Derivative Works in Canadian Copyright law

William J. Braithwaite

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DERIVATIVE WORKS IN CANADIAN COPYRIGHT LAW

By WILLIAM J. BRAITHWAITE*

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* Associate Professor of Law at Osgoode Hall Law School.

The author wishes to thank Mr. William Hayhurst, Q.C. and Mr. Barry Torno of the Ontario Bar and Professor Philip Anisman of Osgoode Hall Law School for their helpful suggestions respecting an earlier draft of this paper.
Jacques writes a novel in French. James translates it into English. Jim writes a play based on James's translation. Jimmy makes the play into a movie. Mel records the movie on a videocassette without the permission of Jacques, James, Jim or Jimmy. Advise Mel concerning his potential copyright liability.

I. INTRODUCTION

No one, other than a student writing an examination in a course on the law of copyright, is likely to receive such a request for advice. But the problem itself is not as important as the process it illustrates, that is, the contribution of further creative effort to an existing intellectual product to produce a new and different intellectual product. This new creation is known in copyright law as a "derivative work".

Canadian copyright law does not employ the designation "derivative work". The term is not used in the Canadian Copyright Act, nor is it referred to by Dr. Fox, in his treatise, The Canadian Law of Copyright. Nonetheless, translations, musical arrangements, dramatizations, fictionalizations, motion picture versions, sound recordings, engravings, photographs, abridgements and condensations—all examples of derivative works—are directly or indirectly dealt with in the Canadian Act. But no attempt has yet been made to examine the various kinds of derivative works under any single heading even though many of the underlying conceptual issues and policy questions are common to such works. This article seeks to survey the full range of traditional derivative works, to critically examine the present Canadian law of copyright pertaining to them and, in view of the impending revision of the Canadian Act, to make specific proposals for legislative reform.

Copyright rewards creativity by granting the creator of an original work the exclusive right to exploit, in a number of specific fashions, the product of his labour. Various theories have been offered to explain why copyright law has developed, ranging from recognition by statute of a natural property right, or the implementation of a social contract between the state and

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1 Compare the Copyright Act of 1976 17 U.S.C., § 101:
A "derivative work" is a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations or other modifications which, as a whole, represent an original work of authorship, is a "derivative work".

2 R.S.C. 1970, c. C-30, formerly cited as the Copyright Act, 1921, [hereinafter Canadian Act].


4 "Copyright Act to be revised," The Globe & Mail (Toronto), July 17, 1981 at B-2, col. 5. "André Ouellet, Minister of Consumer and Corporate Affairs, and Frances Fox, Communications Minister, have instructed their departmental officials to prepare legislative proposals to revise Canada's copyright act within the next 12 months."

5 Roberts, Canadian Copyright: Natural Property or Mere Monopoly (1979), 40 C.P.R. (2d) 33 and Keyes and Brunet, A Rejoinder to "Canadian Copyright: Natural Property or Mere Monopoly" (1979), 40 C.P.R. (2d) 54.
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creator,⁶ to a legislative endorsement of a practice of ‘fair play’ for creators;⁷ but all the theories fuse into a common objective—to reward the creator. In implementing that goal, any copyright statute, regardless of the theoretical basis of the legislation, must balance the interests of the creator in controlling his creation against the rival interests of the public in having greater access to the creation. The Canadian Act does so by granting a monopoly, but one limited both in scope and duration, as will be discussed in later paragraphs.

A wide range of creative efforts are protected by the Canadian Act. Not only are the traditional skills—those of the author, the artist, the playwright and the composer—rewarded by the grant of copyright but so also are those of the photographer, the film-maker and the sound recorder. Copyright law does not, however, attempt to assess the aesthetic quality or artistic merit of a work, not, at least, in determining whether copyright subsists in it.⁸ So an accountant’s tax tables⁹ are as likely to be protected as the poet’s verse.

A derivative work, by definition, involves a second tier of creative effort superimposed upon that of the underlying author. Derivative works can be produced in essentially any one of three situations: first, where the underlying work is in the public domain, that is, the underlying work is not or no longer is, the subject of copyright; second, where there is copyright in the underlying work and the owner of the copyright produces the derivative work; and third, where the derivative work is produced by someone else, with or without the permission of the owner of the copyright in the underlying work. As will be demonstrated, different issues and problems arise, depending upon which of these distinct situations is involved. But the core question to which all of the specific issues ultimately return is: how should Canadian copyright law effect its object of rewarding creativity where there are multiple creative efforts involved in a single work? Much of the difficulty associated with derivative works lies in attempting to reconcile and resolve the respective rights and interests of the owner of the copyright in the underlying work with those of the creator of the derivative work.

II. COPYRIGHT IN A DERIVATIVE WORK

The Canadian Act does not distinguish between derivative works and underlying works. This is in sharp contrast to the Berne Conven-

⁶ Copyright in the United States is a matter of social contract, according to which the state grants a monopoly to authors in order to persuade them to make their works available. The Constitution of the United States of America, art. 1, s. 8, cl. 8 provides that:

“[T]he congress shall have power...to promote the progress of a science and useful arts, by securing for limited times to authors...to exclusive right to their respective writings.”

⁷ See Report of the Committee to consider the Law on Copyright and Designs (Cmnd. 6732, 1977) at 221, para. 872-74 [hereinafter the Whitford Report in acknowledgement of the chairmanship of the Honourable Mr. Justice Whitford].


which expressly provides for the grant of copyright in certain derivative works:

Article 2(2) Translations, adaptations, arrangements of music and other reproductions in an altered form of a literary or artistic work, as well as collections of different works, shall be protected as original works without prejudice to the rights of the author of the original work.

The Convention, the text of which is annexed to the Canadian Act as the Third Schedule, does not, however, form part of Canadian copyright law and no provision conforming to article 2 has been included in the copyright statute.

In Canada, a derivative work is granted copyright if it is a "literary, dramatic, musical or artistic work", and if it qualifies as "original". With respect to the first requirement, the terms "literary", "dramatic", "musical" and "artistic" work are all defined, or at least partially so, in the Canadian Act and in many instances expressly include within their definitions various

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10 The International Union for the Protection of Literary and Artistic Works was established by the Berne Convention for the Protection of Literary and Artistic Works (1886), 77 British and Foreign State Papers 22, as reproduced in (1886-1887), 168 C.T.S. 185 (French text). See also, (1887), 91 Parl. Papers 297 (C. 5167) (English text). Great Britain, and thereby Canada, adhered to the Berne Convention of 1886. The Berne Convention was revised at Paris in 1896 and Berlin in 1908. The Imperial Copyright Act, 1911, 1-2 Geo. 5, c. 46, upon which the Canadian Act is modelled, (The latter appears "[o]n a hasty reading", according to Dr. Fox, "as a topsy-turvy imitation of the imperial Act,..... but a close examination will disclose some startling discrepancies and additions." See Fox, Some Points of Interest in the Law of Copyright (1945-46), 6 U.T.L.J. 100 at 138.) was enacted to conform to the Berlin Convention of 1908. The Berne Convention was further revised at Rome in 1928, infra note 45. Canada adhered to the Rome Revision and as a result the Canadian Act was amended to accord with that Convention by The Copyright Amendment Act, 1931, S.C. 21 & 22 Geo. 5, c. 8, s. 12. Canada has not adhered to the substantive provisions of any further revisions of the Berne Convention [Brussels (1948), Stockholm (1967) and Paris (1971)]. One of the matters to be considered in discussing copyright reform is Canada's future adherence to international conventions. For the purposes of this paper however, it is assumed that Canada will remain a signatory to the Rome Revision and will not sign any of the later revisions of the Berne Convention. See Torno, International Considerations of Copyright Law Revision in Canada: International Obligations (Copyright Revision Studies, Research and International Affairs Branch, Bureau of Corporate Affairs, Consumer and Corporate Affairs Canada, forthcoming). Unless otherwise indicated all references throughout this paper to the Berne Convention are to the Rome Text. Canada has adhered to the Universal Copyright Convention (1952, Geneva Text) since Aug 10, 1962. Can. T.S. No. 13, 6 UST 2731, TIAS 3324, 216 UNTS 132.

11 De Montigny v. Cousineau, [1950] S.C.R. 297 at 310, 10 Fox Pat. C. 161 at 172, 12 C.P.R. 45 at 57. Resort may be had to the Convention, however, to resolve an ambiguity in the construction of the Canadian Act. For example, see Ludlow Music Inc. v. Canint Music Corp., [1967], 2 Ex. C.R. 109 at 114-15, 65 D.L.R. (2d) 200 at 206, 51 C.P.R. 278 at 286-87.

12 "Members of the Union are obligated to protect the works enumerated in the second paragraph of art. 2 the same as the 'literary and artistic works' enumerated in its first paragraph. This is explicitly stipulated in the third paragraph, which contains the pledge of all countries of the Union to secure protection for 'the works mentioned above.'" Ladas, 1 The International Protection of Literary and Artistic Property (New York: MacMillan, 1938) at 242.
derivative works. Photographs and engravings, for example, are found in the definition of "artistic work".\(^{13}\) Cinematographic films, which can also be derivative works, are protected under a bifurcated system either as "dramatic works" or "artistic works".\(^{14}\) Sound recordings, also possible derivative works, are protected by a special grant of copyright "in like manner as if such contrivances were musical, literary, or dramatic works."\(^{15}\) All of the derivative works mentioned earlier that are not expressly dealt with in the statute will nonetheless qualify as one of the four types of work. A translation of a novel, for instance, is just as much a literary work as the novel upon which it is based even though the Canadian Act is silent on the matter.\(^{16}\)

The statutory requirement of "originality" raises a problem peculiar to all derivative works—their dependency upon the underlying work. One queries whether a work based on an earlier work can at the same time be original. In University of London Press Ltd. v. University Tutorial Press Ltd. Peterson J. considered the meaning of "original" in the context of the Imperial Copyright Act, 1911:\(^{17}\)

> The word "original" does not in this connection mean that the work must be the expression of original or inventive thought.... [T]he Act does not require that the expression must be in an original or novel form, but that the work must not be copied from another work—that it should originate from the author.\(^{18}\) (emphasis added)

While this passage may accurately describe the test of originality under Canadian copyright law,\(^{19}\) it does not indicate how the test is to be applied in the context of derivative works since all such works are, to a degree, "copied from another work." Later cases make it clear, however, that the prohibition against copying is not an absolute one. Rather, originality is to be measured in relative terms looking to the author's independent input into the existing work. If a sufficient amount of time, effort, judgment and skill

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\(^{13}\) Canadian Act, s. 2 "artistic work."

\(^{14}\) Canadian Act, s. 2 "dramatic work" and s. 3(1) (e).

\(^{15}\) Canadian Act, s. 4(3).

\(^{16}\) On literary works generally, see University of London Press Limited, supra note 8 at 608 (Ch.), 111 (L.J.Ch.), 302-303 L.T. ("the words 'literary work' cover work which is expressed in print or writing, irrespective of the question whether the quality or style is high"). Cf. text accompanying note 8. See also Bulman Group Ltd. v. Alpha One-Write Systems B.C. (1981), 36 N.R. 192, 54 C.P.R. (2d) 179 (Fed. C.A.). The Canadian Act, s. 2, defines "literary work" to include original productions such as "maps, charts, plans, tables and compilations". (emphasis added)

\(^{17}\) 1 & 2 Geo. 5, c. 46 (U.K.), rep. by Copyright Act, 1956, 4 & 5 Eliz., c. 74 (U.K.). The Canadian Act, on the other hand, remains substantially as it was when first enacted and thus is strikingly similar to the Copyright Act, 1911.

\(^{18}\) supra note 8.

is exerted by the author the work will be original and entitled to copyright, although "a mere copyist has no right to obtain a copyright in his work." It is through the concept of originality that copyright law assesses whether sufficient creative effort is involved in order to warrant the grant of a monopoly.

The application of this test of originality to derivative works varies with the nature of the work. For some derivative works it will be a question of degree whether their production involved sufficient time, skill and energy, whereas with other derivative works the effort involved in transferring the underlying work to a different medium will, by definition, satisfy the statutory criterion of originality.

As an illustration of the first type of derivative work consider a new arrangement or adaptation of an existing musical composition. Precisely "[w]hat degree of originality is required to give rise to a separate copyright in an arrangement or adaptation of a song," was the question before Goff J. in Redwood Music Ltd. v. Chappell & Co. After reviewing the expert evidence that had been led at trial Goff J. concluded:

It is perfectly plain that every musical arranger has a number of weapons in his armoury which he may use, depending upon the purpose for which the arrangement is required—ranging from simple arrangements for straight dance bands or for some singers, to more sophisticated or original arrangements for more sub-


22 Compare L.B. (Plastics) Ltd. v. Swish Products Ltd., [1979] R.P.C. 551 at 568 per Whitford J. (Whether a work is original "must depend on whether sufficient skill or labour or talent has gone into it to merit protection under the Act. It is always a question of degree.").

