

IN THE SUPREME MOOT COURT FOR INTELLECTUAL PROPERTY APPEALS

BETWEEN:

WANDA RER

Appellant

– and –

BESTMONT HOTELS

Respondent

FACTUM OF THE RESPONDENT

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PART I – OVERVIEW

[1] The present appeal is an attempt by the Appellant to undermine the rights afforded to copyright owners. In particular, it asks this Court to subvert the rights vested in registered copyright in favour of an unoriginal reproduction. Canadian copyright law seeks to protect the exclusive right of copyright owners to reproduce their own works. Among the rights enumerated in section 3(1) of the *Copyright Act*, the right to reproduce a work is one of the most important economic rights held by a copyright owner. Today, original works can be readily reproduced with the assistance of modern digital technology and social media. Recognizing copyright in works reproduced through these channels threatens the integrity of the originality standard in copyright law. For this reason, this Court should uphold the Respondent’s right to reproduce its own works and dismiss the appeal.

Cinar Corporation v Robinson, 2013 SCC 73 at para 1, 24 [*Cinar*].

Copyright Act, RSC 1985 c C-42 [*Act*].

Greg Hagen et al, *Canadian Intellectual Property Law Cases and Materials*, 2nd ed (Toronto: Edmond Montgomery, 2018) at 61.

[2] The Appellant, Wanda Rer, is a social media connoisseur and photographer. Through her photo project “Façades,” Rer reproduced the original works belonging to the Respondent, Bestmont, a high-end hotel chain. She alleges Bestmont infringes her copyright in the Façade photographs.

[3] Rer is not entitled to such copyright protection. Given that there was no skill and judgment involved in the production of Rer’s photographs, as well as the fact that Bestmont’s own registered copyright was the underlying subject matter, the Court of Appeal’s decision should be upheld. Recognizing copyright in the Façade photographs jeopardizes the value of Bestmont’s copyright in its marquee and hotel designs. Failing to uphold the Court of Appeal’s decision will severely limit what Parliament guaranteed Bestmont under section 3(1) of the *Act*.

Act, supra para 1 s 3(1).

[4] Alternatively, if Bestmont did infringe Rer's copyright, only a minimal damages award is appropriate in the circumstances. Bestmont acted in accordance with its understanding of the rights afforded by copyright registration. As a registered copyright owner of the hotel design and marquee, Bestmont believed it had the unfettered right to use photographs where its design and marquee were prominently featured as the focus.

[5] This appeal should therefore be dismissed, and the Court of Appeal's decision should be affirmed. In the alternative, should the appeal be decided in favour of the Appellant, the damages award should be lowered.

PART II – STATEMENT OF FACTS

[6] **The Respondent:** Bestmont is a national luxury hotel chain best known for its unique designs and famous red marquee that adorns the entrance to each one of its ten Canadian hotels. Bestmont has registered copyright in the design of each of its hotels and its marquee.

Wanda Rer v Bestmont Hotels, 21 TCCIP 1222 at paras 2, 11 [*Trial*].

[7] **Wanda Rer:** Rer is a self-described Canadian artist, photographer, and social media influencer. She recently spent a year travelling across Canada documenting Bestmont hotels through a photo project called Façades.

Trial, supra para 6 at paras 1, 3.

[8] **Façade Photographs:** During her travels, Rer took photos in front of each Bestmont hotel at a distance of one hundred feet, with the hotel's marquee centered in the frame. This distance was chosen to allow the marquee to be featured as the focus of the photograph. Using the exact same technique and camera set-up each time, Rer took ten photos (Original Photos). Using a social media platform, Rer produced forty Filtered Photos by applying filters to the ten Original Photos.

Filters included ‘sepia’, ‘oil painting’, ‘pixilation’, and ‘pencil drawing’. Rer did not register copyright in any of the Façade photographs.

Trial, supra para 6 at paras 4–5, 10.

[9] **The Unsolicited Licensing Proposal:** Upon completing her project, Rer offered to license her Original and/or Filtered Photos for use in Bestmont’s marketing materials at a rate of \$3,000 per image. In her package, Rer supplied Bestmont with electronic copies of the fifty images including the ten Original and forty Filtered photos of each Bestmont hotel. Bestmont declined Rer’s offer and believed Rer infringed their copyright in its marquee and hotel designs.

Trial, supra para 6 at paras 6–7.

[10] After Bestmont rejected Rer’s licensing proposal, they decided to produce their own set of Filtered Photos. Using different photo editing software, Bestmont applied eleven different filters including ‘sepia’, ‘oil painting’, ‘pixilation’, and ‘pencil drawing’ to the ten Original Photos. Bestmont subsequently printed and framed the twelve versions of each hotel’s Façade photo and used them to decorate the hallways of their guest floors.

