parasitism, and at best a role as primarily a consumer of the works of others. If indeed the paradigm for content creation is changing, as many have observed that it is,<sup>43</sup> the user/creator or user/rights holder distinctions should also start to crumble (or be more forcefully deconstructed). The myth of the author as originator has been thoroughly debunked;<sup>44</sup> culture is built upon the work of others.<sup>45</sup>

The word “user” in UGC also emphasizes that the creator of the generated content is not aligned with the traditional content industries. Thus, instead of works generated by professional artists/creators via traditional modes of content dissemination (such as the music, film or publishing industries), much UGC is created by

non-professional content creators, often ordinary individuals in their own homes. Of course, this does not mean that the “user” in UGC is unskilled or is lacking in professional qualifications. These so-called users may be computer software engineers, geographers or other professionals who create or generate UGC for their own private purposes in their spare time. They may also be amateur musicians, filmmakers, artists or writers who enjoy engaging with, remixing or mashing up other content to create their own works. In the case of wiki-type works that combine original, user-created content with existing platforms, software or copyright-protected content, it becomes more difficult to think of the “users” in UGC as users at all; their role is much more directly one of content generation.

It is worth noting that the UGC exception in Bill C-11 requires that the generated content be works in which copyright subsists.<sup>46</sup> This draws a line under the fact that the works themselves must have the degree of authorial effort and originality required for such protection. Perhaps the term “user”, then, is an abbreviated description of the creators’ place on a spectrum of creative activity; it reflects the degree to which they have incorporated the copyright-protected work of others into their original creations. On such a spectrum they might find themselves between the passive consumer on one end and the mythical creator from whole cultural cloth on the other. Yet the space they occupy is also shared with editors of anthologies, creators of other compilations, translators, adapters of books to movies, music arrangers, and so on. Within this space, the term “user” accurately describes all of these creators. In this respect, the differences between the UGC creator and the other creators is that the works they draw upon are still protected by copyright, they lack the economic ability to acquire the rights to the work or to license their adaptation, and/or their immediate expressive goals are served by a non-commercial dissemination of their work.

A final comment about the term “user” in UGC and the reference to the user as an “individual” relates to the fact that there is a well-established and growing trend toward collaborative co-creation in the digital environment. Most would characterize wikis and other crowd-sourced projects as UGC. Nevertheless, the UGC exception seems wedded to the conventional notion of the individual author. It

remains to be seen how the UGC exception will apply to collaborative co-creation that incorporates the copyright protected works of others.

b. *The source work*: The UGC exception is triggered when a work in which copyright subsists is used to create a new work. Obviously, such an exception would not be required in order to make use of a work in the public domain, or one that is not sufficiently original to give rise to copyright. This might raise interesting questions, particularly in an age where many users mash up data sets or integrate data that they have obtained elsewhere into maps or other information-based works.<sup>47</sup> In such cases, it may be unclear whether the compilation of data relied upon by the user is one which has a sufficient degree of originality for copyright to subsist, or whether enough of the original selection or arrangement has been taken to constitute substantial taking in the first place.<sup>48</sup> In other words, it may not be clear whether what has been created by the user is UGC, or whether it is a fresh work using public domain materials. For uses that otherwise fit within the UGC exception, this issue may be moot; however, it may become live if the user's use of the work has a commercial dimension or if it could be argued to have a "substantial adverse effect" on the party who claims rights in the data set.

The work that is used by the user must be one that has been either published or made available to the public. Thus, the UGC exception would not be available to one who incorporates private letters, unpublished journal entries, or other such works into their work. The work must also be one that the individual "had reasonable grounds to believe" was not infringing copyright.

The UGC exception also creates an attribution requirement, although it is not particularly strong. The source of a work and other information about the author, performer and so on must be mentioned if "it is reasonable in the circumstances to do so".<sup>49</sup> Given the broad range of UGC, and its extremely amateur nature on one end of the spectrum, it is not clear what criteria will be used to determine in which circumstances it is reasonable to require attribution.

c. *The new work*: The work that is created as a result of the use of previously existing copyright-protected material must be one in which copyright subsists.<sup>50</sup> This would mean that it must meet the requirements for copyrightability. The most important of these

requirements in this context is originality. The requirement that a new work be created removes from the scope of the exception “works” that are either mere copies of existing works or that are barely modified copies. The user’s contribution to the new work must represent a sufficient exercise of “skill and judgment”.<sup>51</sup> Since skill and judgment may be present in the creation of a compilation (an original selection or arrangement of materials), it does raise the question of whether an anthology of some kind might be considered a new work in which copyright subsists. In other words, one might wonder whether the UGC exception might finally legitimize the “mix tape”; a user’s compilation of songs appropriate to a particular occasion.<sup>52</sup> The exception speaks only of using “an existing work” in the singular, but there is no clear reason why UGC should become illegitimate if more than one work was used in the creation of a new work.

