

# **WeStealYourIntellectualProperty.com**

## ***What Options are Available to Traditional Media When Material is Appropriated and Made Available Online?***

Paper Presented to  
The Ad Idem Millennium National Media Law Seminar

November 11, 2000

Montréal, Québec

By: Corey D. Steinberg



© Corey D. Steinberg



[www.doublediamondlaw.com](http://www.doublediamondlaw.com)

## Has the Internet Effectively Abolished the Law with Respect to Intellectual Property?

The Internet, in its relatively brief existence, has posed some serious problems for media regulators and owners of intellectual property. Never before have these groups had to come to terms with such widespread and innovative<sup>1</sup> forms of intellectual property rights infringement as those that have developed in recent years. The Internet, with its global reach and novel modes of data transfer, has been declared by many to be driving the final nails<sup>2</sup> into the coffin of intellectual property protection.

Is this true? *Has the Internet, effectively, negated intellectual property protection?* A recent barrage of litigation involving online services, as well as newly developing technologies targeting this problem,<sup>3</sup> would indicate otherwise. Judges have ordered injunctions and settlements have been reached that provide evidence for the proposition, held by many intellectual property lawyers, that the virtual-jurisdiction of the Internet is, in fact, subject to the laws of the ‘real-world’.<sup>4</sup> Furthermore, as a complement to the legal regime, there are technological solutions to the problem of protecting digital intellectual property.

---

<sup>1</sup> See: *UMG Recordings, Inc. et. al v. MP3.com, Inc.* 92 F. Supp. 2d 349 (S.D.N.Y., May 4, 2000); MP3.com provided online access to copyrighted music to any user who could prove that it had purchased a copy of that same work. In the alternative, the service offered the user the opportunity to purchase the copyrighted music online, and obtain online access to the music immediately after the purchase was made. The case ended with a partial summary judgment for the plaintiffs. The defendant settled, shortly thereafter with all but one of the plaintiffs. The defendant was eventually held liable for copyright infringement, with respect to the one remaining plaintiff. Quantum of damages (if any) are currently being argued in court.

<sup>2</sup> See: M. Finley, “The True Meaning of Napster” *Tri City Computing Magazine* (Albany: 2000) [http://www.albany.net/~tricity/tricity\\_new/html/this\\_month\\_18.html](http://www.albany.net/~tricity/tricity_new/html/this_month_18.html).

<sup>3</sup> e.g. See <http://www.mediadna.com> for an example of “Digital Rights Management” technology; See <http://www.audiotrack.com>. re.”digital bar codes” for tracking intellectual property online.

<sup>4</sup> Moreover, there are clear instances, such as the trading of securities, wherein those who choose to have a presence online can find themselves subject to the laws of every legal jurisdiction in the world.

See for example: *Re World Stock Exchange, Thomas Kim Seto and Orest Rusnak*, March 31, 2000 (Alb. Secs. Comm.). In that case, the Alberta Securities Commission found that securities traded over the Internet from any jurisdiction, posted on a website accessible by the general public, constitutes trading in securities in all jurisdictions touched by the Internet. (This tenet has also been codified in Canada at 2.1 and 2.4 of National Policy 47-201, *Trading in Securities Using the Internet and Other Electronic Means* released by the Canadian Securities Administrators and put into effect January 1, 2000.)

See also for example (U.S. decision): *Inset Systems v. Instruction Set, Inc.*, 937 F.Supp. 161 (D.Conn. 1996) In that case, a Connecticut court found that, while the Defendant had no offices or employees in Connecticut and did not conduct business in Connecticut on a regular basis, the company had been continuously advertising on the Internet for over a year, via a webpage accessible by the public in Connecticut and elsewhere.

As a result of this finding, the Court concluded:

“...[T]hat the defendant’s advertising on the Internet was a ‘solicitation of a sufficient repetitive nature’ to satisfy the Connecticut Long Arm Statute as well as constitutional due process concerns”.

© Corey D. Steinberg



Double Diamond  
Law Corporation  
[www.doublediamondlaw.com](http://www.doublediamondlaw.com)

## What should owners of intellectual property do, if their rights are infringed?

In response to the recent flurry of media attention surrounding the *Napster* case,<sup>5</sup> the predominant question on the minds of many owners of intellectual property with respect to the Internet is: *What should an owner of intellectual property do in the event that someone does appropriate its product and make it available online?*

### **Hypothetical: WEWANTNEWS.COM**

The best way to address this question is to consider a likely, yet fictional, scenario. Imagine that a new online service has just been launched. The service calls itself “**WEWANTNEWS**” and is located on the World Wide Web at <http://www.wewantnews.com>.<sup>6</sup> **WEWANTNEWS** touts itself on its homepage as:

### **THE ONE-STOP ONLINE SOURCE FOR UP-TO-THE-MINUTE NEWS.**

The service provides access to printed articles, streaming audio broadcasts, and streaming video broadcasts of current news stories.

Internet users access news via this service by ‘clicking’ on icons that appear on the **WEWANTNEWS** Homepage. These icons are logos belonging to various media outlets. They appear within a ‘frame’ that shows the **WEWANTNEWS** logo above them, and ‘banner-advertisements’ below. The logos are the trademarks of a ‘news-only’ television station, a ‘news-only’ radio station, and various newspapers.

When an Internet user clicks on one of these icons, a new window opens on the user’s screen, again ‘framed’ by the **WEWANTNEWS** Homepage frame. If the icon that the user clicked designates a television or radio station, the newscast currently being aired on that station will

---

<sup>5</sup> *A & M Records Inc. et. al v. Napster, Inc.* No. C 99-05183; *Jerry Leiber et. al v. Napster, Inc.* C 00-0074 (N.D. Cal., May 5, 2000). Currently under appeal to the U.S. Court of Appeal for the 9<sup>th</sup> Circuit (Appeal Nos. 00-16401 and 00-16403).

This is an ongoing case in the United States Court of Appeals, between the Record Industry Association of America and the ‘peer-to-peer’ music trading software purveyor, Napster, Inc. It is notable that on October 31, 2000, a member of the group of plaintiffs, German media conglomerate Bertelsmann, ‘broke ranks’ and signed an alliance with Napster with the intent of redesigning the service and its software to incorporate a subscription fee.

