

Federal Court of Appeal



Cour d'appel fédérale

Date: 20240327

Docket: A-158-23

Citation: 2024 FCA 63

**CORAM: WOODS J.A.
LOCKE J.A.
GOYETTE J.A.**

BETWEEN:

LEONARD B FRENCH

Appellant

and

THE ROYAL CANADIAN LEGION (DOMINION COMMAND)

Respondent

Heard at Vancouver, British Columbia, on January 31, 2024.

Judgment delivered at Ottawa, Ontario, on March 27, 2024.

REASONS FOR JUDGMENT BY:

LOCKE J.A.

CONCURRED IN BY:

**WOODS J.A.
GOYETTE J.A.**

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REASONS FOR JUDGMENT

LOCKE J.A.

[1] This appeal concerns the scope of the defence provided by subsection 64(2) of the *Copyright Act*, R.S.C. 1985, c. C-42, against allegations of infringement of copyright and moral rights. Subsection 64(2) reads as follows:

64(2) Where copyright subsists in a design applied to a useful article or in an artistic work from which the design is derived and, by or under the authority of any person who

64(2) Ne constitue pas une violation du droit d'auteur ou des droits moraux sur un dessin appliqué à un objet utilitaire, ou sur une oeuvre artistique dont le dessin

owns the copyright in Canada or who owns the copyright elsewhere,

est tiré, ni le fait de reproduire ce dessin, ou un dessin qui n'en diffère pas sensiblement, en réalisant l'objet ou toute reproduction graphique ou matérielle de celui-ci, ni le fait d'accomplir avec un objet ainsi réalisé, ou sa reproduction, un acte réservé exclusivement au titulaire du droit, pourvu que l'objet, de par l'autorisation du titulaire — au Canada ou à l'étranger — remplisse l'une des conditions suivantes :

(a) the article is reproduced in a quantity of more than fifty, or

a) être reproduit à plus de cinquante exemplaires;

(b) where the article is a plate, engraving or cast, the article is used for producing more than fifty useful articles,

b) s'agissant d'une planche, d'une gravure ou d'un moule, servir à la production de plus de cinquante objets utilitaires.

it shall not thereafter be an infringement of the copyright or the moral rights for anyone

(c) to reproduce the design of the article or a design not differing substantially from the design of the article by

(i) making the article, or

(ii) making a drawing or other reproduction in any material form of the article, or

(d) to do with an article, drawing or reproduction that is made as described in paragraph (c) anything that the owner of the copyright has the sole right to do with the design

or artistic work in which the
copyright subsists.

[2] The principles applicable to statutory interpretation are well known, and have been discussed in many court decisions. The Supreme Court of Canada stated as follows in *Canada (Minister of Citizenship and Immigration) v. Vavilov*, 2019 SCC 65, [2019] 4 S.C.R. 653 at paras. 117–18:

A court interpreting a statutory provision does so by applying the “modern principle” of statutory interpretation, that is, that the words of a statute must be read “in their entire context and in their grammatical and ordinary sense harmoniously with the scheme of the Act, the object of the Act, and the intention of Parliament”: *Rizzo & Rizzo Shoes Ltd. (Re)*, [1998] 1 S.C.R. 27, at para. 21, and *Bell ExpressVu Limited Partnership v. Rex*, 2002 SCC 42, [2002] 2 S.C.R. 559, at para. 26, both quoting E. Driedger, *Construction of Statutes* (2nd ed. 1983), at p. 87. Parliament and the provincial legislatures have also provided guidance by way of statutory rules that explicitly govern the interpretation of statutes and regulations: see, e.g., *Interpretation Act*, R.S.C. 1985, c. I-21.

This Court has adopted the “modern principle” as the proper approach to statutory interpretation, because legislative intent can be understood only by reading the language chosen by the legislature in light of the purpose of the provision and the entire relevant context: [Sullivan Ruth, *Sullivan on the Construction of Statutes*, 6th ed (Markham, Ont: LexisNexis, 2014 at 7–8).] Those who draft and enact statutes expect that questions about their meaning will be resolved by an analysis that has regard to the text, context and purpose...

[3] Statutory interpretation is a question of law and is to be reviewed on a standard of correctness in this appeal: *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235 at para. 8 (*Housen*).

[4] Based on statements and debates from around the time that subsection 64(2) was introduced into the *Copyright Act*, the broad purpose of this provision was to limit the scope of copyright and moral rights for designs applied to certain products that are reproduced in

industrial quantities. Paragraphs 47 to 50 of the respondent's memorandum of fact and law cite some of these statements and debates. The general idea was that such designs should instead be protected by registration of an industrial design, which has a much shorter life than copyright.

