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2004 CarswellNat 4660, 2004 FCA 423, 36 C.P.R. (4th) 432, 247 D.L.R. (4th) 485, 328 N.R. 187

Pyrrha Design Inc. v. 623735 Saskatchewan Ltd.

Pyrrha Design Inc., Wade Papin, and Danielle Wilmore (Appellants) and 623735 Saskatchewan Ltd. carrying on business as Spare Parts, Daniel Mysak (Respondents)

Federal Court of Appeal

Linden, Létourneau, Sharlow JJ.A.

Heard: December 1, 2004
Judgment: December 13, 2004
Docket: A-220-04

Proceedings: reversing *Pyrrha Design Inc. v. 623735 Saskatchewan Ltd.* (2004), 249 F.T.R. 89, 2004 CF 423, 2004 CarswellNat 1712, 30 C.P.R. (4th) 310, 2004 FC 423, 2004 CarswellNat 792 (F.C.)

Counsel: Ms Jenny P. Millbank, for Appellants

Mr. Cory J. Furman, for Respondent

Subject: Intellectual Property; Civil Practice and Procedure; Property

Civil practice and procedure --- Summary judgment — Requirement to show no triable issue

Plaintiff jewellery design company and its owners issued statement of claim alleging that defendants had infringed copyright in certain of their jewellery designs — Defendants brought motion for summary judgment dismissing claim on basis of s. 64 of Copyright Act, R.S.C. 1985, c. C-42 — Motions judge held jewellery "clearly" was "useful article", pursuant to s. 64(2) of Act, and held that action should be dismissed since no relevant issues remained to be decided — Plaintiffs appealed — Appeal allowed — Section 64 of Act provides that where copyright exists in design of useful article produced in commercial quantities, action for copyright infringement may not lie, but any remedy must depend upon registration system under Industrial Design Act, R.S.C. 1985, c. I-9 — Sole disputed matter in case was whether items were denied protection of Copyright Act because jewellery was "useful article" — It could not be said that no genuine issue to be tried existed — Issue of whether articles of jewellery are "useful" in copyright law had not been litigated in Canada — In deciding such question, it was necessary to have more evidence about jewellery's usefulness or lack thereof, including evidence from artistic and cultural milieu — Issue should not have been decided summarily — Case was to proceed to full trial.

Intellectual property --- Copyright — Material in which copyright may subsist — Artistic works — General

principles

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Intellectual property --- Copyright — Material in which copyright may subsist — Artistic works — Applicability of Industrial Design Act

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Intellectual property --- Copyright — Practice and procedure — General principles

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to full trial.

Cases considered by *Linden J.A.*:

DRG Inc. v. Datafile Ltd. (1991), 117 N.R. 308, 35 C.P.R. (3d) 243, 43 F.T.R. 239 (note), 1991 CarswellNat 1123 (Fed. C.A.) — referred to

Granville Shipping Co. v. Pegasus Lines Ltd. S.A. (1996), 111 F.T.R. 189, [1996] 2 F.C. 853, 1996 CarswellNat 447, 1996 CarswellNat 2356 (Fed. T.D.) — referred to

Statutes considered:

Criminal Code, R.S.C. 1970, c. C-34

s. 46 — referred to

Copyright Act, R.S.C. 1985, c. C-42

Generally — referred to

s. 64 — considered

s. 64(1) — considered

s. 64(1) "useful article" — considered

s. 64(1) "utilitarian function" — referred to

s. 64(2) — considered

Industrial Design Act, R.S.C. 1985, c. I-9

Generally — referred to

APPEAL by plaintiffs from judgment reported at *Pyrrha Design Inc. v. 623735 Saskatchewan Ltd.* (2004), 249 F.T.R. 89, 2004 CF 423, 2004 CarswellNat 1712, 30 C.P.R. (4th) 310, 2004 FC 423, 2004 CarswellNat 792 (F.C.), granting application for summary judgment dismissing plaintiffs' action.

***Linden J.A.*:**

1 The main issue on this appeal is whether the Motions Judge was correct in granting summary judgment dismissing the claim of the appellants for copyright infringement in relation to certain jewellery designs.

