

Federal Court of Canada
Trial Division



Section de première instance de
la Cour fédérale du Canada

Date: 20001120

Docket: T-2146-99

BETWEEN:

**NELL WING and
THE STEEPING STONES FOUNDATION**

Applicants

and

**ELLIE VAN VELTHUIZEN
C.O.B.A. GRATITUDE PRESS CANADA**

Respondent

REASONS FOR ORDER

NADON, J.

[1] This is an application brought under the summary proceedings provisions in section 34(4) of the *Copyright Act*, R.S.C. 1985, c. C-42 (the Act) and pursuant to Rule 300(b) of the *Federal Court Rules, 1998*, in respect of infringement of copyright in a literary work. The Applicants seek an order for:

- (1) a declaratory judgment that the Diary of Lois Wilson, entitled “The Diary of Two Motorcycle Hobos” , is a protected work, of which the Applicant Nell Wing is a copyright owner, and that the Respondent has infringed the copyright in the Diary;
- (2) statutory damages against the Respondent in the amount of \$20,000, pursuant to section 38.1 of the Act;
- (3) delivery up to the Applicants of all infringing copies of the Diary in the possession or control of the Respondent;
- (4) rectification of the Register of Copyrights by expungement of registration number 469260 retroactive to May 5, 1998, the date of registration;
- (5) an injunction permanently restraining the Respondent from copying, offering for sale, or otherwise infringing the copyright in the Diary;
- (6) punitive and exemplary damages in the amount of \$50,000; and
- (7) judgment interest on the amount of any judgment obtained, pursuant to section 37 of the *Federal Court Act*.

[2] The Applicants also apply for the costs of this application on a solicitor and client basis.

[3] The Respondent, who is representing herself, has not filed any materials or evidence with respect to this application.

Relevant Provisions of the *Copyright Act*, R.S.C. 1985, c. C-42

[4] The relevant provisions of the *Copyright Act* read as follows:

2. [...] “treaty country” means a Berne Convention country, UCC country or WTO Member; [...]

2.2(3) For the purposes of this Act, other than in respect of infringement of copyright, a work or other subject-matter is not deemed to be published or performed in public or communicated to the public by telecommunication if that act is done without the consent of the owner of the copyright.

3.(1) For the purposes of this Act, “copyright”, in relation to a work, means the sole right to produce or reproduce the work or any substantial part thereof in any material form whatever, to perform the work or any substantial part thereof in public or, if the work is unpublished, to publish the work or any substantial part thereof, and includes the sole right [to] [...] and to authorize any such acts.

5.(1) Subject to this Act, copyright shall subsist in Canada, for the term hereinafter mentioned, in every original literary, dramatic, musical and artistic work if any one of the following conditions is met:

(a) in the case of any work, whether published or unpublished, including a cinematographic work, the author was, at the date of making the work, a citizen or subject of, or a person ordinarily resident in, a treaty country; [...]

5.(1.01) For the purposes of subsection (1), a country that becomes a Berne Convention country or a WTO Member after the date of the making or publication of a work shall, as of becoming a Berne Convention country or WTO Member, as the case may be, be deemed to have been a Berne Convention country or WTO Member at the date of the making or publication of the work, subject to subsection (1.02) and section 29.

5.(1.02) Subsection (1.01) does not confer copyright protection in Canada on a work whose term of copyright protection in the country referred to in that subsection had expired before that country became a Berne Convention country or WTO Member, as the case may be.

5.(1.03) Subsections (1.01) and (1.02) apply, and are deemed to have applied, regardless of whether the country in question became a Berne Convention country or a WTO Member before or after the coming into force of those subsections.

6. The term for which copyright shall subsist shall, except as otherwise expressly provided by this Act, be the life of the author, the remainder of the calendar year in which the author dies, and a period of fifty years following the end of that calendar year.

7.(1) Subject to subsection (2), in the case of a literary, dramatic or musical work, or an engraving, in which copyright subsists at the date of the death of the author [...] but which has not been published, [...] copyright shall subsist until publication [...] for the remainder of the calendar year of the publication [...] and for a period of fifty years following the end of that calendar year.

7.(2) Subsection (1) applies only where the work in question was published [...] before the coming into force of this section.

7.(3) Where

(a) a work has not, at the coming into force of this section, been published [...],

(b) subsection (1) would apply to that work if it had been published [...] before the coming into force of this section, and

(c) the relevant death referred to in subsection (1) occurred during the period of fifty years immediately before the coming into force of this section,

copyright shall subsist in the work for the remainder of the calendar year in which this section comes into force and for a period of fifty years following the end of that calendar year, whether or not the work is published [...] after the coming into force of this section.

13.(1) Subject to this Act, the author of a work shall be the first owner of the copyright therein.

13.(4) The owner of the copyright in any work may assign the right, either wholly or partially, and either generally or subject to limitations relating to territory, medium or sector of the market or other limitations relating to the scope of the assignment, and either for the whole term of the copyright or for any other part thereof, and may grant any interest in the right by licence, but no assignment or grant is valid unless it is in writing signed by the owner of the right in respect of which the assignment or grant is made, or by the owner's duly authorized agent.

14.(1) Where the author of a work is the first owner of the copyright therein, no assignment of the copyright and no grant of any interest therein, made by him, otherwise than by will, after June 2, 1921, is operative to vest in the assignee or grantee any rights with respect to the copyright in the work beyond the expiration of twenty-five years for the death of the author, and the reversionary interest in the copyright expectant on the termination of that period shall, on the death of the author, notwithstanding any agreement to the contrary, devolve on his legal representatives as part of the estate of the author, and any agreement entered into by the author as to the disposition of such reversionary interest is void.

27.(1) It is an infringement of copyright for any person to do, without the consent of the owner of the copyright, anything that by this Act only the owner of the copyright has the right to do.

27.(2) It is an infringement of copyright for any person to

(a) sell or rent out,

(b) distribute to such an extent as to affect prejudicially the owner of the copyright,

(c) by way of trade distribute, expose or offer for sale or rental, or exhibit in public,

(d) possess for the purpose of doing anything referred to in paragraphs (a) to (c), or

(e) import into Canada for the purpose of doing anything referred to in paragraphs (a) to (c),

a copy of a work, sound recording or fixation of a performer's performance or of a communication signal that the person knows or should have known infringes copyright if it had been made in Canada by the person who made it.