23 A "musical work" according to s. 2 of the Canadian Act "means any combination of melody and harmony, or either of them printed, reduced to writing, or otherwise graphically produced or reproduced." On the copyright status of a song see ATV Music Publishing of Canada Ltd. v. Rogers Radio Broadcasting Ltd. (1982), 35 O.R. (2d) 417 (H. Ct.).


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stantial orchestras or for groups; but in nearly every case a musical arranger will
so decorate, develop, transfer to a different medium, or otherwise change the
simple music of a popular song as to make his arrangement fall within the
description of an original musical work and so be capable of attracting an inde-
\[\text{pendent copyright.}^{26}\]

An abridgement of an existing literary work will similarly have to be
assessed on a case by case basis. As stated by Lord Atkinson in \textit{MacMillan
and Co. v. Cooper:}

\[\text{The precise amount of the knowledge, labour, judgment or literary skill or taste
which the author of any book or other compilation must bestow upon its
composition in order to acquire copyright in it within the meaning of the \textit{Copyright
Act} of 1911 cannot be defined in precise terms. In every case it must depend
largely on the special facts of that case, and must in each case be very much a
question of degree.}^{27}\]

Conversely, translations of literary works from one language to another
are always considered to be the product of sufficient time, effort and skill.
Indeed, there is no need to inquire into the amount of effort involved in a
particular translation; it is accepted as a proposition of law that a translation
is an original literary work.\[28\]

Engravings\[29\] are treated in like fashion, since "[t]he engraver, although
a copyist, produces the resemblance by means very different from those em-
ployed by the painter or draftsman from whom he copies;—means, which
require great labour and talent."\[30\] This creative process, involving as it does
the engraver's talent and labour, satisfies the "originality" requirement in the
Canadian Act. Even where the engraver has merely traced the pattern of an
existing drawing he still creates an original work independent of the under-
lying artistic work. But if the engraver should copy the dimensions of another
engraving in producing his engraving, arguably the requisite original labour
and talent is lacking and the second engraving will not be protected as an
artistic work.

\[\text{Redwood Music Ltd., supra note 24, at 119. The "author" of a work is generally
the first owner of copyright in it (Canadian Act. s. 12), however, the term author
is not defined in the Canadian Act. In the context of derivative works, it is submitted
that the author is the person whose original contribution to the derivative work meets
the statutory criterion of originality; Pollock v. J.C. Williamson Ltd., [1923] V.L.R. 225,
29 Argus L.R. 133, 44 A.L.T. 161 (Vic. S. Ct.).}

Zamacois v. Douville, [1943] 2 D.L.R. 257, 3 Fox Pat. C. 44, 2 C.P.R. 270 (Ex. Ct.).}
See also \textit{Pollock, supra} note 26.

\[\text{Canadian Act, s. 2 "artistic work" and "engraving".}

\[\text{Newton v. Cowie (1827), 130 E.R. 759 at 763, 4 Bing. 234 at 245, 12 Moore,
C.P. 457 (Common Pleas). See also \textit{Martin v. Polyplas Manufacturers Ltd., [1969]
N.Z.L.R. 1046 (S. Ct.).} \]
A photograph—an artistic work in its own right—of another artistic work, such as a painting or a statue, is also a derivative work. But whether the photograph is, in addition, an original artistic work can only be determined by asking what creative effort or skill the law is seeking to protect. If it is the selection of the subject matter, the lighting and the angle of the shot that is meant to be rewarded, then a second photographer following in the footsteps of the first would not receive copyright in his photograph. But, if the effort being rewarded is simply the technical process of producing the photograph then the second photograph could still be an original work. The fact that the Canadian Act deems the owner of the negative, rather than the person who takes the photograph, to be the author of the artistic work suggests that the statute is protecting primarily the technical skill associated with photography rather than the artistic endeavor. It is likely, therefore, that all photographs will be protected as original works save perhaps a photograph replicating an existing photograph. Just as with engravings, it seems that the effort and skill involved in transferring the underlying work into the new medium will satisfy the statutory originality requirement.

Two final derivative works warrant mention; the motion picture adaptation of a literary, dramatic or musical work and the sound recording of a musical work. A cinematographic film is a dramatic work within the meaning of the Canadian Act “where the arrangement or acting form or the combination of incidents represented give the work an original character;” that is, the film itself is a dramatic work independent of the copyright, if any, in the material filmed. Where this “original character” is lacking, the cinematographic production is still protected under subsection 3(1)(e) as a series of photographs.

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31 "Artistic work" includes works of painting, drawing, sculpture and artistic craftsmanship, and architectural works of art and engravings and photographs. Canadian Act, s. 2. See also s. 2 "photograph". The person who was the owner of the negative at the time the negative was made is deemed, by s. 9, to be the author of the photograph. Cf. note 26.

32 "All photographs are copies of some object such as a painting or a statue." Graves’ Case (1869), L.R. 4 Q.B. 715 at 723, 39 L.J.Q.B. 31 at 35, 10 B. & S. 608, per Blackburn J. But only when that object is itself a “work” will the photograph be a derivative work.

33 Supra note 31. While it may not be relevant to the question of copyright in a photograph whether the photographer personally arranged the subject matter, that factor will be important in determining the nature of protection granted to the photograph and whether a subsequent work infringes its copyright. Bauman v. Fussell, [1978] R.P.C. 485 (C.A.) (decision in 1953 held that derivative painting did not infringe copyright in photograph).

34 Canadian Act, s. 2, “dramatic work”. See Roy Export Co. Establishment v. Gauthier (1973), 10 C.P.R. (2d) 11 (Fed. Ct.), where a cinematographic film was protected as a dramatic work. See also Warner Bros.-Seven Arts Inc. v. CESM Ltd. (1971), 65 C.P.R. 215 (Ex. Ct.).

35 Canadian Admiral Corp., supra note 19 at 401 (Ex. C.R.), 131-32 (Fox Pat. C.), 93-94 (C.P.R.). The position was the same under the Copyright Act, 1911, 1-2 Geo. 5, c. 46, s. 35 (U.K.); See Nordisk Film Co. Ltd. v. Onda, [1922] Macg. Cop. Cas. 337. Unfortunately the Canadian Act, as am. by S.C. 21 & 22 Geo. 5, c. 8, contains a pro-
Under subsection 4(3) of the Canadian Act sound recordings, or mechanical contrivances by which sounds can be reproduced, attract their own copyright, independent of the copyright in the compositions recorded, "in like manner as if such contrivances were musical, literary or dramatic works." The Act does not place any express limitation on the kinds of recordings that may receive protection. Arguably, however, the expression "in like manner" refers not only to the scope of protection provided for literary, dramatic or musical works but also to the conditions precedent for protection of such works, hence there is an implicit statutory criterion of originality for mechanical contrivances. But again, in order to determine what will satisfy the originality requirement for this particular derivative work one must first ascertain which creative effort the statute seeks to reward through the grant of copyright.

Skill, both of a technical and of a musical kind is needed for the making of such a record. The arrangement of the recording instruments in the building where the record is to be made, the building itself, the timing to fit the record, the production of the artistic effect, and, perhaps above all, the person who plays the instruments, not forgetting the conductor, combine together to make an artistic record, which is very far from the mere production of a piece of music.

If it is the collective contributions of the various individuals mentioned in this description that are to be protected by the grant of copyright in a sound

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6 As a result of Bill S-9, An Act to Amend the Canadian Copyright Act, R.S.C. 1970, c. 4 (2nd Supp.), s. 1, the copyright in a mechanical contrivance is limited to an exclusive right of reproducing the contrivance or any substantial part thereof in any material form. Section 4(4) (new) now makes it clear that copyright in respect of a mechanical contrivance does not include a public performance right. See generally Alleyne, The Phonographic Industry Deprived of Its Performing Right in Canada (1972), 6 C.P.R. (2d) 258 and Keon, A Performing Right for Sound Recordings: An Analysis (Ottawa: Minister of Supply and Services Canada, 1980).

36 Gramophone Co. Ltd. v. Stephen Carwardine and Co., [1934] Ch. 450 at 455, 103 L.J. Ch. 248 at 249, 150 L.T. 396 at 399, per Maugham J.
recording, then a recording of an earlier recording would be a mere copy and thus lack originality. But any independently produced recording of an existing work should be treated as an original work regardless of whether the work recorded has fallen into the public domain. Canadian case law does not, however, serve to bulwark this conclusion.

There is *obiter dictum* in the recent judgment of the Supreme Court of Canada in *Compo Co. v. Blue Crest Music Inc.* which suggests that copyright subsists in a mechanical contrivance only where the composition recorded is currently protected. Estey J. writing for the Court states: “Thus, subs. (3) [of section 4] brings into being another copyright, that is in the record itself, where a musical work in which copyright subsists under section 3 is recorded.” This qualification of the scope of subsection 4(3) did not bear on the appeal in question. Nor does there appear to be any basis in the statute or case law for so restricting the copyright in records. Moreover, since copyright in a mechanical contrivance seems to be granted in order to prevent the appropriation of the collective labour of the producer of the contrivance, and not to reward the intellectual activity of the author of the recorded work, it follows that the existence of copyright in a mechanical contrivance should not be dependent upon the copyright status of the underlying work. For these reasons it is suggested that this *dictum* should be treated *per incuriam.*

This survey demonstrates that the present approach to derivative works accords with the fundamental proposition that copyright law rewards creative effort without assessing the quality or merit of the particular creation. In general, where a derivative work has been produced in the same medium as the underlying work, such as a musical arrangement or a literary abridgement, it will be a question of degree whether sufficient time, energy, and skill have brought into existence an original work. With a derivative work produced in a different medium, such as a foreign translation, or a two-dimensional reproduction of a three-dimensional artistic work, the effort involved in transferring will, in itself, constitute sufficient independent contribution to produce such an original work. Those “technological” works which are specifically dealt with in the statute, such as photographs, sound recordings or films, would fall into this latter category.

The case by case approach to originality reflects a sensible balancing of the interests of the derivative creator and the general public. The imposition

39 *Id.* at 361* (S.C.R.), 251* (D.L.R.), 3* (C.P.R.). A contrary view of the equivalent provision in the *Copyright Act, 1911, 1 & 2 Geo. 5, c. 46, s. 3 (U.K.), 19(1)* was adopted in *Gramophone, supra* note 37, at 457 (Ch.), 250 (L.J. Ch.), 399 (L.T.) *per* Maugham J.: "The copyright conferred by s. 19 is not confined to cases where there subsists a copyright in the original work at the time when the record was made, and I do not think there is anything in the rest of the section which would lead to that restricted view." Also, see *Fox, supra* note 3 at 190 “A work that is in the public domain may become the subject of this special copyright.”
40 Note that the person who was the owner of the original plate from which the mechanical contrivance was derived is deemed, pursuant to s. 10, to be the “author” of the contrivance. *Cf.* note 26.
of more precise standards, given the considerable amount of case law on the question may simply result in undue influence being given to one of these interests in a particular fact situation. Certainty must here be sacrificed for a needed degree of flexibility. And for this reason, with the exception of the suggestion concerning Compo Co., no recommendation to change the law in this regard is believed necessary.41

III. INFRINGEMENT OF COPYRIGHT BY THE DERIVATIVE WORK

Once it is accepted that a derivative work can be an original, protected work, it becomes necessary to determine the legal relationship between it and the underlying work. More precisely, can the act of producing a derivative work infringe the copyright in the underlying work; and if so, does the fact of infringement affect the copyright status of the derivative work?

The exclusive rights of the copyright owner are set out in subsection 3(1) where copyright is defined as "the sole right to produce or reproduce the work or any substantial part thereof in any material form whatever, to perform . . . the work or any substantial part thereof in public; [or] if the work is unpublished, to publish the work or any substantial part thereof." Subsection 3(1) of the statute elaborates upon this express grant by providing the copyright owner with the sole right to produce derivative works, specifying translations, dramatizations, novelizations, phonograph records and cinematographic films.43 Whenever one of the specified derivative works

41 Compare Keyes and Brunet, Copyright in Canada: Proposals for a Revision of the Law, (Ottawa: Minister of Supply and Services Canada, 1977) [Hereinafter Keyes and Brunet] at 43: "[S]ince a specific definition of "original" in any new Act might lead to interpretative difficulties in view of existing voluminous case law, no recommendation is made."

