**OLA Fall Copyright Workshop:**

**Hart House,** Friday November 29, 2013.


# FAIR DEALING LAW & THE CONTRACTUAL ENVIRONMENT

DR. MARGARET ANN WILKINSON
PROFESSOR, FACULTY OF LAW
WESTERN UNIVERSITY
WITH THANKS TO COLLEAGUES JOAN D'ALTON, U.WINDSOR, AND VICTORIA OWEN, UT SCARBOROUGH

# ALL COPYRIGHT LAW IN CANADA IS STATUTORY

- *Copyright Act*,
- Revised Statutes of Canada 1985, c.C-42, as amended

- In keeping with the international principle of "national treatment" in international copyright agreements, all materials in Canada, for all practical purposes, are governed by Canadian law.

According to s.89 of the Act, there is no "common law" of copyright –

- "No person is entitled to copyright otherwise than under and in accordance with this Act or any other Act of Parliament…"
- Indeed, no common law of copyright since the 1921 Copyright Act came into force in Canada January 1, 1924.

# "BEST PRACTICES" AS A DEFENCE

**Negligence** is a branch of tort law, developed at common law by the courts…

In a lawsuit based on allegations that you have been negligent, showing that you are practicing to a level equal to or greater than your professional peers can establish that you have NOT been negligent…

Even in this branch of law, where a statute states a rule, evidence of customary practice will NOT exonerate someone who breaks that rule…
(Drewry v. Towns (1951), 2 WWR (NS) 217)

**Copyright** law is completely statute-based.

Although recent courts have relied on evidence of custom to establish who owns a particular copyright interest…
(Robertson v. Thomson, 2006 SCC )…

AND good management practices can provide evidence to satisfy elements of the FAIR DEALING test (the Law Society case 2004 SCC)

… courts have NOT permitted evidence of custom to establish a defence to allegations of copyright infringement…
(Gribble v. Manitoba Free Press Ltd. [1932] 1 DLR 169)

# THE "MORAL RIGHTS" (NOT "MORAL/ETHICAL" – BUT "PERSONAL")

Appeared in the Act in by amendments made in 1931…

In Canada, the author of a work or **(2012) performer of a performance** has rights :

- to the integrity of the work or performance --

  to prevent the work or performance from being distorted, mutilated or otherwise modified *to the prejudice of the honour or reputation of the author or performer*

- where reasonable in the circumstances, to be associated with the work or performance as its author or as performer by name or under a pseudonym (as well as the right to remain anonymous) [the right to paternity]

- to prevent the work or performance from being used in association with a product, service, cause or institution *to the prejudice of the honour or reputation of the author or performer*[commonly, the right of association].

Not transferable… **licensing not an option**. Can be waived by the author. But no exceptions apply. Therefore, **"fair dealing" uses can infringe**.

# TECHNOLOGICAL PROTECTION MEASURES

**Since 2012 it has become illegal in Canada to circumvent a digital lock** (s.41.1 (a)) with the following exceptions:

- encryption research (s.41.13)
- law enforcement (s.41.11)
- to allow interoperability between programs where a person owns or has a license for the program and circumvents its TPM (s.41.12)
- where a person is taking measures connected with protecting personal data (s.41.14)
- verifying a computer security system (s.41.15)
- making alternative format copies for the perceptually disabled (s.41.16)

**"Fair Dealing" is not one of the listed exceptions and therefore does not apply to TPM circumvention.**

**Indeed, it seems TPM provisions will in fact apply whether or not the works or recordings or performances "behind" the locks are older and thus out of copyright because although the Act defines TPMs in terms of works, performer's performances and sound recordings (which would be those within copyright as defined in the Act), how could a user ever know when there is no exception for circumventing to check?**