<sup>6</sup> NOTE: At the time this article was written, there was no such domain registered. A search was done via Network Solutions at <http://www.networksolutions.com> which has verified that the domain “wewantnews.com” is available to be registered. This was confirmed on November 1, 2000. *The website discussed in this paper is entirely fictional, and if the domain wewantnews.com is registered in future, the fact that it is named in this paper is entirely coincidental.*

begin to play, employing software available for free online.<sup>7</sup> A television broadcast will appear in the framed screen along with accompanying audio, or, in the case of a streaming radio broadcast, the **WEWANTNEWS** logo will appear on the screen while the audio plays. If the icon that the user clicked designated a newspaper, a digital ‘photograph’ of the cover of the most recent issue of that paper appears in the framed screen, with headlines of the articles contained therein off to the side. A user can peruse the issue by clicking on the headlines that open up the full corresponding article, still within the same frame.

Upon an examination of **WEWANTNEWS**, it is found that the service works by ‘retransmitting’ signals from a Canadian television station and a Canadian radio station, simultaneous with the original broadcast. This is accomplished by capturing the stations’ signals, converting these signals into a compressed digital format, and streaming the product online. The newspaper articles are obtained by a different method. **WEWANTNEWS** acquires these by ‘deep linking’<sup>8</sup> into the websites of various newspapers, and displaying the articles posted there within the **WEWANTNEWS** Homepage frame.

**WEWANTNEWS** has launched this service without seeking permission from the owners of the material it has made available, and this has troubled those parties. They have decided to band together (the "Media Group"), and visit a media / intellectual property lawyer, to discuss their options.

### **What advice should be given to the Media Group?**

After explaining the situation to its new lawyer, the Media Group finds out that, in such situations, an aggressive and relentless approach tends to be the most effective and prudent. The lawyer has based this contention on an examination of case law in this area. The most satisfactory results achieved by intellectual property owners who have found that their material has been appropriated online have been a result of a diligent, proactive and aggressive course of

---

<sup>7</sup> e.g. RealPlayer software, available at <http://www.realnetworks.com/>.

<sup>8</sup> ‘Deep linking’ refers to posting a hyperlink to a website that skips that website’s homepage and goes directly to an ‘inner’ page. This practice has been the subject of much litigation. For litigation involving deep linking see e.g. *Ticketmaster v. Tickets.com, Inc.*, CV 99-7654 (C. D. Cal. Mar. 27, 2000). The order from that case is available online at <http://www.gigalaw.com/library/ticketmaster-tickets-2000-03-27.html>.

action. It has only been through such an approach that the legal system has managed to impress itself on the virtual arena of the Internet.

For example, in the *iCraveTV.com*<sup>9</sup> case, the online television service's headstrong and determined President, William Craig, exhibited an unwavering determination to persist in the face of numerous lawsuits filed by various plaintiffs in two countries. As a result of this relentless onslaught of litigation, however, *iCraveTV.com* eventually surrendered. This is an excerpt of the message currently posted on the service's website:

**Toronto, Ontario** - "We are pleased to have amicably resolved our differences with the U.S. and Canadian rights holders. Given the virtually infinite resources of those rights holders, a .com start-up like *iCraveTV* was simply unable to continue with protracted multi-front litigation..."<sup>10</sup>

### ***Lex fori?***

Due to the global jurisdiction of the Internet, it might be worthwhile to consider pursuing legal remedies in various jurisdictions simultaneously. For example, in *iCraveTV* sports leagues, entertainment conglomerates, and broadcasters filed a total of two civil actions in Pennsylvania<sup>11</sup> and a third in Canada. Despite the courts' hands-off approach to passive websites in defamation cases,<sup>12</sup> courts dealing with copyright issues have demonstrated a relative willingness to assert jurisdiction over Internet transmissions, which touch their jurisdiction.

### **CANADA**

For example, it is a relatively low standard for a communication to be deemed to have occurred in Canada. According to the *Tariff 22*<sup>13</sup> decision regarding music, in order for a 'communication to occur in Canada' information on the World Wide Web must be posted on a Canadian server.

---

<sup>9</sup> *National Football League v. iCraveTV* (W. D. Pa., No. 00120, complaint filed 20 January 2000); *Twentieth Century Fox Film Corp v. iCraveTV* (W. D. Pa., No. 00121, complaint filed 20 January 2000).

<sup>10</sup> <http://www.icravetv.com/>.

<sup>11</sup> There were actually four actions in Pennsylvania, as there were two conjoined actions to obtain a 'temporary' (interlocutory) injunction, and two to obtain a permanent injunction.

<sup>12</sup> *Braintech v. Kostiuik* (1999) 17 D.L.R. (4<sup>th</sup>) 46 (B.C.C.A.).

<sup>13</sup> *SOCAN Statement of Royalties 1996 to 1998 (Tariff 22), Re (1999)* <http://www.cb-cda.gc.ca/decisions/m27101999-b.pdf>.

A decision by the Copyright Board of Canada, however, is not binding on a court of law. This is not a legal body, but rather an economic regulatory body. For this reason SOCAN has applied for judicial review of this decision, to the Federal Court of Appeal.

To occur in Canada, a communication must originate from a server located in Canada on which content has been posted. ... The place of origin of the request, the location of the person posting the content and the location of the original Web site are irrelevant.<sup>14</sup>

This, however, is not the only possible ground under which a Canadian court might assert jurisdiction.

The previous analysis is subject to one proviso, however, since the issue of whether an entity that provides content outside Canada with the intention to communicate it specifically to recipients in Canada is communicating it in Canada remains open.<sup>15</sup>

For these reasons, there appears to be fairly wide latitude for a Canadian court to assert jurisdiction over Internet communications that touch Canada in copyright cases. If the content communicated is transmitted from a server in Canada to any jurisdiction, then it will qualify. As well, it is possible that a communication originating on a server outside of Canada, communicating to Canada will also qualify.