2 On March 26, 2002 the appellants issued a Statement of Claim alleging that the respondents had infringed copyright in certain of their jewellery designs. The appellants claimed liability and damages with respect to the infringement. The respondents filed a Statement of Defence dated May 2, 2002 denying liability. On September 25, 2003, the respondents filed a Notice of Motion seeking summary judgment dismissing the claim on the basis of section 64 of the Copyright Act, R.S.C. 1985 c. C-42

3 The Motions Judge found that the jewellery in issue "clearly" was a "useful article", pursuant to section

64(2) of the Copyright Act, and held that the action should be dismissed since no relevant issues remained to be decided.

4 In my view, this decision was not correct in law and must be set aside, allowing the matter to proceed to trial on the merits.

Facts

5 The appellant, Pyrrha Design Inc., is a jewellery design company, based in Vancouver, B.C. and owned by the appellants Danielle Wilmore and Wade Papin, who are designers for Pyrrha. The respondent, 623735 Saskatchewan Ltd., carrying on business as SpareParts, is based in Saskatchewan with stores in various parts of Canada, including one in metropolitan Vancouver, British Columbia. Daniel Mysak is the President of Spare-Parts.

6 Pyrrha makes rings, earrings and pendants featuring vibrantly coloured fibre-optic glass stones, some resembling a cat's eye, set in chunky cast sterling silver mountings of modern character. The appellants believe that the respondents are infringing their copyright in their original jewellery items by copying them and offering them for sale. Analysis

7 The relevant section of the Copyright Act is as follows:

> 64(1) In this section and section 64.1,
>
> "article" means any thing that is made by hand, tool or machine;
>
> "design" means features of shape, configuration, pattern or ornament and any combination of those features that, in a finished article, appeal to and are judged solely by the eye;
>
> "useful article" means an article that has a utilitarian function and includes a model of any such article;
>
> "utilitarian function", in respect of an article, means a function other than merely serving as a substrate or carrier for artistic or literary matter.
>
> (2) Where copyright subsists in a design applied to a useful article or in an artistic work from which the design is derived and, by or under the authority of any person who owns the copyright in Canada or who owns the copyright elsewhere,
>
> (a) the article is reproduced in a quantity of more than fifty, or
>
> (b) where the article is a plate, engraving or cast, the article is used for producing more than fifty useful articles, it shall not thereafter be an infringement of the copyright or the moral rights for anyone
>
> (c) to reproduce the design of the article or a design not differing substantially from the design of the article by
>
> (i) making the article, or

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

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

64. (1) Les définitions qui suivent s'appliquent au présent article et à l'article 64.1.

« dessin » "design"

« dessin » Caractéristiques ou combinaison de caractéristiques visuelles d'un objet fini, en ce qui touche la configuration, le motif ou les éléments décoratifs.

« fonction utilitaire » "utilitarian function"

« fonction utilitaire » Fonction d'un objet autre que celle de support d'un produit artistique ou littéraire.

« objet » "article"

« objet » Tout ce qui est réalisé à la main ou à l'aide d'un outil ou d'une machine.

« objet utilitaire » "useful article"

« objet utilitaire » Objet remplissant une fonction utilitaire, y compris tout modèle ou toute maquette de celui-ci.

(2) Ne constitue pas une violation du droit d'auteur ou des droits moraux sur un dessin appliqué à un objet utilitaire, ou sur une oeuvre artistique dont le dessin est tiré, ni le fait de reproduire ce dessin, ou un dessin qui n'en diffère pas sensiblement, en réalisant l'objet ou toute reproduction graphique ou matérielle de celui-ci, ni le fait d'accomplir avec un objet ainsi réalisé, ou sa reproduction, un acte réservé exclusivement au titulaire du droit, pourvu que l'objet, de par l'autorisation du titulaire - au Canada ou à l'étranger - remplisse l'une des conditions suivantes_:

a) être reproduit à plus de cinquante exemplaires;

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

8 This legislation provides, therefore, that copyright may exist in a design of a useful article, but if that useful article is produced in a quantity of more than 50, it is not an infringement of the copyright for others to reproduce similar articles. In other words, where copyright exists in such articles produced in what might be considered commercial quantities, an action for copyright infringement may not lie, but the remedy, if any, must depend upon the registration system under the Industrial Design Act, R.S.C. I-9.