# LICENSES AND PERMISSIONS NEED TO BE SOUGHT TO EXERCISE COPYRIGHT HOLDERS' ECONOMIC RIGHTS

**It is the copyright holder's prerogative -**

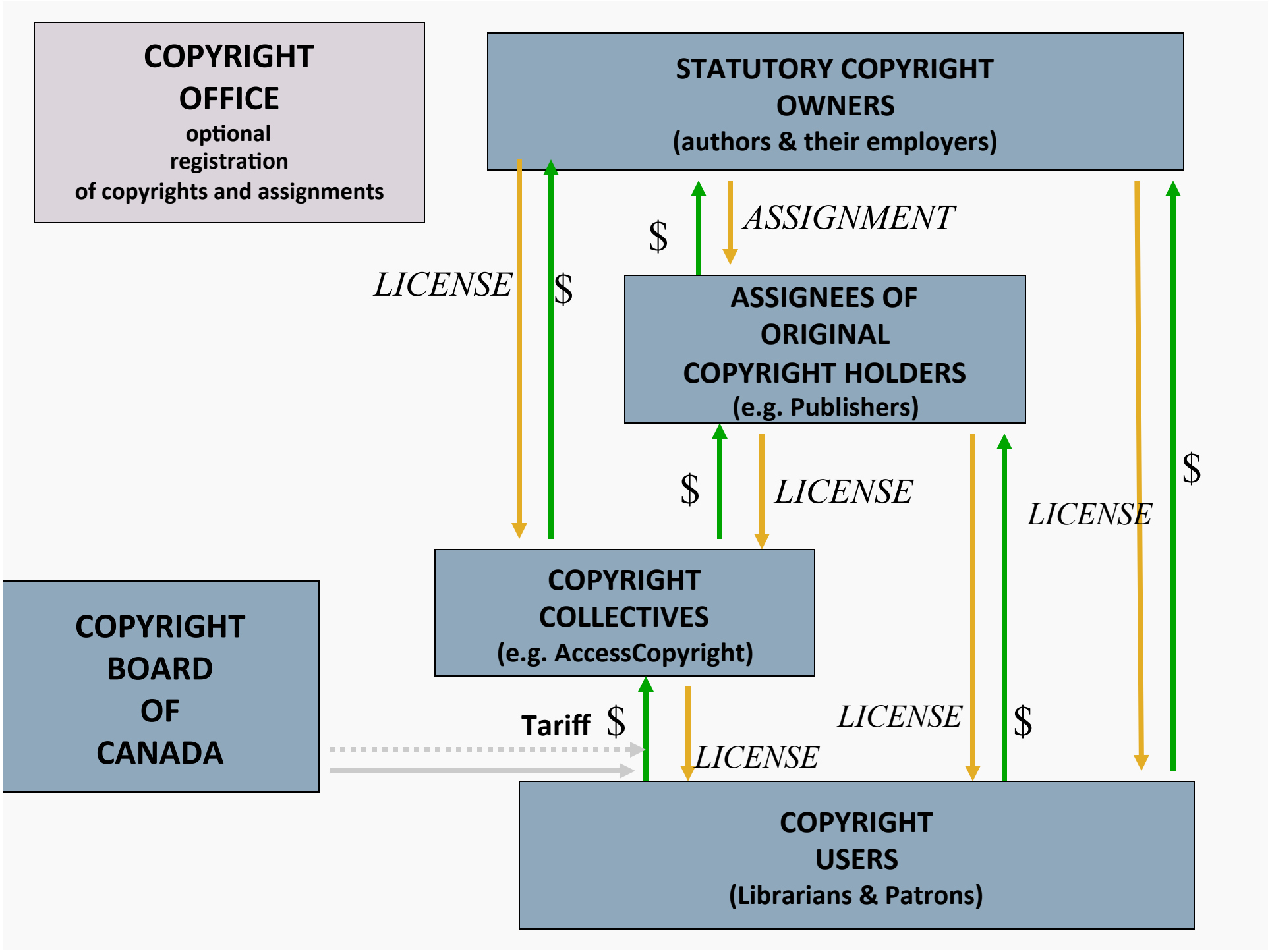
(a) to decide whether or not to grant permission (a license) to a requestor to make any particular use of a work (or other subject matter); and

(b) if granting permission, to charge or not charge for that permission.

The charge for making use of materials is generally termed the TARIFF if it is an amount established by the Copyright Board of Canada in a situation involving a blanket license obtained from a copyright collective organization or a ROYALTY where an individual license is concerned.

Licenses under the Copyright Act are required to be in writing (s.13(4)) and so it is best to get all permissions in writing.

Merely acknowledging source and author may satisfy the moral rights requirements of the Copyright Act but does not provide a defense to a lawsuit for copyright infringement.