Trial, supra para 6 at paras 6, 8.

[11] **Rer’s Lawsuit:** After learning that Bestmont was displaying the Façade photos in their hotel hallways, Rer demanded the photographs be taken down. Later, she sued for copyright infringement seeking a permanent injunction and the highest statutory damages allowable under the *Act*.

Trial, supra para 6 at para 9.

[12] **Trial Decision:** Lodge J determined that copyright subsisted in each of the Original and Filtered photos, finding that Rer exercised skill and judgment in developing her technique and camera set-up, as well as through the selection and application of filters. Lodge J further concluded that Bestmont’s right to reproduce its own designs does not extend to allow it to reproduce Rer’s

originality and that Rer's images are derivative works permitted by subsection 32.2(1)(b) of the *Act*. Further, the Court determined that Bestmont infringed Rer's copyright in the Original Photos and forty Filtered Photos. Lodge J held that while Bestmont may not have directly copied the Filtered Photos, the filters Bestmont applied to the Original Photos were clearly inspired by these. The Court held Bestmont liable for infringement and awarded Rer \$1,500,000 in damages. This included \$20,000 for each of the fifty works infringed, plus an additional \$500,000 to punish Bestmont for its alleged reprehensible conduct.

Trial, supra para 6 at paras 16, 18–20.

[13] **Appeal Decision:** The Court of Appeal overturned the trial decision and held in favour of Bestmont. First, the Court of Appeal held that Bestmont is immune from Rer's infringement allegations because they are the owner of the underlying copyright in the hotel designs and marquee. Second, the trial judge's reliance on subsection 32.2(1)(b) of the *Act* was misguided because this section only excuses what would otherwise be an act of copyright infringement. Third, the trial judge's test for originality was too low. Rer only exercised her skill and judgment once in developing a single concept and technique for the Façade photographs and that applying a social media filter does not warrant copyright protection. Lastly, the Court of Appeal held that the trial judge erred in determining that fifty works were infringed. In sum, the Court of Appeal held that no infringement took place. In *obiter*, the Court of Appeal noted that, had there been infringement, the trial judge should have applied subsection 38.1(3) to reduce the award, and that punitive damages were not permissible in the circumstances. The Court of Appeal thus held that a more reasonable award would have been \$15,000.

Bestmont v Wanda Rer, 2021 CAIP 333 at paras 2–3, 5–6, 9 [*Appeal*].

PART III – POINTS IN ISSUE

[14] This appeal raises three issues:

- 1) Does copyright subsist in the Façade photographs?
- 2) If so, whether Bestmont's acts are infringing?
- 3) If so, what quantum of damages is appropriate?

PART IV – ARGUMENTS IN BRIEF

ISSUE 1: COPYRIGHT DOES NOT SUBSIST IN THE FAÇADE PHOTOGRAPHS

[15] The Court of Appeal correctly held that copyright does not subsist in the individual photos because the bulk of originality displayed in each image is the product of Bestmont's artistic efforts in designing its hotel entrances and marquees. Copyright does not vest in the individual photographs, and as the Court of Appeal observed, applying a social media filter does not warrant copyright protection.

Appeal, supra para 13 at para 5.

I. The Façade photographs are not original

[16] The individual Original and Filtered Photos are not original works. For a work to be considered original, the author must have exerted skill and judgment in its production. Skill is a matter of aptitude, proficiency, know-how, knowledge and practical experience, and judgment is a matter of wisdom and the ability to assess or compare various possibilities in order to choose from them.

Appeal, supra para 13 at para 5.

CCH Canadian Ltd v Law Society of Upper Canada, 2004 SCC 13 at para 16 [*CCH*]

Construction Denis Desjardins Inc v Jeanson, 2010 QCCA 1287 at para 6.

A. Rer's contributions are trivial and mechanical in nature

[17] In *CCH Canadian Ltd v Law Society of Upper Canada*, the Supreme Court of Canada held “the exercise of skill and judgment required to produce the work must not be so trivial that it could be characterized as a purely mechanical exercise”. The Court provided the example of simply changing the font of a work to produce another work as being too trivial to warrant copyright protection. This requirement places the originality standard above the “sweat of the brow” standard that rewards authors irrespective of any intellectual effort they exert.

CCH, supra para 16 at paras 15–16, 24.