## INTERNATIONAL

There does exist a “system of international copyright law”<sup>16</sup> which could allow Canadians to pursue infringers in other national jurisdictions, as well. There is, for instance, the *Berne Convention for the Protection of Literary and Artistic Works*,<sup>17</sup> the *1996 WIPO Copyright Treaty*,<sup>18</sup> the *WIPO Performances and Phonograms Treaty*,<sup>19</sup> and the *Universal Copyright Convention and Protocols*.<sup>20</sup>

Such international agreements make it possible for a Canadian copyright holder to extract damages from a foreign copyright infringer by litigating the case in a foreign court under foreign copyright law.<sup>21</sup>

---

<sup>14</sup> Ibid at 48.

<sup>15</sup> Ibid at 49; derived from *CAPAC v. International Good Music, Inc.*, [1963] S.C.R. 136.

<sup>16</sup> Information Infrastructure Task Force *Intellectual Property and the National Information Infrastructure: The Report of the Working Group on Intellectual Property Rights* (1995) <http://www.uspto.gov/web/offices/com/doc/ipnii/ipnii.txt>.

<sup>17</sup> 1971 Paris Revision, Cmnd. 5002; JOF 28 Aug. 74; 1974 RTAF 51; 45 Vest A 619; available online at <http://www.law.cornell.edu/treaties/berne/overview.html#7>.

<sup>18</sup> <http://www.vonerlach.ch/articles/wipo.htm#2A>

<sup>19</sup> <http://www.vonerlach.ch/articles/wipo.htm#3A>

<sup>20</sup> 1971 Paris Revision UKTS 9 (1975), Cmnd 5844; 25 UST 1341, TIAS 7868.

<sup>21</sup> C. D. Steinberg, “Copyright Law in the Digital Age” *eLegalCanada* (April 30, 1999) <http://www.elegalcanada.com> at 18.

This would mean that, although an infringer may be outside the reaches of Canadian legislation, Canadians could still pursue that party based on foreign law, taking into consideration the law as it is ratified and interpreted in that jurisdiction.

For example, in Europe, courts have generally held that communications occur at the point of the transmission, although there has been some inconsistency as some European courts have held that communications occur in the country of destination, in the situation that a broadcaster specifically targets that country.<sup>22</sup> A Canadian could pursue litigation against a party that meets the criteria of a European country's court, in that country based on the above international instruments.

Another example is the United States, that has enacted the *Digital Millennium Copyright Act, 1998*.<sup>23</sup> This is an implementation of the *WIPO Copyright Treaty* and *WIPO Performances and Phonograms Treaty*. (An examination of this act would require a paper in itself; therefore, I will not go into any detail with respect to this. All I will say is that this act specifically addresses digital and online content.)

### **What actions should be taken against WEWANTNEWS?**

As the **WEWANTNEWS** situation is clearly a matter of domestic law, there is no need to appeal to any international agreements. This allows the Media Group's lawyer to proceed under Canadian legislation and common law. Let us examine what steps she chooses to take:

#### **1) CEASE AND DESIST LETTER**

The lawyer representing the Media Group's first attempt to remedy the situation is to draft a letter to **WEWANTNEWS** requesting that the website 'immediately cease and desist from displaying the registered trademarks and copyrighted materials' belonging to the Media Group. The goal of this letter is twofold:

---

<sup>22</sup> SOCAN *Statement of Royalties 1996 to 1998 (Tariff 22), Re (1999)* <http://www.cb-cda.gc.ca/decisions/m27101999-b.pdf> at fn. 55.

<sup>23</sup> Pub. L. No. 105-304, 112 Stat. 2860 (Oct. 28, 1998).

- a) The letter could actually cause **WEWANTNEWS** to stop its practise. It is possible that the online service genuinely had no idea that its actions were illegal, or would choose to avoid expensive litigation.
- b) The letter will also serve to notify **WEWANTNEWS** that the material made available through its website is the property of the Media Group. This will ensure that **WEWANTNEWS** is precluded from later arguing that it was an “innocent infringer”<sup>24</sup> of the intellectual property, which could preclude a judge from awarding an injunction<sup>25</sup>. (In the case of copyright, if that copyright is registered<sup>26</sup>, which most are not, then there will be an evidentiary presumption that an infringement is not innocent.<sup>27</sup>)

## 2) INJUNCTION

As the ‘cease and desist’ letter proves to be ineffective against **WEWANTNEWS** the lawyer advising the Media Group recommends it to seek an injunction<sup>28</sup> to stop the service from operating.

An injunction is a useful remedy in such a situation, because it would prevent the online service from continuing to stream or post the appropriated material online until, either, a specified time, or, the termination of a trial on the merits.

---

<sup>24</sup> “Innocence is usually relevant to liability or to the grant of an injunction. Monetary relief may, however, sometimes be withheld ... where awards are specifically made discretionary. No monetary remedy is also available against the infringer of an unregistered copyright who ‘was not aware and had no reasonable ground for suspecting that copyright subsisted in the work.’ (*Copyright Act*, R.S.C. 1985, c C-42, S. 39) But only the occasional Candide or cryptomnesiac (**NOTE: this refers to ‘unconscious copying’ - C.D. Steinberg**) may qualify for this state of grace, for everyone is supposed to assume that anything arguably under the Copyright Act’s scope is probably protected, and ignorance of fact or law is no excuse.” [*Bulman Group Ltd. v. “One Write” Accounting Systems, Ltd.*, [1982] 2 F.C. 327 (T.D.); *Slumber-Magic Adjustable Bed Co. v. Sleep-King Adjustable Bed Co.* (1985), 3 C.P.R. (2d) 81 (B.C.S.C.)]

- D. Vaver, *Intellectual Property Law* (Irwin Law, 1997) at 263-4.

<sup>25</sup> *Copyright Act*, R.S.C. 1985, c C-42, s-s.39(1)

<sup>26</sup> *Ibid*, S. 55

<sup>27</sup> *Ibid*, s-s. 39(2)

<sup>28</sup> An injunction is an ‘equitable’ remedy at law. For this reason, it is up to the court’s discretion whether or not to award this remedy. In order for an applicant to be given such consideration, it must come to the court with ‘clean hands’; i.e. the applicant’s conduct with respect to the matter at issue will be assessed. As well, the plaintiff must prove to the court that an award of an injunction is appropriate based on a three pronged test:

- i. The court must make a preliminary assessment of the merits of the case that there is a serious question to be tried;
- ii. The court must determine that the applicant seeking the injunction will suffer irreparable harm if the injunction is refused; and
- iii. The court must assess which of the parties to a proceeding would suffer greater harm from the granting or refusal of the remedy, pending a decision of the case on its merits.

