

BETWEEN:

UNDERWRITERS' SURVEY BUREAU } PLAINTIFFS;  
LIMITED ET AL..... }

1936  
Feb. 25.  
Aug. 19.

AND

MASSIE & RENWICK LIMITED..... DEFENDANT.

*Copyright—Infringement—Conspiracy—Combine—Defence—Combines Investigation Act, R.S.C. 1927, c. 26—Criminal Code s. 498.*

The action is one for infringement and conversion of copyright which the plaintiffs claim in fire insurance plans. The defendant pleaded *inter alia* that the plaintiffs combined and conspired together to prevent defendant from obtaining copies of the plans in question. Plaintiffs applied to have struck out those paragraphs of the statement of defence relating to the alleged combine and conspiracy.

*Held:* That since copyright is something within the exclusive control of the owner, subject to the provisions of the *Copyright Act*, it cannot form subject-matter of a combine or conspiracy.

HEARING on questions of law referred to and set forth in the reasons for judgment hereinafter reported.

The argument was heard before the Honourable Mr. Justice Maclean, President of the Court, at Ottawa.

*J. A. Mann, K.C., and Charles Morse, K.C., for plaintiffs.*

*O. M. Biggar, K.C., and H. Cassels, K.C., for defendant.*

THE PRESIDENT, now (August 19, 1936) delivered the following judgment:

This is an action for infringement and conversion of published and unpublished copyrights which the plaintiffs, members of the Canadian Fire Underwriters' Association, claim in what is known as fire insurance plans. Upon application of the parties hereto it was ordered that the following questions of law be stated for determination in advance of the trial of the action: (1) Whether the plaintiffs would

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be disentitled to succeed in this action if the defendants established the allegations in paragraphs 7, 8, 10, 11, 12, 13, 14, 15, 18, 19, 22 and 23 of the statement of defence which relate to acts done by the plaintiffs or some of them in combination, and (2) Whether any of the statutory provisions set up in paragraph 20 of the statement of defence constitute a bar to the plaintiffs' action in respect of any of the documents referred to in the schedules to the statement of defence, and, if any of them constitute such a bar, which of them do so, and to which of the remedies prayed by the plaintiffs do they respectively apply.

I shall consider the question first stated for determination. It is pleaded in the statement of defence that certain acts of the plaintiffs, some of which I shall presently mention, constitute a combine or conspiracy under the provisions of the *Combines Investigation Act*, chapter 26, R.S.C. 1927, and sec. 498 of the Criminal Code, which acts, it is claimed, operate to the detriment or against the interest of the public, and afford a defence to the plaintiffs' action.

It is perhaps desirable to refer at once to the relevant provisions of the *Combines Investigation Act*, hereinafter to be referred to as the "Combines Act," and the Criminal Code. Sec. 2, subsection 1, of the Combines Act, as amended by 25-26 Geo. V, c. 54, defines a "combine" in the following language:

2. (1) "Combine" means a combination having relation to any commodity which may be the subject of trade or commerce, of two or more persons by way of actual or tacit contract, agreement or arrangement having or designed to have the effect of

(a) limiting facilities for transporting, producing, manufacturing, supplying, storing or dealing, or

(b) preventing, limiting or lessening manufacture or production, or

(c) fixing a common price or a resale price, or a common rental, or a common cost of storage or transportation, or

(d) enhancing the price, rental or cost of article, rental, storage or transportation, or

(e) preventing or lessening competition in, or substantially controlling within any particular area or district or generally, production, manufacture, purchase, barter, sale, storage, transportation, insurance or supply, or

(f) otherwise restraining or injuring trade or commerce, or a merger, trust or monopoly, which combination, merger, trust or monopoly has operated or is likely to operate to the detriment or against the interest of the public, whether consumers, producers or others.