42 This paper examines only those rights concerned with the making of physical objects, which means primarily the reproduction right. There is no discussion of the public performance right. Also, any discussion of the moral rights of the author has been omitted. It should be noted however, that the Canadian Act does grant the author, independently of the copyright in his work, an integrity right. See s. 12(7) (the right "to restrain any distortion, mutilation or other modification of [his] work that would be prejudicial to his honour or reputation"). Generally see, Colas, Le Droit Moral de L'Artiste sur son Oeuvre (1981), 59 Can. B. Rev. 521. Cf. s. 26(2).

43 For purposes of this Act, . . . [copyright] includes the sole right (a) to produce, reproduce, perform or publish any translation of the work; (b) in the case of a dramatic work, to convert it into a novel or other nondramatic work; (c) in the case of a novel or other nondramatic work, or of an artistic work, to convert it into a dramatic work, by way of performance in public or otherwise; (d) in the case of a literary, dramatic, or musical work, to make any record, perforated roll, cinematograph film, or other contrivance by means of which the work may be mechanically performed or delivered; (e) in the case of any literary, dramatic, musical or artistic work, to reproduce, adapt and publicly present work by cinematograph, if the author has given such work an original character; but if such original character is absent the cinematographic production shall be protected as a photograph;

... and to authorize any such acts as aforesaid.
is produced without the consent of the owner of the underlying copyright, that act is deemed to be an infringement pursuant to subsection 17(1) and the copyright owner may initiate proceedings to enforce his rights.

A number of the derivative works discussed earlier are not expressly mentioned in section 3. The Canadian Act does not, for example, give the owner of the copyright in a musical work the exclusive right to make new arrangements of his composition. Other copyright statutes, such as the United Kingdom Copyright Act of 1956, grant the owner of copyright in a literary, dramatic or musical work an "adaptation" right that is defined to include, in the case of a musical work, the right to arrange or transcribe any adaptation of the work. This provision accords with the Rome Revision of the Berne Convention which, in article 12, expressly provides that adaptations and musical arrangements may be unlawful reproductions:

The following shall be specially included among the unlawful reproductions to which the present Convention applies: Unauthorized indirect appropriations of a literary or artistic work, such as adaptations, musical arrangements, transformations of a novel, tale, or piece of poetry, into a dramatic piece and vice versa, etc., when they are only the reproduction of that work, in the same form or in another form, without essential alterations, additions, or abridgements and do not present the character of a new original work.

The substance of article 12 has been partially incorporated in the Canadian Act. In the case of a right of dramatization, for instance, the combined effect of subsection 3(1)(b) and subsection 17(1) renders an unauthorized dramatization an act of infringement. But in Canada the owner of copyright in a musical work will be able to claim the exclusive right to produce an adaptation or arrangement based on his original composition only where the later work reproduces the original musical work or any substantial part of it in a material form; that is, if the production of the arrangement or adaptation is caught by the introductory part of subsection 3(1). A conclusion of this nature was reached in Austin v. Columbia Graphophone Company Ltd.

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44 Copyright Act, 1956, 4 & 5 Eliz., c. 74, s. 2(5), (6) (U.K.).
46 The Rome Revision of the Berne Convention does not contain a provision prohibiting the reproduction of works protected by copyright. Not until the Stockholm Revision (1967), art. 9, were authors of literary or artistic works stipulated to have the exclusive right of authorizing reproduction in any manner or form. Nevertheless it seems clear that the term "unlawful reproduction" in art. 12 of the Rome Revision of the Berne Convention contemplates an infringing reproduction, that is, a reproduction without consent. The reason why art. 12 adopted the approach of deeming certain derivative works unlawful reproductions, rather than granting the underlying copyright owner an exclusive right to produce those derivative works, as the Canadian Act does, is offered in Briggs, The Law of International Copyright (London: Stevens & Haynes, 1906) at 389-90: "The fact, however, that at first sight the works in question present the appearance of new and original works gives them at least a prima facie independence, and because of this prima facie independence they are more effectually prohibited by an express designation of them as infringements than by an express extension of the rights in the original work, involving merely by implication that they are to be treated as illegal."

Derivative Works

a case decided under the Imperial Copyright Act, 1911. There, Astbury J. found that the defendants had infringed the copyright in the plaintiff’s musical work by composing an orchestral score and band parts in which substantial parts of the plaintiff’s work had been reproduced. Infringement, in the case of a musical arrangement, is not merely a question of note by note comparison. As with all other works, in determining whether there has been “substantial reproduction”, the courts assess those portions of the underlying work that have been reproduced by the defendant in qualitative as well as quantitative terms.

Similarly, although the Canadian Act does not expressly provide the owner of the copyright in an artistic work with a general right to produce derivative works based on it, the language in subsection 3(1)—“to reproduce the work or any substantial part thereof in any material form whatever”—is wide enough to encompass such a right. In King Features Syndicate Inc. v. O.M. Kleemann Ltd., for example, the House of Lords held that the copyright in the cartoon strip “Popeye the Sailor” was infringed by the manufacture and sale of objects in three dimensions—in that case, brooches, charms and plastic dolls. The conclusion that a three-dimensional object can substantially reproduce a two-dimensional work means that, in effect, the owner of the copyright in an artistic work will have the exclusive right to make certain derivative works in different media based on his work.

It would be useful in a revision of Canadian copyright law to expressly provide the copyright owner with the exclusive right to exploit the work in the manner just discussed. It is difficult to understand why, for example,

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49 See Ladbroke (Football) Ltd., supra note 20; Ravenscroft v. Herbert, [1980] R.P.C. 193 (Ch. D.). A similar inquiry will be made in cases where the Canadian Act expressly grants the owner of the copyright in the underlying work the right to produce a derivative work. For example, in the case of a dramatization of a novel, not every dramatization produced without consent will infringe the underlying copyright. That is, even though the dramatization may, in a broad sense be described as based on the original novel, if the derivative work lacks substantial similarity to the underlying work it will not infringe the copyright in the novel. See Kelly v. Cinema Houses Ltd., [1932] Macg. Cop. Cas. 362.

50 Although the phrase “substantial part” contained in the introductory paragraph to s. 3(1) is not duplicated later in the subsections of s. 3(1)—that enumerate the specific rights of a copyright owner, it is to be implied—in all of the provisions granting rights in relation to the work; see Corelli v. Gray (1913), 30 T.L.R. 116 (C.A.), discussing the equivalent provision of the Imperial Copyright Act, 1911, 1-2 Geo. 5, c. 46.

51 [1941] A.C. 417, [1941] 2 All E.R. 403, 110 L.J. Ch. 128. See also King Features Syndicate Inc. v. Lechter, [1950] Ex. C.R. 297, 10 Fox Pat. C. 144, 12 C.P.R. 60. It is implicit in the Canadian Act that a two-dimensional reproduction can infringe the copyright in a three dimensional work since s. 17(2), the general exemption subsection, provides at subsection (c) that in certain circumstances the making of drawings or photographs of a work of sculpture or architectural work of art “do[es] not constitute an act of infringement of copyright.”
the owner of the copyright in a novel is granted a right of dramatization whereas the owner of copyright in a musical composition is not granted an adaptation right. Both rights are contemplated under the Berne Convention. Decisions such as *Austin v. Columbia Graphophone Ltd.* illustrate that the present law may nevertheless provide the copyright owner with an equivalent right by means of the vehicle of substantial reproduction. In order to conform to article 12, and in the interest of certainty, however, the future Canadian statute should expressly include an exclusive adaptation right.62 And as far as artistic works are concerned, Keyes and Brunet have recommended that the new copyright act expressly grant the right to reproduce a two-dimensional work in three dimensions and vice versa.53 Such an approach would simply codify the present common law position. Furthermore, it would be consistent with the general philosophy of Canadian copyright law which takes an expansive view of the scope of the creator's monopoly.

What then are the implications of rewarding creative effort by the grant of such a wide range of rights of exploitation? First, to do so calls into question a principle often cited as the cornerstone of the law of copyright: "that there can be no copyright in an idea or concept";64 copyright protects only the form in which the idea or concept is expressed. Yet many derivative works by their very nature take on a different shape or form from that of the underlying work. Therefore, if a copyright owner is given the exclusive right to produce derivative works based on his underlying work, something other than simply the form or expression of his creative efforts is being protected. The treatment of derivative works and copyright infringement clearly illustrates that the principle is not nearly as sacrosanct as the quoted maxim would suggest.65

Second, as a practical matter, the author of a derivative work will have to secure the consent of the underlying copyright owner in order to lawfully create and exploit his work. Once he has obtained that consent, the Canadian Act grants the derivative copyright owner, as any other copyright owner, the sole right to do or authorize any of the acts described in subsection 3(1). And while any such act done without the consent of the derivative copyright owner is an infringement, that same act may also infringe the copyright in the underlying work. Thus, a single act may give rise to two distinct infringement claims, at least in those cases where the derivative author has lawfully

62 Keyes and Brunet, *supra* note 41, at 51-53 make a similar recommendation.
63 *Id.* at 49-50. See the *Copyright Act*, 1956, 4 & 5 Eliz., c. 74, s. 48(1). (U.K.)
produced his work. But what of the other cases where the derivative author acts without permission?

IV. THE INFRINGING DERIVATIVE WORK

A. Copyright In An Infringing Derivative Work

Is the derivative author who fails to obtain the requisite consent of the underlying author denied copyright in his work? It is believed that this question should receive a negative reply, but in order to explain why, two issues must be considered. First, are infringement and originality mutually exclusive concepts? And second, if not, is there a rule of Canadian copyright law barring copyright in infringing derivative works?

If originality and infringement or, more precisely, reproduction, were conceptually linked, the question, whether there is copyright in an infringing derivative work, would be less likely to arise since a finding of infringement would generally involve a finding of reproduction without consent, and that finding of reproduction would itself negate originality. But originality and infringement are not related in this manner. Indeed, the two questions address different issues; infringement focuses on the plaintiff's work and asks whether there has been a substantial interference with the plaintiff's rights by the defendant; originality, at least in this context, looks to the defendant's work and asks whether there has been enough creative effort involved to warrant a grant of copyright. While a finding of one might mean an absence of the other there is no logical reason why it must. If a defendant, for example, makes a verbatim copy of the plaintiff's literary work without consent, he infringes the latter's copyright and obtains no copyright in his copy. But the reason he does not receive copyright is because there is insufficient skill, labour and judgment included in producing a mere copy to warrant the grant of monopoly. If, on the other hand, the defendant translates the plaintiff's work without consent, he infringes copyright yet, at the same time, produces an original work. Whether the translation should be protected is a separate question, but as far as originality is concerned the translation would satisfy the test.

There are some isolated references in judicial decisions and academic writing which suggest, contrary to what is stated above, that the two concepts of infringement and originality are directly related. Richardson's *The Law of Copyright*, for example, states that a "work must be original but that seems to mean no more than it must not itself infringe the copyright in a copyright work." No explanation is offered for that view. Moreover, this treatise was written soon after the enactment of the Imperial *Copyright Act, 1911* and

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must therefore be treated with caution in light of more modern texts that reflect a substantial body of case law.67

More problematic are recent decisions dealing with the converse question, which indicate that the issue of infringement turns on whether the alleged infringing object is an original work. One such case is the recent Joy Music Ltd. v. Sunday Pictorial Newspapers (1920) Ltd.68 which held that a defendant, who through his own "mental labour" made sufficient alterations to the plaintiff's musical lyrics to create an "original work", had not infringed the plaintiff's copyright in the underlying work.69 The case must be viewed however, in the context of the particular issue involved. The court, asked to determine whether a parodied version of the lyrics of a song substantially reproduced and therefore infringed the copyright in the original lyrics, ruled that there was no infringement, applying a test framed, in practical terms, in favour of the defendant. The explanation for the approach here and in other cases involving parodies and satires is not that originality and infringement are, from a conceptual standpoint, mutually exclusive but that the courts are "unwilling to suppress this independent art form which is sometimes superior to, and more lasting than, the original work. They would rather find that parody and satire are deserving of substantial freedom..."700 This test, which clearly restricts the scope of the underlying author's monopoly, has not been applied to other derivative works.61 One should not try, therefore, to extract

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67 Skone James, Mummery, Rayner James, Copinger and Skone James on Copyright (12th ed. London: Sweet & Maxwell, 1980) at 54-58 [hereinafter Copinger and Skone James on Copyright (12th ed.)].

