

RECENT LEGISLATIVE DEVELOPMENTS IN CANADIAN COPYRIGHT LAW: IS CANADA A RELIABLE ROLE MODEL OR A RENEGADE ROGUE?

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(views are personal and not necessarily those of my firm or clients)



What I will cover?

- Copyright Modernization Act (“Bill C-11”)
 - The main features of the legislation
 - Potential issues
 - Role of “Legislative history”
- The microSD regulation
- Bill C-56 (Anti-counterfeiting)
 - What it purports to do
 - Potential policy and drafting issues
- Is Canada a Rogue or a Role Model?

Words of Wisdom from 1939

There has grown in the minds of certain groups in this country the idea that just because a man or corporation has made a profit out of the public for a number of years, the government and the courts are charged with guaranteeing such a profit in the future, even in the face of changing circumstances and contrary to public interest. This strange doctrine is supported by neither statute or common law. Neither corporations or individuals have the right to come into court and ask that the clock of history be stopped, or turned back. (emphasis added)

Life-Line (1939)

Robert A. Heinlein (1907 - 1988)

Timing

- **Copyright Modernization Act (“CMA”) was given Royal Assent on June 29, 2012**
- **The “Pentalogy” cases were argued on December 6 & 7, 2011 and decisions delivered by SCC on July 12, 2012**
- **CMA proclaimed in force (except for “notice and notice” provisions) on November 7, 2012**
- **MicroSD regulation was published November 7, 2012 in Canada Gazette Part II.**

CMA – “making available”

Legislative Summary:

*Clause 3 of the bill adds a new subsection to section 2.4 of the Act, **clarifying** that the making available of a work or other subject matter to the public at a place and time chosen by the public by means of telecommunication is included within the meaning of “communication of a work or other subject-matter to the public by telecommunication” (see more particularly clauses 9 and 11).*

(emphasis added)

CMA – “making available” cont’d

Communication

to the public by

telecommunication

(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.

CMA – “making available” cont’d

Possible Issues:

- Is this a new “making available right” (“MAR”) as SOCAN argues or merely a clarification of s. 3, which has also been construed by the SCC?
- Does it warrant a new tariff?
- Would such a tariff be “double-dipping”?
- Would it be technologically neutral?
- Or “efficient”?
- Would such a tariff be consistent with the SCC in *Entertainment Software Association v. Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 34, [2012] 2 S.C.R. 231?
- Current developments at the Copyright Board and in the Federal Court.

CMA – Anti-“enabler” provision

Legislative Summary:

Clause 18 of the bill adds the following to section 27 of the Act: a clarification regarding a copy made under an exception outside Canada; a provision on secondary infringement related to a lesson; and provisions indicating that it is an infringement to provide through the Internet, or another digital network, a service that is designed primarily to enable acts of copyright infringement if actual infringement occurs as a result of the use of that service.

At committee stage, Clause 18 of the bill was amended in order to modify the proposed new liability provision in relation to enablers of copyright infringement (in subsection 27(2.3) of the Act). As noted by an Industry Canada departmental official, “It would amend the current wording so that it removes the terminology around ‘designed’ and would focus on providing a service primarily for the purposes of enabling acts of copyright infringement.”⁵⁷ This wording was adopted to avoid misinterpretations of the policy intent in relation to the use of the term “designed.”

(emphasis added)

Anti-“enabler” cont’d

Infringement — provision of services

*S. 27(2.3) It is an infringement of copyright for a person, by means of the Internet or another digital network, to provide a service **primarily for the purpose of enabling acts of copyright infringement if an actual infringement of copyright occurs** by means of the Internet or another digital network as a result of the use of that service. (emphasis added)*

Anti-“enabler” cont’d

Factors

s. 27(2.4) In determining whether a person has infringed copyright under subsection (2.3), the court may consider

- (a) whether the person expressly or implicitly marketed or promoted the service as one that could be used to enable acts of copyright infringement;*
- (b) whether the person had knowledge that the service was used to enable a significant number of acts of copyright infringement;*
- (c) whether the service has significant uses other than to enable acts of copyright infringement;*
- (d) the person’s ability, as part of providing the service, to limit acts of copyright infringement, and any action taken by the person to do so;*
- (e) any benefits the person received as a result of enabling the acts of copyright infringement; and*
- (f) the economic viability of the provision of the service if it were not used to enable acts of copyright infringement.*

Anti-“enabler” cont’d

Possible Issues:

How will the “actual infringement” requirement be dealt with?

Other issues?

Note: [Columbia Pictures v. Fung and IsoHunt](#), March 21, 2013
(9th Circuit)

Note also current Teksavvy efforts to force disclosure of John Does in Canada.

