

IN THE SUPREME MOOT COURT FOR INTELLECTUAL PROPERTY APPEALS

B E T W E E N:

WANDA RER

Appellant

- and -

BESTMONT HOTELS

Respondent

FACTUM FOR RESPONDENT

TABLE OF CONTENTS

PART I – OVERVIEW 1

PART II – STATEMENT OF FACTS..... 3

PART III – POINTS IN ISSUE 5

PART IV – ARGUMENTS IN BRIEF..... 5

ISSUE 1: MS. RER DOES NOT OWN COPYRIGHT IN THE FAÇADES PHOTOS 5

I. Ms. Rer does not own copyright in the Unfiltered Photos5

A. Each Unfiltered Photo is unoriginal due to an insufficient exercise of skill and judgment ..5

B. The Unfiltered Photos are unoriginal reproductions of Bestmont’s Works7

II. Ms. Rer does not own copyright in the Filtered Photos8

A. The Filtered Photos are unoriginal reproductions of Bestmont’s Works8

B. Each Filtered Photo is unoriginal due to an insufficient exercise of skill and judgment10

III. Bestmont is justified in reproducing its own works11

A. Copyright owners retain copyright in reproductions of their works.....11

B. The interpretation of user rights must not prejudice the legitimate interests of the owner .12

ISSUE 2: BESTMONT’S ALLEGED INFRINGEMENT WARRANTS MINIMUM STATUTORY DAMAGE AWARDS AND NO PUNITIVE DAMAGES..... 13

IV. Statutory damages should be evaluated at the minimum13

A. Bestmont has not acted in bad faith or displayed reprehensible conduct14

B. Deterrence of Bestmont, or other parties, is not necessary.....16

C. The maximum statutory damages award would be grossly disproportionate.....17

V. Punitive damages would not be appropriate in this case18

A. Bestmont has not acted maliciously or with callous disregard for copyright.....18

B. Punitive damages should not be awarded because they were not plead.....19

PART V – ORDER REQUESTED..... 20

PART VI – AUTHORITIES..... 21

PART I – OVERVIEW

1. This case is about the Appellant’s attempt to stretch an exception to infringement under the *Copyright Act* (the “*Act*”) to prevent a copyright owner from reproducing its own works. Exceptions to owner rights were never intended to vest users with the same rights as owners. Doing so would unreasonably prejudice the legitimate interests of copyright owners. The Appellant’s attempt to leverage ambiguities in the *Act* to appropriate and enforce copyright against the registered owner cannot succeed.

2. The Respondent, Bestmont Hotels (“Bestmont”), is a Canadian luxury hotel chain. It has built its business around its famous and instantly recognizable hotel designs and marquee. In recognition of their value, and to indicate its sole right to commercially exploit its artistic works, Bestmont registered copyright in each of its hotel designs and its marquee (“Bestmont’s Works”).

3. The Appellant, Wanda Rer (“Ms. Rer”), is a self-proclaimed social media “influencer” and photographer. Inspired by the uniqueness of Bestmont’s Works, she decided to feature each of them in head-on photographic reproductions (“Unfiltered Photos”), using an identical technique and camera set-up for each photo. Ms. Rer further generated embellished reproductions (“Filtered Photos”) of these works via a blanket application of the same four filters to each Unfiltered Photo.

4. Ms. Rer subsequently attempted to license these photographic reproductions of Bestmont’s own works back to Bestmont for a substantial fee. In reliance on its underlying copyright in these reproductions, Bestmont temporarily displayed the Unfiltered Photos and its own filtered versions on the guest floors of its hotels.

5. Ms. Rer now seeks to obtain and enforce exclusive rights in her reproductions of Bestmont’s Works and prevent Bestmont from making similar reproductions. She also seeks

unreasonable statutory damages and unjustifiable punitive damages in response to Bestmont's good faith exercise of its rights. She cannot succeed on either issue.

6. First, Ms. Rer does not own copyright in the individual Unfiltered Photos or Filtered Photos. The Unfiltered Photos do not attract copyright protection due to a lack of originality. Furthermore, both the Unfiltered Photos and Filtered Photos are ineligible for copyright protection as they are merely reproductions of Bestmont's Works. The Filtered Photos are also unoriginal because applying filters is an automated and purely mechanical process. Since Bestmont cannot be liable for infringing its own copyright, and since Ms. Rer cannot own or enforce copyright in unoriginal photos, her claim cannot succeed.

7. Second, even if this Court finds that Ms. Rer owns copyright that Bestmont has infringed, minimum statutory damages alone would be appropriate. Bestmont did not act in bad faith; rather, it acted on a reasonable belief that it was legitimately exercising its rights. As Bestmont has not displayed a pattern of infringement, and because of the nascent nature of this area of copyright law, neither general nor specific deterrence are warranted. With regard to punitive damages, they have not been plead and should therefore not be granted. Furthermore, Bestmont has not behaved in a manner that is malicious, high-handed, or oppressive to warrant punitive damages. A clarification of the law would be sufficient to avoid similar disputes in the future.

8. This court should affirm the Court of Appeal's decision to dismiss Ms. Rer's action. Bestmont has a fundamental right to reproduce the works in which it owns copyright. Allowing this appeal would unreasonably prejudice the legitimate interests of Bestmont and would be inconsistent with international agreements to which Canada is a party.

PART II – STATEMENT OF FACTS

9. **The Respondent and its works:** Bestmont is a Canadian luxury hotel brand that has built a strong reputation among Canadians over the past century. It is known for its unique and carefully designed hotels and famous red marquee. Bestmont has registered copyright in each of its 10 hotel designs and its marquee.

