

**RENKE'S IP MID-TERM: FEBRUARY 2003**  
**Marking Key**

**Question 1: 5 Marks**

HVM Ltd. ("HVM"), a Canadian corporation that operates a national chain of music and video stores, received a demand letter from SOCAN (an incorporated collective society that represents, among others, music composers). In the letter, SOCAN states that

- (i) HVM plays recorded music in its stores, which is audible to persons inside the stores; and
- (ii) all of the music played is composed by SOCAN members.

ASSUME that (i) and (ii) are true, that SOCAN has received valid and binding assignments of all members' relevant interests in the musical compositions, all composers are still alive, all composers are Canadian citizens, and none of the music is in the public domain.

SOCAN goes on to claim that

- (a) HVM requires a licence from SOCAN to play the music; and
- (b) HVM must pay royalties to SOCAN, as established by a Copyright Board tariff (the "Tariff").

**Is SOCAN's claim (a) true? Why or why not? Explain.**

yes

compositions: musical works, by Canadians; term still extant - copyright exists

the relevant interest assigned is right to communicate the work to the public by telecommunication: s. 3(1)(f) (def'n of "telecommunication," s. 2) or the public performance right: s. 3(1)

the copyright holder, not a third party like HVM, is the only person entitled to perform the compositions in public

playing the CDs in stores is a communication to public by telecommunication (transmission by electromagnetic system – i.e., over the CD player) or performance in public

for HVM to perform the works in public, a licence is required from SOCAN

**Question 2: 2 Marks**

**If SOCAN were to grant a licence to HVM, should it be "exclusive" or "non-exclusive"? Why?**

non-exclusive; not want HVM to be the only person entitled to perform the works in public

**Question 3: 4 Marks**

Given your answer to the previous question, if SOCAN granted the licence to HVM,

- (a) for the licence to be valid, must it be in writing? and
- (b) to avoid being found to be void, must the license be registered with the Copyright Office?

re (a): not in writing - because not an exclusive license: ss. 13(7), 13(4) - not a “grant of an interest”

re (b): not necessary to register, again, because not a grant of interest: s. 57(3)

makes sense not to have to register; because not exclusive, others may well have licenses

**Question 4: 4 Marks**

ASSUME that the Tariff was duly certified by the Copyright Board, that the Tariff sets out the bases for calculating royalties owing by retail outlets engaging in certain uses of copyrighted material, and that HVM (a retail outlet) has engaged in the described uses of material. HVM, however, was not a party to any Copyright Board hearing. **By what statutory authority could SOCAN seek the Tariff, and does the Tariff bind HVM? Explain.**

Tariff sought under s. 67.1:

SOCAN is a collective society that grants licenses, etc. for public performances of musical works: s. 67(a)

Under s. 68.2, SOCAN would be entitled to enforce the Tariff. It binds HVM, and any other person who publicly performs SOCAN repertoire.

**Question 5: 2 Marks**

HVM believes that the bases for calculating royalties set out in the Tariff are unfair and improper. It wishes to apply for judicial review of the Tariff. **In which court would the application be made? Explain (briefly).** ASSUME that time limit for seeking judicial review has not expired and that HVM would have “standing”.

Federal Court of Appeal - through the operation of s. 28 of the FCA.

**Question 6: 6 Marks**

ASSUME that in the judicial review application referred to in the previous question, the issue concerned the application of statutory and regulatory provisions, not their interpretation. **What is the standard of review? Explain (briefly).**

The standard of review is reasonableness – not correctness (applies to legal interpretations, at least respecting legal rules also applied by the courts in infringement actions) or patent unreasonableness: *Internet Royalties* case (FCA).

- no “preclusive” clause, plus legal component of decision – hence not patent unreasonableness.

In this case, the issue concerns application rather than interpretation: hence, reasonableness is the standard.

[Note: might mention that the Internet Royalties case overrules AVS.]

**Question 7: 4 Marks**

ASSUME that HVM finally relents, obtains the licence, and pays SOCAN for the uses of the musical compositions. **Will this exhaust HVM’s potential copyright liabilities for playing the recorded music in its stores? Why or why not? Explain.**

no: are other copyright interests to take into account –

performers’ performances rights: s. 15

sound recording rights: s. 18

both of these copyright holders have an equitable right to remuneration: s. 19

[Note: moral rights of composers, one might argue, are relevant too: points were given for this argument.]

