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Rescuing the Balance?

An Assessment of Canada's Proposal to Limit ISP Liability for Online Copyright Infringement

Scott Nesbitt†

Introduction

On June 22, 2001, the Government of Canada issued its *Framework for Copyright Reform*¹ and signalled that Phase III of its amendments to the *Copyright Act*² would attempt to modernize the legislative scheme to meet the complexities of the digital age. As then Minister of Industry Brian Tobin indicated, the impulse for reform stems not only from the desire to adequately protect the creative works of artists, but also from the recognition that an effective copyright regime promises broader social and economic benefits:

Canada needs a copyright framework that continuously adapts to a fast-changing digital environment. The *Copyright Act* is an important lever to promote innovation, entrepreneurship and success in the new economy A world-class copyright regime can help us grow the Internet, electronic commerce and e-learning in Canada.³

Although the federal government suggests that there is a “renewed sense of urgency regarding reform of the *Copyright Act*”⁴ and such legislation has already been passed in other jurisdictions — most notably the United States⁵ and the European Union⁶ — Canada is taking a relatively slow and cautious approach to reform.⁷ Released together with the *Framework for Copyright Reform*, the government’s *Consultation Paper on Digital Copyright Issues*⁸ outlines proposed changes to the statute and solicits feedback from interested stakeholders.⁹ This document proposes four major amendments. The first of these would introduce a “making available” right to confirm that copyright holders do in fact have an exclusive right to post material on the Internet.¹⁰ The remaining three proposals deal with how copyright will be enforced and infringement discouraged in the digital environment. These include provisions that would protect rights management information embedded in digital works,¹¹ restrict circumvention of technological measures designed to safeguard copyright material,¹² and, perhaps most importantly, limit the liability of Internet service providers (ISPs).¹³

The controversy that has engulfed legislative amendments to limit ISP liability in other jurisdictions

suggests that the underlying rationale and potential impact of Canada’s proposed reforms in this area warrant careful assessment. The issue of ISP liability raises important questions regarding not only the ability of copyright law to sensibly adapt to new technologies, but also more introspective questions about the fundamental purpose of intellectual property regimes generally. Examination of the legal issues raised by the realities of digitization suggests that, at least from the perspective of copyright owners and ISPs, the proposed amendments to limit the liability of ISPs are both a necessary and appropriate response to the technical exigencies of enforcing copyright on the Internet. In this respect, proposed limitations on ISP liability clarify legal uncertainty concerning liability for online copyright infringement. In displaying this sensitivity to technology, the government might be commended for bringing the *Copyright Act* up to digital speed. However, closer examination of the proposals and consideration of their possible consequences suggests that support for these reforms must be tempered. Although the contemplated ISP liability regime may help the *Copyright Act* balance the interests of ISPs and content providers, it nonetheless risks extending excessive enforcement powers to rights holders. Ironically, in an atmosphere where many presume that the challenge which new technologies present to copyright is how to ensure sufficient rights protection for owners, the proposed reforms may go too far in shifting the balance in favour of protecting rights holders and away from promoting the public interest.

This paper attempts both to explain the technological and legal imperatives pressing Canada to address the issue of ISP liability in reforms to the *Copyright Act* and to raise some concerns about the impact of the government’s proposed amendments in this area. The basic elements of copyright law, the impact of digital technology on copyright and the policy arguments surrounding ISP liability are briefly discussed to set the context for judicial treatment of and legislative action on this issue. Next, the paper focuses on the development of American jurisprudence with respect to limitation of ISP

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liability for third party copyright infringement,¹⁴ including examination of the pre-existing legal uncertainty in this area as well as the clarification offered in the DMCA. The position in Canadian law is then assessed, highlighting in particular how proposed amendments to the *Copyright Act* help resolve the legal questions surrounding ISP liability that remain unanswered after the Copyright Board's *Tariff 22* decision and its subsequent judicial review by the Federal Court of Appeal.¹⁵ Theoretical justifications of copyright law are considered as a measure against which to assess whether the effects of the proposed new enforcement regime accord with the fundamental purposes of copyright law. The paper concludes that, although the proposed amendments limiting ISP liability are an adequate first step in helping copyright confront new technologies, they must be fine-tuned in order to better protect the public interest before any legislation is passed.

Background to Reform

Before launching into an analysis of the intricacies of the legal rationale for copyright reform, it is appropriate to first briefly outline the basic nature of copyright law, the challenges digital technology presents, and the reasons why ISPs have become the focus of many debates about how to police online copyright infringement.

The Statutory Creature that is Copyright

Copyright law is a creature of statute; the only rights available to copyright holders are those outlined in the legislation.¹⁶ First passed in Canada in 1924, the *Copyright Act* grants specified protections to the creators of original literary, dramatic, musical and artistic works.¹⁷ In most circumstances, the term of the copyright extends for the life of the creator plus fifty years.¹⁸ Although the author or creator is the first owner of the copyright in a work,¹⁹ he or she can license or assign the rights available under the Act either in whole or in part.²⁰ The Act provides copyright holders with an exclusive "bundle of rights" that are cumulative and distinct from any tangible right in the material work itself.²¹ These are listed in section 3(1) and include the sole right to: produce or reproduce a work or any substantial part thereof; perform the work in public; translate a work; convert a work from one medium to another; and communicate the work to the public by telecommunication. The rights holder also has the right to authorize anyone else to do any of the activities protected under the other enumerated rights. In addition, the original author retains the moral rights in a work for the duration of the term of protection.²²