Wanda Rer v Bestmont Hotels (2021), 21 TCCIP 1222 at para 2 [*Trial*].

10. **The Appellant and her project:** The appellant, Ms. Rer, is a self-proclaimed social media “influencer” and photographer. Without consulting Bestmont, Ms. Rer created a photo project called “Façades” centered solely on the hotel designs and marquee of Bestmont’s ten hotels. A photo was taken of each hotel from 100 feet with the marquee centered to depict the unique design features of each of Bestmont’s Works. The same technique was used for each hotel. Ms. Rer then used a social media platform to apply the same four filters – sepia, oil painting, pixilation, and pencil drawing – to each of the Unfiltered Photos.

Trial, supra para 9 at paras 1, 3–5.

11. **The dispute:** After completing her project, Ms. Rer attempted to license the 50 photos for use in Bestmont’s marketing materials at \$3,000 per photo. Bestmont had registered copyright in its building designs and marquee and viewed the photos as an infringement of its copyright. Ms. Rer has not registered copyright in any of the Façades photos. Accordingly, Bestmont demanded that Ms. Rer destroy all copies of the Façades photos and retained the electronic copies it had already received.

Trial, supra para 9 at paras 6–7, 11.

12. **The alleged infringement:** Bestmont applied its own 11 filters to the Unfiltered Photos to create a total of 12 photos of each hotel. Four of the filters had the same name as the filters applied by Ms. Rer, but a different photo editing software was used. Bestmont did not use the photos in its

marketing materials or generate any revenue from their use, but instead hung them in its guest floor hallways. Before trial, Bestmont removed the photos from its hotels.

Trial, supra para 9 at paras 8, 10.

13. **Ms. Rer’s action:** Ms. Rer claims that Bestmont infringed her copyright in the photos of Bestmont’s hotel façades and marquee by hanging these photos in the hallways of its guest floors. Ms. Rer claims that such infringement warrants the highest statutory damages allowable.

Trial, supra para 9 at para 9.

14. **Trial decision:** Lodge J incorrectly interpreted paragraph 32.2(1)(b) of the *Copyright Act* (the “*Act*”) as a basis to hold that Ms. Rer’s reproductions of Bestmont’s work were entitled to copyright. Lodge J characterized Bestmont’s attempts to protect its copyright as bad faith and awarded the maximum amount of statutory damages. Even though Ms. Rer did not claim punitive damages, Lodge J awarded \$500,000 in punitive damages. Ms. Rer seeks that this Court reinstates the trial decision, which would provide her a substantial windfall of \$1,500,000 in damages.

Trial, supra para 9 at paras 18, 24–26.

15. **Appeal decision:** The Court of Appeal correctly found that Bestmont has a right to reproduce its copyright in any medium, including photos. Lobi JA stated that the reliance of the Trial Judge on paragraph 32.2(1)(b) of the *Act* was misguided and significant policy concerns would arise from barring copyright holders from reproducing their works. Even if an infringement had occurred, Lobi JA found there was no basis to find Bestmont had acted in bad faith, making the statutory damages award unreasonable. In addition, only statutory damages should have been considered since punitive damages had not been claimed. In sum, the Court of Appeal held that Bestmont had not infringed by using the photos, and even if an infringement had occurred, the Trial Court’s damages award was excessive.

Bestmont Hotels v Wanda Rer, 2021 CAIP 333 at paras 2–3, 7–8 [*Appeal*].

PART III – POINTS IN ISSUE

16. The respondent will argue the following issues on this appeal:
- 1) Did Ms. Rer own copyright in the Façade photos, and if so, did Bestmont infringe that copyright?
 - 2) If Bestmont infringed Ms. Rer’s copyright, what is the appropriate quantum of damages?

PART IV – ARGUMENTS IN BRIEF

ISSUE 1: MS. RER DOES NOT OWN COPYRIGHT IN THE FAÇADES PHOTOS

17. The Court of Appeal correctly held that Ms. Rer does not own copyright in the individual Façade photos due to lack of originality. Ms. Rer is also not entitled to manipulate an exception to infringement to prevent Bestmont from reproducing its own works. Therefore, the Court of Appeal correctly held that Bestmont was not liable for copyright infringement.

Appeal, supra para 15 at paras 5, 3, 2.

I. Ms. Rer does not own copyright in the Unfiltered Photos

18. While photographic reproductions of architectural works and sculptures are statutorily permitted as user rights, there is no legal basis for copyright to subsist in such reproductions. Ms. Rer’s Unfiltered Photos are not original and therefore fail to attract copyright protection.

Copyright Act, RSC 1985, c C-42, ss 32.2(1)(b), 5(1) [*Act*].

David Vaver, “Copyright Defenses as User Rights” (2013) 60:4 J Copyright Society USA 661 at 667–669 [*User Rights*].

John S McKeown, *Fox on Canadian Law of Copyright and Industrial Designs*, 4th ed (Toronto: Thomson Reuters Canada, 2003) (loose-leaf updated 2021, release 7), ch 23 at 23:1 [*Fox*].

A. Each Unfiltered Photo is unoriginal due to an insufficient exercise of skill and judgment

19. Works must be original for copyright to subsist. Originality requires an exercise of skill and judgment, where judgment in relation to photography has been defined as “selecting among the various options for taking photographs, taking into account variables such as the subject matter,

angles, staging and framing.” While Ms. Rer selected the subject matter, angles and framing, her testimony that the “exact same technique and camera set-up was used for each Bestmont hotel” conflicts with her claim that each Unfiltered Photo deserves independent copyright protection.