CMA: Fair Dealing

Legislative Summary:

Clause 21 of the bill expands the scope of the fair dealing exception at section 29 of the Act to include new purposes: education, parody or satire (in addition to research and private study in that same section, and criticism and review at section 29.1). As suggested by the government and some commentators, education apparently refers to a structured context and would include training in the private sector but would not cover “education” of the public at large.

(emphasis added) (footnotes omitted)

CMA: Fair Dealing (cont'd)

Research, private study, etc.

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

(emphasis added)

CMA: Fair Dealing (cont'd)

Possible Issues:

- How does this fit with SCC decisions in [iTunes](#) and K-12 decisions, which were decided before this was proclaimed?

[iTunes decision:](#)

[22] 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.** (emphasis added)

CMA: Fair Dealing (cont'd)

- [K-12 “Alberta” decision](#):

[27] 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.

(emphasis added)

CMA: Statutory Damages

Legislative Summary:

*Clause 46 of the bill modifies the rules applicable to the award of statutory damages⁶¹ under section 38.1 of the Act. Currently, statutory damages range from \$500 up to a maximum of \$20,000 per work infringed (current subsection 38.1(1) of the Act). Under Bill C-11, the amount of statutory damages available to the copyright holder becomes dependent upon the commercial or non-commercial purpose of the infringement (proposed paragraphs 38.1(1)(a) and (b)). The current range of statutory damages would apply to cases of infringement for commercial purposes only. **The bill limits the availability of statutory damages in cases of infringement for non-commercial purposes, and caps their amount at between \$100 and \$5,000 for all infringements in a single proceeding for all works. This reduced damage award would apply, for example, to individuals who download music from peer-to-peer file-sharing services.** A court may lower the award of statutory damages for commercial infringement if the total award would be, in the court's opinion, grossly out of proportion to the infringement (proposed subsection 38.1(3) of the Act). As well, the clause adds a proportionality requirement for damages for non-commercial infringement (proposed paragraph 38.1(5)(d) of the Act). (emphasis added) (footnotes omitted)*

CMA: Statutory Damages cont'd

Statutory damages

38.1 (1) Subject to this section, a copyright owner may elect, at any time before final judgment is rendered, to recover, instead of damages and profits referred to in subsection 35(1), an award of statutory damages for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally,

(a) in a sum of not less than \$500 and not more than \$20,000 that the court considers just, with respect to all infringements involved in the proceedings for each work or other subject-matter, if the infringements are for commercial purposes; and

(b) in a sum of not less than \$100 and not more than \$5,000 that the court considers just, with respect to all infringements involved in the proceedings for all works or other subject-matter, if the infringements are for non-commercial purposes.

(emphasis added)

CMA: Statutory Damages cont'd

Possible Issues:

- Does “non-commercial” apply to educational institutions? Note that there is no provision to limit this maximum to “individuals”, as was done with exception to permit use of photographs and portraits.
- How will this interface with potentially “mandatory” tariffs from the Copyright Board that may be supposedly applicable in “non-commercial” contexts, e.g. “education”?
- Can one copy of one work really cost \$1,000,000?

CMA - TPMs

Legislative Summary:

Technological Protection Measures (Clauses 47-49)

- a. Clause 47 contains new provisions for technological protection measures and rights management information as well as liability of providers of network services (or Internet service providers) or information location tools, at proposed sections 41 to 41.27 of the Act.*

...

CMA – TPMs cont'd

Prohibition

s. 41.1 (1) No person shall

(a) circumvent a technological protection measure within the meaning of paragraph (a) of the definition “technological protection measure” in section 41;

...

(2) The owner of the copyright in a work, a performer’s performance fixed in a sound recording or a sound recording in respect of which paragraph (1)(a) has been contravened is, subject to this Act and any regulations made under section 41.21, 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 copyright against the person who contravened that paragraph.

(3) The owner of the copyright in a work, a performer’s performance fixed in a sound recording or a sound recording in respect of which paragraph (1)(a) has been contravened may not elect under section 38.1 to recover statutory damages from an individual who contravened that paragraph only for his or her own private purposes.

CMA – TPMs cont'd

Possible Issues:

- Do the TPM provisions trump fair dealing, and other users' rights?
- Note that some exceptions – such as educational use of the internet – are expressly conditioned on not circumventing TPMs.
- However, others – such as the overall “always available” “fair dealing” provisions - are not so restricted.
- Maybe no need for constitutional challenge ;-)

CMA:

WHAT WAS NOTABLY NOT DONE

- Incorporate three-step test
- Specify meaning of “education”
- Include “iPod tax” – as Ministers called it.
- So – will we see arguments based on “legislative history” or will it all go out with the tide and be regarded as “legislative mystery”?

