



CCH™

a Wolters Kluwer business

Commercial Times

SO YOU WANT TO BE A ROCK-N-ROLL INFRINGER . . . OR NOT

This article was written by Ron Dimock, Sangeetha Punniyamoorthy, and Alan Macek, all of Dimock Stratton LLP. Ron is a partner, has been practising intellectual property law and litigation since 1976, and is certified as a Specialist in Civil Litigation and Intellectual Property (Patent, Trade-mark, and Copyright) Law. Sangeetha's practice includes intellectual property litigation and patent prosecution with an emphasis in the biotechnological and pharmaceutical fields. Alan's practice includes intellectual property litigation and patent prosecution with an emphasis on electrical and computer-related technology. Ron and Alan are Editorial Board members of the CANADIAN COMMERCIAL LAW GUIDE. © CCH Canadian Limited.

Forty years ago – when the Beatles were on the top of the charts – a high school student from Ottawa, who was aspiring to become a copyright lawyer, committed his first and most public act of infringement. He tape recorded the first North American broadcast of “Strawberry Fields Forever” from radio station WKBW in Buffalo, New York one night and offered it up the next morning for airplay to CJET, a radio station in Smith Falls, Ontario, just outside of Ottawa. This offer was too good to turn down because the record itself was not yet available to anyone in Canada. It was standard practice in the 60s for records to be released first in the United States, and then, a few days later, in Canada.

The delinquent deejay in Smith Falls, who boastfully played the taped recording over and over again for his surprised listening audience, remarked on the air that the young man who tape recorded the song was perhaps the first “Beatles Bootlegger”. Remarkably, the copyright infringement went unnoticed, the deejay escaped reprimand from his station manager and the young man swore not to do it again.

Forty years later, such an innocent act of infringement would not have gone unnoticed. Yet there are now millions of acts of infringement that do go unnoticed. In our digital world, copyright infringement can be committed by a simple keystroke in the “piracy” of one’s home. Although copyright holders, such as the Canadian recording industry, have tried to stop, or even curtail, this activity by relying on existing *Copyright Act*¹⁵ provisions and taking their case to court, they have generally been frustrated in their attempts and have long believed that only new legislation will do.

Seemingly, Bill C-61,¹⁶ which was tabled on June 12, 2008, to amend the *Copyright Act*, gives what the copyright holders have long wanted and copyright infringers have feared – statutory teeth. In this article, we will try to explain what the new amendments are all about and, particularly, what they would mean for a member of the public wishing to enjoy recorded music in all its formats.

Need for Copyright Reform

Even though Industry Minister Jim Prentice's Bill C-61 was just tabled, there has already been widespread reaction to the proposed amendments. To fully understand the amendments, it is necessary to understand the underlying objectives and policy rationales.

Copyright law reflects the challenge of a rights-based statute to create a regime of protection for copyright holders and their work, while balancing those rights with user rights. According to the Supreme Court of Canada, the purpose of copyright law is to balance the public interest in promoting the encouragement and dissemination of works of the arts and intellect and obtaining a just reward for the creator (or prevent someone other than the creator from appropriating whatever benefits may be generated).¹⁷ This principle gives rise to the constant need to carefully weigh and balance a range of interests (such as the right of people to imitate existing works, to compete, talk, and write freely, and to nurture common cultures) whenever a copyright issue is being debated.

Although copyright law has evolved over time, the legislation and jurisprudence has historically struggled with balancing existing rights with new claims by creators and owners of copyright. One of the challenges facing Canadian copyright law is the recognition of new technologies. More than 30 years ago, the federal government released a guide for copyright revision which recognized the effect of technology:

The challenge of technological change has now prompted the federal government to revise Canada's copyright law. Two central commitments form the framework for this process: one is to foster a climate in which creativity can flourish for everyone's benefit; the other is to help Canadians reap the full benefits of technological innovation. The copyright revision process involves a harmonious balancing of interests which are often functionally opposed to each other . . . Years of government consultation with all interested sectors are finally yielding a balanced solution.¹⁸

However, the government struggles to this day with how best to balance competing copyright interests. The rapid evolution of digital technology, and in particular the Internet, allows a copy of a song, article, movie, or photo to be made without permission and to be disseminated around the world with a click of a button. As a result, copyright owners consider themselves to be increasingly vulnerable: in their view, the pre-digital copyright system "takes choice out of the hands of the artists and rights-holders and puts it in the hands of hackers and thieves".¹⁹

Earlier Attempts to Reform

In June 2005, the Canadian government introduced Bill C-60, a large copyright reform Bill that included a new "making available" right, anti-circumvention measure tied to copyright infringement, and a "notice-and-notice" system for Internet Service Providers ("ISPs").²⁰ The more controversial proposed changes were the "making available" right and the "notice-and-notice" regime for allegations of copyright infringement involving ISPs. Ironically, the acts complained of by the Canadian Recording Industry Association in *BMG Canada Inc. v. John Doe*²¹ (i.e., typical "uploading" in a P2P file sharing system) appeared to be squarely within the proposed provisions, thereby ensuring that only copyright owners could communicate their work by telecommunication.

