

SUPREME MOOT COURT FOR INTELLECTUAL PROPERTY APPEALS

BETWEEN:

WANDA RER

Appellant

– and –

BESTMONT HOTELS

Respondent

FACTUM OF THE RESPONDENT

PART I - OVERVIEW

[1] This case is about a social media influencer’s attempt to usurp copyright in the design of hotels that she photographs, and to enforce this copyright against its registered owner, the hotel chain. The exclusive rights enjoyed by the owner of copyright in a building design ought not to be lost or subordinated to a click of a camera button.

[2] On this appeal, the Court must consider whether Parliament intended for anyone in the public to “capture” and obtain its own copyright in any artistic work on a wall of an architectural work with a single click of a camera button. Such a right would prejudice artists from exercising their fundamental rights pursuant to s. 3(1) of the *Copyright Act* (the “**Act**”), contrary to the Act’s purpose.

Copyright Act, RSC 1985 c C-42, s 3(1) [CA].

[3] The Respondent, Bestmont Hotels (“**Bestmont**”), is a famous hotel chain with 10 hotel destinations across Canada. The Appellant, Wanda Rer (Rer), is a social media influencer who created a photo project called “Façades” that features Bestmont’s hotel entrances (“**Entrance(s)**”) and its red marquees (“**Marquee(s)**”) (hereafter collectively referred to as the “**Registered Designs**”). Bestmont is well-known for its Registered Designs, and in recognition of the value of these works, Bestmont registered the copyright in the Registered Designs

[4] Bestmont used these photographs to decorate the interior of their hotels. Rer is now claiming that Bestmont infringed copyright on her “Façades” project photographs, which blatantly feature Bestmont’s Registered Designs.

[5] This appeal raises three issues: (1) whether copyright subsists in Rer’s “Façades” project photographs; (2) whether Bestmont infringed Rer’s copyright by applying filters and reproducing Rer’s collection of photos; and (3) if so, what the appropriate quantum of damages is.

[6] Copyright does not subsist in the Appellant’s photographs, as they are not original artistic works. Rer exercised no skill and judgment in creating any of the “Façades” project photographs and they are mere copies of Bestmont’s Registered Designs.

[7] Rer’s position in this appeal, that Bestmont infringed her copyright, deprives copyright owners such as Bestmont of their right to reproduce photos of its own artistic works, which are in and of themselves the products of Bestmont’s own skill and judgment.

[8] Furthermore, statutory exemptions premised on practical policy considerations cannot extend so far as to prevent Bestmont from using photos of its own registered artistic works. To do so would set a precedent that unfairly exposes not just companies, but artists to disproportionate liability as it provides an opportunity for anyone who takes a photo of an architectural work to bring legal action against the copyright owner of that artistic work.

[9] The Respondent respectfully requests that this Honourable Court affirm the decision of the Court of Appeal and dismiss this appeal.

PART II - FACTS

[10] **The Parties:** Bestmont is a famous Canadian luxury hotel chain with 10 prime hotel destinations across Canada (*Trial*). Bestmont’s reputation is partly derived from its hotels’ carefully curated architectural designs (*Trial*). In addition to the hotels’ unique Entrance designs, Bestmont is also known for its “famous red Marquee” found at the entrance to each of its hotels (*Trial*). The Registered Designs are registered copyright designs in Canada pursuant to s. 53 of the

Act (*Trial*). Rer is a Canadian social media influencer who possesses a substantial social media following and promotes millennial style and culture through her posts (*Trial*).

Rer v Bestmont Hotels, 21 TCCIP 1222 at paras 1-2, 11 [*Trial*].

[11] **Rer’s “Façades” Project:** Without Bestmont’s permission, Rer planned and executed a new social media project called “Façades” where she captured a photograph of the Entrance and Marquee of each of the 10 Bestmont hotels (the “**Unfiltered Photos**”) (*Trial*). Every one of the ten photos reproduced Bestmont’s Registered Designs. Rer took this combination of photos so that the different hotels could be compared and contrasted (*Trial*). Rer then used a popular social media platform to apply four photograph filters to each of the 10 photos to generate 40 filtered photos (the 40 “**Filtered Photos**”, and together with the 10 Unfiltered Photos, the 50 “**Rer Photos**”) (*Trial*).

Trial, supra para 10 at paras 1, 5.

