CCH CANADIAN LTD. v. LAW SOCIETY OF UPPER CANADA

CASE COMMENT ON A LANDMARK COPYRIGHT CASE

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Introduction

> *Intellectual property laws exist to encourage inventors and creators to invest time and resources in the development of new works and inventions by granting them limited monopolies over their works.*[1] *This is vital in the field of intellectual property as ideas can be stolen or copied more easily than in other areas of property law.*[2] *The law of copyright is the subset of intellectual property law that is concerned with the protection of the expression of ideas.*

The Law of Copyright

Section 3(1) of the *Copyright Act*[3] states that, for the purposes of the *Act*, "copyright" includes "the sole right to produce or reproduce the work or any substantial part…in any material form whatever…" Copyright protects the expression of ideas, but the protection does

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[1] P. Jones, "Can Parties Agree to Restrict Copyright Act's Fair Dealing Rights?" (26 September 2003) 23:20 The Lawyers Weekly.

[2] *Ibid.*

[3] R.S.C. 1985, c. C-42.

not extend to the ideas themselves. The Court in *Moreau* v. *St. Vincent*, [1950] Ex. C.R. 198 at 203 stated that

> "It is…an elementary principle of copyright law that an author has no copyright in ideas but only in his expression of them…The ideas are public property, the literary work is his own. Every one may freely adopt and use the ideas but no one may copy his literary work without his consent." Copyright subsists in original works only.[4]

On March 4, 2004, the Supreme Court of Canada handed down its judgment in the case of *CCH Canadian Ltd.* v. *Law Society of Upper Canada*. This case modified the law of copyright by accepting and applying new interpretations of key copyright sections into the law of copyright. These include s. 5 ("originality"), s. 29 ("fair dealing"), and s. 27(1) ("authorization").

The decision also shifted the focus of copyright law from the pro-author approach that had dominated in the past to a balanced approach that weighs the rights of the author against those of the user. To this effect, the decision affirmed that exceptions listed in the *Act* are "user's rights" and are an integral part of the *Act*. As such, they are not subject to a restrictive interpretation but to a balanced one.

According to one commentator, the decision of the Supreme Court of Canada in the *CCH Canadian Ltd.* v. *Law Society of Upper Canada* case ranks "as one of the strongest pro-user rights decisions from any high court in the world…"[5] This paper will examine the changes to the law of copyright made by the Supreme Court of Canada in the leading case of *CCH Canadian Ltd.* v. *Law Society of Upper Canada*. It will begin by exploring the new interpretation of "originality" put forward by the Court in this case and will then examine the changes to how the "fair dealing" exception is treated in Canadian law. The Court's treatment of the Law Society of Upper Canada's allegation that the provision of self-serve photocopiers constitutes authorization by the Great Library to infringe the copyright of the Law Society in its legal materials will be considered. The paper will then assess the effects of the decision on copyright law as it stood prior to the release of the decision and

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[4] *Copyright Act,* R.S.C. 1985, c. C-42, s. 5(1).

[5] M. Geist, "Law Bytes" *Toronto Star* (22 March 2004).

will explore the implications of the ruling for law libraries across Canada in their treatment of legal materials.

The Facts

The Supreme Court of Canada heard the case on appeal from the decision of the Federal Court of Appeal on November 10, 2003. *CCH Canadian Ltd.* v. *Law Society of Upper Canada* involved an action by three publishers of legal material – CCH Canadian Ltd., Thomson Canada Ltd., and Canada Law Book Inc. – against the Law Society of Upper Canada for infringement of copyright. The Law Society of Upper Canada governs the legal profession in Ontario and operates the Great Library at Osgoode Hall in Toronto, Ontario. The Great Library offers a not-for-profit, "custom photocopying service" to members of the Law Society, the judiciary, and other authorized researchers, including law students, upon request. The photocopies of legal material are distributed to patrons in person, by mail, or by facsimile. Patrons also have access to self-service photocopiers for their photocopying needs. A copyright warning is placed above the self-service photocopiers.