The concluding words of this section would indicate that a "a merger, trust or monopoly" falls within the defini-

tion of a "combine" and "merger, trust or monopoly" is defined by s. 2, ss. 4, as follows:

(4) "merger, trust or monopoly" means one or more persons,

(a) who has or have purchased, leased or otherwise acquired any control over or interest in the whole or part of the business of another; or

(b) who either substantially or completely control, throughout any particular area or district in Canada or throughout Canada the class or species of business in which he is or they are engaged;

and extends and applies only to the business of manufacturing, producing, transporting, purchasing, supplying, storing or dealing in commodities which may be the subject of trade or commerce: Provided that this subsection shall not be construed or applied so as to limit or impair any right or interest derived under *The Patent Act*, 1935, or under any other statute of Canada.

In passing I might observe that the concluding words of subsection 4 provide that this subsection shall not apply to any right or interest derived under the *Patent Act*, or any other statute of Canada, which would include the *Copyright Act*. There is another section in the *Combines Act*, sec. 30, which refers to the *Patent Act*, and conceivably in certain circumstances difficulties might arise in reconciling that section with certain provisions of the *Patent Act*, but that need not, I think, concern us here.

Sec. 498 of the Criminal Code is as follows:

498. Every one is guilty of an indictable offence and liable to a penalty not exceeding four thousand dollars and not less than two hundred dollars, or to two years' imprisonment, or, if a corporation, is liable to a penalty not exceeding ten thousand dollars, and not less than one thousand dollars, who conspires, combines, agrees or arranges with any other person, or with any railway, steamship, steamboat or transportation company,

(a) to unduly limit the facilities for transporting, producing, manufacturing, supplying, storing or dealing in any article or commodity which may be a subject of trade or commerce; or

(b) to restrain or injure trade or commerce in relation to any such article or commodity; or

(c) to unduly prevent, limit, or lessen the manufacture or production of any such article or commodity, or to unreasonably enhance the price thereof; or

(d) to unduly prevent or lessen competition in the production, manufacture, purchase, barter, sale, transportation or supply of any such article or commodity or in the price of insurance upon person or property.

In this action, and others of a similar nature, on a motion for an interlocutory injunction, I endeavoured to describe the nature, history and development of the business of the plaintiffs as fire underwriters and the grounds of their claims to copyright by reason of the production, reproduction and acquisition of fire insurance plans, and I would refer to my judgment on that motion. *Underwriters\**

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*Survey Bureau Ltd. et al. v. Willis Faber & Co. of Canada Ltd. et al.* (1). From this judgment there may be gathered the acts of the plaintiffs which the defendant alleges constitute a combine or conspiracy in restraint of trade and commerce, contrary to the provisions of the statutes mentioned.

Briefly stated, in so far as the immediate question is concerned, the defendant contends that the plaintiffs first entered into an agreement in 1911 with the Goad Company whereby the latter agreed to compile and revise fire insurance plans for the plaintiffs only; that some six years later they acquired by purchase all the right, title and interest in the Goad plans, and any copyright therein, with the intention of impeding or preventing the non-board fire insurance companies from having access to copies of such plans and thus from carrying on their business of fire insurance, or successfully competing with the plaintiff members of the association. This end it is claimed, was and is sought to be effected by the plaintiffs by restricting the use of their fire insurance plans to the plaintiff members of the association only, and by requiring any agent of such plaintiffs to whom plans are loaned to return the same to the association when such agent ceases to represent one of the plaintiff members of the association, or when the agent undertakes to underwrite fire insurance for non-board companies, thus rendering it difficult or impossible for non-board fire insurance companies to acquire fire insurance plans of any particular locality. Now the defendant claims that all this, together with the taking of this action and the restraining of the Commercial Reproducing Company Ltd. from making, reproducing or selling copies of such plans, in fact and law spells a combine or conspiracy in restraint of trade and commerce and having for its object the prevention or lessening of the competition of non-board fire insurance companies. This combine or conspiracy the defendant claims affords a defence to the action of the plaintiffs.

