

Cour fédérale



Federal Court

**Date: 20070606**

**Docket: T-700-07**

**Citation: 2007 FC 604**

[ENGLISH TRANSLATION]

**Montréal, Quebec, June 6, 2007**

**PRESENT: Richard Morneau, Esq., Prothonotary**

**BETWEEN:**

**SOCIETY FOR REPRODUCTION OF RIGHTS OF AUTHORS, COMPOSERS AND  
PUBLISHERS IN CANADA INC.**

**and**

**SODRAC 2003 INC.**

**Applicants**

**and**

**HÔTEL DES ENCANS DE MONTRÉAL INC.**

**Respondent**

**and**

**SOCIÉTÉ DES AUTEURS DANS LES ARTS GRAPHIQUES  
ET PLASTIQUES (ADAGP)**

**and**

**ARTISTS RIGHTS SOCIETY (ARS)**

**and**

**BILD-KUNST**

**and**

**RAO**

**and**

**SOCIÉTÉ BELGE DES AUTEURS-COMPOSITEURS ET  
ÉDITEURS (SABAM)**

**and**

**VEGAP**

**Respondents**

**REASONS FOR ORDER AND ORDER**

[1] This a motion by the respondent under subsection 34(6) of the *Copyright Act*, R.S.C. (1985), c. C-42 (the Act) to have the application for judicial review (the application) brought by the applicants (hereinafter the SODRAC, collectively) under paragraph 34(4)(a) of the Act heard as if it were an action.

**Background**

[2] The respondent, the Hôtel des encans de Montréal Inc., is an auction house in Montréal, founded in 1983, that specializes in the public auction of art and antiques.

[3] As part of the respondent's activities, certain works entrusted to it by third parties to be auctioned appear in its catalogues and on its website, [www.iegorg.net](http://www.iegorg.net).

[4] According to SODRAC, under the Act, the respondent cannot reproduce or communicate artistic works included in the repertoire managed by SODRAC to the public by telecommunication without obtaining prior authorization from the owners of the copyright of these works or their representative.

[5] By its application, SODRAC considers that the Act is contravened and is thus seeking that the respondent be convicted and pay \$81,584.16 (plus taxes) as royalties and penalties allegedly payable for the reproduction and broadcast of the artistic works mentioned above.

[6] SODRAC's application was brought by the combined operation of Rules 300 *et seq.* of the *Federal Courts Rules* (the Rules) and paragraph 34(4)(a) of the Act, which stipulates that a civil remedy for copyright infringement may be brought either by action or by application (*requête* in the French version of the Act).

[7] Section 34 of the Act states the following:

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

34. (1) En cas de violation d'un droit d'auteur, le titulaire du droit est admis, sous réserve des autres dispositions de la présente loi, à exercer tous les recours -- en vue notamment d'une injonction, de dommages-intérêts, d'une reddition de compte ou d'une remise -- que la loi

by law for the infringement of a right.

accorde ou peut accorder pour la violation d'un droit.

(2) In any proceedings for an infringement of a moral right of an author, the court may grant to the author or to the person who holds the moral rights by virtue of subsection 14.2(2) or (3), as the case may be, 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.

(2) Le tribunal, saisi d'un recours en violation des droits moraux, peut accorder à l'auteur ou au titulaire des droits moraux visé au paragraphe 14.2(2) ou (3), selon le cas, les réparations qu'il pourrait accorder, par voie d'injonction, de dommages-intérêts, de reddition de compte, de remise ou autrement, et que la loi prévoit ou peut prévoir pour la violation d'un droit.

(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.

(3) Les frais de toutes les parties à des procédures relatives à la violation d'un droit prévu par la présente loi sont à la discrétion du tribunal.

(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:

(4) Les procédures suivantes peuvent être engagées ou continuées par une requête ou une action :

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

a) les procédures pour violation du droit d'auteur ou des droits moraux;

(b) proceedings taken under section 44.1, 44.2 or 44.4; and

b) les procédures visées aux articles 44.1, 44.2 ou 44.4;

(c) proceedings taken in respect of

(i) a tariff certified by the Board under Part VII or VIII, or

(ii) agreements referred to in section 70.12.

c) les procédures relatives aux tarifs homologués par la Commission en vertu des parties VII et VIII ou aux ententes visées à l'article 70.12.