68 Supra note 48. Cf., e.g., Nat. Film Board v. Bier (1970), 63 C.P.R. 164 at 171 (Ex. Ct.) (respondent attempted to invert the issue, arguing that he could obtain copyright in his own publication based on a number of original contributions, when the issue was whether his publication infringed the copyright in the petitioner's publication).

69 Supra note 48 at 70-71 (Q.B.), 708 (All E.R.), 651 (W.L.R.). The court applied the test formulated in Glyn v. Weston Feature Film Co., [1916] 1 Ch. 261 at 268, 85 L.J. Ch. 261 at 264-65, 114 L.T. 354 at 356. ("no infringement of the plaintiffs' rights take place where a defendant has bestowed such mental labour upon what he has taken and has subjected it to such revision and alteration as to produce an original result.") A Canadian decision concerning a song with parodied lyrics has also stated in dictum that it would have applied the Joy Music Inc. test if the issue of copyright infringement had arisen; see Ludlow Music Inc., supra note 11, at 123n (Ex. C.R.), 215 (D.L.R.), 297 (C.P.R.).


61 The test, however, seems to accord with art. 12 of the Berne Convention which provides that unauthorized arrangements or transformations are unlawful reproductions "when they are only reproductions...without essential alterations, additions or abridgments and do not present the character of a new original work" (emphasis added). The Report of the Committee on the Law of Copyright [hereinafter Gorell Committee] (Cd. 4976, 1909), at 22, expressed the opinion that the implication inherent in article 12 that an original work could not be an infringement was "not in accordance with British law" and recommended that the implication should not be adopted. Article 12 was simply to be viewed as illustrative of unlawful productions. Generally, this recom-
from a single line of cases a general authority for the reverse proposition: namely, that infringement negates originality.

The further question, whether an “infringing” derivative work can ever be the subject of copyright, is not addressed in the Canadian Act or in the Rome Revision of the Berne Convention. And although two recent decisions, one English and one Canadian, have addressed the problem, the matter is still unclear since they come to different conclusions on the existence of copyright in an infringing derivative work. As a result, the issue is largely unresolved in Canada and the United Kingdom.

Equally persuasive arguments may be made to support either position in terms of the object of the Canadian Act. The protectionist camp argues that since an infringing derivative work involves as much creative effort as a lawfully produced derivative work, and the statute seeks to reward creativity, the former work warrants protection as much as the latter. Yet granting copyright to an infringing derivative work sanctions infringement and thus, to an extent, encourages intrusion into the monopoly rights of the underlying owner. A rule denying copyright, and hence the sole right to reap the benefits of works produced in infringement of another’s rights, discourages infringe-
ment of the latter's exclusive rights and thereby strengthens the statutory scheme aimed at protecting the creative activity of an author.

In order to ascertain which of these two positions should be followed the practical implications of adopting one over the other must be weighed. Begin with a hypothetical rule denying copyright to infringing derivative works. Presumably knowledge of this rule will act as an incentive for the derivative author to obtain the consent to produce his work. But what of the derivative author who has taken all reasonable steps to identify and locate the underlying owner but is unable to do so? Without consent he too will infringe copyright in the underlying work and thus obtain no copyright in his derivative work. An author faced with this dilemma, and knowing that he will be denied any protection may be discouraged from producing the derivative work. The rule would therefore conflict with the object of the copyright statute to encourage creativity. Even where the derivative could have obtained consent, but has not, the total denial of copyright is an excessive price to be paid by the derivative author. Moreover the beneficiaries of this rule would for no apparent reason, be the using public, not simply the underlying owner. Over fifty years ago Mann J. made both of these points in the rather pointed rhetorical question: "Why should copyists be permitted to steal the fruits of the [derivative author]'s labours merely because [the derivative author] cannot produce a licence from a stranger to the dispute, who may be wholly indifferent as to his own rights".6

Were the derivative author to be granted copyright in an infringing derivative work the underlying owner would not be prejudiced to the same degree the derivative author would be were the opposite rule to be adopted. Indeed, it is not clear that the underlying owner would be prejudiced at all. He would still be able to claim relief against the derivative owner for infringement. The Canadian Act provides a wide range of remedies including injunctive restraint, damages and an accounting of profits.6 The possibility of uncertain, perhaps substantial liability in an infringement action creates a strong incentive for the derivative author to seek the requisite consent even without the additional sanction of a denial of any rights in the work. On balance, therefore, it is believed that there should be copyright in an infringing derivative work.

Of the two recent decisions to consider the problem only the English case, Redwood Music Ltd. v. Chappell & Co.67 adopts this view. In that case one of the arguments raised by the plaintiff was that copyright could not

65 Pollock, supra note 26 at 233 (V.L.R.), 136 (Argus L.R.).
66 See Canadian Act, ss. 17(1) and 20(1). Section 20(1) speaks of entitlement to "all such remedies by way of injunction, damages, accounts and otherwise, as are or may be conferred by law for the infringement of a right." For a discussion of the civil remedies available in an infringement action see Butler, Remedies and Enforcement (Copyright Revision Studies, Research and International Affairs Branch, Bureau of Corporate Affairs, Consumer and Corporate Affairs Canada, forthcoming).
67 Supra note 24.
subsist in a musical arrangement that infringes the copyright in the underlying work. *Gramophone Co. v. Steven Carwardine and Co.* was cited as authority for the proposition that there cannot be copyright in a mechanical contrivance that is unlawfully produced. Goff J. held in *Redwood Music Ltd.*, however, that the earlier decision proceeded on the assumption that such was the case, without deciding the issue, and disregarded it as authority for the proposition cited. Mr. Justice Goff then considered the matter as one of first instance and refused to accept the argument. First, he noted that the opportunity had arisen both in 1911 and in 1956 to insert the word “lawful” into the statutory definitions found in the Acts of those years but on neither occasion had it been seized. Second, the submission, if accepted, could lead to “substantial injustice. . . . [T]he idea that [the owner of the underlying copyright] should be entitled to reap the benefit of another’s original work, by exploiting it, however extensive such work might be, however innocently it might have been made, offends against justice and common sense.”

The Canadian decision, *Compo Co. v. Blue Crest Music Inc.*, without any analysis of the problem reaches the opposite conclusion, albeit in *obiter dictum*, concerning the question whether a mechanical contrivance must be produced with the consent of the owner of the copyright in the work recorded in order to be protected. Estey J., writing for the Supreme Court of Canada simply noted that:

Canusa. . . . might, if authorized by the owner of the recorded musical work, be the owner of the copyright in the record. However, the recording of the work was not authorized. . . . No unauthorized exercise of the owner’s mechanical rights in a work can produce in the wrongdoer a copyright in the resultant record.

This passage should not be viewed as embodying a rule of general application for derivative works in Canadian copyright law. Even as a rule governing mechanical contrivances it is questionable. Subsection 4(3), which creates copyright in mechanical contrivances “in like manner as if such contrivances were musical, literary or dramatic works,” is silent on the matter just as the remainder of the statute is in relation to other derivative works. While it is true that Fox expresses a similar opinion on the question of copyright in mechanical contrivances, nowhere is any justification for the rule offered, other than a footnote reference to *Gramophone Co. v. Stephen Carwardine and Co.* No one has attempted, therefore, to defend the rule as a matter of principle.

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68 Supra note 37.

69 See *Copyright Act*, 1911, 1-2 Geo. 5, c. 46, s. 19(1) (U.K.). Subsection 4(3) of the Canadian Act follows almost verbatim s. 19(1).

70 *Redwood Music Ltd.*, supra note 24 at 120.

71 Supra note 38.

72 As to the weight to be given to *obiter dictum* of the Supreme Court of Canada see *Sellars v. The Queen*, [1980] 1 S.C.R. 527.

73 Supra note 38, at 374 (S.C.R.), 262 (D.L.R.), 14 (C.P.R.).

One could try to support the rule in *Compo Co.* on the basis of the peculiar treatment of mechanical contrivances under Canadian copyright law. Section 19 of the Canadian Act creates a compulsory licence that enables, in certain circumstances, the production of mechanical contrivances of a recording of a literary, dramatic or musical work without the actual consent of the underlying author if proper notice is given and royalties paid. A similar right to produce other kinds of derivative works is not to be found in the Canadian Act. It could be argued, therefore, that the "special copyright" in mechanical contrivances should be conditional upon compliance, when required, with the section 19 requirements. Only if this argument is accepted is the position adopted in *Compo Co.* justifiable. For all other infringing derivative works, in the absence of similar special circumstances, copyright should subsist therein.

B. Enforcement of Copyright in an Infringing Derivative Work

An argument may be advanced that the courts should not allow themselves to be used to protect an infringing derivative copyright owner's rights against a would-be infringer. Such an argument does not deny the subsistence of copyright in a derivative work, but rather suggests that a derivative author's status as an infringer makes him unworthy of protection—*ex turpi causa non oritur actio.* But if there is no enforcement there are no rights, thus, to accede to this argument would be, in effect, to deny copyright in infringing works, a proposition rejected in the preceding section.

A parallel could be introduced, however, between infringing works and works that may be described as obscene, immoral, indecent, or irreligious. Under the Canadian Copyright Act of 1875 "immoral, licentious, irreligious or treasonable or seditious" works were expressly denied copyright. Yet unlike the earlier statute, the Canadian Act purports to grant copyright in every original literary, dramatic, musical and artistic work irrespective of the character of the work. Fox nevertheless expresses the view, that "[g]enerally speaking it may be said that . . . the court will not intervene to protect such a work from infringement." However, all of the decisions cited by Fox in

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70 Section 19(1) of the Canadian Act provides that mechanical contrivances do not infringe the copyright in a musical work if similar contrivances have previously been made with the consent or acquiescence of the owner of the copyright in the musical work and the prescribed notice and payment of royalties have been rendered. See, e.g., *Ludlow Music Inc., supra* note 56. And generally, Noel, "Compulsory Licences and Copyright," (1981), 12 R. Int'ale du D. D'Auteur 51.


72 38 Vic., c. 53, s. 4(3). See R.S.C. 1906, c. 70, s. 7. Cf. *The Criminal Code* R.S.C. 1970, c. C-34, s. 160. Provision is made in that section for the forfeiture of publications found to be obscene within the meaning of the *Criminal Code* to Her Majesty in right of the province.

73 Fox, *supra* note 3, at 49. Compare also the defence of illegal combine discussed at 454-55, *id.*
support of that opinion were decided under earlier legislation. Indeed, the only case to consider the issue under the Canadian Act appears to support the contrary position; and, given the implication that flows from the change in the copyright statute there is good reason to doubt the correctness of Fox's view.

Even if immoral and obscene works are to be denied protection any analogy between those works and infringing derivative works should not be accepted. There is nothing that a court could find morally offensive in an infringing derivative work unless the derivative work has an immoral subject matter. If the refusal to protect such works reflects a decision of the courts to protect the public from the dissemination of offensive objects, then the policy, and hence the rule, would have no application to infringing derivative works.

Prima facie then, if anyone other than the owner of the copyright in an infringing derivative work, or someone acting with his consent, does an act restricted by subsection 3(1) of the Canadian Act in relation to the derivative work, that act will be one of infringement for which the copyright owner can take action. The derivative copyright owner's suit could then be followed by at least two other actions brought by the underlying copyright owner; one against the infringing derivative copyright owner and one against his infringer.

What happens however, when the infringer of the infringing derivative work is the underlying copyright owner? For instance, if the owner of the copyright in a literary work managed to secure a copy of a translation of his work that had been produced by another without his consent, could he then exploit the translation without the translator's consent? According to the analysis thus far, since the translator would have an independent copyright and could lawfully enforce that copyright, the answer would seem to be no. Arguably however, the Canadian Act furnishes the underlying owner with a defence to infringement, for while the Canadian Act grants the translator the "sole right" to reproduce his work, it also gives the author, as first owner of the copyright, the "sole right" to reproduce "any" translation of his work. The latter owner could thus rely on the unequivocal grant of statutory authority to do the act in question. Similarly, subsection 3(1) provides the underlying copyright owner with the sole right to substantially reproduce his work in any material form, ergo the same argument could be made in the case of musical arrangements and various artistic derivative works. Acceptance of this argument would mean that the Canadian Act is granting the underlying author the right to exploit the efforts of another with impunity, a proposition which must be viewed with some scepticism given the object of the statute. On the other hand, the Berne Convention does recognize some potential restrictions on the rights of the derivative copyright owner by providing in article 2(2) that "translations, adaptations and arrangements are to be protected as original works" but "without prejudice to the rights of the author of the original work." The question is whether a right of free exploita-

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When one examines the provisions governing derivative works other than those just mentioned, it seems that section 3 simply grants the copyright owner the right to create the derivative work; it does not expressly provide a right to reproduce that work. Without that express provision the underlying copyright owner cannot make the same kind of argument that he can in the case of a translation. Subsection 3(1)(b) illustrates the point. According to that subsection the owner of the copyright in a dramatic work has the sole right to convert it into a novel. If another were to write a novel based on the drama he would acquire copyright in the novel. And further, if the owner of copyright in the dramatic work reproduced that novel he would infringe copyright and would not be able to raise any defence of statutory authority. But if the underlying author were sued it goes without saying that he would counterclaim against the novelist for infringement of his exclusive right to convert the drama into a novel. More important, it should be understood that even though the owner of the copyright is not expressly granted the right to produce and "reproduce" any novel based on his drama, any copying of the novel by the novelist or anyone else acting with or without his consent will indirectly interfere with the right of the owner of the copyright in the dramatic work to convert the drama into a novel and therefore will infringe the latter's copyright.