Mr. Biggar argued that the Court should not give assistance to a plaintiff who seeks to take advantage of his own wrong, and that to combine or conspire with others for the

purpose and with the intention of causing injury to anyone else is a wrong; that the plaintiffs combined with the intention of injuring the non-board fire insurance companies, that is fire insurance companies which are not members of the Canadian Fire Insurance Underwriters' Association, including the defendant here, by withholding or attempting to withhold from them copies of the fire insurance plans in question; that the bringing of this action was the culminating act in a series of acts done to carry out this intention; and that the successful realization of the intention of injuring the non-board fire insurance companies would be detrimental to the public by limiting competition in the business of fire insurance and would constitute a combine or conspiracy within the meaning of sec. 498 of the Criminal Code and the *Combines Act*.

The plaintiffs claim that the defendant has infringed their copyrights by taking possession of or acquiring (1) certain unpublished plans belonging to the plaintiffs and which particularly relate to copies of plans issued solely to the members of the Canadian Fire Underwriters' Association as distinguished from any plans published and sold at any time to the public, (2) plans made since 1918, by the plaintiffs' Plan Department from original surveys, (3) reprints and revisions of original plans which are claimed to be independent works and the subject of independent copyrights, the revisions in some cases being greater in degree than in others, the degree being indicated by different schedules accompanying the plaintiffs' statement of claim. All these plans the plaintiffs claim are unpublished copyrights and it is contended that no one could compel them to license others in respect thereto, either under the statute or at common law, and that the plaintiffs might publish them when and as they saw fit. For the purpose of this proceeding I am, I think, to assume that the works mentioned in the schedules as unpublished works were in fact never published, though that is a question of fact and law to be determined at the trial. Then there is set out in schedule D to the statement of claim a list of plans originally prepared by G. E. Goad, or the G. E. Goad Company, in which the plaintiffs now claim copyright, and which they claim have been infringed by the defendant, but these plans it is conceded were in fact published or sold to the

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public by the Goads; these plans were subsequently acquired by the plaintiffs by assignment, in 1931. It is conceded that the public are entitled to copies of such plans, even if copyright subsists. But say the plaintiffs: If after publication and within the duration of the copyrights we fail to supply the reasonable requirements of the public, including non-board fire insurance companies, the proper remedy is for the interested party to apply under sec. 14 of the *Copyright Act*, to the designated authority, to compel us to publish and supply such plans, and failing that the applicant is entitled to a licence to publish the same upon the terms provided by the Act.

It is the contention of the plaintiffs that in their published or unpublished works they have a right, a property incorporeal. Copyright has no corporeal existence; it is really the right to multiply copies of a published work, or the right to make the work public and still retain the beneficial interest therein. The plaintiffs say that they organized their Plan Department for their own members and they frankly state that even if they combined or conspired to prevent the defendant from obtaining the use of copies of such plans that would not be an unlawful act because the same was done in protection of their own property, which in law is not a wrong. The plaintiffs further contend that neither the public nor the defendant ever had any right in their plans or copyrights and consequently the defendant has not suffered any damage by the alleged wrongful acts of the plaintiffs.

A literary production or work being the author's property he may exercise full dominion over it at common law or under the statute and it is exclusively for him to determine whether it shall be published at all, or if published, when, by whom, and in what form. The public has no greater right to it than it would have in any other part of the author's personal property, no matter how useful it might be. But if the work has once been published the public have a right to obtain copies of the same, as in the plans published by the Goads, and if copyright subsists by statute, the owner of the copyright must supply the needs of the public and if not, then any member of the public may have recourse to sec. 14 of the *Copyright Act* as already explained.

In order to constitute a combine or conspiracy there first must be proper subject-matter to which the alleged combine or conspiracy relates, and next there must be an intention acted upon by the parties to combine or conspire to prevent the public from obtaining the use and benefit of that which is the subject-matter of the combine or conspiracy. Counsel on behalf of the plaintiffs contended that in order to furnish ground for proceeding against a party for a combine or conspiracy that the subject-matter must be a commodity of trade and commerce. Mr. Morse referred to many dictionary definitions of "commodity." The dictionaries would appear to define a commodity as something produced for use or sale, all things which have prices and are offered for sale, everything movable which is bought and sold, anything movable that is the subject of trade and commerce, and so on. It is impressed on the subject-matter of "commodity" that it is something the public have a right to have access to because it is a matter of trade and commerce. I find it rather difficult to place within the definition of commodity, or any article of trade and commerce, published or unpublished copyright, in which the author has a right in the nature of a monopoly.