Bill C-56

SUMMARY

This enactment amends the Copyright Act and the Trade-marks Act to add new civil and criminal remedies and new border measures in both Acts, in order to strengthen the enforcement of copyright and trade-mark rights and to curtail commercial activity involving infringing copies and counterfeit trade-marked goods. More specifically, the enactment

(a) creates new civil causes of action with respect to activities that sustain commercial activity in infringing copies and counterfeit trade-marked goods;

(b) creates new criminal offences for trade-mark counterfeiting that are analogous to existing offences in the Copyright Act;

(c) creates new criminal offences prohibiting the possession or export of infringing copies or counterfeit trade-marked goods, packaging or labels;

(d) enacts new border enforcement measures enabling customs officers to detain goods that they suspect infringe copyright or trade-mark rights and allowing them to share information relating to the detained goods with rights owners who have filed a request for assistance, in order to give the rights owners a reasonable opportunity to pursue a remedy in court;

(e) exempts the importation and exportation of copies and goods by an individual for their personal use from the application of the border measures; and

(f) adds the offences set out in the Copyright Act and the Trade-marks Act to the list of offences set out in the Criminal Code for the investigation of which police may seek judicial authorization to use a wiretap.

The enactment also amends the Trade-marks Act to, among other things, expand the scope of what can be registered as a trade-mark, allow the Registrar of Trade-marks to correct errors that appear in the trade-mark register, and streamline and modernize the trade-mark application and opposition process.

(emphasis added)

Bill C-56 cont'd

Issues:

1. How will these provisions affect “parallel imports”? What is the policy and is the drafting consistent with the policy and internally within the bill?
2. What are the consequences of customs officers getting more immediate and short term power than we now give to judges?
3. What does “reasonable grounds” mean, when seen through the eyes of a customs officer?
4. If the Supreme Courts of Canada and the USA struggle with the difference between legitimate parallel imports and pirated goods, how are customs officers supposed to make these decisions on the spot and accurately?
5. What protection will there be for the privacy of importers?
6. What redress will there be for importers whose goods have been wrongfully seized?
7. Why does the bill deal with a “communication signal”?
8. Will the personal baggage exception be sufficient to prevent overly zealous and intrusive border searches of laptops, smart phones, etc. to ensure that “the number of copies, indicate that the copies are intended only for their personal use”? After all, it could be argued that such a determination cannot be made without a search in the first place.
9. Is it really a good idea to extend police wiretap powers to routine copyright and trademark “offences”? What will the civil libertarians and the SCC say? For a hint – see: [R. v. TELUS Communications Co., 2013 SCC 16](#) (March 27, 2013) which cites (*Society of Composers, Authors and Music Publishers of Canada v. Canadian Assn. of Internet Providers*, [2004 SCC 45 \(CanLII\)](#), 2004 SCC 45, [2004] 2 S.C.R. 427, at paras. 100-101).

Bill C-56 cont'd

1. Is ACTA a good idea for Canada?
2. If so, does this bill go farther than necessary?
3. What are the unforeseen effects of this bill resulting from non-transparent policy objectives, if any, and problematic drafting, if any?
4. Could the bill, through its substantive provisions or through overly zealous enforcement or in other ways, affect trade in legitimate goods?

MicroSD Exclusion Regulation

Registration

SOR/2012-226 October 18, 2012

COPYRIGHT ACT

MicroSD Cards Exclusion Regulations (Copyright Act)

P.C. 2012-1370 October 18, 2012

His Excellency the Governor General in Council, on the recommendation of the Minister of Industry, pursuant to sections 79 (see footnote a) and 87 (see footnote b) of the Copyright Act (see footnote c), makes the annexed MicroSD Cards Exclusion Regulations (Copyright Act).

MICROSD CARDS EXCLUSION REGULATIONS (COPYRIGHT ACT)

MICROSD CARDS

1. Memory cards in microSD form factor, including microSD, microSDHC and microSDXC cards, are excluded from the definition “audio recording medium” in section 79 of the Copyright Act.

COMING INTO FORCE

2. These Regulations come into force on the day on which they are registered.

...

REGULATORY IMPACT ANALYSIS STATEMENT

(This statement is not part of the Regulations.)

...

Issues and objectives

A proposal has been filed with the Copyright Board of Canada seeking a levy on microSD cards. Such a levy would increase the costs to manufacturers and importers of these cards, resulting in these costs indirectly being passed on to retailers and consumers.

As a result, the cost of all technologies that use or require microSD cards, such as smartphones, is likely to be affected, thereby negatively impacting e-commerce businesses and Canada's participation in the digital economy.

