

Copyright Infringement without Copying— Reflections on the *Théberge* Case

BY ORIT FISCHMAN AFORI*

Cet article sonde le contenu de deux droits fondamentaux dans la palette des droits d'auteur : le droit exclusif de reproduire l'oeuvre (le droit de reproduction) et le droit exclusif de préparer des œuvres dérivées en s'inspirant de l'oeuvre protégée (le droit d'adaptation). Bien que de nature fondamentale, les paramètres précis de ces deux droits et les nuances entre l'un et l'autre sont subtils.

Le catalyseur à utiliser dans le traitement de ces deux questions de base du droit d'auteur est la décision canadienne rendue par la Cour suprême dans l'affaire *Théberge c. Galerie d'Art du Petit Champlain inc.*, [2002] CSC 34. En l'espèce, une personne avait acheté une copie légale et tangible d'une œuvre protégée, l'avait modifié physiquement, puis l'avait revendue. La question se pose si cette façon de faire constitue une violation du droit d'auteur et quel est le droit applicable. Cette question soulève des enjeux complexes qui exigent une clarification des éléments fondamentaux et des doctrines du droit d'auteur, notamment une définition précise de la notion de « reproduction », une compréhension de la pleine portée du droit d'adaptation et enfin une détermination si l'acte physique de copier est inhérent à la violation. De plus, il y a lieu de souligner la relation entre ses deux droits et d'élucider les doctrines de la « première vente » et du « consentement implicite » dans un tel contexte.

La Cour suprême du Canada, malheureusement, n'a pas saisi cette occasion de résoudre certaines des ambiguïtés fondamentales en matière du droit d'auteur. De plus, sa décision reflète une interprétation erronée des droits de reproduction et d'adaptation parce que la Cour a cherché sans raison valable à exclure les doctrines civilistes du droit d'auteur canadien. L'arrêt *Théberge* étant lourd de conséquences, en particulier dans le débat en cours au sujet des diverses technologies utilisées dans l'environnement numérique et Internet pour l'exploitation et la communication des œuvres protégées, il est vraiment important de revoir la question afin de corriger les faiblesses et les failles en la matière.

This article addresses the content of two fundamental rights of the bundle of copyrights: the exclusive right to reproduce a work—the reproduction right—and the exclusive right to prepare derivative works based on the protected work—the adaptation right. Despite being fundamental, the exact boundaries of these two rights and the difference between them are elusive.

The catalyst for dealing with these basic issues in the law of copyright is the Canadian Supreme Court's decision in the case of *Théberge v. Galerie d'Art du Petit Champlain Inc.* [2002] S.C.C. 34. The factual scenario in this case involved a situation in which a person purchased a lawful, tangible copy of a copyrighted work, modified it physically, and then resold it. The question is whether this scenario constitutes copyright infringement, and what the applicable law is. This raises complicated problems that necessitate a clarification of the fundamental elements and doctrines in copyright law, such as what "reproduction" is exactly, what the precise extent of the adaptation right is, and whether the physical act of copying is inherent to their infringement. Moreover, we shall mark the relation between the two rights, and determine the role of the "first-sale" and "implied consent" doctrines in such cases.

The Canadian Supreme Court did not, unfortunately, use this opportunity to resolve some of the fundamental ambiguities in copyright law. Moreover, the Court's decision reflects an erroneous interpretation of the reproduction and adaptation rights, motivated by an irrelevant attempt to exclude civilist doctrines from Canadian copyright law. Since the *Théberge* holding has far-reaching implications, especially in light of the constant debates concerning different technologies used in the digital and internet environment for exploiting and communicating protected works, it is therefore most important to examine and try to correct its failings and shortcomings.

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I. INTRODUCTION

It is common knowledge that the internet era and technological developments have presented copyright law with new challenges. However, in copyright law some of the most basic questions, which also arose in previous eras, still have no clear answers.¹ These questions require a thorough discussion, which will serve to develop the law, *inter alia*, by adapting it to the technological age. The aim of this article is to discuss one such basic and, as of yet, unresolved issue in the law of copyright, which is, what constitutes the exact content of two fundamental rights of the bundle of copyrights: the exclusive right to reproduce a work—the reproduction right—and the exclusive right to prepare derivative works based on the protected work—the adaptation right)? In this article, we shall try to shed some light on the content of these two rights and to understand the difference between them.

As a catalyst for dealing with this basic issue in the law of copyright, let us consider a possible situation: when a person purchases a lawful, tangible copy of a copyrighted work, modifies it physically, and then resells it, what is the applicable law? Does this scenario constitute copyright infringement? Despite its seeming triviality, this situation raises complicated problems that necessitate clear comprehension of the fundamental elements in copyright law. The Supreme Court of Canada recently discussed such a factual scenario in *Théberge v. Galerie d'Art du Petit Champlain Inc.*² However, as shall be explained, the Court did not use this opportunity to resolve some of the fundamental conflicts in copyright law, but rather interpreted the reproduction and adaptation rights erroneously, motivated by a will to exclude ostensibly *civiliste* doctrines from Canadian copyright law.

Some of the more complicated problems arising in copyright law stem from the fact that it deals with rights conferred with respect to incorporeal assets. These

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1. The current copyright discourse in Canada was described recently as a “panic,” according to which “the Internet has changed everything,” while in reality the technological impact is much more complex. See Laura J. Murray, “Copyright Talk: Patterns and Pitfalls in Canadian Policy Discourses,” in Michael Geist, ed., *In the Public Interest: The Future of Canadian Copyright Law* (Toronto: Irwin Law, 2005) 15 at 24-25.
 2. 2002 SCC 34, [2002] 2 S.C.R. 336, 210 D.L.R. (4th) 385 [*Théberge*].

kinds of problems are typical of all intellectual property laws. This article focuses on the junction of incorporeal property law and corporeal property law. In some cases, the use of a lawful, tangible copy of a work injures the copyright owner's interests. The proprietary interest of the owner of the tangible copy to realize rights with respect to the chattel owned stands in conflict with the copyright holder's interests to have control over actions done with respect to the physical copies of the work. In other words, in the factual scenario discussed here, there is a direct conflict between the chattel owner's interest to realize property rights and the copyright holder's interest to realize intellectual property rights. The legal question is: on what grounds and according to which principles should such conflicts be decided?

Part II of this article begins with a short introduction to *Théberge*—the trigger for this inquiry into basic concepts of copyright law—in which the Supreme Court of Canada discussed the situation discussed above. In this case, the question was whether the owner of paper copies of paintings, who had used a chemical technique that enabled him to lift the ink from the paper copy, remove it to a canvas substrate, and then sell it at a higher price than the paper copy, had infringed copyright. The legal difficulty stemmed from the fact that such a technique does not consist of an act of “copying,” if “copying” is understood as an action of imitation or mimicry.

Four judges laid down the decision, which rejected copyright infringement, and three judges dissented. In our opinion, the majority's decision is wrong, both with respect to the solution preferred in the basic conflict between property rights in a chattel and in copyright, and with respect to drawing the boundaries of the reproduction and adaptation rights in Canadian copyright law. As to the first issue, the Court preferred the interests of the tangible proprietor, while ignoring a wide range of considerations related to the copyright holder's interests, including the contractual context between the actual parties.

Referring to the second issue, the Court drew a narrow definition of both basic rights, which is partly illogical, and also runs counter to Canadian international obligations. It seems that the underlying motive of segregating Canadian copyright law from the *civiliste* tradition led to an unreasonable interpretation of the law, even when inspected through a common law perspective. Whether right or wrong, the *Théberge* decision might have far-reaching effects on copyright law, above and beyond its specific circumstances, since it touches the basics of copyright law. And, since the Court erred in its analysis and conclusions, the case deserves a thorough review.

Part III of the article presents a brief conceptualization of the reproduction and adaptation rights, explaining the elusive boundaries between the two, which stems from both the denotation of the terms used in the statutes and their historical evolution. These inquiries are guided by our test-case question: whether the modification of a lawful and tangible copy of a work and its subsequent resale constitute an infringement of the rights of reproduction and/or of adaptation.

Answering this question will clarify both the exact scope of these two rights and the difference between them. As to the reproduction right, despite being so fundamental, the term “reproduction” is not defined by positive law, and therefore the

boundaries of the right are not clear. Thus, there is, as of yet, no definite answer to whether an act of copying is necessary in order to infringe the reproduction right, and whether a copying action must consist of an act of mimicry, or whether reproduction rights may be acknowledged as part of a much broader right.

Part IV of the article presents the heart of our legal analysis. Even if the reproduction right is interpreted as including a necessary element of copying for its infringement, the question remains with respect to the adaptation right: is an action of copying necessary in order to infringe it? What is the scope of the adaptation right? Here, the answer is less clear. Accordingly, the relevant guiding question might be phrased as follows: is the use and modification of a tangible, lawful copy of a work—not involving an action of copying—an infringement of the adaptation right? The answer to this question is not immediately obvious, but it may be positive, and we wish to propose a broad definition of adaptation rights as: a way to control various non-copying manipulation. This proposition also serves as a possible tool of effective differentiation between the right of reproduction and the right of adaptation.

Further in Part IV, we discuss the relevance of the implied consent doctrine for resolving situations such as the one that arose in *Théberge*. In our view, the use of a lawful tangible copy of a work could, in some cases, constitute infringement of the adaptation right when accounting for policy considerations. These considerations are aimed, amongst other purposes, at balancing the conflicting interests of the copyright holder and the owner of the chattel. The means that allow such bifurcation to occur in copyright law is the implied consent doctrine—sometimes confused with “first sale” doctrine—when analyzed on a case-by-case basis.

According to the implied consent doctrine, the purchaser of a tangible asset, in which intellectual property rights are reflected, has a right to use the asset in a normal and natural manner, which is deduced from the nature of the asset. In every case, the nature of the work of which a copy is used and the nature of the use of such copy needs to be examined. However, since implied consent is not merely an instrument for tracking the subjective intent of the parties, but is rather a mechanism enabling the introduction of objective policy considerations into copyright law, any examination must weigh the conflicting proprietary interests. Therefore, the implied consent doctrine functions as another moderating means in the law of copyright, balancing between copyright owners’ and users’ interests.

In order to support such analysis, another factual example is presented in Part IV, which concerns “integrated works.” Integrated works consist of an additional layer based upon underlying works with no copying at all, aimed at improving the underlying work. For example, an additional computer program aimed at improving the features of an existing computer program, but without copying any part of the already existing program, is an integrated work.

There is authority for finding that such situations constitute infringement, according to policy considerations, though there is no copying of the underlying work. This example will serve not only to foster our proposed analysis of the adaptation right, but also to support the need to review *Théberge*, since the narrow inter-

pretation given to the reproduction and adaptation rights in this case may have far-reaching implications on future technologies, which will allow for new methods of exploitation of works in the digital era with no copying.

Part V of the article turns to review the majority's decision in *Théberge*, based upon our previous analysis of principles in copyright law. We begin by putting the relevant question in context. The plaintiff was motivated primarily by an economic incentive to enforce his adaptation right. However, the Court identified another motive, which underpins the moral rights, known as a civil law doctrine. Such misunderstanding led the majority along an incorrect path for resolving the issue at hand.

We explain the basic economic motivation underlying *Théberge*, which is connected to the known mechanism of "price discrimination." We continue then by examining the heart of the decision, in which both the reproduction and the adaptation rights were interpreted narrowly. As will be explained, this decision is erroneous, contradicts international law standards, and prevents courts from using a flexible mechanism to infuse policy considerations into copyright law, through the implied consent doctrine, in order to achieve a balanced result on a case-by-case basis.

Finally, Part IV of the article seeks to inspect briefly the implications of *Théberge*. Our notion is that these may be far-reaching, especially in light of the constant debates concerning different technologies used in the digital and internet environment for exploiting and communicating protected works, even with no act of old-world copying.

II. THE *THÉBERGE* CASE

The facts of *Théberge* are as follows. The plaintiff, an acknowledged painter, entered into a contract with art publishers for the distribution of some of his works, including posters. The defendants were art galleries that purchased posters of the plaintiff's works lawfully, and used a special technique enabling the ink from the posters to be removed to a canvas substrate. This technique was based on a chemical process enabling the absorption of surface ink, followed by peeling it from the substrate while the image remained untouched, and finally sticking the peeled ink onto a new canvas substrate with adhesive. In this way, the original poster no longer had the work printed on it, since it was actually destroyed and replaced with the new canvas copy of the work. Thus, the total number of copies of the work had not increased, as one original copy was replaced with another new copy. The defendants resold the canvas copies prepared by them for a much higher sum than they would have received if they were selling only the original poster copies.³

3. *Ibid.* at para. 7.

The plaintiff sued for copyright infringement in a Quebec court. The judge of first instance approved a seizure decree (relating to the yet unsold canvas copies). The Quebec Superior Court held that the defendants' act did not constitute making a new unauthorized copy of the work, and hence there was no copyright infringement.⁴ The Quebec Court of Appeal reversed this decision, and held that by transferring the ink to a more valuable material, copyright was infringed.⁵

The defendants appealed to the Supreme Court of Canada. In a very long and complex decision, the Court, in a 4-3 decision, reversed the Court of Appeal. The majority, McLachlin C.J.C., Binnie, Major and LeBel JJ., held that there was no copyright infringement, and in particular, there was no infringement of the reproduction right or the adaptation right. The minority, Gonthier, Iacobucci, and L'Heureux-Dubé JJ., held that the defendants had infringed the reproduction right.