The potential that compilations might constitute UGC for the purposes of this exception is of real significance. To return to the mix tape, neither the private copying exception for musical works in sections 79 and 80 of the *Copyright Act*, nor the new exception for private purposes in section 29.22, would permit the sharing of any work copied under their terms. Yet a compilation that qualifies as UGC can explicitly be shared. While placing a compilation of music online might not meet the other requirements of the UGC exception, sharing copies with friends and family might not amount to a substantial enough adverse effect on the work to disqualify it from the exception.

d. *The use to which it may be put:* The UGC exception allows the user/creator to “use” their newly created work, or to authorize a member of their household to do so. “Use” is defined in this provision as the exercise of any of the rights of a copyright holder, except the right to authorize “anything”.<sup>53</sup> The difference between a “regular” rights holder and the creator of UGC is that, in the case of UGC, the work also happens to implicate the rights of another copyright holder. Canadian copyright law already contemplates layered copyrights; for example, the translator is the author of a translation, and presumably the first owner of copyright therein, even though he or she may not be the author of the copyright-protected work that has been translated.<sup>54</sup> The creator of UGC is in an analogous position to the author of an

unauthorized translation; they may not commercially exploit their work. However, thanks to the exception, they have a broad licence to use or disseminate it in non-commercial ways.

In addition to their general right to “use” the new work (which would appear to include performing it in public, communicating it to the public by telecommunication and reproducing it), the creator of UGC may also authorize an intermediary to disseminate it. This would cover the posting of the work to social media sites, such as YouTube or Facebook. Thus the exception carves out a broad space for the use and dissemination of UGC. However, paragraphs 29.21(1) (a) and (d) do place potentially significant limits on any such uses. According to paragraph 29.21(1)(a), the use or dissemination must be done solely for non-commercial purposes. These would be the user’s non-commercial purposes. As noted earlier, it seems to be accepted that the disseminator may be involved in a commercial enterprise wherein it provides UGC and other content for a profit. This is interesting; as others have suggested, it means that major corporations such as Facebook and Google may profit from the vast and enthusiastic audience for UGC, while the creators of such content may not derive rents for their creative output. This generates an interesting dynamic and one that is sure to displease the owners of copyright in the source works. The fact that *someone* is commercially exploiting, at least indirectly, their creative output, without any obligation to provide some form of remuneration, no doubt strikes a nerve. From the perspective of the disseminator, the aggregation of free content supports a commercial enterprise based largely upon advertising revenues. The user, in exchange for their content, receives no payment, but rather an unprecedented vehicle of dissemination with global reach and opportunities to gain profile, to develop or enhance reputation, and even to move at some point toward professional status.

These latter intangible benefits of UGC raise the further question of what “non-commercial” really means. It is clear from the business world that “free” does not necessarily mean non-commercial. Free content may be a means of self-promotion, or it may build or enhance reputation with a view to professional or other advancement. In some cases, the fame or notoriety that leads to commercial benefits

may be entirely unanticipated, but may nevertheless flow from the dissemination of UGC.

It is the creator of the source work who seems to be excluded from the possibility of direct benefit. Normally, any exploitation of an author's work would have to be negotiated with the copyright holder. To return to our unauthorized translation, the translator who sought to publish her translation would have to seek the copyright owner's permission, and this permission could be withheld if the copyright owner were not satisfied with the quality of the translation or if they had already made arrangements for an authorized translation to be made. The UGC exception limits the control of the author of the source work over its non-commercial use or dissemination. Nevertheless, the owner of the original still has important economic rights that he or she is entitled to exercise. Creators of UGC who seek to exploit their work commercially still have the option of negotiating these rights,<sup>55</sup> and the copyright holder may agree to or decline to license the work.

It would be interesting to consider what the consequences might be for a user who chooses to commercially exploit her UGC without negotiating such rights, and who is sued for copyright infringement as a result. While the owner of copyright in the source work might seek an injunction to prevent the exploitation, injunctions are discretionary remedies. An accounting of profits might distinguish between those profits that were due to the use of the plaintiff's work and those that were the result of the plaintiff's own contributions.<sup>56</sup> In other words, it is not a given that a court would entirely suppress the dissemination of a transformative work, or that it would reduce a defendant's profits to zero.<sup>57</sup> The contemporary approach of the Supreme Court of Canada to copyright issues and "users' rights" reflects a copyright balance that places some limits on copyright owners' rights in the interest of the generation of new works and their broad dissemination. Such an approach might lead to some novel approaches to remedies in such cases.

Paragraph 29.21(1)(d) presents the most significant limitation on UGC. Its significance lies in its open-ended and thus unpredictable nature. Exceptions to infringement that have such an open-ended character tend to be problematic because the user of the work can only really know if her use is legitimate after costly litigation.<sup>58</sup> In

this case, the use and/or dissemination of UGC is legitimate only if it “does not have a substantial adverse effect, financial or otherwise, on the exploitation or potential exploitation of the existing work...”<sup>59</sup> A non-commercial use might not have a substantial financial effect on the work it has transformed, but the use of the language “or otherwise” to qualify the effect leaves open a potentially broad range of impacts that might be taken into account. A rights holder might argue that the use diminishes the cultural impact or significance of the work by trivializing it, or perhaps it tarnishes the reputation of the work as, for example, where fan fiction strays into the pornographic. The alleged adverse effect (financial or otherwise) may be with respect not just to the current work but also the potential exploitation of the existing work. Thus, for example, it might be possible for a rights holder to argue that there is a market for the licensing of transformative or derivative works that is being undermined by, for example, fan fiction.