The publishers claimed that the Law Society infringed copyright in its works when librarians at the Great Library photocopied and delivered reported decisions, case summaries, statutes, regulations, or limited selections of text from treatises published by the publishers to library patrons. In addition, the publishers submitted that the provision by the Great Library of several self-serve photocopiers constituted an infringement of copyright since it provided the machinery with which patrons could infringe copyright.

While the Federal Court, Trial Division held that the Law Society had infringed copyright in certain works only, the Federal Court of Appeal held that all of the works contained were original and were therefore subject to copyright protection. The Court of Appeal held that copyright protection was available for headnotes, case summaries, and topical indices in the published reasons for judgment. The Court further held that the Law Society had not established the fair dealing

defence and had authorized any copyright infringements made by library patrons using the self-service photocopiers.[6]

Originality

McLachlin C.J.C. wrote the judgment on behalf of a unanimous Supreme Court of Canada. The first question considered was whether the photocopying and delivery of legal material by Great Library staff to library patrons constituted an infringement of the publishers' copyright. The Court began by considering whether the works were "original" within the meaning of s. 5(1) of the *Copyright Act*.

Copyright subsists in *original* literary, dramatic, musical and artistic works only.[7] Originality is not defined in the *Act*.[8] Prior to the release of the Supreme Court of Canada judgment in *CCH Canadian Ltd.* v. *Law Society of Upper Canada,*[9] competing interpretations of the word "original" were found in Canadian court rulings. Some courts considered the requirement of originality to have been met as long as the work was "not copied."[10] That is, any work that was more than a mere copy of another work was considered to be original.[11] A rival interpretation held that, in order to be original, a work had to be creative.[12]

The interpretation that holds work to be original where it is more than a mere copy is clearly aimed at protecting the rights of the author. This interpretation is consistent with the position in France

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[6] C. Schmitz, "Copyright Cases Dominate Supreme Court Fall Docket" (10 October 2003) 23:22 The Lawyers Weekly.

[7] *Copyright Act*, ibid.

[8] A. Rush, "'Originality' Bar Shrinks Copyright Protection" (2 February 2001) 20:36 The Lawyers Weekly [*Rush*].

[9] 2004SCC13 [*CCH*].

[10] A. Drassinower, "A Rights-Based View of the Idea/Expression Dichotomy in Copyright Law" (2003) 16 Can. J.L. & Juris. 3-21.

[11] *CCH*, *supra* note 7.

[12] *Ibid.*

where authors' economic and moral rights receive strong protection.[13] The latter position that requires creativity to be utilized in order for originality to exist affords less protection to authors as they have a higher standard to meet in order to be eligible for copyright protection. This interpretation was imported from American jurisprudence into Canadian law in the case of *Tele-Direct (Publications) Inc.* v. *American Business Information, Inc*., [1998] 2 F.C. 22 (C.A.).

In *CCH Canadian Ltd.* v. *Law Society of Upper Canada*, the Supreme Court of Canada chose to apply an approach that falls between the two approaches listed above. The court held that in order for a work to be original, both skill and judgment must have been employed by the author in the creation of the work. The Court defined "skill" as "the use of one's knowledge, developed aptitude, or practised ability in producing the work,"[14] while "judgment" was defined as "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."[15] Chief Justice McLachlin held that, in order to qualify as an original work, the exercise of skill and judgment involved in the production of the work could not be trivial or "purely mechanical."

The "skill and judgment" test affords relatively accessible protection to authors, in that a standard of creativity is not required in order to secure copyright protection. At the same time, the public has not granted limited monopolies to works that are the result of mere mechanical exercises. This middle-of-the-line position is consistent with the approach currently taken in the United Kingdom.[16]

The Court then applied the new test for originality to the facts in the case. It held that the headnotes, case summaries, and topical indices were original, as they were not copies, and were the products of the exercise of non-trivial skill and judgment by their authors. The judicial decisions themselves were not held to be original as the modifications made to the decisions by the publishers were trivial in nature. However, the reported judicial decisions, consisting of the judicial

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[13] L. E. Harris, "Editorial" (2004) *Copyright & New Media Law Newsletter* [*Harris*].

[14] *CCH,* at para 16.

[15] *Ibid.*

[16] *Ibid.*

decisions with their accompanying headnotes, were held to be original. The Court held that, despite the fact that the individual segments of the compilation may not be original, the compilation itself was original and was therefore eligible for copyright protection.