[12] **Rer’s Lawsuit:** Rer offered 50 unauthorized reproductions of the Registered Designs to Bestmont for \$3,000 per photo (*Trial*). Bestmont, recognizing that these photos reproduced its copyright-protected designs, rejected Rer’s proposal and subsequently accused Rer of infringing Bestmont’s copyright in the Registered Designs (*Trial*). Bestmont applied a series of 11 filters on the Unfiltered Photos to create 12 images for each hotel, and used the resulting 120 images to decorate the hallways of their hotels (the “**Display Photos**”) (*Trial*). After Bestmont did not respond to Rer’s request to remove the photographs from its hotel hallways, Rer commenced an action for copyright infringement against Bestmont, seeking the highest allowable amount of statutory damages (*Trial*).

Trial, supra para 10 at paras 6-9.

[13] **Trial Court of Canada:** The Trial Judge found in favour of Rer. Applying a low threshold for originality, the Trial Judge held that copyright subsisted in each one of the Rer Photos (*Trial*). Furthermore, Bestmont's reproduction of both the Unfiltered Photos and Filtered Photos was found to constitute infringement (*Trial*). The Trial Judge held that Bestmont's right to reproduce its designs under s. 3 of the Act did not extend to also allow it to reproduce the Unfiltered Photos and Filtered Photos (*Trial*). The Trial Judge awarded statutory damages in the maximum amount of \$20,000 for each of the 50 Rer Photos, for a total of \$1,000,000, and awarded \$500,000 in punitive damages (*Trial*). In doing so, the Trial Judge found that Bestmont infringed copyright for a commercial purpose (*Trial*).

Trial, supra para 10 at paras 14-16, 18-21.

[14] **Court of Appeal:** The Court of Appeal found that Bestmont did not infringe Rer's copyright (*Appeal*). The Court concluded that the Trial Judge set the threshold for establishing originality too low, and neither the Filtered Photos nor Unfiltered Photos were original (*Appeal*). The Court found that Bestmont owned the underlying copyright in its Registered Designs, and is therefore immune from Rer's infringement allegations because subsection 32.2(1)(b) of the Act only excuses acts of copyright infringement and does not confer any right to assert copyright against others (*Appeal*). Lastly, the Court found that the Trial Judge erred in the quantum of damages awarded as there was insufficient evidence that Bestmont's use was for a commercial purpose, and the award was grossly out of proportion to the infringement as a whole (*Appeal*).

Bestmont v Rer, 2021 CAIP 333 at paras 2-3, 5, 6-8 [*Appeal*].

PART III - ISSUES

[15] This appeal raises three issues:

- 1) Does Rer own copyright in the Rer Photos?

- 2) Did Bestmont infringe copyright by reproducing the photos from the Rer Photos?
- 3) If so, what is the appropriate quantum of damages for such infringement?

PART IV- LAW AND ARGUMENT

1. Copyright does not subsist in Rer’s Unfiltered Photos or Filtered Photos

[16] Copyright does not subsist in each of the Rer Photos because they are not original artistic works. Pursuant to s. 5(1) of the Act, copyright shall subsist in “every original literary, dramatic, music, and artistic work.” (*CA*). As set out below, the Rer Photos are not original, and therefore, copyright does not subsist in any of the photographs.

CA, supra para 2, s 5(1).

1.1 The Unfiltered Photos are not Original Works

[17] In order to be original, the Supreme Court of Canada held in *CCH Canadian Ltd v Law Society of Upper Canada* (“*CCH*”) that a work must: (1) originate from an author; (2) not be copied from another work; and (3) be the product of an author’s exercise of skill and judgment (*CCH*). Furthermore, originality lies in the expressive element of the idea, and not in the idea itself (*CCH*).

CCH Canadian Ltd v Law Society of Upper Canada, 2004 SCC 13 at paras 14, 28 [*CCH*].

1.1.1 The Unfiltered Photos are mere copies of the Registered Designs

[18] The Unfiltered Photos do not satisfy the *CCH* originality test because they are mere copies of Bestmont’s Registered Designs. The Supreme Court, in *CCH*, emphasized that to establish originality, “a similar work must be more than a mere copy of another work” (*CCH*). When assessing copying or “reproduction”, the transformation of artistic work from three dimensions to two dimensions can constitute reproduction, even when the original expression has not been literally mechanically copied (*Théberge*). Any arguments supporting Rer’s exercise of skill and

judgment are irrelevant given that the Unfiltered Photos are mere copies of the Registered Designs in a different material form.

CCH, supra para 17 at para 16.