34.(1) Where copyright has been infringed, the owner of the copyright is, subject to this Act, entitled to all remedies by way of injunction, damages, accounts, delivery up and otherwise that are or may be conferred by law for the infringement of a right.

34.(3) The costs of all parties in any proceedings in respect of the infringement of a right conferred by this Act shall be in the discretion of the court.

34.(4) The following proceedings may be commenced or proceeded with by way of application or action and shall, in the case of an application, be heard and determined without delay and in a summary way:

(a) proceedings for infringement of copyright or moral rights; [...]

34.1(1) In any proceedings for infringement of copyright in which the defendant puts in issue either the existence of the copyright to the title of the plaintiff thereto,

(a) copyright shall be presumed, unless the contrary is proved, to subsist in the work, performer's performance, sound recording or communication signal, as the case may be; and

(b) the author, performer, maker or broadcaster, as the case may be, shall, unless the contrary is proved, be presumed to be the owner of the copyright.

36.(1) Subject to this section, the owner of any copyright, or any person or persons deriving any right, title or interest by assignment or grant in writing from the owner, may individually for himself or herself, as a party to the proceedings in his or her own name, protect and enforce any right that he or she holds, and, to the extent of that right, title and interest, is entitled to the remedies provided by this Act.

38.1(1) Subject to this section, a copyright owner may elect, at any time before final judgment is rendered, to recover, instead of damages and profits referred to in subsection 35(1), an award of statutory damages for all infringements involved in the proceedings, with respect to any one work or other subject-matter, for which any one infringer is liable individually, or for which any two or more infringers are liable jointly and severally, in a sum of not less than \$500 or more than \$20,000 as the court considers just.

38.1(2) Where a copyright owner has made an election under subsection (1) and the defendant satisfied the court that the defendant was not aware and had no reasonable grounds to believe that the defendant had infringed copyright, the court may reduce the amount of the award to less than \$500, but not less than \$200.

38.1(5) In exercising its discretion under subsections (1) to (4), the court shall consider all relevant factors, including

(a) the good faith or bad faith of the defendant;

(b) the conduct of the parties before and during the proceedings and

(c) the need to deter other infringements of the copyright in question.

38.1(7) An election under subsection (1) does not affect any right that the copyright owner may have to exemplary or punitive damages.

55.(1) Application for the registration of a copyright in a work may be made by or on behalf of the author of the work, the owner of the copyright in the work, an assignee of the copyright, or a person to whom an interest in the copyright has been granted by licence.

55.(2) An application under subsection (1) must be filed with the Copyright Office, be accompanied by the fee prescribed by or determined under the regulations, and contain the following information:

(a) the name and address of the owner of the copyright in the work;

(b) a declaration that the applicant is the owner of the work, the owner of the copyright in the work, an assignee of the copyright, or a person to whom an interest in the copyright has been granted by licence; [...]

(e) the name of the author and, if the author is dead, the date of the author's death, if known; [...].

57.(4) The Federal Court may, on application of the Registrar of Copyrights or of any interested person, order the rectification of the Register of Copyrights by

(a) the making of any entry wrongly omitted to be made in the Register,

(b) the expunging of any entry wrongly made in or remaining on the Register, or
(c) the correction of any error or defect in the Register,

and any rectification of the Register under this subsection shall be retroactive from such date as the Court may order.

The Applicants' Evidence

[5] The Applicants submit as evidence the Affidavits of Eileen Giuliani and Nell Wing.

(a) **The Affidavit of Eileen Giuliani**

[6] Eileen Giuliani is the Executive Director of the Applicant The Stepping Stones Foundation (“Stepping Stones”), a position which she has held since 1991. In her affidavit, she explains the events surrounding the creation of the literary work at issue as well as the context of this litigation.

[7] According to Ms. Giuliani’s affidavit, Lois B. Wilson and her husband Bill, founder of Alcoholics Anonymous, travelled by motorcycle in the United States in the 1920’s, and Ms. Wilson kept a diary of those travels. By 1973, she had her diary entries transcribed into type-written form, and entitled it “The Diary of Two Motorcycle Hobos” (“the Diary”). A copy of the Diary is attached to the affidavit as Exhibit A. Copyright in the Diary was registered in the United States by Lois Wilson as registration No. Txu:78-635 on September 18, 1981 as an unpublished textual work (Exhibit B).

[8] Ms. Giuliani indicates that Lois Wilson died in 1988, never having published the Diary. In her will, she left to the Applicant Stepping Stones, among other property, the original manuscript as well as the type-written text of the Diary. Copyright in the Diary was left to a number of beneficiaries, including the Applicant Nell Wing, as part as Lois Wilson's residuary estate. A copy of the will is attached as Exhibit C to the affidavit.

[9] According to Ms. Giuliani's affidavit, the Applicant Nell Wing has granted to the Applicant Stepping Stones a non-exclusive licence to exploit the copyright in the Diary (Exhibit D). That licence includes the right and authority to commence and prosecute lawsuits in Nell Wing's name or on her behalf relating to the infringement or unauthorized use of the Diary.

[10] Ms. Giuliani explains that she first met the Respondent on August 8, 1998 when the Respondent came to the office of the Applicant Stepping Stones carrying a copy of the Diary. The Respondent told Ms. Giuliani that she had come into possession of the Diary, had edited it, published it in book form and was selling copies of it under the name of Gratitude Press. A copy of the Diary as published by Gratitude Press along with a copy of a postcard advertising for sale copies of the Diary are attached to the affidavit as Exhibit E.

[11] In February 1999, Ms. Giuliani discovered that the Respondent operates a web site "www.gratitudepress.com" on which she has been offering the Diary for sale through Gratitude Press and through retail booksellers. Ms. Giuliani states that she has accessed the web site and believes that the Respondent is continuing to advertise and sell copies of the Diary without any right to do so. Print-outs of the website are attached to the Affidavit as Exhibit F.

