



THE CANADIAN
BAR ASSOCIATION
L'ASSOCIATION DU
BARREAU CANADIEN

November 27, 2018

Via email: indu@parl.gc.ca

Dan Ruimy, M.P.
Chair, Standing Committee on Industry, Science and Technology
Sixth Floor, 131 Queen Street
House of Commons
Ottawa ON K1A 0A6

Dear Mr. Ruimy:

Re: Statutory Review of the Copyright Act

I write on behalf of the Canadian Bar Association Intellectual Property Section (CBA Section) in response to the statutory review of the *Copyright Act*.

The CBA is a national association of 36,000 lawyers, Québec notaries, law teachers and students, with a mandate to promote improvements in the law and the administration of justice. The CBA Section deals with law and practice relating to all forms of ownership, licensing, transfer and protection of intellectual property and related property rights, including patents, trademarks and copyright.

The subject of copyright can be quite controversial. The Committee will likely receive many responses to the consultation that advocate strongly for different interest holders, most notably creators of copyright-protected works and users of those works. Our input focuses instead on the practice of law in Canada, particularly the ability of lawyers to provide clear advice to clients in the field.

The CBA Section proposes that the review of the *Copyright Act* include consideration of the following issues:

- a) the efficacy of the current notice-and-notice system;
- b) security interests in copyright;
- c) simplifying procedures for dealing with counterfeit goods at the border;
- d) clarifying the boundary between copyright and industrial design protection as it applies to artistic works; and
- e) adopting a resale right for visual artists.

The Efficacy of the Notice-and-Notice System

In contrast to other countries, Canada has implemented a notice-and-notice system, rather than a notice-and-takedown system, to address allegations of online copyright infringement when the identity and address of the alleged infringer are unknown to the rights-holder. The notice-and-notice system requires an intermediary, such as an internet service provider, to pass on a notice of copyright infringement to the alleged infringer. The intent was to discourage online copyright infringement by giving copyright owners a tool to enforce their rights. In other jurisdictions, such as the U.S., a notice-and-takedown system results in the takedown of allegedly infringing content, subject to evidence that may allow the content to be put back up.

The notice-and-notice system is viewed by many rights-holders as ineffective in dealing with infringement claims. The notice regime cannot deter infringement without tangible consequences for unlawful acts. An infringer can ignore the notice, leaving the infringing content online and forcing the rights-holder to take further steps to enforce their rights. In cases where the notice is ignored, it becomes difficult for a rights-holder to remove content that actually infringes.

Neither system is perfect. Bill C-86,¹ currently before Parliament, includes amendments to prohibit certain content in a notice. The proposed amendments do not affect these comments on the notice-and-notice regime. Some view the current notice-and-notice regime as ineffective, and critics note that the notice-and-notice system requires rights-holders to seek other avenues of enforcement. At the same time, a notice-and-takedown regime can result in internet service providers removing content following an allegation, without evidence or warning to the alleged infringer. Given the borderless nature of the internet, many rights-holders are choosing the U.S. notice-and-takedown system where the infringing content is available in the U.S., since rights-holders can generally get the intermediary to take down the content.

CBA Section Recommendation: Review the notice-and-notice system and consider implementing a notice-and-takedown system.

Security Interests in Copyright

As technology expands and the economic value of technology increases, we see more creative and varied security arrangements. Although there is no requirement to register copyright with the Canadian Intellectual Property Office (CIPO), it is worth considering whether a right to register a personal property security interest (PPSI) against a copyright should be included in the Act.

In other jurisdictions, such as the U.S, a security interest in copyright (as well as in patent and trademark) must be registered with the intellectual property office in order to be perfected.²

Care should be taken to ensure that any PPSI regime is structured to not conflict with provincial, territorial or state recordal mechanisms for perfecting security interests in intangible property.

CBA Section Recommendation: Consider whether the *Copyright Act* should include a right to record with CIPO the existence of a personal property security interest in copyright.

¹ Bill C-86, [Budget Implementation Act, 2018, No. 2](#).

² Amy Bagdasarian and Daren Orzechowski, "[Perfecting" Security Interests in United States Patents, Trademarks and Copyrights](#), White & Case Newsflash (18 Dec 2013)

Anti-counterfeiting

Border enforcement measures under the *Copyright Act*, seeking to prevent the importation of counterfeit goods³, are cumbersome and disproportionately place significant financial and procedural burdens on rights-holders.

