

To: Innovation, Science and Economic Development Canada
Via email: copyright-consultation-droitdauteur@canada.ca

**Re: Comments on ISED's Consultation paper on how to implement
an extended general term of copyright protection in Canada**

Dear ISED:

I am a "generalist" intellectual property lawyer. As well as being qualified in Ontario, I have knowledge of US law from having completed my Master's in Law specializing in IP at George Washington University in Washington D.C., and am admitted to the New York State Bar (though I do not practice New York or US law). In the course of completing my Master's, I researched and wrote a paper on the challenges in harmonizing copyright law internationally, especially in respect of developed and developing countries. I currently advise small businesses, including startups, in relation to their IP and corporate/commercial law needs; my clients are both IP creators and IP users. I do not, however, purport to be an expert in copyright law; rather it is from my background as a generalist that I am providing you the following observations. Of course, my views do not necessarily represent those of my clients.

I applaud ISED for recognizing that the extension of copyright term will have an impact on hindering access to works with cultural significance. However, I would like to add to the information that should be considered in weighing what would be appropriate measures for mitigating the effects on negatively-impacted stakeholders.

In this submission, I would like to particularly address the issue of requiring copyright registration for enforcement after the current term, which was recommended by the INDU report but appears to have been all but rejected by the authors on the consultation paper. The bases for this rejection appear to be:

1. Registration would go against international obligations ("e.g., Berne");
2. The increased costs that would be borne by copyright owners; and
3. The duplication of administrative efforts that might result.

With due respect to the authors of the consultation paper, for the following reasons, I believe these objections should not necessarily override the conclusions and recommendations of the INDU report, although these may need to be adapted based on the final text of CUSMA.

I strongly believe that a system of registration should be considered, even if one or more of the proposals for addressing orphan/out-of-commerce works presented in the consultation paper is also selected. More specifically, I think that Canada can become a leader in the world by creating a modernized system that takes advantage of technology while taking into account the broad range of works and registrants that rely on copyrights.

Economic aspects

From an economic efficiency point of view, registration, particularly of the ownership interests of works, makes sense. Further, in my opinion, it would be rightly so that copyright owners that wish for an extended copyright term on their works to be responsible for the costs and effort¹. Otherwise, the burden would be paid for by copyright users and/or administrators (and if the government is involved, also taxpayers). There are at least a couple of factors that, in my mind,

¹ And from the evidence discussed in the INDU report, it appears it would be mainly large intermediaries that would be benefitting from the term extension.

militate in favour of copyright owners to bear the costs and not third parties. However, it does not follow that the burden on copyright owners will necessarily be “undue”.

First, the quantum of costs of registration vs. no registration are asymmetric. Each of the proposals set out in the consultation paper would need to be accompanied by not insignificant costs for administration and on persons who wished to use orphan or out-of-commerce works. I note that each option set out in the consultation paper includes “reasonable searches”. I think that this recognizes that lack of information and uncertainty gives rise to “transaction costs” that can impede efficient economic behaviour². The higher the transaction costs, the greater the impact on the market³.

In the era preceding and in the early years of the Berne Convention, “formalities” acted as barriers when creators sought to copyright works in foreign jurisdictions⁴. At that time, those formalities were transaction costs (of a different-type, but still giving rise to uncertainty) that impeded an efficient market. However, many of those barriers that existed then now exist to a lesser extent, and, with respect to recordation, can be solved by technology. It might be said that similar challenges used to exist in the areas of trademarks and patents, which rights holders today enjoy robust and relatively cost-effective means of not only protecting their interests, but putting potential infringers in jurisdictions worldwide on notice of such interests. The relative burden of transaction costs in all fields of IP has changed over time.

A copyright database that includes information about the ownership of works that are in-commerce could, even if perfection can never be reached, greatly reduce transaction costs by providing a centralized place for searching. Given the technology available even today, a system enabling registrations, updating registrations, and searching to locate a copyright owner would be a relatively low cost and market efficient (in that it could easily connect the user and owner) solution for providing a basis for a reasonable search. It would benefit both rights holders and potential users. The system may be integrated in whole or in part with collective agencies, and even internationally with other government copyright offices. It may even be constructed with a function to permit bulk uploading.

Second, there is simply little (quantitative) evidence that higher levels of copyright protection in Canada would benefit any stakeholders other than copyright owners (who are not necessarily the creators). Although the authors of the consultation paper mention the many countries that have extended their general term of protection to life-plus 70 years, it should be noted that the main reason for this occurrence outside of the US and Europe has been as a result of bilateral trade agreements with these partners⁵ rather than from domestic support. Therefore, the agreement of other countries to extend the term of copyright beyond that which is required by Berne/TRIPS

2 See Baldia, Sonia, “The Transaction Cost Problem in International Intellectual Property Exchange and Innovation Markets” (2013) at 21, Northwestern Journal of International Law & Business, Vol. 34(1), online: <<https://scholarlycommons.law.northwestern.edu/cgi/viewcontent.cgi?article=1753&context=njilb>>.

3 For data and details of the US experience with formalities, see Sprigman, Christopher, “Reform(aliz)ing Copyright” (2004), Stanford Law Review, Vol. 57:485, online: <<http://cyberlaw.stanford.edu/attachments/Sprigman%20FINAL.pdf>>.

4 See *ibid.* 543; Ginsburg, Jane, “Berne-Forbidden Formalities and Mass Digitization” (2016) at 747, Boston Law Review, Vol. 96:745, online: <<http://www.bu.edu/bulawreview/files/2016/10/5.-GINSBURG.pdf>>.