[5] However, the wording Parliament chose for subsection 64(2) is more nuanced than the broad purpose and general idea described above. Parliament did not simply provide that a design that is, or could be, the subject of an industrial design could not be enforced through the *Copyright Act*. In fact, that is essentially the approach the *Copyright Act* took prior to the introduction of subsection 64(2) in its current form: *Copyright Act*, R.S.C. 1970, c. C-30, s. 46. The text of subsection 64(2) does not simply state that there can be no copyright or moral rights infringement at all of a design that is contemplated therein. Rather, Parliament chose to exclude certain activities from infringement and carefully crafted wording both for the kinds of designs that are covered by subsection 64(2) and for the activities that are shielded thereby from infringement. The care with which subsection 64(2) was drafted is further demonstrated by the significant structural difference between the English and French versions of the provision. Despite this significant structural difference, I see no difference in substance between the two versions that is relevant to this appeal.

[6] Subsection 64(2) contemplates "a design applied to a useful article" in which "copyright subsists", where that article has been "reproduced in a quantity of more than fifty" "by or under the authority of any person who owns the copyright." There is no dispute that the product in issue in this appeal meets these criteria.

[7] Subsection 64(2) goes on to provide that it shall not be an infringement of copyright or moral rights for anyone to do the things indicated in paragraphs (c) and (d) thereof. This is where the dispute in this appeal lies.

[8] This appeal concerns the Poppy Puppy, a plush toy created by the appellant, Leonard B. French, in 1998. Essentially, it represents a Dalmatian dog whose spots appear as poppies. The Poppy Puppy is the object of industrial design and copyright registrations in Canada. The industrial design registration, No. 97954, expired in 2013. Mr. French also obtained a design patent and a copyright registration in the United States in relation to the Poppy Puppy.

[9] In 2003, Mr. French sold 150,000 units of the Poppy Puppy (in two sizes) to the respondent, the Royal Canadian Legion (Dominion Command) (the Legion). The Legion is an organization that advocates for veterans and their dependents, and sells Poppy and Legion branded items through its Legion Supply Catalogue and its website.

[10] The Legion made no purchases of the Poppy Puppy from Mr. French after 2003. Many years later, in 2020, Mr. French became aware that the Poppy Puppy was still being advertised in the Legion Supply Catalogue, and with the following statement:

These toys have been [or “This toy has been”] developed by the Legion to act as an aid in teaching children about the Poppy and the Poppy’s role in Remembrance.

[11] The Federal Court, in its decision under appeal (2023 FC 749, *per* Justice Michael D. Manson), found that this statement appeared in the Legion Supply Catalogue from 2004 until 2021 (see paragraph 52 of the Federal Court’s reasons).

[12] In 2021, Mr. French commenced an action against the Legion in the Federal Court claiming infringement of copyright and moral rights in the Poppy Puppy. In support of his claim of copyright infringement, Mr. French alleged that the Legion had switched to an alternative supplier for the Poppy Puppy. However, the Federal Court found that there was no evidence to support this allegation. It also found that the copyright infringement claim was barred by a limitation period. Accordingly, Mr. French is not pursuing the copyright infringement claim in this appeal.

[13] In support of his allegation of infringement of moral rights, Mr. French cited the statement in the Legion Supply Catalogue reproduced in paragraph 10 above, which he argued was a false claim of authorship of the Poppy Puppy. He argued that the statement infringed his right to be associated with his work as its author or to remain anonymous, as contemplated in subsection 14.1(1) of the *Copyright Act*.

[14] The Federal Court found it unnecessary to decide the question of moral rights infringement because it found that any acts by the Legion that might otherwise have constituted infringement fell within subsection 64(2) of the *Copyright Act*, and hence avoided infringement. Despite this finding, the Federal Court was clearly concerned that the statement in question in the Legion Supply Catalogue was problematic. At paragraph 54 of its reasons, it stated:

There is a stark difference between remaining silent as to the authorship of a work and, as the Legion did, falsely claiming authorship of a work. There is no valid basis whatsoever for why the Legion claimed to have developed the Poppy Puppy itself, in place of the Plaintiff, whether the Plaintiff wanted to remain anonymous or not.