The Act requires a court order before the Canadian Border Services Agency can release or destroy detained counterfeits. Obtaining a court order can be a lengthy and costly process. Rights-holders can negotiate an agreement with an importer to relinquish or abandon counterfeits, but there is very limited time to do so before a court proceeding must be commenced (ten days generally or five days for perishable goods).

Importers of counterfeits often use false information to bring goods to the border, and fail to respond to rights-holder requests, making negotiations challenging, expensive and, in many cases, virtually impossible, particularly when the importer can not actually be contacted or located. Rights-holders also bear the full cost of storing detained counterfeits until relinquished by agreement or court order.

The CBA Section recommends that a simplified procedure be adopted to permit the relinquishment of uncontested counterfeits, without judicial intervention. Proceeding in this fashion is consistent with provisions of the United States-Mexico-Canada Agreement, which provides for the possibility of a non-judicial determination of counterfeits.⁴

To ensure due process, where rights-holders assert that detained goods are counterfeit, the importer should be subject to a prescribed timeframe in which to admit or deny the allegations. Any contestation by the importer will necessitate a judicial process, but failure to respond will be construed as a “deemed consent” by the importer to relinquish the detained counterfeits to the rights-holder. This process offers a streamlined, efficient and cost-effective means of releasing uncontested counterfeits to right-holders, who can arrange for their destruction.

CBA Section Recommendation: Consider including a simplified procedure in the *Copyright Act* to permit relinquishment of uncontested counterfeits without judicial intervention.

Clarifying the Boundary between Copyright and Industrial Design Protection

The boundary between copyright and industrial design has been unclear for “artistic works”. Section 64 of the *Copyright Act* attempts to delineate between the two categories, but the provision can be difficult to apply. The combination of the broad restriction (section 64) on copyright in certain designs and the one-year limit on registering a design after publication (section 6 of the *Industrial Design Act*⁵) significantly constrains rights available to the creators of artistic works in Canada. The situation is different in the European Union and the United Kingdom since an unregistered design right is available.

CBA Section Recommendation: Review the statutory interface between copyright and industrial designs, and approaches in other jurisdictions, and consider a more balanced solution. Although possibly beyond the scope of this review, consider the option of making an unregistered design right available in Canada.

³ [Copyright Act](#), R.S.C., 1985, c. C-42, s.44.02 – 44.11

⁴ [USMCA](#) (Oct 1, 2018), Article 20.J.6

⁵ [Industrial Design Act](#), RSC 1985, c I-9

Artists' resale right

The artists' resale right, or *droit de suite*, attaches to artistic works when they are sold (or resold) through a recognized gallery or auction house, granting a portion of the sale to the original artist. The resale right exists in over 90 countries, and was recognized in the *Berne Convention*⁶ to which Canada is a signatory. The resale right is optional in *Berne* and not yet recognized in Canada. It should be considered. Once recognized in Canada, artists would also benefit from reciprocal arrangements internationally. The resale right would see a 5% royalty payable to the original artist (or copyright holder) while copyright subsists in the artistic work (life of the artist plus 50 years), for sales from recognized galleries and auction houses.

CBA Section Recommendation: Consider an artists' resale right of 5% of gross sale amount for artistic works from galleries and auction houses, while copyright subsists.

Summary of Recommendations:

1. Review the notice-and-notice system and consider implementing a notice-and-takedown system.
2. Consider whether the *Copyright Act* should include a right to record the existence of a personal property security interest in copyright.
3. Consider including a simplified procedure in the *Copyright Act* to permit the relinquishment of uncontested counterfeits without judicial intervention.
4. Review the statutory interface between copyright and industrial designs, and approaches in other jurisdictions, and consider a more balanced solution. Consider the option of making an unregistered design right available in Canada.
5. Consider an artists' resale right of 5% of gross sale amount for artistic works from galleries and auction houses, while copyright subsists.

We trust that the CBA Section's comments will be helpful and look forward to offering any needed clarification and further input through the process of the *Copyright Act* review.

Yours truly,

(original letter signed by Sarah MacKenzie for James Kosa)

James Kosa
Chair, Intellectual Property Law Section

⁶ World Intellectual Property Organization, [Berne Convention](#)