Fair Dealing

The Court also considered whether the fair dealing exception would apply to the facts of the case. Section 29 of the *Copyright Act* states that "[f]air dealing for the purpose of research or private study does not infringe copyright." Thus, while legal material may well be protected by copyright, if a copy of a protected work is made for the purpose of research or private study, the copier may be permitted to seek protection under the fair dealing exception in s. 29 of the *Copyright Act*. The Court noted that the fair dealing exception is not a mere defence but is an integral part of the *Act*. If material is reproduced for the purpose of research or private study, there is no infringement at all. Rather, such a reproduction is said to be a "user right." Furthermore, the Court held that the Law Society simply had to establish that its general dealings were fair in nature. It did not have to prove that each patron utilized the legal material provided in a way that would constitute fair dealing.

Chief Justice McLachlin pointed out that in order to qualify for this exception it must be established that the material was reproduced for the purpose of research or private study *and* that the dealing was fair. The Court affirmed the view of the Court of Appeal that "[r]esearch for the purpose of advising clients, giving opinions, arguing cases, preparing briefs and factums is nonetheless research"[17] and is therefore eligible for the fair dealing exception as long as the fairness requirement is met. This is so despite the fact that it is conducted for a commercial purpose and in pursuit of profit. The Court held that the copies provided by the Law Society were for the purpose of research and private study and therefore qualified for the exception as long as the dealing was fair.

In order to determine whether a dealing is fair, it is necessary to consider a variety of factors and the facts of the case, as fairness is a question of degree. In the past, Canadian courts had considered

[17] *Ibid. supra* note 7 at para 51.

criteria including the amount of the work lifted, the amount necessary in order for the lifter of the work to accomplish their purpose and whether the works would be in competition with one another in assessing the fairness of the dealing in question.[18] However, the Supreme Court of Canada in *CCH Canadian Ltd.* v. *Law Society of Upper Canada* affirmed a list of factors proposed by Linden J.A. of the Federal Court of Appeal[19] to help determine whether a particular dealing is fair. They are as follows: "(1) the purpose of the dealing; (2) the character of the dealing; (3) the amount of the dealing; (4) alternatives to the dealing; (5) the nature of the work; and (6) the effect of the dealing on the work."[20] While these factors are helpful to consider as analytical framework, they are not a set test for fair dealing. The factors may not arise in every case, and additional factors may be considered by the courts.

The decision expanded the scope of the fair dealing exception dramatically. Prior to the Supreme Court of Canada's decision in *CCH*, the exception was interpreted restrictively, rarely applying to entire works.[21] The Court held that the fair dealing exception, like all other exceptions in the *Copyright Act*, is a "user's right" and ought therefore not to be interpreted restrictively. Exceptions were not viewed as "user's rights" prior to the decision. In fact, the idea of "user's rights" did not exist in the landscape of Canadian copyright law at all prior to the ruling of the Supreme Court of Canada in this case.[22]

The introduction of the concept of "user's rights" is tied to another important concept in copyright law introduced by the Court in the CCH case. That is, exceptions are to be understood as integral parts of the *Copyright Act*, and where an exception is available, copyright must be taken to not have been infringed at all. Thus, if it can be established that the copying was done for the purpose of research or private study and that it was "fair," copyright will be held to not have been infringed. Furthermore, whereas exceptions are typically

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[18] D. J. Gervais, "Canadian Copyright Law Post-CCH," 18 I.P.J. 131 [Gervais].

[19] *CCH Canadian Ltd.* v. *Law Society of Upper Canada* [2002] F.C.J. No. 690.

[20] *CCH*, *supra* note 14 at para 53.

[21] *Harris*, *supra* note 13.