The result then is the same for all derivative works; reproduction of the derivative work without the consent of the underlying copyright owner infringes the latter's copyright. If this is the case it would be wrong to interpret section 3 in a fashion which, for no apparent reason, treats various works differently. Moreover, even where the statute purports to expressly grant such a right it does not explain how that right is to be reconciled with the same right given to the owner of copyright in the derivative work. One is forced, therefore, to reach a solution that most fairly balances the interests of the two creators. To allow the underlying copyright owner to raise this defence rewards the creativity involved in the original work with a further statutory right, yet, at the same time, the creative effort of the derivative author is being appropriated without recompense. Conversely, to permit the derivative copyright owner to assert his copyright against the owner of the underlying work would allow both creative efforts to be recognized and rewarded, and for this reason is to be preferred.

In conclusion then, under Canadian copyright law the author of an
original yet infringing work should be granted copyright in his work and should be able to enforce that copyright even against the underlying copyright owner.

C. As an "Infringing Copy"

Since "infringing copies" of a work or a substantial part of a work in which copyright subsists, and all plates used or intended to be used for their production, are deemed to be the property of the owner of the copyright it is important to ascertain whether copies of an infringing derivative work may be infringing copies of the underlying work.\(^8\) If they may, it would mean that the infringing derivative author, while granted an independent copyright in his creation, would not own any of the physical copies of his work or even the plates used to produce his work.

Section 21 is an exceptional provision enabling the copyright owner to receive extraordinary civil relief. Irrespective of the perhaps substantial costs incurred by the defendant in producing the infringing copy, the copy becomes, free of expense, the copyright owner's property. Express provision is made to permit the copyright owner to take proceedings for the recovery of possession of the infringing copies or for their conversion. Courts however, have expressed reluctance to make an order directing delivery under section 21.\(^8\) In Netupsky v. Dominion Bridge Company,\(^8\) the British Columbia Court of Appeal recently suggested that a court should refuse to make an order for possession in circumstances where an order for specific delivery would be refused in a detinue case. Failing an order for possession, the copyright owner who can prove an act of conversion will be left to claim damages for conversion.

Conversion damages in copyright cases may be excessive. They are cumulative, not alternative, to damages awarded for the infringement of copyright that produced the copies, but the remedies cannot be awarded so

\(^{81}\) Canadian Act, s. 21.

\(^{82}\) This parallels the approach taken in intellectual property cases to the common law remedy of order up for destruction. See Cornish, Intellectual Property: Patents, Copyright, Trademarks and Allied Rights (London: Sweet & Maxwell, 1981) at 50. The enactment of a provision comparable to s. 21 was held not to exclude the inherent jurisdiction of the court to make an order for delivery up for destruction in copyright cases. Warne & Co. v. Seebohm (1888), 39 Ch. 73, 57 L.J.Ch. 689, 58 L.T. 928; Hole v. Bradbury (1879), 12 Ch. D. 886, 48 L.J. Ch. 673 and Chappell & Co., supra note 47 at 755-56. (Ch.), 180 (L.J.Ch.), 66 (L.T.).

\(^{83}\) (1969), 9 D.L.R. (3d) 182, 70 W.W.R. 241, 61 C.P.R. 150 (B.C.C.A.), rev'd on other grounds, [1972] S.C.R. 368, 24 D.L.R. (3d) 484, 3 C.P.R. (2d) 1. (no special value or interest to plaintiff, damages will fully compensate). Taggart, J.A. appears, however, to be confusing the common law remedy of an order up for destruction with that provided by s. 21. Note that the plaintiff's claim in Netupsky v. Dominion Bridge Co., was for specific delivery. It is unclear whether a court would have the same discretion if the plaintiff framed his action in replevin under the Replevin Act, R.S.O. 1980, c. 449. See Bentivogli v. W.F. Carey Securities Ltd. (1975), 7 O.R. (2d) 447 concerning the statutory right of action under the Replevin Act.
as to yield a duplication of remedies. The measure of damages in conversion is usually the value of the goods converted at the date of conversion. Thus damages are to be calculated on the basis of the total value of an "infringing copy" and are not to be limited to the increment in value of the object attributable to the creative effort of the author of the work. No allowance is made for the value of the physical setting in which the work appears so if, for example, an infringing copy were engraved in a silver chalice or a gold medallion—examples recently cited by Lord Scarman in order to illustrate the possible impact of applying a comparable provision of the United Kingdom Copyright Act, 1956—damages would be inordinately high. Keyes and Brunet acknowledged the problem of excessive damages associated with section 21 and, adopting the recommendations of the Isley Report, proposed that section 21 be revised in order to distinguish between innocent and guilty infringers. Under their alternative scheme a guilty infringer would be liable either to deliver up infringing copies without compensation or to pay damages if the infringing copies were retained. In the case of an innocent infringer, however, the copyright owner would have the option of taking the infringing copies at cost or leaving them with the infringer with a subsequent accounting of profits. The Whitford Report has recommended that a similar provision in the United Kingdom Copyright Act 1956 be abolished. It is difficult, therefore, to predict the fate of the deemed ownership provision in any future legislation.

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85 Pro Arts, Inc., id.


87 The recent case of W.H. Brine Co. v. Whitton (1981), 37 A.L.R. 190 (F. Ct. of Aust.) illustrates this danger. The respondent imported into Australia a number of soccer balls printed with an artistic work the copyright in which belonged to the applicant. The soccer balls were thus "infringing copies" and the applicant was awarded conversion damages based on the respondent's retail sales price less only a small amount for delivery costs incurred after the time of conversion. In making the award Fox J. stated his belief that the award involved "an unreasonably excessive amount if the aim is simply to compensate the applicant for loss he suffered. However, even a cursory examination of the history of copyright, and of the earlier Acts, discloses that there was a penalty aspect in the remedies given." (at 200).


89 Supra note 41, at 192.

90 "The provision is anomalous.... The damages which may be awarded may be out of all proportion to the injury suffered." Whitford Report, supra note 7 at 179, para. 702. For a similar view see, Reform of the Law Relating to Copyright, Designs and Performers' Protection (Cmdn. 8302, 1981) at 48, para. 3. The Whitford Report, however, also recommended that courts should be given the discretionary power to order delivery up of infringing copies as well as anything made for the purposes of producing infringing copies, unless obliteration is possible.
In the event that the new Canadian copyright statute retains section 21 in its present form or in some modified version, one matter that should be considered is whether derivative works can be infringing copies of an underlying work. The Canadian Act presently defines "infringing", when applied to a copy of a work in which copyright subsists, to mean "any copy, including any colourable imitation, made, or imported in contravention of the provisions of this Act." It is clear that the making of a derivative work may infringe the copyright in the underlying work, but are copies of the former work also "copies" of the latter? The term "copy" is not defined in the statute, nor has the meaning of the term been addressed in any systematic manner in Canada. As a result, the law is no clearer today than it was over a century ago when Lord Bramwell asked, "what is a copy?"

In the context of derivative works the meaning of the term infringing copy could lie anywhere between two extremes—it all turns on the meaning given to the word copy. Either no original derivative works can be infringing copies of the underlying work or all infringing derivative works are infringing copies of it. To adopt the latter stance is to attribute no independent meaning to the term copy in the expression infringing copy other than simply a physical embodiment of an act of infringement. Neither solution is satisfactory for all classes of derivative works and what is proposed therefore, is an intermediate test for "infringing copy", that is, a copy of a derivative work that infringes the underlying copyright is an infringing copy of the latter work where the copies are likely to compete in the market place with copies of the underlying work. In practical terms, the proposed test restricts the possible scope of the term infringing copy but still leaves room to include certain derivative works within the definition.

A restrictive approach to section 21 may be supported on a number of grounds. First, section 21 is an extraordinary provision. It is "confiscatory in nature and must accordingly be strictly construed." Damages awarded

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\[\text{The fact that the definition of "infringing" copies includes copies "imported in contravention" of the Act raises a number of difficult problems beyond the scope of this paper. See Henderson, Canadian Copyright Law in the Context of American-Canadian Relations (1977), 35 C.P.R. (2d) 67 at 80-81, Sharp, Import Restrictions in the Canadian Copyright Act (1975), 17 C.P.R. (2d) 20, and Blomqvist and Lim, Copyright, Competition and Canadian Culture: The Impact of Alternative Copyright Act Import Provisions on the Book Publishing and Sound Recording Industries (Ottawa: Minister of Supply and Services Canada, 1981). Fox, supra note 4, at 492, takes the position that s. 21 does not apply to copies of a work that have been imported, but only to those produced in Canada.}\]

\[\text{Dicks v. Brooks (1880), 15 Ch. D. 22 at 33, 49 L.J.Ch. 812 at 818, 43 L.T. 71 at 74. So too, American courts have early wrestled with the question "what is meant by a copy." See, infra, note 96 at 17 per Day J.}\]

\[\text{Canusa Records Inc. v. Blue Crest Music (1976), 30 C.P.R. (2d) 11 at 13 (Fed. C.A.).}\]
under that section may far exceed compensation for the copyright owner's loss and in this sense have a punitive aspect to them.\textsuperscript{96} Further, the punitive feature is arbitrary since in calculating quantum there is no room to take into account the particular circumstances of the infringement that produces the copies. Traditional canons of construction dictate a strict interpretation of a statutory provision such as section 21 which is penal in nature.

Second, the ordinary meaning of the word copy suggests some limitations on the nature of an infringing object. This kind of interpretational analysis prompted the United States' Supreme Court in \textit{White-Smith Music Pub. Co. v. Apollo Co.},\textsuperscript{96} to find that a perforated roll for use in a player piano was not a copy of a musical composition. The Court stated that to decide otherwise would mean giving the word "a strained and artificial meaning."\textsuperscript{97}

While both of those arguments in favour of a narrow interpretation of an infringing copy could easily be overcome by expressly stating in the Act that an infringing copy can include derivative works, one final submission raises deeper problems, both practical and theoretical, in treating copies of derivative works as copies of the underlying work. First, if a third person reproduces a derivative work without consent, section 21 deems the copy to be the property of the derivative copyright owner. Where the copy is also an infringing copy of the underlying work it is also deemed to be the property of the underlying owner. Hence, section 21 deems two individuals to be the owner of the same piece of property.

Moreover, to say that a copy of an infringing derivative work belongs to the underlying owner contradicts the proposition advanced earlier; that the underlying owner is not entitled to appropriate the efforts of the infringing derivative author.\textsuperscript{98} An underlying owner who infringes the derivative copyright should be liable in damages to the derivative owner, calculable in terms of the value of the derivative author's contribution to the underlying work. To allow the underlying author to claim through section 21 all copies of the derivative work or their total value is to give to the underlying owner something that he should not receive. The underlying owner has other remedies available to him. He may permanently enjoin further production of copies of the derivative work, as well as obtain damages for the loss suffered as a result of the production of the copies. In most circumstances, such relief should adequately reward the underlying owner for the creative effort in the underlying work, without disregarding the principle that an original derivative work merits its own pecuniary reward.

If, however, copies of the derivative work compete with copies of the

\textsuperscript{96} \textit{Supra} note 86. Canadian courts do, in addition, award punitive damages for copyright infringement even though there is no express statutory authority to do so. See Zimmerman, \textit{Exemplary Damages and Copyright in Canada} (1981), 57 C.P.R. (2d) 65.

\textsuperscript{97} 209 U.S. 1 (1908).