Although Bill C-60 would also have established legal protection for the digital locks known as technological protection measures ("TPMs") that are used to control digital content, the Canadian government avoided the harsh approach taken by the United States when it enacted the *Digital Millennium Copyright Act* ("DMCA") in 1998. The DMCA provides the copyright owner with a cause of action against anyone who circumvents any sort of technological control but does not infringe copyright. Unlike the American approach, the Canadian government's intent was to link anti-circumvention to actual copyright infringement: it pledged that circumvention of a TPM applied to copyright material "will only be illegal if it is carried out with the objective of infringing copyright".²²

Despite the strongly opposed proponents and opponents, Bill C-60 died on the Order Paper when the federal election was called on November 29, 2005. However, the government now proposes to similarly modernize copyright law through Bill C-61 but also include more far-reaching provisions on anti-circumvention.

Copyright Infringement in Bill C-61

The amendments in Bill C-61 are primarily directed to digital works and how those works are distributed. The amendments dictate that certain activities are non-infringing subject to some significant exceptions. The most discussed provisions of the Bill relate to format shifting and time shifting of copyrighted works.

Format Shifting – Bill C-61 provides that it is not an infringement for an individual to transfer a photograph, book, newspaper, periodical, videocassette, musical work (but not DVDs), to another medium provided that certain conditions are met. These conditions include that the original is not infringing, the individual owns the original, the individual did not circumvent any technological anti-copying measures, only one copy is made per device, the reproduction is not given away, and it is only used for private purposes. If the original was illegally downloaded, the individual is bound by any online contract which may supersede the exceptions.

Time Shifting – The amendments provide that it is not an infringement to record a program for the purpose of listening or watching it later provided that certain conditions are met. These conditions include no circumvention of any technological anti-copying measures, no more than one recording is made, and the recording is not maintained any longer than is necessary to listen or watch the program. If the program is received through a video-on-demand service, then any contract governing the service supersedes the provisions.

Networks – The proposed provisions codify parts of the *Tariff 22* decision²³ that limit the liability for ISPs for merely providing communications or caching of Internet traffic.²⁴ Service providers are also not liable for infringement for merely providing digital memory unless they are aware of a court decision finding that the person using the memory infringes copyright. The amendments would establish a notice-and-notice system for copyright owners to notify service providers who would in turn be required to notify alleged infringers.²⁵ This notice-and-notice procedure contrasts with the notice-and-takedown provisions in the American DMCA.

Technological Measures – Bill C-61 would add a new section on technological measures, i.e., any “effective technology” that in its ordinary course controls access to a work. The amendments would make it an infringement to circumvent these measures, offer services to circumvent these measures, or manufacture or provide technology for circumventing these measures.²⁶

The exceptions to the technological measures provisions are for investigation and enforcement of any law of Canada or for the protection of national security.²⁷ Exceptions are also available for creating interoperable computer software, encryption research, verifying the collection of personal information, assessing the vulnerability of computer systems, and making a work available to a person with a perceptual disability, although exceptions and conditions apply to the exceptions.

Damages

The proposed amendments would limit statutory damages to \$500 for copyright infringement for individuals for private purposes²⁸ although no limits are placed on obtaining actual damages for infringement. The \$500 limit is not applicable if the individual circumvented technological anti-copying measures or uploads works, in which case statutory damages may be as high as \$20,000.

A court may award less than the statutory damages if the individual satisfies the court that he or she was not aware that his or her activities infringe copyright. In addition, if the defendant is a library, archive, or museum, the court may only award an injunction.

The proposed amendments leave open to the government to prescribe regulations making additional exceptions from the infringement provisions, including listing specific technological measures to which the provisions would not apply.