[15] The dispute in this appeal concerns whether the Federal Court erred in finding that the Legion's activities fell within subsection 64(2) to avoid a finding of infringement of moral rights. Mr. French argues that subsection 64(2) is not applicable in the present case because the Legion's impugned action, making a false claim of authorship in the Legion Supply Catalogue, falls within neither paragraph (c) nor (d) of subsection 64(2). Unfortunately, the Federal Court provided little analysis to support its conclusion that subsection 64(2) applied. Its analysis in this regard focused mainly on whether the exception in subsection 64(3) applied to deny the Legion the benefit of subsection 64(2) (see paragraphs 27 to 35 of the Federal Court's reasons). The Federal Court concluded that subsection 64(3) did not apply, and Mr. French also takes issue with that conclusion.

[16] I will first address subsection 64(3). This provision reads as follows:

64(3) Subsection (2) does not apply in respect of the copyright or the moral rights in an artistic work in so far as the work is used as or for

(a) a graphic or photographic representation that is applied to the face of an article;

(b) a trademark or a representation thereof or a label;

(c) material that has a woven or knitted pattern or that is suitable for piece goods or surface coverings or for making wearing apparel;

64(3) Le paragraphe (2) ne s'applique pas au droit d'auteur ou aux droits moraux sur une oeuvre artistique dans la mesure où elle est utilisée à l'une ou l'autre des fins suivantes :

a) représentations graphiques ou photographiques appliquées sur un objet;

b) marques de commerce, ou leurs représentations, ou étiquettes;

c) matériel dont le motif est tissé ou tricoté ou utilisable à la pièce ou comme revêtement ou vêtement;

(d) an architectural work that is a building or a model of a building;

d) oeuvres architecturales qui sont des bâtiments ou des modèles ou maquettes de bâtiments;

(e) a representation of a real or fictitious being, event or place that is applied to an article as a feature of shape, configuration, pattern or ornament;

e) représentations d'êtres, de lieux ou de scènes réels ou imaginaires pour donner une configuration, un motif ou un élément décoratif à un objet;

(f) articles that are sold as a set, unless more than fifty sets are made; or

f) objets vendus par ensembles, pourvu qu'il n'y ait pas plus de cinquante ensembles;

(g) such other work or article as may be prescribed by regulation.

g) autres oeuvres ou objets désignés par règlement.

[17] Mr. French argues that the Federal Court should have found that subsection 64(3) applied to deny the Legion the benefit of subsection 64(2). Specifically, Mr. French argues that the Federal Court erred in stating that the design in issue was the Poppy Puppy as a whole rather than merely the pattern of poppies applied to it. Having made this error, Mr. French submits, the Federal Court failed to recognize that the case concerned an artistic work used as a graphic representation that is applied to the face of an article, as contemplated by paragraph 64(3)(a).

[18] In my view, this argument cannot succeed. As noted by the Legion, Mr. French's position in this regard is new on appeal; he stated before the Federal Court in several ways that the design in question was the Poppy Puppy as a whole: see paragraphs 34 to 36 of the respondent's memorandum of fact and law.

[19] Moreover, all of the copyright and design registrations obtained by Mr. French related to this case describe the Poppy Puppy toy itself rather than the poppies applied thereto. At the hearing of this appeal, Mr. French referred to drawings that are included in his United States design patent, and argued that dotted lines thereon indicate what is not intended to be part of the design, and that the design was limited to the poppies. I have carefully examined the drawings in question and have no doubt that Mr. French's argument in this regard must be rejected. The only dotted lines I see are to indicate stitching on the plush toy.

[20] More importantly, the Federal Court's identification of the Poppy Puppy as a whole as being the object of Mr. French's copyright is a finding of mixed fact and law without an extricable question of law. Accordingly, this Court will defer to the Federal Court's conclusion unless we are convinced that it has made an error that is both palpable (obvious) and overriding (going to the very core of the outcome of the case): *Housen* at para 36; *Benhaim v. St-Germain*, 2016 SCC 48, [2016] 2 S.C.R. 352 at para. 38. I am not convinced that the Federal Court made such an error in this regard.

