

In the Supreme Moot Court for Intellectual Property Appeals

BETWEEN:

THOMAS HARDIE MUSIC, INC

Appellant

- and -

MICHAEL CAINE

Respondent

FACTUM OF THE RESPONDENT

(Submitted in Response to Team 1A)

An appeal concerning the limits of copyright protection of sound recordings in the soundtrack of a cinematographic work, and the applicability of fair dealing

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PART I - OVERVIEW

[1] The respondent Michael Caine (“Caine”) seeks to uphold the decision of the Court of Appeal. The Court of Appeal held that Caine did not infringe the copyright of the appellant Thomas Hardie Music Inc. (“THMI”) in the sound recording of *Batman Style* (“Sound Recording”) by distributing unauthorized copies over the Internet. The Court of Appeal overturned the decision of The Trial Court of Canada--Intellectual Property Division on two grounds. First, the trial judge did not recognize that what Caine made available was a portion of a cinematographic work. Second, the issue of fair dealing was not considered using the proper contextual analysis.

Michael Caine v Thomas Hardie Music, Inc, 2012 FCA 455 at para 2 [*Michael Caine*].
Thomas Hardie Music, Inc. v Michael Caine, 2012 FCIP 150 at paras 1, 3-4 [*Thomas Hardie*].

[2] Caine acknowledges that he made a segment of *Batman: Darkest Knight* (“Film”), in which the Sound Recording appears, available on his website but submits that doing so was not an infringement of copyright for two reasons:

- 1) Caine possesses a licence from West-Ward Productions Inc. (“West-Ward”), the owner of copyright in the Film. The licence grants Caine broad rights to copy the Film and make it available on the Internet. The Sound Recording was a licensed component of a cinematographic work, and reproducing any substantial part of the cinematographic work is allowable under section 3 of the *Copyright Act*.
- 2) Second, a contextual analysis of the facts shows that Caine’s distribution of the Sound Recording to the members of Caine’s website qualified as fair dealing in accordance with the “private study” purpose enumerated in section 29 of the *Copyright Act*.

[3] In summary, Caine did not infringe THMI’s copyright in the Sound Recording by posting a substantial part of the cinematographic work on his website. This appeal should therefore be dismissed.

PART II - STATEMENT OF FACTS

[4] Caine is a professor of Film Studies and a scholar of modern cinema. He owns and operates a website dedicated to collecting and preserving materials relating to films based on comic books and graphic novels. The website includes pictures, comics, film clips of various lengths, and sound bites, none of which attracted any complaints prior to this action. Access to the website is limited to members who possess or are completing an undergraduate degree and who pay a yearly membership fee of \$100. From 2006 to 2012 membership has increased by approximately 1,000 members annually, totaling approximately 7,000 members.

Thomas Hardie, supra para 1 at para 6

[5] “Caine’s Classroom” is the content-related section of his website. Members comment and review content which is provided by and commented on by Caine. Caine maintains a technologically enforceable condition that in order to access content on the website, members are required to post at least 100 words of criticism or review about the item they seek to access. The comment condition has had the effect of preventing fan fiction and links to illegal materials from appearing on the website.

Thomas Hardie, supra para 1 at para 6.

[6] In 2008, Caine located an out-of-print copy of the Film in a college archive. The Film is an early Batman movie that had been withdrawn from distribution shortly after its release in 1955. Seeking to put the Film into Caine’s Classroom, Caine located West-Ward, the worldwide owner of copyright in the Film. Caine obtained a broad licence to copy and provide Internet access to the Film at his full discretion. It is uncontested that West-Ward owns copyright in the Film and holds all necessary licences to include the Sound Recording in the Film. Other than being

contained in the soundtrack of the rare print of the Film obtained by Caine, no other versions of the Sound Recording were available.

Thomas Hardie, supra para 1 at paras 7-8, 12.

[7] The Sound Recording appears in its entirety within the Film throughout a scene where the Batman character confronts the villain Catwoman. The Film was of great interest to the film aficionados frequenting Caine's site but drew little interest from the public at large. However, interest in the Film increased in 2011 when a prominent pop artist recorded an immensely popular authorized cover version of *Batman Style*. The increased popularity of *Batman Style* correlated with an increase of traffic and membership to Caine's website as users sought to access the Film and hear the Sound Recording in its original context.