The essence of the majority's ruling (given by Justice Binnie) is that there was no multiplication of the work. The process began with one copy and ended with one copy, so the total number of copies did not increase. The majority stated that "[m]ultiplication of the copies would be a necessary consequence of this physical concept of 'reproduction'"⁶ and therefore, the majority concluded that there was no infringement of the reproduction right.⁷ The majority view was that generally, in the basic conflict between the owner of the copyright in a work and the holder of the tangible property that embodies the copyright expression, the latter prevails.⁸ Thus, it is the owner of the physical copy of a work who is to determine what happens to it,⁹ and the onus is on the copyright owner to demonstrate a statutory right that overrides what the owner of the authorized copy could otherwise do with this tangible property.¹⁰

Therefore, the transfer of the ink to another physical layer should not be regarded as "reproduction," since this would be an expansive reading of the reproduction right, which tilts the balance "too far in favour of the copyright holder and insufficiently recognizes the proprietary rights of the appellants in the physical posters which they purchased."¹¹ As proof that the English tradition denies control over the "destination" of an authorized copy, the majority referred to *Frost and Reed v. The Olive Series Publishing Company*,¹² an English decision from 1908 where cutting pictures from books, pasting them on cards and reselling them did not constitute an infringement.

4. *Ibid.* at para. 35.

5. *Ibid.* at para. 158.

6. *Ibid.* at para. 42.

7. *Ibid.* at paras. 47, 50.

8. *Ibid.* at para. 42.

9. *Ibid.* at para. 40.

10. *Ibid.* at para. 109.

11. *Ibid.* at para. 28.

12. [1908] 24 T.L.R. 649 (Ch.) [Frost], cited in *Théberge*, *supra* note 2 at para. 64.

As to the adaptation right, the majority's view acknowledged that the concept of adaptations is found in the Berne Convention for the Protection of Literary and Artistic Works¹³ and in the copyright legislation in the Anglo-American jurisdictions, including Canada. However, the United States' (US) statutory language is expansive, since the right refers to "any other form in which a work may be recast, transformed, or adapted," whereas in Canadian legislation, the right is limited to a specific list of actions done with respect to a work.¹⁴

Therefore, while the transfer of ink might be an infringement of the adaptation right in the US, as long as the right in Canadian legislation does not refer to such expansive actions, it cannot be regarded as an infringement. As well, the phrase "transformed or adapted" cannot be wholly contained within the term "reproduction." It falls to the legislature to change the law.¹⁵ Nevertheless, it is noted that, "while there is no explicit and independent concept of 'derivative work' in [the Canadian] Act," the reproduction right, referring to any act of "production or reproduction," gives authors some control over production of derivative works.¹⁶

Moreover, the majority's view was that, while the plaintiff wished to enforce his moral right to the integrity of his work, such enforcement should be limited to the acknowledged statutory moral right.¹⁷ This apparent moral right motivation of the plaintiff was regarded by Justice Binnie as the heart of the problem, when he stated that "there are some continuing conceptual differences between the *droit d'auteur* of the continental *civiliste* tradition and the English copyright tradition, and these differences seem to lie at the root of the misunderstanding which gave rise to the present appeal."¹⁸

The motive for dissociating Canadian copyright law from the *civiliste* tradition has led, in our view, to an erroneous interpretation of copyright law, even when viewed in light of the English tradition. In order to support our critique, we shall turn below to explain the scope of each of the reproduction and adaptation rights in the English tradition of copyright law.

13. *Berne Convention for the Protection of Literary and Artistic Works*, 24 July 1971, 25 U.S.T. 1341, 828 U.N.T.S. 221 [*Berne Convention*], cited in *Théberge*, *supra* note 2 at para. 71.

14. U.S.C. 17 § 101 (1976) [U.S.C.], cited in *Théberge*, *supra* note 2 at paras. 71, 73.

15. *Théberge*, *supra* note 2 at para. 73.

16. *Ibid.*

17. *Ibid.* at paras. 21-22.

18. *Ibid.* at para. 6.

III. THE ELUSIVE BOUNDARIES OF THE REPRODUCTION AND ADAPTATION RIGHTS

Copyright includes several rights, vesting different exclusive powers with regard to a work. Our focus is on the reproduction right, and its secondary “sister,” the right to prepare derivative works (the “adaptation right”). Even though those rights are fundamental, their precise content is not clear, and both suffer from elusive boundaries, which consequently results in a lack of analytical structure in copyright law.¹⁹ The need to define the exact elements of each of the two rights is clear, and ironically, the rare factual basis of *Théberge* functions as a catalyst for such an examination.

We shall begin by outlining each of the rights and their content and scope as known by positive law. Within this framework, we shall examine the flexible legal denotation of the term “reproduction” and its historical evolution, in order to explain both the reasons for the elusive boundaries of these two rights and the deep linkage between them. This discussion will be viewed through the lens of the question at hand: whether use of a tangible copy of a copyrighted work constitutes infringement of the reproduction and/or adaptation right, even though it does not involve an act of copying.

Our conclusion, developed in Parts IV and V, is that both the reproduction and adaptation rights can be interpreted broadly, as controlling a wide range of acts done with respect to a protected work, including use of a tangible copy of a copyrighted work not involving an act of copying. Nevertheless, it seems that the adaptation right is much more suitable for such interpretation, taking into consideration its nature, historical development and underlying policy considerations.

A. The Reproduction Right

The most basic right included in the copyright bundle is the reproduction right.²⁰ The right is defined in Canadian law as follows: “‘copyright’ [in relation to a work] means the sole right to produce or reproduce the work or any substantial part thereof in any material form whatever”²¹ The definition is rudimentary, and contains no clarification as to what exactly falls within the purview of the terms “produce or reproduce.” This definition of the right in Canadian law is based on the English *Copyright Act, 1911*.²²

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19. For a recent discussion on the elusive boundaries between those two rights, see Michael Abramowicz, “A Theory of Copyright’s Derivative Right and Related Doctrines” (2005) 90 *Minn. L. Rev.* 317.
20. Kevin Garnett, Gillian Davies & Gwilym Harbottle, *Copinger and Skone James on Copyright*, 15th ed. (London: Sweet & Maxwell, 2005) vol. 1 at 369.
21. *Copyright Act*, R.S.C. 1985, c. C-42, s. 3(1) [*Copyright Act*].
22. *Copyright Act, 1911* (U.K.), 1 & 2 Geo. V, c. 46, s. 1(2) [*Copyright Act, 1911* (U.K.)]. Currently, the English statute defines the right somehow differently, since it stipulates “[t]he owner of the copyright in a work has . . . the exclusive right . . . to copy the work” *Copyright, Designs and Patents Act* (U.K.), 1988, c. 48, s. 16(1)(a) [*Copyright, Designs Act*]. The meaning of copying is partly explained at s. 17(2): “[c]opying in relation to a literary, dramatic, musical or artistic work means reproducing the work in any material form.” Thus, in current English law the question of what constitutes reproduction is still moot.

The situation examined here—the use of an existing material copy within a new production—raises the following questions: (i) exactly which actions constitute “reproduction” and “copying”? and, (ii) is there a difference between the two terms? Moreover, must a “production” as well as a “reproduction” be carried out through an act of copying, according to Canadian law? In order to answer these questions, we shall need to explore these terms further. Our notion is that “production” and “reproduction” are broader terms than “copying.”

1. Defining “Reproduction”

It is common to note the three elements needed for the infringement of the reproduction right: copying, substantiality, and material copies.

1. Copying: The act of infringement should include an unauthorized action of copying, which means that the subject work served as a *source* for the action’s outcome, without permission from the copyright holder. This basic element distinguishes the independent, lawful creation from a creation *based* on an existing work.²³
2. Substantiality: The copying from the work should be “substantial.” It is not enough that an act of copying has occurred; the outcome of this act should be examined through qualitative and quantitative standards, which are the assessments tools for “substantiality.”²⁴ The substantial amount of copying is examined objectively.²⁵
3. Material copies: The outcome of the act of copying should be the production of material copies.²⁶

These three elements together constitute the traditional components of infringement of the reproduction right, but upon closer examination, their exact content and meaning are far from clear. Our main focus is on the first element, that of copying.

The traditional element of “copying” means that the reproduction right cannot be infringed unless it is proved that the acting person subjectively *relied* on the protected work at issue.²⁷ Namely, in the framework of the “copying” element, the ques-

23. David Vaver, *Copyright Law* (Toronto: Irwin Law, 2000) at 123-24; John S. McKeown, *Fox Canadian Law of Copyright and Industrial Designs*, 3d ed. (Scarborough, Ont.: Carswell, 2000) at 421-22; Garnett, Davies & Harbottle, *supra* note 20 at 370. See also Melville B. Nimmer & David Nimmer, *Nimmer On Copyright*, loose-leaf (San Francisco: LexisNexis, 2005) vol. 2 at c. 8.02[A] (holding the view that “[i]n a broad generic sense, copying and reproduction are synonymous.”).¹
24. *Copyright Act*, *supra* note 21, s. 3(1) (refers to “any substantial part” of a copyrighted work); Vaver, *ibid.* at 143-45; McKeown, *ibid.* at 422; Garnett, Davies & Harbottle, *supra* note 20 at 370.
25. Garnett, Davies & Harbottle, *supra* note 20 at 370. The objective standard is known as the “Substantial Similarity” test. In English Law, see Garnett, Davies & Harbottle, *supra* note 20 at 371, 380-91. In US law, see Nimmer, *supra* note 23, vol. 4 at c. 13.03[B][2]—c. 13.03[B][3].
26. *Copyright Act*, *supra* note 21, s. 3(1) refers to “any material form whatever.” See Vaver, *supra* note 23 at 124-25. See also Nimmer, *supra* note 23 at c. 8.02[A]; J.A.L. Sterling, *World Copyright Law* (London: Sweet & Maxwell, 1999) at 147-50. The fixation requirement creates the differentiation between other acts of copying that might result with infringement of other rights, such as the public performance right.
27. Since it might be very hard to prove subjective reliance on the work at issue, different legal doctrines were developed in order to determine circumstantial subjective reliance, such as the “Access Test,” which asks whether the copier had possible access to the work at stake. See Garnett, Davies & Harbottle *supra* note 20 at 374-76.

tion is whether someone actually used the subject work as a *source* for the action, or whether the action was independent, without using the work as a source.²⁸ Returning to the basic question, whether the use of a tangible copy constitutes an act of copying, we still have no clear answer. The actual use of an existing tangible copy consists of *reliance* on the protected work and does not deny its function as a *source* for the new exploitation.

Nevertheless, if we turn to the dictionary, we learn that the verb “copy” means “do the same as; imitate.”²⁹ In *Théberge*, there was reliance on a copyrighted work, but with no act of imitation or mimicry. The question now becomes whether the element of “copying” necessarily implies an act of mimicry or imitation. For example, when one looks at an existing painting of a figure with a background and then draws a new one by oneself while *tracing* the lines of the figure in the existing painting, we would say that there is an act of copying in the sense of imitation or mimicry. Imitation can also take place through a more mechanical process: for example, one can use a photocopier in order to copy the existing painted figure and the result would be of a perfect imitation.

In contrast, if one takes the existing tangible painting and physically cuts out the painted figure using scissors, and then sticks it onto another background, there is no act of copying in the sense of imitation or mimicry. It is simply a re-use of the existing painting. The question, therefore, is whether the *actus* element that elaborates a civil wrong of “reproduction” must include an active behaviour of *imitating* an already existing work (or a copy of it) or whether such re-use also may fall within the category of prohibited acts. The language of the law in Canada provides no answer, since the word “copying” does not appear in it at all. Therefore, we return to the initial issue of what is included in the term “reproduction” and whether it must include an active deed of mimicry or imitation.

The term “reproduction” is not defined by statute and in the literature there is little written on the term “reproduction” (or “production”).³⁰ In legal discourse, as will be presented below, there is much more focus on the question of what consti-

28. This basic rule is often called the “causal connection” element of copyright infringement. See Garnett, Davies & Harbottle, *supra* note 20 at 373. See also James Lahore & Warwick A. Rothnie, *Copyright and Designs*, 3d ed., vol. 1, looseleaf (Chatswood, N.S.W., Aus.: LexisNexis, 2000) at 34,186, § 34,145; *Francis Day & Hunter Ltd. v. Bron* [1963] 1 Ch. 587 at 618, 623, [1963] 2 W.L.R. 868 (C.A.). However, it should be understood that an act of copying may exist even if the source work has not been seen directly by its copier, but through an intermediary instrument. Such indirect copying is still copying, since “[a] copy of a copy is still a copy.” Vaver, *supra* note 23 at 124. See also Garnett, Davies & Harbottle, *supra* note 20 at 371. For example, copying from a photo of a painting is an indirect copying from the painting, and when unauthorized would infringe the right.

29. *The Concise Oxford Dictionary of Current English*, 9th ed., s.v. “copy.”

30. For a discussion of the lack of definition of both terms—reproduction and production—in Canadian law, see Catherine Bate, “O What a Tangled World Wide Web We Weave: An Analysis of Linking under Canadian Copyright Law” (2002) 60:1 U.T. Fac. L. Rev. 21 at 25-26. See also Daniel Gervais, “L’affaire *Théberge*” (2002) 15 C.P.I. 217 at 227 [Gervais, “L’affaire *Théberge*”]; McKeown, *supra* note 23 at 421.

tutes the “copy” that is the result of an infringing action. Namely, the focus is on the result of the infringing act and not on the action itself. We can find some assistance in this discourse with regard to the term “copy” (noun), which suggests the boundaries of the reproduction right. We shall turn to discuss another basic term in copyright law, which is “copy.”

2. Defining “Copy”

The term “copy” takes our inquiry into the historical and theoretical development of copyright law. As will be explained, the term “copy” refers to any formation of the work from which the work can be perceived and further communicated. The manner in which the “copy” was prepared is of less importance, since the aim is to protect the intangible work from unauthorized communication. This understanding supports a broad interpretation of the reproduction right—which is a right to prevent preparation of unauthorized copies—to control further communication of the work, without reference to the specific technique, including re-use of a tangible copy of the protected work.