\textsuperscript{98} \textit{Id.} at 17. See also \textit{Tandy Corporation v. Personal Micro Computers Inc.} 524 F. Supp. 171 (Dist. Ct. Calif. 1981) ("R.O.M." ("Read Only Memory") silicon chips are "copies" of original computer programs imprinted on the chips).

\textsuperscript{99} \textit{Supra} text following note 80.
underlying work, to the extent that demand for the latter may be reduced by the availability of the former, the underlying owner would suffer a potentially greater loss than in those cases where the loss consists solely of the opportunity to exploit the right to make derivative works. Indeed, the case of potential competition is more analogous to that of a defendant dealing in mere copies of the work to which section 21 clearly applies, than it is to the case where no such competition can arise. Ensuring full protection of the underlying author in these particular circumstances arguably warrants making available the extended relief contained in section 21. This, in turn, can be accomplished by adopting the proposed functional approach to the term infringing copy.

Were “infringing copy” to be interpreted in this manner it is clear that some derivative works would be caught. In other words, “infringing copy” would not simply mean a “mere copy”. That the present Canadian Act supports an extended view of the term is substantiated in two ways; first, an infringing copy is defined to include, “colourable imitations” as well as copies and, second, section 21 applies not only to copies of a work but also to copies of a “substantial part” of it.

There is little direct support for this approach in the case law. Earlier cases, decided before 1911, often framed the question of infringement by asking whether the defendant had produced a copy of the plaintiff’s work. During that period there is authority for the proposition that a translation and a dramatization of a novel were not infringements but that a musical arrangement and a photograph of an engraving were. Under the present Canadian Act, all four acts done without consent would infringe the underlying copyright, thus the case law is of limited use in addressing the question of infringement. Nonetheless, the earlier approach does appear to be consistent with the proposed test for an infringing copy. That is, if the infringing copy test were applied to these four examples the results would likely parallel those reached in the earlier cases. Indeed, one of the factors expressly considered by earlier courts in determining whether a copy had

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99 Before the enactment of the Imperial Copyright Act, 1911, 1-2 Geo. V., c. 46.
100 One court attempted to define “copy” for this purpose in the following terms: “A copy is that which comes so near to the original as to give every person seeing it the idea created by the original.” West v. Francis (1822) 5 B. & Ald. 737 at 743, 106 E.R. 1361 at 1363 per Bayley J. (K.B.) and cited with approval, King Features Inc. v. O.M. Kleeman Ltd., supra note 51 at 424 (A.C.), 406 (All E.R.), 130 (L.J. Ch.) per Viscount Maugham; King Features Syndicate Inc. v. Lechter, supra note 51 at 305 (Ex. C.R.), 152 (Fox Pat. C.), 69 (C.P.R.). This test as drafted simply reinforces the comment made above questioning the accuracy of the oft-quoted principle that copyright law does not protect ideas but only the particular expression of the idea. See text accompanying note 55, supra.
103 Wood, supra note 24.
104 Graves’ Case, supra note 32.
been produced was whether anybody would buy it instead of the protected work.\textsuperscript{105}

There is only one modern Canadian case to consider the meaning of "infringing copy": \textit{Canusa Records Inc. v. Blue Crest Music, Inc.}\textsuperscript{106} The issue was whether records, as mechanical contrivances, are infringing copies of musical works. A musical work is defined in the Canadian Act to mean "any combination of melody and harmony, or either of them, printed, reduced to writing, or otherwise graphically produced or reproduced."\textsuperscript{107} The Federal Court of Appeal concluded that a copy of a musical work, for the purposes of section 21, had to be a written or graphic reproduction of the music. The result was reached without any reference to prior authorities. Fox takes the opposite position,\textsuperscript{108} based on an Australian judgment at first instance: \textit{Albert v. S. Hoffnung & Co.},\textsuperscript{109} although the Imperial Copyright Act, 1911, adopted in Australia by the \textit{Copyright Act (Federal) 1912}\textsuperscript{110} did not define the term musical work, a fact not pointed out by Fox. Indeed, in a prosecution under the statute\textsuperscript{111} from which the Canadian definition of musical work comes, it was held that a perforated roll for use in a player piano was not a pirated copy of a musical work because a copy of a musical work must be "either in print, or in writing, or in some graphic form."\textsuperscript{112} So in this sense the opinion adopted in \textit{Canusa Records Inc.} is consistent with earlier relevant authority.\textsuperscript{113} More important still, the decision of the Federal Court of Appeal supports the proposition that "infringing copy" is to be given a strict interpretation. Not only is there an express statement to this effect in the judgment,\textsuperscript{114} but the result in the case also substantiates this view. The requirement that a musical work must be graphically fixed does not mean that a copy of a musical work must also be fixed in the same graphic medium. However, the decision of the Federal Court of Appeal that


\textsuperscript{106} \textit{Supra} note 94.

\textsuperscript{107} Canadian Act, s. 2 "musical work".

\textsuperscript{108} Fox, supra note 3 at 388.


\textsuperscript{110} No. 20 of 1912.

\textsuperscript{111} \textit{Musical (Summary Proceedings) Copyright Act}, 1902 2 Edw. 7 c. 15, s. 3 (U.K.).


\textsuperscript{113} Compare the later \textit{obiter dictum} of Estey J. in \textit{Compo Co.}, supra note 38, 375 (S.C.R.), 263 (D.L.R.), 15 (C.P.R.) (The record "presser is not creating a 'copy' of the existing copyrighted work as does the printer, but rather the presser creates a new work in which a new and separate copyright resides independent of the copyright in the recorded musical work.").

\textsuperscript{114} "[Section] 21 is 'confiscatory' in nature and must, accordingly, be read strictly."

\textit{Canusa Records Inc.}, supra note 94, at 14 (C.P.R.) \textit{per} Jackett C.J.
it must, implicitly approves a restrictive approach to the definition of an infringing copy and thus, in part, supports the proposed test.

Applying that test will be highly problematic. Given a relatively unilingual market, a translation is unlikely to reduce the demand for the original work and would not, therefore, be an infringing copy. The same would be true of a dramatization of a novel, or a novelization of a drama. For the sake of certainty it would be useful for any statutory definition to include specific illustrations.116

One case that warrants special consideration is that of a sound recording of a musical work. It is unlikely that the availability of sound recordings would reduce the demand for copies of sheet music; indeed, the widespread circulation of recordings of a work may increase its popularity and accordingly the demand for sheet music. But to apply the proposed derivative work test for infringing copies to phonograph records or other mechanical contrivances confuses the dual nature of sound recordings or, at least, perpetuates the confusion generated by an antiquated definition of a musical work. There have already been proposals to abandon the present definition of a musical work which is drafted in terms of graphic fixation,116 in favour of one that includes a more liberal fixation requirement.117 The adoption of such a definition would acknowledge that in one sense a sound recording is not a derivative work at all, but rather a primary work, or more accurately, a medium for fixation of the original musical work. The single act of recording an original musical composition, which prior to that time has not been fixed in a material form, would of itself create two works in which there would be copyright; one work being the underlying work, the other, the derivative work. If a sound recording is viewed as a mode of fixation for the underlying work and not a derivative work, then technically the proposed test for an infringing copy is irrelevant. A sound recording of a musical work would therefore be a “mere copy” of the musical work and since a mere copy would unquestionably fall within the definition of an infringing copy, an unauthorized recording would be an infringing copy of the musical work. But simply redefining a musical work may not be sufficient. If section 21 is retained in

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116 Compare Copyright Act, 1956, 4 & 5 Eliz., c. 74. Subsection 18(3) defines “infringing copy” in terms of “reproduction”. Subsection 48(1) provides that “reproduction in the case of a literary, dramatic or musical work includes a reproduction in the form of a record or a cinematographic film, and, in the case of an artistic work, includes a version produced by converting the work into a three-dimensional form, or, if it is in three dimensions, by converting it into a two-dimensional form”. Subsection 18(3) excludes from the definition of “infringing copy” reproductions of a literary, dramatic or musical work in the form of a cinematographic film. The s. 18(3) exclusion has been described by the Government as “anomalous” and deletion has been proposed. Reform of the Law Relating to Copyright Designs and Performers’ Protection, supra note 90 at 49, para. 6.

117 Keyes and Brunet, supra note 41, at 41. For a similar recommendation see Berthiaume and Keon, The Mechanical Reproduction of Musical Works in Canada (Ottawa: Minister of Supply and Services Canada, 1980).
the new copyright act, any definition of an infringing copy, based on the proposed test, should expressly include a sound recording of a musical work in order to remove any doubt that may persist as a result of Canusa Records Inc.

The sum of all preceding discussion, conclusions and recommendations concerning the meaning of “copy” relates to one particular issue—whether an object is an infringing copy for the purposes of section 21. Since the practical implications, insofar as section 21 is concerned, of treating an object as a copy play a primary role in the proposed definition of a copy, it should not be applied to the term as it appears elsewhere in the Canadian Act, at least, not until a similar analysis of the relevant statutory provisions and competing interests involved has been made. The term copy, for example, is also used in the definition of publication.

V. PUBLICATION THROUGH THE DERIVATIVE WORK

Under the Canadian Act “publication” means “the issue of copies of the work to the public.” It is further provided that for purposes other than those relating to infringement, “a work shall not be deemed to be published... if published... without the consent or acquiescence of the author...” Whether an authorized issuance of copies of a derivative work can publish the underlying work turns therefore, on the meaning of “copy” in subsection 3(2) of the Canadian Act. But it will not suffice to simply examine subsection 3(2) and related statutory provisions and case law; one must first understand the significance of a finding of publication under Canadian copyright law.

118 Compare s. 25 of the Canadian Act. Section 25(1) makes it an offence to knowingly sell, import or distribute for sale “infringing copies” of a work. Where a defendant is prosecuted under that section, the court before whom the proceedings are taken may pursuant to s. 25(3) order that all infringing copies be destroyed or delivered up to the owner or otherwise dealt with as the court may think fit. See also s. 25(2). Note however that s. 25, unlike s. 21, deals only with infringing copies of a “work” not with infringing copies of a substantial part of a work. See Brooks and D.K.K. Enterprises Ltd., supra note 109.

119 S. 3(2). Note that publication “does not include the performance in public of a dramatic or musical work....”

120 Canadian Act, s. 3(3). Both the Rome and the Berlin Revisions of the Berne Convention are silent on the question whether publication must be with consent. The Revision, the Berne Convention in Stockholm in 1967, expressly adopted the position presently reflected in 3(3) of the Canadian Act. See art. 3(3) of the Stockholm Text.

121 Infabrics Ltd., supra note 86 at 651 (W.L.R.), 267 (F.S.R.) per Lord Wilberforce: “All through the history of copyright, under the common law, and through the legislation over 280 years, there has been the well known contrast between unpublished works and published works. The distinction lies at the roots of the law.” Prior to the enactment of the Canadian Act publication operated to divest common law copyright. Pursuant to s. 4, statutory copyright now attaches to both published and unpublished works. See also Canadian Act, s. 45:

No person is entitled to copyright or any similar right in any literary, dramatic, musical or artistic work otherwise than under and in accordance with this Act, or of any other statutory enactment for the time being in force, but nothing in this section shall be construed as abrogating any right or jurisdiction to restrain a breach of trust or confidence.
At least three principal issues of copyright law involve the question of publication: term of copyright, eligibility for protection and defence of fair dealing. While the term of copyright is generally life of the author plus fifty years, literary, dramatic and musical works that are posthumous are protected for fifty years from the date of first publication. Thus, copyright protection is perpetual as long as a work remains unpublished. Place of first publication, along with residence or citizenship of the author, provide the two qualifying conditions for copyright under the Canadian Act. If a work is first published outside any country adhering to one of the international conventions to which Canada adheres then it will not meet the first mentioned condition for eligibility. It is unclear, given the present case law, whether both conditions must be met or whether it is sufficient if one of the qualifying factors is present. Finally, Canadian copyright law recognizes a defence of fair dealing "for the purposes of private study, research, criticism, review or newspaper summary." Whether any particular use of the work is "fair" is a question of fact to be decided in each case but some courts have taken the position that no unauthorized use of an unpublished work can ever be fair. In conclusion, then, a finding of publication will generally operate to limit or restrict the rights of copyright owners, for once the copyright owner chooses to commercially exploit his work there are certain limitations placed upon the protection granted by the law.