COPYRIGHT OFFICE
optional registration of copyrights and assignments
STATUTORY COPYRIGHT OWNERS
(authors & their employers)
$
ASSIGNMENT
LICENSE
$
ASSIGNEES OF ORIGINAL COPYRIGHT HOLDERS
(e.g. Publishers)
$
LICENSE
LICENSE
$
COPYRIGHT COLLECTIVES
(e.g. AccessCopyright)
COPYRIGHT BOARD OF CANADA
Tariff
$
LICENSE
LICENSE
$
COPYRIGHT USERS
(Librarians & Patrons)

# AS WELL AS DEALING WITH COPYRIGHT, LICENSES CAN (AND USUALLY DO) DEAL WITH OTHER MATTERS WHERE THE PARTIES WANT LEGALLY BINDING AGREEMENT BETWEEN THEM

- A licence, like any contract, can deal with more than one area of agreement between the parties—
- It can have provisions dealing with copyright interests, it can have provisions dealing with patent interests, it can have provisions dealing with TPMs or RMI, it can have provisions dealing with ensuring physical (or electronic) access to works (apart from the copyright interests in the works)…
- [ Recall that a contract cannot transfer moral rights away from the author – but waivers can be secured.]
- Because there are no statutory exceptions like fair dealing in respect of TPMs, RMI, or moral rights, a user might choose to enter into a contract with a vendor in order to be certain not to circumvent TPMs or RMI or infringe moral rights – even where the contract was not needed to ensure the contemplated uses of the economic rights because these were ensured as non-infringing under statute through users' rights provisions.

# WHAT ARE USERS' RIGHTS?

- The concept of "users' rights" is a Canadian innovation fixed in Canadian copyright law in 2004 in the unanimous judgment of the Supreme Court in *CCH v Law Society of Upper Canada* (written by the Chief Justice)
- In other countries and in international instruments, these "rights" are discussed as "exceptions to the rights of copyright holders"
- These "users' rights" or exceptions are <u>legislated</u> into the Copyright Act and include
  - Exceptions for certain kinds of institutions – for instance, TPL is a "LAM"
  - Exceptions for "fair dealing"
- As mentioned above, none of these exceptions overrides TPM or RMI protections or moral rights or patent interests or rights to control physical (or electronic) access, they only override the economic rights interests in copyright…

And Canada has a hierarchy of exceptions or "users' rights" -- because of *CCH et al v. Law Society of Upper Canada*, **"FAIR DEALING"** often "trumps" specific exceptions legislated

**The Supreme Court said:**

**"a library can always attempt to prove that its dealings with a copyrighted work are fair under section 29 of the Copyright Act. It is only if a library were unable to make out the fair dealing exception under section 29 that it would need to turn to the Copyright Act to prove that it qualified for the library exception."** **(para.49)**

**TURNING TO CONSIDER THE "USERS' RIGHT" to "FAIR DEALING" IN CONTEXT –**

**"Fair Dealing" is defined by Parliament in the *Copyright Act* in s.29,29.1, 29.2**

**The Supreme Court, in interpreting it, is Interpreting the *Copyright Act*, not creating new law.**

# Then what are the Six Fair Dealing Factors:

They are guidelines to interpret the word "fair" in the term "fair dealing" – which is used but not defined in the Act--

Based in ***CCH v LSUC*** 2004

"In order to show that a dealing was fair under s.29 [or 29.1 or 29.2]… a defendant must prove:

(1) that the dealing was for the purpose [stipulated in s.29, 29.1 or 29.2] and
(2) that it was fair.

The purposes are listed in the *Copyright Act* s.29, 29.1 and 29.2 but

"whether something is fair is a question of fact and depends on the facts of each case" (para.52)

The Chief Justice, in ***CCH v LSUC***, approving Linden, JA in the Federal Court of Appeal, provided headings for the six factors but <u>each is much more complex than its heading.</u>

**Because the *Copyright Act* does not say any of the "users' rights" provisions override contract, where a contract is in place, statutory "fair dealing" is not available.**

## LICENSES ARE CONTRACTS … AND CAN BE SOUGHT FROM ANYONE ENTITLED TO LICENSE THE RIGHTS (COLLECTIVES IN SOME CASES AND NOT IN OTHER CASES)

- How much of your institution's collection is actually obtained through licenses from vendors?