As copyright is something within the exclusive control of the owner, subject to the provisions of sec. 14 of the *Copyright Act*, it cannot in my opinion form subject-matter of a combine or conspiracy. Whether or not the plaintiffs have combined or conspired to prevent the defendant from obtaining copies of the plans in question is not, I think, a proper defence in this action. It seems to me therefore that the paragraphs of the defence mentioned, relating to combine and conspiracy, should be struck out because they do not appear relevant to the real dispute between the parties, namely, whether the plaintiffs have a subsisting copyright in the works in question and if so whether their rights therein have been infringed or converted.

The second question for determination is indeed a perplexing one and it is difficult to understand why the provisions of the *Copyright Act* under the head of Civil Remedies, that is sections 20, 21, 22, 23 and 24, should so long have been left in doubt. The Courts and text writers

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seem to have avoided any definite expression of opinion in respect of the construction of some of those sections of the Act. Those sections of the *Copyright Act* correspond with sections 6, 7, 8, 9 and 10 respectively of the English *Copyright Act* of 1911.

The principal question raised was whether the limitation of action expressed in sec. 24 applies only to infringement of a right in copyright under sec. 20 (1), or whether it applies to actions of detinue or conversion under sec. 21. And there also arises the question as to whether the protection afforded by sec. 22, applies to actions of detinue or conversion under sec. 21. Failing the application of sec. 24 to actions of detinue or conversion under sec. 21 the further question is raised as to whether articles 2261 and 2268 of the Civil Code of Quebec, and the Statute of Limitations (R.S.O. 1927, c. 106, s. 48) of Ontario, or either of them, are applicable in this case. The plaintiffs, I understand, contend that sec. 22 and sec. 24 are not applicable in actions of detinue or conversion under sec. 21.

I have reached the conclusion that this question had better be continued to the trial. I do not think any injustice will be done the defendant by so doing, or that it will unduly prolong the trial. Any evidence which the plaintiffs may desire to produce relating to this issue, may be received subject to objection, and may later be admitted or rejected; and that evidence need not, I think, be voluminous.

Mr. Biggar's contention was that sec. 24 applied to the case of an action for damages for detinue or conversion, as well as in an action for injunction, damages or account, under sec. 20, which must be brought within three years after the infringement. Mr. Biggar referred to certain comments to be found in the 6th Edition of Coppinger on Copyright and which he found to be in conflict or inconclusive. He contended that the editor of Coppinger, at page 169, in discussing sections 6 and 7 of the English Act (20 and 21 here) was of the opinion that the action for infringement and the action for detinue or conversion were alternative actions, and that a plaintiff could avail himself only of one or the other of them, and with this view Mr. Biggar agreed. I am not at all sure that these comments of the editor of Coppinger are open to that construction, but if so, then I



should think the editor was in error. I need only refer to the recent cases of *Sutherland Publishing Co. Ltd. v. Caxton Publishing Co. Ltd.* (1); and *Lane et al. v. Associated Newspapers Ltd.* (2), and reported, I think, since the argument in this proceeding. In these cases it was held that the remedies granted by sections 6 and 7 of the English *Copyright Act* were cumulative and not alternative, and with such conclusion I agree. However, I am uncertain how the submissions made by Mr. Biggar and Mr. Cassels upon this question were affected by the contention that the remedies under sections 20 and 21 were alternative and not cumulative. I should like to hear counsel for the defendant further in view of the decisions which I have mentioned.

For the present the matter of cost upon both questions will be reserved.

*Judgment accordingly.*

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