One of the most influential scholars on the theoretical basis of copyright law, Josef Kohler (1849-1919),³¹ offered a modern and dynamic criterion for the concept of “reproduction” as well as of “copy,” by positing that there is no importance to the technique employed nor to the degree of intellectual activity invested in the production of a copy; the only relevant question is whether “the work has been embodied in a copy which is ‘intended to serve for communication to others.’”³²

This insight influenced much copyright law in continental countries.³³ Such perceptions also influenced Anglo-American copyright law in various ways. First, in all Anglo-American copyright laws, the infringement of the reproduction right must have an outcome of making a material copy,³⁴ which is a preliminary condition for its ability to be communicated to the public. Moreover, “copies” are defined in US law as “material objects, other than phonorecords, in which a work is fixed by any method now known or later developed, and from which the work can be perceived, repro-

31. J.H. Spoor, “Copies in Continental Copyright” in Herman Cohen Jehoram, ed., *Monographs on Industrial Property and Copyright Law: Copies in Copyright*, vol. 4 (Alphen aan den Rijn, NLD: Sijthoff & Noordhoff, 1980) 9 at 13.

32. *Ibid.* at 14, n. 26 (citing from Kohler, *Das Autorrecht* (1880) at 230) [emphasis added].

33. For example, in Germany, the reproduction right is defined as a “right to make copies of the work, irrespective of method or number,” *Act Dealing with Copyright and Related Rights (West Germany)* 1965, s. 16(1), cited in Friedrich-Karl Beier & Gerhard Schrickler, eds., *German Industrial Property, Copyright and Antitrust Laws*, 2d ed. (Weinheim, Federal Republic of Germany: VCH, 1989) at 151. In France, the reproduction right is defined as follows: “[l]a reproduction consiste dans la fixation matérielle de l’oeuvre par tous procédés qui permettent de la communiquer au public d’une manière indirecte.” Art. L. 122-3 C.P.I., online: Code CELOG <<http://www.celog.fr/cpi/>> [CPI]. Thus, both German and French laws focus on the outcome of any action with a “copy,” which is a material “device” communicating the work to the public, regardless of how it was produced.

34. See generally *supra* note 26 and accompanying text.

duced, or otherwise communicated, either directly or with the aid of a machine or device.”³⁵ This definition clearly reflects a Kohlerian perception of “copying.”

A further conclusion stemming from this concept of “copy” is that the focus is not on the precise action that amounts to reproduction, but on whether the outcome of such action is a “copy,” that is, substantially capable of further communication of the work embodied in it.³⁶ Therefore, our contention is that an act of “reproduction” is broader than the mere action of “copying,” and hence the *actus* creating a civil wrong does not have to contain an act of mimicry or imitation, especially according to Canadian law, which does not restrict the definition of the right to an act of “copying.”³⁷

Based on our understanding, the “reproductive” action could contain use of an existing physical copy, while its modification or other manipulation, if it results in an outcome, could be described as a “copy.” That is, if the result of the action is a new and different configuration of the existing copy that is suitable for further communication of the work, then there is no doubt that such an action infringes on the right. This proposition is compatible with a proposed description of the action of reproduction, by a leading commentator in English copyright law, which is “*the making of something which did not exist before.*”³⁸

35. U.S.C., *supra* note 14.

36. See the United States House of Representatives’ explanation of the term “reproduction”: “[r]ead together with the relevant definitions in section 101, the right ‘to reproduce the copyrighted work in copies or phonorecords’ means the right to produce a material object in which the work is duplicated, transcribed, imitated, or simulated in a fixed form from which it can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.” U.S., *Copyrights Act House Report, 94th Congress 2d Sess.*, (H.R. Rep. No. 94-1476) (St. Paul, Minn.: West Publishing Co., 5 U.S. Cong. & Adm. News 1976) at 61 [House Report No. 94-1476].

37. In contrast, current English law refers to the term “copying.” For the definitions of the right in Canadian and English laws, see *supra* notes 21-22 and accompanying text. For some support in Canadian law for such a proposition, see McKeown, *supra* note 23 at 421, stating that: “it appears that the concept of reproducing a work is not restricted to an imitation of an existing work by making an exact copy but has a broader meaning In many cases copying is an essential element of infringement of the right. But for the reasons set out above, the right to produce or reproduce the work is a broader concept than [sic] direct copying.”

38. The Honourable Sir Hugh Laddie *et al.*, *The Modern Law of Copyright and Designs*, 3d ed., vol. 1 (London: Butterworths, 2000) at 614 [emphasis added]. However, the authors refer to “cutting pictures out of books and using them to make table mats” as non-infringing because it is a use of an already existing object, at 614. The authors support this opinion at 615, n. 12, by referring to *Frost*, *supra* note 12. According to our proposition, such a situation might infringe the right, since the technique of reproduction is irrelevant, and as long as the outcome is “*the making of something which did not exist before*” (i.e. making table mats out of a book containing pictures), and such new “device” is suitable for furthering the communication of the work (i.e. sale of the pictures isolated from their original context of a book and incorporated in a new combination as table mats), then it is a “copy” that might infringe the right. The authors do not explain why modification of an already existing copy for a new use, different from the original one, does not consist of “*the making of something which did not exist before.*” The only authority given by the authors is a decision from 1908, at which time the concept of the reproduction right was very narrow, and focused mainly on duplication of works. Only in the *Copyright Act, 1911 (U.K.)*, *supra* note 22, was a broad concept of the reproduction right introduced. For the historic development of the reproduction right in English law, see *infra* note 52 and accompanying text.

39. *The Concise Oxford Dictionary of Current English*, 9th ed., s.v. “reproduce.”

Moreover, the dictionary definition of the verb “reproduce” is, in this context, “cause to be seen or heard etc. again. . . .”³⁹ Therefore, if there is an action for which the outcome is a new communication of the work, different from its source (i.e.: it causes the work to be seen again), it might consist of “reproducing” the work, in spite of the fact that there was no act of mere “copying” (i.e.: mimicry or imitation).⁴⁰

B. The Adaptation Right—The Right to Prepare Derivative Works

Another right included in the copyright bundle is the adaptation right, known also as the right to prepare derivative works. In our view, *Theberge*, in which there is use of the tangible copy of a work, involves also the infringement of the adaptation right, which should therefore be examined.

1. *The Different Methods for Defining the Adaptation Right*

In Canada, the adaptation right is defined according to the English method, as a closed list of exclusive actions with reference to a work.⁴¹ This list contains various ways of preparing “derivative works.” A “derivative work” is a work based on a previ-

40. For an interesting recent attempt to define the terms “copy” (verb) “copy” (noun) and “reproduce” (verb), see Michael K. Erickson, “Emphasizing the Copy in Copyright: Why Noncopying Alterations Do Not Prepare Infringing Derivative Works” (2005) 5 B.Y.U.L. Rev. 1261 at 1264–67. Erickson discusses some of the basic questions raised here, focusing on the US perspective. He too stresses the need to define these basic terms in copyright law. However, we disagree with his final conclusion that there is no copyright infringement without copying. According to Erickson a “copy” (noun) of a work is a “substantially similar representation of the original . . .” and therefore a “derivative work is not properly called a copy of the work from which it is derived” at 1264. Furthermore, to “reproduce” a work, according to Erickson, at 1264, means to “intentionally multiply copies of a work.” And, finally, according to Erickson at 1265, “copy,” as a verb, means to intentionally multiply *embodiments* of a work or its elements Although the noun form of ‘copy’ generally refers only to a reproduction of a work, the verb form of ‘copy’ generally refers to other activities in addition to reproduction, including the preparation of derivative works and the performance of works.” [emphasis in original]. Erickson’s mistake is to interpret the noun form of “copy” as encompassing only multiplications. As explained, a “copy” of a work contains, by definition, also copies of the derivative works based on it. See U.S.C., *supra* note 14; Nimmer, *supra* note 23, vol. 1 at c. 3.0. Accordingly, in positive copyright law, different rules referring to “copies”—such as prohibited acts done with respect to infringing copies, remedies with respect to infringing copies, etc.—all refer also to derivative copies. See William J. Braithwaite, “Derivative Works in Canadian Copyright Law” (1982) 20 Osgoode Hall L. J. 191 at 214–15. In this context, it should be mentioned that Canadian copyright law defines “infringing copies” as including “colourable imitation,” which means more than mere duplications, *Copyright Act*, *supra* note 21, s. 2. See also Laddie *et al.*, *supra* note 38 at 142, 159; McKeown, *supra* note 23 at 428. Furthermore, there is no support given to Erickson’s narrow definition of the verb “reproduce,” which by its denotation is much broader than the verb “to multiply.” For further discussion of Erickson’s article, see *infra* note 61.

41. *Copyright Act*, *supra* note 21, s. 3(1)(a)-(c), which states “[C]opyright [in relation to a work] . . . 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 non-dramatic work,
- (c) in the case of a novel or other non-dramatic 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) subject to subsection (2), in the case of any literary, dramatic, musical or artistic work, to reproduce, adapt and publicly present the work by cinematograph . . .”

In England see *Copyright, Designs Act*, *supra* note 22, s. 21.

ous work that has a significant original addition, such as a cinematographic work based on a novel, translation, musical arrangement, etc. In the US, the adaptation right is defined differently, as an exclusive right to prepare derivative works, which is not limited to a list of specific derivative works.⁴² A similar approach is taken in continental jurisdictions, such as in Germany and France, in which the adaptation right is defined in general terms, forbidding the making of any adaptation, and the term itself is not defined and not limited to certain types of results.⁴³

Therefore, the apparent difference between the methods of defining the adaptation right is whether it applies to a closed list or whether the kinds of adaptations or derivative works are left unspecified. This difference is less significant than it might appear, due to several factors concerning the scope of the reproduction right. As already explained, the reproduction right is defined in a very broad manner, which includes reproduction done “in any material form whatever.”⁴⁴

Accordingly, in English law and other Commonwealth jurisdictions, the law of copyright clarifies, with respect to the list of adaptations, that “[n]o inference shall be drawn from this section as to what does or does not amount to copying a work.”⁴⁵ Thus, an adaptation not falling within the closed list of the adaptation right might nevertheless fall within the vast control of the reproduction right. In this way, the reproduction right functions as a safety net for the adaptation right.⁴⁶ As a result, the closed list of adaptation controlled by copyright is not exhaustive, and the exact interpretation given to each item from the list is not crucial.⁴⁷

2. *The Elusive Boundaries in Historic Perspective*

The reason for the division between the adaptation right and the reproduction right in English law stems from the historic development of copyright law. In early law, the reproduction right was interpreted very narrowly in scope, vesting on its owner power to control the *duplication* of works, such as by printing.⁴⁸ As time passed, technology developed and there was a change in public preferences, and therefore a need to protect works against a much broader spectrum of actions other than mere dupli-

42. U.S.C., *supra* note 14, paras. 101, 106.

43. See CPI, *supra* note 33, Art. 1, 122-4; Beier & Schricker, eds., *supra* note 33 at 26.

44. *Copyright Act*, *supra* note 21.

45. *Copyright, Designs Act*, *supra* note 22, s. 21(5). For a similar provision in Australian law, see *Copyright Act 1968-1973* (Cth.), s. 31.

46. Laddie *et al.*, *supra* note 38 at 164-65. By this we do not mean that the reproduction right is encompassing the adaptation right as a whole, but rather that the rights are complementary.

47. *Ibid.* at 164-67.

48. The most famous example of such a narrow interpretation of the reproduction right is in the decision of *Stowe v. Thomas*, 23 F. Cas. 201 (1853), 2 Am. Law. Reg. 210 [*Stowe v. Thomas* cited to F. Cas.], in which it was found that an unauthorized translation of *Uncle Tom's Cabin: or Life among the Lowly* into German did not infringe the reproduction right, since it gave only limited control over the duplication of a literary work.

cation emerged.⁴⁹ It was understood that lack of exclusive control over acts, such as translations and dramatization, undermines copyright, and therefore, a special provision with respect of these acts was legislated.⁵⁰

Afterwards, more actions carried out with respect to a protected work were prohibited, by the same reasoning, and thus the adaptation right came to be shaped as a closed list of exclusive actions aside from the reproduction right.⁵¹ Only at a later stage was the reproduction right developed so as to contain vast control over different sorts of copying, and not only over duplication, and hence an overlap with the list of prohibited adaptations emerged.

That occurred since those adaptations, such as translation, dramatization, etc. were done through a technique of copying, even though there was no literal duplication. However, there was pressure from relevant copyright owners that the major ways of producing derivative works should remain specified by law, in order to clarify and prevent doubt.⁵² Thus, the reproduction and adaptation rights are closely related and through their evolution, their boundaries were left imprecise.

IV. THE INDEPENDENT ADAPTATION RIGHT—INFRINGEMENT WITHOUT COPYING

Discussion of the scenario at hand—use of a tangible copy of a work—leads us to the important question of whether the adaptation right is independent of or part of the reproduction right when interpreted broadly. This question is of great importance for resolving the problem with respect to the use of tangible copies, since if such use is not regarded as an act of reproduction because there is no copying, then the remaining question is whether the adaptation right confers control over non-reproducing acts. Thus, the key element in reviewing the *Théberge* holding is the question of whether the adaptation right is independent, and can be infringed without copying.

Our contention is affirmative, yet below we shall begin with presenting the ongoing debate in positive law on the matter. As will be explained later, a broad interpretation of the adaptation right is supported by policy considerations, seeking to allow a mechanism for balancing the different interests on a case-by-case basis. Such

49. At an early stage, unauthorized translation of a work was not found to be an infringement, but was regarded as a free use of "ideas," *ibid.* at 205-06.

50. In the US, see *An Act to revise, consolidate, and amend the Statutes relating to Patents and Copyrights*, c. 230, 16 Stat. 198 (1870). In English law, see Claude Brunet, "Copyright: The Economic Rights" in Gordon F. Henderson, ed., *Copyright and Confidential Information Law Of Canada* (Toronto: Carswell, 1994) 129 at 144; Laddie *et al.*, *supra* note 38 at 99.