Act, supra para 18, s 5(1).

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

Trader Corp v CarGurus Inc, 2017 ONSC 1841 at para 23 [*Trader Corp*].

Trial, supra para 9 at para 4.

20. In the Supreme Court of Canada’s (“SCC”) landmark decision on originality, the Court defined judgment more broadly as “the use of one's capacity for discernment or ability to form an opinion or evaluation by comparing different possible options”. An exercise of judgment therefore involves making decisions. However, the technique and camera set-up used for each photo were pre-determined and then invariably applied to each Bestmont hotel. Thus, the Court of Appeal correctly concluded that Ms. Rer, at best, exercised skill and judgment only once in developing a single photographic technique and set-up, which was then mechanically repeated.

CCH, supra para 19 at para 16.

Appeal, supra para 15 at para 5.

21. By pre-determining that each Unfiltered Photo would involve identical angles, staging and framing, Ms. Rer eliminated the possibility of any additional exercises of judgment in generating the Unfiltered Photos. Ms. Rer also testified that the identical technique and set-up were repeated to “compare and contrast the similarities and differences” in Bestmont’s Works, a task that would be impossible if the resulting photos were not kept together as a compilation. Thus, Ms. Rer’s single exercise of judgment may support the subsistence of copyright in a single compilation, but not in each Unfiltered Photo.

Trial, supra para 9 at para 4.

B. The Unfiltered Photos are unoriginal reproductions of Bestmont's Works

22. Reproduction is not defined as an exact copy but has a broader meaning that applies to different media. As owner of the copyright in the underlying hotel designs and marquee, Bestmont has the sole right to produce or reproduce its “work[s] or any substantial part thereof in any material form whatever”.

Fox, supra para 18, ch 21 at 21:7, 21:39.
Act, supra para 18, s 3(1).

23. Reproduction has long been interpreted to include the transformation of a work between two and three dimensions, even when colours are changed. In *King Features Syndicate Inc v O and M Kleemann Ltd*, the House of Lords held that colourful dolls or toys in the shape of “Popeye the Sailor” were infringing reproductions of black and white sketches of the character. In similar circumstances, American courts have agreed with this principle. The SCC has also held that “[t]ransformation of an artistic work from two dimensions to three dimensions, or vice versa, will infringe copyright even though the physical reproduction of the original expression of that work has not been mechanically copied.”

King Features Syndicate Inc v O and M Kleemann Ltd, [1941] 2 All ER 403 at 411, AC 417 (HL) [*King*].
Rogers v Koons, 960 F (2d) 301 at 307–08 (2d Cir 1992) [*Rogers*].
Théberge v Galerie d'Art du Petit Champlain Inc, 2002 SCC 34 at para 47 [*Théberge*].

24. For something to be deemed a reproduction, it must incorporate a substantial part of the work upon which it is based. This determination is a matter of fact and degree. As a general proposition, the SCC in *Cinar Corporation v Robinson* noted that “a substantial part of a work is a part of the work that represents a substantial portion of the author's skill and judgment expressed therein.” Skill has been defined as “the use of one's knowledge, developed aptitude or practised

ability in producing the work.” Furthermore, it has been suggested that exercising skill and judgment solely in the process of copying is insufficient to confer originality.

Cinar Corporation v Robinson, 2013 SCC 73 at para 26 [*Cinar*].
CCH, *supra* para 19 at para 16.
Fox, *supra* para 18, ch 10 at 10:6.
Interlego AG v Tyco Industries Inc, [1988] 2 HKLR 509 at 534 (PC) [*Interlego*].

25. Each of Bestmont’s hotels were “carefully designed ... to provide guests with an authentic experience inspired by its destination.” This required an exercise of skill and judgment, whereby knowledge relating to each destination, and the evaluation of different design features, were required to produce Bestmont’s Works. Since the Unfiltered Photos are merely head-on “depictions” of each hotel’s façade that “prominently feature[]” Bestmont’s marquee, they are clearly reproductions of a substantial part of Bestmont’s Works.

Trial, *supra* para 9 at paras 2, 4.

26. As reproductions of Bestmont’s Works, the Unfiltered Photos are not original. As stated by McLachlin CJ in *CCH*, “For a work to be ‘original’ ... it must be more than a mere copy of another work.” While paragraph 32.2(1)(b) of the *Act* permits photographic reproductions of architectural works and sculptures permanently situated in public, it does not make a reproduction original, nor does it detract from the copyright ownership in the underlying works or reproductions thereof. Therefore, the Unfiltered Photos fall within the scope of the same copyright interest as the underlying works. This copyright is owned and registered by Bestmont, not Ms. Rer.

CCH, *supra* para 19 at para 16.
Act, *supra* para 18, ss 32.2(1)(b), 53(2).

II. Ms. Rer does not own copyright in the Filtered Photos

A. The Filtered Photos are unoriginal reproductions of Bestmont’s Works

27. Given the recent emergence of digital filters as a tool to embellish photos, Canadian courts have yet to rule on whether applying such filters constitutes reproduction. However, the SCC

affirmed in *Apple Computer Inc v Mackintosh Computers Ltd* that reproduction “in any material form whatever” was “purposely drafted broadly enough to encompass new technologies which had not been thought of when the *Act* was drafted.” This interpretation is consistent with the modern approach to statutory interpretation preferred by the SCC, which requires the words of an Act “to be read in their entire context and in their grammatical and ordinary sense harmoniously with the scheme of the Act, the object of the Act, and the intention of Parliament.”