[18] Rer's involvement in producing the Original Photos was limited to repeating the same concept at each hotel. Contrary to the Appellant's suggestion, this is consistent with their definition of “mechanical”. “Mechanical” is defined as: “working or operating like a machine; acting or performed without thought; lacking spontaneity or originality, automatic, routine”. Taking photographs using the same parameters precisely fits this definition. Further, applying a social media filter is also automatic because it is simply a mechanistic change to the look of a work. Neither the Original nor the Filtered Photos are sufficiently original to warrant copyright protection.

Appeal, supra above para 13 at para 5.

Factum for the Appellant, Team 3A at para 22 [*Appellant Factum*].

JA Simpson et al, *The Oxford English Dictionary*, (New-York: Oxford University Press, 1989) sub verbo “mechanical”.

[19] To hold that the Filtered Photos are original will allow individuals to monopolize the use of common filters which are widely available and intended for mass use. As Bucholz JCS put it in *Buchard c Ikea Canada*, this would be “like forbidding Beethoven to compose music in symphonic styles developed by Mozart or declaring that only Monet could paint in the style of an Impressionist”. This does not align with the *Act's* aim of balancing the promotion of the public's

interest in the encouragement and dissemination of works and obtaining a just reward for the creator.

Buchard c Ikea Canada, 2021 QCCS 1376 at para 67 [translated by author].
Théberge v Galeria d'Art du Petit Champlain Inc, 2002 SCC 34 at para 30 [*Théberge*].

B. Rer did not exercise skill and judgment during the production process

[20] The infinitesimal amount of skill and judgment Rer exerted in producing the Façade photographs does not rise to the level of originality. In both *Rallysport Direct LLC v 2424508 Ontario* and *Trader Corp v CarGurus, Inc*, photographers spent considerable time selecting and arranging various automobile parts and vehicles to be photographed for advertising. Photographers acquired and situated automobile products to achieve the best product placement. Unlike the photographers in *Rallysport*, 2019 and *Trader Corp*, Rer did not create the scene to be photographed.

Rallysport Direct LLC v 2424508 Ontario, 2019 FC 1524 at para 48 [*Rallysport*, 2019].
Trader Corp v CarGurus, Inc, 2017 ONSC 1841 at para 23 [*Trader Corp*].

[21] Rer's creative process is wholly unlike the creative process in *Atelier Tango Argentin inc c Festival d'Espagne et d'Amérique latin inc*. Rer did not choose the arrangement and position of the marquee. The marquees were already mounted at every Bestmont hotel entrance irrespective of Rer's efforts. There is no evidence to suggest she exercised skill and judgment finding Bestmont's hotels and completed conceptual work to realize the Façade photographs. Unlike the photographer in *Atelier*, acknowledging such effort conflates Rer's "sweat of the brow" with originality.

Atelier Tango Argentin inc c Festival d'Espagne et d'Amérique latin inc, 1997 CarswellQue 1225 at para 40 [translated by author].
Appellant Factum, *supra* para 18 at para 20.

[22] The Appellant further asserts that the Filtered Photos are original because Rer chose the filters based on her experience as a photographer and social media influencer, as well as in an

attempt to enhance the effect of the hotel design. The Appellant incorrectly relies on *Temple Island Collections Ltd v New English Teas Ltd, & another* to argue that common place techniques such as using filters do not negate the originality of the Filtered Photos. *Temple Island* is distinguishable from the facts of this case because the digital artworks in dispute were created using the computer software Photoshop™. The works produced in *Temple Island* involved substantial editing that required skill and knowledge to achieve a certain style. This is hardly the same as applying a social media filter that was likely applied with the click of a mouse or tap of a finger.

Appellant Factum, supra para 18 at para 22.

Temple Island Collections Ltd v New English Teas Ltd, & another, [2012] EWPC 1 at paras 5–6 [*Temple Island*].

[23] The originality displayed in each image is a result of Bestmont’s artistic efforts in designing its hotel entrances and marquee. As such, no copyright can subsist in the Façade photographs because Rer has simply reproduced Bestmont’s originality. This is consistent with the American case *The Bridgeman Art Library Ltd v Corel Corp* where the Court held there was no copyright in photographs depicting well-known works of art, many of which were on view in museums and galleries around the world. It has long been held that an artistic work that is merely a reproduction with minor improvements or variations on a previous work may not be original, since a work which is a slavish copy of an earlier work will not be entitled to copyright as it is not original.

Appeal, supra above para 13 at para 5.

The Bridgeman Art Library Ltd v Corel Corp, 25 F Supp (2d) 421 (SD NY 1998) at para 15.

University of London Press v University Tutorial Press Ltd, [1916] 2 Ch 601 (Eng Ch Div) at 609.

Ladbroke (Football) Ltd v William Hill (Football) Ltd (1964), [1980] RPC 539 (UK HL) at 291.