51. Laddie *et al.*, *ibid.* at 99-100, para. 3.78, n. 4-5, 163-64; Paul Goldstein, "Adaptation Rights and Moral Rights in the United Kingdom, the United States and the Federal Republic of Germany" (1983) 14 *Int'l Rev. Ind. Prop. & C'right L.* 43 at 46-47.

52. See *Copyright Act, 1911 (U.K.)*, *supra* note 22, s. 2(1). See also Laddie, *et al.*, *ibid.* at 163-64.

a mechanism would be infused by the implied consent doctrine, which serves as a means to implement the adaptation right logically. The importance of such a mechanism is not limited to the factual scenario at hand, and has lasting implications on a wide range of situations, usually involving new technologies, entailing constant examination of the margins of the law of copyright. We shall discuss briefly an additional paradigmatic example, concerning “integrated works,” in order to support our conclusion that copyright can be infringed without copying.

A. The Ongoing Debate Over the Independence of the Adaptation Right

According to many scholars, the differentiation between adaptation and reproduction rights is unclear.⁵³ Some hold the view that the adaptation right is swallowed up completely in the reproduction right when interpreted broadly, and namely, that reproducing/copying is essential in order to infringe the adaptation right.⁵⁴ In order to examine the proposition that the adaptation right is *not* superfluous, it is necessary to locate a possible situation in which the adaptation right would be infringed while the reproduction right would not.

It should be said from the outset that there is no doubt about the broad overlap between the rights, but the question is whether it is full or partial. One way to examine this is by asking whether, in situations where the reproduction right is not infringed because at least one of the components needed for the right’s infringement is not fulfilled,⁵⁵ there can still be a possible infringement of the adaptation right. One of these “test case” situations is the one at issue, namely a situation in which a person modifies a lawful copy of a work and resells it.⁵⁶ The question is whether this act constitutes an infringement of the reproduction right, and if not, whether it constitutes

53. Nimmer, *supra* note 2, vol. 1 at c. 3.01, vol. 2 at c. 8.09[A]; Garnett, Davies & Harbottle, *supra* note 20 at 445; Spoor, *supra* note 31 at 14.

54. In US law, see Nimmer, *ibid.*; Stewart E. Sterk, “Rhetoric and Reality in Copyright Law” (1996) 94 Mich. L. Rev. 1197 at 1218. In English law, see Laddie *et al.*, *supra* note 38 at 142, 1643-44. In German law, this view is ascribed to De Boor, see Spoor, *supra* note 31 at 14. More recently, see Erickson, *supra* note 40 at 1297-98.

55. For the conditions needed to establish the infringement of the reproduction right, see *supra* notes 23-26 and accompanying text for “Substantial Similarity Test” and ‘fixation requirement.’

56. There are further factual possibilities for differentiating the adaptation right from the reproduction right, whose mechanism is similar. For example, as explained above, the result of material copies is essential in order to infringe the reproduction right. Therefore, the question is whether an act of copying not resulting in tangible copies and hence not infringing the reproduction right might nonetheless infringe the adaptation right. With respect to this factual situation, the US House Report on the *Copyrights Act of 1976* was very clear: “[t]he exclusive right to prepare derivative works, specified separately in clause (2) of section 106, overlaps the exclusive right of reproduction to some extent. It is broader than that right, however, in the sense that reproduction requires fixation in copies or phonorecords, whereas the preparation of a derivative work, such as ballet, pantomime, or improvised performance, may be an infringement even though nothing is ever fixed in tangible form,” House Report No. 94-1476, *supra* note 36 at 61-63. For further discussion on this issue, see Tyler T. Ochoa, “Copyright, Derivative Works and Fixation: Is *Galob a Mirage*, or Does the *Fern(Gen)* of the Alleged Derivative Work Matter?” (2004) 20 Santa Clara Computer & High Tech. L.J. 991.

an infringement of the adaptation right. In the US, this question arose mainly in two factual situations, in which courts have laid down contradictory decisions.⁵⁷

The first dealt with pasting pictures or postcards on tiles and reselling them as decorated.⁵⁸ The second dealt with cutting pictures from journals and pasting the cuttings within a new product.⁵⁹ In these two factual scenarios, the alleged infringing person used a lawful copy of a work for further exploitation without performing any action of mimicry or imitation—namely, without any physical *copying*—of the protected work. The question is, therefore, whether a reproductive act can be executed without any copying. As explained earlier, the term “reproduction” is vague, and is not necessarily a synonym to “copying.”

Reproduction might be interpreted much more broadly, as encompassing any act resulting in a production derived from the original copy, and the making of something that did not exist before.⁶⁰ In this interpretation, all of the above factual elements fall within the realm of reproduction, since they include the production of a new “thing” based on an already existing product and incorporate the intangible work. If “reproduction” is interpreted more narrowly, as limited to any kind of *copying*—identical or based on some imitation or mimicry—the use of the original copy in the new production is not a “reproduction.”

This interpretation can be the basis for the adaptation right’s independence, which actually accepts the first, broad interpretation of the term reproduction; any adaptation, modification or other technique in which the work is transformed, even without act of copying, is excluded. Namely, if these cases are seen as non-infringing of the reproduction right since there is no act of copying, and nevertheless as infringements of the adaptation right, since the act of copying is not necessary for preparation of an adaptation, then we have found a non-overlapping area of these two fundamental rights.

Acceptance of a narrow reading of the term “reproduction” as including “copying” turns us, therefore, to the question of whether the factual circumstances at hand consist of an infringement of the adaptation right. We admit upfront that there is no unequivocal answer, and the final decision is a matter of policy. Our contention is that the answer lies in the construction of the implied consent doctrine, as will be explained further below.

57. A possible third factual scenario is with reference to “linking” and “framing” techniques on the internet. See Ignacio Javier Garrote, “Linking and Framing: A Comparative Law Approach” (2002) 24 Eur. I.P. Rev. 184; Bate, *supra* note 30 at 24-27. However, those situations do not accurately accurately the problem at hand, since there is no specific tangible copy used in order to make a new production. For a detailed description of these factual situations in US case law, see Erickson, *supra* note 40 at 1272-83.

58. In one case, it was held that such acts are not infringement: *Lee v. A.R.T. Co.*, 125 F.3d 580 (7th Cir. 1997). In another, the opposite was held: *Mirage Editions, Inc. v. Albuquerque A.R.T. Co.*, 856F.2d 1341 (9th Cir. 1988).

59. *National Geographic Soc. v. Classified Geographic, Inc.*, 27 F. Supp 655 at 660 (N.D. Mass. 1939). In this case, the defendant bought old copies of National Geographic Magazine, cut out the photographs and pasted them on new sheets of paper according to a list of subjects.

60. See *supra* note 38 and accompanying text.

B. Relevance of First-Sale and Implied Consent Doctrines

The question of whether the use of an authorized copy of a copyrighted work might be an infringement of the adaptation right is a one of policy rather than a matter of right or wrong according to law.⁶¹ It is clear that any answer will create a vicious circle: the degree of legality of the factual situation examined here depends on the previous answer as to the independent nature of the adaptation right, and any answer could be adduced as an assumption.

According to our proposition, in some cases the use of an authorized copy without copying could infringe the adaptation right, and hence the right is differen-

61. Special attention should be drawn to Erickson's thorough reasoning—though erroneous in our view—in supporting his proposition that copying is essential in order to infringe the adaptation right. The first explanation given by Erickson is the historical development of the adaptation (derivative) right, which he summarizes as part of the intention to broaden the reproduction right in a manner such that copying into alternative mediums or markets shall be excluded and not more than that. According to Erickson, this conclusion can be reached mainly through the history of the legislation, tracing Congressional intent to not broaden the moral right through the "back door" by acknowledging a drastically expanded derivative right. See Erickson, *supra* note 40, at 1307-09. In our view, this reasoning is incorrect. As explained above, historical case law shows that there was a deliberate expansion of the reproduction right, however, its exact boundaries were not defined. See *supra* notes 23, vol. 3 and accompanying text. As to US legislative history, the *Visual Rights Act of 1990*, Pub. L. No. 101-650, 104 Stat. 5128 at 5128-33, which launched moral rights into US copyright law, was not fully compliant with the *Berne Convention's* Article 6 *bis* standard, however, as stated in Congress, other means in law, including *copyright itself*, function so as to comply with the international standard. See Nimmer, *supra* note 23, vol. 3 at c. 8D.02[D][1]. For more on legislative history, see *supra* note 56. For a discussion of the possible function of the adaptation right as a means to protect personal interests, such as those protected by the moral right, see *infra* notes 87-93 and accompanying text. Therefore, it might be concluded to the contrary, that US legislative history supports a broad interpretation of the adaptation right.

The second explanation given by Erickson, who himself admits that it is problematic, is that the seminal decision laid down in *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340 (1991), cited in Erickson, *supra* note 40 at 1302-04, has compounded the "infringing formula" of copyright so as to include an act of copying. Nevertheless, it is clear that *Feist* concerned the simplest copying situation, and hence infringement of the reproduction right. Accordingly, the main question in *Feist* was not relevant to the infringement of reproduction right, but rather to the scope of protection over works.

The third explanation given by Erickson is rooted in the statute's language. Section 106(2) of the *Copyright Act of 1976*, cited in Erickson, *supra* note 40, at 1310-11, grants copyright owners the exclusive right to "prepare derivative works *based upon* the [owner's] copyrighted work," and the phrase "based upon" must be interpreted, according to Erickson, as if it *copied* that work. The critique of this reasoning is also clear: the conclusion is drawn out from the assumption. Why interpret "based upon" as "copied," given that it is not the only natural meaning of the term "based upon"? Something might be based on something else by referring to it, simulating it, or various other techniques apart from copying. Is a building block *based upon* another building block necessarily a copy of it? Furthermore, Erickson himself is aware of the fact that "based upon" is not synonymous with copying, since copying is not enough in order to create a derivative work. See Erickson, *supra* note 40, at 1311-12. For example, in the course of a motion picture, one of the actors reads a story (to a child for instance). The whole story was copied. However, this scene is marginal in the movie, therefore it is not a derivative work based upon said story. "Based upon" requires a deeper and substantial linkage between the original and its derivative. Erickson continues his proposition by stating that the use of a physical copy of a copyrighted work in order to create a new work (a work which he titles a "compound work") does not end with a "based upon" work, because "everyday, commonplace usage of the phrase 'based upon' resists application to describe compound works." Erickson, *supra* note 40 at 1313. As already explained, this kind of reasoning is infected by the problem of concluding the assumption, or vice versa, assuming the desired result. Therefore, we return to the basic "policy" question posed above, of how the adaptation right should be best interpreted, since there is no right or wrong answer according to the language of the law.

tiated from the reproduction right, and the mechanism that infuses the policy consideration into such a conclusion is the implied consent doctrine. In order to explain the relevance of this doctrine to the question at stake we shall need to explain another doctrine, known as “first-sale.”

1. *The First-Sale Doctrine*

Under the “first-sale” doctrine (known also as the “exhaustion of right” doctrine), once lawful copies of a work have been distributed by sale or other transfer of ownership, the copyright owner’s exclusive right ceases with respect to those copies, and the purchaser is free to resell or transfer other title of the copies.⁶² The first-sale doctrine led to the argument that the lawful owner of a copy of a work is allowed not only to resell it, but also to modify and then resell it. Namely, the modification of a tangible copy of a work falls within the prerogative of the first-sale doctrine.⁶³

However, this argument is not accurate. The first-sale doctrine is aimed at allowing the resale or transfer of title of a copy of copyrighted work, *as is*, and not more than that. The argument that the modification of a tangible copy of a work is also permitted arises as a result of confusion with another doctrine, the implied consent doctrine, which exists aside from the first-sale doctrine, and sometimes as part of it. According to the implied consent doctrine, the purchaser of a tangible asset, in which intellectual property rights are reflected, has a right to use the asset in a *normal and natural manner*, which is deduced from the nature of the asset. This result is achieved by reference to an accompanying intent—which is the implied consent—to allow the actions carried out with respect to the asset when it is sold.⁶⁴

62. In the UK, the doctrine is codified at s. 18(2)(a) of the *Copyright, Designs Act*, *supra* note 22, since according to it, any subsequent distribution of copies already issued to the public is not a restricted act (except for hiring and loan of copies as specified at the Act). Also, in the US, the first-sale doctrine is codified at U.S.C., *supra* note 14, para. 109(a), and poses limits to the wide distribution right, codified as well at U.S.C., *supra* note 14, para. 106. The copyright owner cannot have control over all the ways in which a work might be distributed, because the legal owner of a lawful copy of a work is free to “sell or otherwise dispose of the possession of that copy,” U.S.C., *supra* note 14, para. 109(a).
63. Glynn S. Lunney, Jr., “Reexamining Copyright’s Incentives: Access Paradigm” (1996) 49 *Vand. L. Rev.* 483 at 648. See also “Copyright Law—Derivative Works—Seventh Circuit Holds that Mounting Copyrighted Note Cards on Ceramic Tiles Does Not Constitute Preparation of Derivative Works in Violation of the Copyright Act—*Lee v. A.R.T. Co.*, 125 F.3d 580 (7th Cir. 1997)” (1998) 111 *Harv. L. Rev.* 1365; Michael A. Stoker, “Framed Web Pages: Framing the Derivative Works Doctrine on the World Wide Web” (1999) 67 *U. Cin. L. Rev.* 1301 at 1324; Nimmer, *supra* note 23, vol. 1 at c. 3.03[A].
64. The roots of the implied consent doctrine, as part of the first-sale doctrine, are in patent law. According to the initial doctrine, a person who purchases a product in which patented technology is combined is free to use the product, to sell it and also to repair it, when necessary, and such actions are not regarded as patent infringement. The reasoning for this outcome is that, by selling the product incorporating patented technology, there is an *implied consent* to allow the actions needed for natural and reasonable use of the product. See Laddie *et al.*, *supra* note 38 at 912-13; Richard H. Stern, “Some Reflections on Parallel Importation of Copyrighted Products into the United States and the Relation of the Exhaustion Doctrine to the Doctrine of Implied License” (1989) 11 *Eur. I.P. Rev.* 119 at 122; Simon Thorley *et al.*, *Terrell on the Law of Patents*, 15th ed. (London: Sweet & Maxwell, 2000) at 230.