- The more digital your collection, the more likely it is to have been acquired through ongoing licensing arrangements rather than outright purchases…

- In some libraries, up to 95% of the collection is subscriptions to databases…

- To the extent this represents your library, the changes to the *Copyright Act* and the cases decided by the Supreme Court under the *Copyright Act* will not directly affect your library because these changes do not directly affect your licensed collection… you only get the rights under the license which are specified in the license…

# A LIBRARY WIPO TREATY IS PENDING

- Proposed treaty on "Limitations and Exceptions for Libraries and Archives"
- Now at committee stage (Standing Committee on Copyright and Related Rights (SCCR)) at WIPO
- Next meeting (26th session of SCCR) December 16-20, 2013 in Geneva –
- The International Federation of Library Associations will be there (IFLA) as will CLA -

- See http://www.wipo.int/meetings/en/details.jsp?meeting_id=29944

# THE FOLLOWING PROVISION IS PROPOSED:

1. Relationship with contracts.

Contracts attempting to override the legitimate exercise of the provisions in Articles 2-5 shall be null and void as against the public policy justifying copyright and shall be deemed inconsistent with the goals and objectives of the international copyright system.

THIS PROVISION IS CURRENTLY “ON THE FLOOR” AND BEFORE THE SCCR COMMITTEE OF WIPO (ITSELF A UN AGENCY)

THE “MODEL” TREATY ARTICLE PROPOSED IN IFLA’s “Treaty Proposal on Limitations and Exceptions for Libraries and Archives” [TLIB] is:

**Article 15: Obligation to Respect Exceptions to Copyright and Related Rights**

Any contractual provisions that prohibit or restrict the exercise or enjoyment of the limitations and exceptions in copyright adopted by Contracting Parties [i.e. nations] according to the provisions of this Treaty, shall be null and void.

# WHAT IS THE LEGAL STATUS OF A "MODEL"?

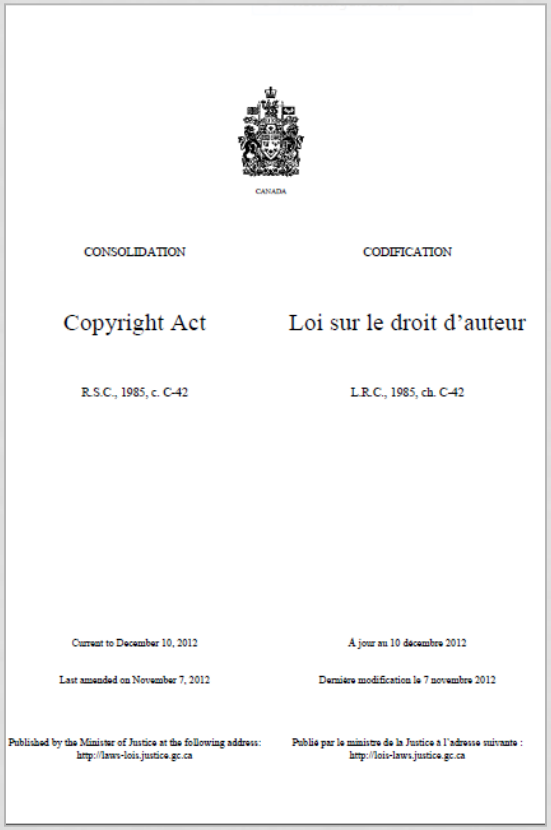
**IFLA's TLIB?**

- TLIB has no legal status and never can have…
- IFLA is an NGO and has no standing at the SCCR Committee of WIPO – only member states can propose treaty language…
- IFLA's TLIB is a lobbying instrument, intended to attract the attention of member states – who can make treaties.

**"Model" contracts**

- … are not contracts…
- a model contract is a document negotiated by parties who will not sign the document (if they did sign it, it would be a contract, not a model); it has no legal effect for anyone negotiating it;
- the model expresses an intent which *can* give guidance to subsequent negotiations between parties who will actually sign legally binding contracts – <u>but</u> parties *can, and often do,* deviate from a "model" in their actual negotiations and final contract.