Apple Computer Inc v Mackintosh Computers Ltd (1986), [1987] 1 FC 173 at 193 (TD), aff'd [1988] 1 FC 673 (CA), aff'd [1990] 2 SCR 209 [*Apple*].

Act, supra para 18, s 3(1).

Re Rizzo & Rizzo Shoes Ltd, [1998] 1 SCR 27 at para 21, citing Elmer Driedger, *Construction of Statutes*, 2nd ed (Toronto: Butterworths, 1983) at 87 [*Rizzo*].

28. In the present case, Ms. Rer’s application of digital filters was simply an act of reproduction. Reproduction has been interpreted broadly to include “additions to or embellishments upon the original” so long as “the substance of the original has been taken”. This is consistent with the *Act*’s language that copyright includes the sole right to reproduce “any substantial part” of a work. Even where embellishments such as the alteration of colours have been made, the American Federal Court of Appeal has held that such changes are immaterial when a substantial part of a work is reproduced.

Staniforth Ricketson, *The Law of Intellectual Property—Copyright, Designs & Confidential Information*, 2nd ed (Pyrmont, NSW: Thomson Reuters, 2002) at §9.140 [*The Law of IP*].

Act, supra para 18, s 3(1).

Rogers, supra para 23 at 305, 308.

29. Per Ms. Rer’s testimony, the techniques used to produce the Unfiltered Photos and the Filtered Photos were selected to (a) depict and (b) enhance the depiction of Bestmont’s Works, respectively. Neither of Ms. Rer’s goals could be accomplished without retaining a substantial part of Bestmont’s Works in both the Unfiltered Photos and Filtered Photos. It is therefore submitted that the Filtered Photos should also be held to be reproductions of Bestmont’s Works.

Trial, supra para 9 at paras 4–5.

B. Each Filtered Photo is unoriginal due to an insufficient exercise of skill and judgment

30. In addition to defining the elements of originality in *CCH*, McLachlin CJ held that the exercise of skill and judgment “must not be so trivial that it could be characterized as a purely mechanical exercise ... [such as] changing the font of a work to produce ‘another’ work”.

CCH, supra para 19 at para 16.

31. If any skill is required to apply filters using a social media platform, it is comparable to the skill involved in changing the font of a digital document. In either case, the underlying subject matter is altered in an automated manner and remains substantially similar. Beyond simply clicking on an option, neither process involves further human input. Similarly, in *Goldi Productions Ltd v Bunch*, the plaintiff used a computer program to enhance digital photos for his website. However, this was held to be a “purely mechanical process” unworthy of copyright protection. Ms. Rer’s use of a social media platform to apply filters is an analogous mechanical process intended to enhance the depiction of Bestmont’s Works in the Unfiltered Photos.

Goldi Productions Ltd v Bunch, 2018 CarswellOnt 15127 (WL Can) at paras 15–16, 296 ACWS (3d) 827 (Ont Sup Ct (Sm Cl Div)) [*Goldi*].
Trial, supra para 9 at para 5.

32. Furthermore, Ms. Rer did not exercise judgment in the application of each filter to each Unfiltered Photo. The SCC held in *CCH* that an exercise of skill and judgment “necessarily involve[s] intellectual effort.” However, by pre-determining which filters to apply across the compilation of Unfiltered Photos, no decisions or intellectual effort were involved following this initial selection. Thus, Ms. Rer exercised judgment, at best, only once in the overall filter selection and application process, which does not support granting copyright in each Filtered Photo.

CCH, supra para 19 at para 16.

III. Bestmont is justified in reproducing its own works

33. The Court of Appeal correctly dismissed Ms. Rer's copyright infringement claim because the Façades photos are merely reproductions of Bestmont's Works in a different medium. While exceptions to infringement provide reasonable user rights, they should not permit users to control how copyright owners reproduce their own works. Providing exclusive rights to users would prejudice the rights of the copyright owner and create conflict within the *Act*.

A. Copyright owners retain copyright in reproductions of their works

34. Paragraph 32.2(1)(b) of the *Act* may be used only as a shield, not a sword. This provision originally read "making or publishing of ... photographs" but was replaced with "reproduce, in a ... photograph", ultimately limiting the user's rights provided by paragraph 32.2(1)(b) of the *Act* to only reproduction. Parliament is presumed to use language carefully and consistently, and its purpose may be inferred by tracing legislative evolution through amendments. The purpose of this provision must therefore not be misconstrued to grant users with exclusive rights, such as the right to commercialize reproductions of the underlying works or prevent others from reproducing them.

Act, supra para 18, s 32.2(1)(b).

An Act to amend the Copyright Act, SC 1997, c 24, s 19 [1997 Amendment].

Ruth Sullivan, *Sullivan on the Construction of Statutes*, 6th ed (Markham: LexisNexis, 2014) at §8.32–8.34, §9.65 [*Sullivan*].

35. Subsection 2.1(2) of the *Act* also provides that the inclusion of a work in a compilation does not affect the copyright in the included work. Having established that the Façades photos are mere reproductions of Bestmont's Works, Bestmont retains copyright in each individual Façades photo. Even if Ms. Rer owns copyright in the compilation of Façades photos, there is no evidence that Bestmont reproduced a substantial part of the compilation in any given hotel.

Act, supra para 18, ss 5(1), 2.1(2).