Direct copyright infringement occurs whenever a person, without the consent of the copyright holder, does anything that the owner has the exclusive right to do under section 3(1).²³ It is also an "indirect" infringe-

ment to knowingly distribute an infringing work for the purposes of trade or to such an extent that it prejudicially affects the owner of the copyright, to sell or rent an infringing work, or to import an infringing work into Canada for sale or hire.²⁴ The Act provides several "fair dealing" exemptions to liability for infringement, including the reproduction of works for private study or research, criticism, review and newspaper summary.²⁵ Where an alleged infringer fails to bring its activities within one of these exemptions, rights holders can apply for damages, injunctions, accounting of profits and delivery of infringing works.²⁶ Criminal sanctions may also be imposed against those who knowingly distribute, import or trade in infringing works.²⁷

Digital Challenges

As the rights of owners are fixed by statute, new technological developments inevitably challenge pre-existing legal concepts of copyright and the traditional mechanisms used to enforce it. As Professor Ginsburg explains, "The setting of the copyright balance is not immutable; rather, each significant technological progress may alter the balance of control between authors and users, in turn eventually prompting a new legal calibration".²⁸ Indeed, the history of copyright law reflects an almost continuous trend of reaction to technology and recalibration of the law. The advent of the player piano, camera, radio, television, photocopier, audio tape recorder and video cassette recorder have all presented new challenges to copyright and provoked a rethinking of the law.²⁹

Despite this history of adaptation, there is nonetheless a sense that the combined force of digital technology and the Internet present a previously unparalleled threat to the continued vitality of copyright law. The ability to convert works based in text, images, video and sound to digital format has dramatically increased the ability to store, manipulate and distribute such material.³⁰ In addition, copying becomes infinitely easier — with the further advantage that the quality of each digital reproduction is virtually indistinguishable from the original. And, of course, the growth of the Internet has only accentuated the ease and speed with which such works can be located, accessed and shared around the globe.³¹ As numerous commentators have noted, these technological developments render copyright works extremely vulnerable to piracy and unauthorized reproduction; no longer do such infringements depend upon the possession of a tangible product or rely on more easily supervised physical modes of distribution.³² Perhaps even more alarmingly, the nature of copyright infringement is shifting from commercial piracy operations to pervasive individual copying for private purposes.³³ Not only does this disperse the locus of control through which an owner might protect a work, but it also risks sanctioning a social attitude that "increasingly looks upon the imme-

ciate copying and sharing of information for non-commercial purposes as a fundamental right”.³⁴

Creators and copyright industries are understandably concerned about the scale of infringement that digital technology and the Internet make possible. One observer suggests that copying of protected works on the Internet has reached “epidemic proportions” and estimates worldwide annual losses to the software industry alone at \$13 billion.³⁵ Here in Canada, the Canadian Recording Industry Association (CRIA) attributes a 10% drop in sales of recorded works between 2000 and 2001 to the proliferation of Internet piracy.³⁶ However, in addition to this economic self-interest, there is a broader public concern that without adequate copyright protection, creators will simply refuse to make their works available in the digital environment.³⁷ Any such disincentive threatens to empty the Internet of its substantive content and thus to diminish its technological promise of increased global access to a wider diversity of information:

Unless they can become author-friendly, digital media may remain just that: media, without content If all kinds of works of authorship, particularly those of intense creativity and imagination are to embark willingly on the cyber-road, then authors require some assurance that the journey will not turn into a hijacking.³⁸

The result of inadequate copyright protection then, is not only a diminution of creative content on the Internet, but also a lack of investment in technology that may ultimately hurt society as a whole.³⁹

Of course, the very same facets of digital technology and the Internet that spark so much trepidation among copyright holders — particularly the speed and ease of distributing works — also promise great benefits *if* the copyright regime can be effectively extended to this new environment. As a result, several alternatives have been forwarded to enhance the ability of copyright owners to enforce their rights. One of the most commonly posited options is to impose some form of liability on ISPs for the online infringement of their subscribers.

ISPs: An Appropriate Target for Liability?

Faced with the prospect of potentially massive copyright infringement in the online environment, copyright owners and government regulators have turned to ISPs as potential targets for liability.⁴⁰ No doubt this is in part because it is so difficult for copyright owners to track diffuse and anonymous individual private infringers; and, no doubt that this is also in part because such individuals are frequently impecunious and therefore not worth prosecuting. These constraints, contrasted with the relative ease with which ISPs can be identified and their comparably “deep-pockets”, clearly make ISPs a preferred defendant for copyright infringement actions.⁴¹ Having thus found a more rewarding avenue of enforcement, copyright owners often assume that ISPs have the right and ability to control or supervise the actions of

their subscribers and therefore argue that ISPs are best situated to prevent or pay for infringement.⁴² Alternatively, theories of loss-spreading are invoked to justify ISP liability because, even if they do not have direct control over or derive direct financial benefit from subscribers’ infringements, ISPs nonetheless provide the means for and reap profits from the consumer appeal of such activities.⁴³ Frequently, these arguments mesh together, as is evident in SOCAN’s reply to the *Consultation Paper*:

ISPs are the one place that is currently regulated by Canadian law, have a large capital investment and have a physical connection to everyone of their customers. No payment, no access to the Internet for an individual user. . . . ISP’s subscriber base is driven by the free content that is available on the Internet. The ISPs have been the general beneficiary of the current situation which is very unfair to rights holders. Rights holders are not getting paid, ISPs are. This needs to be addressed.⁴⁴

From a somewhat less adversarial perspective, commentators also suggest that imposing liability on ISPs not only will help to compensate rights holders and spread the costs of infringement, but also engage ISPs in the task of deterring subscriber infringement.⁴⁵

