RESPONSE TO 2ND STUDY COMMISSION QUESTIONNAIRE – 2012
IAJ – UMI

ASPECTS OF INTELLECTUAL PROPERTY DISPUTES:

Fact Profile
At the front of the “B” Museum, located in the country “X”, there is an enormous wall of a unique architectural structure, faced with basalt stone made by the Basalt Co. Ltd. incorporated in your country. The Basalt Co. photographed the basalt wall of the museum without the consent of the architect and made use of the photograph in order to market its products. The company also copied and constructed an identical basalt wall at the front of its office in your country. The architect sued Basalt Co. in your country, claiming infringement of copyright, loss of reputation, unlawful enrichment, and petitioned for compensation for damage; compensation without proof of damage; compensation due to unlawful enrichment and punitive compensation. The architect also applied for an injunction; an order for submission of accounts in order to learn of the profit derived by the company from the publicity; and an Anton Piller order for the purpose of seizure and demolition.

General Background
Copyright protection in Canada is established under the Copyright Act, RSC 1985, c.C-43, as amended (the “Act”). The Act provides an exhaustive set of rights and remedies. These rights are divided between authors and owners. The two broad categories of
protected rights are “works”, including paintings, books, sculptures and song, and “neighbouring rights”, including performances and recordings. The Act establishes moral rights for the author of works and economic rights for the owner. Canada is also a signatory to a number of international treaties and agreements giving rights and remedies to holders of a copyright.

[N.B. Bill c-11, an Act to amend the Copyright Act, received Royal Assent on 29 June, 2012 but as at the time of writing has not been proclaimed into law. This Act will provide greater protections for the authors and owners of copyright works and materials, expand the definition of fair dealing and address technological protection measures as well as liability of internet service providers.]

Responses to Specific questions

A. Protection of Artistic or Literary reputation:

1. On what terms will a work (of art, music, literature) from a foreign country enjoy copyright protection in your country?

Copyright protection is generally extended to a work from other countries as long as it has a connection to Canada or there is a connection to a country that has similar protection in place. Those protections may be evidenced by the country being a signatory to international agreements or conventions to which Canada is
also a signatory, such as the Berne Convention, the Universal Copyright Convention, the World Trade Organization, the Rome Convention and the North American Free Trade Agreement. The Minister of Industry for Canada may also extend protection to countries that have copyright protection similar to that in Canada even if they are not signatories. In certain circumstances, the Minister may also limit the protections extended to other countries, even if that country is a signatory or member of the relevant convention or agreement.

2(a). **What works of art are covered by copyright in your country?**

The *Act* provides protection to four specific works:

1. Original literary, dramatic, musical and artistic works;
2. Performances;
3. Sound recordings; and
4. Communication signals.

In addition to having an applicable connection to Canada or another country, to attract copyright protection the work must meet the following four requirements:

1. Expression,
2. Fixation,
3. Originality; and
However, for obvious reasons, performances, sound recordings and communication signals do not require all of these elements to be present before copyright protection attaches.

Canadian law does not grant copyright protection to ideas but to the expression of ideas, i.e., an idea must be expressed in a tangible form to gain copyright protection. **Fixation** requires that the expression of the idea must have a material form, for example, a book or an object d’art. **Originality**, while not defined in the act, has been interpreted by the Supreme Court of Canada to require that it be more than a mere copy of another work. The expression of the idea must engage the exercise of the creator’s skill and judgment. The requirement of **work** means that the creation must meet one of the many definitions of a literary, dramatic, musical or artistic work found in the *Act*.

2(b). **Did Basalt Co. Ltd. commit an infringement of copyright or moral rights or injure the architect’s reputation by:**

(i) **Photographing an architectural work located in a public place?**

(ii) **Copying a unique wall from a museum building?** What are the tests?

Infringement of the copyright occurs where a person does anything in respect of the work that only the owner of a copyright may do or permit. Generally, the owner must prove that a copyright exists, that he/she is the owner of that copyright, the infringing act and that the owner did not consent to the act.
Section 3 of the Act sets out the rights the copyright owner has in works. It protects the right to produce or reproduce the work in any material form. The following are required to show that there has been an infringing act:

1. Objective similarity between the original and the reproduction; and
2. Access to the copyrighted material.

The second requirement means that if two identical items are created but one creator did not have access to the work of the other, there is no infringement.