36. As Ms. Rer's rights in relation to Bestmont's Works are non-exclusive and limited to reproduction, she cannot compel Bestmont to destroy or return copies of the Façades photos, nor

can she prevent Bestmont from using the individual photos as it pleases. The SCC has held that it is inconsistent with copyright law and common sense to hold a copyright owner liable for “infringing” its own copyright. Therefore, Bestmont did not infringe Ms. Rer’s copyright by reproducing the photos with filters or by hanging them in the guest floors of its hotels. All of these activities are well within the rights provided to copyright owners such as Bestmont under subsection 3(1) of the *Act*.

Act, supra para 18, ss 32.2(1)(b), 3(1).

Kraft Canada Inc v Euro Excellence Inc, 2007 SCC 37 at paras 24, 49 [*Kraft 2007*].

B. The interpretation of user rights must not prejudice the legitimate interests of the owner

37. Allowing Ms. Rer to rely on paragraph 32.2(1)(b) of the *Act* as the basis for a copyright infringement claim against the owner of the underlying copyright conflicts with numerous international agreements to which Canada is a party. Under these agreements, Canada is bound to “confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder.” As a business that is best known for its unique architectural works, Bestmont has a legitimate interest in reproducing its artistic works as photos. This interest would be unreasonably prejudiced by providing any photographer, including Ms. Rer, with exclusive rights to mere photographic reproductions.

Act, supra para 18, s 32.2(1)(b).

Agreement on Trade-Related Aspects of Intellectual Property Rights, 15 April 1994, 1869 UNTS 299, art 13 (entered into force 23 January 2017, as amended on 23 January 2017) [*TRIPS*].

Agreement between Canada, the United States of America and the United Mexican States, 10 December 2019, Can TS 2020/6, art 20.64 (entered into force 1 July 2020) [*CUSMA*].

38. Allowing photographers such as Ms. Rer to appropriate and enforce copyright against Bestmont would create uncertainty around creators’ ability to reproduce their own works in photos. This would have a chilling effect on rightsholders’ freedom to exercise their rights in their own works. The confusion created by such an outcome would be detrimental not only to established

businesses like Bestmont, but to any aspiring artist seeking to commercialize their works. When a provision appears to depart from the internal consistency of a legislative scheme, “the general rule is favoured over the exception.”

Trial, supra para 9 at para 2.

Pierre-André Côté, Stéphane Beaulac & Mathieu Devinat, *The Interpretation of Legislation in Canada*, 4th ed (Toronto: Carswell, 2011) at 535–36 [*Interpretation of Legislation*].

ISSUE 2: BESTMONT’S ALLEGED INFRINGEMENT WARRANTS MINIMUM STATUTORY DAMAGE AWARDS AND NO PUNITIVE DAMAGES

39. The Court of Appeal correctly held that there was no infringement in the present case. However, if this Court finds that Bestmont has infringed Ms. Rer’s copyright, no punitive and minimum statutory damages should be awarded. Bestmont’s actions were based on its genuine belief that it was justified by its copyright in its works, and a misunderstanding of rights on the fringe of its copyright warrants minimum damages.

Appeal, supra para 15 at para 2.

IV. Statutory damages should be evaluated at the minimum

40. The purpose of statutory damages “is to arrive at a reasonable assessment in all of the circumstances in order to yield a just result.” Subsection 38.1(1) of the *Act* sets the range for statutory damages between \$100–\$5,000 for non-commercial infringements, and \$500–\$20,000 per work for infringement with commercial purposes. Damages are considered on a per work basis for commercial infringement. Each work that is infringed, regardless of how many copies are made, is afforded damages within the range unless an exception applies.

Telewizja Polsat SA v Radiopol Inc, 2006 FC 584 at para 37 [*Telewizja*].

Act, supra para 18, s 38.1(1).

Patterned Concrete Mississauga Inc v Bomanite Toronto Ltd, 2021 FC 314 at para 61 [*Concrete*].

41. Damages should be determined on the basis that any infringement in the present case is for a non-commercial purpose. Whether a commercial purpose is found depends on the infringing activity in question, not the person who carried it out. Generally, an infringement is for a

commercial purpose when it is intended to make a profit. Outside of profit, exceptions have been made when infringement is for the purpose of advertising or increasing credibility. Bestmont did not make profit from using the photos and did not include them in its marketing. The photos (of the hotels) were hung in the guest hallways and there was no evidence that this increased Bestmont's credibility. The photos simply displayed what guests already witnessed entering the building. Simply because an act was carried out by a corporation, it should not be deemed a commercial infringement in the absence of a benefit through profit, advertising, or increasing credibility.

Microsoft Corp v Liu, 2016 FC 950 at para 21 [*Microsoft*].

Young v Thakur, 2019 FC 835 at para 45 [*Young*].

Trout Point Lodge Ltd v Handshoe, 2014 NSSC 62 at para 18 [*Trout*].

42. Subsection 38.1(5) of the *Act* outlines four factors to consider when determining the quantity of statutory damages: (i) the good faith or bad faith of the defendant; (ii) the conduct of the parties before and during the proceedings; (iii) the need to deter other infringements of the copyright in question; and for non-commercial infringements, (iv) the overall proportionality of the damage awards. While the fourth factor is specifically for non-commercial cases, there should still be a correlation between actual damages and statutory damages in commercial infringements.

Act, *supra* para 18, s 38.1(5).

Pinto v Bronfman Jewish Education Centre, 2013 FC 945 at para 195 [*Pinto*].