Théberge v Galerie d'Art du Petit Champlain Inc, 2002 SCC 34 at para 47 [*Théberge*].

[19] The transformation of the Registered Designs from their three-dimensional form onto Rer's Unfiltered Photos amounts to a mere copy. Bestmont has registered and owns copyright in the Registered Designs for all 10 hotels (*Trial*). Rer took a photograph of the Registered Designs in their entirety to produce Unfiltered Photos (*Trial*). As a result, a person observing the Registered Designs on the buildings directly would effectively see the same visuals on the reproduced Unfiltered Photos. The Unfiltered Photos are simply a two-dimensional presentation of the Registered Designs without any modifications to that visual representation - a mere copy.

Trial, supra para 10 at paras 4, 11.

1.1.2 The Unfiltered Photos are not the result of "skill and judgment"

[20] The Unfiltered Photos are not original because they are not the product of the exercise of skill and judgment by Rer. The skill and judgment exercised "must not be so trivial that it could be characterized as a purely mechanical exercise" (*CCH*). Although the bar is not set so high as to exclude every work that is not creative in the sense of being novel or unique, it requires some form of intellectual effort (*CCH*). Skill is the "use of one's knowledge, developed aptitude or practised ability in producing the work" (*CCH*). Judgment is "one's capacity for discernment or ability to form an opinion or evaluation by comparing different possible options in producing the work" (*CCH*). When considering judgment for a photographic work, the choice of subject matter, the framing of the scene, the angle of the shot, and the lighting, are all relevant (*Trader*).

CCH, supra para 17 at paras 16, 25.

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

[21] Rer’s actions amounted to a “purely mechanical exercise”. The Marquee is extremely recognizable in Canada (*Trial*). Rer simply positioned this famous element directly in the middle of the frame and pressed the capture button repeatedly for each of the ten Unfiltered Photos (*Trial*). These actions do not demonstrate a skillful or unique method of taking photographs. Rer did not exercise any judgment as there is no evidence of any lighting or angle adjustments used in capturing the Unfiltered Photos.

Trial, supra para 10 at paras 2, 4.

[22] Additionally, for photographs, Canadian courts do not evaluate its artistic or aesthetic nature, but whether skill and judgment were required in their creation (*Trader*). In this sense, any of Rer’s artistic and aesthetic judgment applicable to her social media presence cannot in itself mean that every photo Rer takes is worthy of copyright protection. Therefore, even if Rer is a skilled social media influencer who is able to produce aesthetically pleasing photographs, this does not change the fact that she did not meet the skill and judgment threshold necessary while taking the Unfiltered Photos.

Trader, supra para 20 at para 22.

1.2 The Filtered Photos are not Original Works

[23] The Court of Appeal was correct in finding that Rer did not exercise skill and judgment in creating the Filtered Photos (*Appeal*). Rer simply had the idea of applying the filters, but she is not responsible for any expression of the idea. She did not create the filters nor the visual effect that they impose onto the photographs. All of the filters were created by the social media platform; and if anything, the filters were the result of the skill and judgment of the company that created the filters, and not Rer.

Appeal, supra para 14 at para 5.

[24] The binary option of either applying or not applying a pre-made photograph filter is a “purely mechanical exercise” (*CCH*). In *CCH*, the Supreme Court found that “any skill and judgment that might be involved in simply changing the font of a work to produce “another” work would be too trivial to merit copyright protection as an “original” work (*CCH*). In the digital age, when a filter can be applied to a photograph at the click of a button, doing so is akin to changing the font of the text. Both are “purely mechanical exercises” which are too trivial to warrant copyright protection.

CCH, supra para 16 at para 16.

[25] Rer also did not exercise the “intellectual effort” required in creating the Filtered Photos. Judgment requires the “use of one's capacity for discernment or ability to form an opinion or evaluation by comparing different possible options in producing the work.” (*CCH*) Rer applied the same 4 filters on each of the 10 Unfiltered Photos (*Trial*). For example, Rer could have applied specific filters to match specific Unfiltered Photos, but in reality, Rer did not choose to exert any creative discretion by applying all filters on every photo.

CCH, supra para 17 at para 16.

Trial, supra para 10 at para 5.

