

THÉBERGE V GALERIE D'ART DU PETIT CHAMPLAIN INC

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[153] In *Théberge v Galerie d'Art du Petit Champlain Inc (Theberge)*,² the Supreme Court of Canada held that there was no copyright infringement of a visual work when the image of that work was merely lifted and transferred from a paper poster to a canvass-backed medium. The plaintiff was Claude Théberge, an internationally renowned painter from Québec. Théberge had assigned to a publisher the right to make reproductions of his visual works on cards, posters and stationery products. The defendant galleries had in turn legitimately acquired from the publisher some of these paper posters and transferred the images from the posters to canvas for resale. The galleries used a process which lifted the ink from the paper and transferred the image directly onto canvas leaving the original poster blank. As a result, the transfer did not result in any new reproductions, but what was once a paper-backed visual work now existed as a canvas-backed visual work, presumably more desirable in the marketplace.

Théberge alleged that the galleries infringed his copyright when they transferred his works and he applied for an injunction to prohibit the galleries from selling the canvas-backed transfers, as well as for an accounting of posters already sold, damages and seizure under the Quebec Code of Civil Procedure. The galleries applied to quash the seizure. The Superior Court in Québec held that transferring an authorized paper poster onto canvas did not infringe copyright within the definition of 'infringing' in s 2 of the *Copyright Act* and ordered the seizure be set aside. The Québec Court of Appeal overturned the Superior Court's decision holding that there had been an infringement and upheld the seizure order. The galleries appealed to the Supreme Court of Canada and the [154] case was heard solely with respect to the interlocutory issue of whether or not the seizure was valid. In a split decision, 4–3, the Supreme Court of Canada held that at this stage of the interlocutory proceedings, Théberge had not demonstrated that his copyright had been infringed, that the transfer of the ink to canvas from authorized paper posters did not constitute copyright infringement, and that what Théberge was really asserting was a moral right in the guise of an economic

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² *Théberge v Galerie d'Art du Petit Champlain Inc* [2002] SCJ No 32.

right. The court based its finding primarily on the fact that no additional copies resulted from the transfer, concluding that the shift in media was merely modification of Théberge's work without actual reproduction, and more properly within the scope of moral rights, not copyright infringement.

Copyright Infringement in Canada

In Canada, the *Copyright Act* provides a creator with both economic rights and moral rights in the created work.³ The interaction and division of these rights was at the heart of the Supreme Court of Canada's split decision in *Théberge*. Copyright is a bundle of rights granted to the creator of literary, dramatic, artistic or musical works which arises in a work as soon as it is created. For the purposes of the *Copyright Act*, copyright in relation to a work means the sole right to produce or reproduce the work, or any substantial part of the work, in any material form. There is no prerequisite that a creator of a work seek registration in order for copyright to exist in a work — as is true with patent and trademark protection in Canada — but the following minimum requirements must be present.

Original work: the new work must not be copied, and the creator must have used the necessary degree of skill, labour and effort to create a new work.

Material form: a work must be written down or recorded in some fixed form because copyright protection does not extend to ideas or concepts, but the expression of ideas. There is no copyright interest in plots, themes or ideas of a work — or even in the title of a work — unless that title acquires an associated meaning with a particular author's work that can be collaterally protected under trademark or other laws on the basis of that closely identified association (for example, *Gone With the Wind* being very closely associated with Margaret Mitchell, or her estate, would probably induce a member of the public to 'brand' any additional work with that title, or a derivative of that title, as originating from the Margaret Mitchell estate; whereas, *The Balcony* by Jean Genet, being a more generic, less distinctive title, would probably be less specifically protected).

³ *Copyright Act*, RSC 1985,C-42.

Identifiable author: in order for copyright to arise in a work, there must be an author, or authors, of that work. Generally, the author must be identifiable, although there is some protection for anonymous works or pseudonymous works.