The rather open-ended nature of this limitation on the UGC exception makes the scope of the exception considerably more uncertain. It will likely also have the effect of limiting UGC that is on the more creative and transformative end of the spectrum. Home videos that incorporate music as a background are much less likely to be problematic than fan fiction that takes on a life of its own, even if it is non-commercial. It is not clear whether a more robust UGC exception was an option; it is remarkable enough that such an exception made it into the Bill. It is also possible to argue that the current formulation reaches an acceptable balance; if a transformative use is likely to have a substantial impact on the original work, perhaps it is a use for which a licence should be negotiated between the parties. This may certainly be the case where the adverse impact is merely financial. More problematic, however, would be situations where the rights holder objects to the “adverse effect” caused by UGC that expresses a different morality or politics than the original.<sup>60</sup>

This raises, of course, the issue of the relationship of the moral rights provisions to the UGC exception. The exception provides that UGC is not an infringement of *copyright*, within its specified boundaries. If moral rights provisions continue to apply, then an author might well object to UGC on the basis that it violates her moral rights. Thus it might be argued that the UGC is a modification or mutilation of

her work to the prejudice of her honour or reputation.<sup>61</sup> Indeed, even non-commercial UGC may reach a very broad audience, a fact that might magnify any such reputational harm. In some circumstances, the copyright owner might also argue that their modified work is used in support of a cause or institution that impacts negatively on the honour or reputation of the author.<sup>62</sup> The applicability of moral rights would supplement the limitation in paragraph 29.21(1)(d). While that paragraph limits uses that have an adverse effect on the source work, moral rights would constrain those uses having an adverse effect on the author's reputation.

## 5. UGC and Fair Dealing

Bill C-11 expands the categories for fair dealing in a way that makes the intersection of the UGC exception and fair dealing more likely. Once confined to research, private study, criticism, comment and news reporting, Bill C-11 adds “education” and “parody and satire” to the acceptable bases for fair dealing.<sup>63</sup> These changes come at a time when the Supreme Court of Canada has sent a strong message about the broad and liberal interpretation owed to the fair dealing exceptions. In both *Alberta (Education)* and *Bell*, the Supreme Court of Canada confirmed that fair dealing must not be interpreted restrictively,<sup>64</sup> and that it is a user's right.<sup>65</sup>

Not all UGC will fit within the fair dealing exceptions, although much UGC may well do so.<sup>66</sup> For example, UGC that is parodic or satirical in nature may also qualify as fair dealing. Similarly, there is a great deal of UGC that may fit within a broadly interpreted exception for “news reporting” or for “criticism or comment”.<sup>67</sup> Other UGC might be characterized as being for the very broad purposes of “education”. Indeed, given the Supreme Court of Canada's expansive interpretation of “private study” in *Alberta (Education)*,<sup>68</sup> it should be expected that the exception for education will cover a very broad range of activity. The question then becomes whether a creator of UGC must rely upon the UGC exception or may also rely upon fair dealing to justify their use of the work. In *CCH*, the Supreme Court of Canada ruled that the fair dealing exception was always available to users of works, notwithstanding any other exceptions that might



be found in the Act and that might be specifically tailored to the type of user making use of the work.<sup>69</sup> Presumably, then, the fair dealing exception is also available to the creator of UGC.

The fair dealing exception may be broader than the UGC exception in some respects. If the defendant's dealing with the work falls into one of the categories of permitted uses, a court must then consider whether her dealing with the work was "fair". Fairness is evaluated according to a series of criteria that explore the nature, extent and impact of the dealing in relation to the work. In *CCH*, the Chief Justice stated that: "[t]he following factors [must] be considered in assessing whether a dealing was fair: (1) the purpose of the dealing; (2) the character of the dealing; (3) the amount of the dealing; (4) alternatives to the dealing; (5) the nature of the work; and (6) the effect of the dealing on the work."<sup>70</sup>

According to the Supreme Court of Canada, the commercial/non-commercial nature of the dealing is a relevant factor for consideration, but dealing with a work for commercial purposes is not necessarily unfair.<sup>71</sup> Thus, UGC that is created or disseminated in a commercial context may not qualify for the UGC exception, but may nevertheless constitute fair dealing. This might be particularly important, for example, in the case of parodic or satirical works. A satirical song might receive radio airplay or be sold through online distribution channels. In the case of *Campbell v Acuff-Rose*,<sup>72</sup> the US Supreme Court accepted that the defendants' parody of a Roy Orbison song constituted fair use, notwithstanding the fact that it was commercially distributed.

On the flip side, the UGC exception might operate to exempt from copyright infringement some works that would otherwise not meet the fair dealing test established by the Supreme Court of Canada. One of the factors for consideration in the fair dealing analysis is the nature of the dealing. Under this factor, one can consider the manner in which the work was reproduced or distributed. It might well be that in many circumstances, the dissemination of the defendant's modified work online would mitigate against a finding of fair dealing.<sup>73</sup> In the UGC exception, however, it is expressly contemplated that non-commercial UGC may be disseminated in online fora. Of course, the Internet-based dissemination of a work would be only one of the factors for the Court to balance in a fair dealing analysis. Now that the UGC

exception has been added to the Act, a court might well draw from this the proposition that the online non-commercial distribution of a transformative dealing with a work is presumptively fair.