1.3 If there were any “skill and judgment”, it would exist in a Single Compilation

[26] Bestmont denies that there has been any skill or judgment used to create the Unfiltered Photos or the Filtered Photos. However, to the extent that Rer exercised any skill and judgment, it is only in a single compilation of Rer Photos. A compilation is a work resulting from the selection or arrangement of artistic works or parts thereof (*CA*). For copyright to subsist in a compilation, the selection and arrangement of individual works must be original, involving the exercise of taste and discretion (*Pinto*).

CA, supra para 2, s 2.

Pinto v Bronfman Jewish Education Centre, 2013 FC 945 at para 152 [*Pinto*].

[27] At most, out of all of her activity, Rer may have exercised some discretion through this compilation of Rer Photos, where the arrangement of the Unfiltered Photos allows for a viewer to “compare and contrast the similarities and differences in the design and atmosphere” (*Trial*). As a result, copyright would not subsist in each individual photograph, but would exist in a single compilation, if anything (*CCH, Distrimedica*).

Trial, supra para 10 at para 4.

CCH, supra para 17 at para 33.

Distrimedica Inc v Dispill Inc, 2013 FC 1043 at para 321 [*Distrimedica*].

2. Bestmont did not infringe Copyright

2.1 Subordinating the Copyright in an Underlying Work to the Copyright of a Photographer Would Be Contrary to Purpose of the Copyright Act

[28] Even if the Registered Designs fit within the wording of s. 32.2(1)(b) of the Act, that exception does not afford or permit Rer to enforce any copyright in the Rer Photos (*CA*).

CA, supra para 2, s 32.2(1)(b).

[29] S. 32.2(1)(b) provides that it is not an infringement of copyright to reproduce an “architectural work” or “sculpture or work of artistic craftsmanship” in the form of a photograph (*CA*).

CA, supra para 2, s 32.2(1)(b).

[30] Bestmont submits that s. 32.2(1)(b) does not provide Rer the right to enforce its copyright of Rer Photos on Bestmont because (1) this section does not create a positive right, only a defence to infringement, and (2) to interpret s. 32.2(1)(b) as so would contradict the purposes of the Act.

[31] Firstly, s. 32.2(1)(b) strictly grants an exemption to infringing existing copyright, and does not create a new set of rights itself, nor does it add or modify existing copyrights to an artistic work (*CA, Appeal*). By a plain text interpretation, this section allows Rer to create new work, such as

Rer Photos, without risk of infringement, but does not allow her to assert her copyright against others, especially Bestmont, the copyright owner.

CA, supra para 2, s 32.2(1)(b).
Appeal, supra para 14 at para 3.

[32] Secondly, to allow s. 32.2(1)(b) to exclude the original copyright owner to reproduce its own artistic work would contradict the purpose of this Act (*CA*). The purpose of the Act, as noted in *Theberge*, is “...presented as 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).”

CA, supra para 2, s 32.2(1)(b).
Theberge, supra para 18 at paras 30-31.

[33] Rer’s claim does not promote this balance. S. 32.2(1)(b) may be encouraging public interest in artistic works, by allowing the public to take photos of architectural works, but it does so at the expense of Bestmont’s ability to obtain a just reward, such as the right to use reproductions of its own copyright. This would create an imbalance against Bestmont and undermine the purpose of the Act.

[34] Rer’s interpretation of s. 32.2(1)(b) entirely ignores Bestmont’s standing as a registered copyright owner of the Registered Designs and in fact penalizes Bestmont for exercising its exclusive right to reproduce its own copyright outlined in s. 3(1)(a) of the Act (*CA*).

CA, supra para 2, ss 3(1)(a), 32.2(1)(b).

[35] Furthermore, this provision contradicts its true purpose; to provide practicality “in recognition of the natural order of things”(ACA). S. 32.2(1)(b) is solely intended to be a practical solution for what otherwise would be a completely unenforceable problem, which would be to

prohibit the public from taking any photo that has an architectural work, such as a building, appear in the shot.

Normand Tamaro, *The 2022 Annotated Copyright Act, Print and ProView eBook* (Thomson/Carswell, 2021) [ACA].

[36] This section does not change the law by creating new legal rights. Rer’s interpretation of s. 32.2(1)(b) is impractical; if accepted, any individual in the public would be able to take photographs of art on walls or inside buildings and claim copyright over the actual authors and owners of these architectural or artistic works. Rer’s claim would undermine the purpose of s. 32.2(1)(b) and the Act and introduce a series of lawsuits that copyright owners of architectural works, or of the artistic works on these architectural works, cannot reasonably avoid.