Thomas Hardie, supra para 1 at para 9.

[8] To facilitate the increased traffic on his website, Caine made a shortened segment of the Film available for users to download. The shortened segment of the Film is edited to correspond with the beginning and end of the Sound Recording and contains the dialogue between the characters and the corresponding visuals from the Film. Like all content on Caine's website, members must provide a 100 word comment in order to download the segment. Although the exact number of downloads of the segment by members was not established at trial, it was found by the trial judge to be between a few hundred and a few thousand copies.

Thomas Hardie, supra para 1 at paras 10-11.

[9] THMI is the undisputed owner of copyright in the original Sound Recording. In anticipation of its upcoming re-release of the Sound Recording, THMI demanded that Caine remove the shortened segment of the Film in which the Sound Recording appears from his website. It is this shortened segment of the Film that THMI alleges infringes its copyright in the Sound Recording.

Thomas Hardie, supra para 1 at paras 11-12.

PART III - POINTS IN ISSUE

[10] There are two main issues in this appeal:

- 1) Did Caine reproduce the Sound Recording by providing a shortened segment of the Film on his website, thereby infringing the copyright of the appellant THMI?
- 2) Was Caine's shortening of the Film allowable under the fair dealing provisions of the *Copyright Act*?

PART IV - ARGUMENTS IN BRIEF

1. Caine Did Not Reproduce the Sound Recording

Case law and a Purposive Interpretation of the Copyright Act Exclude "Soundtrack" from the Definition of "Sound Recording"

[11] Section 18 of the *Copyright Act* gives the owner of copyright in a sound recording the sole right to "reproduce it in any material form". Section 2 of the *Copyright Act* defines "sound recording" as "a recording, fixed in any material form, consisting of sounds, whether or not of a performance of a work, but excludes any soundtrack of a cinematographic work where it accompanies the cinematographic work." It is undisputed that *Batman Style* is a sound recording in which THMI owns the copyright and thus has the sole right to reproduce it in any material form.

Copyright Act, RSC 1985, c C-42 ss 2, 18 [emphasis added].

[12] The right to reproduce a sound recording pursuant to section 18 and the definition of sound recording included in section 2 are to be read "harmoniously". As Rothstein J noted in *Euro-Excellence inc. v Kraft Canada Inc.*:

The "modern" or "purposive" approach requires that the words of the statute "in their grammatical and ordinary sense" be read harmoniously with the objects of the Act. It does not, however, give judges licence to substitute their policy preferences for those of Parliament. This Court has consistently held that

“copyright is a creature of statute and the rights and remedies provided by the *Copyright Act* are exhaustive”.

Euro-Excellence inc v Kraft Canada Inc, 2007 SCC 37, [2007] 3 SCR 20 at para 3.

[13] A purposive reading of sections 2 and 18 of the *Copyright Act* indicates that Parliament has chosen to limit copyright owners’ rights in sound recordings so as not to extend control over the use of any soundtrack of a cinematographic work. Any soundtracks that accompany cinematographic works are excluded from the definition of "sound recording" according to section 2 of the *Copyright Act*. Since THMI licensed the Sound Recording to West-Ward for inclusion in the Film, it is considered part of a soundtrack and loses the copyright protection afforded to sound recordings. Therefore, THMI has no copyright claim in relation to any use in which the Sound Recording accompanies the Film as part of the soundtrack.

Copyright Act, supra para 11 ss 2, 18.
Thomas Hardie, supra para 1 at para 12.

[14] The purposive interpretation of sections 2 and 18 of the *Copyright Act* described above was recently confirmed by the Supreme Court of Canada (SCC). In *Re:Sound v Motion Picture Theatre Associations of Canada* the SCC confirmed that “soundtrack” “includes pre-existing sound recordings and that such recordings are accordingly excluded from the definition of ‘sound recording’ when they accompany a cinematographic work.” As such, reproducing a cinematographic work is not a reproduction of any underlying sound recordings and hence not an infringement of copyright in the sound recordings.

Re:Sound v Motion Picture Theatre Associations of Canada, 2012 SCC 38 at para 50
[*Re:Sound*].