## Conclusion

This chapter has offered an interpretation of the scope of the UGC exception in light of the recent copyright jurisprudence of the Supreme Court of Canada, and in the context of other principles of Canadian copyright law. The UGC exception is a concession to the dramatically changing environment for both the creation and dissemination of works, and attempts to balance competing rights. Although it may dismay rights holders, the UGC horse has long since left the proverbial stable. We have sufficient copyright law for the industrial age; it is time now to grapple with law for the digital age. The UGC exception may have its weaknesses and may provoke some unintended consequences; nevertheless, it serves as an overt acknowledgement that the game has changed—and with it, so must the rules.




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<sup>1</sup> I gratefully acknowledge the support of the Social Sciences and Humanities Research Council of Canada. I appreciate as well the helpful comments of the anonymous peer reviewers. My thanks as well to Charles Sanders for his careful reading and thoughtful comments on a draft of this chapter.

<sup>2</sup> Bill C-11, *An Act to amend the Copyright Act*, 1st Sess, 41st Parl, 2011. At the time of writing, the Bill has been passed into law, but its coming into effect has yet to be proclaimed. This is a matter of some concern. It is possible that ongoing industry opposition to provisions such as the UGC exception and expanded fair dealing is delaying and may derail the coming into effect of these amendments. They cannot, however, derail the fundamental transformations that have made addressing UGC and its relationship to copyright law essential.

<sup>3</sup> Note that the OECD has used the term “user-created content” or “UCC” to describe the same phenomenon. See: OECD Directorate for Science, Technology and Industry, Committee for Information, Computer, and Communications Policy, “Participative Web: User-Created Content” (12 April 2007) <<http://www.oecd.org/internet/interneteconomy/38393115.pdf>>.

<sup>4</sup> Daniel J Gervais, “The Tangled Web of UGC: Making Copyright Sense of User-Generated Content” (2009) 11 Vand J Ent & Tech L 841 at 842 <[www.jetlaw.org/](http://www.jetlaw.org/)>

[wp-content/journal-pdfs/Gervais.pdf](#)>. See also Steven Hetcher, “User-Generated Content and the Future of Copyright: Part One – Investiture of Ownership” (2007-08) 10 Vand J Ent & Tech L 863.

<sup>5</sup> Gervais, *supra* note 4 at 842. Note that the UGC provision in Bill C-11, *supra* note 2, is not limited to digital works and digital dissemination. Hetcher, *supra* note 4 at 873, also argues that digitization is a key element of UGC.

<sup>6</sup> Debora Halbert, “Mass Culture and the Culture of the Masses: A Manifest for User-Generated Rights” (2009) 11 Vand J Ent & Tech L 921 at 924 <[www.jetlaw.org/wp-content/journal-pdfs/Halbert.pdf](#)>.

<sup>7</sup> See e.g. Yochai Benkler, *The Wealth of Networks: How Social Production Transforms Markets and Freedom* (New Haven: Yale University Press, 2006) <[http://www.benkler.org/Benkler\\_Wealth\\_Of\\_Networks.pdf](#)>; Cass R Sunstein, *Infotopia: How Many Minds Produce Knowledge* (Oxford: Oxford University Press, 2006); Mary WS Wong, “‘Transformative’ User-Generated Content in Copyright Law: Infringing Derivative Works or Fair Use?” (2009) 11 Vand J Ent & Tech L 1076 at 1077.

<sup>8</sup> For example, in *Rogers Communications Inc. v Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 35 at para 30, [2012] 2 SCR 283 <[http://www.canlii.org/en/ca/scc/doc/2012/2012scc35/2012scc35.html](#)> [Rogers], the Court emphasizes the need to look beyond the “technicalities of the alleged infringer’s chosen method of operation”, and to focus on the substance rather than the form of online activities.

<sup>9</sup> Samuel E Trosow et al, “Mobilizing User-Generated Content for Canada’s Digital Advantage” (1 December 2010) <[http://ir.lib.uwo.ca/fimspub/21/](#)>.

<sup>10</sup> In the context of Volunteered Geographic Information (VGI), a subset of UGC, see, for example: Christopher C Miller, “A beast in the field: The Google Maps mashup as GIS/2” (2006) 41:3 Cartographica 187 <[http://utpjournals.metapress.com/content/j0l053012262n779/fulltext.pdf](#)>; Michael F Goodchild, “Citizens as sensors: The world of volunteered geography” (2007) 69:4 GeoJournal 211; Sarah Elwood, “Volunteered Geographic Information: Key Questions, Concepts and Methods to Guide Emerging Research and Practice” (2008) 72 GeoJournal 133.

<sup>11</sup> Gervais, *supra* note 4.

<sup>12</sup> This type of content could include reviews of products or services, blog postings and photographs uploaded to social networking sites. (See e.g. Len Glickman and Jessica Fingerhut, “User-Generated Content: Recent Developments in Canada and the U.S.” (2011-12) 12:6 IECLC 49 at 49).

