Intellectual Property—copyright—making available online—Article 8 of WIPO Copyright Treaty (WCT) —technological neutrality—copyright balance—authors' versus users' rights

Society of Composers, Authors and Music Publishers of Canada v. Entertainment Software Association. 2022 SCC 30. File No. 39418. *At* https://scc-csc.lexum.com/scc-csc/scc-csc/en/item/19441/index.do.
Supreme Court of Canada, July 15, 2022.

The Supreme Court of Canada's (SCC) judgment in *Society of Composers, Authors and Music Publishers of Canada v. Entertainment Software Association* (*SOCAN v. ESA*)[1] clarified that states were not required under the World Intellectual Property Organization (WIPO) Copyright Treaty (WCT) to enact new "making available online" rights to protect the interests of authors in the online publication of their works.[2] The Court decided that, in the interest of maintaining a balance between authors' and users' rights in copyright law, states may—but need not—protect the interests of authors by extending to the online environment the scope of their rights in the analog environment. The decision affirms that international copyright treaties afford states some discretion in deciding how to maintain the right balance between private interests and public interests in copyrighted works.

The WCT was concluded in 1996 to adapt existing copyright rules in the Berne Convention for the Protection of Literary and Artistic Works (the international treaty on which most domestic copyright laws were based) to the digital and online environment.[3] Specifically, WCT Article 8 was necessitated by the fact that the Berne Convention was concluded in the pre-digital age and did not envision on-demand transmission of works through internet technologies.[4] It provides that the right of authors to control or authorize the public performance or public communication of their works includes the right to control the making of their works available to the public "in such a way that members of the public may access these works from a place and at a time individually chosen by them" (i.e., through the internet and on-demand technologies). Canada implemented its obligation under Article 8 by introducing Section 2.4(1.1) in its Copyright Act, which entitles authors in Canada to control the making their works available online.[5]

The decision in *SOCAN v. ESA* was precipitated by an interpretation of Section 2.4(1.1) by the Copyright Board of Canada (Board). The Board's interpretation was that the act of making a copyrighted work available online is a separately protected and compensable activity from the act of streaming or downloading a work. The practical implication of this interpretation was that two royalties would be payable to the copyright owner when a

[1] Society of Composers, Authors and Music Publishers of Canada v. Entertainment Software Association 2022 SCC 30 (Can.).

[2] WIPO Copyright Treaty, *opened for signature* Dec. 20, 1996, 2186 UNTS 121 (*entered into force* Mar. 6, 2002).

[3] Berne Convention for the Protection of Literary and Artistic Works, *opened for signature* Sept. 9, 1886 (*entered into force* Dec. 4, 1887) (as amended).

[4] See explanatory notes on Article 8 (then Article 10) in Diplomatic Conference on Certain Copyright and Neighboring Rights Questions, Basic Proposal for the Substantive Provisions of the Treaty on Certain Questions Concerning the Protection of Literary and Artistic Works to be Considered by the Diplomatic Conference, notes 10.05–10.07, Doc. CRNR/DC/4 (Aug. 30, 1996).

[5] Copyright Act, R.S.C., 1985, c. C-42.

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work is distributed online—one when the work is made available online and another when it is streamed or downloaded.

The SCC was called upon to decide whether the Board's decision was a correct interpretation of Section 2.4(1.1). Since this section was introduced to implement Canada's obligation under WCT Article 8, the SCC first decided whether Article 8 requires states to grant authors a new and separate right to control the online distribution of their works. The SCC noted that, since Parliament adopted Section 2.4(1.1) to fulfill Canada's obligations under WCT Article 8 through Section 2.4(1.1) of the Copyright Act, the section must be "interpreted so as to fulfill Canada's obligations under art. 8" (para. 49). Second, the SCC had to determine whether the obligation under WCT Article 8 requires imposing additional royalties on copyrighted works or content that are offered for download or streaming. On this point, the SCC held that:

> The *WIPO Copyright Treaty* does not demand that member countries create a new compensable "making available right" to satisfy art. 8. Member countries simply need to ensure that authors can control the physical act of making their works available. (Para. 75.)