9 In this case, it was admitted, for purposes of the summary judgment motion, that there was copyright in the design of the jewellery and that more than 50 copies were produced by the appellant. The sole disputed matter is whether these items are denied the protection of the Copyright Act because the jewellery was a "useful art-

icle", which is defined as "an article that has a utilitarian function", which in turn is defined as a "function other than merely serving as a substrate or carrier for artistic or literary matter". (See section 64(1), Copyright Act, supra.)

10 The Motions Judge was persuaded that the jewellery in issue was a "useful article". The primary argument advanced by the respondent to support the Judge's conclusion is that, as jewellery is "to be worn", it is "functional". Rings are worn on fingers, earrings are worn on ears and necklaces are worn around the neck "to give a visual effect". Hence, it is argued, they have a function "other than merely acting as a substrate or carrier for a design". All jewellery that is capable of being worn, it is urged, is functional, and, hence, denied the protection of the Copyright Act, if produced in a quantity of more than fifty.

11 The appellants, on the other hand, contend that the wearing of jewellery does not by itself make it useful, any more than the hanging of a painting on a wall makes it useful. Jewellery is unlike clothing in that it does not provide warmth or protection. It is worn mainly because of the way it looks, its attractive appearance. If the respondent is right, suggests the appellants, any sculpture adorning a lobby or a painting decorating a wall would also be considered useful and would lose their copyright protection if more than 50 copies were made.

12 In this case, it was agreed that the test to decide whether summary judgment should be issued is that there must be a "lack of genuine issue" to be tried. (See Tremblay-Lamer J in *Granville Shipping Co. v. Pegasus Lines Ltd. S.A.*, [1996] 2 F.C. 853 (Fed. T.D.).)

13 In my view, it is not clear that there was no genuine issue to be tried in this case. The issue of whether articles of the kind involved here are useful in copyright law has not been litigated before in Canada. Significant consequences flow from such a decision. It is necessary, in deciding such a question, to have more evidence about the jewellery's usefulness or lack thereof, including evidence from the artistic and cultural milieu. This difficult issue should not have been decided in a summary way. The appellants deserve a day in Court to fully defend their rights to copyright in their jewellery.

14 There is something amounting to a genuine issue raised by the appellants' analysis, for otherwise every work of art could be considered useful merely because it can be enjoyed as an adornment. It is not enough to hold without evidence that because jewellery is worn it is ipso facto useful. It is doubtful whether the usefulness of a work of art can be determined solely by its existence; there must be a practical use in addition to is esthetic value. Some items of jewellery that are worn may be useful whereas others may not be. For example, a tie pin or cuff links may be useful types of jewellery holding clothing together, while other objects such as a brooch or an earring may be purely ornamental and not useful at all, valuable only for their own intrinsic merit as works of art. Further, a sculpture may be created merely to be observed and admired or it may be made to be used as a paper weight. This issue is a genuine one deserving of a full trial on viva voce evidence.

15 There was much discussion about the case of *DRG Inc. v. Datafile Ltd.*, [1991] F.C.J. No. 144 (Fed. C.A.)but it is clear that the reasons in that case were based on earlier legislation that has since been altered. In the earlier legislation, section 46 of the Copyright Act had stated that "This act does not apply to designs capable of being registered under the Industrial Design Act". This restriction no longer appears in the current legislation (see section 64). It is obvious, therefore, that it is now possible for the Copyright Act to apply to the designs capable of being registered under the Industrial Design Act, that is, dual protection may now be possible in some situations.

16 The appeal should be allowed and the Motions Judge's decision should be set aside so that the case may

proceed to a full and fair trial on all the evidence. Costs in the cause.

***Létourneau J.A.*:**

I agree

***Sharlow J.A.*:**

I agree

Appeal allowed.

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