(*R.J.R. McDonald Inc. v. Canada (Attorney General)* [1994] 1 S.C.R. 311 at 338)

Often, such a 'temporary' remedy actually acts as a permanent solution to a dispute. Parties are often much more amenable to settling, or negotiating an agreement, with each other once an injunction has been ordered,<sup>29</sup> as such an order gives a *prima facie* indication of how the court might rule at a trial. This is how the *iCraveTV.com*<sup>30</sup> case finally ended; with the online television service agreeing to desist in response to injunctions ordered against it in the Eastern District of Pennsylvania.<sup>31</sup>

### 3)                   **LAWSUIT**

The Media Group's attempt to obtain an injunction proves unsuccessful. The court found that any harm that might befall the plaintiffs by allowing **WEWANTNEWS** to continue to operate could be compensated financially, if the news service is held liable at trial. The court so found, because **WEWANTNEWS** demonstrated that it held significant liquid assets and could easily afford to pay considerable damages. Based on this result, the Media Group's lawyer advises them to sue.

An example of just such a lawsuit occurred in the case of *Washington Post Co. v. Total News Inc.*<sup>32</sup> The plaintiffs were several news and media providers who alleged that the defendant, at its "parasitic" website [www.totalnews.com](http://www.totalnews.com), that offered hundreds of links to news organizations, was liable for having *framed* the contents of those sites, under copyright and trademark law. The case settled out of court.<sup>33</sup>

---

<sup>29</sup> When a court *refuses* to award an injunction, this sometimes also induces settlement, as the *plaintiff* may fear that this decision indicates how the court will rule at a trial. There are other factors that might cause this refusal, however, such as the ability for the defendant to compensate any harm caused through the payment of damages, so plaintiffs will often continue to pursue the action to trial.

<sup>30</sup> *National Football League v. iCraveTV* (W. D. Pa., No. 00120, *complaint filed 20 January 2000*); *Twentieth Century Fox Film Corp v. iCraveTV* (W. D. Pa., No. 00121, *complaint filed 20 January 2000*).

<sup>31</sup> "As the situation stands to date, iCraveTV is offline. It has been enjoined by a permanent injunction (a follow up to the initial temporary injunction) by the court of the Eastern District of Pennsylvania. ... In Canada, iCraveTV.com has signed a settlement with the Canadian Association of Broadcasters in which the website agrees to remain offline."

- C. D. Steinberg, "iCraveTV.com: Pioneer of the Digital 'Wild West' or Twenty-First Century Pirate?" *eLegalCanada* (April 28, 2000) at 35-6 <http://www.elegalcanada.com>.

<sup>32</sup> No. 97 Civ. 1190 (S.D.N.Y., *complaint filed Feb. 20, 1997, dismissed after settlement June 5, 1997*).

<sup>33</sup> Also see *Los Angeles Times et. al v. Free Republic*, 2000 U.S. Dist. LEXIS 5669, Copy L. Rep. (CCH) P28075, 28 Media L. Rep. (BNA) 1705, 54 U.S.P.Q. 2d (BNA) 1453 (C.D. Cal. Mar. 31, 2000).

LA Times and Washington Post newspapers alleged copyright infringement against Free Republic, an electronic bulletin board website whose members posted the entire text of news articles with the purported goal of allowing commentary and criticism on the manner of reporting. The extent of exact copying was disputed, however, the defendant conceded that at least some of the postings on its site were verbatim copies of original articles appearing in plaintiffs' newspapers. The court awarded a summary judgment. The court addressed the *fair use defense* and found that verbatim copying of entire articles was more than what was necessary for the defendant to achieve the stated purpose of its site; i.e. "the focus of the inquiry must be whether verbatim copying is necessary to the defendants' critical purpose." The fact that linking to the

## What grounds does the Media Group have to sue?

Now that a lawsuit is imminent, it is time for the lawyer for the Media Group to get creative.<sup>34</sup> She adopts the ‘shotgun’ method and sues under as many heads of action as could reasonably be impugned to **WEWANTNEWS**.

### A) COPYRIGHT INFRINGEMENT

The first and most obvious ground under which the Media Group’s lawyer advises to sue is copyright infringement. In Canada the *Copyright Act*<sup>35</sup> governs. It is clear that the protection of copyright under this act is on a media-neutral basis,<sup>36</sup> therefore, it logically covers works posted on the Internet.

Bill C-32, an *Act to Amend the Copyright Act*,<sup>37</sup> which came into force 1 October 1999, has also modernized copyright law in Canada for the digital era. This legislation introduced new remedies for copyright infringement. These provide better deterrents and are designed to better compensate copyright owners for damages suffered due to the actions of an infringer. It provides for:

- statutory damages, or a guarantee of a minimum award once infringement is proven.<sup>38</sup>
- a “wide injunction” that covers a broader range of copyrighted materials than previously available; and

---

plaintiffs’ websites is less convenient is not a good enough reason to appropriate the material to the defendant’s site. The court also found that users of the service posted full-text copies of articles, and Free Republic, “induced and contributed to this infringing activity by providing guidelines and instructions for posting, and by actively encouraging full-text posting.” *NOTE: as of October 27, 2000, Free Republic intends to appeal this decision to the Ninth Circuit.*

<sup>34</sup> In all likelihood, of course, much of this creative energy would have been expended prior to and for the purpose of the Media Group’s application for an injunction. The same heads of action that would have been named in that application, as potential grounds for a lawsuit, would now be implemented.

<sup>35</sup> R.S.C. 1985, c. C-42, as amended, s. 5.

<sup>36</sup> **3. (1) Copyright in works.** -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...* [my emphasis] (*Copyright Act*, R.S.C. 1985, c C-42, s-s.3(1))

<sup>37</sup> R.S., c. C-42; R.S., c. 10 (1st Supp.), cc. 1, 41 (3rd Supp.), c. 10 (4th Supp.); 1988, c. 65; 1990, c. 37; 1992, c. 1; 1993, cc. 15, 23, 44; 1994, c. 47; 1995, c. 1.; available online at [http://www.parl.gc.ca/bills/government/C-32/C-32\\_3/C-32TOCE.html](http://www.parl.gc.ca/bills/government/C-32/C-32_3/C-32TOCE.html).