# OBTAINING RIGHTS FOR USERS WHERE A COPYRIGHT HOLDER'S RIGHT IS INVOLVED -



CANADA

CONSOLIDATION

CODIFICATION

Copyright Act

Loi sur le droit d'auteur

R.S.C., 1985, c. C-42

L.R.C., 1985, ch. C-42

Current to December 10, 2012

Last amended on November 7, 2012

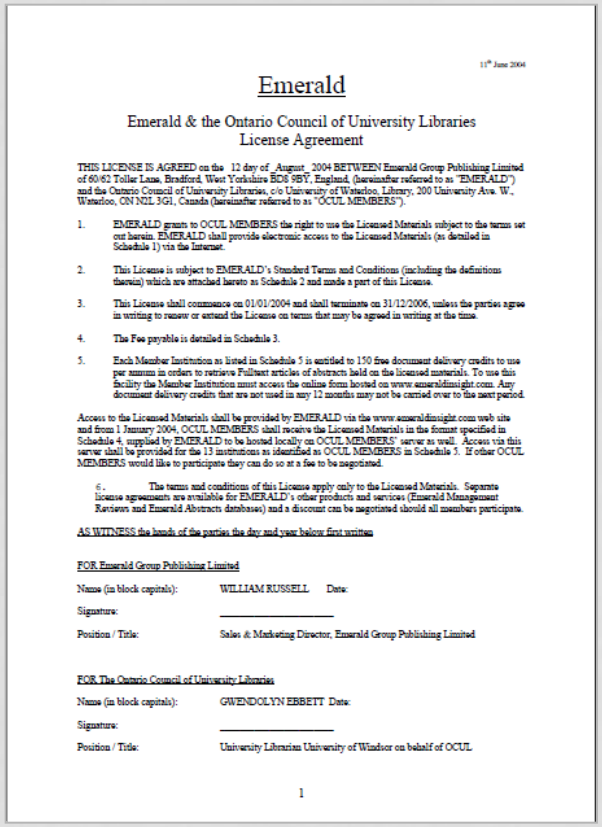
Published by the Minister of Justice at the following address: http://laws-lois.justice.gc.ca

À jour au 10 décembre 2012

Dernière modification le 7 novembre 2012

Publié par le ministre de la Justice à l'adresse suivante : http://lois-laws.justice.gc.ca

granted by statute



11th June 2004

Emerald

Emerald & the Ontario Council of University Libraries
License Agreement

THIS LICENSE IS AGREED on the 12 day of August 2004 BETWEEN Emerald Group Publishing Limited of 60/62 Toller Lane, Bradford, West Yorkshire BD8 9BY, England, (hereinafter referred to as "EMERALD") and the Ontario Council of University Libraries, c/o University of Waterloo, Library, 200 University Ave. W., Waterloo, ON N2L 3G1, Canada (hereinafter referred to as "OCUL MEMBERS").

1. EMERALD grants to OCUL MEMBERS the right to use the Licensed Materials subject to the terms set out herein. EMERALD shall provide electronic access to the Licensed Materials (as detailed in Schedule 1) via the Internet.

2. This License is subject to EMERALD's Standard Terms and Conditions (including the definitions therein) which are attached hereto as Schedule 2 and made a part of this License.

3. This License shall commence on 01/01/2004 and shall terminate on 31/12/2006, unless the parties agree in writing to renew or extend the License on terms that may be agreed in writing at the time.

4. The Fee payable is detailed in Schedule 3.

5. Each Member Institution as listed in Schedule 5 is entitled to 150 free document delivery credits to use per annum in orders to retrieve Fulltext articles of abstracts held on the licensed materials. To use this facility the Member Institution must access the online form housed on www.emeraldinsight.com. Any document delivery credits that are not used in any 12 months may not be carried over to the next period.

Access to the Licensed Materials shall be provided by EMERALD via the www.emeraldinsight.com web site and from 1 January 2004, OCUL MEMBERS shall receive the Licensed Materials in the format specified in Schedule 4, supplied by EMERALD to be hosted locally on OCUL MEMBERS' server as well. Access via this server shall be provided for the 13 institutions as identified as OCUL MEMBERS in Schedule 5. If other OCUL MEMBERS would like to participate they can do so at a fee to be negotiated.

6. The terms and conditions of this License apply only to the Licensed Materials. Separate license agreements are available for EMERALD's other products and services (Emerald Management Reviews and Emerald Abstracts database) and a discount can be negotiated should all members participate.