[24] Just as the individual photos lack sufficient originality to warrant copyright protection, so does the compilation of photographs provided to Bestmont. In *Rains v Molea*, the Court held a series of paintings by the same artist with a title and a common theme was not a compilation. This was because there was no evidence that Rains exercised any skill and judgment to select a crumpled paper image and arrange it with others in the Classical series. Similarly, there is no

evidence to suggest Rer exercised skillful organization of the Façade photographs to warrant copyright protection. There is also no evidence to suggest she assembled the collection of Façade photographs displayed in Bestmont’s hotel hallways.

Rains v Molea (2013), 2013 CarswellOnt 11337 (Ont SCJ) at paras 17–23.
Trial, supra para 6 at para 8.

C. The Façade photographs only reproduce Bestmont’s originality

[25] It is inaccurate to suggest, as the Appellant does, that Rer made original use of Bestmont’s unique architectural features to create her desired ‘feel’ of the Façade photos. Rer has not added anything new or altered Bestmont’s expression, meaning or message in their marquee and hotel designs. Although Rer may be a millennial style and culture expert with a substantial social media following, there is no evidence or suggestion that she completed “conceptual work” or relied on “knowledge of the targeted market” to arrive at the Façade photos.

Appellant Factum, supra para 18 at paras 20–21.
Trial, supra para 6 at para 1.

[26] In sum, Rer’s efforts are too low to warrant copyright protection. Rer’s efforts are more akin to the “sweat of the brow” or “industriousness” standard of originality that has not only been rejected in Canada but also in the United States. Recognizing originality in the Façade photographs will shift the balance of copyright too far in favour of creators. A finding that Bestmont infringes Rer’s copyright will effectively prevent Bestmont from taking a picture of its own hotel entrances. It will also disincentivize the generation and dissemination of works among the public. This runs counter to the *Act*’s aim of balancing the promotion of public interest and obtaining compensation for creators. Simply because Rer expended effort in producing the Façade photos does not mean she should be rewarded for doing so.

CCH, supra para 16 at para 24.
Feist Publications v Rural Telephone Service Co, 499 US 340 (1991) at 359.
Théberge, supra para 19 at para 30.

ISSUE 2: BESTMOUNT IS IMMUNE FROM A FINDING OF INFRINGEMENT

[27] The Court of Appeal correctly concluded that Bestmont is immune from Rer’s infringement allegations. The *Act* protects only those elements which represent a substantial portion of the author’s original expression. As noted above, skill and judgment that is more than trivial must be exerted for originality to subsist in a work. Copyright infringement requires substantial reproduction of the author’s originality, and since the Façade photos lack originality contributed by Rer, Bestmont has not infringed Rer’s alleged copyright.

Appeal, supra above para 13 at para 2.
Act, supra para 1 s3(1), 27(1).
CCH, supra para 16 at para 16.
Cinar, supra para 1 at paras 25–26.

I. Bestmont is permitted to reproduce its own work

A. Section 3(1) confers on creators the exclusive right to control the preparation of derivative works

[28] Even if copyright were to subsist in the individual photographs, Bestmont’s reproductions are non-infringing under section 3(1) of the *Act*. While there is no explicit and independent concept of “derivative work” in Canada’s legislation, the words “produce or reproduce the work ... in any material form whatever” in section 3(1) of the *Act* confer on creators the exclusive right to control the preparation of their originality in other media. In *Cie générale des établissements Michelin-Michelin & Cie v CAW – Canada*, the Court held a union leaflet incorporating and multiplying the Michelin man infringed Michelin’s copyright. Michelin was permitted to control how the Michelin man was utilized by the union. Similarly, Bestmont is permitted to control how their marquee and hotel designs are reproduced. They are simply asserting rights Parliament granted copyright owners through the *Act*.

Act, supra para 1.
Cie générale des établissements Michelin - Michelin & Cie v CAW - Canada (1996), 71 CPR (3d) 348, [1997] 2 FC 306 at para 62.

B. The displayed photographs are Bestmont’s independent creation

[29] Bestmont applied eleven different filters to all ten Original Photos to create a dozen images for each hotel. The filters applied included additional filters to those applied by Rer in her package to Bestmont. Thus, they independently created their own set of images and compilations to be displayed in hotel hallways.

Trial, supra para 6 at para 8.

C. The Appellant’s reliance on subsection 32.2(1)(b)(i) is incorrect

[30] For provision 32.2(1)(b)(i) to come into operation *in this case*, the Court must first determine that *Rer committed infringement*. This case, however, is not about Rer committing infringement. It is about Bestmont allegedly infringing Rer’s copyright in the Façade Photographs. As the Court of Appeal correctly noted “subsection 32.2(1)(b) does not confer any right to assert copyright against others”. As such, the Appellant’s allegation that Bestmont’s copyright interests have limits pursuant to subsection 32.2(1)(b)(i) is mislaid.