[22] *Ibid.*

interpreted restrictively, an exception that is understood as an integral part of the *Copyright Act* may be entitled to a broad and purposive interpretation.[23]

It is interesting to note that the factors set out by the Court to assist in the assessment of whether a dealing is fair are very similar to those utilized in the United States. The statutory fair use criteria set out in the United States include the purpose and nature of the use, the nature of the protected work, the amount and substantiality of the portion used in relation to the work as a whole, and the effect of the use on the protected work's value or potential market.[24] However, whereas in the United States the criteria are statutory and must each be considered in an analysis, the factors set out by the Supreme Court of Canada in *CCH Canadian Ltd.* v. *Law Society of Upper Canada* are non-exhaustive and need not be applied in each case.[25] In addition, while the fair dealing exception can only be used in relation to the specific purposes set out in the *Copyright Act* in Canada, the American approach has an open list of permissible purposes.[26] However, these purposes are similar to those allowed by statute in Canada and include criticism, comment, and research. As such, in affirming the list of factors suggested by the Federal Court of Appeal, the Supreme Court of Canada moved the Canadian approach to assessing fairness in dealing to an analysis similar to that employed in the United States, albeit an approach that is more flexible in regard to the list of factors to consider in fairness and more restrictive in regard to the purposes to which an exclusion may be applied.[27]

As a result of its analysis of the factors noted above, the Court held that the fair dealing exception is available to the Law Society. As such, the Law Society was not held to have infringed the publishers' copyright when it created and delivered copies of legal materials to its patrons.

The Supreme Court of Canada held that while the reported judicial decisions including the headnotes and summaries accompanying

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[23] *Gervais*, *supra* note 18.

[24] *Ibid.*

[25] *Ibid.*

[26] *Ibid.*

[27] *Ibid.*

judicial decisions were the subject of copyright, the judicial decisions themselves were not. The compilations of material were, however, subject to copyright protection. It stands to reason that the photocopying of a judicial decision itself, without the aid of a headnote, summary, or other addition by the publisher, would not be an infringement of the publisher's copyright at all, whether the dealing was "fair" or not and regardless of the purpose of the copying.

Authorization

The Court considered whether the provision of self-service photocopiers for patrons in the Great Library constituted an authorization on the part of the Law Society to patrons to infringe the publishers' copyright. The Court held that the question of whether authorization took place is a factual one and may be inferred from lack of action in some circumstances. It stated that "a person does not authorize infringement by authorizing the mere use of equipment that could be used to infringe copyright."[28] It also affirmed the presumption that persons who authorize activities only authorize them to the extent that is in accordance with the law. The presumption may be rebutted where a sufficient degree of control, or a relationship, between the person authorizing the use of equipment and the person committing the act of photocopying is established.

The Court began by stating that no evidence had been adduced to show that the photocopiers had been used to infringe copyright. It then stated that, even if the photocopiers had been used to infringe copyright, the library lacked sufficient control over its patrons to be said to authorize any infringements, as it was not in an employer-employee or master-servant relationship with them. Furthermore, the Court held that a notice posted near the self-service photocopiers reminding patrons that the use of the photocopiers is governed by copyright law was not sufficient evidence to rebut the presumption that the Law Society only authorized photocopying to the extent that is in accordance with the law.

Based on the reasoning of the Court, law libraries are still open to liability for authorizing infringement if their own employees are involved in an infringing activity. Thus, care must be taken by law libraries across Canada to ensure that adequate safeguards are in place

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[28] *CCH*, *supra* note 14 at para 38.

to ensure that employees do not use the self-service photocopiers provided to infringe copyright as their employer law libraries may be held to have authorized their activity in this case.

Effects of the Decision

Legal Research and Licensing

The Court held that research for commercial purposes was considered to be research for the purpose of the Research or Private Study Exception in s. 29 of the *Copyright Act*. This holding allows the exception to be used by lawyers and other legal practitioners in the practice of law.

It has been suggested that the publishers defended this case in order to ultimately require lawyers and all users of the legal material published by Canadian Ltd., Thomson Canada Ltd., and Canada Law Book Inc. to pay extra license fees for copies made of the legal materials in question.[29] If the publishers had been successful on appeal to the Supreme Court of Canada, the costs of legal services may have increased as the costs of obtaining licensing would likely have ultimately been passed on to clients and consumers of legal services. Of course, this exception from the requirement to obtain licensing only applies where all of the requirements set out in the case for the fair dealing exception are met. That is, the copying must be for an excepted purpose, and it must be fair.