2. *The Implied Consent Doctrine*

The implied consent doctrine is accepted in copyright law⁶⁵ and is used to authorize different actions executed in relation to the copy of a copyrighted work that are determined as falling within the ascribed consent of the copyright owner, because they are regarded as a natural and ordinary use of the copy.⁶⁶ Such acts might include the repair of the tangible copy, in some cases its modification,⁶⁷ and also its resale. Thus, in some cases, both the first-sale and the implied consent doctrines lead to the same result, for example, in allowing the purchaser of a copy of a work to resell it. In these cases, both doctrines merge.

However, the implied consent doctrine is based on the ascribed permission given by the copyright owner and therefore might result in the approval of a wide range of actions done with respect to the work.⁶⁸ While constructing the implied con-

65. McKeown, *supra* note 23 at 418; Lahore, *supra* note 28 at 26,000, para. 26,041.
66. Usually the implied consent doctrine is used to allow further use of a work by its commissioner. The principle that has been accepted is that, if copyrighted material is produced for a particular purpose, then there is an implied permission, consent or license to use that material to carry out that purpose. See e.g. *Acobs Pty. Ltd. v. R.A. Bashford Pty. Ltd.* (1997), 37 I.P.R. 542 at 560 [*Acobs*].
67. In the seminal decision of *British Leyland Motor Corp. v. Armstrong Patents Co. Ltd.*, [1986] 1 A.C. 577 (H.L.) [*British Leyland*], by the English House of Lords, it was held that, even though the defendant copied (indirectly) the drawings of a car's exhaust, there was no copyright infringement, since the purchaser of a car has the right to repair it, including the car's exhaust. This right is fulfilled via permit to third parties, such as the defendant, to prepare the spare parts needed for the car's purchaser in order to repair his car. The Court's reasoning, at 625, was that there was no legal basis for "derogation from the grant" given to the purchaser of the car to repair it. This reasoning is very similar to the implied consent doctrine, since it is based on ascribed permission reasonably given by the copyright owner to use the tangible asset in which the intellectual property right is incorporated. Accordingly, this decision is cited as the source of the exemption to copyright, titled "implied license to repair," see Laddie *et al.*, *supra* note 38 at 912-13. The decision in *British Leyland* was criticized in a later decision, *Canon Kabushiki Kaisha v. Green Cartridge Co. (Hong Kong) Ltd.*, [1997] F.S.R. 817 at 823-26, [1997] A.C. 728 (P.C.). Here, the Privy Council stated that the intent of the Court in *British Leyland* was to prevent misuse of monopoly power, however, it was based on a rather weak legal basis. For more on the implied license to repair, see McKeown, *supra* note 23 at 418-20; Lahore, *supra* note 28 at 26,025-45. Similarly, in US pre-1976 *Copyright Act* case law, there were some cases concerning books being rebound, see e.g. *Harrison v. Maynard, Merrill & Co.*, 61 F. 689 (2d Cir. 1894) [*Harrison*]. In these cases, the court approved the books' restoration, ruling that there is no copyright infringement since there was an act of "first sale," and repairing the asset is part of the alienation prerogative of the owner. See *Harrison* at 691. For more on these cases, see Erickson, *supra* note 40 at 1272-74.
68. For example, in *Bishop v. Stevens* [1990] 2 S.C.R. 467, 485, the question was whether the collecting society that allowed to publicly perform a composer's work, has also consented—implicitly—to do an ephemeral recording (i.e. reproducing) of this work. Justice McLachlin wrote: "[h]owever, the appellant submits that consent can be implied from the circumstances. As stated by H. G. Fox, in *The Canadian Law of Copyright and Industrial Designs* (2nd ed. 1967), at p. 339:
In order to constitute an infringement the act complained of must be done 'without the consent of the owner of the copyright.' Such consent may be presumed from the circumstances. The inference of consent must be clear before it will operate as a defence and must come from the person holding the particular right alleged to be infringed." [as in original]
Finally, Justice McLachlin concluded that there was no such implied consent, however, this decision illustrates the power of the implied consent doctrine to allow different acts, otherwise infringing. For a possible use of the implied consent doctrine in order to avoid infringement in the Internet context, see Batc, *supra* note 30, at 26.

sent doctrine, courts consider the question of whether approving the act at issue is vital in order to give reasonable business validity to the purchase agreement of the copy.⁶⁹ Moreover, while tailoring the implied consent doctrine, courts take into account different policy considerations aimed at giving authority to the intent of "reasonable parties." Namely, implied consent is not merely an instrument for tracking the subjective intent of the contracting parties, but rather a mechanism enabling the introduction of an *objective* standard of reasonability into the parties' relationship.⁷⁰

Actually, the implied consent doctrine is much more flexible and broad than the first-sale doctrine, since it is used to approve different acts done with respect to a copy of a work by its purchaser, such as its repair or modification, and not only to approve its further distribution by resale or transfer of title.⁷¹ Since in some cases both doctrines merge by allowing the resale of a copy of a work, sometimes a mistaken argument is suggested, where the first-sale doctrine also allows the modification of the copy and then its resale.⁷² But, as explained, only the implied consent doctrine covers such a decision, and its basis is contractual rather than a "built in" exemption to property right. In any event, the implied consent doctrine functions as another moderating means in the law of copyright, balancing between copyright owners' and users' interests, and thus has an important role in refining court decisions when relevant.⁷³

3. *The Implied Consent Doctrine as a Means to Infuse Policy Considerations: Infringement Without Copying*

How are these insights with respect to the first-sale and implied consent doctrines relevant to our issue? The answer is that, in order to answer the question of whether a modification of a copy of a copyrighted work is an infringement of the adaptation right, we have to inspect the situation through the implied consent lens. The question is now whether such modifications are part of a reasonable and natural use of the

69. Lahore, *supra* note 28, at 26,000, 26,035.

70. Stern, *supra* note 64, at 126; Lahore, *supra* note 28, at 26,000. See also the Australian decision of *Acchs*, *supra* note 66 at 562.

71. Stern, *supra* note 64 at 126. The most remarkable example for such a proposition is the US law, which as explained above at note 62, also clarifies that the first-sale doctrine is an exemption from the distribution right, by allowing resale of a lawful copy. Nevertheless, this section is not an exemption from the reproduction right or the adaptation right, and therefore the only prerogative is to resell (or transfer the title of) the copy, *as is*.

72. See *supra* note 63 and accompanying text for discussion on first-sale doctrine.

73. For a similar opinion, according to which the implied consent doctrine has an important moderating role in the law of copyright, see John S. Sieman, "Using the Implied License To Inject Common Sense into Digital Copyright," 85 *N.C.L. Rev.* 885 (2007). The most fundamental moderating means in the law of copyright is the "fair dealing" doctrine, which approves different copyright infringements in order to enhance public goals, such as research, private study, criticism, etc. See *Copyright Act*, 1985, Sec. 29, 29.1, 29.2.

74. L. Pallas Loren, "The Changing Nature of Derivative Works in the Face of New Technologies," 4 *Journal of Small and Emerging Business Law* 57, 66-73 (2000).

copy, so that consent to these actions is ascribed, or whether the modifications are beyond such scope. Therefore, the first conclusion drawn from said proposition is that there is no one fixed answer to the factual circumstance examined here.

In every case we must examine the work of which a copy is used and the nature of the use with relation to its copy. Such an examination should contain the weighting of the conflicting interests: the copyright owner's interest in having control over his or her work incorporated in tangible assets, and the interest of the asset's owner to have full realization of his or her property rights with respect to his or her tangible asset. Furthermore, in every case the specific relation between the actual parties should be examined, hence the answer is located in the "contractual field." In other words, the actual contractual relationship between the relevant parties infuses the objective implied consent deduced by the court.

The conclusion is that, in some cases, there might be indeed an infringement of the adaptation right when an adaptation was made through the use of an existing copy of a copyrighted work, even if there was no act of imitation (i.e.: copying). In those cases there was no consent by the copyright owner for the modification and resale of the copies of his or her work, *since modification is not part of a reasonable and natural use of a copy*, and the copyright owner's interest preempts the asset owner's interest in having full freedom of action with respect to his or her tangible asset. Therefore, if "reproduction" is interpreted as containing an act of copying, which means an act of mimicking and imitation, then there is an independent role for the adaptation right with respect to these kinds of cases.

These kinds of cases are not simply hypothetical. The best example is the factual scenario in *Théberge*. Below, we shall explain why the Court's decision, according to which the modification and resale of copies of a copyrighted work is not an infringement, is wrong due to the lack of reference to the implied consent doctrine and to the general particular contractual background.

C. Integrated Works: Another Example of a Non-Copying Infringing act

In order to support the proposition according to which the adaptation right is independent, we provide another factual example of an action that does not involve any copying, and therefore might not infringe the reproduction right, but which nevertheless might infringe the adaptation right. This is the example of "integrated works," which also leads to the conclusion that there is no right or wrong answer, and the decision as to whether the non-copying action infringes the adaptation right is a matter of policy considerations. The issue of integrated works, though highly relevant, is beyond the scope of this article, and hence we shall refer to it only briefly.

An integrated work is a work referring to an already existing work, created by producing an addition aimed at being combined with the underlying work into a new combination. However, the addition is produced without copying any part of the underlying work and has no significance when separated from the underlying work. Thus, the additions are titled as "integrated works" since they are

created in order to be integrated with an already existing work and have no independent existence.⁷⁴

Usually, these integrated works are a technological improvement to an existing work, such as an additional computer program aimed at improving the features of an existing computer program without copying any part of the already existing program and with no function when used alone.⁷⁵ The integrated work could also be non-technological, for example, a book of answers to quizzes in another book, without copying any part of the already existing book of questions. The answers book functions as an addition to the existing book of questions, and has no function on its own.⁷⁶

Should such integrated works, which do not copy from an underlying work, be regarded as infringing adaptations (derivative works)? There is no clear authority on this subject. In the US, different courts have given contradictory decisions.⁷⁷ As to scholarly positions, some believe that integrated works use only the free ideas incorporated in the underlying works without copying any expression and therefore should not be regarded as infringing.⁷⁸ More precisely, the fear is that if integrated works were to be acknowledged as infringing, there might be an undesirable chilling effect on progress and technological improvements, which are for the benefit of the public.⁷⁹

Others hold the view that in some cases integrated works should be regarded as infringing, *inter alia* according to the economic effect it has on profits accruing from the underlying work.⁸⁰ Moreover, the relevant question should be whether the

75. *Pallas Loren, ibid.* at 72-73. For examples of such integrated works see the US cases of *Works of Wonder, Inc., v. Vector Intercontinental, Inc.*, 653 F. Supp. 135, 140 (1986); *Lewis Galoob Inc., v. Nintendo of America Inc.*, 964 F. 2d 965 (9th Cir 1992); *Computer Entertainment, Inc., v. Connectix Corp.*, 203 F. 3d 596 (9th Cir, 2000).

76. A partial example is found in the US case of *Addison-Wesley Publishing v. Brown*, 223 F. Supp. 219, 224, 227 (1963). In this case, the Court did find some copying from the questions appearing in the quiz book while describing the answer, however it is not clear whether the infringement stems from that slight copying, or whether the Court would have found infringement even without any copying at all. For more on this case, see *Nimmer, supra* note 23, vol. 3 at c. 8.01[F].

77. On the *Wonder, Inc. v. Vector Intercontinental, Inc.*, 653 F. Supp. 135, 140 (1986) case it was held that the defendant has produced an integrated work—a compatible technological device—with no copying of the underlying protected work, and nevertheless it was held as an infringing derivative work. For a similar decision, see *Works of Wonder, Inc. v. Veritel Learning Systems, Inc.*, 658 F. Supp. 351, 356 (1986). A few years later, the decision in the case of *Lewis Galoob Inc. v. Nintendo of America Inc.*, 964 F. 2d 965 (9th Cir 1992) was laid down, according to which integrated works do not infringe copyright. Court decided that this integrated work, again a compatible technological device, was not an infringing derivative work, since prohibiting its production and distribution is not to the public's good, and might prevent the advancement of progress. Another case dealing with a compatible technological device is *Sony Computer Entertainment, Inc. v. Connectix Corp.*, 203 F. 3d 596 (9th Cir, 2000), however the main issue in this case was the approval of the reverse engineering technique, needed in order to develop the integrated work. For a more detailed description of US case-law referring to integrated works, see *Erickson, supra* note 40, at 1284-97.

78. Loren, *supra* note 74 at 76-91; C. H. Nadan, "A Proposal to Recognize Component Works: How a Teddy Bears on the Competing Ends of Copyright Law" (1990) 78 Cal. L. Rev. 1633 at 1643; C. S. Curme, "Derivative Works of Video Game Displays: *Lewis Galoob Toys, Inc. v. Nintendo of Am., Inc.*, 964 F.2d 965 (9th Cir. 1992)" (1993) 61 U. Cincin. L. Rev. 999 at 1034.