[15] Caine is exercising the rights granted to him by the *Copyright Act*. Section 3 of the *Copyright Act* states that copyright “in relation to a work, means the sole right to produce or reproduce the work or any substantial part thereof in any material form whatever.” As such, the owner of copyright in a cinematographic work has the sole right to reproduce any substantial part

of the cinematographic work. West-Ward, the owner of copyright in the Film, granted Caine a broad licence to reproduce the Film at his “full discretion”. As the Court of Appeal stated: “Caine had full rights to copy the Film, in whole or in part.” Therefore, Caine was within his rights to reproduce a substantial part of the Film that corresponded to the length of the Sound Recording.

Copyright Act, supra para 11 s 3.
Thomas Hardie, supra para 1 at para 7 [emphasis added].

[16] THMI alleges in para 19 of its factum that the segment of the Film reproduced by Caine should be considered a sound recording because it only accompanies an “insubstantial part of the work [Film], which can no longer be considered *the work* [Film]”. On the contrary, an analysis of Canadian case law and the facts of Caine’s dealing supports the finding that what Caine made available was a substantial part of the Film and does not qualify as the Sound Recording.

Appellant 1A Factum, para 19.

The Sound Recording Has Not Been Extracted From the Soundtrack of the Film

[17] A recording of sounds that constitutes a soundtrack does not fall within the definition of “sound recording”. However, as THMI asserts, there are circumstances in which a recording of sounds can re-acquire the protection granted to sound recordings. In *Re:Sound*, the SCC noted that “once a pre-existing sound recording is extracted from a soundtrack accompanying a cinematographic work, it once again attracts the [copyright] protection offered for sound recordings.” Therefore, a sound recording within a soundtrack is only reproduced once the sound recording has been extracted from the soundtrack accompanying a cinematographic work. The pertinent question then is whether or not Caine “extracted” the Sound Recording from the

soundtrack of the Film.

***Re:Sound, supra* para 14 at para 52.**

[18] The Court has not provided specific guidelines that detail the circumstances in which a sound recording becomes “extracted” from a soundtrack. However, the SCC provides the threshold of when an underlying work has been extracted from a compilation or collective work in *Robertson v Thomson*. In *Robertson* it was held that the holder of copyright in a newspaper may reproduce the newspaper without infringing the underlying copyright of the individual articles as long as the “essence” of the newspaper is maintained.

Robertson v Thomson, 2006 SCC 43, [2006] 2 SCR 363 at para 41 [Robertson].

[19] Therefore, the holding in *Robertson* gives a framework as to when a substantial part of a collective work or compilation as opposed to an underlying work has been reproduced. A substantial part of a collective work or compilation is reproduced so long as the underlying works are not decontextualized to the point that they are no longer presented in a manner that maintains an intimate connection with the compilation or collective work.

***Robertson, supra* para 18 at para 41.**

[20] The holding in *Robertson* is analogous to the case at bar. Just as a newspaper is a collection of individual articles, a soundtrack is a collection of sounds, some of which may be underlying sound recordings. As such, it follows from *Robertson* that a sound recording is extracted from a soundtrack and therefore attracts the protection of section 18 when it no longer maintains an intimate connection with the soundtrack accompanying the cinematographic work.

***Copyright Act, supra* para 11 ss 2, 18.**

[21] Caine did not infringe copyright since the Sound Recording was not extracted from the soundtrack of the Film. Caine was within his rights to create a segment which corresponded to the length of the Sound Recording, since the segment reproduced a substantial part of the Film.

The Sound Recording was not decontextualized or presented in a manner that caused it to lose an intimate connection with the Film or the rest of the soundtrack. Therefore, the sound recording was not “extracted”.

[22] Contrary to THMI’s assertion in para 25 of its factum, the accompanying dialogue and visuals from the Film provide context which impacts the subsistence of copyright in the Sound Recording. The segment contains a confrontation between Batman and Catwoman complete with angry dialogue along with the underlying Sound Recording lasting 2 minutes, 17 seconds. Thus, Caine reproduced a substantial part of the Film and the Sound Recording was not decontextualized from the soundtrack. As such, there was no infringement of THMI’s copyright by Caine.

Appellant 1A Factum, para 25.