In response to these arguments for liability, ISPs and others assert that the technical reality of Internet transmissions makes any attempt to impose liability for copyright infringement upon ISPs unfair and unreasonable. Admittedly, ISPs are usually commercial operations that supply and operate the equipment and software required to provide a subscriber with Internet access. They also make arrangements with other ISPs to facilitate access to the “network of networks” that is the Internet and operate routers and other equipment to forward information to designated addresses.⁴⁶ In these transmission and networking tasks, ISPs inevitably make temporary digital copies of all material that passes through their systems. But, as the Canadian Association of Internet Providers points out, “ISPs do not select the content that is transmitted over their facilities; rather, they merely transmit the content that has been selected by others”.⁴⁷ And, such arguments continue, neither the equipment nor the connections ISPs supply enable them to effectively monitor the endless stream of packeted information that flows through their facilities. It is simply technologically infeasible for ISPs to screen out the infringing transmissions of subscribers: “Given the volumes of information, reviewing the content of the billions of trillions of bits of information that are transmitted over systems of information providers, it is operationally impossible for such persons to review and monitor the information not originated by them”.⁴⁸ If this is true of transmissions that pass through their systems, Skelton convincingly argues that it is equally as technically and economically unrealistic to expect ISPs to supervise the extensive and ever-changing content they may host for subscribers in the form of Web pages or temporarily cached sites.⁴⁹

These competing policy arguments, coupled with the technical complexity and variability of the relationships between ISPs and their subscribers, have caused significant legal difficulty in resolving the issue of ISP liability for online copyright infringement. This is true of attempts to determine whether ISPs can be held liable because of either their own direct actions or those of their subscribers. As the analysis of the American and Canadian caselaw below suggests, the difficulty the courts have encountered in resolving this area of the law justifies and warrants the proposed amendments to the *Copyright Act*.

The American Position: From Judicial Uncertainty to the DMCA

Although there are important distinctions between American and Canadian copyright law, reviewing how the legal approach to ISP liability developed in American jurisprudence nonetheless serves as a useful starting point for understanding how these issues might be settled in Canada.⁵⁰ Brief examination of the relevant cases indicates that, although initial judicial treatment of the subject applied copyright law in a rigid manner largely insensitive to the realities of new technologies, American courts eventually adopted a more flexible approach to copyright infringement that substantially limited the liability of ISPs. Nonetheless, lingering uncertainty as to the state of the law and resulting fear that this would inhibit ISP investment in network technology eventually compelled legislative reform.⁵¹ The DMCA now offers a comprehensive codification of the rules governing ISP liability.

Frena: Root of ISP concern

The first U.S. case involving a service intermediary in a claim for online copyright infringement adopted a strict approach to liability that could have had troubling results for all ISPs. In *Playboy Enterprises, Inc. v. Frena*,⁵² the defendant operated a BBS that stored unauthorized copies of the plaintiff's copyrighted pictures and made these available to customers who accessed the BBS via telephone modem. Schlesinger D.J. held that Frena infringed the plaintiff's exclusive right of public distribution because he operated a product that contained unauthorized copies of the works and allowed them to be transmitted from one place to another.⁵³ In addition, Frena infringed Playboy's right to public display, as merely storing pictures that were accessible to paying customers constituted a "display in public".⁵⁴ Such findings caused some alarm for ISPs given that the Court accepted that Frena himself did not post any of the infringing photographs and that any copies on the BBS were made automatically and without Frena's knowledge:

There is irrefutable evidence of direct copyright infringement in this case. It does not matter that defendant Frena

may have been unaware of the copyright infringement. Intent to infringe is not needed to find copyright infringement. Intent or knowledge is not an element of infringement, and thus even an innocent infringer is liable for infringement.⁵⁵

Indeed, the finding of liability for the BBS operator was even more disconcerting from the perspective of ISPs given that as soon as Frena became aware of the infringing material he removed it and monitored future subscriber uploads to prevent Playboy's pictures from being posted.

The finding that passive copying on a BBS made the operator liable for direct infringement was clearly problematic in that it failed to recognize that all such intermediaries must make a temporary copy of a file before any transmission. Such an approach to liability necessarily leads to almost unlimited ISP liability for the transmissions and postings of not only its own subscribers, but also those of any third party message or posting transmitted through its system. As Yen notes, the Court's failure to apply a knowledge requirement for direct infringement within the digital environment results in "tortured reasoning" that ignores technical realities.⁵⁶ This critique notwithstanding, the Northern District Court of California followed the *Frena* decision one year later. In *Sega Enterprises Ltd. v. MAPHIA*⁵⁷ the plaintiff obtained a preliminary injunction on the grounds that the defendant's mere creation and operation of a BBS was sufficient to establish direct liability for infringement where copyrighted material appeared on its system. The Clinton administration's Information Infrastructure Task Force's recommendation that service providers should be found liable for copyright infringement only exacerbated the concern of ISPs.⁵⁸ The Task Force largely accepted the loss-spreading arguments for such an approach, indicating that since ISPs are for-profit businesses, finding liability to some extent was reasonable and would help compensate rights owners for online infringement. Confronted with these judicial decisions and policy directions, there appeared to be a high risk that ISPs would be liable for infringing activities beyond their technical means of control.

Netcom and after: Soothing ISP fears?

In the *Netcom*⁵⁹ decision, the Court devoted significantly more attention to the technological issues underlying the question of ISP liability for online copyright infringement. Consequently, it reached a result that helped to alleviate, at least in part, the concerns that grew out of *Frena*. In this case, the plaintiff RTC held the copyright in certain published and unpublished works of L. Ron Hubbard, the founder of the Church of Scientology. RTC claimed that the defendant Erlich, a former member of the Church, posted works to a newsgroup critical of the Church and thereby infringed its rights. Erlich posted the material through a BBS operated by the defendant Klemesrud, who in turn made the newsgroup material available over the Internet through a

connection with Netcom, one of the largest American ISPs at the time. Erlich would post material to the newsgroup and transmit it to the BBS by dialling directly into Klemesrud's computer. From here, the files would then be automatically copied from Klemesrud's computer onto the Netcom server where they could then be accessed over the Internet. So, Netcom was only actually tangentially related to Erlich; Klemesrud was actually the Netcom subscriber. The Court considered three arguments with respect to Netcom's infringement: first, that it was directly liable because it owned equipment that made, stored, and transmitted copies of copyrighted material (as did the BBS operator in *Frena*); second, that Netcom's relationship with Erlich was sufficiently close to result in vicarious infringement; and third, that Netcom knowingly provided service to an infringing subscriber (Klemesrud) and was therefore liable for contributory infringement.⁶⁰