2.1.1 Upholding Rer’s Claim could put Canada in violation of the Berne Convention

[37] The Trial Court’s ruling that copyright in a derivative work is enforceable against the owner of copyright in the underlying work is inconsistent with Canada's international treaty obligations.

[38] As recognized by the Supreme Court, contrary to the Appellant’s claims, the doctrine of derivative works is a United States concept that has not cemented itself in Canadian law (*Théberge*). Therefore, Rer cannot claim that her work is a permitted “derivative work” within Canadian law.

Théberge, *supra* para 18 at paras 72-73.

[39] However, even if copyright could subsist in Rer Photos as a derivative work, international treaties such as the Berne Convention (“**Berne**”), provide that this protection must be afforded “without prejudice” to the copyright in the original work (*Berne*).

Berne Convention for the Protection of Literary and Artistic Works, amended 28 September 1979, S Treaty Doc No 99-27 (entered into force 19 November 1984) [*Berne*].

[40] The interpretive language of Berne, in specific, is particularly relevant to the interpretation of the Act was originally “based on, and designed to implement, the Berne...” (*Bishop*).

Bishop v Stevens, [1990] 2 SCR 467, [1990] SCJ No 78. at 473 [*Bishop*].

[41] Pursuant to Article 2(3) of Berne, the concept of derivative works is referred to within the terms, “adaptations” and “other alterations” of an artistic work, and they shall be protected as original works “without prejudice to the copyright in the original work” (*Berne, Fox*).

Berne, supra para 39, Article 2(3).

John S McKeown & Harold G Fox, *Fox on Canadian Law of Copyright and Industrial Designs*, 4th ed (Scarborough: Thomson/Carswell, 2003) [*Fox*].

[42] To prevent Bestmont from using photographs of its own registered copyrighted works clearly creates prejudice to the copyright in the original work, therefore Rer’s claimed protection cannot be provided “without prejudice” as required by Berne. Therefore s. 32.2(1)(b) cannot be interpreted as giving rise to a full scope of rights as derivative works because that would prevent copyright owners like Bestmont from being able to make reproductions of photos of their registered artistic works, violating Berne.

2.1.2 If any Infringement occurred, it would be in the Single Compilation of Bestmont’s Registered Designs

[43] If infringement was to occur on Rer Photos, it would be an infringement to the compilation of Bestmont’s Registered Works, and not to the copyright in each of the individual Unfiltered Photos or the Filtered Photos. However, there is no evidence of infringement as there are no facts to suggest that photos were presented together as a collection in Bestmont’s hotels.

[44] Additionally, since s. 2.1(2) of the Act states that the mere fact that a work is included in a compilation does not affect the included work’s copyright protection conferred by the Act, thus

even if a compilation exists, it would not alter existing copyright in each of Bestmont’s Registered Designs (CA).

CA, supra para 2, ss 2.1(2).

2.2 Bestmont did not reproduce a “Substantial Part” of the Filtered Photos

[45] Even if the Filtered Photos are found to be original, Bestmont did not reproduce a “substantial part” of the Filtered Photos. For a finding of infringement under s. 27(1) of the Act, there must be a “sufficiently objective similarity between the infringing work and the copyrighted work, or a substantial part thereof” (CA). A “substantial part” of a work is a part that represents a substantial portion of the author's “skill and judgment” (*Cinar, CCLA*).

CA, supra para 2, s 3(1).

Robinson c Films Cinar Inc, 2013 SCC 73 at para 26 [*Cinar*].

Canadian Copyright Licensing Agency (Access Copyright) v Canada, 2018 FCA 58 at para 121 [*CCLA*].

[46] Bestmont’s Display Photos did not infringe Rer’s copyright in the Filtered Photos because Bestmont did not recreate a “substantial part” of Rer’s “skill and judgment”. Filters that Rer used (‘sepia’, ‘oil painting’, ‘pixilation’, and ‘pencil drawing’) are common filters available on many different social media and photo editing applications. Out of the 12 Display Photos that Bestmont featured in each hotel, only 4 featured filters with resemblance to the ones used by Rer (*Trial*). The majority of the Display Photos featured filters that Rer did not use. There is also no evidence to suggest that Bestmont even used the exact same filters as Rer. Therefore, a “substantial part” of Rer’s skill and judgment was not recreated by Bestmont as Bestmont did not even use the majority of the filters that Rer used, if any at all.

Trial, supra para 10 at para 8.

[47] Replicating a social media filter cannot constitute the reproduction of a “substantial part” of Rer’s Filtered Photos. Applying filters to photographs is a common photography process.