**Question 8: 3 Marks**

Enya, one of the Canadian composers (described above) who assigned her material rights to SOCAN, has been approached by a manufacturer which wishes to use one of her compositions in a television commercial for an automobile. **Would SOCAN grant the licence to the manufacturer for the use of the composition in the commercial? Explain.**

SOCAN would not grant the licence. This is a “mechanical recording” right, under s. 3(1)(d).

SOCAN does not receive mechanical reproduction assignments; it does not administer those rights. Enya has either retained those rights, or assigned them to another collective society, such as the CMRRA.

**Question 9: 6 Marks**

ASSUME that Enya (referred to in the previous question) had assigned all of her rights in the composition to a publishing company ("Pub Co.") prior to receipt of the request to use her composition in the commercial. Enya strongly objects to the use of her composition in the commercial. **In what circumstances, if any, would Enya have any legal entitlement to prevent the use of her composition in the commercial? Explain.** ASSUME that the assignment is valid and binding. DO NOT refer to any estate or succession issues in your response.

Having assigned all of her mechanical reproduction rights, Enya could not resist on the basis of retention of any economic rights.

Enya could resist use of her composition in the commercial if she had not "waived" her moral rights in relation to the composition: s. 14.1(2).

Assignment, by itself, does not constitute waiver: s. 14.1(3).

Enya would have to be able to establish that the use of the composition in the commercial would be a use in an association with a product (established: use in association with the manufacturer's car)

that would work to the prejudice of Enya's honour or reputation: s. 28.2(1)(b).

Analogy: Snow v. Eaton's Centre (goose sculpture case).

**Question 10: 8 Marks**

Professor Dweems, of the University of Alberta Faculty of Law, is worried. He created a casebook for his Evidence class. The casebook contains photocopies of Supreme Court of Canada cases taken from the "Canadian Criminal Cases" (the "CCCs") published by Canada Law Book Inc. ("CLB"). Assume that CLB owns all copyright respecting the CCCs. The casebook is a "cut and paste" creation; Dweems has only reproduced the reasons for decisions in the CCCs – he has not reproduced headnotes, catchlines, or cases-, statutes-, or articles-judicially considered features. He used the CCCs because he prefers the font used by CLB. He doesn't like the appearance of (e.g.) the "Criminal Reports" or the Supreme Court Reports. Prof. Dweems has just heard about the *C.C.H.* decision, and believes that CLB could pursue him for copyright infringement. **Should Prof. Dweems be worried? Why or why not? Explain.** In your response, do not discuss infringement or defence to infringement issues (such as fair dealing).

Dweems should not be worried.

Copyright in the reasons for decision themselves does not belong to CLB. While the issue is not entirely free from doubt, it appears that copyright is held by the federal government (these were all SCC cases). Pursuant to the Reproduction of Federal Law Order, all persons have a licence to reproduce federal judicial decisions.

CLB may have copyright only in relation to the new "arrangement" for the reasons for decision. In this case, however, Dweems has excised all of the "value-added" elements – the headnotes, etc.

All that remains are the reasons for decision, set in a particular font.

Arguably, the mere setting of a font for the display of a decision does not display or entail the work, skill, or judgment requisite for a judicial finding that CLB has made an “original expression” of the decision. Its presentation of the decision is “unoriginal.” In this particular context, the creative would be “the enemy of the true.” Accuracy in reporting exactly what the court said entails that the decision can only be rendered in, essentially, one way.

The C.C.H. case itself contemplates that, shorn of value-added elements, reported decisions themselves do not attract copyright protection.

**Question 11: 16 Marks**

Art Baggins was a long-time employee of the Smithsonian Institute (the “Institute”), a U.S. charitable/educational corporation based in Washington, D.C. In 1966, Baggins’ job was to travel the U.S. South, interview blues artists, and make recordings, so their work could be preserved for future generations. In February, 1966, Baggins traveled to Crossroads, Mississippi, to meet Jelly Roll Johnson, a widely acclaimed composer, singer, and guitarist. When Baggins and Johnson met, Baggins informed Johnson of his reasons for interviewing and recording him, and Johnson agreed to provide personal information and to perform some of his compositions for recording. Baggins recorded three songs, including “Ramblin’ on My Mind.” Ramblin’ – for you music experts – is a 12-bar blues song. The chord progressions are the same as or very similar to many other 12-bar blues songs. The lyrics deal with the typical blues themes – intimate relationships gone bad, the temptations of liquor, and the false allure of the criminal lifestyle. Ramblin’, however, had a distinctive melody and lyrics composed by Johnson. Ramblin’ was readily identifiable by listeners as an independent piece of music. It was Johnson’s signature piece; Johnson had performed it many times throughout Mississippi and Louisiana, commencing in 1964. Johnson could not write music and so had never written the song down. (He had never gotten around to writing down the lyrics. He remembered them well enough.)