Access to the Law

The Supreme Court of Canada helped to ensure equal access to the law by ruling as it did in this case.

The Great Library is located in downtown Toronto and does not allow its materials to be removed from the library. As such, if patrons had not been allowed to make copies, they may have faced the extreme inconvenience of having to travel to Toronto for the time required to complete their research rather than simply being allowed to copy and transport the materials to their place of research. This would have resulted in increased inconvenience for the clients of

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[29] Law Society of Upper Canada: Notice to the Profession. "Supreme Court of Canada Releases CCH Canadian v. Law Society of Upper Canada Copyright Decision."

counsel who do not work in Toronto, as they may have been faced with the added cost of hotel bills and other travel expenses. This lack of access to the Great Library is particularly onerous on lawyers who do not practise in law firms possessing in-house libraries and who do not have access to regional law libraries. This line of reasoning also applies in the case of self-represented litigants seeking to obtain information for use in their actions.

In addition, counsel and self-represented litigants in other parts of the country who are not able to travel to Toronto could not have accessed the resources of the Great Library at all. As a result of their proximity to the Great Library, counsel and self-represented litigants in Toronto may have received an unfair advantage with regard to access to research.

By deciding in favour of the Law Society, the Supreme Court of Canada has prevented this inequitable result. Counsel and litigants are able to make photocopies for research and private study, and legal materials may be faxed to patrons across the country.

Shift to a Balanced Approach

In the August 1990 judgment in *Bishop* v. *Stevens*,[30] Justice McLachlin (as she then was) stated as follows: "As noted by Maugham J., in *Performing Right Society, Ltd.* v. *Hammond's Bradford Brewery Co.*, [1934] 1 Ch. 121 (C.A.) at p. 127, 'the Copyright Act, 1911, was passed with a single object, namely, the benefit of authors of all kinds, whether the works were literary, dramatic or musical...'" Copyright law was interpreted as author protection legislation at that time.[31] However, in the case of *CCH Canadian Ltd.* v. *Law Society of Upper Canada*, the Court affirmed a new standard. The Court in *Théberge* v. *Galerie d'Art du Petit Champlain inc.*, [2002] 2 S.C.R. 336, stated at para. 30-31 that the *Copyright Act* is 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." The Court in *CCH* accepted this position, making it the new standard in Canada. As a result, the law in Canada is now that the courts must balance the interests of the authors of works against the public interest.

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[30] 31 C.P.R. (3d) 394.

[31] *Rush supra* note 8.

The Court in *CCH* took measures in order to protect the rights of users. For example, the Court stated that "'Research' must be given a large and liberal interpretation in order to ensure that users' rights are not unduly constrained."[32] In the context of the definition of "originality," the Court stated that "[w]hen courts adopt a standard of originality requiring only that something be more than a mere copy or that someone simply show industriousness to ground copyright in a work, they tip the scale in favour of the author's or creator's rights, at the loss of society's interest in maintaining a robust public domain that could help foster future creative innovation."[33] These statements indicate the degree to which the Court now leans toward a balanced approach. This balanced approach will be sure to govern the way in which copyright legislation is interpreted by the Courts in the future.

Conclusion

The Supreme Court of Canada added significantly to the law of copyright in the case of *CCH Canadian Ltd.* v. *Law Society of Upper Canada*. It introduced a new test for originality: that of skill and judgment. It stated that the fair dealing exception is an integral part of the *Copyright Act* instead of a mere defence to a charge of copyright infringement. It is now a "user's right." It confirmed that research for a commercial purpose qualifies for the research and private study exception. It set out factors to consider in deciding whether a particular dealing is fair. It also entrenched the rebuttable presumption that a person who provides equipment that may be used in the infringement of copyright only authorizes the use of the equipment insofar as is consistent with the law. The decision of *CCH Canadian Ltd.* v. *Law Society of Upper Canada* clarified many areas of copyright law that were murky before the decision. More importantly, it demonstrated a shift in the focus of copyright law from author protection to a more equal balancing of interests. It set the direction of copyright law for the future and will be sure to impact heavily on the development of the law of copyright in the years to come.

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[32] *CCH, supra* note 14 at para 51.

[33] *Ibid* at para 23.