<sup>38</sup> Under this legislation, a copyright owner may choose to receive an amount ranging between \$500 and 20,000 for each work infringed. A minimum of \$200 per work is awarded for cases of “innocent infringers,” who had no reasonable grounds to believe their usage of the material infringed copyright.

- the possibility of implementing summary procedures rather than full court actions (that allow a plaintiff to deal with an infringer more cheaply and quickly than was possible before.).

Copyright arises in a work automatically, although it may also be registered with the Copyright Branch of the Canadian Intellectual Property Office.<sup>39</sup> Although copyright need not be registered, registration provides benefits such as a presumption of ownership to the registered party. This means that, in the event of a dispute over ownership, the evidentiary burden will fall on the non-registered party to prove the merits of its claim.

Whether or not the copyright is registered, it does exist. The copyright will belong to the creator of the work, the employer of that creator, or a party to whom copyright has been assigned.

**(i) Areas traditionally covered by copyright law**

The five types of works that are traditionally covered by the *Copyright Act* are:

- Literary works
- Dramatic works
- Musical works
- Artistic works
- Compilation (of any two or more of the above types of works)

The Media Group would be able to pursue an action for a number of the five protected categories of works. The various members of the Media Group doubtlessly would have licensed the use of these copyrighted works, or may even hold the copyright in these works themselves. On this basis, they could clearly pursue an action with respect to a ‘literary work’, regarding the material posted online from the newspaper articles or the copy written for the broadcasts. Original music is bound to have been incorporated into the television or radio news broadcasts, creating rights in the piece as a ‘musical work’. There would be photography and drawings on the television broadcast as well as in the newspapers, which amount to ‘artistic works’. Further, the entire news broadcasts or pages of newspapers could be characterised as ‘compilations’.

---

<sup>39</sup> This is a cheap and simple process, consisting of submitting a one-page form and paying a \$65.00 registration fee. This whole process may be completed online at CIPPO's website at [http://strategis.ic.gc.ca/sc\\_mrksv/cipo/cp/cp\\_main-e.html](http://strategis.ic.gc.ca/sc_mrksv/cipo/cp/cp_main-e.html).

## (ii) Rights of Broadcasters Under the Copyright Act

The radio and television stations would also be able to pursue a special claim for an infringement of copyright with respect to a ‘non traditional’ area of copyright law. Section 21<sup>40</sup> of the *Copyright Act* protects the actual “communication signals” themselves. This is a novel introduction into Canadian copyright law, because copyright protection has traditionally been extended to protect original creations. In this instance, however, it is not originality, but a party’s investment that is being protected.

Broadcasters do nothing original in transmitting or carrying a signal: it is their investment in distribution that would be protected.<sup>41</sup>

This section provides that:

(A) broadcaster has copyright in the communication signals that it broadcasts consisting of the sole right to do the following in relation to the communication signal or any substantial part thereof:

\* \* \*

(d) to authorize another broadcaster to retransmit it to the public simultaneously with its broadcast.

### **LOCAL RETRANSMISSION EXEMPTION**

The only concern for broadcasters with respect to this section, however, is Section 31(2)<sup>42</sup> of the *Copyright Act*. This section provides an exemption for the “retransmission of local signals”.

The section states:

- (2) Retransmission of local signals. – It is not an infringement of copyright to communicate to the public by telecommunication any literary, dramatic, or musical work if,
- (a) the communication is a retransmission of a local or distant signal;
  - (b) the retransmission is lawful under the Broadcasting Act;
  - (c) the signal is retransmitted simultaneously and in its entirety, except as otherwise required or permitted by or under the laws of Canada; and
  - (d) in the case of the retransmission of a distant signal, the retransmitter has paid any royalties, and complied with any terms and conditions, fixed under this Act.

This section of the *Copyright Act* was cited repeatedly by iCraveTV in its dispute with the entertainment and sports industries. The online service maintained throughout its short-lived

---

<sup>40</sup> *Copyright Act*, R.S.C. 1985, c C-42, S. 21.

<sup>41</sup> D. Vaver, *Intellectual Property Law* (Irwin Law, 1997) at 23.

<sup>42</sup> *Copyright Act*, R.S.C. 1985, c C-42, s-s 31(2).

period of operation, and to this day,<sup>43</sup> that this section provides an exemption for a service such as it that streams television signals online. iCraveTV maintained that it fell under this exemption as it incorporated “security measures”<sup>44</sup> into its system with the intention of preventing any users outside of Canada from accessing the service. As a result, iCraveTV asserted that it was merely retransmitting local signals.

*If WEWANTNEWS incorporated some form of security measures into its system allowing only Canadians to access the service, could this argument also be made on its behalf?* This question has not been addressed by a court, however, the Copyright Board discussed this matter and reasoned that this exemption *would not be to the benefit of WEWANTNEWS*, or iCraveTV for that matter.

During its deliberations over Tariff 22,<sup>45</sup> the Copyright Board surmised that such a service simply does not qualify as the retransmission of a “local signal”. It does not meet the definitions, stated specifically, in the Copyright Act.

This issue was not definitively addressed in the published decision, however a member of the Copyright Board explains this reasoning:

The fact that the definition of a “local signal” specifically refers to the service area of a “cable retransmission system” and a “terrestrial retransmission system” would indicate that where any system is used to take over-the-air signals and retransmit them over the Internet, there would not be a retransmission of a “local signal”. The question arises whether this means that Internet retransmissions are not covered by the retransmission regime, or whether in respect of Internet retransmissions, all signals would be deemed to be distant signals.<sup>46</sup>

## **DEEP LINKING**

The newspapers that are members of the Media Group have a ground upon which to sue that is specific to the Internet, and unavailable to the broadcasters. This arises out of **WEWANTNEWS’**

---

<sup>43</sup> This statement appears on <http://www.icravetv.com> as recently as November 7, 2000: “We continue to maintain, however, as we always have, that our activities were perfectly legal under Canadian law.”

<sup>44</sup> “iCraveTV’s supposed screening process requires a person who wishes to view the programming ‘streamed’ on the iCraveTV.com site simply to take a moment (1) to type in a Canadian area code ... and (2) to click on two buttons stating that the viewer is in Canada...” [ *Twentieth Century Fox Film Corp. v. iCraveTV* (W. D. Pa., No. 00121, *complaint filed* 20 January 2000) at para. 45.]