Appeal, supra para 13 at para 3.

Appellant Factum, supra para 18 at para 11.

ISSUE 3: ONLY MINIMAL STATUTORY DAMAGES ARE REASONABLE AND NO PUNITIVE DAMAGES ARE WARRANTED

I. Statutory damages beyond a nominal amount are unreasonable in the circumstances

[31] If this Court finds that Bestmont did, in fact, infringe on Rer’s copyright, only a minimum statutory award for the infringement is appropriate. Any award beyond a nominal amount would be unreasonable in the circumstances.

[32] The first step in arriving at a suitable statutory award is to determine whether the infringement was for a commercial or non-commercial purpose. This forms the basis of a damages assessment under subsection 38.1(1) of the *Act* and sets out the applicable ranges for each.

[33] In exercising its discretion when determining the statutory award, the Court must consider all relevant factors including:

- The good faith or bad faith of the defendant,
- The conduct of the parties before and during the proceedings,
- The need to deter other infringements of the copyright in question, and
- Unnecessary hardship in the case of non-commercial purposes.

Act, supra para 1 s 38.1(5).

[34] The *Act* also defines circumstances where the statutory award may be reduced, including:

- Innocent infringement,
- Multiple works in a single medium, and
- Where the award would be grossly out of proportion to the infringement.

Act, supra para 1 ss 38.1(1)–(3), 38.1(5).
Royal Conservatory of Music v MacIntosh, 2016 FC 929 at paras 109–110 [*Royal Conservatory*].
Rallysport Direct LLC v 2424508 Ontario Ltd, 2020 FC 794 at para 3 [*Rallysport*, 2020].
Ritchie v Sawmill Creek Golf & Country Club Ltd, 2003 CarswellOnt 3058 at para 36 [*Ritchie*].

A. Bestmont’s use was for a non-commercial purpose

[35] The Court of Appeal correctly held that Bestmont’s use of the photographs was of a non-commercial nature. There is no evidence that this use generated any additional revenue or business advantage for Bestmont, and as stated by Lobi JA, “[w]ithout any discernable benefit to Bestmont’s business, public display is insufficient for a finding that infringement was of a commercial nature”. The absence of any such benefit is expected since the photographs were merely displayed on the hallways of Bestmont’s guest floors. They were not included in the hotel’s marketing materials as originally proposed by Rer.

Appeal, supra para 13 at para 7.
Trial, supra para 6 at para 8.

[36] In cases where a finding of a commercial purpose has been established, the infringing activity is directly involved in generating revenue or in promoting the business. The following table lists cases where the infringing activity was of a commercial nature.

Case	Works	Infringing Activity	Commercial Purpose
<p><i>Rallysport, 2019</i>, <i>supra</i> para 20 at para 14.</p> <p><i>Rallysport, 2020</i>, <i>supra</i> para 34 at para 3.</p>	Photographs	Reproduced on website	Promoted sales of automotive parts and accessories of a competing business
<p><i>Trader Corp, supra</i> para 20 at paras 38–39.</p>	Photographs	Reproduced on website	Directly competed with the copyright owner’s business of selling new and used vehicles
<p><i>Trout Point Lodge Ltd v Handshoe, 2014</i> NSSC 62 at para 18 [Trout Point].</p>	Photographs	Reproduced on website	Used to recruit followers, destroy copyright owner’s business, and enhance blog’s credibility
<p><i>Thomson v Afterlife Network Inc, 2019</i> FC 545 at paras 5, 7–8, 62, 68.</p>	Obituaries and photographs	Reproduced on website	Used in advertisements to sell flowers, virtual candles, and other advertising on the same page
<p><i>Royal Conservatory, supra</i> para 34 at paras 3–4, 111.</p>	Musical works	Reproduced in instructional music books	Book sales

[37] Bestmont's use of the photographs is distinguishable from the infringing activities in these cases. Although the use took place on commercial *premises*, it was not for a commercial *purpose*. A more tangible element of a commercial nature needs to be present. Any purported connection between an increase in revenue or business advantage from photographs displayed on hallway walls – on the *guest* floors of a *private* property – is far too remote for a finding of a commercial purpose. As the cases in the table above illustrate, a more immediate connection between the type of use and the commercial activity should exist. Bestmont's use of the photographs was of a non-commercial nature, and the statutory damages award under subsection 38.1(1)(b) ranging from \$100 to \$5,000 for all works ought to be applied.