<sup>13</sup> This would be new content created through the modification of existing works.

<sup>14</sup> Note that others have argued as well that user-copied content takes on a new significance in certain contexts, and can thus also pose challenges for copyright law and policy. For example, the copying of copyright-protected content for viral dissemination on the Internet may be a way in which important ideas are shared more broadly than the copyright owner might wish (see e.g. Halbert, *supra* note 6 at 937-38). Such issues are interesting and important, but are beyond the immediate scope of this chapter.

<sup>15</sup> *Society of Composers, Authors and Music Publishers of Canada v Bell Canada*, 2012 SCC 36 at para 34, [2012] 2 SCR 326 <[http://scc.lexum.org/decisia-scc-csc/scc-csc/](#)

[scc-csc/en/item/9996/index.do](http://scc-csc/en/item/9996/index.do)> [Bell].

<sup>16</sup> See e.g. Ian Chuang, “Be Wary of Adding Your Own Soundtrack: Lenz v Universal and How the Fair Use Policy Should be Applied to User Generated Content” (2008-09) 29 Loy LA Ent L Rev 163 at 167-68; Halbert, *supra* note 6 at 926. Hetcher, *supra* note 4 at 866, refers to major UGC disseminators as “mega sites”.

<sup>17</sup> Banks & Humphreys argue that this new environment is profoundly transformative of traditional economic relations: John Banks & Sal Humphreys, “The Labour of User Co-Creators: Emergent Social Network Markets?” (2008) 14 Convergence 401 at 402-03. See also Benkler, *supra* note 7.

<sup>18</sup> The term “YouTube exception” became common in the Blogosphere. See e.g. Bob Tarantino, “User-Generated Content: Liabilities and Prospects – Threedux”, Entertainment and Media Law website (4 June 2012) <<http://www.entertainmentmedialawsignal.com/2012/06/articles/copyright/user-generated-content-liabilities-and-prospects-threedux>>; Barry Sookman, “Separating Facts from Hype about C-32”, Barry Sookman website (27 September 2010) <<http://www.barrysookman.com/2010/09/27/separating-facts-from-hype-about-c-32/>>. See also Daniel Gervais, “User-Generated Content and Music File-Sharing: A Look at Some of the More Interesting Aspects of Bill C-32” in Michael Geist, ed, *From “Radical Extremism” to “Balanced Copyright”: Canadian Copyright Digital Agenda* (Toronto: Irwin Law, 2010) 447 at 448.

<sup>19</sup> Bill C-32, *An Act to Amend the Copyright Act*, 3d Sess, 40th Parl, 2010 (first reading 2 June 2010) <<http://www.parl.gc.ca/HousePublications/Publication.aspx?Docid=4580265>>.

<sup>20</sup> This was the factual context for the high-profile US case of *Lenz v Universal Music Corp.*, 572 F Supp (2d) 1150 at 1151 (ND Cal 2008). The plaintiff Stephanie Lenz successfully sued the defendant copyright owner after it demanded that YouTube take down a very short video she had posted which featured her toddler dancing to a song by the artist Prince. The Court ruled that the defendant should have considered the doctrine of fair use prior to sending a takedown notice.

<sup>21</sup> For a discussion of music mashups and copyright law, see Graham Reynolds, “A Stroke of Genius or Copyright Infringement? Mashups and Copyright in Canada” (2009) 6:3 SCRIPTed 639.

<sup>22</sup> See generally Christina J Hayes, “Changing the Rules of the Game: How Video Game Publishers Are Embracing User-Generated Derivative Works” (2008) 21 Harv JL & Tech 567. Note that some video game makers expressly license their works for use in derivative works under specified conditions. This practice of licensing works for the making of derivative works is growing. Such licences take precedence over the basic UGC exception in the legislation. In the same vein, it should be noted that digital works made available under licence may specifically preclude their modification or use in the creation of derivative content.

<sup>23</sup> See generally Aaron Schwabach, *Fan Fiction and Copyright: Outsider Works and Intellectual Property Protection* (Burlington, VT: Ashgate, 2011); Karen Hellekson & Kristina Busse, *Fan Fiction and Fan Communities in the Age of the Internet: New Essays* (Jefferson, NC: McFarland, 2006).

<sup>24</sup> See e.g. Reina Y Arakji & Karl R Lang, “Digital Consumer Networks and Producer-Consumer Collaboration: Innovation and Product Development in the Video Game

Industry” (2007) 24:2 *Journal of Management Information Systems* 195; Hector Postigo, “Video Game Appropriation Through Modifications: Attitudes Concerning Intellectual Property Among Modders and Fans” (2008) 14:1 *Convergence* 59.

<sup>25</sup> For a discussion of some of the copyright battles in this area see Teresa Scassa, “Copyright Reform and Fact-Based Works” in Michael Geist, ed, *From “Radical Extremism” to “Balanced Copyright”: Canadian Copyright Digital Agenda* (Toronto: Irwin Law, 2010) 571 at 586-88 <<http://www.irwinlaw.com/pages/content-commons/copyright-reform-and-fact-based-works---teresa-scassa>>.