<sup>45</sup> SOCAN *Statement of Royalties 1996 to 1998 (Tariff 22), Re (1999)* <http://www.cb-cda.gc.ca/decisions/m27101999-b.pdf>.

practice of deep linking into the papers' websites. This practice has been litigated for various reasons in the past, and it is relatively clear at this time that doing so infringes copyright. This is not entirely clear, however, as most of the cases on this topic have settled out of court.

The case recognised as the very first to deal with this issue arose in England.<sup>47</sup> The defendants in that case had provided an Internet news service called "The Shetland News" that operated by deep linking into the plaintiff's, Shetland Times', website to display the articles contained therein. Shetland Times brought an action in copyright infringement. The court granted an interlocutory injunction in the case and it was never actually decided on its merits.

### **B) TRADEMARK INFRINGEMENT: 'PASSING OFF' V. TRADE-MARKS ACT**

Apart from the theft of copyrighted material, the Media Group's lawyer decides that **WEWANTNEWS** could also be sued for trademark infringement.

In Canada, both the common law and the Trade-Marks Act<sup>48</sup> govern this area of intellectual property. At common law, an owner of a trademark, whether or not it is registered with the Trade-Marks Office, may sue a party who uses its mark, in an action for 'passing off'.

Passing off aims primarily to prevent the disruption of economic relations by misrepresentation. So proof is required of

- a reputation or goodwill acquired by the plaintiff in its business name, mark, or other trading symbol;
- a misrepresentation by the defendant causing deception or confusion between the two enterprises;
- actual or likely damage to the plaintiff; and
- no reason of public policy to withhold a remedy.<sup>49</sup>

In order to proceed with an action under the *Trade-Marks Act*, by contrast, a plaintiff need only prove that the mark in question belongs to it as its registered trademark. In this way, the mark is treated more like an asset in itself, rather than in a passing off action, which seeks to protect against the interruption of economic interests rather than addressing the theft of the actual mark.

---

<sup>46</sup> J. Fraser Mann, "Some Copyright Issues Relating to Distribution of Works Over the Internet" (2<sup>nd</sup> Annual Western Symposium Netlaw 2000: The Canadian Institute Conference, Vancouver, B.C., 27 October 2000).

<sup>47</sup> *Shetland Times Ltd. v. Wills* (24 Oct. 1996) (Ed. Ct. Sess.).

<sup>48</sup> R.S.C. 1985, c. T-13.

<sup>49</sup> D. Vaver, *Intellectual Property Law* (Irwin Law, 1997) at 178; citing *Ciba-Geigy Canada Ltd. v. Apotex Inc.*, [1992] 3 S.C.R. 120; and *Erven Warnink BV v. J. Townend & Sons (Hull) Ltd.*, [1979] A.C. 731 at 748 (H.L.).

A comparison of the common law action as opposed to the statutory reveals notable differences between the two. Such differences include:

- (a) passing off requires a symbol to have gained a market reputation in order to qualify for protection, whereas a mark can be registered simply on the basis of its being used;
- (b) passing off will only protect a mark within the region of its reputation, whereas a registered trademark is usually protected Canada-wide, and moreover can form the basis for applications for such protection in foreign jurisdictions;
- (c) passing off has a high standard of proof; e.g. that the defendant:
  - (i) misrepresented its product, service, or business as connected with the plaintiff's;
  - (ii) caused consequential injury to the plaintiff with respect to its business relations, i.e. damage to the plaintiff's 'goodwill';
 whereas registration will protect a mark, with respect to the full range of goods or services for which it is registered, with or without proof of damage;<sup>50</sup>
- (d) passing off requires a plaintiff to prove the extent of its reputation for each new action, whereas protection for a registrant continues even if the mark is used little and not well known; and
- (e) passing off does not provide protection from one's mark being 'diluted' or tarnished, whereas registration protects a mark from any depreciation of its 'goodwill' whatsoever.

The passing off action, although limited, does provide a complement to an action brought under the *Trade-Marks Act*. As such an action is broader, it can sometimes be more easily adapted to new situations than its codified counterpart.<sup>51</sup>

---

<sup>50</sup> Furthermore, a registrant is also permitted to stop the use of different marks that are 'confusingly similar,' for different businesses.

<sup>51</sup> See D. Vaver, *Intellectual Property Law* (Irwin Law, 1997) at 178-9.

The Media Group's lawyer decides to proceed with both an action in passing off, and under the *Trade-Marks Act*. This is possible, because all of the marks at issue in this case are registered.

### **FRAMING**

The grounds for the action arise from the placement of the trademarked logos framed on the **WEWANTNEWS** Homepage. There are various grounds for claiming trademark infringement.

For example, the framing<sup>52</sup> of these trademarks by the **WEWANTNEWS** logo indicates some sort of affiliation between the online service and the trademark holders. This may also 'dilute' the trademarks, as they will appear to be associated with an online product that is different than their own. It is also possible that the service provided by **WEWANTNEWS** is substandard, and therefore may tarnish the 'goodwill' of the trademarks.<sup>53</sup> Finally, the Media Group's lawyer argues that the placement of these trademarks in such a proximity with the advertisements that frame them is causing the members of the Media Group to incur damages in that the revenue earned by the advertising next to their trademarks, should be paid directly to them.

### **DEEP LINKING**

Deep linking, already discussed above with respect to copyright, has also been the basis for suits in trademark infringement. For this reason, the Media Group's lawyer believes it would be a good basis for a suit with respect to the deep linking employed by **WEWANTNEWS** into the sites of the newspapers.

Her basis for believing this arises from a case that was brought by Ticketmaster against Microsoft in 1997.<sup>54</sup> In that case, Microsoft had deep linked into Ticketmaster's website such that users could purchase tickets described in Microsoft's Seattlesidewalk site. Ticketmaster

---

<sup>52</sup> e.g. *Washington Post Co. v. Total News Inc.*, No. 97 Civ. 1190 (S.D.N.Y., complaint filed Feb. 20, 1997, dismissed after settlement June 5, 1997); *National Football League v. iCraveTV* (W. D. Pa., No. 00120, complaint filed 20 January 2000); *Twentieth Century Fox Film Corp v. iCraveTV* (W. D. Pa., No. 00121, complaint filed 20 January 2000).