On the first issue of direct liability, Whyte D.J. emphatically rejected the strict liability approach to infringement that the Court adopted in *Frena*. Even though infringement of the right to reproduce the work is usually treated as a strict liability offence, the Court held that "there should still be some element of volition or causation which is lacking where a defendant's system is merely used to create a copy by a third party".⁶¹ Exhibiting a greater understanding of the technology of the Internet and the function of ISPs, Whyte D.J. noted that the argument for finding direct infringement by Netcom would, carried to its natural extreme, result in unreasonable liability for ISPs for all Internet transmissions. This would be inconsistent with the technical feasibility of screening out infringing bits of data that might be transmitted through an ISP's system.⁶² In addition to dismissing the claim for direct infringement of the reproduction right, the Court also dismissed claims against Netcom for infringement of the rights to distribute and display the works to the public that were successful in *Frena*. An ISP that merely stores and passes along messages — acting as a "passive conduit" — could not be considered to have caused the works to be publicly distributed or displayed.⁶³

Under American copyright law, a party can be held vicariously liable for the actions of a primary infringer if it has both a right and ability to control the infringer's acts and a direct financial interest in the exploitation of the copyrighted materials.⁶⁴ As Netcom reserved the right to disable subscriber access as part of its terms and conditions and evidence showed that it had done so in the past, the Court found that the first control element for vicarious infringement was satisfied.⁶⁵ However, RTC failed to prove that Erlich's infringements enhanced the value of Netcom's services or attracted it new subscribers. Despite the fact that Netcom advertised itself as providing easy, regulation-free Internet access, the Court was not prepared to presume that it had a direct financial interest in the infringing activities of its subscribers. The Court reasoned by analogy from a series of landlord

and tenant cases: while a landlord who increases a tenant's rent in proportion to the tenant's infringing sales might be vicariously liable, a landlord who simply charges a regular monthly rent without regard to the tenant's activities is not. Netcom, the Court held, in charging a flat monthly access fee, resembles the latter and could not be said to have a direct financial interest in the infringement.⁶⁶ However, despite this discussion, the judge did not entirely foreclose the possibility that in some circumstances an ISP could be liable for vicarious infringement.⁶⁷ Ultimately, the plaintiffs in this case failed to establish direct financial benefit as a fact, thus leaving this issue open for future debate, especially given that the relationship between Erlich and Netcom was in this case an indirect one.

Third and finally, the Court considered whether Netcom, even if not directly or vicariously liable for infringement, might have committed contributory infringement. This is a judicially developed doctrine in U.S. copyright law that applies where a defendant "with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another".⁶⁸ Here, the Court refused to grant Netcom's claim for summary judgment on the contributory infringement issue because it was factually unclear whether Netcom knew or should reasonably have known that Erlich had infringed the plaintiff's copyright.⁶⁹ Evidence suggested that RTC forwarded a notice to Netcom requesting it to block access to Erlich's material but the notice itself was not presented to the Court. Whyte D.J. was prepared to accept that if the contents of the notice were sufficient to satisfy the "knowledge" requirement, Netcom's failure to block Erlich's messages from reaching the Internet would amount to "substantive participation" in infringement of the plaintiff's distribution right and justify a finding of contributory infringement.⁷⁰ In considering the form of notice that an owner would have to send to bring subscriber information within the ISP's "knowledge", the court suggested that it must contain more than "a mere unsupported allegation" but need not be "unequivocal proof" of infringement. An ISP could, however, claim lack of reasonable knowledge if its subscriber could show that there was "at least a colourable claim of fair use".⁷¹

In limiting the liability of ISPs acting as "mere conduits" for both direct and vicarious infringement, the *Netcom* decision presented a more technologically sound approach that suggested copyright should not be inflexibly applied to the Internet. However, the lack of evidence before the Court on contributory infringement left open major questions about the liability and obligations of ISPs once notified or aware of a subscriber's infringing activity. And while subsequent cases did not upset the *Netcom* position on direct and vicarious infringement of ISPs, they did little to clarify the issue of contributory infringement. For example, in a summary judgment application, the Northern District Court of Illinois applied *Netcom* to dismiss the plaintiff's claims

for direct and vicarious liability against an ISP that hosted a subscriber's Web site containing infringing material, but allowed the contributory infringement issue to proceed because of a lack of evidence regarding the notice and knowledge requirements.⁷² And, although at the trial of the above-mentioned *MAPHIA* case the Court rejected the preliminary finding that the defendant directly infringed merely by operating a BBS system that contained infringing material, it nonetheless found that a BBS operator that expressly encouraged subscribers to upload infringing copies of video games was a contributory infringer.⁷³ Similarly, BBS operators that actually posted infringing material themselves and provided incentives for subscribers to do likewise would be liable for both direct and contributory infringement.⁷⁴

Legislative Reform & Increased Certainty: The DMCA

Despite the more reasonable approach to ISP liability outlined in *Netcom* and subsequent cases, commentators nonetheless remained concerned about the status of this issue in American law. The *Netcom* approach of limiting liability for direct and vicarious infringement while leaving open the possibility of contributory infringement seemed to accord with the inability of ISPs to monitor all content but potential ability to control specified access. However, none of these District Court decisions was subjected to appellate review and *Frena* technically remained good law.⁷⁵ In addition to the possibility that *Netcom* could be overruled, the notice requirements and ISP obligations under the contributory infringement issue remained vague. As Professor Yen remarked: "Initial jousting over ISP liability has proven inconclusive. Although courts show an understandable reluctance to hold ISPs liable for the deliberate behaviour of others, the few judicial decisions that exist are by no means conclusive."⁷⁶ These uncertainties, coupled with a belief that Congress was better situated to deal with the complex technological issues and broad policy implications tied to this area of copyright law, led many to conclude that legislation on the issue of ISP liability for online infringement was necessary.⁷⁷