Thomas Hardie, *supra* para 1 at paras 9-10.

Copyright Act, *supra* para 11 ss 18(1)(b), 27(1).

The Court of Appeal's Decision is Consistent With Canada's International Treaty Obligations

[23] As a signatory to various international treaties, Canada’s international obligations should be taken into consideration by the Court when interpreting domestic laws. Specifically relating to this appeal are the provisions from NAFTA and the *Rome Convention* relating to the protection of phonograms and sound recordings. Article 10 of the *Rome Convention* states that: “producers of phonograms shall enjoy the right to authorize or prohibit the direct or indirect reproduction of their phonograms.” Similarly Article 1706(1) provides that: “Each Party shall provide to the producer of a sound recording the right to authorize or prohibit the direct or indirect reproduction of the sound recording.”

R v Hape, 2007 SCC 26, [2007] 2 SCR 292 at paras 53-54.

International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, 496 UNTS 43 [*Rome Convention*] at Article 10.

North American Free Trade Agreement Between the Government of Canada, the Government of Mexico and the Government of the United States, 17 December 1992, Can TS 1994 No 2, 32 ILM 289 at Article 1706(1) [NAFTA].

[24] The Court of Appeal's decision that Caine did not reproduce the Sound Recording as part of the soundtrack does not contravene either the *Rome Convention* or NAFTA. As the SCC remarked in *Re:Sound*: “once a pre-existing sound recording is extracted from a soundtrack accompanying a cinematographic work, it once again attracts the protection offered for sound recordings. There is therefore no violation of the *Rome Convention*.” The holding in *Re:Sound* applies equally to NAFTA as article 1706(1) effectively guarantees the same level of protection to sound producers as article 10 of the *Rome Convention*. Therefore, a finding that Caine was allowed to reproduce a substantial part of the Film containing the Sound Recording is consistent with Canada’s international obligations.

Re:Sound, supra para 14 at para 50.
Rome Convention, supra para 23 at Article 10.
NAFTA, supra para 23 at Article 1706(1).

2. Caine’s Shortening of the Film was Allowable as Fair Dealing

The Fair Dealing Test

[25] Caine submits that his use of the Film did not constitute a reproduction of THMI’s Sound Recording. However, in the alternative it is submitted that Caine’s use of the Sound Recording qualifies as fair dealing.

[26] It is through the lens of achieving the balance between owner rights and user rights that fair dealing is assessed. In *Théberge v Galerie d’Art du Petit Champlain inc*, Binnie J for the SCC defined the overarching purpose of the *Copyright Act* as striking:

“a balance between promoting the public interest in the encouragement and dissemination of works of the arts and intellect and obtaining a just reward for the creator (or, more accurately, to prevent someone other than the creator from appropriating whatever benefits may be generated).”

Therefore, fair dealing is not to be interpreted restrictively. As Professor David Vaver noted:

“[u]ser rights are not just loopholes. Both owner rights and user rights should therefore be given the fair and balanced reading that befits remedial legislation.” After *CCH*, fair dealing became a user right and not merely a defence to an infringement claim.

Théberge v Galerie d'Art du Petit Champlain inc, 2002 SCC 34, [2002] 2 SCR 336 at para 30.
CCH Canadian Ltd v Law Society of Upper Canada, 2004 SCC 13, [2004] 1 SCR 339 at para 48 [*CCH*].

David Vaver, *Copyright Law*, (Toronto: Irwin Law, 2000) at 171.

Giuseppina D'Agostino, “Healing Fair Dealing? A Comparative Copyright Analysis of Canada’s Fair Dealing to U.K. Fair Dealing and U.S. Fair Use” [2008] 53 McGill LJ 309 at 324.

[27] The current test for fair dealing is the two-step test articulated by the SCC in *CCH Canadian Ltd v Law Society of Upper Canada*. The first step is to determine whether the use of the copyright-protected work was for an allowable purpose, as enumerated by the *Copyright Act*. The second step is to assess whether the dealing was fair.

CCH, supra para 26 at para 50.