Objectively, these photos do not highlight the particular filters applied to them; the true subject matter of these photos is the Registered Designs. In fact, Rer titled these photos “Façades”, which exemplifies that the Registered Designs create the “substantial part” of Rer’s photos, not the filters. Otherwise, Rer’s photo project might as well be called “Filters” instead.

[48] The idea of filtering photos cannot be infringed because ideas themselves do not attract copyright, but expressions do (*CCH*). In *Rains v Molea*, the Court affirmed that the idea of an image of crumpled paper could not grant copyright protection (*Rains*). Rather, it was the expression of the idea represented in the work itself with the necessary skill and judgment which is subject to copyright (*Rains*). Similarly, the idea of a filtered photograph is also not worthy of copyright protection. The expression of that idea can be granted copyright, to which Bestmont would have the right to exercise skill and judgment to create its own original filtered photographs.

CCH, supra para 17 at para 14.
Rains v Molea, 2013 ONSC 5016 at paras 14-15 [*Rains*].

3. The Trial Judge’s assessment of total damages was disproportionate to any infringement

3.1 Bestmont’s Actions do not justify a Statutory damages award of \$20,000 per Infringement

[49] Since Bestmont did not infringe Rer’s copyright, the Court of Appeal was correct in not awarding any statutory damages (*Appeal*). In the alternative, the Trial Judge erred in awarding statutory and punitive damages totalling \$1,500,000 (*Trial*). Should the Court make a finding of infringement, this Court should adopt the approach taken by the Court of Appeal (*Appeal*).

Appeal, supra para 14 at para 6.
Trial, supra para 10 at para 26.

3.1.1 The Trial Judge erred in finding that Bestmont's actions were for a Commercial Purpose

[50] Bestmont's actions were for a non-commercial purpose. As a result, statutory damages, if any, should be in the range of \$100 to \$5,000 per infringed work as dictated by s. 38.1(1)(b), as opposed to the s. 38.1(1)(a) \$500 to \$20,000 range, which is reserved solely for works used for “commercial purposes”.

CA, supra para 2, s 38.1(1).

[51] The threshold of a “commercial purpose” finding has been much higher in past jurisprudence than in the present case, requiring evidence that there is direct profit generation. In *Royal Conservatory of Music v MacIntosh*, the Federal Court found the infringement to be for a commercial purpose where the works containing the alleged infringement were being “sold commercially, presumably to as wide and large an audience as possible” (*RCM*). This is different than this appeal, where the Display Photos were simply used as decoration in Bestmont’s hotels’ hallways and were not being sold to directly gain profit or financial benefit. The fact that a photograph is located in a place of business does not necessarily mean that that item is being used to directly generate profit.

Royal Conservatory of Music v MacIntosh, 2016 FC 929 at para 111 [*RCM*].

3.1.2 The Trial Court erred in Awarding the Maximum Commercial Statutory Damages at \$20,000 per Alleged Infringement

[52] The Trial Court incorrectly granted Rer the maximum statutory damages of \$20,000 for each of the 50 alleged infringements (*Trial*). When assessing statutory damages, the Court must consider: (1) the good faith or bad faith of the defendant; (2) the conduct of the parties before and during the proceedings; and (3) the need to deter other infringements of the copyright in question

(CA). Generally, the Court must arrive at a reasonable assessment in all of the circumstances in order to yield a just result (*Thoi Bao*).

Trial, supra para 10 at paras 7, 22-24.

CA, supra para 2, s 38.1(5).

Thoi Bao Inc v 1913075 Ontario Ltd, 2016 FC 1339 at para 49 [*Thoi Bao*].

[53] The Court of Appeal was correct in determining that Bestmont did not act in bad faith under s. 38.1(5)(a) of the Act (*Appeal, CA*). Case law affirms that a finding of bad faith requires an infringement to be done so knowingly. For example, in *Rallysport*, the defendants knowingly infringed copyright over a prolonged period of time and untruthfully stated that they removed infringing material after being notified of infringement (*Rallysport*). Similarly, in *Microsoft Corp v PC Village Co*, the defendants were aware that their infringing conduct was illegal (*Microsoft*). In the case at hand, Bestmont genuinely believed, as the copyright owner of the Registered Designs, that it had the right to reproduce photographs of its own Registered Designs. Bestmont demonstrated this belief by instead accusing Rer of copyright infringement in the Registered Designs (*Trial*). Bestmont did not ignore Rer's requests or knowingly infringe copyright; rather, they acknowledged them and reasonably refused the request.

