

A Blow against Pirates on the Internet

A recent [decision](#) of the Federal Court of Appeal has interpreted the *Copyright Act*, in way that protects the rights of copyright owners on the Internet.

The Facts

Voltage Pictures, LLC and other related companies are producers of movie films. They launched an action – a proposed reversed class action - against persons they say have downloaded their movies illegally. However, unless the plaintiffs can determine the identities of the persons they believe have infringed their copyrights, they cannot advance the action.

In 2012 the *Copyright Act* was amended to add a “notice and notice” system relating to providers of Internet services and others. This system was a compromise and less robust than the U.S. Notice and Takedown system. Under the system the owner of copyright may send a notice of claimed infringement to an Internet service provider. The provider on receipt of the notice from a claimant must:

- a) as soon as feasible, forward the notice electronically to the person to whom the electronic location identified by the location data specified in the notice belongs and inform the claimant that it is forwarding the message; and
- b) retain records that will allow the identity of the person to whom the electronic location belongs to be determined and to do so for six months from the date the notice is received.

This system does not directly provide for disclosing the information required to be recorded.

Using this system, the plaintiffs sought information identifying suspected infringers including John Doe #1, who was joined as a defendant on behalf of a class of respondents who had engaged in similar activities. Rogers Communications Inc. ("Rogers") assembled the identifying information but claimed that they were not prepared to disclose it without an order of the court.

The new system does not provide for disclosure of identifying information and an application must be made to a court for an order authorizing the release of the information. Such orders are granted under the court's jurisdiction to order equitable discovery and are referred to as *Norwich* orders. Such orders grant a plaintiff discovery prior to bringing an action against a person involved in the infringing actions of others, even if innocently, because such a person is under a duty to assist the plaintiff injured by those acts by giving full information by way of discovery and disclosure of the identity of the infringer.

In granting such orders courts balance the benefit to the applicant against the prejudice against the alleged wrongdoer in releasing the information. Factored into the equation are the nature of the information sought, the degree of confidentiality associated with the information and the degree in which the order curtails the use to which the information can be put. In addition, the courts can order that the person from whom discovery is sought be reasonably compensated for the expenses arising out of compliance with the order.

In this case a judge of the Federal Court granted an order requiring the information to be disclosed to the plaintiffs. Rogers was prepared to disclose it so long as it was paid a fee. The judge ordered that Rogers disclose the records but on condition that the plaintiffs pay the fee requested by Rogers for the work to assemble, verify and forward the identifying information to the plaintiffs to be billed at \$100 per hour plus HST.

The Appeal

The plaintiffs appealed to the Federal Court. They alleged there were tens of thousands of suspected infringers whose identifying information could only be had at the same fee. They assert that Rogers fee, as approved by the court, set up a multi-million dollar barrier between them and the information necessary to continue with the action.

In interpreting the *Act*, the court said that the overall aim was to ensure that in the age of the Internet, the balance between legitimate access to works and a just reward for creators was maintained. The Internet must not become a collection of safe houses from which pirates with impunity can pilfer the products of other's dedication, creativity and industry. If this was allowed to occur the incentive to create works would decline or the price of proper users to access works would increase. All the laudable aims of the *Act* – protecting creator's and maker's rights, fostering the fair dissemination of ideas and legitimate access to those ideas, promoting learning, advancing culture, encouraging innovation, competitiveness and investment and enhancing the economy, wealth and employment – would be nullified. The *Act* must be interpreted to allow copyright owners to protect and vindicate their rights as quickly, easily and efficiently as possible while ensuring fair treatment for all.

Overall, when considering obligations under the system, the internet service provider must maintain records in a manner and form that allows it to identify suspected infringers, to locate the relevant records, to identify the suspected infringers, to verify the identification work it has done (if necessary), to send the notices to the suspected infringers and the copyright owner, to translate the records (if necessary) into a form that allows them both to be disclosed promptly and to be used by copyright owners and later the courts to determine the identity of the suspected infringers, and, finally, to keep the records ready for prompt disclosure.

In addition, given the legislative history, no fees may be charged by a service provider for carrying out these statutory services. This interpretation is driven by a legislative choice that, at least for the time being, priority is given to the considerations of access to identifying information to allow copyright owners the ability to protect and vindicate their rights over the economic interest of service providers. This also follows the broader purposes of the *Copyright Act*.

The system was enacted against the backdrop of the *Norwich* order process which includes the act of disclosure. Disclosure is not regulated and the equitable jurisdiction in relation to *Norwich* orders continues to be in place.

When the court considered this aspect of the matter they said that typically the costs associated with a motion for a disclosure order, as far as a service provider is concerned, should be minimal.

With respect to the trial judge's order a legal error had been made since under the notice and notice system no compensation could be ordered for the activities that relate to it and any expenses should be limited to the costs relating to disclosure. Since Rogers provided no evidence concerning the costs associated with disclosure this would typically be nominal.

As a result, the court allowed the appeal and given the positions taken by Rogers, denied them any legal costs and required Rogers to pay the plaintiffs the costs of the motion and the appeal. The court said that if Rogers and other internet service providers considered the level of compensation for the work was unfair, they should ask the Minister to pass a regulation setting fees.

Comment

While this decision deals with a relatively narrow issue it also deals with the rights of copyright owners in a broader sense. The decision is consistent in a number of earlier decisions directed at infringement. The comments are all the more poignant since the plaintiffs are not angels and have been accused of being copyright trolls.

John McKeown
Goldman Sloan Nash & Haber LLP
480 University Avenue, Suite 1600
Toronto, Ontario M5G 1V2
Direct Line: (416) 597-3371
Fax: (416) 597-3370
Email: mckeown@gsnh.com

These comments are of a general nature and not intended to provide legal advice as individual situations will differ and should be discussed with a lawyer.