Step One of the CCH Test: Caine’s Dealing was for an Allowable Purpose

[28] Caine submits that the Court of Appeal was correct in holding that the segment of the Film was provided to the members of Caine’s website for private study. The first step of the *CCH* test for fair dealing is to determine whether the dealing is for the allowable purpose of “research” or “private study” (s. 29 of the *Copyright Act*), “criticism or review” (s. 29.1), or “news reporting” (s. 29.2). The SCC made two important points regarding the “allowable purpose” analysis. First, the perspective to consider in the analysis is that of the user relying on the fair dealing exception. Second, the first step of the *CCH* test should be a low hurdle so that the “analytical heavy hitting is done in determining whether the dealing was fair.” Therefore, whether the use was for private study should be analyzed from Caine’s perspective and not interpreted narrowly.

Copyright Act, supra para 11 ss 29, 29.1, 29.2.
CCH, supra para 26 at para 63.

Alberta (Education) v Canadian Copyright Licensing Agency (Access Copyright), 2012 SCC 37 at para 22 [*Access Copyright*].
Society of Composers, Authors and Music Publishers of Canada v Bell Canada, 2012 SCC 36 at para 27 [*SOCAN*].

[29] The SCC held in *CCH* that in order to rely on a fair dealing exception an individual must only demonstrate that their own dealings were for the purpose of private study. The Court of Appeal correctly held that the Film was provided by Caine to the members of Caine's website for the purpose of private study. The practices and policies that Caine implemented ensured that the dealing was for private study: membership was restricted to individuals who met certain educational requirements and content on the website was only accessible if a member submitted a written commentary. Therefore, it is submitted that Caine satisfies the first step of the *CCH* test, as his dealing was for the allowable purpose of private study.

CCH, supra para 26 at para 63.
Michael Caine, supra para 1 at para 8.

[30] In its factum, THMI fails to consider Caine's perspective and the low threshold for a dealing to qualify as private study. THMI submits that Caine's facilitation of private study "falls outside of his pedagogical capacity" and that the Court of Appeal's decision was premised on the fact that Caine is a university professor. However, THMI's submissions are contrary to the reasoning of the Court of Appeal, which stated that "[w]ith respect to the role of Caine as teacher or instructor, this should not be given any significant weight when making this determination of private study." Further, the SCC acknowledged in *Access Copyright* that "studying and learning are essentially personal endeavours, whether they are engaged in with others or in solitude." Therefore, THMI's reasoning geographically constrains private study and thus narrowly interprets fair dealing contrary to the position of the SCC.

Appellant 1A Factum at para 51.
Michael Caine, supra para 1 at paras 9, 12.
Access Copyright, supra para 28 at para 22, 27.

Step Two of CCH Test: Caine’s Dealing was Contextually “Fair”

[31] The second step of the *CCH* test for fair dealing is to assess whether the dealing is “fair”.

This assessment is made based on a contextual analysis of six potential factors: (i) the purpose of the dealing; (ii) the character of the dealing; (iii) the amount of the dealing; (iv) alternatives to dealing; (v) the nature of the work; and (vi) the effect of the dealing on the work. The SCC held that these factors “will not arise in every case of fair dealing” and are to be used as an analytical framework in determining fairness on a case-by-case basis.

CCH, supra para 26 at para 53.

(i) Purpose of the Dealing

[32] The SCC held in both *Access Copyright* and *SOCAN* that the purpose of the dealing under step two of the fair dealing test is to be assessed in the circumstances between a copier and user, from the point of view of the ultimate user. It is the user’s purpose and not the copier’s initiative that is determinative. This indicates that the purpose of the dealing at step two is to be considered from the perspective of the individual members of Caine’s website who are downloading the segment of the Film.

Access Copyright, supra para 28 at para 22.
SOCAN, supra para 28 at para 28.

[33] As the Court of Appeal explained, members of Caine’s website were engaging in discussion, critique and civil discourse amounting to private study. Although the ultimate user is the perspective from which the purpose of the dealing is to be considered, the SCC also noted that “copiers cannot camouflage their own distinct purpose by purporting to conflate it with the research or study purpose of the ultimate user.” The copier’s purpose is relevant in the

determination of fairness if the copier engages in a separate purpose that tends to make the dealing unfair.

Michael Caine, supra para 1 at paras 7-8.
Access Copyright, supra para 28 at para 21.