[21] Aside from his argument concerning the application of subsection 64(3), Mr. French also argues that the Federal Court erroneously read subsection 64(2) as if any potential infringement of moral rights was contemplated therein. In fact, Mr. French argues, paragraph 64(2)(c) covers only reproduction of the design of the article in question either by making it or by making a drawing or other reproduction of it, and paragraph 64(2)(d) covers only doing with an article, drawing or reproduction that is made as described in paragraph (c) anything that the owner of the copyright has the sole right to do with the design or artistic work in question. Mr. French argues

that paragraph (c) does not apply because of the Federal Court's findings that (i) the Legion had not found an alternative supplier for the Poppy Puppy (see paragraph 12 of the Federal Court's reasons), and (ii) there was no evidence of copyright infringement (see paragraph 20 of the Federal Court's reasons). Mr. French also argues that paragraph (d) likewise does not apply because that paragraph is limited to articles (as well as drawings and reproductions) that are made as described in paragraph (c), and it is acknowledged that there was no such article as described in paragraph (c).

[22] The Legion's memorandum of fact and law does not respond to this point. The Legion does not dispute that the statement in the Legion Supply Catalogue was false, but it maintains that the defence of subsection 64(2) applies. It focuses on the reference in paragraph 64(2)(d) to the breadth of doing "with an article ... anything that the owner of the copyright has the sole right to do".

[23] At the hearing of this appeal, the Legion urged the Court to read paragraph 64(2)(d) such that the "made as described in paragraph (c)" clause would apply to the "reproduction" and/or the "drawing" mentioned in paragraph (d), but not to the "article". I do not read paragraph 64(2)(d) this way. In my view, it is clear that the reference to "an article, drawing or reproduction" in paragraph (d) is intended to correspond to the "article" mentioned in subparagraph 64(2)(c)(i) and the "drawing or other reproduction" mentioned in subparagraph 64(2)(c)(ii). Accordingly, the "article" mentioned in paragraph 64(2)(d) must have been "made as described in paragraph (c)."

[24] The Legion relies principally on the argument that subsection 64(2) is intended to be a full defence to a claim of infringement of copyright or moral rights, the reasoning being that one should not be allowed to enforce the same design as both an industrial design and a copyrighted work. In support of this argument, the Legion cites *Magasins Greenberg Ltée v. Import-Export René Derhy (Canada) Inc.*, [1995] F.C.J. No. 302, 61 C.P.R. (3d) 133 (F.C.T.D.) (*Magasins Greenberg*), and specifically paragraph 10 thereof. The Legion cites a quote therein from Hugues G. Richard et al., *Canadian Copyright Act: Annotated*, vol 3 (Toronto: Carswell, 1994) at 64-12, that provides as follows:

Both sections 64 and 64.1 set out a series of acts which, when the conditions of the appropriate subsections are met, are deemed not to constitute an infringement of copyright or moral right in certain designs or features applied to useful articles [emphasis in *Magasins Greenberg*]

[25] This passage is of limited assistance in advancing the Legion's argument concerning the meaning of "made as described in paragraph (c)", since it explicitly recognizes that "the conditions of the appropriate subsections" (subsection 64(2) in this case) must be met. It does not indicate what is necessary to meet those conditions.

[26] The same paragraph 10 from *Magasins Greenberg* also provides a quote from Roger T. Hughes & Susan J. Peacock, eds, *Hughes on Copyright and Industrial Design* (Markham: Butterworths, 1994) at 573-31. This quote is notable because it does not explicitly recognize limits on the activities contemplated by subsection 64(2):

... [W]here copyright otherwise subsists in a design applied to a "useful article" or an artistic work derived from that design and the owner or anyone authorized by the Canadian or a foreign owner of copyright makes fifty or more copies ... then it is not an infringement to make that article or any drawing or other reproduction of the article or otherwise do what the copyright owner could do. [Emphasis added.]

[27] Nevertheless, the words “made as described in paragraph (c)” appear in paragraph 64(2)(d), and they must be given some meaning; Parliament does not speak in vain. There is little jurisprudence concerning subsection 64(2), and nothing directly on the point in dispute in this appeal. It is tempting to agree with Mr. French’s argument that the wording of subsection 64(2) indicates an intention to limit the scope of the infringement exclusion to specific activities that are associated with the copyrighted design applied to an article or a drawing or other reproduction thereof. It is also tempting to agree with Mr. French that subsection 64(2) does not apply in this case because there is no evidence that the false statement in the Legion Supply Catalogue was associated with any reproduction of the Poppy Puppy. The appeal book does not include any copy of the Legion Supply Catalogue, so we cannot see how the statement was presented. Despite the Legion’s assertion to the contrary, we cannot be sure that a photograph or other reproduction of the Poppy Puppy appeared in the Legion Supply Catalogue in association with the false statement. If it were otherwise, the Legion might be better placed to argue that the false statement was part of doing “with an article, drawing or reproduction that is made as described in paragraph (c)” something that Mr. French, as owner of the copyright, had the sole right to do.