79. Curme, *ibid.* at 1034, see also Nadan, *ibid.* at 1633.

80. J. C. Ginsburg, "Putting Cars on the 'Information Superhighway': Authors, Exploiters and Copyright in Cyberspace" in B. Hugenholtz, ed., *The Future Of Copyright In A Digital Environment* (London: Kluwer Law International, 1996) 189 at 207-08. See also Nadan, *supra* note 78 at 1660.

final result of the integrated work is the production of a *variation* to the underlying work. The focus on the absence of the act of copying as an explanation for a decision that a derivative work was not produced is merely formalistic and improper.⁸¹ The clear conclusion is that there is no absolute answer to the question of whether integrated works should be regarded as infringing derivative works and the answer depends on different policy considerations.⁸²

V. REVIEW OF THE *THÉBERGE* HOLDING

According to a common phrase, “hard cases make bad law.” It seems that the *Théberge* case is an example of this. The facts of this case were indeed complicated; however it could have been used as a platform for a thorough review on the basic questions in the law of copyright: what exactly is the content of the reproduction right? What exactly is the content of the adaptation right? Is an act of copying inherent to their infringement? What is the relation between the two rights? Instead, an apparently irrelevant battle between continental and common law approaches took over, and the legal result is defective. Below we shall turn to inspect the *Théberge* holding in more detail, from the wrong application to an apparent battle between continental and common law approaches, to the wrong interpretation of copyright law from a common law perspective.

A. Misunderstanding as to the Underlying Motivation: Economic Rights not Moral Rights

To begin with, the failure in the *Théberge* holding seems to be rooted in the misunderstanding of the background of this particular case and in the misidentification of the plaintiff’s motivation. In this case an infringement of the adaptation right was claimed. The adaptation right, generally speaking, serves two aims: protection over the economic interests of copyright owners, and protection over the personal interests of authors who own the right. The Court in *Théberge* identified only the personal interests as the source of the plaintiff’s motivation, and de-legitimized it.

In our view, though personal interests are a permissible motivation for enforcing the adaptation right, the main motivation of the plaintiff at stake was in fact the economic one. This misunderstanding with respect to the plaintiff’s motivation had a

81. Ginsburg, *ibid.* at 206.

82. Since there is a possibility that integrated works do infringe the adaptation right, the US Congress recently legislated the *The Family Movie Act* of 2005 (codified at 17 U.S.C. 110 (11)), exempting a new technology aimed to filter movies’ content (such as violence, sex, etc.) when performed in domestic premises. This technology does not copy any part of the copyrighted movie. The need to exempt such technology from copyright infringement evidently supports the interpretation of the adaptation right in US copyright law as prohibiting non-copying acts.

tremendous influence on the final decision, which finally rejected infringement. The protection of personal interests of authors is of great importance in civil copyright law, and therefore its misidentification as the main motivation at stake, took the decision into an irrelevant whirl—that of the common law and civil law battle.⁸³ In order to support our critique, we will briefly explain these two underpinnings of the adaptation right, and then review the majority's opinion.

1. *Adaptation Right in Context: Price Discrimination and Moral Rights*

Generally speaking, there are two main theories for justifying copyright: the *utilitarian-economic* theory and the *natural law* theory. According to the utilitarian-economic theory, works function as a means to further the welfare of society, and thus their production should be encouraged. However, there is fatal flaw in the incentive to produce works, which stems from the *public goods* nature of intangible works: since there is no limit to the concurrent possible uses of the work, and each use is not prevented by the other due to the intangible nature of the work, the outcome is the failure known as the "free rider."

This means that since the author will not be able to control further exploitation of his or her work after its first release, he or she may try to receive the highest possible compensation from the sale of the first copy of his work. But there would be no buyers—no one would agree to pay for the first copy, but prefer to wait for someone else to buy it and then further exploit the work for free. In such a case, there will be no initial economic incentive to create the work. The solution for this basic failure is commodification of the work, and acknowledgement of a right to prevent further exploitations of the work without permission.⁸⁴

The adaptation right is part of this scheme, aimed to further economic incentives for creating works. The adaptation right commodifies the adaptations based upon the underlying work and thus enables additional compensation, which in turn encourages the production of the initial underlying work. In the framework of fostering the economic incentive to produce works, the adaptation right enables an increase in revenues, *inter alia*, through a "price discrimination" mechanism.⁸⁵ Price discrimination is a situation in which a single product is sold for a different price in different markets, according to the consumers' willingness to pay higher or lower prices.

83. This is not to say that the common law and the civil law doctrines can not be synthesized, rather that the apparent civil law influence at stake was over estimated. For the possible integration of the two copyright traditions see Ysolde Gendreau, "The Possibility or Impossibility of a Synthesis Between Common Law and Civil Law—The Example of Canada" in Adolf Dietz, ed., *The Role of National Legislation in Copyright Law* (Munich: Association Litteraire Et Artistique International, 2000) at 373.

84. For the economic justification for copyright and the "public good" characteristic of intangible works, see Peter Drahos, *A Philosophy of Intellectual Property* (Brookfield, VA: Dartmouth Publishing Company Ltd., 1996) at 125-26; Edwin C. Hettinger, "Justifying Intellectual Property" (1989) 18 *Philosophy & Public Affairs* 31 at 34; William M. Landes & Richard A. Posner, "An Economic Analysis of Copyright Law" (1989) 18 *J. Legal Stud.* 325 at 327.

Usually this mechanism is employed through division of the product into sub-products aimed to maximize the revenues from the product's aggregate potential markets. This mechanism is a well known phenomenon in the copyright industry. For example, a novel could be divided into sub-products such as hardcover and paperback; abridgements; and different translations. The purpose of the mechanism is clearly to maximize profits. The adaptation right is the legal means which enables owners of copyrighted works to employ a price discrimination mechanism, since it confers control over the production and distribution of derivative works. In this manner, the adaptation right corrects for "free-rider" failure with respect to the derivatives' markets, emerging from the same public goods nature of the intangible work.⁸⁶

Another justification for the adaptation right is rooted in natural law theories; headed by the personality theory, which is usually associated with moral rights. Moral rights are rights that are given to the author of a work, even if another person owns the copyright that confers control over the economic exploitation of the work. Moral rights usually include the author's right to be identified as the author of his or her work, known as the *right of attribution*, and the right to object to any distortion, mutilation or other modification of his or her work, known as the *right of integrity*. Both rights are acknowledged in Canadian law.⁸⁷ In some civil law countries additional rights are recognized.⁸⁸

In civil law countries, particularly in France, moral rights are significant, and provide broad protection to authors' interests.⁸⁹ The main justification for moral rights stems from personhood theory, initially developed by Hegel, according to which personal interests, or rather the personality-oriented interests of authors relating to their works, must be protected. A work, according to this theory, is the author's self-expression, and it therefore reflects his or her personality in the external world.⁹⁰ In order to protect the author's personality, the bond between the author and the work must be preserved. Such protection furthers the most basic human values, including autonomy, freedom and self-confidence.⁹¹

85. For analysis of the price discrimination mechanism in Intellectual Property markets, see Michael J. Meurer, "Price Discrimination, Personal Use and Piracy: Copyright Protection of Digital Works" (1997) 45 *Bull. L. Rev.* 845 at 869-71; Julie E. Cohen, "Copyright and the Perfect Curve" (2000) 53 *Vand. L. Rev.* 1799 at 1803.
86. See Lunney, *supra* note 63 at 630, 635-46.
87. *Copyright Act*, R.S.C. 1985 (4th Supp.), c. C-42, ss. 14.1(1), 28.2(1).
88. See Adolf Dietz, "Germany" in Paul E. Geller, ed., *International Copyright Law and Practice* (New York, NY: Matthew Bender, 2006) at § 7[1]; André Lucas, Pascal Kamina, and Robert Plaisant, "France," in Paul E. Geller, ed., *International Copyright Law and Practice* (New York, NY: Matthew Bender, 2006) at § 7[1].
89. See Adolf Dietz, "The Artist's Right of Integrity Under Copyright Law—A Comparative Approach" (1994) 25 *IIC* 177 at 182-83.
90. Georg W.F. Hegel, *Hegel's Philosophy of Rights*, trans. with notes by T. M. Knox (London: Oxford University Press, 1942); Huntington Cairns, *Legal Philosophy From Plato to Hegel* (Baltimore: Johns Hopkins Press, 1967) at 517-23; Margaret J. Radin, "Property and Personhood" (1982) 34 *Stan. L. Rev.* 957 at 971; Justin Hughes, "The Philosophy of Intellectual Property" (1988-89) 77 *Geo. L.J.* 287 at 332-38.
91. See Radin, *ibid.* at 957-59; Hettinger, *supra* note 84 at 45; Jeremy Waldron, *The Right to Private Property* (Oxford: Calarendon Press, 1988) at 377-78.

Thus, moral rights are the most significant means for protecting the personal bond between the author and his work. Nevertheless, the adaptation right often functions as another means for enforcing authors' personal interests.⁹² The author who owns the adaptation right gains control over various modifications done with respect to his or her work, and thus can not only ensure adequate economic gain, but also protect his or her personal interests, for example by prohibiting certain derivatives which he or she may regard as offensive. Such protections offered by the adaptation right serve as another justification for its acknowledgement and inclusion in both common law and civil law systems.⁹³

2. *The Economic Motivation Underlying Th  berge's Claim*

As explained earlier, according to Justice Binnie the plaintiff Th  berge was motivated by moral right interests, namely he was pursuing the integrity of his work. According to Justice Binnie's opinion, since English copyright tradition rejects protection over personal interests that are not within the moral rights scheme, the appeal was dismissed.⁹⁴ To support this contention with respect to the plaintiff's motivation, his testimony was quoted, according to which, he would never have agreed to such acts regardless of the consideration paid.

However, the majority erred with understanding the issue at stake: the basic economic interests of the plaintiff were injured. The defendant's galleries were damaging the plaintiff's very basic price discrimination mechanism, and thus preventing him from maximizing profits by division of his work into sub-products. A well-known business reality is that with respect to paintings, there is a different price for "originals," for "reproductions" (which are known also as "prints" or "posters"), and "postcards." The "reproductions" or "prints" are also divided between those signed by the artist and those only made under the artist's supervision (signed usually as "a. p." or artist proof).

The price of "reproduction" products is determined in the relevant market also according to the number of reproductions made and distributed. Therefore, near the artist's signature on the "print," the numbers of copies made is usually written, and the number of the specific copy at hand. (For example, "10/150" on a copy means that the specific copy is the tenth of a series including a total of one hundred and fifty copies).⁹⁵

92. See Goldstein, *supra* note 51 at 53-54; Paul E. Geller, "Must Copyright Be For Ever Caught Between Marketplace and Authorship Norms?" in Brad Sherman & Alain Strowel, eds., *Of Authors and Origins, Essays on Copyright Law* (Oxford: Clarendon Press, 1994) at 193-95; Henry Hansmann and Marina Santilli, "Authors' and Artists' Moral Rights: a Comparative Legal and Economic Analysis" (1997) 26 *J. Legal Stud.* 95 at 112-13; Justin Hughes, "The Line Between Work And Framework, Text And Context" (2001) 19 *Cardozo Arts & Ent. L.J.* 19 at 30-32; Jane C. Ginsburg, "Copyright Legislation for the "Digital Millenium" (1999) 23 *Colum.-V.L.A. J.L. & Arts* 137 at 159; Neil Netanel, "Alienability Restrictions and the Enhancement of Author Autonomy in United States and Continental Copyright Law" (1994) 12 *Cardozo Arts & Ent. L.J.* 1 at 42-44.

93. See generally *supra* note 92. See also *Holland v. Vivian van Damm Productions Ltd.*, (1936-45) 1936 MacG. Cop. Cas. 69.

94. *Th  berge*, *supra* note 2 at paras. 6, 15.

95. John H. Merryman & Albert Elsen, *Law, Ethics and the Visual Arts* (The Hague: Kluwer Law International Pub., 2002) at 923-25.

Artists maintain their reputation—which is their economic capital—by keeping the rules of price discrimination with respect to the different products. It is in the economic interest of the artist to keep the price discrimination of his or her art-products in order to maintain their market value. Artifact buyers and collectors will not invest money in buying the artist's product unless they know that their value is kept.

Acts that interrupt price discrimination might cause a drop in the value of the artifacts. For example, if an artist decides to produce a large number of “reproduction” products their price will decline; hence there will be little difference in value between them and mere “postcards,” which are mass-produced. Furthermore, the sensitive market value of an artist's products is dependent also upon his “ethical” conduct. For example, an artist who breaks the common rule of “prints” marking, by printing many more series of a specific painting, is regarded as “non-ethical.”⁹⁶ Such behavior, no doubt, will prejudice his or her reputation within its economic meaning.

Therefore, in the situation at stake, the defendant art galleries have produced a product that interfered with the price discrimination between “originals” and “reproductions.” Such acts devaluated the “originals,” and hence injured the plaintiff's reputation, namely his power to attract customers. Thus the plaintiff's testimony is such that he would never approve of the given acts. Such approval would harm the plaintiff's reliability, diminish the value of the “originals” and in the long run affect his potential for profit. Therefore, due to pure economic consideration, artists ought to refuse to allow preparation of products which compete with “originals” and serve as a substitute for them. The dissenting opinion stressed these insights,⁹⁷ nevertheless, the majority insisted on understanding the plaintiff's motives as personal and from the field of moral right.

Acknowledgement of the legitimate economic interests of the plaintiff could have changed the whole perspective of the majority's view with relation to the proper interpretation of the legislation. The majority's misunderstanding of the “business” situation is the root of the erroneous holding, since the rejection of the claimant focuses on the reasoning that he is “asserting a moral right in the guise of an economic right, and the attempt should be rejected.”⁹⁸ It should be mentioned that such an explanation for rejecting the plaintiff's claim is also improper even if he was indeed trying to assert “a moral right in the guise of an economic right,” hence the question is only one: was there a copyright infringement? The inner motives of the claimant are irrelevant. As the majority held, there is much mixture of interests, so moral rights have an “economic dimension” and there is a “moral rights aspect to copyright.”⁹⁹ Therefore, the

96. *Ibid.* at 925.