Le tribunal statue sur les requêtes sans délai et suivant une procédure sommaire.

(5) The rules of practice and procedure, in civil matters, of the court in which proceedings are commenced by way of application apply to those proceedings, but where those rules do not provide for the proceedings to be heard and determined without delay and in a summary way, the court may give such directions as it considers necessary in order to so provide.

(5) Les requêtes visées au paragraphe (4) sont, en matière civile, régies par les règles de procédure et de pratique du tribunal saisi des requêtes si ces règles ne prévoient pas que les requêtes doivent être jugées sans délai et suivant une procédure sommaire. Le tribunal peut, dans chaque cas, donner les instructions qu'il estime indiquées à cet effet.

(6) The court in which proceedings are instituted by way of application may, where it considers it appropriate, direct that the proceeding be proceeded with as an action.

(6) Le tribunal devant lequel les procédures sont engagées par requête peut, s'il l'estime indiqué, ordonner que la requête soit instruite comme s'il s'agissait d'une action.

(7) In this section, "application" means a proceeding that is commenced other than by way of a writ or statement of claim.

(7) Au présent article, « requête » s'entend d'une procédure engagée autrement que par un bref ou une déclaration.

(We underline)

(nos soulignements)

[8] In support of the motion under review, the respondent submitted an affidavit from its vice-president and auctioneer, Iégor de St-Hippolyte (the respondent's affidavit).

[9] In this affidavit, the respondent lists the following substantive defences that it intends to assert, among other defences, on the merit of SODRAC's application:

- That there has been no substantial reproduction of works;
- That there was authorization from the assigns, i.e. third parties who entrust the works to be sold;
- That SODRAC does not have the rights that it claims;
- That the respondent's actions are justified by the fair dealing exceptions provided for in the Act;
- That without admission with respect to the rights claimed by SODRAC, the respondent also intends to challenge the amount of royalties and penalties sought by SODRAC; and
- That the application proposed by SODRAC of the Act is likely to undermine the freedom of commercial expression of the respondent, its clients and its principals, a fundamental freedom recognized by the *Canadian Charter of Rights and Freedoms* and the *Charter of Human Rights and Freedoms R.S.Q.* c. C-12.

[10] In its affidavit, the respondent also emphasized the importance of this case, since this would be the first time that the right of reproduction and communication of works of art to the public would be invoked against an auctioneer responsible for selling such works. Thus, these proceedings would be a first in Canada and would be a precedent. The issues raised by SODRAC's application would therefore be significant and likely to affect Canada's entire art industry.

[11] With respect to the evidence that the respondent intends to adduce on merit, paragraph 8 of its affidavit states that it will include, notably, expert evidence (regarding the value, nature of use, etc.), as well as testimony from its representatives and representatives from similar companies.

[12] In written submissions—not in its affidavit—the respondent adds on this point that affidavit evidence will not make it possible to obtain testimony from these third parties, testimony that is required for its defence. In particular, the respondent intends to summon representatives of various Canadian auction houses and owners of art galleries to testify on the effect of SODRAC’s remedy on their companies. However, such testimony, according to the respondent’s written submissions, cannot be obtained by affidavit because the respondent does not control these witnesses.

[13] Finally, at paragraphs 10 and 11 of its affidavit, the respondent sets out the following general allegations:

[TRANSLATION]

[10] Affidavit evidence as provided for in Rules 306 and 307 will not provide a full statement of the facts and issues and may prejudice [the respondent]. It is far more appropriate for this case to proceed by action, thereby allowing the hearing of witnesses and experts before the Court.

[11] It would be highly prejudicial to [the respondent] for this case to proceed under the procedure set out in Rule 300 *et seq.* Specifically, it would then be

impossible for the respondent to establish a case and put forward whatever defence it has against SODRAC's action, as stated above.

### Analysis

[14] As the respondent points out, few decisions by this Court or the Federal Court of Appeal address the possibility contemplated by subsection 34(6) of the Act.