<sup>26</sup> Such uses are generally permitted under open licences, but presumably even unlicensed data sets or government works could become part of UGC.

<sup>27</sup> At the federal level in Canada, the government’s commitment to open data is resulting in an increase in the number of data sets being made available to the public under open licences. See: Government of Canada, Open Data <<http://www.data.gc.ca/default.asp?lang=En&n=F9B7A1E3-1>>. Similar open data portals have been created by the BC government (British Columbia Government, DataBC <<http://www.data.gov.bc.ca/>>), as well as by municipal governments. See City of Toronto, Toronto.ca/open <[http://www1.toronto.ca/wps/portal/open\\_data/open\\_data\\_home?vgnextoid=b3886aa8cc819210VgnVCM1000067d60f89RCRD](http://www1.toronto.ca/wps/portal/open_data/open_data_home?vgnextoid=b3886aa8cc819210VgnVCM1000067d60f89RCRD)>.

<sup>28</sup> Open Source licences that have been approved by OpenSource.org can be found at <<http://opensource.org/licenses/index.html>>.

<sup>29</sup> See Creative Commons <<http://www.creativecommons.org>>.

<sup>30</sup> See e.g. Open Data Commons <<http://opendatacommons.org/>>. Note that in addition to Open Data Commons, which offers template open data licences, a number of governments have developed their own open data licences. In Canada, see B.C. Government Open Data Licence <<http://www.data.gov.bc.ca/dbc/admin/terms.page>>; Open Data Canada, Licence Agreement <<http://www.data.gc.ca/default.asp?lang=En&n=46D15882-1>>.

<sup>31</sup> *Théberge v Galerie d’Art du Petit Champlain inc.*, 2002 SCC 34 at para 30, [2002] 2 SCR 336 <<http://www.canlii.org/en/ca/scc/doc/2002/2002scc34/2002scc34.html>> [*Théberge*].

<sup>32</sup> *CCH Canadian Ltd. v Law Society of Upper Canada*, 2004 SCC 13 at para 12, [2004] 1 SCR 339 <<http://www.canlii.org/en/ca/scc/doc/2004/2004scc13/2004scc13.html>> [*CCH*].

<sup>33</sup> *Bell*, *supra* note 15 at para 11.

<sup>34</sup> *Ibid* at para 10.

<sup>35</sup> The UGC exception reads:

29.21 (1) It is not an infringement of copyright for an individual to use an existing work or other subject-matter or copy of one, which has been published or otherwise made available to the public, in the creation of a new work or other subject-matter in which copyright subsists and for the individual—or, with the individual’s authorization, a member of their household—to use the new work or other subject-matter or to authorize an intermediary to disseminate it, if

(a) the use of, or the authorization to disseminate, the new work or other subject-matter is done solely for non-commercial purposes;

(b) the source—and, if given in the source, the name of the author, performer, maker or broadcaster—of the existing work or other subject-matter or copy of it are mentioned, if it is reasonable in the circumstances to do so;

(c) the individual had reasonable grounds to believe that the existing work or other subject-matter or copy of it, as the case may be, was not infringing copyright; and

(d) the use of, or the authorization to disseminate, the new work or other subject-matter does not have a substantial adverse effect, financial or otherwise, on the exploitation or potential exploitation of the existing work or other subject-matter—or copy of it—on an existing or potential market for it, including that the new work or other subject-matter is not a substitute for the existing one.

(2) The following definitions apply in subsection (1).

“intermediary” means a person or entity who regularly provides space or means for works or other subject-matter to be enjoyed by the public.

“use” means to do anything that by this Act the owner of the copyright has the sole right to do, other than the right to authorize anything.

<sup>36</sup> See e.g. *Allen v Toronto Star Newspaper Ltd* (1997), 36 OR (3d) 201, 78 CPR (3d) 115 (Gen Div).

<sup>37</sup> *Alberta (Education) v Canadian Copyright Licensing Agency (Access Copyright)*, 2012 SCC 37, [2012] 2 SCR 345 <<http://www.canlii.org/en/ca/scc/doc/2012/2012scc37/2012scc37.html>> [*Alberta (Education)*].

<sup>38</sup> *Bell*, *supra* note 15.

<sup>39</sup> This is the case, for example, with Google’s YouTube or with Facebook.

<sup>40</sup> Scafadi offers numerous examples of cultural appropriation: Susan Scafadi, *Who Owns Culture? Appropriation and Authenticity in American Law* (Piscataway, NJ: Rutgers University Press, 2005) at 9-11. Kembrew McLeod offers a detailed discussion of cultural creation through appropriation and to the large-scale resistance to such practices by copyright holders. See Kembrew McLeod, *Freedom of Expression: Overzealous Copyright Bozos and other Enemies of Creativity* (New York: Doubleday, 2005) <[ir.uiowa.edu/cgi/viewcontent.cgi?article=1008&context=commstud\\_pubs](http://ir.uiowa.edu/cgi/viewcontent.cgi?article=1008&context=commstud_pubs)>.