[12] Ms. Giuliani further explains in her affidavit that the U.S. lawyer for the Applicant Stepping Stones wrote to the Respondent in March 1999, demanding that she immediately cease and desist from infringing copyright in the Diary (Exhibit G). In her reply letter dated March 31, 1999 (Exhibit H), the Respondent indicated that she had applied for and obtained registration in Canada of copyright in the Diary and provided a copy of the Certificate of Registration obtained in Canada on May 5, 1998. The Respondent wrote again to the U.S. lawyer for the Applicant Stepping Stones on April 29, 1999 (Exhibit I), claiming to own the copyright in Canada and the U.S. on the published diary. She admitted that the complete Diary was published, and offered to sell to the Applicant Stepping Stones the Canadian copyright for US\$125,000.

[13] Further correspondence from the Respondent is attached as Exhibit J. Letters from the Applicant Stepping Stones' U.S. and Canadian lawyers reiterating that the Respondent does not have the rights to publish the Diary are also attached as Exhibits L and M. According to Ms. Giuliani, despite this correspondence, the Respondent has refused to and has failed to cease marketing, selling and distributing copies of the Diary and continues to infringe copyright in the Diary.

[14] At the hearing of their application, the Applicants sought leave, which I granted, to adduce a Supplementary Affidavit of Eileen Giuliani. In this Affidavit, dated November 2, 2000, Ms. Giuliani states that she became aware at the end of October 2000 that the Diary was being offered for sale on the "www.recovery.org" internet website, a website hosted by Mr. Bill Casti, a resident of the state of Virginia in the United States. Mr. Casti and his employers have

apparently purchased the remaining stock of the Diary, at least 4000 printed copies, from the Respondent. The Diary is being offered for sale for the sum of US \$6.95 per copy.

(b) **The Affidavit of Nell Wing**

[15] In her affidavit, Nell Wing explains that she was a close friend of Lois Wilson and that in the course of that friendship, she became aware that Ms. Wilson had written the Diary. Ms. Wing indicates that to her knowledge, Ms. Wilson never published the Diary, although she did have the original hand-written document put into type-written form.

[16] Ms. Wing also states in her affidavit that when Ms. Wilson passed away, she left to her in her will an interest in her residuary estate, which included the unpublished Diary. As a result, Ms. Wing believes that she is an owner of the copyright in the Diary. Ms. Wing indicates that she has never given her permission to the Respondent to make copies of the Diary and sell it.

[17] In addition, Ms. Wing confirms in her affidavit that she has granted to the Applicant Stepping Stones a license to exploit the copyright in the Diary, and that the license gives Stepping Stones the right to commence lawsuits on her behalf relating to the unauthorized use of the Diary.

The Applicants' Submissions

[18] The Applicants submit that since approximately May of 1996, the Respondent has infringed copyright in Lois Wilson's Diary by:

- (a) selling copies of the Diary in Canada and elsewhere;
- (b) distributing copies of the Diary by way of trade;
- (c) exposing and offering the Diary for sale in public; and
- (d) possessing copies of the Diary for the said purposes.

[19] The Applicants contend that the Respondent registered copyright in the Diary in the Canadian Copyright Office on May 5, 1998 without colour of right and by holding herself out to be the owner of the copyright in the Diary. The Applicants also claim that contrary to the impression created by the Respondent's web site, at no time did the Respondent ever have the right to edit, publish, sell, reproduce or distribute the Diary.

[20] The Applicants raise several points in issue. I will summarize each point individually.

(a) **Subsistence of Copyright**

[21] The Applicants first point out that copyright subsists in any original literary work provided the author was, at the date of the making of the work, a citizen or subject of, or a person ordinarily resident in, a "treaty country" (s. 5(1)(a) of the Act). They also indicate that "treaty country" includes any country that is a member of the World Trade Organization (WTO) (ss. 2 and 5(1.01) of the Act), and that a country that became a WTO member after the date of the making of a work is deemed to have been a WTO member at the date of the making of the work (ss. 5(1.01) and (1.02) of the Act).

[22] The Applicants submit that the Diary is an original literary work, created between 1925 and 1927, at which time Lois Wilson was a citizen of the United States. The Applicants indicate that the United States became a member of the WTO on January 1, 1995, making it a “treaty country” for the purposes of the Act, and that by virtue of s. 5(1.01), the United States is deemed to have been a treaty country at the time the Diary was created. Therefore, the Applicants claim that pursuant to ss. 5(1)(a), 5(1.01) and 5(1.03) of the Act, copyright in the Diary subsists in Canada.

[23] With respect to the term of subsistence of the copyright, the Applicants contend that there is a special provision in the Act with respect to the term of protection for posthumous works: when a literary work has not been published at the time of the author’s death, copyright in the work subsists for a term of fifty years from the end of the calendar year in which the work is published (ss. 6 and 7(3) of the Act).

[24] The Applicants indicate that at the time of Lois Wilson’s death in 1988, the Diary remained unpublished, that the Registration Certificate for the Canadian Intellectual Property Office obtained by the Respondent identifies the Diary as an unpublished work, and that the Respondent admitted in her correspondence with the Applicants’ counsel and on her web site that the Diary had never been published. The Applicants contend that while the Respondent subsequently published the Diary, she did so without consent of the copyright owners, which means that pursuant to s. 2.2(3) of the Act, the Diary is not deemed published. Accordingly, they submit that as an unpublished work, the term of copyright protection for the Diary has not yet

expired. Therefore, since copyright in the Diary subsists in Canada and the term for copyright has not yet expired, the Diary is protected by the Act.

[25] In addition, the Applicants claim the benefit of the presumptions contained in section 34.1 of the Act. Since the Respondent has claimed that she or Gratitude Press own the copyright to the Diary, the Applicants submit that the Respondent puts in issue the existence of the copyright and the Applicants' title to the copyright, and that the presumptions in s. 34.1 apply. Therefore, the Applicants claim that copyright is presumed to subsist in the Diary unless proven to the contrary by the Respondent.