Appeal, supra para 14 at para 8.

CA, supra para 2, s 38.1(5).

Microsoft Corp v PC Village Co, 2009 FC 401 at para 35 [*Microsoft*].

Rallysport Direct LLC v 2424508 Ontario Ltd, 2020 FC 794 at para 35 [*Rallysport*].

Trial, supra para 10 at para 7.

[54] There is no need to deter other infringements of the copyright in question because the facts at hand involve the rare dispute between owners of copyright in architectural works and persons who take photographs of the architectural works. Not only is this a rather narrow, and fact-specific type of dispute, but because many historic Canadian building designs are within the public domain, the number of instances where a similar dispute would arise is extremely limited.

3.1.3 In the Case of a Finding of Commercial Purpose Damages should be set at the Lower Range

[55] Bestmont believes its actions were not for a commercial purpose. However, in the case of a finding of commercial purpose, contrary to the Appellant's claims, Bestmont meets statutory exceptions which exemplify that granting maximum statutory damages was unreasonable. In the Act, an infringer is entitled to damages below the s. 38.1(1)(a) range when (1) the infringements were not for a commercial purpose, (2) the infringer was unaware of the infringement, and (3) there is more than one work in a single medium and where awarding the minimum per work would yield a total award that is grossly out of proportion to the infringement (*CA*).

CA, supra para 2, ss 38.1(1)(b), (2), (3).

[56] In the case of a finding of commercial purpose, combined with a lack of bad faith, the Federal Court suggested in *Royal Conservatory of Music v MacIntosh* that the per work damages should be set at the lowest end of the commercial range (*RCM*). Since Bestmont's actions were not in bad faith, granting the maximum statutory award for commercial purpose use was inappropriate.

RCM, supra para 51 at para 117.

[57] Even in the case that the Display Photos were used for commercial purposes, Bestmont's actions warrant damages on the lower end of the range in accordance with s. 38.1(2), as Bestmont was unaware of the infringements (*CA*). As the registered copyright owner, Bestmont honestly believed that it had the right to use photographs of its own copyrighted works, exemplifying that there was no awareness of any potential infringements.

CA, supra para 2, s 38.1(2).

[58] Furthermore, in accordance with s. 38.1(3) of the Act, the Rer Photos were rendered in a single medium and the total minimum award of \$500 per 50 infringements is still grossly out of proportion to the infringement (*CA*).

CA, supra para 2, s 38.1(3).

3.1.4 At Most, the Display Photos are a Single “compilation”, rather than Separate Compensable Works

[59] In any case, at most, the Display Photos are a single compilation as noted in paragraph 43 of this factum and should be considered to be a single infringed work when calculating damages. Therefore, this further suggests that granting a maximum statutory award per each of the 50 alleged infringements was excessive.

3.2 Awarding Punitive Damages undermined Principles of Fairness

[60] The Trial Judge’s decision to award punitive damages created substantive and procedural unfairness because they were awarded without notice to Bestmont, nor did Bestmont’s conduct warrant them.

[61] The Supreme Court in *Whiten v Pilot Insurance Co*, outlined that there is an “obvious unfairness” when the defendant is surprised by an award that is a multiple of what it thought was the amount in issue (*Whiten*). Our justice system protects parties’ rights to have advance notice of the charge to provide them with the fair opportunity to respond to it (*Whiten*).

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

[62] The Trial Judge’s award of damages “surprised” Bestmont as its quantum was highly excessive to his reasonable expectations derived from both principles of fairness and the law. Since punitive damages were not separately pled and were instead included as part of the award of

statutory damages, Bestmont had insufficient notice to respond to claims of punitive damages, undermining the principles of procedural fairness within our judicial system.

[63] This requirement to separately plead punitive damages is also noted in s. 182(a) of the *Federal Courts Rules*, where it stipulates that statements of claim must specify the “nature” of the damages claimed (*Merck, Rules*)

Whiten v Pilot Insurance Co, 2002 SCC 18 at para 86 [*Whiten*].
Merck & Co. v Apotex Inc, 2006 FCA 323 at paras 149- 150 [*Merck*].