<sup>53</sup> e.g. in *iCraveTV*, one of the points of contention was the poor quality of the television picture provided by the service. It was argued that such a poor example of the broadcast content associated with the corresponding trademarks would detract from the accumulated goodwill of these.

Broadcasters mock Craig's claim that the Net, with its clunky streaming video, offers unaltered programming. 'If you thought [Denver Broncos quarterback] looked slow on TV last Monday, you should have seen him on the Net,' said NFL spokesman Brian McCarthy. 'Obviously this is not the quality that NFL fans expect.'

- C. Bicknell, "They Crave Suits v. IcraveTV" *Wired News* (16 December 1999).

<sup>54</sup> *Ticketmaster v. Microsoft Corp.*, No. 97-3055 D.D.P. (C.D. Cal. filed Apr. 28, 1997).

claimed that this deep linking without its permission diluted the value of its trademarks. The case settled on confidential terms, however, it is clear that Ticketmaster was effective at forcing Microsoft to remove the impugned hyperlink.

### **COMMON LAW HEADS OF ACTION**

Apart from the statutory bases of action, such as copyright and trademark infringement, the Media Group's lawyer also feels it would be prudent to sue based on the common law. There are many possibilities with respect to naming heads of such an action. A creative lawyer could find reasons to frame an action under any one of a number of causes. One has already been mentioned, the tort of 'passing off.'

Actions, under which the **WEWANTNEWS** situation could fit, are referred to collectively as "Intentional Interference with Economic Interest."<sup>55</sup> Such actions include:

- passing off (as already discussed)
- interference with contractual relations.

As the tort of 'passing off' has already been discussed, I will briefly address 'interference with contractual relations'.

#### ***Interference with contractual relations***

This tort occurs in the event that a contract exists between two parties, and a third party interferes with one of the parties' compliance with this contract. In order to show that this tort has arisen, a plaintiff must demonstrate:

- (i) that a valid and enforceable contract exists;
- (ii) that the defendant was or can be assumed to have been aware of this contract;
- (iii) that the defendant procured a breach of that contract;

---

<sup>55</sup> R. Solomon, B. Feldthusen, & R. Kostal, *Cases and Materials on the Law of Torts* 4<sup>th</sup> ed. (Toronto: Carswell, 1996) at 537.

(iv) that such a breach was effected by wrongful interference on the part of the defendant; and

(v) that the plaintiff suffered damages as a result thereof.<sup>56</sup>

This cause of action would likely qualify in this case, as the constituents of the Media Group are bound to have entered into licensing agreements with the owners of some of the material that has been appropriated by **WEWANTNEWS**. This could be a contract with SOCAN for a piece of music used in a news broadcast, or a straight license from an author to use her piece in a newspaper. In either event, the online service will have used these materials for a purpose for which they were not licensed.

## **OTHER TORTS**

### ***Intentional Interference with Chattels***

This vague tort arises in the event that one party ‘interferes’ with the property of another. The lawyer for the Media Group believes that the case at issue could fall under this tort due to the news service’s methods of siphoning from the websites of the newspapers.

She came to this conclusion, based on an American decision, involving two online auction websites.<sup>57</sup> In that case, the defendant was an ‘auction aggregation’ website designed to allow users to search for merchandise across many online auctions simultaneously. This was done via the use of ‘bots’ known as ‘web crawlers’. These ‘web crawlers’ searched other auction sites, including that of the plaintiff, for the best deal on particular items. This information was then passed on to the user, who requested such information.

When this matter was brought to trial, the court rejected all heads of action except for “trespass to chattels” and awarded an injunction. The court so found, because it determined that if many parties were to employ such a system of spidering the auctions’ websites, these sites would not be able to operate due to limited resources.

---

<sup>56</sup> See: *Posluns v. Toronto Stock Exchange* [1964] 2 O.R. 547, 46 D.L.R. (2d) 210 (H.C.)

<sup>57</sup> *eBay v. Bidder’s Edge, Inc.* No. C-99-21200 (N.D. Cal., May 24, 2000).

The Media Group's lawyer believes that she can argue that when **WEWANTNEWS** siphons material from the websites belonging to the newspapers, this is analogous to the situation in the auction site case.

### **Who should be named as a defendant?**

In this case, there appear to be two potential defendants. These would be **WEWANTNEWS** (and its principals; which for our purposes amount to the same thing) as well as the Internet Service Provider who 'hosts' the news service. The Media Group's lawyer would like to name both of these parties as defendants.

#### ***THE NEWS SERVICE ITSELF AND ITS PRINCIPAL(S)***

There appears to be no question that the news service itself as well as its principals could be named as defendants. This is the party or parties that are actually engaging in the practice that has brought rise to the litigation. This is clear.

#### ***INTERNET SERVICE PROVIDER***

Although it would be useful to name the Internet Service Provider ("ISP") in this action, the case law in this area clearly precludes this as a possibility, unless arguably it has actual knowledge of and control over the material made available through its server.<sup>58</sup> This is a result of case law that originated in cases involving suppliers of sound and music equipment, or of places to be used for a performance.<sup>59</sup> It has been consistently held in such cases that the supplier of equipment has every reason to believe that it will be used in a lawful manner.

This tenet has been clearly adopted with respect to the Internet. In particular the *Tariff 22* decision<sup>60</sup> by the Copyright Board has found that the supply by an ISP of the routers through

---

<sup>58</sup> See: *Religious Technology Center v. Dataweb B.V.* No. 96/1048 (Dist. Ct. of the Hague, Civil Law Sector, June 9, 1999).

Also see: *Religious Technology Center v. Netcom* 1907 F. Supp. (N.D. Cal. 1995) *This case actually dealt with an analogous situation regarding a bulletin board, rather than an ISP.*

This is also the defence being argued by Napster (supra) in its current court action regarding its 'peer-to-peer' music file trading software.