Congress responded to these pressures in 1998 when it passed the DMCA. Title II of the Act includes detailed provisions regarding ISP liability. Although heavily criticized for its "cumbersome and disorganized structure",⁷⁸ the DMCA basically provides a statutory limitation of liability for ISPs with respect to both their own activities and those of their subscribers. To be eligible for the limitations, an ISP first must adopt and inform its subscribers of a policy to terminate accounts of repeat copyright infringers.⁷⁹ If this pre-condition is met, the Act's four "safe harbours" exempt an ISP from liability for any infringement where it: (1) acts only as a mere conduit for transmissions;⁸⁰ (2) performs system caching functions;⁸¹ (3) stores infringing material on its systems or networks at the direction of users (i.e., pro-

vides Web page hosting for subscribers);⁸² or, (4) supplies information location tools (i.e., links or directories) that might infringe.⁸³ ISPs can only benefit from the second and third exemptions if it: does not have actual or constructive knowledge of the infringing activities; does not receive a direct financial benefit from the infringing activity; and, upon obtaining knowledge or notice which makes infringing activities apparent, "responds expeditiously" to remove or disable access to the infringing material.⁸⁴

While these provisions essentially codify the *Netcom* approach to ISP liability, the DMCA clarifies the uncertainties regarding notice provisions and ISP obligations upon being made aware of an alleged infringement. An elaborate notice and take-down regime is set out in the Act, including details regarding the content of a notice.⁸⁵ There is also a further limitation of liability from any claims brought by subscribers for wrongful termination of service against ISPs that remove or disable access to infringing material in response to a notice of infringement.⁸⁶ So, unlike *Netcom*, which suggested that a "colourable claim of fair use" might negate the ISP's "knowledge" of infringement obligations, the DMCA obviates the need for the ISP to assess the merits of an alleged infringement. The Act simply errs in favour of having ISPs remove allegedly infringing material.⁸⁷ A copyright owner can also obtain a subpoena to compel an ISP to release the identity and location of an alleged infringer.⁸⁸ Overall, the DMCA's limitation of liability scheme encourages ISPs to be "good citizens" and help copyright owners stop infringement once it is brought to their attention.⁸⁹ Although copyright owners cannot recover directly from ISPs, there is considerable incentive for ISPs to block access to allegedly infringing material and to assist owners in finding primary infringers. In this way, the DMCA enhances the enforceability of copyright online without placing an undue burden on ISPs.

The Canadian Position: *Tariff 22* and Lingering Questions

Unlike the American experience, Canadian courts have yet to directly confront the issue of ISP liability for copyright infringement in relation to either its own activities or those of its subscribers.⁹⁰ Indeed, the only judicial consideration of the topic arose somewhat circuitously through the Copyright Board's decision with respect to SOCAN's proposed *Tariff 22* and the Federal Court of Appeal's subsequent judicial review of the Board's decision.⁹¹ Filed pursuant to s. 67.1 of the *Copyright Act*, the proposed tariffs would have required ISPs to pay royalties for the communication of musical works owned by SOCAN over digital networks such as the Internet. In the course of its Phase I discussion of the legal elements of the tariff proposal, the Copyright Board addressed several issues relating to Internet communications and the liability of ISPs. However, as the discussion

below suggests, even with the Federal Court of Appeal's review of the Board's decision and the recent granting of leave to appeal to the Supreme Court of Canada, the fact that ISP liability was only indirectly before the Board leaves substantial gaps in any assessment as to how Canadian courts might approach ISP copyright liability. Ultimately, given these uncertainties, the proposed amendments to the *Copyright Act* remain necessary.

Direct Infringement

Although Internet transmissions and the activities of ISPs might implicate several direct rights of copyright owners, *Tariff 22* holds that, at a minimum, Internet transmissions constitute communications to the public by telecommunications and therefore potentially infringe s. 3(1)(f) of the *Copyright Act*.⁹² More significantly for ISPs however, the Board found that the person who communicates a work by telecommunication is generally not the ISP but rather the individual who initially posts the work:

The person who posts a work (usually the content provider) does so for the sole purpose that it be accessed by others. Since Internet transmissions are communications, one should look at the source of the transmission to find out who is responsible for it. Any communication of a work occurs because a person has taken all of the required steps to make the work available for communication. The fact that this is achieved at the request of the recipient or through an agent neither adds to, nor detracts from the fact that the content provider effects the communication.⁹³

The Board went even further to suggest that the person who initially posts the work to the Internet remains liable for the communication to the public by telecommunication infringement, even if the transmission of the work originates from a cache or mirror server where the ISP may have stored a temporary copy of the work.⁹⁴ According to the Board, because an ISP neither initiates nor receives the transmission of information along its system, an ISP cannot itself be said to be communicating to the public.