The consent of the copyright owner to the exploitation of his work is therefore crucial to publication. In the case of an issuance of copies of the derivative work it might then be argued that since the consent of the underlying owner only relates to copies of the derivative work, the underlying owner has not, by consenting to exploitation of the derivative work, consented to publication of the underlying work, and therefore his rights in that work should not be affected by his actions. This argument is fallacious, however, for the underlying owner does exploit his work indirectly by allowing the issue of copies of the derivative work as he will generally receive remuneration from the publication of the derivative work. The question thus becomes: are the indirect benefits received from selling copies of the derivative work...
work and attributable to the underlying work sufficient to trigger the legal consequences of a finding of publication? If they are, then the word copy should be interpreted to exclude such derivative works.

The Canadian Act does not provide any specific guidance on this question. It is arguable, nonetheless, that it does contemplate the possibility of a derivative work effecting publication of the underlying work; subsection 3(2) expressly provides that "the issue of photographs and engravings of works of sculpture and architectural works of art shall not be deemed to be publication of such works." If a derivative work could never effectively publish the original work then this provision would be unnecessary, although the implication may simply be that photographs and engravings are copies of the underlying artistic work and that other derivative works are not. Thus, any inference in this regard to be drawn from subsection 3(2) is equivocal at best. Of more importance is the fact that subsection 3(2) only speaks of copies of "the work" and not copies of "a substantial part of the work". The absence of this latter phrase lends support to a restrictive approach to the term copy. The one Commonwealth case to address the issue, John Fairfax & Sons Pty Ltd. v. Australian Consolidated Press Ltd., also adopts a narrow view of the term copy. The court in that case expressly contrasted the meaning of copy for the purpose of publication with its meaning in the term infringing copy. In its former context, a copy is something that is a literal transcription of the original work. No explanation however, was offered by the court for its decision.

If forced to reach a conclusion based solely on the statutory definition of publication and the existing caselaw one would likely decide that copies of a derivative work cannot publish the underlying work. But when one also considers the role that publication plays in Canadian copyright law the matter is less certain. Why, for example, should an underlying copyright owner (or more precisely his heirs) be allowed to receive remuneration through the publication of derivative works, without having the clock begin to run on the term of copyright in the underlying work? When the Canadian Act is

127 Nor do the International Conventions. Article 4(4) of the Berne Convention provides that "published works" for the purposes of the Convention means, "works copies of which have been issued to the public," with the word "copies" there, as under the Canadian Act, undefined. Article 6 of the Universal Copyright Convention, Geneva Text, defines publication as "the reproduction in tangible form and the general distribution to the public of copies of a work from which it can be read or otherwise visually perceived."

128 See MacGillivray, The Copyright Act, 1911, Annotated (London: Stevens & Sons, 1912) at 23. (exclusion of these two types of derivative works is viewed as "extremely arbitrary and artificial", and it is "a little unfortunate that this modification [was] introduced").

129 Lahore, Intellectual Property Law in Australia—Copyright (Sydney: Butterworths, 1977) notes a similar distinction in the equivalent provisions in the Australian Copyright Act, 1968-76 and concludes that "[I]t seems to follow that a reproduction for the purposes of publication implies an exact copy." (at 112)


131 Id. at 416 (S.R.), 70 (W.N.). The court was referring to a comparable provision in the Imperial Copyright Act, 1911, 1-2 Geo. 5, c. 46.
revised a similar question should be asked in relation to each of the various issues that turn on a finding of publication under that statute and after considering the collective answers express provision should be made in the new Act governing publication of the underlying work through the issuance of copies of derivative works.

VI. WITHDRAWAL OF CONSENT AND ITS EFFECT ON DERIVATIVE WORKS

One final matter to be addressed is the effect of a withdrawal of consent by the owner of copyright in the underlying work upon derivative works produced prior to its withdrawal. This section will interrogate two issues; first, how does Canadian copyright deal with this problem at present, and second, is this approach the proper one?

Under Canadian copyright law consent\textsuperscript{132} to reproduce and further exploit a copyrighted work may be given in the form of a licence or an assignment. A bare licence,\textsuperscript{133} which may be granted orally or implied from conduct,\textsuperscript{134} is nothing more than a permission that renders acts which would otherwise infringe copyright, non-infringing.\textsuperscript{135} An assignment, on the other hand, must be in writing as it operates as a conveyance to the assignee of certain, or all of the exclusive rights that make up copyright.\textsuperscript{136} As provided in subsection 12(4), an assignment can be for the whole term of copyright or any part thereof.

Consent may, however, be withdrawn. In the case of a licence this may occur pursuant to a term of the licence or through revocation of the licence by the copyright owner.\textsuperscript{137} Although the revocation of a licence by the holder of the copyright may be a breach of contract, the licensee’s permission to

\textsuperscript{132} Subsection 17(1) defines infringement in terms of doing a restricted act “without the consent of the owner of the copyright”. But the term consent is being used in a narrower sense in s. 17(1) than in the text above. An assignment is not a consent given by the owner of copyright, but rather operates as a conveyance of copyright so that the assignee becomes the owner. While an assignee cannot infringe copyright, it is not because of “a grant of consent from the owner” but because he is the owner. For our purposes however, the term consent will be used to include an assignment of copyright.

\textsuperscript{133} The Canadian Act, s. 12(4), also speaks to “the grant [of] any interest in the right by licence”. The statute thereby seems to contemplate that some licences may grant a proprietary interest in the copyright. See Hurst v. Picture Theatres, Ltd., [1915] 1 K.B. 1, [1914-15] All E.R. 836, 83 L.J.K.B. 1837 (C.A.). The difference between a grant of an interest by licence and a partial assignment is discussed in Torno, Ownership of Copyright in Canada (Ottawa: Minister of Supply and Services, Canada 1981) at 80-89.

\textsuperscript{134} Canadian Act, s. 12(4) (A grant of an interest by licence must also be in writing).

\textsuperscript{135} Canadian Act, s. 17(1).

\textsuperscript{136} Canadian Act, s. 12(4).

\textsuperscript{137} See, e.g., Chappell Music Ltd., supra note 109 where the plaintiffs, the owners of the copyright in certain musical works, revoked all licences granted to the defendant upon default by the defendant, and claimed all records and tapes manufactured thereafter as “infringing copies”. See also Chappell Music Ltd. v. GRT of Canada Ltd. (1980), 53 C.P.R. (2d) 196 (Fed. Ct. T.D.) (application to settle the formal order). As to whether tapes and records are “infringing copies” of musical works, see, supra text accompanying note 105ff.
reproduce is gone once the licence is revoked. Conversely, an assignment cannot be revoked, yet there may be a reversion of copyright pursuant to its terms or by operation of law. Thus, the derivative author who has obtained the requisite consent may nevertheless face the possibility of a revocation of his licence or a reversion of the underlying copyright.

In order to examine the consequences of either occurrence, it is necessary to distinguish between copies produced prior to cancellation of consent and copies produced afterward. No commercial distribution of existing, lawfully produced copies of a derivative work after the cancellation of consent should result in copyright liability. Copies produced with consent clearly do not infringe the copyright in the underlying work. Nor are such copies of the derivative work infringing copies. Even though the term infringing copy is wide enough to include derivative works, an infringing copy must be "made or imported in contravention of the Act." (emphasis added) Finally, the sale or distribution for the purposes of trade, of such copies should not be caught by subsection 17(4) defining secondary or indirect infringement. The subsection provides that any person infringes copyright who, inter alia, "sells or lets for hire or by way of trade exposes or offers for sale or hire... any work that to his knowledge infringes copyright or would infringe copyright if it had been made in Canada" (emphasis added). There is a problem with the present drafting of subsection 17(4) since technically a work cannot infringe copyright; rather, a person doing an act without consent infringes copyright. To speak in terms of a work that infringes copyright leaves unanswered the question at what point is consent relevant, and thus, leaves unresolved the issue whether a derivative work produced with consent infringes copyright in the underlying work once consent is withdrawn.

The problem only arises, however, on an excessively literal reading of sub-

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138 Hart v. Hayman, Christy, and Lilly Ltd., [1911-16] Macg. Cop. Cas. 301 (Ch. Div.). Some licences may be irrevocable. See Silverson v. Neon Products Ltd., supra note 19 and British Actors Film Co. v. Glover, [1918] 1 K.B. 299, 87 L.J.K.B. 689, 118 L.T. 626. It is not clear whether an assignment of copyright operates to terminate all licences previously granted by the assignor. Cf. Tito v. Waddell (No. 2); Tito v. A.G., [1977] 3 All E.R. 129, [1977] Ch. 106, [1977] 2 W.L.R. 496 (common law principle that with the benefit goes the burden). The Isley Report, supra note 88, at 115, recommended that the Canadian statute should be amended to make a licence binding on every successor in title to the owner of copyright, even a bona fide purchaser for value without notice. See id. 115 and United Kingdom Copyright Act, 1956, 4 & 5 Eliz., c. 74, s. 36.

139 Canadian Act, s. 12(5). See text accompanying note 151, infra.


141 See text accompanying note 91, et seq., supra.

142 See text accompanying note 91, et seq., supra.

143 See Monckton v. Pathé Frères Pathéphone Ltd., [1914] 1 K.B. 395, 83 L.J.K.B. 1234, 109 L.T. 881 (C.A.). The United Kingdom Copyright Act, 1956, 4 & 5 Eliz., c. 74, s. 5(2), now expressly stipulates that a claim of secondary infringement can arise only where the defendant is dealing in articles "the making of which" constituted an infringement of copyright. For a recommendation that a similar approach be adopted here see Isley Report, supra note 88 at 51-52.
section 17(4). There is no reason to believe that Parliament intended to cast a wider net for secondary infringement than it has for piracy. Indeed, the requirement of proof of knowledge for infringement in the former category suggests the contrary proposition is more likely. Further, any possible ambiguity in subsection 17(4), appears to be clarified by the final clause of the subsection: “or would infringe copyright if made in Canada.” The derivative owner, or anyone else, should therefore be free to dispose of any copies of his work still on hand. Only if the underlying owner has additional rights stipulated by contract would he be entitled to relief in such circumstances.

The underlying copyright owner may, on the other hand, bring an infringement action in relation to each and every copy of the derivative work produced after consent is withdrawn. The derivative owner who continues to exploit his work can hope that the underlying owner does not intervene and enforce his rights, but if he does, not only can the underlying owner claim damages for infringement and, in some circumstances, conversion damages, he may, in addition, be able to enjoin the further exploitation, without consent, of the derivative work by the derivative owner or his licensees.

The possibilities of the derivative author successfully raising a defence to infringement are limited. He may perhaps seek to establish that the underlying owner has impliedly licensed him to continue to exploit his derivative work. There is nothing unique to the subject of derivative works in this

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145 There is a possible exception. If the underlying work were previously unpublished, an infringement action could result from the sale of lawfully produced copies of a derivative work. Section 3(1) grants the sole right “if the work is unpublished, to publish the work or any substantial part thereof”. So if the underlying work is “unpublished” and the copies of the derivative work are copies of the underlying work the issue of the copies to the public will infringe the underlying copyright. See text accompanying note 119, supra. However the consent to produce the copies of the derivative work may carry with it implied consent to dispose of the copies, in which case the publication will not be an infringement of the underlying copyright.

146 A licensee in anticipation of the termination of his licence may produce and warehouse large quantities of copies of the work for distribution after the completion of the licence term. The licensor may want to stipulate against such a possibility in the licence agreement.

147 In cases where the copy of the derivative work is an “infringing copy” of the underlying work. See text accompanying note 97, supra.

148 Gramophone Co., supra note 37 at 459 (Ch.), 251 (L.J. Ch.), 399 (L.T.) per Maugham J., “[t]he rights of the adapter are subordinate to the rights of the composer, who is entitled to an injunction to restrain the performance [in public] of the new arrangement of his musical work so long as his copyright is still subsisting.”

A finding of an implied licence is simply a question of fact. But the availability of this defence will vary according to the nature of the original consent and the manner in which it was cancelled. In the case of an express licence for a fixed term which has expired, or a licence which has been expressly revoked, it would be artificial, regardless of the circumstances, to find implied consent.

Where permission has been revoked through reversion of copyright by operation of law there is a greater chance that a court will find an implied licence. According to subsection 12(5), where copyright has been assigned by an author otherwise than by will, any copyright interest of the assignee will revert to the author's legal representative twenty-five years after the author's death. A recent illustration of a finding of a post-reversion licence pursuant to the British equivalent of subsection 12(5) is the case of Redwood Music Ltd. v. Chappell & Co. There, Goff J. held that the publishers, as former assignees of the copyright in certain works who continued to remit royalties, were impliedly licensed to continue doing acts authorized by the original assignment until they received express notice of revocation. But as this case indicates it is always open to the reversionary beneficiary to revoke the implied license. So the implied licence, even if it can be supported by the facts, offers little meaningful protection for the derivative owner.