[34] Caine submits that there is no such separate purpose as he has no ulterior motive when providing the segment of the Film on his website. In para 49 of its factum, THMI states that Caine’s purpose is “commercial use for pecuniary gain” with “no evidence of private study”. However, there is evidence that Caine is facilitating the members’ private study. Members pay an annual fee to utilize the content on Caine’s website for private study. Therefore, even though there is a commercial element to Caine’s website, Caine’s predominant purpose is providing education and is symbiotic with that of the members who are engaging in private study.

Access Copyright, supra para 28 at para 23.
Thomas Hardie, supra para 1 at para 10.

[35] In *CCH*, it was held that dealings for commercial reasons may be fair if safeguards are implemented to ensure that the work is being used for an allowable purpose. THMI submits in para 50 of its factum that there was no evidence of any qualitative control. However, Caine did have adequate safeguards in place to ensure that the segment was used fairly for private study. Users were required to first make a critical comment. Since the cover version of *Batman Style* was widely popular, members would therefore be familiar enough with the song to engage in meaningful discussion and critique. In addition, the segment Caine provided was from a low quality 1955 film print. As the SCC held in *SOCAN*, low quality is an effective safeguard as it prevents the segment from replacing the original work.

CCH, supra para 26 at para 54, 66.
Appellant 1A Factum at para 50.
Thomas Hardie, supra para 1 at para 10.
SOCAN, supra para 28 at paras 35-36.

(ii) Character of the Dealing

[36] The main consideration when evaluating the character of the dealing is to determine how the user dealt with the work, including the number of copies and the extent of the dissemination. In *CCH*, the SCC suggested that works distributed widely will tend to be unfair. Caine's website is not structured such that it promotes the wide distribution of media. Caine had educational requirements and membership fees which limited membership to a narrow group. The website is not akin to YouTube or a similar video sharing service that can be accessed indiscriminately by the public. The distribution of the impugned segment was limited to at most "hundreds, if not thousands" of members who wished to study the work. In the context of a potential market of millions of listeners, providing the segment to members of Caine's website for private study does not constitute "wide" distribution and thus favours a finding of fairness.

CCH, supra para 26 at para 55.
Thomas Hardie, supra para 1 at para 10.

(iii) Amount of the Dealing

[37] The amount of the dealing factor looks to the quantity of the work used relative to the purpose of the dealing. It was noted in *CCH* that as the amount of the dealing is not determinative, an entire work may be dealt with fairly. Caine's purpose was to isolate the part of the Film where the Sound Recording appears, to facilitate private study. The full segment must be viewed in its entirety to understand the full context because the entire Sound Recording accompanies a scene in the Film. If only a small portion of the segment were used, the context would be lost because the viewer would not see the complete juxtaposition between the soundtrack and the corresponding visuals of the Film as the scene progresses. Therefore,

presenting the Sound Recording in its entirety supports a finding of fairness.

CCH, supra para 26 at para 56.

(iv) Alternatives to the Dealing

[38] Whether there were alternatives to the dealing may affect a determination of fairness. The two main considerations are if there was “a non-copyrighted equivalent of the work that could have been used instead of the copyrighted work” or if the use of the copyright work was not “reasonably necessary to achieve the ultimate purpose.”

CCH, supra para 26 at para 57.

[39] THMI suggests that using the entire Film soundtrack was a reasonable alternative to the impugned dealing. With respect, this suggestion disregards the facts on the record that Caine provided the shortened clip of the Film in order to handle the extra traffic to his website. It may be argued that Caine could have purchased extra server space to accommodate the increased traffic. However, it would not be a reasonable alternative to impose the duty on Caine to change the technical aspects of his business in response to a potentially short-lived spike in interest in one piece of media on his website.

Appellant 1A Factum at para 58.

Thomas Hardie, supra para 1 at para 10.

[40] THMI also suggests that Caine could have sought a licence to reproduce and distribute the Sound Recording. However, the SCC held in *CCH* that “the availability of a licence is not relevant to deciding whether a dealing has been fair”. The logic the SCC applied was that if copyright owners could use a lack of licence as proof against fair dealing, then copyright owner rights would unfairly be given more weight than user rights. Thus, in the absence of reasonable

alternatives, Caine submits that his dealing was ultimately necessary to facilitate private study.