The objectives of these Regulations are to

*support the Government of Canada's commitment to promoting a digital economy that encourages the development and early adoption of new technologies; and **avoid an additional cost on the manufacture or importation of microSD cards, which are commonly used in smartphones and other technologies that drive the digital economy.***

Description

*The microSD Cards Exclusion Regulations (Copyright Act) exclude microSD cards (the technical standards of which are set by the SD Association) from the definition of "audio recording medium" for the purposes of the private copying regime, **meaning that no tariff can be certified for their importation or manufacture.***

...

Rationale

Digital technologies are ubiquitous and are increasingly being integrated into our economy and society. These technologies enable businesses to be innovative and productive, help governments to provide services, and allow citizens to interact and to transmit and share information and knowledge. As a component in some of these technologies, microSD cards play a role in the devices that drive the digital economy.

An increase in the cost of digital technologies acts as a barrier to access and full participation in the digital economy, as higher costs may discourage the adoption of new technologies by businesses and consumers.

These Regulations seek to promote the digital economy by ensuring that no new costs will be added to microSD cards and to associated digital technologies that use these cards, such as smartphones. In so doing, these Regulations will also prevent the added cost of a levy from ultimately being passed on to retailers and consumers.

These Regulations only seek to exempt a narrow subset of audio recording media. It will be open to the Copyright Board of Canada to consider future proposals on new forms of blank audio recording media, in addition to previously approved media, such as blank CDs.

There are no expected costs to the public, industry or copyright owners since the Regulations seek to maintain the current no-levy status of microSD cards.

MicroSD regulation cont'd

Issues:

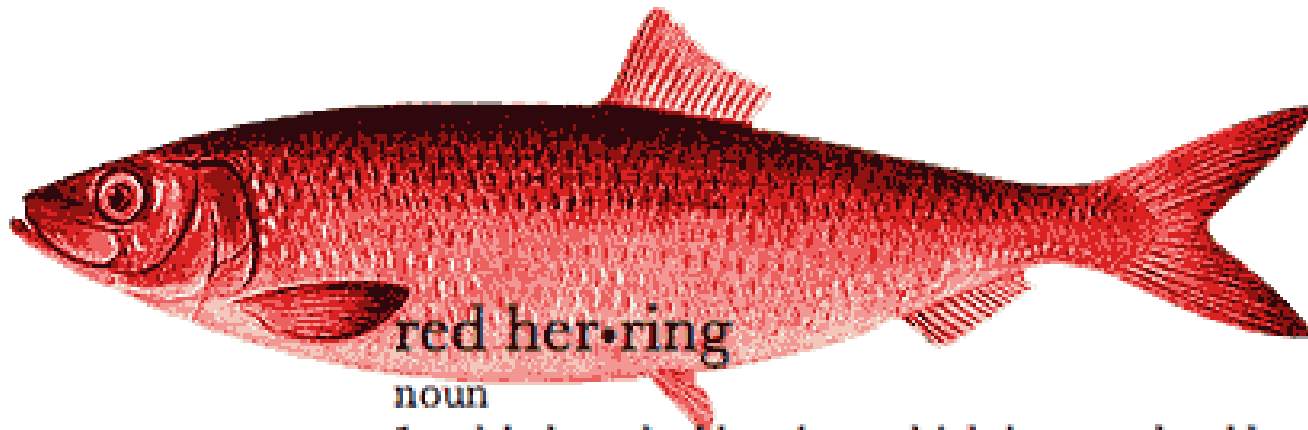
- **Will the regulation effectively stop the Copyright Board proceeding and prevent the imposition of a retroactive levy on microSDs from January 1 to November 7, 2012?**
- **Will the Government use its regulatory powers more frequently re copyright collectives?**

Where Does Canada Stand in the Copyright World?

- **Continues to provide stronger and better protection than USA to creators and owners in many respects – e.g. neighbouring rights, moral rights, collective activity**
- **Recognition of “users’ rights” by Courts and by Parliament**
- **Fully compliant with all of its international obligations**

Policy Shopping Time at TPP?

Watch out for the three-step test and other:



red her·ring

noun

- 1 a dried smoked herring, which is turned red by the smoke.
- 2 something, esp. a clue, that is or is intended to be misleading or distracting : *the book is fast-paced, exciting, and full of red herrings.* [ORIGIN: so named from the practice of using the scent of red herring in training hounds.]

Is Canadian Copyright “Crazy”?



(National Geographic)

**Yes.
Like a Fox.**

Conclusion



*"Did Yogi Berra ever say anything besides
'It ain't over till it's over'?"*