An alternative defence that may be available to the derivative owner is found in section 7 of the Canadian Act. Its aim is to temper the impact of the automatic reversion of copyright precipitated by subsection 12(5). Section 7 provides that copyright in a published work is deemed not to be infringed by “the reproduction of the work for sale” anytime after the expiration of twenty-five years from the death of the author, if the required notice of intention to reproduce the work has been given and if a royalty of ten per cent of the publishing price of each copy has been paid. In short, the statute creates a compulsory licence for the entire reversionary period.

The application of section 7 to derivative works where there has been a reversion of the underlying copyright depends on the interpretation given to the words “reproduction of the work”. Since the section does not grant a right to reproduce the work “in any material form whatsoever,” or, “to reproduce a substantial part of the work”, a narrow construction, excluding deriva-

\footnote{Canadian Act, s. 12(5) (where copyright has been assigned by an author otherwise than by will, any copyright interest of the assignee will revert to the author's legal representative twenty-five years after the author's death.) See Chappell & Co. v. Redwood Music Ltd., [1980] 2 All E.R. 817 at 823 per Lord Salmon (H.L.): “[T]he object of the proviso was to safeguard authors and their heirs from the consequences of any imprudent disposition which authors might make of the fruits of their talent and originality.”}

Derivative Works from the ambit of the compulsory licence, appears justified. As well, the fact, that the royalty fee is set at ten per cent of the published price of the copies produced pursuant to the licence, suggests that the section is only intended to permit reproduction of the work in a form substantially similar to the form in which it was originally published.

An examination of section 7 in light of its purpose suggests a wider construction. The section seems to have been introduced to protect the interests of an assignee who has invested time and effort in exploiting the work, but who is denied any benefits attributable to his investment after reversion. But while the assignee who exploits the work in its original form (the traditional assignee) "has done nothing more than print, publicize and distribute a copyrighted story or novel, a person who with the consent of the author has created an opera or motion picture film will often have made contributions literary, musical or economic, as great as or greater than the original author." If the traditional assignee's non-creative contribution is considered sufficient to warrant the enactment of a special section that allows him to continue exploiting the work, then, following this line of reasoning, it must be the case that in a statute aimed at rewarding creativity, the derivative author or assignee was intended to receive at least similar treatment. Section 7, construed in a fashion to accommodate this view, would go further than its intended object; it would authorize production of new derivative works during the reversionary period. Yet even if section 7 were to be given its most narrow construction, thereby excluding derivative works, it would still exceed its object of protecting former assignees. Anyone could take advantage of the compulsory licence. Parliament must therefore have had an additional goal in establishing this statutory defence—namely, furthering the public interest by providing greater access to the works of a creator during the latter period of his monopoly. The presence of this further statutory objective, however, does not undercut the significance of the first goal of the section. Therefore, as long as Parliament retains the reversionary right and at the same time chooses to soften its impact through the grant of a compulsory licence to reproduce the work, it is only sensible to include within the scope of the licence a right to reproduce derivative works based on that work.

The remaining question, whether as a matter of principle lawfully created

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152 See Skone James, Copinger on the Law of Copyright (7th ed. London: Sweet & Maxwell, 1936) at 85. Cf. the discussions of the meaning of "copy" for the purpose of s. 3(2) of the Canadian Act, supra text accompanying note 129.

153 Fox, supra note 3, at 304.


155 Skone James, supra note 152, at 81.

156 It has been recommended that the reversionary provision be abolished. See Keyes and Brunet, supra note 41 at 76 and Torno, supra note 133 at 107-11. The United Kingdom Copyright Act, 1956, 4 & 5 Eliz., c. 74 has already done so.

157 MacGillivray, supra note 128, at 47 recommended a similar interpretation of the identical provision in the Imperial Copyright Act, 1911, 1-2 Geo. 5, c. 46, s. 3.
derivative works should receive some form of special protection after withdrawal of consent, is not to be confused with the issue of the proper construction of section 7 of the Canadian Act. Upon consideration, one is hard pressed to defend the case for any special treatment. The copyright statute rewards creativity by granting the author the exclusive right to control his work. A compulsory licence operates as a derogation from that scheme and can only be rationalized on the basis of some competing interest that in Parliament's view needs special protection. The derivative owner in the present circumstances does not represent such a special interest group. His efforts are rewarded by the grant of copyright in any original derivative work but he must always act subject to the rights of the underlying author.

The only argument that a licensee with an expired licence could make in support of a right to continue to lawfully exploit his derivative work is that since the law grants copyright in an "infringing" derivative work, then the derivative author who creates with the requisite consent should receive something more. But the creator in such circumstances is treated more favourably under the present scheme, for during the term of his licence he can exploit his derivative work with impunity. To provide him with any greater rights would be an unwarranted intrusion into the rights of the underlying owner. Moreover, it would discourage the derivative author from obtaining the consent of the underlying owner for the full term of copyright. Indeed, the derivative author caught in this plight must be seen as the author of his own misfortune.

A reversion of the underlying copyright by law, thus terminating the right of the derivative owner to exploit his work, presents a new obstacle in the course. The derivative owner cannot avoid this dilemma by agreement. Still, the derivative owner must be taken to have known of the reversionary provision when he created his work, so there is no patent unfairness in denying him special protection. On balance, a compulsory licence in favour of the owner of copyright in existing original derivative works created with consent seems a satisfactory solution. As always, the rights of the derivative owner must be balanced against those of the underlying owner. The underlying owner through the reversionary provision is granted an additional right. His beneficiaries are given one final opportunity to reap the benefit of the author's efforts. In consideration for that benefit it seems reasonable that the law should exact a price, which would mean for the derivative owner the right to continue to lawfully exploit his work upon payment of a royalty.

The American solution to the same problem is subsection 203(b)(1) of the Copyright Act of 1976.160

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158 See generally Noel, supra note 75.
159 See the discussion in Part IV Copyright In An Infringing Derivative Work.
A derivative work prepared under authority of the grant before its termination may continue to be utilized under the terms of the grant after its termination, but this privilege does not extend to the preparation after the termination of other derivative works based upon the copyrighted work covered by the terminated grant.

The termination of grant\textsuperscript{161} referred to in subsection 203(b)(1) corresponds to reversion under subsection 12(5) of the Canadian Act. By providing that the derivative work may be utilized after termination of the grant according to the “terms of the grant”, subsection 203(b)(1), in essence, is exempting the right to produce the derivative work from the operation of the termination of the grant mechanism. Thus, if a grant of copyright provided that the underlying owner were to receive royalties from the exploitation of the derivative work during the period of the grant, under subsection 203(b)(1), the payment of royalties would continue as per the agreement even after termination of the grant.\textsuperscript{162} Hence, under the American scheme the derivative copyright owner may continue to exploit his work, but the deceased underlying author's estate is deprived of the opportunity to re-negotiate a more favourable grant.\textsuperscript{163} The fixing of a compulsory licence fee would, on the other hand, permit continued exploitation of the derivative work while at the same time allowing for possible adjustment of an earlier inequitable royalty fee. A compulsory licence system would therefore seem to strike a better balance.

If the reversionary provision is not abolished\textsuperscript{164} the introduction of a compulsory licence during the reversionary period should be considered, but only one that is narrowly confined. It should only be available for the owner of copyright in a derivative work that has been produced with the consent of the underlying owner prior to reversion. In all other circumstances the derivative copyright owner who continues to utilize his work after the consent of the underlying copyright owner has been withdrawn exposes himself to an infringement action.

VII. CONCLUSION

Under any legislative scheme granting copyright in an original derivative work, in circumstances where an earlier grant of copyright has exclusively reserved to another the right to create and exploit that work, the path is set for a collision of the rights and claims of the different creators. Canadian copyright law clearly contemplates an overlapping of copyrights in the manner just described. Section 3 of the Canadian Act, as interpreted, grants the


\textsuperscript{162} See, \textit{e.g.}, \textit{Harry Fox Agency v. Mills Music, Inc.}, 543 F. Supp. 894 (Dist. Ct. N.Y. 1982) (records produced pursuant to licences issued by music publisher who was the assignee of the author's renewal copyright “were prepared under authority of the grant” and therefore fell within the exception).


\textsuperscript{164} \textit{Supra} note 156.
copyright owner the sole right to exploit his work in a wide variety of forms and media beyond those of its original state, including the right to translate, record or film the work. The creative effort and skill involved in so transferring the underlying work to its new condition, however, will often satisfy the statutory originality criterion and hence entitle the new work to its own grant of copyright. These works are referred to throughout the paper as original derivative works. But the Canadian Act provides little insight as to how, in practical terms, the various copyrights inter-relate and, more important, it is silent on the consequences of one creator trespassing on the rights of the other.

The phenomenon of multiple copyrights involved in the creation of a single object need not generate any conflict between the creators. If the author of an original derivative work is the owner of the underlying copyright or has acted with the owner's consent, then he, independently of and in addition to, the owner of the underlying copyright, can assert his right to prevent the appropriation of his labours against a third party.

Difficulties arise, however, when the derivative author has not obtained the requisite consent to produce and exploit his work or where the consent originally given is later withdrawn. Each of these difficulties will be briefly summarized.

First, will a derivative work produced in infringement of the underlying copyright lack originality, and therefore not be protected? While a derivative work may not, under these circumstances, receive copyright, it is not the fact of infringement that negatives originality. Even if the derivative work had been produced with consent and thus not in infringement, it could nonetheless lack originality and would not be protected. Indeed, it is only because the reverse is true—that a work can substantially reproduce another and at the same time be original—that the problem under discussion arises.

Second, is an infringing derivative work denied copyright? As a general proposition this should not be accepted. While such a rule might discourage infringement of the underlying copyright it would do so at too great a cost to the derivative author. Moreover, the underlying owner can always take proceedings arising out of the infringement of his copyright. He may be able to obtain not only monetary relief but also an injunction restraining further exploitation of the derivative work by the derivative author. If the copyright in any particular derivative work, such as a sound recording, is to be contingent upon consent, then this can only be explained in terms of some individual feature of the derivative work justifying special treatment.

Third, will a court refuse to enforce copyright in an infringing derivative work? This stance would allow the courts, even without a statutory rule denying copyright in infringing derivative works, to discourage infringement of the underlying copyright. But the conclusion of the preceding paragraph that copyright can subsist in infringing derivative works is based on more than simply the fact that the Canadian Act lacks an express prohibition against granting copyright to infringing works. Given the disproportionate harm to the creator of the derivative work, a complete denial of copyright or the right
to enforce same is too high a price to exact in order to accomplish the objective of discouraging infringement. Since there is no other public policy basis, as there may be in the case of obscene or immoral works, for the courts to bar access to the legal system, this question should also receive a negative reply.

Fourth, can the infringing derivative copyright be enforced against the underlying copyright owner? To deny the derivative copyright owner this right would mean that the underlying copyright owner could appropriate the labours of another, specifically, those of the derivative author and as such would be inconsistent with the object of the Canadian Act. Once again, this consequence should not follow a finding of infringement. Obviously any attempt to enforce the derivative copyright against the underlying owner would be met by a counterclaim brought by the latter against the former.

Fifth, are copies of an infringing derivative work infringing copies of the underlying work? In most cases they should not be treated as infringing copies since this would allow the underlying owner to obtain, without cost, the full benefit of the creative effort of the derivative author. Only where the copies of the derivative work directly affect the underlying copyright owner's ability to exploit copies of the work in its original form should derivative copies be considered infringing copies of the underlying work.

Once consent, although present at the time of creation of the derivative work, is withdrawn, the derivative copyright owner is to be treated as any other infringing derivative copyright owner. If, however, the removal of the permission to continue to exploit the derivative work is precipitated by a reversion by operation of law of the underlying copyright then some special accommodation, as, for example, a compulsory licence for the remainder of the reversionary period, may be warranted.

In conclusion, it is hoped that the peculiar problems associated with the derivative work will not escape the attention of those involved in the upcoming reform of Canadian copyright law. As this study has indicated, analytically, all derivative works fall into a common mold; they can both infringe copyright and attract their own copyright. Therefore, all the practical problems discussed above arise in relation to each type of derivative work. But this does not mean that a uniform solution to a particular problem deals adequately with all types of derivative work. Attention must be given to the nature of the particular derivative and underlying work in question. Only then is it possible to integrate a statutory solution to the question of derivative works along the lines proposed within the structure of the Canadian Act.