While the focus on the person who initially posts material as the communicator seems sufficient to exclude ISPs from liability for infringing the s. 3(1)(f) right of copyright owners, the Board also held that the s. 2.4(1)(b) "common carrier" exemption applied to ISPs. This section provides that "a person whose only act in respect of the communication of a work . . . to the public consists of providing the means of telecommunication necessary for another person to so communicate the work . . . does not communicate the work . . . to the public".⁹⁵ The section has historically applied to exempt from liability those service providers that function as a "mere conduit" for the communications of infringing materials by a primary infringer and exists to encourage wide dissemination of works to the public.⁹⁶ However, there was considerable uncertainty about whether the exemption would be extended to cover ISPs in Canada.⁹⁷ The Board clearly stated that an ISP that

restricts its activities to that of an intermediary transmitter would receive the benefit of the exemption:

As long as its role in respect of any given transmission is limited to providing the means necessary to allow data initiated by other persons to be transmitted over the Internet, and as long as the ancillary services it provides fall short of involving the act of communicating the work or authorizing the communication, it should be allowed to claim the exemption.⁹⁸

The Board suggested that to determine whether an ISP acts merely as a passive conduit or something more requires examination of the function of the ISP in each transaction. Where, for example, an ISP itself posts content, creates embedded links, or moderates newsgroups, it can no longer claim the exemption.⁹⁹ However, the Board indicated that an ISP would not be precluded from relying on the s. 2.4(1)(b) exemption simply because it provides caching services because a cache "is but an intrinsic element of the telecommunications system that is the Internet".¹⁰⁰ The Board considered such procedures "ancillary to providing the means of telecommunication" and therefore still within the exemption from liability under s. 2.4(1)(b).¹⁰¹

While the Federal Court of Appeal did not take issue with the Board's holdings that the person who posts material communicates it to the public and that ISPs generally meet the criteria of s. 2.4(1)(b),¹⁰² the majority found that the Board erred in deciding that ISPs continued to benefit from the common carrier exemption even if they performed caching activities. Evans J.A., with Linden J.A. concurring, adopted a strict definition of the term "necessary" in s. 2.4(1)(b) and concluded that an ISP provides the means of telecommunication necessary for another person to communicate only so far as without the ISP's activities the Internet would not in all probability have been used as the medium of telecommunication.¹⁰³ Accordingly, while storing infringing material as a host server is necessary, caching is not.¹⁰⁴ Evans J.A. rejected the Board's characterization of caching as an intrinsic element of providing the means of telecommunication:

In my opinion . . . the fact that the cache enhances the speed of transmission and reduces the cost to the Internet access provider does not render the cache a practical necessity for communication. Desirable as these features may be, they do not justify giving the word "necessary" a broader meaning than it normally bears, especially if this would further erode copyright holders' right to be compensated for the use of their works by others.¹⁰⁵

Without evidence that Internet transmission is made either so slow or expensive without ISP caching that it would become economically or practically unfeasible, the Court refused to accept that caching activities are "necessary". Furthermore, the Court held that in selecting which material to cache and programming a server to transmit from a cache when that material is requested, an ISP ceased to be "only" a passive transmitter of data.¹⁰⁶ Therefore, in transmitting material

from a cache, an ISP itself infringes the owner's right to communicate to the public by telecommunication.

The majority's approach to caching is an overly rigid interpretation of the wording of the s. 2.4(1)(b) exemption that contradicts Evans J.A.'s own suggestion that "where its language and underlying rationale permit, legislation should be interpreted in a way that takes account of technological developments".¹⁰⁷ Dissenting only on this single point, Sharlow J.A. preferred to define "necessary" in a way that would give the common carrier exemption "enough flexibility to recognize incremental technological improvements".¹⁰⁸ Even if it is not strictly necessary to enable Internet communications, caching enhances the speed and efficiency of transmissions and is appropriately characterized as ancillary to Internet communications and within the protective scope of the s. 2.4(1) exemption.¹⁰⁹ Pre-*Tariff 22* commentary supported this broader approach of "necessary" and continued shelter of the s. 2.4(1) exemption despite an ISP's caching activities.¹¹⁰ As Sharlow J.A. suggests, to adopt the more narrow definition "sets the bar too high" and erects an impractical barrier preventing both ISPs and their subscribers from benefiting from the increased efficiencies available in what is essentially the automated process of caching.

Tariff 22's lengthy discussion of ISP liability in relation to the right to communicate to the public by telecommunication is significant both for the potential direct infringements of ISPs that it forecloses and those which it leaves open. On the one hand, the Board's categorization of Internet transmissions as a communication to the public by telecommunication excludes the possibility that in transmitting subscriber information ISPs might infringe an owner's right to perform or deliver the work in public. Section 3(4) of the *Copyright Act* expressly provides that "for the purposes of subsection (1), the act of communicating the work to the public by telecommunication does not constitute the act of performing or delivering the work in public ...".¹¹¹ Potential ISP infringement of these rights can therefore be safely discounted.

On the other hand, however, the detailed commentary *Tariff 22* offers with respect to the ISP exemption from liability for infringing the right to communicate to the public by telecommunications, leaves unsettled in Canadian law the basic yet fundamentally important issue as to whether the activities of an ISP might infringe an owner's exclusive right to reproduce a work. This is because as tariff proceedings, where a royalty could only be imposed if ISPs were found to infringe an owner's right to communicate to the public by telecommunication or an authorization of that right, the question of ISP liability for infringement generally was not fully in issue. Significantly, the common carrier exemption only protects an ISP from liability based on the communication by telecommunication right and leaves open the possibility that an ISP might infringe other rights while still

acting as a "mere conduit" with respect to communication.¹¹² The lack of guidance in this area leaves such direct liability open to speculation.

In *Netcom* and subsequent American cases, the courts suggested that an ISP did not infringe an owner's exclusive right to reproduce the work simply because it had made a digital copy of the work either in the course of transmitting a user's message or temporarily caching a site on its server.¹¹³ Sookman argues that Canadian law should also follow this approach, suggesting that for an ISP "to be liable for infringement [of the reproduction right] there must ... be an element of causation by the alleged infringer".¹¹⁴ This however, goes against the technical reality that when a user simply browses a site or an ISP caches a Web page, a digital copy — however temporary or ephemeral — is made and the owner's exclusive right to reproduction is *prima facie* infringed.¹¹⁵ It is possible, and even likely according to the Information Highway Advisory Committee, that the *Copyright Act* would therefore not permit the reproduction of works for the purposes of caching.¹¹⁶ Indeed, this interpretation seems almost to inevitably flow from Evans J.A. conclusion in *Tariff 22* that in creating a cache, an ISP is no longer providing "only the means of telecommunication necessary to communicate to the public". It is but a short extension to suggest that caching is no longer providing *only* the means of telecommunication precisely because it involves an infringement of the reproduction right.