97. See *Théberge*, *supra* note 2 at 183.

98. *Ibid.* at para. 74.

99. *Ibid.* at para. 59.

question should not be focused on the plaintiff's motive but rather on the realization of the applicable law.

Finally, as explained above, one permissible underpinning of the adaptation right is protection over the personal interests of authors. Thus, Justice Binnie's conclusion that English copyright tradition rejects protection over personal interests not within the moral rights scheme is not accurate. Nevertheless, our main critique does not refer to the narrow understanding of the adaptation right as not protecting personal interests, rather to the narrow interpretation given to the adaptation right, which fails to protect the economic interests that Justice Binnie himself accepts as worth protecting. Below we shall refer to this major flaw in the *Theberge* holding.

B. Misinterpretation of the Reproduction and Adaptation Rights

The major dispute in the *Theberge* case was the correct interpretation of the reproduction and adaptation rights. As described above, in this case the defendant galleries used a chemical technique enabling the transfer of ink from an authorized copy of a painting into a new background. Therefore the legal question was whether such an act consists of reproduction and or adaptation, and is thus an infringement? Although the specific situation in the *Theberge* case is somewhat rare, it invoked an important legal question since technological techniques for dealing with works, especially in the digital era, are expected to be developed, and therefore, there is a great need for clarifying the exact content of these rights.

Clear and logical basics in copyright law, employed with respect to "old world" scenarios, is the key for further coherent and logical development in this field, which is faced with constant technological changes. Thus, the *Theberge* case presented an excellent opportunity for conceptualizing correctly the basics of copyright law; however, in our view the Court failed in doing so. The interpretation given by the majority to the reproduction and adaptation rights was erroneous.

1. Misinterpretation of "Reproduction" as Multiplication

The basic explanation given for the conclusion that the actions done by the galleries is not an infringement of the reproduction right is that there was *no increase in the total number of copies of the work*. According to the majority, since one copy is replaced with another, with no multiplication of total number of copies, there is no interference with the basic rationale of copyright law—to prevent the exploitation of the public goods nature of an intangible protected work.¹⁰⁰ This view was further construed by presenting the whole situation at stake as a question of ownership of tangible goods—once a copy is sold it becomes a regular tangible good that is subject to his owner's free will.¹⁰¹

100. *Ibid.* at paras. 38, 42.

101. *Ibid.* at paras. 30, 33.

Following this logic, if a person makes a copy, by a clear reproductive technique, and destroys the original, there is no more infringement. For example: if I buy a statue made of clay and I pour melted metal over it so I will have a metal statue as the final product, then I destroy the inner clay filling, and sell the metal statue, there is no infringement of the reproduction right, since the numbers of copies of the statue has not been increased. Now imagine that I purchased the clay statue for \$10 and I sold the metal statue for \$1,000. This example shows that the total number of copies is not the criteria for infringing the reproduction right. The relevant question is whether the unauthorized act done with respect to the work should be regarded as “reproduction.” As explained above, reproduction might be interpreted as making something new—and the making of a canvas painting is something new which did not exist before. The destruction of the original copy that was used for the new production does not affect the identification of the *action* as “reproduction.”

Furthermore, going back to the justification for copyright as the prevention of the exploitation of the public goods nature of an intangible work, it is clear that the production of a new copy, even while destroying the original, still affects the “public good” characteristic of the immaterial work. The production of a new work based on a copy of that work while destroying the copy interferes with the ability of the copyright owner to create different products derived from the same work. In other words, it interferes with the underpinnings of the adaptation right, which is also based on the public goods nature of the work. The problem is not that one copy is replaced with another, but rather that the replacing copy is a different product aimed to serve another market. Thus, the derivative replacement interferes with the price discrimination mechanism, protected by the reproduction and/or adaptation rights.¹⁰²

Further to said argumentation, the majority held that nowadays the term “reproduction” encompasses also “metaphorical” meanings, therefore a broad interpretation, including transfer from one medium to another, *is possible*.¹⁰³ However, their fear is that a broad interpretation of the reproduction right as prohibiting modification of a tangible copy will cause uncertainty, and the public will be confused with respect to the possible legality of actions that can be done with a purchased copy of a work.¹⁰⁴

102. One of the scant scholarly discussions of the *Théberge* holding supports the interpretation of the reproduction rights laid down in the decision mainly because of the reasoning that there was no interference with the public goods nature of the copyrighted work by the defendant’s galleries. Therefore, it is claimed, there should be no difference in the legal attitude with respect to the chain of title of real property (real estate) and copies of works. See Wendy A. Adams, “Secondary Markets for Copyrighted Works and the ‘Ownership Divide’: Reconciling Competing Intellectual And Personal Property Rights,” (2002) 37 Can. Bus. L.J. 321 at 331, 335. However, as explained, the public goods nature of the work does not end with the *number* of copies that were made, but has much to do with the *nature* of the copies made. Production of derivative products based upon a protected work interferes with the public goods nature of the work even if there is no total increase in the number of copies.

103. *Théberge*, *supra* note 2 at para. 47.

104. *Ibid.* at para. 40.

In our view, this last explanation for opting for a narrow interpretation to the reproduction right is unsuitable, since many other basic terms defining the copyright scope are vague in any event. The public does not fully understand when a performance of music becomes an infringement either, yet it does not seem to stop people from purchasing CDs. Copyright law is not intuitive; therefore the suitable interpretation of the law should not necessarily be the simple one. Moreover, as it will be discussed below, if the Court admits that a broad reading of the term "reproduction" is possible, then such a possibility has to be preferred in order to comply with international law standards.

2. *Non-Compliance with International law Standards*

The question of the boundaries of the reproduction and adaptation rights was extensively discussed in the framework of international law. As will be explained, according to international law standards it does not matter which of the two rights protects from various adaptations and transformations made with respect to a protected work, even with no copying involved, however such broad protection should be acknowledged. Thus the *Théberge* holding, which interpreted narrowly both the reproduction right and the adaptation right, is not in compliance with international law standards.

The most central instrument in international copyright law is the *Berne Convention for the Protection of Literary and Artistic Works*.¹⁰⁵ The Convention's material articles are also adopted by the *TRIPS Agreement* in Article 1(3) and 2(2).¹⁰⁶ Despite the fact that the reproduction right is so fundamental in the law of copyright, its final articulation was first included only in the 1967 version of the *Berne Convention*.¹⁰⁷ According to Article 9 (1) of the *Berne Convention*: "[a]uthors of literary and artistic works protected by this Convention shall have the exclusive right of authorizing the reproduction of these works, in any manner or form." Until that time, there was no specific article at the *Berne Convention* dealing with the reproduction right, because there was no consent between the different parties to the convention as to the content of the right and its scope.

The questions was, *inter alia*, whether derivative productions are regarded as "copies" of a work and hence are controlled by the reproduction right, or whether they should be controlled by a different and separate right.¹⁰⁸ The acknowledgment of the reproduction right in Article 9(1) of the *Berne Convention* still left its content

105. *Berne Convention*, *supra* note 13.

106. *Agreement on Trade-Related Aspects of Intellectual Property Rights*, WTO Doc. LT/UR/A-1C/IP1/4 (1994), online: WTO <<http://docsonline.wto.org>>.

107. Sam Ricketson, *The Berne Convention for the Protection of Literary and Artistic Works: 1886-1986*, (London:Kluwer 1987) at 120.

108. *Ibid.* at 369-70.

and scope ambiguous. The term “reproduction” is not defined, making it impossible to tell whether its meaning contains other forms of copying aside from multiplication.¹⁰⁹ As shall be explained below, this ambiguity is a consequence of the problems encountered in the articulation of the adaptation right at the *Berne Convention*.

As to the adaptation right, currently it is stipulated in Article 12 of the *Berne Convention* that: “[a]uthors of literary or artistic works shall enjoy the exclusive right of authorizing adaptations, arrangement and other alterations of their works.” Already from the talks held over the first draft of the *Berne Convention*, there were many debates over the crystallization of the adaptation right,¹¹⁰ some still recognizable in its current articulation. For example, the terms “adaptations” or “arrangements” were not defined and there is no explicit reference to the relations between the adaptation right and the reproduction right. Tracking the history of the evolvement of the adaptation right in the *Berne Convention*, however, can help us to understand its proper interpretation.

The definition that was adopted in the initial convention resolution in 1886 included the adaptation right as part of the restrictive reproduction act, by referring to “indirect appropriations”¹¹¹ of a work, and “adaptation” was given as an example of such an act.¹¹² The *Berne Convention* was revised several times, and the term “adaptation” caused much confusion, which remained until the *Brussels convention of 1948*, in which the article concerning the adaptation right was replaced completely by the current version of Article 12. The inclusion of the adaptation right as part of the vast prohibition to reproduce a protected work was omitted in the 1948 amendment.

As mentioned, also with respect to the reproduction right there were many disputes, especially as to the question of whether translations and other adaptations should be regarded as “reproduction.”¹¹³ The vast acknowledgement of the adaptation right in 1948, as an exclusive right referring to all kinds of adaptations, led to the late articulation of the reproduction right on the 1976 amendment to the *Berne Convention*, hence it was understood that even if those various kinds of adaptations shall not fall within the *Reproduction Right’s* scope, they will still be excluded by the vast adaptation right.¹¹⁴ By this, it was clarified that the two rights are complementary.

109. *Ibid.* at 373-74.

110. *Ibid.* at 50-53.

111. See Stephen P. Ladas, *The International Protection of Literary and Artistic Property* (New York: The Macmillan Company, 1938) at 563. The original term was in French (“les appropriations indirectes”) and it was translated by Ladas as “indirect appropriation.”

112. See Ricketson, *supra* note 107 at 391. The wording of this version of the adaptation right was: “[s]pecifically included amongst the illicit reproductions to which the present Convention applies are unauthorized indirect appropriations of a literary or artistic work, of various kinds, known as *adaptations, arrangements of music*, when they are only the reproduction of a particular work, in the same form, or in another form, with non-essential alterations, additions, or abridgements, without presenting the character of a new original work. It is agreed that, in the application of the present article, the courts of the various countries of the Union will, if it be necessary, take account of the provisions of their respective laws.” [Emphasis Added]

113. Ricketson, *supra* note 107 at 369-70.

114. *Ibid.* at 370-71.

Thus, article 12 of the *Berne Convention* advances a vast adaptation right, conferring the author with control over a wide range of acts done with respect to his work, not connected to a narrow possible interpretation of the reproduction right. Namely, after almost 100 years of discussions, it was acknowledged that there is a possible severance between the two rights, and the adaptation right's exclusiveness is not necessarily limited to adaptations done via reproduction, irrespective of the definition given to the term "reproduction," as part of the reproduction right.

Thus, even if the Court interpreted, in the *Théberge* holding, the term "reproduction" narrowly, it should have broadly construed the adaptation right, and if Court took the opinion that this later interpretation is barred due to formal reasons, then it must have interpreted the reproduction right more broadly. Namely, in a system like the one that applies in Canada, in which the adaptation right is codified narrowly, there must be a broad or even "metaphorical" interpretation of the term "reproduction" in order to comply with the international standard set by the *Berne Convention*.¹¹⁵ In other jurisdictions, such as the US, in which the adaptation right follows the *Berne Convention* standard, the reproduction right may be interpreted in a much narrower manner.

Nevertheless, we do join Justice Binnie's call for the legislative branch to change the law and define the adaptation right as an "open" right, excluding preparation of all derivative works,¹¹⁶ and thus achieve a more analytic structure of copyright law. The reproduction right shall remain defined by its basic element of an action of copying, and the adaptation right shall attain its distinction from the reproduction right, *inter alia*, by its application over modifications done with respect to a copy of a work without any copying, in proper cases.

3. Lack of Reference to the Implied Consent Doctrine

The situation at stake, as explained earlier, raises the basic tension between the copyright owner and the owner of a tangible object in which the copyrighted work is reflected. According to the majority's view the onus is on the copyright owner to demonstrate a statutory right that overrides what the owner of the authorized copy could otherwise do with the tangible property.¹¹⁷ In our view, this is a further wrong understanding of copyright. Copyright is the statutory right that overrides what the owner could do with his asset. By saying "copyright" we refer to either the reproduction right or the adaptation right, being complimentary to each other. The owner of the copy is free to read it and watch it, but he is not free to perform actions which fall within the copyright exclusivity.

115. Ironically, Justice Binnie's opinion in *Théberge* was mentioned as an example of the new "transjudicialism" approach of the Canadian Supreme Court, which interprets laws according to both global trends and international law, especially in intellectual property cases, see Myra J. Tawfik, "No Longer Living in Splendid Isolation: The Globalization of National Courts and the Internationalization of Intellectual Property Law," (2007) 32 Queen's L.J. at 573 at 575, 587-88, 591; *Harvard College v. Canada*, 2002 SCC 76, 21 C.P.R. (4th) at paras. 14, 135, [2002] 4 S.C.R. 45.

116. *Théberge*, *supra* note 2 at para. 73.

117. *Ibid.* at para. 21.

Further, as explained above, the possibility of reselling the copy stems from the first sale doctrine, which is the legal tool enabling further dispositions of the copy. The majority's ruling ignores this doctrine. Nevertheless the exhaustion of right doctrine, and more accurately the implied consent doctrine, is highly relevant here. The implied consent doctrine is the legal scheme which enables the owner of the copy to do certain actions with it, aside from reselling it. Therefore, the analysis ought to be focused on the question of whether by selling copies of his works, the artist is deemed to consent to the actions done by the galleries. In other words, a correct interpretation of the complimentary reproduction and adaptation rights, as vesting control over modification done with respect to tangible copies of the works, should have transferred the discussion into the implied consent arena.