(b) Ownership of Copyright

[26] The Applicants submit that since the first owner of the copyright in any work is the author (s. 13(1) of the Act) and since the Respondent has acknowledged that the author of the Diary is Lois Wilson, Lois Wilson was the first owner of the copyright in the work. The Applicants further submit that an owner of a copyright may assign the right and may grant any interest in the right by license, provided the assignment or grant is in writing and signed by the owner (s. 13(4) of the Act). According to the Applicants, such writing may take the form of a will, as acknowledged by s. 14(1) of the Act. They also contend that copyright can pass under a will to residuary legatees even if the will makes no express mention of copyright (*Underwriters' Survey Bureau Ltd. v. Massie & Renwick Ltd.*, [1938] 2 D.L.R. 31 (Ex. Ct.)).

[27] Therefore, the Applicants claim that based on ss. 13(4) and 14(1) of the Act, Lois Wilson was entitled to transfer the copyright in her Diary by will which was in writing and signed by

Lois Wilson as the copyright owner. In addition, the Applicants submit that based on *Underwriters' Survey, supra*, the copyright in the Diary passed with the residuary of Lois Wilson's estate, and that as a residuary beneficiary, the Applicant Nell Wing is a valid co-owner of the copyright.

(c) **Licence**

[28] The Applicants contend that an owner of copyright may grant any interest in that right by a licence, provided the grant is in writing and signed by the owner (s. 13(4) of the Act). The Applicants point out that as an owner of the copyright in the Diary, the Applicant Nell Wing granted the Applicant Stepping Stones a licence to exploit the Diary and to litigate any lawsuit for infringement or unauthorized use, and that the grant took the form of a written letter to the Stepping Stones Board of Trustees, signed by Nell Wing on September 27, 1999.

(d) **Right to Commence an Action**

[29] The Applicants submit that both Nell Wing and Stepping Stones are entitled to bring this Application to enforce their rights as copyright owner and licensee, respectively (s. 36(1) of the Act). In addition, the Applicants submit that based on the express authority contained in the Stepping Stones Licence, in which Nell Wing provided Stepping Stones with the right to commence and prosecute lawsuits in her name and/or on her behalf, Stepping Stones is also entitled to bring this Application on Nell Wing's behalf.

(e) **Infringement**

[30] The Applicants submit that the Respondent has admitted to producing and reproducing the Diary and that she has done so without the consent of the copyright owner (Exhibit I of the Giuliani Affidavit). They contend that the Respondent has therefore infringed their exclusive rights to produce and reproduce the Diary, contrary to s. 3(1) of the Act, and has distributed to such an extent as to affect prejudicially the owner of the copyright, contrary to s. 27(2)(b) of the Act.

[31] In addition, the Applicants submit that the Respondent has admitted to publishing the Diary through Gratitude Press (Exhibit I of the Giuliani Affidavit), and that the Respondent has infringed their exclusive right to publish an unpublished work, contrary to s. 3(1) of the Act. In addition, the Applicants contend that in authorizing Gratitude Press to reproduce and publish copies of the Diary, the Respondent has infringed the copyright owners' exclusive right to authorize any of the acts referred to above, contrary to s. 3(1) of the Act.

[32] The Applicants further contend that the Respondent has admitted to offering the infringing copies of the Diary for sale (Exhibit I of the Giuliani Affidavit). The Applicants therefore submit that the Respondent has infringed their right to sell copies of the Diary, contrary to s. 27(2)(a) of the Act, and to distribute, expose or offer for sale by way of trade, contrary to s. 27(2)(c) of the Act.

(f) **Remedies**

[33] The Applicants indicate that according to s. 34(1) of the Act, where copyright has been infringed, the owner of the copyright is entitled to all remedies by way of injunction, damages,

accounts, delivery up and otherwise that are or may be conferred by law for the infringement of a right.

(i) **Injunction**

[34] The Applicants submit that the Federal Court, Trial Division has granted a permanent injunction requiring the defendant to cease publishing, selling, printing or distributing the infringing work where the infringing party continued without authorization to infringe copyright (*Prise de Parole Inc. et al. v. Guérin, éditeur Ltée* (1996), 66 C.P.R. (3d) 257 (F.C.T.D.); 91439 *Canada Ltée v. Éditions JCL Inc.* (1992), 41 C.P.R. (3d) 245 (F.C.T.D.)).

[35] The Applicants claim that since the Respondent has admitted that she intends to continue infringing copyright in the Diary (Exhibit I of the Giuliani Affidavit), and given the harm that such infringement may cause to the co-owners and to the reputation of the Applicant Stepping Stones, an injunction is required to restrain the Respondent from copying, offering for sale or otherwise infringing the copyright in the Diary.

(ii) **Statutory Damages**

[36] The Applicants elect to recover an award of statutory damages in the amount of \$20,000, as permitted by section 38.1 of the Act. The Applicants submit that the Respondent's flagrant disregard for the rights of the copyright owners, her intentional registration of copyright in Canada based on the provision of false information as to the ownership of the copyright, her repeated refusals to cease infringing copyright once advised of the rights of the copyright owner

and licensee, and her attempt to elicit a payment from the Applicants in the amount of US\$125,000, as set out in her correspondence, justify an award of \$20,000, having regard to the factors in s. 38.1(5).

(iii) **Delivery Up**

[37] The Applicants submit that where copyright in a work has been infringed, the owner of the copyright is entitled to all remedies that are or may be conferred by law for infringement, including delivery up (s. 34(1) of the Act; *91439 Canada Ltée v. Éditions JCL Inc.*, *supra*). Therefore, the Applicants seek an order for the delivery up of all infringing materials in the possession or control of the Respondent.

(iv) **Rectification**

[38] The Applicants submit that although the Respondent obtained a registration of copyright in the Diary, the Respondent is not the author of the Diary, she is not the owner of copyright in the Diary, she has not been granted an interest in copyright by licence, and she was not authorized to apply for copyright in behalf of the author, owner or licensee. The Applicants therefore contend that the Respondent was not entitled to apply for copyright registration in the Diary (s. 55(1) of the Act).