The amendments would also make it an infringement for a person to remove or alter digital rights management information in a work.²⁹

Other Amendments

In addition to the amendments relating to the Internet and downloading, the amendments also relate to other areas of copyright. Photographs and photography had special rules under the *Copyright Act* in section 10 and subsection 13(2), which provided that the first owner was the owner of the negatives or the person who commissioned the work. Under the proposed amendments, these provisions are being repealed.³⁰ Private use of commission photographs is not infringement under the proposed amendments although a contract with the photographer may specify what uses are allowed.³¹

The amendments would add a new category of rights to the *Copyright Act*, namely the right to prohibit the transfer of ownership of a work that may be circulated as a tangible object, if the ownership of the tangible object has never been circulated previously with the authorization of the author – also known as a “making available” right.³²

As part of implementing the *Performance and Phonograms Treaty*, the amendments would add some clarification for the copyright in performance by explicitly including the making available right.³³ The amendments also include moral rights to the integrity of the performance and to be associated with the performance.³⁴ The length of protection for performances is amended to reference any sound recordings or fixation of the performance that occur.³⁵

The rights of makers of sound recordings are amended to include the right to communicate it to the public and transfer ownership of tangible objects containing the work to the public,³⁶ and reference to these rights is included in the section on remuneration for publication of the works.³⁷

The Bill also includes provisions relating to educational lessons, including infringement of copyright in lessons.³⁸ Educational institutes can do certain acts that would be an infringement if done by someone else. The proposed amendments would allow the communication and fixation of a lesson to students but the fixation must be destroyed within 30 days, the educational institute must take measures to limit communication to non-students and limit the reproduction of the lesson by students, and any other prescribed measures.³⁹ The proposed amendments allow for the digital production of works under educational production licences, although the educational institutes have to take measures to limit the reproduction of the works. Damages for digital reproductions are limited to the amount of royalties that would be payable under applicable licences.

The proposed amendments would allow educational institutes to reproduce and communicate works available through the Internet if the source and authorship is mentioned.⁴⁰ If the work available through the Internet is protected by technological anti-copying measures or contains a visible notice prohibiting copying, then educational institutes would be unable to use their exceptions.

The amendments would allow archives to make reproductions of works if the archive or library considers that the technology required to use the work is becoming obsolete.⁴¹ While digital copies of materials in a library may be provided for inter-library loans, measures must be taken to ensure that the digital copy can not be reproduced, communicated, or used for longer than five days.⁴²

Some Ways in Which Bill C-61 May Affect You

The prevalence of anti-copying technology on digital works means that many consumers are likely to deal with these measures in the course of their lives. For example:

- While one may legally copy music from their own LP to a CD to play in their car, it would arguably be an infringement under the proposed amendments to make both a mix-CD and a best-of CD containing the same track from the LP. Note that you are unlikely to be able to format shift music obtained through an online music store since a) the online purchase is covered by a contract which may prohibit format shifting, and b) the downloaded music may be protected by technological anti-copying measures.
- If one purchases a DVD in Europe, it would arguably be an infringement under the proposed amendments to remove the region locks from the DVD to allow it to be played on a DVD player in Toronto. Removing the region locks may also make the individual liable for up to \$20,000 in statutory damages. The provider of any tools to remove the region locks could also be subject to fines and/or jail time.
- If you miss a TV show and use BitTorrent or some other peer-to-peer software to download a copy of the show to watch it at a more convenient time you will most likely not be able to take advantage of the time shifting exceptions. Time shifting only allows a copy to be made from a legal source and only allows it to be stored as long as it is necessary to watch it at a more convenient time. In addition, since BitTorrent both uploads and downloads, you could be subject to up to \$20,000 in fines.

Conclusion

The proposed amendments which would affect consumers' lives in many ways – from wedding photos to electronic resources at school to video-on-demand and electronic music – are already seen as controversial and will be hotly debated by advocates from all sides. Even if Bill C-61 makes it through Parliament, many of its proposed amendments are unlikely to survive in their current version.

Notes:

¹ R.S.C. 1985, c. C-42, online: Justice Laws Web Site <<http://laws.justice.gc.ca/en/showtdm/cs/C-42>>.

² Bill C-61, *An Act to amend the Copyright Act*, first reading June 12, 2008, online: Parliament of Canada <http://www2.parl.gc.ca/content/hoc/Bills/392/Government/c-61/c-61_1/c-61_1.PDF>.