A. Bestmont has not acted in bad faith or displayed reprehensible conduct

43. The good or bad faith of the defendant as well as the conduct of the parties can be considered together. Bad faith refers to any “conduct that is contrary to the community standards of honesty, reasonableness or fairness”. Examples of bad faith include failure to comply with court timelines and requests, willfully and knowingly violating the plaintiff's rights, and boasting about or attempting to conceal unlawful conduct. Bestmont has not engaged in conduct that the court has

defined as bad faith and has complied with the litigation process throughout. It was impossible for Bestmont to knowingly infringe Ms. Rer's copyright due to its belief it had a right to use the photos. There is no evidence of any concealment or boasting of unlawful conduct.

Louis Vuitton Malletier S.A. v Yang, 2007 FC 1179 at para 23 [*Louis Vuitton 2007*].
Century 21 Canada Ltd Partnership v Rogers Communications Inc, 2011 BCSC 1196 at para 405 [*Century 21*].
Collet v Northland Art Company Canada Inc, 2018 FC 269 at paras 61–62 [*Collet*].
Louis Vuitton Malletier SA v 486353 BC Ltd, 2008 BCSC 799 at paras 78–81 [*Louis Vuitton 2008*].
Mitchell Repair Information Com, LLC v Long, 2014 FC 562 at paras 7–8 [*Mitchell*].

44. Bestmont's actions were consistent with a prudent copyright owner. Subsection 38(1) of the *Act* permits a copyright owner to "recover possession of all infringing copies ... as if those copies ... were the property of the copyright owner." By virtue of subsection 3(1) of the *Act*, Bestmont believed it was entitled to reproduce its works "in any material form whatever," including in photos such as those in the Façades project. Contrary to the Appellant's suggestion that Bestmont's lack of attribution demonstrated bad faith, Bestmont would not have attributed the photos to Ms. Rer because it is unnecessary to attribute a work to an infringer. Bestmont exercised the rights, that in good faith it believed it had, by seizing and using the photos of its works as if they were its own.

Act, *supra* para 18, ss 3(1), 38(1).
Factum for the Appellant, Team 2A at para 70 [*Appellant Factum*].

45. It is not bad faith for Bestmont to refrain from responding to Ms. Rer's demands. In *Nicholas v Environmental Systems*, the defendant did not remove the work after a cease-and-desist letter, but due to the reasonable confusion on the ownership of the copyright, the damages were still evaluated at \$500 per work. In *Clear Sky*, the Federal Court found that ignoring a cease-and-desist does not offend the court's "sense of decency". Therefore, by merely declining to comply with Ms. Rer's demands, Bestmont did not act in bad faith.

Nicholas v Environmental Systems (International) Ltd, 2010 FC 741 at paras 102–04 [*Nicholas*].
Clear Sky Enterprises Ltd v 564649 Alberta Ltd, 1998 CarswellNat 5058 (WL Can) at paras 10, 81, CPR (3d) 240 (FC) [*Clear Sky*].

46. When there is reasonable belief of copyright ownership, or reasonable confusion of the law, courts have opted for low-end statutory damages. In *Century 21*, the British Columbia Supreme Court found that a misunderstanding of the rights associated with property listings by a company was not in bad faith. Similar to copyright ownership in photos of property listings, the present case involves a complicated and novel area of law. There is a lack of precedent in copyright law concerning architectural works that would otherwise suggest to Bestmont that it was infringing copyright. This Court may find that Bestmont misunderstood its rights to the photos, but a reasonable misapprehension of its rights does not constitute bad faith.

Century 21, *supra* para 43 at paras 403–05.
Lainco Inc c Commission scolaire des Bois-Francs, 2017 FC 825 at para 296 [*Lainco*].

B. Deterrence of Bestmont, or other parties, is not necessary

47. Bestmont does not need to be deterred from future infringements of the copyright in question. When high-end statutory damages have been awarded it is because the infringing party has knowingly and willfully infringed the copyright. Bestmont did not know its actions would infringe Ms. Rer's copyright. In *Nintendo of America v King*, the defendant's previous infringements exhibited a pattern that warranted damages of \$20,000 per work. Bestmont has not exhibited any such pattern that would make deterrence necessary to avoid future infringements.

Microsoft, *supra* para 41 at para 23.
Nintendo of America Inc v King, 2017 FC 246 at para 165 [*Nintendo*].

48. In certain unique circumstances, the Federal Court has deemed deterrence necessary when it is intended to protect a creative industry. In *Nintendo of America v King*, the Court was concerned about the impact of piracy to the video game industry. It was well known by the defendants and others that software piracy was illegal, but they continued to infringe. The present

facts are distinguishable from *Nintendo* because the alleged illegality of Bestmont's conduct has not been established by previous decisions. Deterrence is not necessary in the present circumstances because future infringements will be avoided by simply clarifying the rights of copyright holders in relation to photos of their own works.

Nintendo, supra para 47 at para 164.

C. The maximum statutory damages award would be grossly disproportionate

49. Awarding \$20,000 per work is not justified because the award would unnecessarily exceed Ms. Rer's potential profit. While the purpose of statutory damages is to protect copyright owners by allowing damages when they are difficult to quantify, there should still be correlation between actual damages and statutory damages. When the proposed statutory damage amount significantly exceeds the actual damages, it is considered disproportionate.

Telewizja, supra para 40 at paras 40, 45.

Louis Vuitton 2008, supra para 43 at para 75.

50. Ms. Rer's opening offer was to license each photo for \$3,000 for use in Bestmont's marketing materials. However, Bestmont did not use the photos in its marketing materials, only in its guest hallways. Ms. Rer's offer does not reflect the final price since it likely would have been negotiated lower if Bestmont had not viewed her actions as copyright infringement. If Ms. Rer were awarded maximum statutory damages at \$20,000 per work, this would be a 667% increase from the maximum amount she could have hoped to have earned licensing the photos. Awarding \$20,000 per work would result in a massive windfall for Ms. Rer.