<sup>59</sup> *Vigneux v. Canadian Performing Rights Society* (1945), 4 C.P.R. 65 (P.C.); *Muzak Corp. v. Composers, Authors & Publishers Association of Canada Ltd.* (1953) 19 C.P.R. 1 S.C.C.; *CBS Inc. v. Ames Records & Tapes Ltd.* [1981] 2 All E.R. 812 (Ch.); *CBS Songs Ltd. v. Amstrad Consumer Electronics TLC* [1988] 2 All E.R. 484 (HL); *de Tavergne v. Beloeil (Town)* (1993), 50 C.P.R. (3d) 419 (F.C.T.D.).

<sup>60</sup> *SOCAN Statement of Royalties 1996 to 1998 (Tariff 22), Re (1999)* <http://www.cb-cda.gc.ca/decisions/m27101999-b.pdf>.

which information is transmitted, or the equipment or software by which users obtain access to the Internet, does not purport to grant to the person committing an infringement, a license or permission to do so. An intermediary must sanction, approve, or countenance more than the mere use of equipment that may be used for an infringement, and since an ISP is entitled to presume that its facilities will be used in accordance with the law, it should not be deemed to be authorizing an infringement. (As stated earlier, a decision by the Copyright Board is not binding on the courts, however, this reasoning is sound and consistent with traditional law, therefore there is every reason to believe it will be adopted by courts in future.)

Based on this knowledge, the Media Group's lawyer chooses to name only **WEWANTNEWS** as the defendant to the heads of action discussed above.

#### **4) NON-LEGAL MEANS OF PROTECTING MATERIAL ONLINE**

There are other, technological, means by which one may be able to protect one's intellectual property online, or at least become aware of infringers.

##### **A) INTELLECTUAL PROPERTY SEARCH ENGINES**

Most people, by now, are familiar with online search engines. These are services that will search the Internet for a user to find a website of particular interest. These services work by different means, but essentially achieve similar results. Essentially, a user inputs information, and based on this information the search engine supplies a list of websites that potentially correspond to the information.

Currently, there are search engines in development that will act as inexpensive Internet crawlers that will actively search for protected material online.<sup>61</sup> These software 'agents' log onto

---

<sup>61</sup> For example, see "Cyveillance" at <http://www.cyveillance.com>. This is how the service describes itself:

Cyveillance's powerful NetSapien Technology scours the Internet at high speeds to locate information that meets customer-focused e-Business criteria. NetSapien Technology doesn't just look for URLs or key words. Simply put, it searches like a human would, actually looking inside Web sites, pages and newsgroup postings to provide in-depth information about the intent, content and meaning of the (*sic.*) each site, page and posting.

NetSapien Technology identifies a variety of client-related content, including text, logos, graphics, music and video on sites that are potentially diverting eyeballs and revenue. It also drills down into the site to identify pertinent references in meta tags, links and hidden/visible text and other tactics used by rogue sites to leverage popular brands and products. (<http://www.cyveillance.com/technology/default.asp>)

innumerable websites and search each page for intellectual property. When such material is found, the owner is then notified.

The International Olympic Committee (the “IOC”) employed means similar to this.<sup>62</sup> The IOC retained three separate companies<sup>63</sup> to comb the Internet around the clock searching for infringements of its intellectual property rights, or those of its broadcasters, with respect to the Sydney Olympic Games. The results were remarkable. By the end of the third day of the Olympic Games, the surveillance companies had already put nearly 3, 800 websites under watch. 200 of these were placed on ‘top-level priority’ for potential infringement.

Through the use of such means, an intellectual property owner may, at least, become aware that its property is being made available. At that time, that party may choose to engage a lawyer and pursue the options discussed above.

## **B) DIGITAL RIGHTS MANAGEMENT**

This option would not have been available to the radio or television stations discussed above, because their material was put online by a third party. This means, however, could have assisted the newspapers who posted their own material online which was then appropriated.

This system is known as Digital Rights Management (DRM) Technology. There are various types of such systems.<sup>64</sup> One reliable brand of this software is called eMediator. This software is described as “wrapping” data in a protective layer that only allows certain access to them.<sup>65</sup> This system allows the owner of copyrighted material to post that material online, while limiting the usage that can be made of it. This could mean that an article can be read but not printed. It could mean that a song could be heard but not saved. Essentially, the possibilities for such protection are as limitless as one’s imagination.

---

<sup>62</sup> J. Borzo, “IOC’s Enforcers Race to Ensure Video Clips Stay Off the Internet” *Wall Street Journal* <http://interactive.wsj.com/articles/sb969403647625903508.htm>; also see: C. Brownlee, “Effective Management of Copyright in Cyberspace” (2<sup>nd</sup> Annual Western Symposium Netlaw 2000: The Canadian Institute Conference, Vancouver, B.C., 27 October 2000) at 13-14.

<sup>63</sup> Copyright Control Services <http://www.copyrightcontrol.com>; NetResult <http://www.netresult.com>; Datops <http://www.datops.com>

<sup>64</sup> For examples see MediaDNA at [www.mediadna.com](http://www.mediadna.com) and learn about their system known as eMediator; also see

<sup>65</sup> Civil libertarians have argued against the usage of such means of controlling data, as it could give holders of intellectual property greater control over material than allowed by law.

### **C) REPORTING SOFTWARE**

It is also possible to add a feature to files posted online that tracks the file such that the owner can know what use is being made of it. Again, this would not have helped the radio or television stations above, but would have assisted the newspapers. This ‘plug-in’ software<sup>66</sup> activates to give access to links on the Internet when an online computer uses a file that has it incorporated. Such a system can allow the file to report back to the owner of the material. (This also has the potential to allow owners of intellectual property to charge for its use each time it is used.)

### **5) CONCLUSION**

It should now be clear that intellectual property law is far from dead. As a matter of fact, the Internet has probably rejuvenated this area of law, in that so many innovative means of circumventing it have been and are being designed, that lawyers in this area are becoming increasingly creative in subsuming these under the law by expanding traditional heads of action. It should also be apparent, that it is up to owners of intellectual property to vigorously and relentlessly police their own materials. This can and should be done through both non-legal and legal means.

These are turbulent times for intellectual property law, and many battle scars have been affected upon it, but this regime is far from conquered. If anything, this body of law is continuing to grow in size and strength as a result of the ‘Digital Age’.

---

<sup>66</sup> e.g. see Audio Track at [www.audiotrack.com](http://www.audiotrack.com).