This conclusion was based on the ambiguity in the Berne Convention that Article 8 was designed to address. Although it was possible to interpret the Berne Convention as protecting the rights of creators in the on-demand transmission of works, there was uncertainty as to the application of the Convention to this new form of communication or distribution of works to the public.[6] The WCT, negotiated as a special agreement[7] under the Berne Convention, resolved this uncertainty through the provision of Article 8 by clarifying that the right of "communication to the public" (an existing Berne Convention right)[8] applied to on-demand transmissions of copyright works.[9]

To the extent that existing rights within domestic copyright legislation are clarified to apply to the on-demand transmission of copyright works or content, whether in the form of downloads or streams, countries need not create a new "making available right" to fulfill their obligations under WCT Article 8 (para. 90). All that countries that are parties to the WCT need do is to ensure that authors can control the act of making their works available online regardless of whether the work is eventually downloaded or streamed (para. 100). However, the implementation of Article 8 does not require that the right to control the

[6] *See* Makeen F. Makeen, *Video Streaming and the Communication to the Public Right in the United States and European Union*, *in* Research Handbook on Intellectual Property and Digital Technologies 253 (Tanya Aplin ed., 2020); Cheryl Foong, The Making Available Right: Realizing the Potential of Copyright's Dissemination Function in the Digital Age 56–57 (2019).

[7] A special agreement under the Berne Convention is any agreement entered into amongst parties to the Berne Convention that grants authors more extensive rights than those granted by the Convention or contains other provisions not contrary to the Convention. *See* Berne Convention, *supra* note 3, Art. 20.

[8] *See id.* Arts. 11(1)(ii), 11*bis*(1), 14(1)(ii).

[9] *See* Makeen, *supra* note 6, at 253–54; Jane C. Ginsburg, *The (New?) Right of Making Available to the Public*, 12 (Columbia Law School Public Law & Legal Theory Working Paper Group, Working Paper No. 04-78, 2004); Jörg Reinbothe & Silke Von Lewinski, *The WIPO Treaties 1996: The WIPO Copyright Treaty and The WIPO Performances and Phonograms Treaty: Commentary and Legal Analysis*, 102, 109 (2002).

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act of making available online be a separate new right granted to authors neither does it require that two royalties be payable when works are transmitted online.[10]

The SCC noted that one way that countries may implement Article 8 in their domestic copyright laws and still be compliant with their international obligation under Article 8 is by protecting, as one compensable activity, both the initial act of providing access to a work and the subsequent act of actually accessing it through a download or stream. The obligation to seek a license from the copyright owner and to pay royalty is triggered once the act of making the work available online for download or stream is completed, regardless of whether the work is then downloaded or streamed. Where a work is made available online for download, the copyright owner's exclusive rights to control the act of distributing their work is triggered and royalty is payable for the making available of the work online as a single protected activity at the time the work is made available online and not at the time it is downloaded. The act of reproduction itself is already covered by the existing right of reproduction in copyright law. If the work is made available online for streaming, the exclusive right of the copyright owner to control the act of communicating their work to the public is triggered and a single royalty is payable at the time the work is made available online and not at the time it is streamed.

In short, WCT Article 8 places an obligation on member states to protect on-demand transmissions of authors' works and give authors the right to control when and how their work is made available for downloading or streaming. However, Article 8 leaves the manner of giving effect to this obligation to the discretion of each member state. Therefore, while it is possible for a country to give effect to its obligation under Article 8 by providing authors with a new and separate making available right, it need not do so. The obligation under Article 8 can also be fulfilled by extending the coverage of pre-existing rights under domestic copyright law to protect on-demand transmissions and give authors control over when and how their work is made available online.

The SCC thus chose to adopt an "umbrella solution"[11] to the implementation of Canada's obligations under Article 8 (para. 87). The umbrella solution involves the use of a combination of existing rights in a domestic copyright law to give effect to its obligations under Article 8. This is as opposed to granting a new right to copyright owners ("additional right solution") that will give creators the right to additional royalties. While this increases the revenue of authors, it is at the expense of users as it imposes an additional cost of access in the online environment that is absent when works are distributed in physical forms.