As explained above, there is no fixed answer to the question: which actions done with respect to a copy of a work fall within the implied consent of the copyright owner? This needs to be determined on a case-by-case basis, and according to policy considerations. The implied consent doctrine introduces the policy consideration by reference to both the subjective contractual relation of the particular parties and the objective reasonable meaning appropriate for the factual situation at stake. Therefore, the reference to the implied consent doctrine should have turned, *inter alia*, to contract interpretation, since there was a written agreement between the parties. The majority barely referred to this particular existing contract; however it undoubtedly should have been an initial source for articulating the implied consent given to the galleries. The specific contract tells us much about what is regarded as a reasonable and "natural" use of the copies and what the parties regarded as a non-accepted act.

The Supreme Court of Quebec and the dissenting opinion has pointed out that reasonable interpretation of the contract leads to the conclusion that the plaintiff agreed to ordinary kinds of actions, such as framing, but did not agree to transferring the ink to a canvas substrate. Although the contract language was that there was "no limitation" to actions done with the copies, the list of examples clarifies the parties' intention to "ordinary" kinds of actions. This is the logical and reasonable interpretation of this contract.¹¹⁸ Nevertheless, the majority completely ignored both the implied consent doctrine and the need to refer to the existing contract between the parties as an initial tool for constructing the implied consent here.

Furthermore, it is apparent that the majority's holding is motivated by the will to foster the user's right, especially when it comes to dealing with mass consumers owning tangibles copies of works. It is important to clarify that our contentions are

118: For an objective interpretation of contracts see *Sirius International Insurance Co. (Publ) v. FAI General Insurance Ltd.* (2004), [2005] 1 All ER 191, [2005] 1 Lloyd's L.R. 461, [2004] 1 W.L.R. 3251. For the standard contract between artists and galleries, in which the traditional role of the latter is to distribute the creative goods "with no elaborate apparatus of their own," see Richard. E. Caves, *Creative Industries: Contracts Between Art and Commerce* (Cambridge, Mass.: Harvard University Press, 2000) at 37.

not a reflection of the view that copyright should be extended as a matter of principle. To the contrary: we adhere to David Vaver's agenda, accepted explicitly by the Canadian Supreme Court on a later decision, according to which, users' rights should be fostered.¹¹⁹ As long as the interpretation and application of copyright law is logical, analytical and in compliance to international obligations, these goals are not contradictory, and may even support each other to develop a more coherent and balanced copyright law.

However such balancing should not be done at any price, or by interpretations that are inconsistent with basic notions in the law of copyright. If the situation at stake was analyzed properly, emphasizing the important role of the implied consent doctrine as a means for balancing conflicting interests between creators and users, then the Supreme Court would have paved the route for future decisions fostering users' rights on a more solid basis. Nevertheless, in this specific case the creator's interests should have been favoured.

VI. THE IMPLICATIONS OF THE *THÉBERGE* CASE

The final question to be asked with respect to the *Théberge* holding is what implications it might have. The answer can be divided into two, relating to the two different layers embedded in the decision: the inner doctrinaire interpretation of the reproduction and adaptation rights; and the overall philosophy chosen for resolving copyright cases. With respect to the inner doctrinaire layer—the interpretation given to the reproduction and adaptation rights—as explained, although these two rights are so fundamental in copyright law, their boundaries are not clear. A thorough discussion on the exact meaning of the term “reproduction,” which can be used as a leading authority, is rare. However, rare does not mean insignificant.

The best support for our contention that the *Théberge* case has far-reaching influence on copyright law, over and above the rare specific circumstances which were at stake in the case, is that a leading commentator on English copyright law writes in his latest edition that the reproduction right is “the exclusive right of copying.”¹²⁰ This conclusion is supported by one single reference, and that is the Canadian *Théberge* decision.¹²¹ Thus, the factual situation of the use of an existing copy functioned as a catalyst for sketching the dim edges of the copyright bundle.

Such an examination is of great importance, because it has direct implications for new technologies being debated constantly in copyright law, such as software

119. See *CCH Canadian LTD. v. Law Society of Upper Canada*, 2004 SCC 13, [2004] 1 S.C.R. 339 at 364-65, 236 D.L.R. (4th) 395 [CCH]; Vaver, *supra* note 23, at 171. See also Garnett, Davies & Harbottle, *supra* note 20, at 476-77.

120. Garnett, Davies & Harbottle, *supra* note 20, at 370.

121. *Ibid.* at n. 39.

integrated works, etc.¹²² The scholarly response to the doctrinaire layer in *Théberge* is scant, probably because of its rare factual circumstances, however those who have referred to the decision—whether by supporting or criticizing it—agree that it may have far-reaching implications on future technologies involving non-traditional exploitation of works.¹²³

In our view, explained above in detail, the narrow reading of the reproduction right should have been more careful, taking into account that the adaptation right is constructed narrowly in English tradition legislations. Courts constantly face different technological techniques for communicating and exploiting works, and it seems that the path that would allow Courts to use a flexible mechanism for reaching a balanced result might be barred by the *Théberge* holding. It is to be hoped that in following decisions the courts will be able to circumvent the flaws of the *Théberge* holding, by limiting the impact of the decision to its very rare factual circumstances. However the above mentioned statement by a leading commentator stating that “reproduction is copying” might suggest otherwise.

The overall effect of the *Théberge* holding with respect to the philosophical foundations of copyright law is certainly beyond the scope of this article. It should be noted though, that it seems that this decision initiated the Supreme Court of Canada’s “balancing approach” between creators and users, carried out through interpretative legislation.¹²⁴ In three subsequent Supreme Court copyright decisions, the *Théberge* holding was cited for the need to balance between the competing interests, those of the public and those of authors.¹²⁵ Two cases out of the three did indeed stress the

122. For a somewhat different view, according to which the general philosophy presented in the *Théberge* holding is one of significant importance, see Daniel J. Gervais, “The Purpose of Copyright Law in Canada,” [2005] 2 U.O.L.T.J. 315 at 319-20 [Gervais, “The Purpose of Copyright”].

123. See Adams, *supra* note 102 at 323, 325 (though supporting the final decision stressing its importance for future debates); Robert G. Howell, “Recent Copyright Developments: Harmonization Opportunities for Canada,” (2003-2004) 1 U.O.L.T.J. 149 at 155-57 (admitting that after the *Théberge* case the absence of the creation of an additional copy would preclude economic infringement with respect to different practices on the internet, such as “pop ups”); Ziad J. Katul, “To Reproduce or to Multiply: *Théberge v. Galerie d’Art du Petit Champlain Inc.*,” Case Comment, (2003)16 I.P.J. 335 at 336 (stating “the veritable impact of this case will resonate far more loudly in the face of ongoing discussions of digital reform of the Act.”); Damien McCotter, “2002: A Case Odyssey: The Changing Landscape of Canadian Copyright Law,” (2004) 28 C.P.R. 8 at 9-10. See also: Gervais, “L’affaire *Théberge*,” *supra* note 30, at 234-36.

124. For an explanation of the ideological connection between the *Théberge* holding and the later decision laid down in *CCH*, *supra* note 119; and for the Canadian Supreme Court’s new “balancing approach” see Teresa Scassa, “Interests in the Balance,” in Michael Geist, ed., *In the Public Interest: The Future of Canadian Copyright Law* (Toronto: Irwin Law, 2005) 41, 42-47; Gervais, *The Purpose of Copyright*, *supra* note 122 at 319-26. For the importance of the “balancing approach” of the *Théberge* holding see also: McCotter, *supra* note 123 at 14.

125. Moreover, these three decisions refer to the same quotation from *Théberge*, *supra* note 2 at para 30. Here Justice Binnie stated: “[t]he *Copyright Act* is usually presented as a balance between promoting the public interest in the encouragement and dissemination of works of the arts and intellect and obtaining a just reward for the creator (or, more accurately, to prevent someone other than the creator from appropriating whatever benefits may be generated).” See also *CCH*, *supra* note 119 at para. 10 (this case discusses, *inter alia*, the questions of what constitutes an original work of authorship and the fair dealing doctrine, finally approving reproduction of protected works); *Society of Composers, Authors and Music Publishers of Canada (SOCAN) v.*

instrumentalist purpose of copyright law in order to foster users' rights, however the question discussed there was not related to the scope of the reproduction right.¹²⁶ In the third case—the only one which referred directly to the question of the scope of the reproduction right—the author's interest was favoured. It is interesting to note that in this latter decision, the Court had to use Justice Gonthier's dissenting reasoning in the *Théberge* holding in order to support a liberal interpretation of the reproduction right.¹²⁷ Namely, in order to support a broad understanding of the reproduction rights, the minority's opinion was followed.¹²⁸ Such a legal maneuver speaks for itself: when it comes to the doctrinaire layer of the *Théberge* holding, there is need to circumvent it.

As stressed above, our contention is not against fostering users' rights or against the philosophical approach furthering a balance of interests through the instrumentalist prism. Our critique is focused on the means that the Supreme Court has taken in order to further this agenda, which resulted in the misinterpretation of basic elements in copyright law. The outcome, ironically, is that a powerful means for realizing a balanced approach in copyright law—by a flexible interpretation of the complimentary reproduction and adaptation rights, infused by the implied consent doctrine—was denied by the very same decision of the Supreme Court.

Canadian Assn. of Internet Providers, 2004 SCC 45, [2004] 2 S.C.R. 427, at para 40, 240 D.L.R. (4th) 193 [SOCAN] (this case discusses the question of who should compensate musical composers and artists for their Canadian copyright in music downloaded in Canada from a foreign country via the internet, finally rejecting collection of royalties from Internet Service Providers located in Canada); *Robertson v. The Thomson Corporation*, 2006 SCC 43, [2006] 2 S.C.R. 363 at para. 69, 247 D.L.R. (4th) 138 [Robertson S.C.C.]. See also the decision in this case at the Court of Appeal: *Robertson v. The Thomson Corporation*, (2004) 72 O.R. (3d) 481 at 493, 243 D.L.R. (4th) 257 (this case discusses the rights of freelance journalists, finally rejecting the use of articles written by journalists not within the collective-work it was aimed for). A fourth case might be also noted, however, it seems to discuss a somewhat procedural matter of whether the case at stake was eligible for arbitrary review. Nevertheless, the Court referred to the *Théberge* case as an authority with respect to the nature of copyright law in Canada. See *Desputeaux v. Éditions Chouette (1987) Inc.*, 2003 SCC 17, 223 D.L.R. (4th) 407, at para. 57, [2003] 1 S.C.R. 178.

126. See CCH *supra* note 119. See also SOCAN, *ibid.* It should be noted, however, that in lower instances the reference to the *Théberge* holding did not lead necessarily to decisions favouring the user's right, see for example: *Canadian Private Copying Collective v. Canadian Storage Media Alliance* (2004), 36 C.P.R. (4th) 289 at 306, 247 D.L.R. (4th) 193 (finally approving a levy on media which is transferred to right holders).
127. See *Robertson S.C.C.*, *supra* note 125 at para. 75, adopting Justice Gonthier's dissenting opinion in *Théberge*, *supra* note 2 at para. 148., according to which the wording of the reproduction right offers "an appropriate and carefully worded recognition that a work may be reproduced even if the new medium is different."
128. Moreover, the reasoning that was taken from Justice Binnie's opinion in *Théberge*, *supra* note 2 at para. 47; is the following: the Copyright Act's understanding of the right to reproduce is not limited to "only literal physical, mechanical reproduction," and the concept of reproduction has broadened to recognize that "technologies have evolved by which expression could be reproduced in ways undreamt of in earlier periods, such as evanescent and 'virtual' copies in electronic formats." See *Robertson S.C.C.*, *supra* note 125 at para. 78. Since eventually Justice Binnie preferred a narrow and a technical definition for the reproduction right, it is clear that this latter quotation is used out of its final context. Accordingly, in *Robertson S.C.C.*, Justice Binnie himself dissented, preferring once again a narrow interpretation of the reproduction right, which furthers the user's right.

VII. SUMMARY

This article discusses a long and seemingly unending conflict: when does the use of a copy of a copyrighted work constitute copyright infringement. Although one might wonder why we should discuss such apparently outdated issues in today's digital era, this conflict touches the most basic and fundamental elements of copyright law, affecting the most recent and up-to-date conflicts in the field. In order to answer this ostensibly simple question we have to precisely define the scope of the basic reproduction and adaptation rights, and comprehend the relation between the two.

In the foregoing we raised the question of whether an act of copying is a necessary element in order to infringe on these two rights. Doctrinal law does not define the term "reproduction." Philologically, "reproduction" can encompass non-copying actions which result in the production of something new that emerged from the original. Yet it is common to interpret the reproduction right as constituting a requirement of a copying action, given that the adaptation right is acknowledged broadly, conferring control over the production of different adaptations to the work, not necessarily through copying. By this interpretation the rights are complementary rather than overlapping. This interpretation is not only supported by the evolvement of the adaptation right in national and international law, but also makes sense.

Furthermore, it should be asked under what circumstances the use of a copy of a copyrighted work constitutes an infringement of the adaptation right. The answer to this question lies within the *implied consent* doctrine, referring to actions that may reasonably be done with respect to a lawfully circulated, tangible copy of a work. This doctrine is the means by which it is possible to introduce policy considerations into the law of copyright, by striking the balance between the conflicting interests of the copyright owner and of the owner of the physical copy. Therefore some cases should favour the copyright owner's interests, by a decision according to which the use of a copy, for example through its alteration, is contrary to the implied consent attached to the lawfully circulated tangible copy of the work, and therefore it infringing on the adaptation right.

This discussion leads us to the clear conclusion that the Supreme Court of Canada decision in *Theberge* was erroneous. The Court erred in interpreting narrowly both the reproduction and the adaptation rights. The Court also erred in ignoring the implied consent doctrine and its direct application in cases where a copy of a work was in use. The *Theberge* holding has far-reaching implications for copyright law and it is therefore of utmost importance to examine its failures and shortcomings.