Trial, supra para 9 at paras 6, 8.

51. Bestmont's registered copyright and the lack of jurisprudence defining ownership in these circumstances provides a reasonable basis to award damages at less than \$500 per work. Damages per work can be reduced to less than \$500 if the defendant was not aware and had no reasonable grounds by which they should have known they infringed copyright. The Federal Court in *Pinto*

would have applied subsection 38.1(2) of the *Act* (had there been an infringement) since the defendant believed they had the right to use the works. In *Ritchie*, subsection 38.1(2) of the *Act* would have applied because there was confusion over ownership and the chain of title. In the present case, Bestmont has registered copyright in the subject matter of the photo, which provided a reasonable basis to believe that its copyright covered photos of its works.

Act, supra para 18, s 38.1(2).

Pinto, supra para 42 at para 204.

Ritchie v Sawmill Creek Golf & Country Club Ltd, [2003] OJ No 3144 at para 49, 27 CPR (4th) 220 (Ont Sup Ct) [*Ritchie*].

V. Punitive damages would not be appropriate in this case

52. Punitive damages should only be awarded in exceptional cases with outrageous conduct. Actions taken in good faith to protect one's copyright should not attract punitive damages. Statutory damages are sufficient to adequately compensate Ms. Rer for an accidental wrong, and a request for additional damages is unfounded.

A. Bestmont has not acted maliciously or with callous disregard for copyright

53. Punitive damages are not justified on the facts of the present case. Punitive damages are awarded for "malicious", "oppressive" and "highhanded" conduct that shows "callous disregard for the plaintiff's copyright." The factors considered when evaluating punitive damages in copyright cases include whether the conduct was planned and deliberate, the intent and motive, awareness that what they were doing was wrong, whether the conduct persisted over a lengthy period of time, and profit from the misconduct.

Twentieth Century Fox Film Corp v Hernandez, 2013 CarswellNat 6160 at paras 2, 4, 242 ACWS (3d) 400 (FC) [*Twentieth Century*].

Microsoft, supra para 41 at para 27.

54. Punitive damages should not be awarded for acting in a manner consistent of a prudent copyright owner. Bestmont did not plan to infringe a copyright. Bestmont was simply exercising its right as a copyright owner by displaying photos of its own works. The intent was innocent, and

although this Court may find that Bestmont was mistaken, it was not aware that what it was doing was wrong. A genuine mistake cannot be considered “callous disregard” warranting punitive damages.

Trader Corp, supra para 19 at para 68.

55. The absence of profit in the present case supports the conclusion that punitive damages are not warranted. Punitive damages can be used to relieve a defendant of profits that are more than compensatory damages could divest. In the present case, there is no excessive profit that would make statutory damages inadequate. The photos were not used in the marketing materials, which was Ms. Rer’s original suggested use for the photos, and there is no evidence that Bestmont profited from hanging the photos in its hallways.

Collet, supra para 43 at para 73.

Whiten v Pilot Insurance Company, 2002 SCC 18 at paras 72, 124 [*Whiten*].

Trial, supra para 9 at para 6.

56. Punitive damages are not needed to deter Bestmont because statutory damages are sufficient to accomplish the goal of deterrence. As discussed in earlier paragraphs there is no need to deter Bestmont. Even if this Court finds that some measure of deterrence is necessary, statutory damages would be more than sufficient. An award of punitive damages would unduly punish Bestmont where the requested statutory damages are already unreasonable in relation to the alleged conduct.

Telewizja, supra para 40 at para 45.

Whiten, supra para 55 at para 123.

B. Punitive damages should not be awarded because they were not plead

57. The trial judge was incorrect in finding that subsection 38.1(7) of the *Act* provides discretion to award punitive damages. The *Federal Courts Rules* requires that “every party shall specify (a) the nature of any damages claimed”. Subsection 38.1(7) of the *Act* merely ensures that an election of statutory damages does not, in itself, interfere with an award of punitive damages if

pleaded. This does not provide the judge with discretion to award damages not requested. Ms. Rer did not specify punitive damages in her claim, so punitive damages should not be considered.

Trial, supra para 9 at para 25.
Federal Courts Rules, SOR/98-106, s 182(a) [*FC Rules*].
Act, supra para 18, s 38.1(7).

58. The SCC has held that a specific plea of punitive damages is required to provide sufficient advance notice to allow the defendant to consider the scope of its jeopardy. The SCC clarified that “if at the end of the day the defendant is surprised by an award against it that is a multiple of what it thought was the amount in issue, there is an obvious unfairness.” The Federal Court has declined to award punitive damages where they are not expressly sought, including in copyright cases. Punitive damages were not pleaded by Ms. Rer, and to avoid obvious unfairness, they should not be permitted.

Whiten, supra para 55 at paras 86–87.
Merck & Co Inc v Apotex Inc, 2006 FC 524 at para 239 [*Merck*].
Young, supra para 41 at para 52.