And, as the Court suggested in *Frena*, the fact that an ISP or user does not intend to make a copy is irrelevant. As reproduction is a direct right of the owner, "neither intention to infringe nor knowledge that the acts constitute infringement is necessary to make out the cause of action".¹¹⁷ But this legal approach to ISP caching is clearly problematic. As Whyte D.J. noted in *Netcom*, such a result risks extending ISP liability for copyright infringement to virtually any infringing transmission made on the Internet.¹¹⁸ And, as Sharlow J.A. noted in dissent in *Tariff 22*, it also displays a technological inflexibility inconsistent with the practical realities of the Internet.¹¹⁹

The solution to this dilemma might be found in the concept of an implied licence. The Supreme Court has suggested that an otherwise infringing use of a work might be permitted where there is a clear inference of consent from the person holding the particular right alleged to be infringed.¹²⁰ For some analysts, this implied licence solves the problem of interminable liability for the automatic copying that occurs during caching, browsing or linking:

The concept of implied licence is important for ISPs and other operators with respect to caching and for users with respect to browsing. If a copyright owner has permitted the work to be placed on the Internet, it could be argued that the owner has implicitly consented to caching as a necessary method of copying the work to permit the work to be accessed and transmitted to the user in an effective way.¹²¹

However, as this passage suggests and the Court held in *Bishop*,¹²² an implied licence can only exist where the copyright owner initially posts or authorizes the posting of a work to the Internet. Consequently, where the initial posting of the material is itself infringing, an implied licence will likely not be invoked to excuse the user's or ISP's temporary reproduction of work during browsing or caching. Alternatively, a court might be persuaded to adopt the more flexible *Netcom* approach and simply impart a knowledge requirement for direct liability. While such options are more reasonable than the alternative of considering caching and browsing infringements of the reproduction right, the position in Canadian law on this point remains ambiguous.

Authorized Infringement

In addition to the specific rights enumerated in s. 3(1) of the *Copyright Act*, it is also an infringement to authorize another person to perform any of the s. 3(1) activities without the consent of the owner. Authorization is a separate and distinct right of the copyright holder and, if infringed, constitutes an independent wrong in addition to the infringements of anyone who acts upon that authorization.¹²³ In addition, the s. 2.4(1) exemption for common carriers does not extend to shield a party from liability for an infringement of the authorization right. This raises the issue of whether — quite apart from its potential liability for direct infringement discussed above — an ISP that allows subscribers access to infringing material or hosts a subscriber's Web page that contains infringing content can be said to authorize the infringing reproduction, public display or communication by telecommunication of that material. *Pre-Tariff 22* commentary predicted that this issue would be the most important legal concept involved in identifying liability in the Internet environment in Canadian law.¹²⁴

Fortunately for ISPs, the courts have narrowly interpreted the concept of "authorization" to require actions that "sanction, approve or countenance infringement".¹²⁵ Joyal J. recently explained that this means a party must do more than merely supply another party with equipment that might be used for infringing activities.¹²⁶ To authorize another party's infringement, the purported authorizer must have enough control over the infringer to prevent the infringement and behave in a way that would lead a reasonable person to conclude that they had approved or countenanced infringement.¹²⁷ Furthermore, there is a presumption that use of equipment is authorized only so far as the activity for which it is to be used is in accordance with the law.¹²⁸ So, in an action brought by a record company against the manufacturer of double-cassette stereos that were advertised for their ability to copy recorded works, the House of Lords held that the defendant did not "authorize" any infringement because it lacked control over the equipment once sold and did not purport to grant permission for copying.¹²⁹

However, the focus on control leaves open the possibility that an ISP — which, unlike the vendor of a cassette-deck or VCR, arguably continues to exercise control over a subscriber's infringing activities by maintaining their access connection or hosting their Web page — might be found to "authorize" that infringement.

The Board's decision in *Tariff 22* partially clarified how the concept of authorization might apply to ISPs. Although the Board held that a work is not communicated over the Internet when it is made available but rather only when it is transmitted, it nonetheless held that the communication of such a work is authorized when it is posted.¹³⁰ This means that the person who makes the work available on the Web site not only communicates that work, but also authorizes its communication. The initial poster of the work places it online for the sole purpose of having it communicated and with full knowledge and intention that such communication should occur and thus authorizes the communication.¹³¹ The Board went on to expressly state that ISPs do not authorize the communication of a work:

Even knowledge by an ISP that its facilities may be employed for infringing purposes does not make the ISP liable for authorizing the infringement if it does not purport to grant to the person committing the infringement a licence or permission to infringe. An intermediary would have to sanction, approve or countenance more than the mere use of equipment that may be used for infringement. Moreover, an ISP is entitled to presume that its facilities will be used in accordance with the law.¹³²

According to the Board's analysis, therefore, in addition to technical issues concerning the extent of an ISP's control, ISPs appeared to be immune from allegations of infringement of the authorization right so long as they refrained from purporting to grant subscribers permission to infringe.