[64] Bestmont also reasonably believed that, because Rer only pled statutory damages, the maximum quantum of damages would not exceed \$1,000,000, pursuant to s. 38.1(1)(a) of the Act (*CA*). Due to the awarded punitive damages, damages increased disproportionately to \$1,500,000 throughout the Trial Court case, exemplifying an “obvious unfairness” (*Trial*).

Trial, supra para 10 at para 25.
CA, supra para 2, s 38.1(1).
Appeal, supra para 15 at para 8.

[65] However, even if Rer did plead punitive damages in her pleadings, Bestmont’s conduct did not warrant an award of punitive damages.

[66] *Whiten* outlines a “rationality” test to determine whether it is appropriate to award punitive damages by assessing whether “...the misconduct of the defendant so outrageous that punitive damages were rationally required to act as deterrence?” (*Whiten*)

Whiten, supra para 63 at para 100.

[67] Rationally, the same facts that exemplify that Bestmont did not act in bad faith and that there is no need for deterrence under paragraphs 52 to 54 of this factum in assessing statutory damages also apply to punitive damages. Thus, given our substantive fairness principles, the Trial Judge erred in awarding punitive damages.

3.3 The Trial Judge erred in Allowing Both an Award of \$20,000 per Infringement and Punitive Damages

[68] The Trial Judge added the additional \$500,000 in statutory damages by conflating punitive damages with statutory damages and failed to consider well-established governing principles for these awards. Punitive damages are only meant to be awarded after all other damages are taken into account [*Collet*]. The trial judge used the same reasoning for bad faith conduct while assessing statutory damages to award additional punitive damages (*Trial*). The Trial Judge did not consider any additional reasons for granting punitive damages beyond the notion that Bestmont “has deep pockets and can clearly afford to pay” (*Trial*). Since punitive damages should only be awarded after a statutory damages analysis, an already disproportionate statutory award, combined with unpleaded punitive damages, results in unentitled compensation.

Collet v Northland Art Company Canada Inc, 2018 FC 269 at para 71 [*Collet*].
Trial, *supra* para 10 at para 25.

[69] The Trial Judge effectively awarded statutory damages of \$30,000 per infringement excess of the maximum \$20,000 amount permitted by the statutory range in s. 38.1(1)(a) (*CA*). Although s. 38.1(7) of the Act states that statutory damages do not affect the right to grant punitive damages, it does not permit the Trial Judge to grant punitive damages as statutory damages (*CA*). There cannot be additional statutory damages only because Rer did not plead punitive damages, especially when it results in the contravention of the maximum statutory amount.

CA, *supra* para 2, ss 38.1(1)(a), (7).

PART V- ORDER SOUGHT

[70] The Respondent respectfully requests the following that this appeal be dismissed with costs.

PART VI - TABLE OF AUTHORITIES

Jurisprudence

Bishop v Stevens, [1990] 2 SCR 467, [1990] SCJ No 78.

Canadian Copyright Licensing Agency (Access Copyright) v Canada, 2018 FCA 58.

CCH Canadian Ltd v Law Society of Upper Canada, 2004 SCC 13.

Collet v Northland Art Company Canada Inc, 2018 FC 269.

Distrimed Inc v Dispill Inc, 2013 FC 1043.

Merck & Co v Apotex Inc, 2006 FCA 323.

Microsoft Corp v PC Village Co, 2009 FC 401.

Pinto v Bronfman Jewish Education Centre, 2013 FC 945.

Rains v Molea, 2013 ONSC 5016.

Rallysport Direct LLC v 2424508 Ontario Ltd, 2020 FC 794.

Royal Conservatory of Music v MacIntosh, 2016 FC 929.

Théberge v Galerie d'Art du Petit Champlain Inc, 2002 SCC 34.

Thoi Bao Inc v 1913075 Ontario Ltd, 2016 FC 1339.

Trader Corp v CarGurus, Inc, 2017 ONSC 1841.

Whiten v Pilot Insurance Co, 2002 SCC 18.

Legislation

Copyright Act, RSC 1985, c C-42.

Federal Courts Rules, SOR/98-106, s 182(a).

Secondary Materials

John S McKeown & Harold G Fox, *Fox on Canadian Law of Copyright and Industrial Designs*, 4th ed (Scarborough: Thomson/Carswell, 2003).

Normand Tamaro, *The 2022 Annotated Copyright Act, Print and ProView eBook* (Thomson/Carswell, 2021).

Other Materials

Berne Convention for the Protection of Literary and Artistic Works, amended 28 September 1979, S Treaty Doc No 99-27 (entered into force 19 November 1984).