AS WITNESS the hands of the parties the day and year below first written

FOR Emerald Group Publishing Limited

Name (in block capitals): WILLIAM RUSSELL Date:

Signature: _____

Position / Title: Sales & Marketing Director, Emerald Group Publishing Limited

FOR The Ontario Council of University Libraries

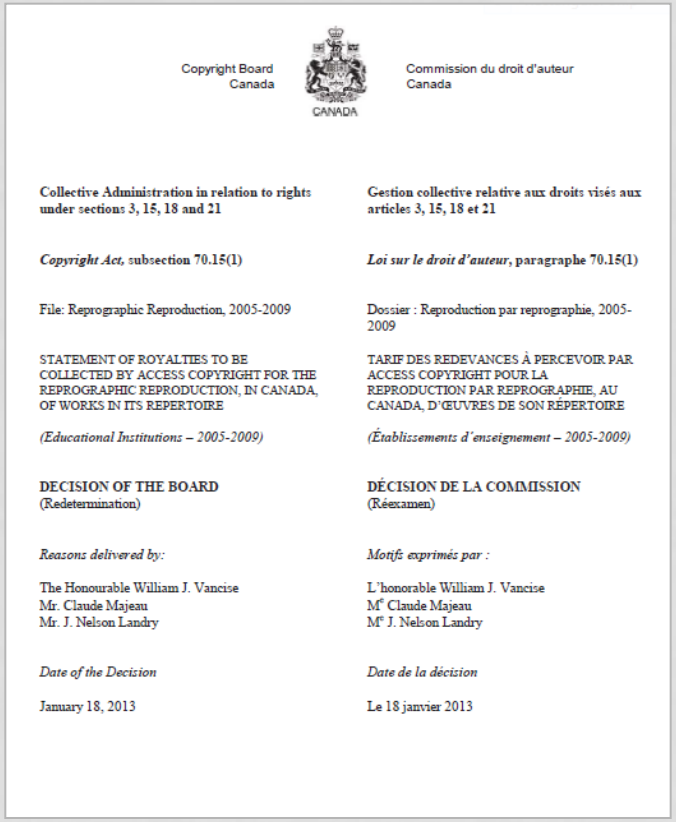
Name (in block capitals): GWENDOLYN EBBETT Date:

Signature: _____

Position / Title: University Librarian University of Windsor on behalf of OCUL

1

purchased by license



Copyright Board Canada

Commission du droit d'auteur Canada

CANADA

**Collective Administration in relation to rights under sections 3, 15, 18 and 21**

**Gestion collective relative aux droits visés aux articles 3, 15, 18 et 21**

***Copyright Act*, subsection 70.15(1)**

***Loi sur le droit d'auteur*, paragraphe 70.15(1)**

File: Reprographic Reproduction, 2005-2009

Dossier : Reproduction par reprographie, 2005-2009

STATEMENT OF ROYALTIES TO BE COLLECTED BY ACCESS COPYRIGHT FOR THE REPROGRAPHIC REPRODUCTION, IN CANADA, OF WORKS IN ITS REPERTOIRE

TARIF DES REDEVANCES À PERCEVOIR PAR ACCESS COPYRIGHT POUR LA REPRODUCTION PAR REPROGRAPHIE, AU CANADA, D'ŒUVRES DE SON RÉPERTOIRE