[38] If, however, the Court finds that the use was indeed for a commercial purpose, then an award under subsection 38.1(1)(a) ranging between \$500 to \$20,000 must be calculated based on the number of works, not the number of infringements. Since there is no originality in the forty Filtered Photos and they are distinct from the ten Original Photos, damages should therefore be applied to only the ten Original Photos reproduced by Bestmont and not to all fifty works.

Patterned Concrete Mississauga Inc v Bomanite Toronto Ltd, 2021 FC 314 at paras 60–61.

B. The minimum statutory award under subsection 38.1(1)(a) must be lowered since Bestmont was unaware of the infringement

[39] When an infringement is found to be for a commercial purpose, subsection 38.1(1)(a) of the *Act* applies and the minimum statutory award is set at \$500 per each work. However, in cases where the accused party was unaware of the infringement, subsection 38.1(2) of the *Act* allows the Court to reduce the minimum amount from \$500 to \$200 per work.

[40] In the case at bar, Bestmont was not aware and had no reasonable grounds to believe it infringed on Rer's copyright. Bestmont has a registered Canadian copyright in the design of each of its hotels and marquee. It was thus under the impression that Rer did not have any rights in

photographs which consisted entirely of its copyrighted work. Alternatively, Bestmont believed it could reproduce its own copyright in its hotel designs and marquee. Bestmont therefore acted under the honest belief at all material times that it was entitled to use of the photographs. This constitutes “an innocent infringement only,” i.e., one where Bestmont “had no reasonable grounds to believe [it] was doing anything wrong”.

Trial, supra para 6 at para 10–11.

Ritchie, supra para 34 at para 36.

C. The statutory damages award should further be reduced given the special cases in subsection 38.1(3)

[41] The Court has additional discretion to lower the statutory award under subsection 38.1(3) of the *Act* to an amount it considers just. The assessment under this subsection is a two-part test: it asks whether there is more than one work in a single medium, and whether awarding even the minimum amounts set out in subsections 38.1(1)(a) or 38.1(2) of the *Act* would result in a total award that, in the Court’s opinion, is grossly out of proportion to the infringement.

Rallysport, 2020, supra para 34 at para 7.

[42] It is a finding of fact that Bestmont’s infringement of the multiple works was reproduced in the same medium. As a result, subsection 38.1(3)(a)(i) is satisfied.

Trial, supra para 6 at para 9.

[43] Subsection 38.1(3)(b) is also satisfied as damages of either \$500 or \$200 per work would result in a total award which is grossly out of proportion to the infringement. An analysis of the factors enumerated in subsection 38.1(5) are examined below to inform this finding.

D. The factors in subsection 38.1(5) favour a minimal statutory damages award

[44] Subsection 38.1(5) requires this Court to consider all relevant factors in determining an appropriate statutory damages award under subsections 38.1(1), 38.1(2), and 38.1(3) of the *Act*. The factors specifically set out in subsections 38.1(5)(a)–(d) are considered below:

a. The good faith or bad faith of the defendant

[45] Bestmont did not act in bad faith; it genuinely believed it was entitled to use Rer's photographs. Bestmont honestly thought that Rer did not have copyright in the photographs or that, in the alternative, it was permitted to reproduce its own registered copyright in the hotel designs and marquee. This would explain why Bestmont did not credit Rer for her work and why it did not respond to Rer's requests to remove the photographs from their hotel hallways. And yet, as an expression of good faith, Bestmont agreed to remove the photographs from its hotels before trial despite its continued belief that it had the right to their use.

Trial, supra para 6 at para 7–10.

Appeal, supra para 13 at para 8.

b. The conduct of the parties before and during the proceedings

[46] Bestmont's conduct before the proceedings is demonstrative of good faith. As mentioned above, Bestmont agreed to remove the photographs from its hotels prior to the proceedings even though it truly believed it was acting within its rights. This cooperation should not go unnoticed and ought to be recognized.

Trial, supra para 6 at para 10.

c. The need to deter other infringements of the copyright in question

[47] There is little need for deterrence in a case such as this one. As a registered copyright owner of the hotel design and marquee, Bestmont acted under the impression that it was entitled to reproduce the photographs. Any need to deter innocent infringements of this kind in similar circumstances will be achieved through only a minimal statutory damages award.

Trial, supra para 6 at para 10.

d. Unnecessary hardship in the case of non-commercial purposes

[48] If the Court finds that the use of the photographs was for a non-commercial purpose, this factor demonstrates that a high damages award would not be proportional to the infringement. These alleged infringements were for a private purpose, namely, to be displayed within the private premises of the hotel. In addition, there is no evidence that the infringement had any palpable impact on Rer, and it is improbable that it would have such an effect. Regardless, Bestmont is not responsible for any impact the infringement had on Rer. Bestmont did not commission Rer to create the Façade Photographs; she did so on her own accord. As such, she is responsible for any personal expenses incurred.