<sup>41</sup> See e.g. Trosow et al, *supra* note 9 at 10; Chuang, *supra* note 16 at 167; Gervais, *supra* note 4 at 842.

<sup>42</sup> Hetcher, *supra* note 4 at 871, emphasizes the amateur status of the “user” in UGC.

<sup>43</sup> Banks & Humphreys, *supra* note 17 argue that user-generated content (what they refer to as consumer co-creation) is having a transformative effect on the economy and on business relationships. Certainly, the sudden push toward open government data in Canada and other comparable nations is rooted in a belief that such a move will stimulate innovation and knowledge creation, not just by established industry players, but by a much broader range of actors.

<sup>44</sup> See, for example, the collection of essays on the concept of authorship in Martha Woodmansee & Peter Jaszi, eds, *The Construction of Authorship: Textual Appropriation in Law and Literature* (Durham, NC: Duke University Press, 2006).

<sup>45</sup> Boon argues that mimesis is at the heart of culture. See: Marcus Boon, *In Praise of Copying* (Cambridge, MA: Harvard University Press, 2010) <[www.hup.harvard.edu/features/boon/In-Praise-of-Copying-by-Marcus-Boon-HUP-free-full-text.pdf](http://www.hup.harvard.edu/features/boon/In-Praise-of-Copying-by-Marcus-Boon-HUP-free-full-text.pdf)>.

<sup>46</sup> Of course, the creator of UGC may also draw upon content in the public domain, but does not need a copyright infringement exception to do so.

<sup>47</sup> For a discussion of this phenomenon, see Teresa Scassa, “Legal Issues with Volunteered Geographic Information”, *Canadian Geographer* (September 2012), DOI: 10.1111/j.1541-0064.2012.00444.x <<http://onlinelibrary.wiley.com/doi/10.1111/j.1541-0064.2012.00444.x/pdf>>.

<sup>48</sup> Copyright in a compilation of facts lies only in the original selection or arrangement of the facts; the facts themselves are in the public domain. See: *Tele-Direct (Publications) Inc. v American Business Information Inc.* (1996), 74 CPR (3d) 72 (FCTD) <<http://www.canlii.org/en/ca/fca/doc/1997/1997canlii6378/1997canlii6378.html>>, aff'd [1998] 2 FC 22, (1997), 76 CPR (3d) 296 (FCA) at 304, leave to appeal to SCC refused, [1998] 1 SCR xv. See also Scassa, *supra* note 25.

<sup>49</sup> Bill C-11, *supra* note 2, s 29.21(1)(b).

<sup>50</sup> Wong notes that the low threshold for originality means that much UGC will itself be work in which copyright subsists, which in turn imposes a further layer of copyright protection. This may be antithetical to a broader culture of sharing. See Wong, *supra* note 7 at 1091.

<sup>51</sup> *CCH*, *supra* note 32 at para 16.

<sup>52</sup> Note that the new exception for private copies in Bill C-11, *supra* note 2, s 29.22 would not permit the creation of a mix tape that was created for the purpose of giving it to a friend or family member. However, if the mix tape is considered to be a compilation resulting from an exercise in skill and judgment, then presumably the creator of this recording could use and disseminate it.

<sup>53</sup> An article by Steven Hetcher raises the interesting question of what happens when the fine print of the end user licence agreement with a major disseminator of UGC provides that the uploading of UGC gives the disseminator an exclusive licence to exploit the uploaded work in a variety of ways. These ways may include performing acts (such as reproducing the work) which under the terms of the UGC exception, the “user” is not permitted to authorize. See Steven Hetcher, “User-Generated Content and the Future of Copyright: Part Two – Agreements Between Users and Mega Sites” (2008) 24:4 *Santa Clara Computer High Tech LJ* 829 at 847 <<http://digitalcommons.law.scu.edu/chtlj/vol24/iss4/3>>.

<sup>54</sup> It is likely, in fact, that the unauthorized amateur translator would qualify for this exception: a translation makes use of another original work in order to create a new work in which copyright subsists.

<sup>55</sup> Though note the complexities and cost of licensing may simply render this impossible. See e.g. Reynolds, *supra* note 21 at 645-47.

<sup>56</sup> For example, in the US case *Rogers v Koons*, 960 F (2d) 301 (1992), a case that involved the adaptation of the plaintiff’s photograph into large, parodic and more



lucrative sculptures, the Court observed that it was open to a defendant to establish that a certain portion of the profits were due to their own efforts or notoriety, and that portion could be retained by the defendant. Similarly, in the accounting of profits in a patent law case that went to the Supreme Court of Canada, the Court indicated that only those profits that were due to the actual use of the properties of the plaintiff's genetically modified seeds would be due to the plaintiffs. See: *Monsanto Canada Inc. v Schmeiser*, 2004 SCC 34, [2004] 1 SCR 902 <<http://www.canlii.org/en/ca/scc/doc/2004/2004scc34/2004scc34.html>>.