*(Educational Institutions – 2005-2009)*

*(Établissements d'enseignement – 2005-2009)*

**DECISION OF THE BOARD**
(Redetermination)

**DÉCISION DE LA COMMISSION**
(Réexamen)

*Reasons delivered by:*

The Honourable William J. Vancise
Mr. Claude Majeau
Mr. J. Nelson Landry

*Motifs exprimés par :*

L'honorable William J. Vancise
M^e^ Claude Majeau
M^e^ J. Nelson Landry

*Date of the Decision*

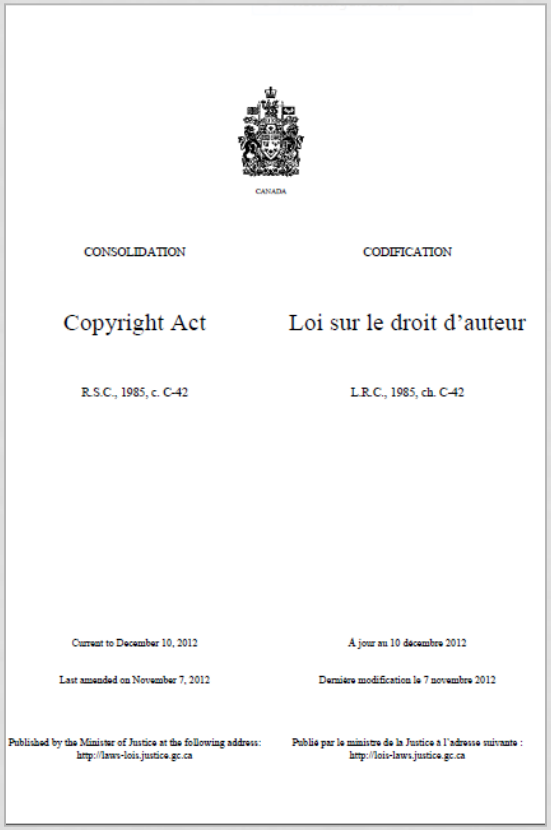
January 18, 2013

*Date de la décision*

Le 18 janvier 2013

imposed by tariff

# OBTAINING RIGHTS FOR USERS WHERE A COPYRIGHT HOLDER'S RIGHT IS INVOLVED -



CANADA

CONSOLIDATION

CODIFICATION

Copyright Act

Loi sur le droit d'auteur

R.S.C., 1985, c. C-42

L.R.C., 1985, ch. C-42

Current to December 10, 2012

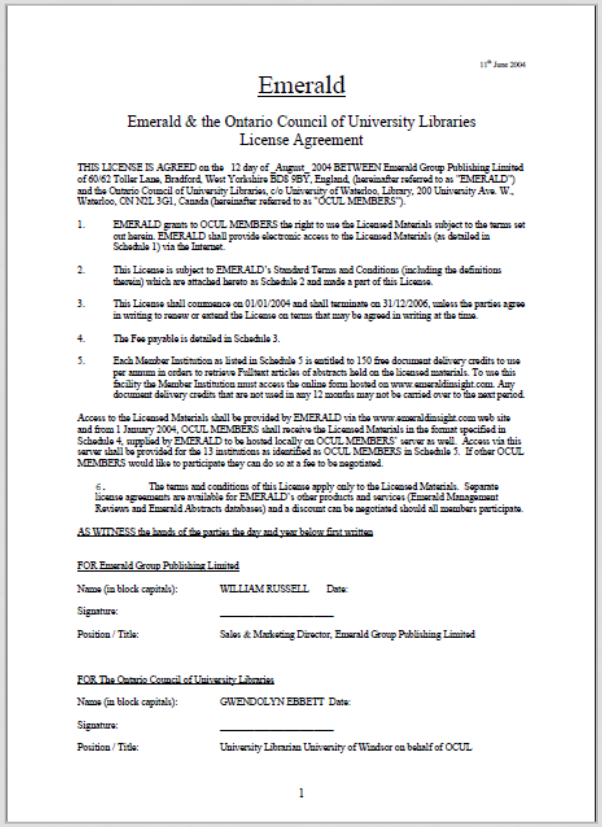
Last amended on November 7, 2012

A jour au 10 décembre 2012

Dernière modification le 7 novembre 2012

Published by the Minister of Justice at the following address:
http://laws-lois.justice.gc.ca

Publié par le ministre de la Justice à l'adresse suivante :
http://lois-laws.justice.gc.ca



11th June 2004

Emerald

Emerald & the Ontario Council of University Libraries
License Agreement

THIS LICENSE IS AGREED on the 12 day of August, 2004 BETWEEN Emerald Group Publishing Limited of 60/62 Toller Lane, Bradford, West Yorkshire BD8 9BY, England, (hereinafter referred to as "EMERALD") and the Ontario Council of University Libraries, c/o University of Waterloo, Library, 200 University Ave. W., Waterloo, ON N2L 3G1, Canada (hereinafter referred to as "OCUL MEMBERS").

1. EMERALD grants to OCUL MEMBERS the right to use the Licensed Materials subject to the terms set out herein. EMERALD shall provide electronic access to the Licensed Materials (as detailed in Schedule 1) via the Internet.

2. This License is subject to EMERALD's Standard Terms and Conditions (including the definitions therein) which are attached hereto as Schedule 2 and made a part of this License.

3. This License shall commence on 01/01/2004 and shall terminate on 31/12/2006, unless the parties agree in writing to renew or extend the License on terms that may be agreed in writing at the time.