PART V – ORDER REQUESTED

59. The respondent respectfully requests that this appeal be dismissed.

DATE: January 28, 2022

All of which is respectfully submitted

Team No 12R

Counsel for the Respondent

PART VI – AUTHORITIES

Legislation	Factum Para
<i>An Act to amend the Copyright Act</i> , SC 1997, c 24.	34
<i>Copyright Act</i> , RSC 1985, c C-42.	18, 19, 22, 26–28, 34–37, 40, 42, 44, 51, 57
<i>Federal Courts Rules</i> , SOR/98-106.	57

Jurisprudence	Factum Para
<i>Apple Computer Inc v Mackintosh Computers Ltd</i> (1986), [1987] 1 FC 173 at 193 (TD), aff'd [1988] 1 FC 673 (CA), aff'd [1990] 2 SCR 209.	27
<i>Bestmont Hotels v Wanda Rer</i> , 2021 CAIP 333.	15, 17, 20, 39
<i>CCH Canadian Ltd v Law Society of Upper Canada</i> , 2004 SCC 13.	19, 20, 24, 26, 30, 32
<i>Century 21 Canada Ltd Partnership v Rogers Communications Inc</i> , 2011 BCSC 1196.	43, 46
<i>Cinar Corporation v Robinson</i> , 2013 SCC 73.	24
<i>Clear Sky Enterprises Ltd v 564649 Alberta Ltd</i> , 1998 CarswellNat 5058 (WL Can), CPR (3d) 240 (FC).	45
<i>Collet v Northland Art Company Canada Inc</i> , 2018 FC 269.	43, 55
<i>Goldi Productions Ltd v Bunch</i> , 2018 CarswellOnt 15127 (WL Can) (Ont Sup Ct (Sm Cl Div)).	31
<i>Interlego AG v Tyco Industries Inc</i> , [1988] 2 HKLR 509 at 534 (PC).	24
<i>King Features Syndicate Inc v O and M Kleemann Ltd</i> , [1941] 2 All ER 403 at 411, AC 417 (HL).	23
<i>Kraft Canada Inc v Euro Excellence Inc</i> , 2007 SCC 37.	36
<i>Lainco Inc c Commission scolaire des Bois-Francis</i> , 2017 FC 825.	46
<i>Louis Vuitton Malletier SA v 486353 BC Ltd</i> , 2008 BCSC 799.	43, 49
<i>Louis Vuitton Malletier SA v Yang</i> , 2007 FC 1179.	43
<i>Merck & Co Inc v Apotex Inc</i> , 2006 FC 524.	58
<i>Microsoft Corp v Liu</i> , 2016 FC 950.	41, 47, 53

<i>Mitchell Repair Information Com, LLC v Long</i> , 2014 FC 562.	43
<i>Nicholas v Environmental Systems (International) Ltd</i> , 2010 FC 741.	45
<i>Nintendo of America Inc v King</i> , 2017 FC 246.	47–48
<i>Patterned Concrete Mississauga Inc v Bomanite Toronto Ltd</i> , 2021 FC 314.	40
<i>Pinto v Bronfman Jewish Education Centre</i> , 2013 FC 945.	42, 51
<i>Ritchie v Sawmill Creek Golf & Country Club Ltd</i> , [2003] OJ No 3144, 27 CPR (4th) 220 (Ont Sup Ct).	51
<i>Re Rizzo & Rizzo Shoes Ltd</i> , [1998] 1 SCR 27, citing Elmer Driedger, <i>Construction of Statutes</i> , 2nd ed (Toronto: Butterworths, 1983).	27
<i>Rogers v Koons</i> , 960 F (2d) 301 (2d Cir 1992).	23, 28
<i>Telewizja Polsat SA v Radiopol Inc</i> , 2006 FC 584.	40, 49, 56
<i>Théberge v Galerie d'Art du Petit Champlain Inc</i> , 2002 SCC 34.	23
<i>Trader Corp v CarGurus Inc</i> , 2017 ONSC 1841.	19, 54
<i>Trout Point Lodge Ltd v Handshoe</i> , 2014 NSSC 62.	41
<i>Twentieth Century Fox Film Corp v Hernandez</i> , 2013 CarswellNat 6160, 242 ACWS (3d) 400 (FC).	53
<i>Wanda Rer v Bestmont Hotels</i> (2021), 21 TCCIP 1222.	9–14, 19, 21, 25, 29, 31, 38, 50, 55, 57
<i>Whiten v Pilot Insurance Co</i> , 2002 SCC 18.	55–56, 58
<i>Young v Thakur</i> , 2019 FC 835.	41, 58

Secondary Materials: Journals and Books	Factum Para
Côté, Pierre-André, Stéphane Beaulac & Mathieu Devinat, <i>The Interpretation of Legislation in Canada</i> , 4th ed (Toronto: Carswell, 2011).	38
McKeown, John S, <i>Fox on Canadian Law of Copyright and Industrial Designs</i> , 4th ed (Toronto: Thomson Reuters Canada, 2003) (loose-leaf updated 2021, release 7).	18, 22, 24
Ricketson, Staniforth, <i>The Law of Intellectual Property—Copyright, Designs & Confidential Information</i> , 2nd ed (Pymont, NSW: Thomson Reuters, 2002).	28

Sullivan, Ruth, <i>Sullivan on the Construction of Statutes</i> , 6th ed (Markham: LexisNexis, 2014).	34
Vaver, David “Copyright Defenses as User Rights” (2013) 60:4 J Copyright Society USA 661.	18

Secondary Materials: International Documents	Factum Para
<i>Agreement between Canada, the United States of America and the United Mexican States</i> , 10 December 2019, Can TS 2020/6.	37
<i>Agreement on Trade-Related Aspects of Intellectual Property Rights</i> , 15 April 1994, 1869 UNTS 299.	37

Other Materials	Factum Para
<i>Factum of the Appellant, Team 2A</i>	44