Trial, supra para 6 at paras 6, 8.

[49] The factors considered in subsection 38.1(5) therefore support a finding of only a minimal statutory award.

[50] In short, Bestmont invites this Court to find the infringement was for a non-commercial purpose and award statutory damages on the lowest end of the range under subsection 38.1(1)(b). Alternatively, if the infringement was commercial in nature, Bestmont urges this Court to first reduce the minimum damages amount from \$500 per work in subsection 38.1(1)(a) to \$200 per work in subsection 38.1(2) since Bestmont was unaware its use of the photographs constituted infringement. Bestmont then asks this Court to further lower the minimum amount to less than \$200 per work by operation of the special circumstances in subsection 38.1(3), and to apply these damages to only the ten Original Photos.

II. Rer is not entitled to punitive damages

[51] Punitive damages are not available to Rer as they were not pleaded. Alternatively, Rer is not entitled to punitive damages because Bestmont's conduct is not the kind which punitive damages are meant to punish and deter.

A. Punitive damages must be pleaded

[52] Rer is not entitled to punitive damages as they were not explicitly claimed as a separate basis for relief. In *Whiten v Pilot Insurance Co*, Binnie J held:

... In my view, the suggestion that no pleading is necessary overlooks the basic proposition in our justice system that before someone is *punished* they ought to have advance notice of the charge sufficient to allow them to consider the scope of their jeopardy as well as the opportunity to respond to it. This can only be assured if the claim for punitive damages ... is not buried in a general reference to general damages. ... Ontario's Rule 25.06 (9) also has the effect of requiring that punitive damages claims be expressly pleaded [Italic emphasis in original, underline emphasis added].

Trial, supra para 6 at para 25.

Appeal, supra para 13 at para 8.

Whiten v Pilot Insurance Co, 2002 SCC 18 at para 86 [*Whiten*].

[53] Without advance notice of the charge, Bestmont would be punished without an opportunity to request particulars and thereby properly defend itself on this point. This would run counter to the basic proposition in our justice system as enunciated by Binnie J in *Whiten*.

[54] Subsection 38.1(7) of the *Act* does not create the discretion to award punitive damages where they have not been pleaded. It merely states that an election under subsection 38.1(1) does not affect any right the copyright owner may have to exemplary or punitive damages. This simply means that a claim for statutory damages does not preclude a copyright owner from also claiming punitive damages. Such an interpretation is followed by the courts, for example in *Microsoft Corp v PC Village Co*, where LS Mandamin J stated that "[s]ubsection 38.1(7) of the *Copyright Act* as well as the aforementioned jurisprudence makes it clear that punitive and exemplary damages can be awarded in addition to the statutory damages".

Trial, supra para 6 at para 25.
Microsoft Corp v PC Village Co, 2009 FC 401 at para 41.

[55] Furthermore, it was incorrect for the trial judge to award punitive damages on the basis that “Bestmont has deep pockets and can clearly afford to pay”. The Supreme Court of Canada in *Whiten* is clear in saying that punitive damages must be pleaded. As a result, unless Rer explicitly included punitive damages in her statement of claim, Bestmont’s “deep pockets” and ability to pay are irrelevant.

Trial, supra para 6 at para 25.

B. In the alternative, Bestmont’s conduct does not warrant an award of punitive damages

[56] Punitive damages are reserved for only the most contemptible conduct. In *Hill v Church of Scientology of Toronto*, the Supreme Court of Canada stated that “[p]unitive damages may be awarded in situations where the defendant’s misconduct is so malicious, oppressive, and high-handed that it offends the court’s sense of decency”. Similarly, in *Louis Vuitton Malletier SA v Singa Enterprises (Canada) Inc*, the Court noted that it is only when “the defendant’s conduct was ‘outrageous’ or ‘highly reprehensible’, or where the defendant’s actions constituted a callous disregard for the rights of the Plaintiff or for injunctions granted by the court” that punitive damages will be warranted.

Hill v Church of Scientology of Toronto, [1995] 2 SCR 1130 at para 199.
Louis Vuitton Malletier SA v Singa Enterprises (Canada) Inc, 2011 FC 776 at para 168.