[28] However, despite the allure of Mr. French’s approach, I note that it would lead to a result in which the Legion would benefit from subsection 64(2) if it had reproduced the design, but not if it did not. Such a result would be absurd because it would benefit a party that had infringed both copyright (by reproducing the work) and moral rights (by falsely claiming authorship of the work), but not one who had infringed only moral rights. It is difficult to conceive that this was the intention of Parliament in enacting subsection 64(2).

[29] Nevertheless, we still have the question as to what limits Parliament intended to place on the defence against infringement provided for in subsection 64(2). If the defence was intended to be available in respect of all acts of infringement, then presumably Parliament would not have chosen such detailed and careful wording. The answer to the limits that Parliament intended to place on the defence provided for in subsection 64(2) does not come from that provision. It comes from another provision of the *Copyright Act*, subsection 14.1(1), which defines an author's moral rights as follows:

14.1 (1) The author of a work has, subject to section 28.2, the right to the integrity of the work and, in connection with an act mentioned in section 3, the right, where reasonable in the circumstances, to be associated with the work as its author by name or under a pseudonym and the right to remain anonymous.

14.1 (1) L'auteur d'une oeuvre a le droit, sous réserve de l'article 28.2, à l'intégrité de l'oeuvre et, à l'égard de tout acte mentionné à l'article 3, le droit, compte tenu des usages raisonnables, d'en revendiquer, même sous pseudonyme, la création, ainsi que le droit à l'anonymat.

[30] Section 28.1 of the *Copyright Act* defines infringement of moral rights:

28.1 Any act or omission that is contrary to any of the moral rights of the author of a work or of the performer of a performer's performance is, in the absence of the author's or performer's consent, an infringement of those rights.

28.1 Constitue une violation des droits moraux de l'auteur sur son oeuvre ou de l'artiste-interprète sur sa prestation tout fait — acte ou omission — non autorisé et contraire à ceux-ci.

[31] Subsection 14.1(1) contemplates two aspects of moral rights: integrity of the work and authorship. Only the authorship aspect is relevant in this appeal. The text relevant to authorship is limited to a right "in connection with an act mentioned in section 3". Section 3 of the *Copyright Act* defines the rights associated with copyright, including the sole right to produce,

reproduce, perform and publish the work, and to authorize any of the foregoing activities. The reference in subsection 14.1(1) to these rights ties an author's moral rights to copyright in the work in much the same way that subsection 64(2) is tied to a use of copyright. This suggests that the defence to infringement of moral rights provided for in subsection 64(2), including paragraph 64(2)(d), is intended to cover any infringement of the author's moral rights. For there to be an infringement of moral rights, it must be in connection with the copyright; if there is no act in connection with copyright, there is no infringement of moral rights. Though it is not binding on this Court, I note that a similar view of the law was expressed in *Dolmage v. Erskine*, 23 C.P.R. (4th) 495, [2003] O.J. No. 161 at paras. 77–80 (Ont. Sup. Ct., Sm. Cl. Div.). This interpretation of subsection 64(2) and the scope of moral rights is also consistent with the broad purpose and general idea of subsection 64(2) as described in paragraph 4 above.

[32] Given the limited scope of moral rights contemplated in subsection 14.1(1), I cannot see how the false statement by the Legion concerning authorship could fall outside paragraph 64(2)(d) as Mr. French argues (because it was not associated with a reproduction of the design of the Poppy Puppy), and yet still be an infringement of moral rights. Either paragraph 64(2)(d) benefits the Legion as a defence to infringement of moral rights (if the false statement was associated with a reproduction of the Poppy Puppy), or there was no infringement of moral rights in the first place (because the false statement was not associated with a reproduction of the Poppy Puppy). Either way, the Legion is not liable for infringement of Mr. French's moral rights. It is not necessary to decide whether a reproduction of the Poppy Puppy actually appeared in the Legion Supply Catalogue.

[33] Though the Federal Court's analysis of the application of subsection 64(2) in this case was insufficient, it is my view that it made no reviewable error in dismissing Mr. French's claim of infringement of moral rights.

[34] For the foregoing reasons, I would dismiss this appeal.

[35] Because the Legion has requested the right to make submissions on costs after the decision on the merits, I would not decide the question of costs at this time. Instead, I would provide a timetable for submissions on costs.

"George R. Locke"

J.A.

"I agree.
Judith Woods J.A."

"I agree.
Nathalie Goyette J.A."

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

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