The right to exhibit an artistic work in public is protected by the Act. The Act also prohibits secondary infringement. Secondary infringement occurs where a person deals in unauthorized copies of a copyrighted work. It is considered secondary because it cannot exist without the first infringing act, for example, copying or reproducing the copyrighted work without permission.

The moral rights of the author are also protected under the Act. These rights are separate from economic rights. There are two types of moral rights:

1. The right of attribution, i.e., the right to have the author’s name associated with the work; and
2. The right to protect the integrity of the work, for example, against distortion or mutilation of the work or using the work in association with a product or service without permission.

On a strict interpretation of the Act, these rights would not be extended to authors of foreign works. The wording of the Act appears to only give copyright protection, i.e., the economic rights, to treaty countries.

**Application to the Fact Pattern**

It will first be necessary to establish that a copyright exists in the artistic or architectural work using the four elements described above: expression, fixation, originality and work. It appears that an original, architecturally-designed wall will meet these criteria. If the author was a citizen of Canada or one of the Convention countries, then a copyright interest may exist. Another way the wall could attract copyright protection is if the wall was erected in a treaty country. Construction of an architectural work constitutes publication and publication is one of the possible connections required before the protection will be extended to a foreign work.

Assuming the author can prove a copyright in the wall, taking a photograph of it would be considered a reproduction of the work, assuming the photo was reduced to a material form and it reproduced the wall in substantial part (for example, the
photograph simply changed the medium of the work). However, s. 32.2(1) of the Act provides an exception for a photograph of a work that is permanently situated in a public place or building.

The photograph itself would not violate the moral rights of the author of the wall; however, using the photograph in association with a product or service may infringe moral rights depending on the photograph and the reputation and integrity of the author. For example, if the photograph is considered to be a reproduction of the original work, then it may violate the moral rights of the author if the author can prove that the use of the photograph is prejudicial to his/her reputation or integrity.

By copying the wall on its own building in Canada, provided the other country was a signatory to one of the Conventions, the Basalt Co. likely infringed the author’s copyright. While the fact pattern is not specific, assuming that there is objective similarity between the original wall and the reproduction (access being obviously available as the Basalt Co. took a photograph of the original wall) copyright infringement could likely be proven.

In respect of moral rights, while there was no apparent distortion or mutilation of the wall, there may still be an infringement if it could be established that the Basalt Co. was using the reproduction of the wall to sell its products (likely an
inference could be drawn of such use since the wall was faced with products produced by the Basalt Co.

3. **Are there other actionable claims which can be brought to protect the reputation of the architect or any artists and authors, other than claims based on infringement of copyright?** Can he obtain compensation by virtue of the “unlawful enrichment” laws?

   The *Act* is intended to provide an exhaustive set of remedies for infringement of copyright, including the notion of unjust enrichment. Generally speaking, unjust enrichment *per se* and “passing off” are equitable remedies available only where other remedies are not available. They would therefore likely not be available in this case.

4. **If damages can be claimed for loss of, or injury to, reputation:**
   
   (a) **What type(s) of damages can be awarded – eg. compensatory or punitive?**

   The *Act* stipulates that all forms of remedy are available for infringement of a copyright or a moral right, including damages, injunction, delivery up and accounting. Damages are “at large” and therefore are not strictly related to the actual monetary damage suffered. Compensatory, exemplary and punitive damages are also available. Aggravated damages, being compensatory in nature,
may be awarded to compensate for such intangible losses, perhaps based on the manner in which the defendant dealt with the plaintiff’s rights. Punitive/exemplary damages are designed as a deterrent to the infringer and others for particularly egregious or outrageous actions on the defendant’s part. They must be proportionate to the blameworthiness of the defendant’s conduct and the vulnerability of the plaintiff, among other things. An award of punitive/exemplary damages is rare in Canada.

(b) How are the damages to be proved and measured?

It may be difficult to prove compensatory damages accurately in a copyright infringement matter. They may be based on actual loss of profit or potential royalties if there is sufficient evidence. Because of the difficulty in proof, courts are entitled to make reasonable inferences from the available evidence and exercise common sense. Since copyright is considered to be a “wasting asset”, if actual damages cannot be proven, the Court may award damages “at large”. Statutory damages are also available if actual damages cannot be proven accurately. While liability must be clearly proven, courts are given a wide latitude in the determination of damages, within reasonable limits.