Moral Rights in Canada

Canada formally recognized moral rights with its 1988 amendments to the *Copyright Act*. Prior to 1988, s 12(7) of the *Copyright Act* mentioned moral rights, but in the words of Dr Harold Fox was ‘conceived in vagueness, poorly drafted, sententious in utterance, and useless in practical application.’⁴ The provision was inserted into the legislation in 1931 as a result of Canada’s signing the *Berne Convention*, and the language was a virtual reproduction of art 6 *bis* of the *Berne Convention*, acknowledging the European belief in moral rights based in natural law and romanticism. As there were no regulations in respect to implementation and no provision for remedies, however, scholars have concluded that the addition of the statutory language was merely a figurative step on the part of Canada to meet the requirements of the *Berne Convention*.⁵ Canada’s judicial interpretation of that section was virtually non-existent and, therefore, it is difficult to assert that Canadian copyright law was intended to articulate any adherence to [155] the philosophical foundation of moral rights.⁶

The Leading Canadian Case on Moral Rights the Subjective Test

Only in 1982, in *Snow v The Eaton Centre (Snow)*, did a Canadian court rely upon s 12(7) to uphold an artists moral right to the integrity of his or her work. O’Brien J stated in a much quoted passage:

I believe the words ‘prejudice to [the artist’s] honour or reputation’ in s 12(7) involve a certain subjective element or judgment on the part of the author so long as it is reasonably arrived at. The plaintiff is adamant in his belief that his naturalistic composition has been made to look ridiculous by the addition of ribbons and suggests it is not unlike dangling earrings from the Venus de Milo. While the matter is not undisputed, the plaintiff’s opinion is shared by a number of other well respected artists and people knowledgeable in his field ... I am satisfied the ribbons do distort or modify

⁴ Harold Fox, *Fox on Copyright* (2nd ed, 1967) 440–1.

⁵ Jeremy Phillips, *Introduction to Intellectual Property Law* (1986) 106.

⁶ Fox, above n 4, 359.

the plaintiff's work and the plaintiff's concern this will be prejudicial to his honour or reputation is reasonable under the circumstances.⁷

In Canada, *Snow* continues to be the leading case on the subject of an author's right of integrity. In this case, a sculptor named Michael Snow, sold a work entitled 'Flight Stop', depicting sixty geese descending from the sky and the work was installed in Eaton's, a major Canadian department store. As part of Eaton's Christmas advertising campaign, the shopping centre attached red ribbons to the necks of the geese. Snow brought an action, asserting that by placing ribbons around the necks of the geese, the department store had distorted his work. Snow sought an injunction to have the ribbons removed and the Ontario High Court granted the injunction. The court held that a creator has a right to prevent the distortion, mutilation, or other modification of his work, where such modification would be prejudicial to the author's honour or reputation. The Court concluded that the subjective judgment on the part of the author would govern in deciding whether or not prejudice was found to lie in the modification to the work — as long as the author's determination was reasonable under the circumstances. The plaintiff clearly believed that his honour or reputation had been affected by the acts of the Eaton Centre. Crucially, this view, being shared by a number of other 'well-respected artists and people knowledgeable in his field' was held to be 'reasonable under the circumstances'. According to David Vaver, this decision showed that Canadian courts were willing to accept the doctrine of moral rights and to recognize that artists had rights in their work *after* they transferred possession.⁸

Moral Rights — the Objective Test

However, there is alternative line of case law in Canada that supports the proposition that assessing prejudice to an author's reputation requires an objective determination. The decision of *Prise de parole Inc v Guérin, éditeur Ltée* [156] resulted from an action by the author and publisher of a novel against an educational textbook publisher that had included large excerpts, approximately one-third of the novel, in one of its textbooks.⁹ The Court held that there had clearly been infringement of the

⁷ *Snow v Eaton Centre Ltd* (1982) 70 CPR (2d) (Ont HC).

⁸ David Vaver, *Essentials of Canadian Copyright Law* (2000) 124 and generally.

⁹ *Prise de parole Inc v Guérin éditeur Ltée* (1995) 66 CPR (3d) 257.

author's novel, and hence the economic protection to which both the author and publisher were entitled, but that the author's moral rights had not been infringed because there was no evidence of prejudice to his honour or reputation.¹⁰ The plaintiff was not able to show any instances where anyone had ridiculed or been shown to hold a diminished view of the author as a result of the infringement which the court required to be demonstrated, thereby requiring an objective standard apart from the author's own view of the matter.