Canada is not alone in adopting the umbrella approach. The United States also relies on a combination of existing rights to satisfy its Article 8 obligations.[12] In the United States, the act of making copyrighted work available for downloading or streaming implicates the existing exclusive rights of copyright owners under Section 106 of the U.S. Copyright Act.[13] When a person offers public access to a work through download, the offer implicates the right of distribution and the actual download of the work implicates the right of reproduction.[14]

[10] *See* Makeen, *supra* note 6, at 254; FOONG, *supra* note 6, at 62–63; MIHÁLY FICSOR, THE LAW OF COPYRIGHT AND THE INTERNET: THE 1996 WIPO TREATIES, THEIR INTERPRETATION AND IMPLEMENTATION 501, 508 (2002).

[11] MIHÁLY FICSOR, GUIDE TO TREATIES ON COPYRIGHT AND RELATED RIGHTS TREATIES ADMINISTER BY WIPO AND GLOSSARY OF COPYRIGHT AND RELATED RIGHTS TERMS 209 (2003).

[12] United States Copyright Office, The Making Available Right in the United States: A Report of the Register of Copyrights 74–77 (Feb. 2016).

[13] *Id.* at 74.

[14] *Id.*

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On the other hand, where a person offers access to a work in the form of a stream, the right that is implicated is the right of public performance or public display since a stream does not involve the making of another copy of a work.[15]

Adopting an "umbrella solution" as opposed to a "new right solution" to Article 8 requirements is preferable for many reasons. The "umbrella solution" preserves the principle of technological neutrality in copyright law. The principle of technological neutrality is the principle that holds that copyright rules should not be developed or interpreted to favor or discriminate against any form of technology.[16] The principle is significant to maintain the necessary copyright balance between the rights of creators of copyrighted works and those of users both offline and online. The principle of technological neutrality ensures that copyrighted works attract the same rights and give rise to the same obligations in respect of payment of royalties for users regardless of the technological means used to distribute the work. As the SCC noted in this case, "What matters is *what* the user receives, not *how* the user receives it" (para. 71).[17]

The principle of technological neutrality is relevant to an interpretation of WCT Article 8 in that if Article 8 is interpreted to grant copyright owners an additional right in respect of which an additional set of royalties is payable when their works are transmitted through on-demand internet technologies, whether in the form of streaming or internet downloads, it grants authors an additional right when works are distributed online that does not exist when works are distributed offline. Favoring an online mode of distribution by granting creators an additional right when they distribute works online upsets the balance between the rights of authors and users since it places an additional rights clearance and financial burden on users. It also has the potential to stifle advancement in the making of novel distribution and access technologies since users could be dissuaded from choosing a mode of access that is more expensive. Worse still, authors would have strong motivations to distribute their works via a mode that attracts payment of additional royalties, leaving users with no alternative affordable source of access.

The SCC in this case also pointed out that, while an interpretation of Article 8 through the grant of a new right to authors would fulfill a country's obligation under that provision of the WCT, it would shift the balance between users' and authors' rights in favor of authors and also violate the principle of technological neutrality (paras. 7–8). This is more so since the WCT does not require countries to provide any form of limitation or exception to the rights of copyright owners in the interests of users. So, in the absence of any obligation in the WCT to extend the rights of users through the instrument of copyright limitations and exceptions, an extension of authors' rights through Article 8 would clearly upset the copyright balance in domestic copyright laws.

Maintaining the right balance between the rights of authors and those of users in the course of implementing WCT Article 8 in domestic copyright laws is crucial because copyright law does not exist solely for the benefit of authors. The overarching purpose of copyright law must be to balance the rights of authors by securing for them a just reward for their labor and the

[15] *Id.*

[16] Carys J. Craig, *The Making Available Right in the United States: A Report of the Register of Copyrights*, *in* THE COPYRIGHT PENTALOGY: HOW THE SUPREME COURT OF CANADA SHOOK THE FOUNDATIONS OF CANADIAN COPYRIGHT LAW 272 (Michael Geist, ed., 2013).