5 See e.g. Mayne, Ruth, “Regionalism, Bilateralism, and “TRIP Plus” Agreements The Threat to Developing Countries” (2005), online: <http://hdr.undp.org/sites/default/files/hdr2005_mayne_ruth_18.pdf>; Sell, Susan, “The Global IP Upward Ratchet, Anti-Counterfeiting and Piracy Enforcement Efforts: The State of Play” (2008), online: <https://www.researchgate.net/publication/228958749_The_Global_IP_Upward_Ratchet_Anti-Counterfeiting_and_Piracy_Enforcement_Efforts_The_State_of_Play>; Malcolm, Jeremy, “How Closed Trade Deals Ratchet Up the Copyright Term Worldwide” (2018), online: <<https://www.eff.org/deeplinks/2018/01/how-big-content-would-enforce-copyright-globally>>

should not be taken as evidence that those countries agree that such an extension would help achieve that foundational goal of copyright, i.e. incentivize creators to create.

As you are likely aware, Berne/TRIPS-plus copyright laws have actually turned out to be deeply unpopular and many countries have had “buyer’s remorse”⁶ once they realized the value what was given up. As a recent example, in a 2016 report of an analysis on the IP arrangements in Australia⁷ and their effect on investment, competition, trade, innovation and consumer welfare which was published by the Australian government, it was stated:

In other cases, copyright extension has swung too far in favour of rights holders, *often with no transparent evidence-based analysis*. Retrospective extension of term from 50 to 70 years after death is a prime case.⁸ [Emphasis added.]

As far as I know, there has also not been any studies to quantify the impact the extension of copyright term on stakeholders in Canada, and to justify anyone other than copyright owners who directly benefit commercially from their copyrights from bearing the costs of a registration system. Owners of other kinds of IP already pay the costs for registering (and renewing) recordings of their interests.

If there is any concern that “small” copyright owners will not be able to afford to pay fees for recordation, or that some rights holders would need to register massive numbers of works, there is nothing (that I am aware of) that would prevent CIPO from setting different fees applicable to different situations and/or types of applicants⁹.

Berne-/TRIPS- compliant registration systems are possible

With respect to the first objection in the consultation paper concerning international obligations, I believe that the only possible trade agreement or treaty that might be applicable to the term after the life+50 years required by the Berne Convention would be the CUSMA itself, due to the provision therein stating that the Berne Convention obligations would apply to that term. Given that this is the case, I will assume that it applies (with some doubts reserved¹⁰).

The issue of “formalities” is more nuanced than the consultation paper’s mere mention makes it seem. As the consultation paper noted, the US has a system where statutory damages may only be awarded upon timely registration. There has also been a continuing interest by American scholars to think of Berne-/TRIPS- compliant mechanisms and incentives for registration¹¹. Beyond these options, both in the US and in Canada, registration already provides for evidentiary presumptions that are considered to be compliant with international obligations.

6 As Sell (supra, footnote 5) explains, IP provisions were pursued in bilateral trade agreements when WTO members as a collective rejected higher IP protection standards. Also recall the “Stop SOPA” movement in the US, the protests against the Anti-Counterfeiting Trade Act, and the criticisms of the IP provisions of the Trans-Pacific Partnership agreement.

7 Australia is another country that adopted an extension of copyright term only after concluding a trade agreement with the US.

8 “Productivity Commission Inquiry Report, Intellectual Property Arrangements” (2016) at 103, online: <<https://www.pc.gov.au/inquiries/completed/intellectual-property/report/intellectual-property.pdf>>.

9 At least one scholar has proposed this for the US system: See Brauneis, Robert, “Properly Funding the Copyright Office: The Case for Significantly Differentiated Fees” (2017), GWU Law School Public Law Research Paper No. 2017-58, GWU Legal Studies Research Paper No. 2017-58, online: <<https://ssrn.com/abstract=2997192>>.

10 I am aware some sources have stated that registration as a condition of being able to enjoy rights would be permitted for the final 20 years, but I have not seen the reasoning behind this.

11 A list and description of key works up to 2013 is provided in Gervais, Daniel and Dashiell Renaud, “The Future of United States Copyright Formalities: Why We Should Prioritize Recordation, and How To Do it” (2013), Berkeley Technology Law Journal, Vol. 28:1459, online: <<https://btlj.org/2013/01/volume-28-issue-3-symposium-2013-2/>>.

Without even considering the possibly-or-probably-compliant-but-untested options advocated by scholars, I think that even the possibility of using one or more evidentiary presumptions may be effective to induce rights holders to register. For example, under current law, it is often difficult for rights holders to obtain interim injunctions because of the high standard of proof needed to show “irreparable harm”; a presumption of irreparable harm may be valuable enough to induce rights holders to register.

Further, with respect to those who want to use works under a possible exception or remuneration regimen, the proposed law could state that, if a search of the database (which can be specified as meeting prescribed standards) were conducted, such a search would be sufficient to render it *prima facie* “reasonable”. This would be fair to both rights holders and potential users by providing clarity as to the meaning “reasonable”.

Conclusion

Canada can and should modernize its thinking and handling on recording copyright interests. An appropriately constructed and robust recordation system can lead to direct benefits both users and owners in terms of lower transaction costs, and contribute to a policy goal of ensuring access to works of historical significance, regardless of the reason why and to whom any particular work may be “significant”. Such a system could also enable Canada to build a bridge to our closest trading partner as a first step to modernize the global copyright recordation regime.

Sincerely,

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