Under ss 14.1, 28.1 and 28.2 of the 1988 *Copyright Act Amendment*, Canada now formally recognizes moral rights as being equal to copyright and essentially an extra bundle of property rights.¹¹ Prior to the enactment of these provisions, the federal government consulted authors, painters, visual artists and others to develop a Charter of Rights for Creators. One of the most forceful recommendations coming from the committee was that Canada formally recognize that the artist's work was as an extension of the artist's personality, in short a formal recognition of moral rights. As a result of the government's acceptance of this recommendation and pursuant to the language of s 28.2(2), the provision has been viewed by many as support for the proposition that with the inclusion of s 28.2(2) in the *Copyright Act*, federal law in Canada accepted the natural rights/romantic tradition of moral rights long-held throughout the European continent.

The Split Decision

As set out in the decision of Binnie J, central to the majority decision was the finding that the transfer of the image from one medium to another did not constitute reproduction for copyright purposes because the transfer does not create additional copies. The majority found that Théberge should not have seized the canvases and restored the order of the motions judge setting aside the seizure. Because the seizure before judgment was an interlocutory matter, the Supreme Court of Canada left it open for a trial judge to determine whether or not Théberge could prove a breach of his economic or moral rights. It is also important to note that the decision of the majority was limited to the facts before the Court and the Court might have held differently on different facts.

¹⁰ Bruce M Green, *Intellectual Property Cases and Materials* (2002) 382.

¹¹ *Copyright Amendment Act* SC 1988 c 15, s 11.

Gonthier J, writing for the minority, more rightly preferred to decide the matter on the basis of contractual interpretation. Accordingly, Gonthier J held that Théberge had expressly limited the rights granted to the galleries to the limited right to produce reproductions of his works on paper, thus retaining all rights to produce reproductions in any other medium whatsoever, including canvas-backed reproductions. As a result, in transferring authorized reproductions of the works of Théberge onto canvas, the galleries 'produced' or 'reproduced' those works, 'or any substantial part thereof in any material form whatever', in contravention of s 3(1) of the Act.¹²

However, failing to view the dispute before the court on the basis of contractual interpretation, the position adopted by the minority decision, and by ruling that economic rights granted by the *Copyright Act* should not be read so broadly as to exclude a transfer from one medium to another, the majority decision puts limits on the scope of the economic rights protected under the *Copyright Act*. In doing so, and most importantly, the Supreme Court of Canada's decision in this case may have introduced a new or at least modified test for copyright infringement in Canada. As well, the majority decision also signals an enlarged recognition of the property rights of purchasers of copyrighted material. The Court is inclined in *Théberge* to favour the distribution of works and leans in favour of subsequent licensors as [157] against the individual economic or moral rights of the creator. It may be that the Court will drift back to the preference to resolve such disputes with greater deference for the artist; on the other hand, the decision may presage a new direction the Supreme Court of Canada intends to follow, generally. Nonetheless, there are certain policy statements articulated by the Supreme Court of Canada in its decision that signal potential shifts in how the court intends to regard copyright infringement in general in the future, and its demarcation between economic and moral rights of artists and those who purchase copyrighted materials.

New or Modified Test of Infringement?

Under *Théberge*, the test for copyright infringement in Canada would now seem to include a requirement that the work(s) in question be multiplied or increased in number in order to find infringement and that modification without reproduction is

¹² *Copyright Act*, RSC 1985,C-42, s 3(1).

not a violation of economic rights, but may offend moral rights. According to Binnie J, no new or additional copies were made and, accordingly, there was no ‘production’ or ‘reproduction’ within the meaning of the Act — ‘the process began with a single poster and ended with a single poster’.¹³ The majority held that once the artist authorized the sale of the prints and posters and once these were lawfully sold, it is permissible for a subsequent owner to deal with the reproduction as he or she sees fit as long as the subsequent owner does not reproduce the work:

Once an authorized copy of a work is sold to a member of the public, it is generally for the purchaser, not the author, to determine what happens to it. Excessive control by holders of copyrights and other forms of intellectual property may unduly limit the ability of the public domain to incorporate and embellish creative innovation in the long-term interests of society as a whole, or create practical obstacles to proper utilization.¹⁴