[39] The Applicants indicate that under s. 57(4) of the Act, the Federal Court may order the rectification of the Register of Copyrights by the expunging of any entry wrongly made in or remaining on the Register. The Applicants submit that since Registration No. 469260 was

wrongly entered on the basis of false information provided by the Respondent, this Court should order that the Registrar of Copyrights rectify the Register by expunging the Respondent's registration from the Register.

(v) **Punitive and Exemplary Damages**

[40] The Applicants point out that an election to apply for statutory damages under subsection 38.1(1) does not affect any right that a copyright owner may have to exemplary or punitive damages (s. 38.1(7) of the Act). The Applicants also contend that punitive or exemplary damages may be awarded for copyright infringement where the infringement is flagrant, fraudulent or malicious (*Prise de Parole Inc. et al. v. Guérin, éditeur Ltée, supra; Prism Hospital Software Inc. et al. v. Hospital Medical Records Institute et al.* (1994), 57 C.P.R. (3d) 129 (B.C.S.C.)).

[41] The Applicants submit that given the Respondent's flagrant and continuing disregard for the Applicants' rights, an award of punitive and exemplary damages in the amount of \$50,000 is appropriate.

Analysis

[42] In my view, it is clear in this case that the Respondent has infringed the Applicants' copyright. Although the infringement is based on a complete misunderstanding of copyright law by the Respondent, it is still infringement and the remedies requested by the Applicants should be granted.

[43] In order to determine if copyright in the Diary has been infringed, it must first be established that there exists a valid copyright in the Diary in Canada and that the Applicants are the owners of the copyright.

[44] For copyright in the Diary to subsist in Canada, according to section 5(1)(a) of the Act, the Diary must be an original literary work, and the author must have been, at the date of the making of the work, a citizen or subject of, or a person ordinarily resident in a treaty country. In the case at bar, there is evidence to the effect that the Diary is an original literary work which was created in the 1920's, as stated in Ms. Giuliani's affidavit. This is not disputed by the Respondent, as it is also mentioned on the cover of her published version of the Diary (Exhibit E to the Giuliani Affidavit). There is also ample evidence that the author of the Diary was Lois Wilson. In addition to that fact being stated in Ms. Giuliani's affidavit, the name of Lois Wilson appears as author on the U.S. Copyright Registration Form for the Diary (Exhibit B to the Giuliani Affidavit), as well as on the cover page of the Diary as published by the Respondent (Exhibit E to the Giuliani Affidavit). It can therefore not be disputed that Ms. Wilson is the author.

[45] The Diary was created in the United States. Since the United States became a member of the WTO in 1995, it is a treaty country for the purposes of the Act, according to the definition of "treaty country" in section 2 of the Act. In addition, pursuant to subsection 5(1.01) of the Act, the United States is deemed to have been a treaty country at the time the Diary was created. Since Ms. Wilson was a citizen of the United States at the time of the making of the work, I agree with the Applicants' contention that copyright in the Diary subsists in Canada.

[46] As for the term of subsistence of the copyright, section 7 of the Act deals with works unpublished at the date of the death of the author. I agree with the Applicants' argument that pursuant to subsection 2.2(3) of the Act, since the Diary was published by the Respondent without the consent of the copyright owners, it remains an unpublished work for the purposes of the Act. Therefore, in accordance with subsection 7(3) of the Act, which applies in this case since the Diary had not been published before the coming into force of section 7 (December 31, 1998) and since the death of Lois Wilson occurred during the period of fifty years immediately before the coming into force of section 7, the unpublished Diary benefits from a 50-year protection following the end of the year 1998. The Diary is therefore protected by the Act since the term for copyright has not yet expired.

[47] The Applicants also claim the benefit of the presumptions contained in section 34.1 of the Act. The Applicants argue that since the Respondent has claimed that she owns the copyright, she is putting in issue the existence of the copyright and therefore that the presumptions in section 34.1 apply. It is true that in her correspondence with the Applicants, the Respondent indicates that she owns the copyright in Diary. However, I am not convinced that this can be considered as "putting in issue" the existence of the copyright. In my view, since the Respondent has not filed any formal submissions or arguments with the Court, it cannot be said that she is disputing the existence of the copyright in the proceedings for infringement.

[48] In any event, whether or not it can technically be said that the Respondent is putting in issue the existence of the copyright, the result is the same. If one considers that her statements in her correspondence can be considered as putting in issue the existence of the copyright, the

presumption applies, and the Respondent must submit evidence to reverse the presumption. Since nothing was filed, the Respondent has not met her burden, therefore the copyright is presumed to subsist in the Diary. If the Respondent has not put in issue the existence of the copyright, then the Applicants do not have to demonstrate that the copyright subsists, since it is not disputed by the Respondent. Either way, the result is the same: for the purposes of this case, the copyright subsists in Canada and the Diary is protected by the Act.

[49] The next issue is that of ownership of copyright. Pursuant to subsection 13(1) of the Act, Lois Wilson was the first owner of the copyright, since, as discussed previously, she is the author of the Diary. According to section 13(4) of the Act, the owner of the copyright in a work can assign that right. In addition, as pointed out by the Applicants, the words “otherwise than by will” in section 14(1) of the Act acknowledge that a copyright can be assigned by will. I agree with the Applicants’ claim that based on sections 13(4) and 14(1), Lois Wilson was entitled to transfer the copyright in her Diary by a written and signed will.

[50] The Applicants also claim that copyright can pass under a will to residuary legatees even if the will makes no express mention of copyright. In *Underwriters’ Survey Bureau Ltd. v. Massie & Renwick Ltd.*, *supra*, the late Charles Edward Goad devised and bequeathed in his will all his “property real and personal of every nature and kind whatsoever in the Dominion of Canada” to the Toronto General Corporation. He made no specific mention of his copyrights in the will. The question was whether Mr. Goad’s copyrights passed to the executor as part of the “property real and personal of every nature and kind whatsoever”. Maclean J. stated the following at p. 39:

In *Re Dickens, Dickens v. Hawksley* (1934), 51 T.L.R. 181, it appears that after certain bequests, the testator, Charles Dickens, devised all his real and personal estate to Georgina Hogarth and John Foster “upon trust at their ... discretion to ‘proceed to an immediate sale or conversion into money of said real and personal estate (including my copyrights)’” for the benefit of the residuary legatees. A comparison of these terms in the Dickens’ will with the terms of the Goad will above cited reveals a close similarity of language between the two wills, with the exception that Goad did not use the word “copyrights” as designating a part of his residuary estate, as Dickens did. But on this point, it is important to refer to what Maugham, J., said in the *Dickens* case, at p. 188: -- “If the will had not mentioned copyrights at all, they would have passed under the gift of residue.” I therefore see no reason for questioning the validity of the title of the Goad brothers in any copyright which their father had in any plans, at the time of his death.