- ³ *Society of Composers, Authors and Music Publishers of Canada v. Canadian Association of Internet Providers*, 2004 SCC 45 at para. 40, online: Supreme Court of Canada/LexUM <<http://scc.lexum.umontreal.ca/en/2004/2004scc45/2004scc45.html>> (“Tariff 22”).
- ⁴ Consumer and Corporate Affairs Canada, *From Gutenberg to Telidon: A Guide to Canada’s Copyright Revision Proposals* (Ottawa: Supply and Services Canada, 1984).
- ⁵ Graham Henderson, “Commentary: Are Canada’s Copyright Laws Too Antiquated for the Digital Marketplace?”, *The Lawyers Weekly*, vol. 24, no. 48 (April 29, 2005) at p. 16, online: *The Lawyers Weekly* <<http://www.lawyersweekly.ca/index.php?section=article&articleid=78>>.
- ⁶ Bill C-60, *An Act to amend the Copyright Act*, first reading June 20, 2005, online: Parliament of Canada <http://www.parl.gc.ca/PDF/38/1/parlbus/chambus/house/bills/government/C-60_1.PDF>.
- ⁷ 2004 FC 488, online: Federal Court <<http://decisions.fct-cf.gc.ca/en/2004/2004fc488/2004fc488.html>>, aff’d in part 2005 FCA 193, online: Federal Court of Appeal <<http://decisions.fca-caf.gc.ca/en/2005/2005fca193/2005fca193.html>>.
- ⁸ See Industry Canada, Copyright Reform Process, “Frequently Asked Questions” (March 2005), online: Industry Canada <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp01143e.html>>.
- ⁹ See footnote 3.
- ¹⁰ Proposed section 31.1 of the *Copyright Act* if Bill C-61 is enacted.
- ¹¹ Proposed sections 41.25 and 41.26.
- ¹² Proposed sections 41 and 41.1.
- ¹³ Proposed section 41.11.
- ¹⁴ Proposed subsection 38.1(1.1).
- ¹⁵ R.S.C. 1985, c. C-42, online: Justice Laws Web Site <<http://laws.justice.gc.ca/en/showtdm/cs/C-42>>.
- ¹⁶ Bill C-61, *An Act to amend the Copyright Act*, first reading June 12, 2008, online: Parliament of Canada <http://www2.parl.gc.ca/content/hoc/Bills/392/Government/c-61/c-61_1/c-61_1.PDF>.
- ¹⁷ *Society of Composers, Authors and Music Publishers of Canada v. Canadian Association of Internet Providers*, 2004 SCC 45 at para. 40, online: Supreme Court of Canada/LexUM <<http://scc.lexum.umontreal.ca/en/2004/2004scc45/2004scc45.html>> (“Tariff 22”).
- ¹⁸ Consumer and Corporate Affairs Canada, *From Gutenberg to Telidon: A Guide to Canada’s Copyright Revision Proposals* (Ottawa: Supply and Services Canada, 1984).
- ¹⁹ Graham Henderson, “Commentary: Are Canada’s Copyright Laws Too Antiquated for the Digital Marketplace?”, *The Lawyers Weekly*, vol. 24, no. 48 (April 29, 2005) at p. 16, online: *The Lawyers Weekly* <<http://www.lawyersweekly.ca/index.php?section=article&articleid=78>>.
- ²⁰ Bill C-60, *An Act to amend the Copyright Act*, first reading June 20, 2005, online: Parliament of Canada <http://www.parl.gc.ca/PDF/38/1/parlbus/chambus/house/bills/government/C-60_1.PDF>.
- ²¹ 2004 FC 488, online: Federal Court <<http://decisions.fct-cf.gc.ca/en/2004/2004fc488/2004fc488.html>>, aff’d in part 2005 FCA 193, online: Federal Court of Appeal <<http://decisions.fca-caf.gc.ca/en/2005/2005fca193/2005fca193.html>>.
- ²² See Industry Canada, Copyright Reform Process, “Frequently Asked Questions” (March 2005), online: Industry Canada <<http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/en/rp01143e.html>>.
- ²³ See footnote 3.
- ²⁴ Proposed section 31.1 of the *Copyright Act* if Bill C-61 is enacted.
- ²⁵ Proposed sections 41.25 and 41.26.
- ²⁶ Proposed sections 41 and 41.1.
- ²⁷ Proposed section 41.11.
- ²⁸ Proposed subsection 38.1(1.1).
- ²⁹ Proposed section 41.21.
- ³⁰ Sections 4 and 5 of Bill C-61.
- ³¹ Proposed paragraph 32.2(1)(f).
- ³² Proposed paragraph 3(1)(j).
- ³³ Proposed subsections 15(1.1), (2.1), and (2.2).
- ³⁴ Proposed sections 17.1 and 17.2.
- ³⁵ Proposed section 23.
- ³⁶ Proposed section 18.
- ³⁷ Proposed section 19.
- ³⁸ Proposed subsection 27(2.1).
- ³⁹ Proposed section 30.01.
- ⁴⁰ Proposed section 30.04.
- ⁴¹ Proposed section 30.1.
- ⁴² Proposed subsection 30.2(5.01).