***Appellant 1A Factum* at para 58.
CCH, supra para 26 at para 70.**

(v) Nature of the Work

[41] Dissemination of works that are not widely available is one of the goals of copyright law and makes a dealing presumptively more fair. The Sound Recording is part of the soundtrack from a lost print of the Film that had never been widely distributed. Members of Caine’s website originally downloaded the entire Film to access the part containing the Sound Recording, prompting Caine to provide the segment to “handle the extra traffic”. In response, “hundreds if not thousands” of members downloaded the segment. While not an unfairly wide dissemination, it made the segment more readily available to members engaging in private study.

***CCH, supra* para 26 at para 58.
Thomas Hardie, supra para 1 at para 10.**

[42] THMI has argued that the Sound Recording was intended to be confidential in order to protect the future market. However, there is no evidence provided to support this assertion. It has been 58 years since the Film was released, during which time THMI never released the Sound Recording. As Professor Vaver stated: “copyright owners can hardly complain of unwanted uses if their distribution or permission practices are unfair or inefficient.” As the nature of the dealing was to further disseminate a work that was not widely available, it supports a finding of fairness.

David Vaver, *Intellectual Property: Copyright, Patents, Trade-Marks*, 2d ed (Toronto: Irwin Law, 2011) at 243.

(vi) Effect of the Dealing on the Work

[43] The final factor to consider when assessing fairness of the dealing is the effect of the dealing on the source work’s market or value. If the effect of the dealing will compete with the

original work, it may suggest unfairness, although this factor is not determinative.

CCH, supra para 26 at para 59.

[44] THMI's submission is that the segment of the Film provided by Caine will inevitably have a detrimental economic impact on the market if and when THMI chooses to re-release the Sound Recording. However, it is important to remember that the quality of the segment is that of a 1955 film print, which will be of significantly lower quality compared to what THMI will be able to offer in a contemporary audio release. Further lowering the desirability of the segment are the visuals and character dialogue that accompany the Sound Recording. Therefore, it cannot simply be assumed that members who have the segment will be uninterested in purchasing a high quality version of the Sound Recording from THMI.

Appellant 1A Factum at paras 63-64.

[45] It should not be assumed that future consumers would have any reason to seek out the segment if their intention is merely to listen to the Sound Recording. Access to the segment is limited to members of Caine's website, which represent a marginal portion of THMI's potential market. Additionally, a membership fee to Caine's website is \$100 per year. This is an extraordinarily high price to pay if one's intention is to merely access the Sound Recording by way of a low quality segment of the Film. The Court may take judicial notice of the fact that in 2012, the purchase price of an individual song was considerably less than \$100, making it unlikely to compete with any reasonable price that THMI would charge for the re-released Sound Recording.

[46] In view of the quality of the Sound Recording within the soundtrack and the impracticality of interested parties joining Caine's website solely to download the segment, there is substantial evidence to infer neither the Sound Recording nor its market will be detrimentally affected.

3. Conclusion

[47] Caine is exercising his right to reproduce the Film or any substantial part thereof as granted by section 3 of the *Copyright Act*. A purposive reading of sections 2 and 18 of the *Copyright Act* shows that Parliament did not intend for owners of sound recordings to have rights that limit the use of soundtracks of cinematographic works. This interpretation is supported by the Court of Appeal in its holding that what Caine copied was not a sound recording. Therefore, in its appeal, THMI seeks to assert a right that it does not have.

[48] Caine did not “extract” a sound recording from a soundtrack by providing a shortened segment of The Film. The proposed threshold for “extraction”, which is consistent with the SCC’s approach in *Robertson*, requires that a sound recording be decontextualized from the accompanying cinematographic work before it once again attracts the protection granted to sound recordings. The segment Caine provided was a substantial part of the Film and its soundtrack as it maintained a contextual and intimate connection to both the audio and visual elements of the Film.