[51] Therefore, since I was unable to find any case law to the contrary, it appears that a copyright which is not mentioned in the will passes under the gift of residue to the residuary legatees. Consequently, I must agree with the Applicants that as a residuary beneficiary of Lois Wilson’s estate, the Applicant Nell Wing is a valid co-owner of the copyright.

[52] In addition, it should be noted that the Respondent does not appear to dispute the fact the copyright in the unpublished version of the Diary belongs to the Applicants. In her letter to the Applicants’ counsel (Exhibit I to the Giuliani Affidavit), she mentions that “Stepping Stones has a copyright on a manuscript which has not been published. Gratitude Press owns the copyright on a published work”.

[53] With respect to the issues of the licence and the right to commence an action, it is clear in my view that pursuant to subsection 13(4) of the Act, the Applicant Nell Wing had the right to grant a licence to the Applicant Stepping Stones by letter dated September 27, 1999. It is also

clear that pursuant to subsection 36(1) of the Act, both Nell Wing and Stepping Stones are entitled to bring this Application as copyright owner and licensee respectively. In addition, pursuant to the licence agreement, the Applicant Stepping Stones is also entitled to bring this Application on the Applicant Nell Wing's behalf.

[54] In my view, it has been established that there exists a valid copyright in the Diary in Canada and that the Applicants, as owner and licensee of the copyright, are entitled to bring this Application. The next step is for the Applicants to establish that the Respondent has infringed the copyright. Due to the lack of argumentation on the part of the Respondent, I will examine in greater detail the Applicants' submissions on this point and on the issue of remedies, since the burden to demonstrate infringement rests on the Applicants.

(a) **Infringement**

[55] Copyright infringement is governed by section 27 of the Act. The general principle, as set out in section 27(1), is that it is an infringement of copyright for any person to do, without the consent of the owner of the copyright, anything that under the Act only the owner of the copyright has the right to do. Consequently, if a person does something which, under subsection 3(1), is reserved for the owner of the copyright, that person has infringed the copyright, if he or she did not obtain the owner's consent.

[56] In *Compo Co. v. Blue Crest Music Inc.*, [1980] 1 S.C.R. 357, the Supreme Court of Canada held that infringement pursuant to subsection 27(1) will constitute infringement

regardless of whether the person realizes that he or she is committing infringement. Estey J. stated the following at page 375:

By s. 17(4), knowledge on the part of the alleged infringer is required in order to establish infringement where the alleged infringement consists of “selling, distributing, importing or exhibiting in public” a work. [...] Sections 3 and 17(1) [now 27(1)], however, admit no prerequisite of knowledge to the existence of the violated copyright or that the action in question amounts to infringement. Infringement is the single act of doing something which “only the owner of the copyright has the right to do”.

[57] In addition, ignorance of the law or of the fact that the work possessed copyright is not a defence or an excuse. In *Zamacois v. Douville*, [1944] Ex. C.R. 208, Angers J. stated the following, at para. 105, 107, 108 and 111:

L'ignorance dans laquelle pouvaient être les défendeurs du fait que l'article de Zamacois était protégé par un droit d'auteur ne peut être une excuse pour sa violation. [...]

Le droit d'auteur du demandeur n'était pas enregistrée [sic]; cette formalité, au reste, n'est pas nécessaire pour l'existence du droit d'auteur.

Les défendeurs ont soutenu qu'ils ignoraient l'existence d'un droit d'auteur sur un article du genre de celui du demandeur et qu'ils croyaient qu'en vertu de l'article 9 de la Convention cet article pouvait être reproduit. Étaient-ils justifiables d'ignorer l'existence de ce droit d'auteur? Non [...].

[...] S'ils ont cru que la chronique en question était aux termes du paragraphe (2) de l'article 9 de la Convention un article d'actualité de discussion économique ou politique, ils se sont trompés; ils l'ont fait de bonne foi, comme je l'ai déjà dit, mais leur bonne foi, malheureusement, ne les excuse point; personne n'est censé ignorer la loi.

[58] In my view, the evidence submitted by the Applicants clearly establishes that the Respondent infringed the Applicants' copyright.

[59] First, it is obvious that the Diary published by the Respondent is an exact copy of the Diary in which the Applicants possess copyright. It is also clear from the published Diary that the Respondent has published an unpublished work and produced or reproduced the work, both acts which are reserved to the copyright owner under subsection 3(1) of the Act, and therefore constitute infringement under subsection 27(1) of the Act.

[60] In addition, the Respondent has admitted those acts in her correspondence with the Applicants. In her letter to the Applicants reproduced at Exhibit I of the Giuliani Affidavit, she mentions that she received a complete photocopy of the Diary, that she produced and published it “in a format for all to read”. She then goes on to explain why she published the Diary and why she believes she could publish it. The Respondent also admits on her website (Exhibit F to the Giuliani Affidavit) that she published the Diary.

[61] With respect to the Applicants’ third ground of infringement under section 27(1) and 3(1), the infringement of the copyright owner’s right to authorize the reproduction and publication, I am not convinced it applies in this case. The Respondent is carrying on business as Gratitude Press, but Gratitude Press does not appear to be incorporated (from what I can tell from the cover page of the Respondent’s Diary). Therefore, the Respondent authorized herself to publish and reproduce the Diary. In my view, this does not qualify as a ground of infringement. In any event, this ground is not necessary in this case since there is already ample evidence supporting infringement under subsection 27(1) of the Act.