5. What permitted uses can be made of a protected work or reputation without constituting infringement of copyright? What is fair use?
Fair dealing under the Act allows use of copyrighted work for research or private study, critical reviews (where proper attribution is given) and news reporting. “Research” is given a broad and liberal interpretation so as not to unduly restrict academic study. Fair dealing rules must be interpreted liberally so as to maintain a proper balance between the rights of copyright owners and users. In CCH Canadian Limited v. Law Society of Upper Canada, 2004 S.C.C. 13, the Supreme Court of Canada established the factors to be considered in Canada in determining whether the use has been fair:

- 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.

There are many exceptions to infringement in addition to fair dealing. Educational institutions are provided specific exceptions in the Act respecting the use of copyrighted materials for teaching purposes, as are libraries, archives and museums.

B. The Court’s use of experts or assessors:
1. Does your country have a specialist Court or Tribunal that hears intellectual property disputes?

In Canada, both the Federal Court and the courts of the province and territories have jurisdiction to hear intellectual property disputes. There is no specialty Court or Tribunal that hears claims of infringements of intellectual property rights. There are, however, specialty Tribunals set up for other types of intellectual property disputes:

- The Copyright Board establishes the royalties to be paid for the use of copyrighted works where the administration of the copyright has been assigned to a collective administration society under the Act. It also may supervise user agreements and issue licenses if the owner of the copyright cannot be located.

- The Patent Appeal Board, among other things:
  - Reviews rejected applications;
  - Re-examines patents where necessary;
  - Determines the first inventor where there is a conflict;
  - Settles terms for use by government to use a patented invention; and
  - Deals with complaints in respect of patent agents.
2. **Does the Court/Tribunal which hears intellectual property disputes in your country use experts or assessors:**
   
   (a) to assist in determining liability; and/or
   
   (b) to assist in quantifying damages or determining the appropriate form of remedy?

Experts are generally used in Canada to assist the Court in making factual inferences and to educate the Court in technical matters. They assist the judge by taking the facts and producing a factual inference within their acknowledged areas of expertise. They can be used both to assist in determining liability and also to assist in quantifying damages. They may also be called upon to advise in respect of the form of an appropriate remedy. Generally, all courts in Canada permit the use of experts at trial.

3. **If not, does the Court/Tribunal have the power to refer the dispute or part of the dispute to an independent expert or assessor who has relevant specialist knowledge? If so, is this power often used and how effective is it?**
Canada has two levels of courts of first instance in ten provinces and three territories plus a Federal Court that can possibly hear intellectual property disputes. Each Court has different rules and some are permitted under those rules to appoint experts and/or assessors even if the parties have not done so. This is not done often.

4. Do specialists (i.e., non-lawyers with specialist training in the field of intellectual property) sit on the Court/Tribunal? If so, what is the role of the specialist? For example, solely to assist the Court Tribunal to understand the specialist’s subject matter of the intellectual property dispute or does the specialist have a decision-making role?

Specialists do not sit on the Court/Tribunal. However, given that judges in Canada are appointed only after they have been lawyers for at least ten years, some judges may have a stronger background than others in intellectual property when they become a judge.

5. Does the Court/Tribunal hear expert evidence on specialist subject matters in intellectual property disputes? How is the evidence given? For example, in writing, in person or by both means?

As noted above, experts may be permitted to testify on specialist subject matters. The evidence may be given in writing, in person or both in accordance with the
rules of the Court that is hearing the matter. Experts would be open to cross-examination by the opposing side like any other witness.

6. **What other processes are used by the Court/Tribunal to assist in understanding specialist subject matter in an intellectual property dispute and, where experts have differences of opinion on a topic, to assist in deciding which opinion to accept?**

In Canada, most court rules permit the judge to inspect the property instead of merely viewing it through photographs and videos if it would be of assistance. Where experts differ on the topic, credibility based on the expert’s academic credentials, experience, demeanour and the reliability of his/her testimony, usually determines which opinion is accepted. A judge is entitled to accept some, none or all of the evidence of any expert.

7. **What process do you think would be useful for the Court/Tribunal to adopt or implement to assist in deciding intellectual property disputes where the making of the decision requires specialist knowledge or a non-legal topic?**

The current process works well as it retains the distinction in Canadian law between the function of the judge in a proceeding and that of the witnesses. The judge continues to make findings of fact and the witnesses help him or her to do so. As a result, no processes are suggested.