[49] Finally, Caine was allowed to provide the part of the Film containing the Sound Recording under the fair dealing provisions of the *Copyright Act*. Full members of Caine’s website were permitted to obtain the sound recording-specific segment of the Film for the allowable purpose of private study only if they provided 100 words of commentary. Further, it is apparent that the segment is extremely unlikely to be of any detriment to the market for the Sound Recording. Annual membership fees to the website were exponentially higher than the potential retail value of the Sound Recording, and the educational requirements for membership limited the number of people who were eligible to join. The segment being of low quality safeguarded against it being

used for a purpose other than private study and limits the segment's influence on Sound Recording's market. Caine's dealing was therefore fair.

PART V - ORDER REQUESTED

[50] Mr. Caine respectfully requests that the Court dismiss the appeal.

ALL OF WHICH IS RESPECTFULLY SUBMITTED this 28th day of January, 2013.

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Counsel for the Respondent Mr. Michael Caine

PART VI – TABLE OF AUTHORITIES

Authority	Paragraphs
<u>LEGISLATION</u>	
<i>Copyright Act</i> , RSC 1985, c C-42.	11, 13, 15, 20, 22, 28
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<i>R v Hape</i> , 2007 SCC 26, [2007] 2 SCR 292.	23
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<i>Robertson v Thomson Corp</i> , 2006 SCC 43, [2006] 2 SCR 363.	18
<i>Society of Composers, Authors, and Music Publishers of Canada v Bell Canada</i> , 2012 SCC 36.	28, 32, 35
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D'Agostino, Giuseppina. "Healing Fair Dealing? A Comparative	26

Copyright Analysis of Canada's Fair Dealing to U.K. Fair Dealing and U.S. Fair Use" [2008] 53 McGill LJ 309.	
Vaver, David. <i>Copyright Law</i> , (Toronto: Irwin Law, 2000).	26
Vaver, David. <i>Intellectual Property: Copyright, Patents, Trade-Marks</i> , 2d ed (Toronto: Irwin Law, 2011).	42

PART VII – APPENDIX: STATUTORY PROVISIONS RELIED UPON

Copyright Act, RSC 1985, c C-42.

2.

“cinematographic work” includes any work expressed by any process analogous to cinematography, whether or not accompanied by a soundtrack;

“sound recording” means a recording, fixed in any material form, consisting of sounds, whether or not of a performance of a work, but excludes any soundtrack of a cinematographic work where it accompanies the cinematographic work;

3. (1) For the purposes of this Act, “copyright”, in relation to a work, means the sole right to produce or reproduce the work or any substantial part thereof in any material form whatever, to perform the work or any substantial part thereof in public or, if the work is unpublished, to publish the work or any substantial part thereof, and includes the sole right

18. (1) Subject to subsection (2), the maker of a sound recording has a copyright in the sound recording, consisting of the sole right to do the following in relation to the sound recording or any substantial part thereof:

- (a) to publish it for the first time,
- (b) to reproduce it in any material form, and
- (c) to rent it out,

and to authorize any such acts.

27. (1) It is an infringement of copyright for any person to do, without the consent of the owner of the copyright, anything that by this Act only the owner of the copyright has the right to do.

29. Fair dealing for the purpose of research or private study does not infringe copyright.

29.1 Fair dealing for the purpose of criticism or review does not infringe copyright if the following are mentioned:

- (a) the source; and
- (b) if given in the source, the name of the
 - (i) author, in the case of a work,
 - (ii) performer, in the case of a performer’s performance,
 - (iii) maker, in the case of a sound recording, or
 - (iv) broadcaster, in the case of a communication signal.

29.2 Fair dealing for the purpose of news reporting does not infringe copyright if the following are mentioned:

- (a) the source; and
- (b) if given in the source, the name of the
 - (i) author, in the case of a work,
 - (ii) performer, in the case of a performer's performance,
 - (iii) maker, in the case of a sound recording, or
 - (iv) broadcaster, in the case of a communication signal.

North American Free Trade Agreement Between the Government of Canada, the Government of Mexico and the Government of the United States, 17 December 1992, Can TS 1994 No 2, 32 ILM 289

Article 1706: Sound Recordings

1. Each Party shall provide to the producer of a sound recording the right to authorize or prohibit:
 - (a) the direct or indirect reproduction of the sound recording;...

International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations, 496 UNTS 43.

Article 10

[Right of Reproduction for Phonogram Producers]

Producers of phonograms shall enjoy the right to authorize or prohibit the direct or indirect reproduction of their phonograms.