[62] The Applicants also claim infringement under paragraphs 27(2)(a), (b) and (c) of the Act. Unlike infringement under subsection 27(1), infringement under subsection 27(2) requires that the “person knows or should have known” that he or she was infringing copyright. The Applicants must therefore establish that the Respondent knew or should have known that she was infringing the Applicants’ copyright.

[63] Once more, it is obvious from the evidence submitted by the Applicants that the Respondent sold, distributed, exposed or offered for sale copies of the Diary, contrary to paragraphs 27(2)(a) and (c) of the Act. Exhibit F to the Giuliani Affidavit is a print-out of the Gratitude Press website on which the Respondent is offering the Diary for sale, as well as print-outs of the websites amazon.com and bn.com (Barnes & Noble) on which the Diary, edited by the Respondent, is offered for sale.

[64] Moreover, the Respondent has admitted in her letter to the Applicants’ counsel reproduced as Exhibit I to the Giuliani Affidavit that she has offered for sale and sold copies of the Diary. Consequently, although it might be possible for her to argue that she did not know of the infringement in the beginning, since there was no indication of the copyright on the unpublished Diary, it remains that the Respondent cannot claim that she had no knowledge of the infringement after receiving a letter dated March 1, 1999 to that effect from the Applicants’ counsel (reproduced as Exhibit G to the Giuliani Affidavit) and after responding to that letter on March 31, 1999 (Exhibit H) and April 29, 1999 (Exhibit I). I should also add that the Respondent does not deny selling the remaining stock of the Diary in her possession to the Recovery Website after being put on notice by the Applicants’ solicitor.

[65] In *Roy Export Co. Establishment v. Gauthier*, [1973] F.C.J. No. 401 (T.D.), the plaintiff had written to the defendant explaining that his actions constituted copyright infringement. The defendant responded, but continued to infringe the copyright. Walsh J. held, at para. 6, that:

It is apparent that while [the] defendant was in good faith when he purchased and first distributed the films in question in Canada he could not, following receipt of the letter of plaintiff's counsel dated January 24, 1972, claim ignorance that it was contended that this constituted an infringement of [the] plaintiff's copyright in Canada.

[66] Similarly, in my view, the Respondent in the case at bar cannot claim that she did not know that she might be infringing an existing copyright. Consequently, it is my opinion that the Respondent has infringed the Applicants' copyright pursuant to paragraphs 27(2)(a) and (c) of the Act.

[67] As for the Applicants' claim of infringement under paragraph 27(2)(b) of the Act, I am of the view that it must fail since the Applicants have not adduced any evidence of prejudice.

[68] Therefore, in my view, copyright infringement in this case is clear. The Respondent's statements to the Applicants in her correspondence to the effect that the Diary was available to publish, that it was still public domain because no action had been taken to publish it in over 60 years from the time of writing, and that she could publish it because she "owns" the copyright only indicate her fundamental lack of understanding of the concept of copyright and of the *Copyright Act*. It also demonstrates her lack of understanding of the fact that the absence of a copyright registration in Canada does not signify that there is no copyright in the work and of the fact that obtaining a copyright registration does not give her rights that do not exist. One cannot publish a copy one obtains of a work and assume that there is no copyright. Unfortunately for the

Respondent, as I previously mentioned, ignorance of the law is not a defence. I am of the opinion that the Applicants are entitled to remedies, pursuant to subsection 34(1) of the Act, which I will now discuss.

(b) **Remedies**

(i) **Injunction**

[69] The case law indicates that the owner of a copyright who has demonstrated infringement can be granted a permanent injunction even if he or she has not proven or suffered damages. In *R. v. James Lorimer and Co.*, [1984] 1 F.C. 1065 (C.A.), Mahoney J.A., for the Court, at p. 1073, explained the following regarding injunctions and delivery up:

The Act is clear. Infringement does not require that the infringing work compete in the marketplace with that infringed; it requires only that the infringer do something that the copyright owner alone has the right to do. It follows that, where infringement of copyright has been established, the owner of the copyright is prima facie entitled to an injunction restraining further infringement. It likewise follows that, where the infringing work is found to include any substantial part of a work in which copyright subsists, the copyright owner is to be deemed owner of all copies of the infringing work and all production plates and is prima facie entitled to the assistance of the Court in gaining possession of them. The onus is on the infringer to establish grounds upon which the Court may properly exercise its discretion against granting such relief. [*Massie & Renwick, Limited v. Underwriters' Survey Bureau Limited et al.*, [1937] S.C.R. 265.] Those grounds must lie in the conduct of the copyright owner, not in the conduct or motives of the infringer. The fact that the copyright owner has suffered no damages as a result of the infringement is not a basis for refusing an injunction. [*Bouchet v. Kyriacopoulos* (1964), 45 C.P.R. 265 (Ex. Ct.); appeal dismissed, [1966] S.C.R. v.].

[70] The Applicants also pointed out the cases of *Prise de Parole Inc. et al. v. Guérin, éditeur Ltée, supra*, in which the Court granted a permanent injunction requiring the defendant to cease publishing, selling, printing or distributing the infringing work since the defendant continued to advertise without authorization the sale of the infringing work, and of *91439 Canada Ltée v. Éditions JCL Inc., supra*, in which the Court also granted a permanent injunction.

[71] In my opinion, an injunction requiring the Respondent to cease publishing, printing, distributing, offering or advertising for sale and selling the Diary should be granted in this case. Infringement has been clearly demonstrated by the Applicants, and it appears that infringement will not cease unless an injunction is granted. The Respondent has been notified more than once that she was infringing the Applicants' copyright, but has not stopped doing so. She has indicated in her letter to the Applicants' counsel (Exhibit I to the Giuliani Affidavit) that she would only stop publication of the Diary if the Applicants "purchase" her copyright for the \$125,000 US. It is clear that the Respondent does not understand that the copyright is not hers and will not stop the infringement unless forced to do so. An injunction will be granted.

(ii) **Statutory Damages**

[72] The Applicants request statutory damages pursuant to section 38.1 of the Act, in the amount of \$20,000. The provisions on statutory damages came into force on October 1, 1999. For this reason, there is no case law on these provisions at this point.