4. The Fee payable is detailed in Schedule 3.

5. Each Member Institution as listed in Schedule 5 is entitled to 150 free document delivery credits to use per annum in orders to retrieve Fulltext articles of abstracts held on the licensed materials. To use this facility the Member Institution must access the online form housed on www.emeraldinsight.com. Any document delivery credits that are not used in any 12 months may not be carried over to the next period.

Access to the Licensed Materials shall be provided by EMERALD via the www.emeraldinsight.com web site and from 1 January 2004, OCUL MEMBERS shall receive the Licensed Materials in the format specified in Schedule 4, supplied by EMERALD to be hosted locally on OCUL MEMBERS' server as well. Access via this server shall be provided for the 13 institutions as identified in OCUL MEMBERS in Schedule 5. If other OCUL MEMBERS would like to participate they can do so at a fee to be negotiated.

6. The terms and conditions of this License apply only to the Licensed Materials. Separate license agreements are available for EMERALD's other products and services (Emerald Management Reviews and Emerald Abstracts databases) and a discount can be negotiated should all members participate.

AS WITNESS the hands of the parties the day and year below first written

FOR Emerald Group Publishing Limited

Name (in block capitals): WILLIAM RUSSELL Date:

Signature: _____

Position / Title: Sales & Marketing Director, Emerald Group Publishing Limited

FOR The Ontario Council of University Libraries

Name (in block capitals): GWENDOLYN EBBETT Date:

Signature: _____

Position / Title: University Librarian University of Windsor on behalf of OCUL

1

**granted by statute**

**purchased by license**

[Although Tariff proposed 2011-13 by Access Copyright: tariffs is set for hearing before the Board beginning Feb. 11, 2014, it is not clear who cares! Nor who will care about proposed 2014-17 Tariff published in Canada Gazette May 18, 2013!]

## CONTRACTS OVERRIDE THE COPYRIGHT ACT – BUT YOU CAN TRY TO NEGOTIATE WORDING IMPORTING THE WORDING OF PROVISIONS OF THE CANADIAN COPYRIGHT ACT INTO CONTRACTS

- The parties can specify what law will apply to a contract (law of Delaware, for instance)
- The only way Canada's *Copyright Act* will apply to the terms of a license is if you and the vendor agree that it will and put that in the license
- A vendor can refuse to agree to Canada's Act governing – and, even if agreeing to be bound by the *Act* -- can refuse to agree to any changes to the *Act* made during the lifetime of the contract applying to that contract
- A vendor can negotiate for a higher license fee in return for agreeing to have the Act apply or changes to it to apply
- Therefore "fair dealing" only gets into a license if it is agreed between the parties to be there and sometimes it can cost you money to negotiate it in…

# "CONTRACTING IN" USERS' RIGHTS IS NOT THE SAME AS RELYING ON THE STATUTE:

These contracts achieve for the library's users just as many rights in an information product as those users would have had had the product been purchased outright and not subject to an ongoing contract because users have the rights enshrined for them in the *Copyright Act* (in any exception section, including, but not limited to, fair dealing) BUT the institution may have had to pay to get this equivalence because Parliament has not made the statute override contract (as Ontario has done, for example, in many areas of landlord and tenant contract law).

So, this is not really STATUTORY fair dealing – it is institutions acting on behalf of users to ensure that users are not disadvantaged by license arrangements as opposed to purchases – and the institutions may have had to pay something to ensure this level of service…

- **Even if** your collection is 100% comprised of the print repertoire represented by the AccessCopyright collective,

- **if** your collection is 100% licensed directly from vendors,

- you need neither a blanket license from Access Copyright nor to accede to a tariff from it (if one has been ordered by the Copyright Board for your sector) –

- BUT nor will you be relying on statutory users' rights such as fair dealing …

- You will be relying on what was negotiated into the contract.

Whether operating with an Access Copyright license or without, there is a risk of litigation:

## Under a License from Access Copyright

• Infringement action from a rights holder of rights not represented by Access Copyright -- s.27(1);

•Infringement action for moral rights if moral rights holder has not waived rights, whether or not there is infringement or permission with respect to economic rights – s.28.1;

• Breach of contract action for violating the terms of the license;

•Infringement action for uses made beyond the terms of the license.

## Relying on Users' Rights

• Infringement action from any rights holder whose rights are infringed, including Access Copyright – s.27(1);

•Infringement action for moral rights if moral rights holder has not waived rights, whether or not there is infringement or permission with respect to economic rights – s.28.1;

*THANK YOU!*

Western Law