The idea that reproduction must mean the production of new or additional copies has been considered before by Canadian courts and Binnie J refers to that consideration in his decision; however, *Théberge* represents the first time that the highest court in Canada has affirmed that definition:

The historical scope of the notion of ‘reproduction’ under the Copyright Act should be kept in mind. ‘Reproduction’ has usually been defined as the act of producing additional or new copies of the work in any material form. While the Act recognizes that technologies have evolved by which expression could be reproduced in new ways, the important evolution of legal concepts in the field of copyright is not engaged by the facts here. This is a case of literal physical, mechanical transfer in which no multiplication takes place.¹⁵

Unfortunately, Binnie J — and Bélanger J at the Québec Superior Court — [158] relied heavily on the reasoning of Southey J in *Fetherling v Boughner (Fetherling)*.¹⁶ This 1978 decision was written at a time when new technologies had yet to make their mark in copyright jurisprudence, both in relation to software and the visual arts, and

¹³ *Théberge v Galerie d’Art du Petit Champlain Inc* [2002] SCJ No 32 [38].

¹⁴ *Ibid* [31–32].

¹⁵ *Ibid* 42.

¹⁶ *Fetherling v Boughner* (1978) 40 CPR (2d) 253 (Ont HC).

the concept of moral rights had not yet been added to the property and economic rights of the creator — points that Binnie J does not consider in his analysis. This is particularly unfortunate as *Théberge* is a decision that argues for interpretation of the Act in light of new and emerging technologies. Binnie J observed that the process of transferring onto canvas 'does not in any way constitute new, unauthorized copies of the work', since the image is physically transferred from the paper onto the canvas. In the Superior Court, Bélanger J added that the cards in the possession of the appellant Serge Rosa had all been purchased from the authorized publisher, ÉGI. Bélanger J therefore concluded that the respondent could not benefit from the presumption of ownership created by s 38(1) of the *Copyright Act*. (He ordered that the seizure be quashed.) Binnie J, quoting from the decision of Southey J in *Fetherling*, relies upon the decision in that case as the sole basis that the transfer of the image from one medium to another does not constitute reproduction on the facts in *Théberge*. The case concerned the use of photographs from *The Canadian Magazine* by an artist who transferred the images from the magazines on to a secondary medium in the creation of his artwork.

More pertinent still is the Ontario case of *Fetherling v Boughner* (1978), 40 CPR (2d) 253 (Ont HC), relied on by the motions judge in this case, which dealt with a similar fact situation. Southey J concluded in his oral judgment, at p 256:

The ... question is whether the transfer process constitutes copying. My conclusion, after listening to the argument of counsel, but without hearing any evidence, is that such process does not constitute copying, because it involves the transfer physically of the picture on the copy of *The Canadian Magazine* from which the defendant's product is made. After such transfer there was no picture on the page of *The Canadian*. I am satisfied that the defendant would have been entitled to purchase a copy of *The Canadian*; cut out one of the strip photographs; paste it on a piece of paper; put a border around it; frame it; and sell it, without infringing copyright, just as she would have been entitled to sell the issue of *The Canadian* itself and just as any person, who purchases the work of an artist, is entitled to resell that work, or a piece of it. In my view that is essentially what was done by the defendant in this case.

The majority adopts an extremely narrow interpretation of the concept of reproduction. In the majority's view, reproduction can only occur if there is multiplication. The Act

makes no such requirement. As Reed J stated in *Apple Computer*, affirmed by the Supreme Court of Canada on appeal, the concept of reproduction must be interpreted broadly. The legislation is written in very general terms so as to include to new reproduction technologies:

The opening words of [what is] now s 3 of the Act, were purposely drafted broadly enough to encompass new technologies which had not been thought of when the Act was drafted.¹⁷

The narrow analysis given by Binnie J is limited merely to the quantitative aspect of the language of the legislation and fails to consider the qualitative aspect of the work protected by s 3(1). A restrictive analysis based solely on multiplication of the work could not provide the work with the necessary protection and would ignore the concept of ‘substantial part thereof’ which is protected by the language of the provision. The term ‘substantial part’ is not defined in the *Act*, but there is case law that supports the proposition that ‘substantial part’ can be equated with the distinctive traits of the work, with no [159] mention of the requirement to create additional copies. Teitelbaum J pointed out in *Compagnie Générale*:

The term ‘substantial part’ is not defined in the Copyright Act. Case law has held that the quality more than the simple quantity of the reproduction is key.¹⁸ In *U & R Tax Services Ltd v H & R Block Canada Inc* Richard J stated that the reproduction of a substantial part is a question of fact in which the Court will consider whether the alleged infringer has taken the *distinctive traits* of the original work.¹⁹

Writing for the minority, Gonthier J advocated this consideration of the qualitative aspect of the work:

An analysis of the qualitative aspect is therefore an essential element of the analysis under s 3(1) CA. If we consider only the quantitative aspect, any individual could in

¹⁷ *Apple Computer Inc v Mackintosh Computers Ltd* [1987] 1 FC 173 (TD) 10 CPR (3d) 1, affirmed [1988] 1 FC 673 (CA), affirmed [1990] 2 SCR 209, 193 (*Apple Computers*).

¹⁸ *U & R Tax Services Ltd v H & R Block Canada Inc* (1995) 62 CPR (3d) 257 (FCTD) 268–9 (Richard J).

¹⁹ *Compagnie Générale des Établissements Michelin-Michelin & Cie v. National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW Canada)* [1997] 2 FC 306 (TD) [50] (*Compagnie Générale*) (emphasis added).

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fact appropriate a substantial part of a work and reproduce it on a large scale, and claim that the work had not been multiplied and therefore the CA had been complied with. Such a restrictive interpretation would be contrary to the aim and purpose of the CA.²⁰

Reproducing a work 'in any material form whatever' therefore would merely mean 'rematerializing' what already existed in a first, original material form. A purchaser or licensor who bases a subsequent materialization upon the original materialization has reproduced the work in a material form and has, therefore, produced the work a second time.²¹ This is an interpretation of the language of the *Act* supported by the minority decision and which the majority has precluded from its reasons because of the majority's insistence on an overly-narrow interpretation of reproduction based on the requirement that copying result in further or additional copies of the original work, a requirement that is not supported, as the minority decision points out, on an analysis of the language found in the legislation:

Since material fixation is essential for the production of a work, it is also essential for reproduction of the work. Fixation of the work in a new medium is therefore the fundamental element of the act of 'reproduc[ing] ... in any material form whatever'. However, while the work is an original creation, the reproduction of the work is necessarily not. Reproducing a work therefore consists mainly of the subsequent non-original material fixation of a first original material fixation. That type of conduct amounts to plagiarism and constitutes an infringement of the rights of the copyright owner under s 3(1) CA.

It may be pointed out that the expressions 'reproduce a work' and 'reproduce a work in any material form' are pleonastic since in all cases, reproducing a work involves a new materialization derived from the original one. However, s 3(1) does not say only [160] 'reproduce ... in a material form'; rather, it says 'reproduce [a] work ...in any material form whatever'. That is an appropriate and carefully worded recognition that a work may be reproduced even if the new medium is different.

Having regard to the foregoing, it is clear that multiplication of the number of copies of a work is not an essential element of the act of 'reproduc[ing] ... in any material form whatever'. It does not matter that the process which produces a new materialization

²⁰ *Théberge v Galerie d'Art du Petit Champlain Inc* [2002] SCJ No 32 [143].

²¹ *Ibid* 146.

eliminates another; all that matters is that a new act of fixation occurs. Therefore, what we must count in order to determine whether a work has been reproduced is not the total number of copies of the work in existence after the rematerialization, but the number of materializations that occurred over time.²²

Because the majority holds that a work be multiplied in number in order to establish a case of copyright infringement, the decision articulates an increased recognition of the property rights of purchasers of copyrighted material, at the expense of the economic rights of the creators of works, circumscribing the moral rights of creators; although, there is no need to decide the case on this basis if the minority preference to decide the case on the basis of contract interpretation is followed.