[73] According to subsection 38.1(5), in exercising its discretion to award statutory damages, the Court should consider all relevant factors, including the good faith or bad faith of the

defendant, the conduct of the parties before and during the proceedings, and the need to deter other infringements of the copyright in question.

[74] In my opinion, statutory damages should be granted. The infringement in this case was blatant; the Respondent reproduced the Diary in its entirety. Although the Respondent was not publishing the Diary in bad faith from the start, she was warned several times that her conduct was infringing the Applicants' copyright. She refused repeatedly to cease infringing the copyright, and attempted to sell "her" copyright to the Applicants for the sum of US\$125,000. In my opinion, as of the moment she received notice of her infringement, her conduct was reprehensible. In addition, with regard to the third criteria, and considering the Respondent's behaviour, there is a definite need to deter further infringement of the copyright in question. Consequently, in my view, the Applicants are entitled to a sum of \$10,000 on this count.

(iii) **Delivery Up**

[75] The Applicants are entitled to delivery up according to subsection 34(1) of the Act. I will repeat the passage from *R. v. James Lorimer and Co., supra*, at p. 1073, on the issue of delivery up:

[...] It likewise follows that, where the infringing work is found to include any substantial part of a work in which copyright subsists, the copyright owner is to be deemed owner of all copies of the infringing work and all production plates and is prima facie entitled to the assistance of the Court in gaining possession of them. The onus is on the infringer to establish grounds upon which the Court may properly exercise its discretion against granting such relief. [*Massie & Renwick, Limited v. Underwriters' Survey Bureau Limited et al.*, [1937] S.C.R. 265.] Those grounds must lie in the conduct of the copyright owner, not in the conduct or motives of the infringer.

[76] In my opinion, delivery up of all infringing material should be granted. The Respondent has not established any reason why this relief should not be granted. The Respondent might not stop selling or distributing any copies that she has in her possession.

(iv) **Rectification**

[77] As pointed out by the Applicants, pursuant to section 55(1) of the Act, a copyright application must be made by the author of the work, the owner of the copyright in the work, and assignee of the copyright, or a person to whom an interest in the copyright has been granted by licence. The Respondent does not fall within the ambit of this section. She was therefore not entitled to apply for copyright in the Diary nor to obtain copyright.

[78] The fact that the Respondent obtained the copyright registration does not in any way indicate that she was entitled to obtain it. As stated by the Supreme Court of Canada in *Circle Film Enterprises Inc. v. Canadian Broadcasting Corp.*, [1959] S.C.R. 602, at p. 606:

There is only one piece of evidence and that is the certificate of registration. There are no evidentiary facts behind s. 20(3)(b) which, of their own weight, can lead to an inference of ownership of the copyright remaining with the author. In a case where there is evidence to contradict the certificate, then its weight may be affected, but in the absence of any such evidence, its weight is not to be minimized because **no proof of title is required in the application for registration and because the Copyright Office assumes no responsibility for the truth of the facts asserted in the application and conducts no independent examination.** A plaintiff who produces this certificate has adduced some evidence in support of his case, sufficient to compel the tribunal of fact to act in his favour in the absence of any evidence to contradict it. (emphasis mine).

and by McDermid J. in *Hanis v. Teevan*, [1995] O.J. No. 981 (Ont. Ct. (Gen. Div.)) at para. 301:

[...] I note in connection with the certificates that no proof of title is required to support an application for registration of copyright. An applicant need not file a copy of the work or an affidavit in support of the application. The Copyright Office conducts no independent examination of the facts asserted in the application. No public notice of the application is given.[,]

the Copyright Office does not investigate to find out if the person requesting the copyright registration is entitled to request it.

[79] In my view, the registration of the Respondent's copyright was an error. Under paragraph 57(4)(b) of the Act, this Court can order the rectification of the Register by the expunging of any entry wrongly made in the Register. The Respondent's registration shall be expunged from the Register, as requested by the Applicants.

(v) **Punitive and Exemplary Damages**

[80] Finally, the Applicants request punitive and exemplary damages in the amount of \$50,000. The Applicants mention the cases of *Prise de Parole Inc. et al. v. Gu erin,  diteur Lt e*, *supra*, and *Prism Hospital Software Inc. et al. v. Hospital Medical Records Institute et al.*, *supra*, in which punitive damages were granted.

[81] In *Prise de Parole Inc.*, the defendant, a large publisher, had reproduced one third of a novel written by one of the plaintiff in a textbook. A notice of infringement was sent to the defendant, and the defendant acknowledged the infringement. Nonetheless, the defendant continued to sell its textbook, and showed a lack of regard for the plaintiffs' rights in its correspondence with the plaintiffs. Denault J., at p. 268, stated the following:

In my view, the defendant's conduct in the instant case is inexcusable. After admitting its responsibility when its infringement was discovered, it deliberately continued to sell its textbook to the plaintiff's detriment, without worrying about the consequences of its actions [...].

In my view, because of the defendant's wilful and intentional conduct and evident disregard for the plaintiffs, the plaintiffs *Prise de parole* and *Doric Germain* are each entitled to \$10,000 compensation.

[82] In *Prism Hospital Software Inc.*, an action between two software companies, the defendant failed to respond to the plaintiff's correspondence, and "calculatedly and deliberately" misled the plaintiff into providing services and expertise to assist the defendant in copying the plaintiff's software. The Court found that the defendant intended from the outset to copy the software, and qualified the defendant's conduct as "outrageous, callous, disgraceful, wilful and wanton".

[83] In the present circumstances, although the Respondent's conduct is not comparable to that of the defendants in *Prise de Parole Inc.*, *supra*, and *Prism Hospital Software Inc.*, *supra*, I am nevertheless of the view that I should award punitive and exemplary damages to the Applicants. I hereby fix those damages at \$3,000.

[84] Finally, the Applicants shall have their costs on a solicitor and client basis.

(Sgd.) "Marc Nadon"

Judge

VANCOUVER, British Columbia

November 20, 2000

FEDERAL COURT
SOLICITORS OF RECORD

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