[15] In *Kraft Canada Inc. v. Euro Excellence Inc.*, 2003 FCT 46 (*Kraft*), the Court found that the burden of proof under subsection 34(6) of the Act fell, as in this case, to the respondent and that the case law developed under subsection 18.4(2) of the *Federal Courts Act*, R.S.C. 1985, c. F-7, was relevant. At paragraphs 10 to 13 of that case, the Court stated the following in its analysis that led it to dismiss the application for conversion of the then respondent:

[10] Section 34(4)(a) of the Act clearly provides for the right to initiate a proceeding under the Act by application. It was up to the defendant to persuade the Court to exercise its discretion under s. 34(6) of the Act to have the application tried as an action. In this regard I feel, like the plaintiffs, that use of the case law developed under a section with similar wording, namely s. 18.4(2) of the *Federal Court Act*, R.S.C. 1985, c. F-7, is relevant.

[11] The leading case in this regard appears to be *Macinnis v. Canada (Attorney General)* (C.A.), 1994 CanLII 3467 (FCA), [1994] 2 F.C. 464.

[12] I do not consider that the defendant has submitted by affidavit such evidence as would permit the Court to conclude that the requirements indicated in *Macinnis* have been met.

[13] I do not consider that, apart from theoretical arguments, the defendant has presented evidence that the essential procedural requirements in the case at



bar would be prejudicially beyond its scope if the plaintiffs' instant application goes forward. Further, I do not see how the fact of the plaintiffs' proceeding going forward under the Act as an application, not an action, limits the legitimate arguments or grounds for defence which the defendant might have..

[16] Although in a decision made on November 17, 2005, in *Canadian Private Copying Collective v. Fuzion Technology Corp.*, 2005 FC 1557 (*Fuzion*), this Court stated that subsection 18.4(2) of the *Federal Courts Act* did not apply to proceedings initiated under subsection 34(4) of the Act, *Fuzion* does not expressly exclude the Federal Court of Appeal's analysis framework found in *Macinnis*, above.

[17] Therefore, it would not be entirely inappropriate to keep in mind the teachings of *Macinnis* and *Kraft*.

[18] In this situation, I do not consider that the respondent's affidavit establishes a dynamic that should lead me to consider that it is appropriate, under subsection 34(6) of the Act, that SODRAC's application now be considered as if it were an action.

[19] The respondent's allegations that this case is a complex one of first instance and may create a precedent are not likely to satisfy me. The same is true that the Canadian and Quebec charters can be debated, and that expert testimony will be presented. Similar arguments were considered then dismissed in *Macinnis*.

[20] The fact that the testimony of third parties not under the control of the respondent can be sought shall not lead us here to change our finding. There may be reason to believe that the third parties sought by the respondent would have a version that would support the respondent's intended defence arguments. Furthermore, in this application, the evidence has not established that any third parties were approached or refused to provide an affidavit. The respondent's affidavit does not comment on this matter.

[21] I believe, in the circumstances, that the general scheme of the administration of evidence provided under rules governing the perfecting, and the hearing on the merits, of an application for judicial review before this Court is more than sufficient to allow the respondent here to properly assert, without actual prejudice, its substantive grounds against SODRAC without there being any need to deploy the whole apparatus involved in an action.

[22] In this regard, I cannot agree with the approach suggested by the respondent and consider that, despite the neutral and apparently egalitarian wording of subsection 34(4) of the Act, it must be held that an action scheme is the general scheme to be followed when the Act is contravened and that an application for judicial review (i.e. affidavit evidence) is the exception. In that spirit, and in the respondent's view, when a party uses an application for judicial review, an opposing party that submits a motion to convert under subsection 34(6) of the Act should benefit from a certain relaxation of the tests developed in *Macinnis*. In that case, one of the key tests is the following:

[...] The key test is whether the judge can see that affidavit evidence will be inadequate, not that trial evidence might be superior. (See page 472)

[23] For these reasons, I dismiss with costs the respondent's application under subsection 34(6) of the Act.

**ORDER**

The respondent's application under subsection 34(6) of the *Copyright Act* is dismissed with costs.

**“Richard Morneau”**

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Prothonotary

**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKET:** T-700-07

**STYLE OF CAUSE:** SOCIETY FOR REPRODUCTION OF RIGHTS OF  
AUTHORS, COMPOSERS AND PUBLISHERS IN  
CANADA (SODRAC) INC. ET AL  
v  
HÔTEL DES ENCANS DE MONTRÉAL INC. ET AL

**PLACE OF HEARING:** Montréal, Quebec

**DATE OF HEARING:** June 4, 2007

**REASONS FOR ORDER:** PROTHONOTARY MORNEAU

**DATED:** June 6, 2007

**APPEARANCES:**

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