Johnson died on February 20, 1967. He is survived by one daughter, Delia, who now lives in Edmonton, Alberta. Johnson had a valid will, the key passage of which provides as follows: “I leave all of my real and personal property to my daughter, Delia.”

In May, 2001, Flange Dextrous, the Canadian rock ‘n’ roll sensation, visited the Institute’s Washington offices, listened to some of its recordings archives, and heard Ramblin’. Flange knew a hit when he heard it.

In early 2002, Flange recorded Ramblin’. While the Johnson’s version involved only a voice and guitar, Flange augmented the song with new musical elements (“hooks” and “riffs”), and added electric guitar, percussion, and synthesizer parts. Flange marketed the song in conjunction with a highly sexualized music video. Ramblin’ became a big hit.

Flange has never had any communication with the Institute or Delia respecting Ramblin’.

Delia is interested in pursuing Flange for copyright infringement.

**Does Delia have any rights protected by the *Copyright Act* in relation to Ramblin’? Why or why not? Explain.**

1. Johnson owned copyright in Ramblin’:

(a) “nationality”

At the time of creation, Johnson did not live in a treaty country. However, the US became a Berne country in 1989 and a WTO country in 1995. Through the operation of s. 5(1.01), copyright protection was extended retrospectively: Wing.

(b) authorship/original work

Johnson created an original musical work (union of lyrics and music). The structure of the piece may have been standard, and the “ideas” behind the piece may have been common. The piece, however, was distinctive; it demonstrated some labour, skill, and judgment.

(c) fixation

Ramblin’ was fixed. Entirely aside from the recording of the piece, it had a replicable intellectual structure. Whether it was transcribed into musical notation or not is not determinative.

(d) ownership

Johnson was first owner under s. 13(1). Johnson only provided a licence to record (and, by implication, to replay the recording) to the Institute. Johnson did not purport to convey any copyright interest to the Institute.

This case is not similar to Gould: in that case, the work created – the interview – was not brought ready-made by Gould to his interaction with Jock Carroll. In this case, the song was an independent, pre-existing work. Baggins did nothing to create any new work or to participate in Johnson’s work in any way.

In any event, there was no written assignment of any interest by Johnson to the Institute: s. 13(4).

(e) term

[The tough issue.]

The term of Ramblin’ has not expired. The best argument is that this is a posthumous work. The work was performed often in public before Johnson’s death. The definition of “publication” is s. 2.2(1),

however, provides in para. (c) that the performance in public of a musical work does not count as “publication” of the musical work. Hence, the work was not “published” before Johnsons’ death; hence, the work was “posthumous”; and, in the circumstances, s. 7(3) applies – since Johnson died within 50 years preceding Jan. 1/97. The term would therefore end at the conclusion of December 31, 2049: Wing v. Van Velthusizen.

I did give points for this argument (for those that missed the s. 2.2 point): The general rule in s. 6 would apply. This is not a “posthumous” work. Johnson did perform the work before his death. Section 7 would not apply. Hence, the term would expire 50 years from December 31, 1967.

(f) succession

Delia, as the sole beneficiary, takes the copyright. It was not necessary to actually mention “copyright”: Wing.

(g) moral rights

Delia has moral rights in relation to Ramblin’, in addition to the economic rights. She takes those rights as the recipient under the will of the economic rights: s. 14.2(2)(b).

The term of the moral rights is the same as the term of the economic rights: s. 14.2(1).

2. re Flange’s use of Ramblin’

Flange may have created a new arrangement of Ramblin’. He could not simply impose, through his unilateral acts, any sort of “joint ownership” on the copyright owner: Neudorf v. Netzwerk.

He had no consent or licence from the copyright owner on which his arrangement was based; hence he does not become the copyright owner of the “new creation.”

Flange’s arrangement could violate moral rights in the work, as a distortion or modification of the original (s. 28.2(1)(a)) operating to the prejudice of the honour or reputation of Johnson. Similarly, the association of the song with the sexualized video could be found to be a distortion or modification of the work that prejudices Johnson’s reputation.