[57] Bestmont’s conduct cannot nearly be described in these terms. As discussed above, Bestmont acted under the honest belief that it had the right to use the photographs containing its registered copyright. In addition, it also removed the images from its hallway displays prior to the proceedings. At no point can its actions be described as “outrageous” or “highly unreasonable,” nor can it be said to have been “malicious, oppressive and high-handed”. Bestmont’s conduct does not align with that in other cases where punitive damages have been awarded, such as in *Prise de*

Parole v Guérin, Éditeur Ltée, where a publisher acknowledged infringement and admitted responsibility yet continued to purposely sell the textbook containing the infringing material. Bestmont’s conduct is also unlike that in *Prism Hospital Software v Hospital Medical Records Institute*, where the defendant software company “actively and calculatedly” deceived the plaintiff to copy its programs for its own benefit.

Prise De Parole Inc v Guérin, Éditeur Ltée, 1995 CarswellNat 769 at paras 33–34.

Prism Hospital Software Inc v Hospital Medical Records Institute, 1994 CarswellBC 451 at paras 413, 606.

[58] To the extent that Bestmont’s actions need to be punished or deterred, this will be achieved through any award in statutory damages – as particularly contemplated by subsection 38.1(5)(c). In *Whiten*, Binnie J stated that “[c]ompensatory damages also punish. In many cases they will be all the ‘punishment’ required”. The “if, but only if” test enunciated in *2703203 Manitoba Inc v Parks* requires that punitive damages only be awarded “where compensatory damages are inadequate to punish the defendant”. Both these statements can be extended to statutory damages as well. It follows that, since punitive damages are “intended as a ‘topping up’ award and a remedy of last resort”, they are not warranted where sufficient punishment and deterrence is achieved through an award of statutory damages. Such is the case here.

Whiten, *supra* para 52 at para 123.

2703203 Manitoba Inc v Parks, 2007 NSCA 36 at paras 126, 129, 136.

PART V – ORDER REQUESTED

[59] The Respondent respectfully requests that this appeal be dismissed, and the Court of Appeal’s decision be affirmed.

Signed this 28th day of January 2022

Team No. 11R
Counsel for the Respondent

PART VI – TABLE OF AUTHORITIES

AUTHORITY	Pinpoint
LEGISLATION	
<i>Copyright Act</i> , RSC 1985 c C-42.	ss. 3(1), 27(1), 32.2(1)(b), 38.1(1), 38.1(2), 38.1(3), 38.1(5), 38.1(7)
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<i>Construction Denis Desjardins Inc v Jeanson</i> , 2010 QCCA 1287.	6
<i>Hill v Church of Scientology of Toronto</i> , [1995] 2 SCR 1130.	199
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<i>Microsoft Corp v PC Village Co</i> , 2009 FC 401.	41
<i>Patterned Concrete Mississauga Inc v Bomanite Toronto Ltd</i> , 2021 FC 314.	60–61
<i>Prise De Parole Inc v Guérin, Éditeur Ltée</i> , 1995 CarswellNat 769.	33–34
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<i>Royal Conservatory of Music v MacIntosh</i> , 2016 FC 929.	3–4, 109–111
<i>Théberge v Galeria d’Art du Petit Champlain Inc</i> , 2002 SCC 34.	30
<i>Thomson v Afterlife Network Inc</i> , 2019 FC 545.	5, 7–8, 62, 68
<i>Trader Corp v CarGurus, Inc</i> , 2017 ONSC 1841.	23
<i>Trout Point Lodge Ltd v Handshoe</i> , 2014 NSSC 62.	18
<i>Wanda Rer v Bestmont Hotels</i> , 21 TCCIP 1222.	1–11, 16, 18–20, 25
<i>Whiten v Pilot Insurance Co</i> , 2002 SCC 18.	86
<i>2703203 Manitoba Inc v Parks</i> , 2007 NSCA 36.	126, 129, 136

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<i>Feist Publications v Rural Telephone Service Co</i> , 499 US 340 (1991).	359
<i>Ladbroke (Football) Ltd v William Hill (Football) Ltd</i> (1964), [1980] RPC 539 (UK HL).	291
<i>Temple Island Collections Ltd v New English Teas Ltd, & another</i> , [2012] EWPC 1.	5–6
<i>The Bridgeman Art Library Ltd v Corel Corp</i> , 25 F Supp (2d) 421 (SD NY 1998).	15
<i>University of London Press v University Tutorial Press Ltd</i> , [1916] 2 Ch 601 (Eng Ch Div);	609

SECONDARY MATERIALS	
Greg Hagen et al, <i>Canadian Intellectual Property Law Cases and Materials</i> , 2nd ed (Toronto: Edmond Montgomery, 2018).	61
JA Simpson et al, <i>The Oxford English Dictionary</i> , (New-York: Oxford University Press, 1989).	sub verbo “mechanical”

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