[17] Emphasis in original.

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rights of users by facilitating public access to copyright works on fair terms.[18] Protecting public access to copyright works is important to sustain the creative and innovation ecosystem in society, as users can rely on access to existing works to create new useful works.[19] If a country can fully protect the authors' interests in controlling the act of making their works available to the public through on-demand or internet technologies by a combination of existing rights in its domestic copyright law, that "umbrella solution" should be adopted as it will generally strike the best balance between the interests of authors and of users. Authors are able to rely on existing rights to ensure that they have control over the making available of their works, including when their works are made available through the internet, thereby satisfying the requirements of WCT Article 8.

When a combination of rights is relied on to protect the interests of authors, it also protects the interests of users in access to works by guaranteeing that a shift to a new mode of access, in this case through on-demand or internet technologies, would not lead to an increased cost of access for users, since they would not need to clear any additional exclusive right. An insight that the cases offers for countries that are parties to the WCT but are yet to implement the provision of Article 8 in their domestic copyright laws do so by simply clarifying that in combination, the existing rights of distribution, reproduction, and public performance or communication to the public (as the case may be) can sufficiently be relied on by authors to control the act of making available of their works to the public through the internet. This mode of implementing Article 8 helps those countries fulfill their obligations under WCT Article 8 (which seeks to protect the interests of authors) while also protecting the interests of users, as Canada and the United States do.

This is significant for developing countries not only in the context of musical works and sound recordings (which was what gave rise to the SCC decision under review) but also in the context of literary and artistic works. Already, developing countries face severe challenges accessing knowledge and cultural materials that are protected by copyright law, which in turn affects human development in many areas including education and health in these countries.[20] To grant an additional right that increases the cost of access in these countries would further exacerbate the human development issues that are already fueled by copyright restrictions on access, use, and dissemination of knowledge. In the interest of human development and increased access to knowledge in the digital age, it is much more advantageous for all countries, but most especially developing countries, not to increase the scope of rights granted to copyright authors since existing rights within the copyright bundle would adequately protect the interest of authors raised in WCT Article 8. To do otherwise and grant an additional "making available right" to authors would mean that distributing works online and through on-demand technologies would entail the payment of additional royalties to authors, in turn increasing the costs of access for end-users of copyrighted works, costs that would not be incurred if the mode of distribution were different.

[18] Ezieddin Elmahjub, *Situating Intellectual Property into a Human Development Paradigm*, 18 J. WORLD INTELL. PROP. 245, 245 (2015); David Nimmer, *A Riff on Fair Use in the Digital Millennium Copyright Act*, 148 U. PENN. L. REV. 673, 718 (2000).

[19] *See* Christophe Geiger, *Promoting Creativity Through Copyright Limitation: Reflections on the Concept of Exclusivity in Copyright Law*, 12 VAND. J. ENTM'T. & TECH. L. 515, 52–28 (2010).

[20] *See* Lea Shaver, *Copyright and Inequality*, 92 WASH. U. L. REV. 117 (2014); Margaret Chon, *Intellectual Property "from Below": Copyright and Capability for Education*, 40 UC DAVIS L. REV. 803 (2007).

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In summary, the decision confirms that there are two ways in which countries may fulfill their obligations under WCT Article 8: (1) by granting a new making available right to authors (the "additional right solution"); or (2) by clarifying that the existing rights of authors to control the communication of their work to the public includes the act of making the work available in such a way that members of the public may access these works from a place and at a time individually chosen by them (the "umbrella solution"). Either of these solutions would satisfy the requirements of WCT Article 8 since both would ensure that authors are guaranteed control over the act of making their works available online. Nonetheless, there are advantages to the "umbrella solution," as it protects the principle of technological neutrality and preserves the copyright balance that must be maintained between the rights of authors and those of users. By contrast, there is not any persuasive reason to adopt the "additional right solution" over the "umbrella solution."

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