Moral rights act as a continuing restraint on what purchasers can do with a work once it passes from the author, but as the majority held:

... respect must be given to the limitations that are an essential part of the moral rights created by Parliament. Economic rights should not be read so broadly that they cover the same ground as the moral rights, making inoperative the limits Parliament has imposed on moral rights.²³

The majority's narrow reading of 'reproduction', requiring in their view an end result of multiple or additional copies, is justified on the grounds that defining 'reproduction' otherwise results in an insufficient recognition of the proprietary rights of subsequent owners. By limiting the definition of reproduction in this way, the Court gives new recognition to these property rights:

An expansive reading of the economic rights whereby substitution of one backing for another constitutes a new 'reproduction' that infringes the copyright holder's rights even if the result is not prejudicial to his reputation tilts the balance too far in favour of the copyright holder and insufficiently recognizes the proprietary rights of the appellants in the physical posters which they purchased.

²² *Ibid* [147–149].

²³ *Ibid* 22.

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The separate structures in the Act to cover economic rights and moral rights show that a clear distinction and separation was intended. In terms of remedies, Parliament intended modification without reproduction to be dealt with under the provisions dealing with moral rights rather than economic rights. A contrary view would allow an artist who objected to a 'modification' of an authorized reproduction to sidestep the important requirement of showing prejudice to honour or reputation in order to establish an infringement of moral rights.

Since the respondent has not brought himself within s 38 of the Copyright Act, he had no authority to obtain a seizure of the appellants' copies under art 734 Ccp. The respondent's real complaint is more properly characterized as the alleged infringement of his 'moral' rights and its potential impact on the market for his works. An art. 734 seizure before judgment is not available to an artist or author who relies on the alleged infringement of a moral right.²⁴

The majority decision limits the moral rights established in *Snow*, where the court held that the threshold for establishing harm shall come from the artist's own view of alleged harm or damage to his [161] work and that this view should be determinative so long as the view is reasonable in the circumstances. In *Théberge*, the court reversed this, not only eliminating the caveat of reasonableness, but by completely eliminating the artist from any evaluation of possible harm to the artist's own work, holding that the artist should not be the judge of whether or not his or her moral rights have been violated:

The evaluation of a potential breach of moral rights calls for the exercise of a good deal of judgment. A distortion, mutilation or modification of a work is only actionable if it is to 'the prejudice of the honour or reputation of the author'. The artist or writer should not become the judge in his own cause on such matters ...²⁵

While *Théberge* would seem closer in temperament to *Prise de parole* than *Snow*, *Théberge*, in fact, stands apart from either decision: in *Snow*, moral rights of the artist were violated; in *Prise de parole*, infringement occurred; in *Théberge*, the court finds instances of neither, leaving a demonstration of a breach of economic rights or moral

²⁴ Ibid 2.

²⁵ Ibid 3.

rights for the trial judge to determine. It is important to note that the decision of the majority is not an absolute rejection of the possibility that moral rights might have been infringed; rather, the Supreme Court of Canada limits its holding to the particular facts before it and in relation to the interlocutory judgment, returning the matter to the motions judge to decide:

Whether a fuller record adduced at trial will demonstrate a breach of economic rights or moral rights will be for the trial judge to determine. At this stage, we need to decide only that the interlocutory record did not justify the seizure before judgment.²⁶

What the majority most notably fails to do in its reasoning is to distinguish between the medium, which is protected by s 3(1) of the Act, and the concept of ‘structure’ in s 28.2(3) of the Act. This is a distinction which is seized on by the minority decision. Gonthier J points out that a change to the medium is proscribed under s 3(1); while a change to the physical structure containing the work is prohibited under s 28.2(3) if the author establishes that the new physical structure causes prejudice to the integrity of his or her work. Gonthier J argues that fixation of the work in a new medium is, therefore, the primary aspect of the act of reproducing in ‘any material form whatever what already existed in a first, original material form [and] that type of conduct amounts to plagiarism and constitutes an infringement’ of copyright under s 3(1), and also allows a claim of ‘distortion’ under s 28, a violation of the creator’s moral rights.²⁷

The minority found that the grant of rights under contract by Théberge did not include the capacity to change the authorized product by altering the medium, permitting the minority to reach its conclusion solely on the basis of copyright infringement under the terms of Théberge’s agreement. Théberge, in [162] the view of the minority, would be entitled to seize his works and moral rights would not even need to be considered. Section 38(1) of the *Copyright Act* expressly allows seizure as a remedy available to a creator in the face of copyright infringement:

²⁶ Ibid.