<sup>57</sup> In *eBay, Inc. v MercExchange L.L.C.*, 547 US 388, 126 S Ct 1837 (2006) the US Supreme Court established a new test for the issuance of a permanent injunction in patent cases. In *Salinger v Colting*, 607 F (3d) 68 at 79 (2d Cir 2010), the Court ruled that this test was also applicable in copyright infringement cases. The court stated: "at minimum, we must consider whether 'irreparable injury is likely in the absence of an injunction,' we must 'balance the competing claims of injury,' and we must 'pay particular regard for the public consequences in employing the extraordinary remedy of injunction.'" While the test does not by any means rule out the remedy of a permanent injunction in the case of an infringing but transformative work, it does direct courts to consider a broad range of factors, including freedom of expression values and the public interest.

<sup>58</sup> Trosow et al, *supra* note 9 at 39. Note that uncertainty as to the scope of the fair dealing exception "is a material barrier in the further use and production of UGC". See also Chuang, *supra* note 16 at 166. Tushnet describes attempts to develop normative frameworks for UGC as a means of making more predictable the boundaries of legitimate and illegitimate uses of works in the U.S. fair use context. See Rebecca Tushnet, "User-Generated Discontent: Transformation in Practice" (2007-08) 31 Colum JL & Arts 497 <[http://scholarship.law.georgetown.edu/fwps\\_papers/66](http://scholarship.law.georgetown.edu/fwps_papers/66)>.

<sup>59</sup> Bill C-11, *supra* note 2, s 29.21(1)(d).

<sup>60</sup> See Reynolds, *supra* note 21 at 665-66. Writing prior to the Bill C-11 amendments, Reynolds argues that some mashups will violate the moral right of attribution. Interestingly enough, the UGC exception only requires attribution "if it is reasonable in the circumstances to do so" (Bill C-11, *supra* note 2, s 29.21(1) (b)). In discussing the use of both trademark law and copyright law to protect rights in intellectual property linked to Anne of Green Gables, Slane argues that "the heirs of L.M. Montgomery were entirely within their right to protect what they thought were the wishes of their ancestor by preserving the innocence associated with the novel's Anne Shirley character in their licensing endeavours during the term of copyright." More broadly, however, Slane is critical of the use of intellectual property to block the free public use of works in the public domain. Andrea Slane, "Guarding a Public Icon: Concurrent Intellectual Property Regimes and the Perpetual Protection of Anne of Green Gables in Canada" (2011) 56:4 McGill LJ 1011 at 1037 <[lawjournal.mcgill.ca/documents//56/4/Slane.pdf](http://lawjournal.mcgill.ca/documents//56/4/Slane.pdf)>.

<sup>61</sup> The moral rights provisions are found in the *Copyright Act*, RSC 1985, c C-42, ss 14.1, 14.2, 28.1 and 28.2 <<http://laws.justice.gc.ca/en/C-42/>>.

<sup>62</sup> Reynolds, *supra* note 21 at 666.

<sup>63</sup> Bill C-11, *supra* note 2, s 29.



<sup>64</sup> *Bell*, *supra* note 15 at paras 11, 27, citing *CCH*, *supra* note 32 at para 48.

<sup>65</sup> *Bell*, *supra* note 15 at para 41.

<sup>66</sup> Reynolds, *supra* note 21 at 664, argues that many music mashups could be justified as “fair” dealing, but notes that the narrow purposes for fair dealing (as they stand prior to amendment by Bill C-11) may limit the ability to rely upon fair dealing.

<sup>67</sup> The potentially broad scope for considering various types of online content to be journalism is discussed in the context of data protection laws in Teresa Scassa, “Journalistic Purposes and Private Sector Data Protection Legislation: Blogs, Tweets, and Information Maps” (2010) 35 *Queen’s LJ* 733.

<sup>68</sup> *Alberta (Education)*, *supra* note 37. The majority of the Court stated that “the word ‘private’ in ‘private study’ should not be understood as requiring users to view copyrighted works in splendid isolation. Studying and learning are essentially personal endeavours, whether they are engaged in with others or in solitude” (at para 27). The majority was critical of the approach of the Copyright Board, which focussed “on the geography of classroom instruction rather than on the *concept* of studying”.

<sup>69</sup> *CCH*, *supra* note 32 at para 49.

<sup>70</sup> *Ibid* at para 53, aff’g *CCH Canadian Ltd. v Law Society of Upper Canada*, 2002 FCA 187 at paras 150, 212, DLR (4th) 385, 18 CPR (4th) 161, 224 FTR 111 <<http://www.canlii.org/en/ca/fca/doc/2002/2002fca187/2002fca187.html>>. In identifying these factors, Linden J looked to the UK and US experiences. The reliance upon US law, particularly where the American fair use defence has always been considered much broader than fair dealing, is interesting and suggests perhaps the beginning of a more flexible approach to this defence.

<sup>71</sup> *CCH*, *supra* note 32 at para 51; *Alberta (Education)*, *supra* note 37 at para 19.

<sup>72</sup> 510 US 569 (1994) <<http://www.law.cornell.edu/supct/html/92-1292.ZS.html>>.

<sup>73</sup> *Century 21 Canada Limited Partnership v Rogers Communications Inc*, 2011 BCSC 1196, 338 DLR (4th) 32 <<http://www.canlii.org/en/bc/bcsc/doc/2011/2011bcsc1196/2011bcsc1196.html>>.



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