²⁷ Ibid 147.

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By expressly confining the rights that were assigned to producing reproductions of his works on paper, the respondent therefore retained all his rights to produce reproductions on any other medium whatsoever. By transferring posters of the respondent's works onto canvas, the appellants did in fact reproduce the respondent's works or a substantial part thereof in any material form whatever, contrary to s 3(1) CA. The fact that the respondent did not consent means that his copyright was infringed. The appellants had therefore engaged in infringement and the respondent was entitled to seize the canvas-backed reproductions under art 734(1) CCP and s 38(1) CA.²⁸

Binnie J criticizes the minority decision as tilting the balance too far in favour of the copyright holder by insufficiently recognizing the proprietary rights of subsequent purchasers, believing that any adoption of a more expansive definition of 'reproduction' would introduce the civiliste conception of 'droit de destination' into Canadian law without any basis in the *Copyright Act*, erasing the division between economic and moral rights drawn by Parliament:

The proper balance among these and other public policy objectives lies not only in recognizing the creator's rights but in giving due weight to their limited nature. In crassly economic terms it would be as inefficient to overcompensate artists and authors for the right of reproduction as it would be self-defeating to undercompensate them. Once an authorized copy of a work is sold to a member of the public, it is generally for the purchaser, not the author, to determine what happens to it.

Excessive control by holders of copyrights and other forms of intellectual property may unduly limit the ability of the public domain to incorporate and embellish creative innovation in the long-term interests of society as a whole, or create practical obstacles to proper utilization. This is reflected in the exceptions to copyright infringement enumerated in ss 29 to 32.2, which seek to protect the public domain in traditional ways such as fair dealing for the purpose of criticism or review ...

This case demonstrates the basic economic conflict between the holder of the intellectual property in a work and the owner of the tangible property that embodies the copyrighted expressions.²⁹

²⁸ Ibid 4.

²⁹ Ibid 31–3.

But the basis of the dissenting judgment is not predicated upon any concept of moral rights, North American, European continental or otherwise, relying instead upon a contractual reading of what rights were granted by *Théberge* (the right to make paper copies) and which rights were held back (the right to make canvas-backed copies). In the minority's view, the issue before the court was whether or not infringement had occurred — and in the opinion of the minority, this required a mere examination of the concept of reproduction in which moral rights did not enter into the consideration. Nonetheless, Gonthier J poses an interesting question. Infringing, in relation to a work in which copyright subsists, is defined in s 2 of the *Copyright Act* as 'any copy, including any colourable copy, made or dealt with in contravention of the *Copyright Act*'. Infringement can therefore arise from two distinct sources: (i) a copy *made in* contravention of the Act, or (ii) a copy *dealt with* in contravention of the Act. In the case of a copy *dealt with* in contravention of the *Copyright Act*, the copy itself was not necessarily an infringement of the *Copyright Act*; rather, it was dealt with in contravention of the legislation. The question is posed by the minority as to whether the language 'copy dealt with in contravention of the Act' requires the [163] commission of acts that are contrary to s 3(1) or s 27, or whether the language can refer to a copy that result solely upon an infringement of the creator's moral rights? The majority does not address the issue, but perhaps the argument will be made when the case is sent back for determination by the motions judge and the Supreme Court of Canada will again have the chance to answer.

Traditionally, Canada has been more aligned with the European view of copyright than the American view (that is, private property versus the public right to information and the realm of the public domain). *Théberge* suggests a shift toward the American view. It may be that the Supreme Court of Canada will drift back to the preference to resolve such disputes with greater deference for the artist. On the other hand, the decision may presage a new direction the Supreme Court of Canada intends to follow, generally. However, it is certainly arguable, as is asserted in the minority judgment, that moral rights need not have been considered in this case and that the matter of how the artistic works of *Théberge* were handled could have and could be resolved, not by a possible recasting and unnecessary judicial consideration of reproduction and test of copyright infringement, but rather by construing the

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provisions of the contract between Théberge and a publisher — whose business consists of publishing reproductions on paper.