The Federal Court of Appeal largely affirmed the reasoning of the Board, but diverged slightly in cautioning that some conduct might in fact amount to authorization by ISPs. Evans J.A. acknowledged that it is not feasible for ISPs to monitor and control in any systematic way the content of material transmitted to subscribers. He concluded that absent this control element, an ISP that merely provides access to subscribers could not be said to authorize a content poster's infringing communication to those end users.¹³³ Even for ISPs that operate as host servers for subscribers' sites from which infringing material is transmitted, where a greater degree of control over content might be present, the Court held that ISPs do not implicitly authorize a communication of that infringing work:

... [I]t seems counterintuitive to conclude that a person who supplies the means to enable another to communicate material thereby *authorizes*, as opposed, say, to facilitates, its communication by that other person. The concept of "authorizing" implies that the person who is alleged to have authorized has the right to give any requisite permission.¹³⁴

However, notwithstanding this conclusion, Evans J.A. went on to suggest that an implicit authorization to

communicate infringing material might be inferred if an ISP failed to remove infringing material on a hosted site after being advised of its presence on the server and given a reasonable opportunity to take it down.¹³⁵

This cautionary note is problematic in that it runs counter to the reasoning both of the Board and the Federal Court of Appeal and adds considerable uncertainty to the concept of authorization. It is extremely difficult to see how the provision of notice to an ISP can suddenly bestow that ISP with the “right to give any requisite permission” that Evans J.A. states must be present to constitute authorization. In speculating on this point, the Court relied on *obiter* comments in a single English case,¹³⁶ which pre-dated the House of Lords’ decision in *Amstrad*,¹³⁷ to the effect that a supplier’s indifference as to the infringing use of its equipment may reach such a degree that authorization can be inferred. But indifference, even in the face of notice and a possible requirement to act to remove infringing material, cannot create in an ISP the right to authorize another party’s infringement. As explained below,¹³⁸ under Canadian copyright law the effect of notice and the ISP’s consequent “knowledge” of subscriber infringement is better considered under the head of indirect infringement than authorization.

Indirect Infringement

Although Canadian common law has not developed a distinct doctrine of “contributory infringement” as exists in the United States, there is still the possibility that ISPs in Canada could be held indirectly liable for the infringing activities of a subscriber. This secondary liability for infringement falls under the s. 27(4)(b) distribution right of copyright owners which restricts a party with knowledge that material infringes from distributing that material either for the purposes of trade or to such an extent that it prejudicially affects the owner.¹³⁹ Unlike the direct infringement of the right to copy, right to communicate to the public by telecommunication, or right of authorization, the knowledge of infringement is a key element for a finding of indirect liability. The Courts have interpreted “knowledge” in this context to mean “notice of facts such as would suggest to a reasonable [person] that a breach of the copyright law was being committed”.¹⁴⁰ As the Federal Court explained in *Apple Computer*, knowledge of infringement will impose certain obligations on a party that deals with infringing material:

Once an individual has either actual or imputed knowledge that the work dealt with may be infringing copyright, the individual has an obligation to make enquiries to ensure that the work does not infringe copyright.¹⁴¹

Extending these obligations to the context of the Internet suggests that if an ISP fails to take reasonable steps to prevent continuation of a particular subscriber’s infringing activities once put on notice of such infringement, the ISP itself may be liable for indirect infringement.¹⁴² An ISP that still knowingly permits a subscriber

to use its equipment for distribution of infringing material may be considered to “aid and abet” that infringement and thus be found liable for indirect infringement.¹⁴³

The *Tariff 22* decision does not expressly confront the issue of potential indirect liability of ISPs. However, such an infringement remains possible. As with the authorization right, the benefit of the s. 2.4(1)(b) exemption does not extend to protect ISPs from claims of secondary infringement under s. 27(4)(b). As suggested above, Evans J.A.’s comments as to the effect of notice with respect to an infringement of the authorization right are arguably more appropriately considered in relation to this indirect infringement. Indeed, similar to Evans J.A., the Board appeared to have left open the possibility that once put on notice of a subscriber’s infringement, an ISP that fails to take action may be indirectly liable if it is deemed to be acting “in concert” with the infringing subscriber.¹⁴⁴ However, like *Netcom*’s brief discussion of contributory infringement, the fact that neither the Board nor the Federal Court of Appeal were required to address this specific issue leaves several uncertainties.¹⁴⁵ There is no guidance as to the details of the content and degree of specificity required for a notice to sufficiently bring a subscriber’s infringement to the “knowledge” of an ISP. Would a Canadian court adopt the broad “more than mere allegation” yet less than “unequivocal proof” guidelines proposed in *Netcom*? As Hayes points out, the nature of an ISP’s obligations once put on notice of subscriber infringement also remain vague.¹⁴⁶ Must an ISP simply request the subscriber to desist any infringing activity? Or, is there an obligation to disable access? Although *Netcom* suggests the latter, higher duty is imposed under the American doctrine of contributory infringement,¹⁴⁷ and the Canadian position under indirect infringement remains uncertain.

Proposals for Reform

The state of Canadian law regarding ISP liability for online infringement, whether arising out of its own activities or those of its subscribers, remains unresolved. Although the *Tariff 22* decision suggests that ISPs will not be held to infringe the right to communicate to the public by telecommunication (so long as they refrain from caching activities) or to have authorized such communication, the decision fails to clarify whether an ISP might infringe the reproduction right. It also remains unclear what effect notice of infringement would have on potential ISP liability. Furthermore, there is the added concern that *obiter* comments of Evans J.A. appear to leave open the possibility that even if ISPs are not subjected to any tariff that is ultimately established, they may nonetheless still find themselves as defendants in an infringement action.¹⁴⁸ And, of course, the fact that the decision is currently under review before the Supreme Court of Canada further contributes to the uncertain

direction of the law in this area. In addition to these concerns, there is also a sense that courts are ill equipped to resolve the highly technical and broad policy issues raised by questions of ISP liability.¹⁴⁹ These legal and policy concerns suggest that amendments to the *Copyright Act* are required to clarify the state of Canadian law surrounding ISP liability for copyright infringement.

The *Consultation Paper* directly addresses this perceived need for legislative action. Acknowledging that it is not technically feasible for ISPs to monitor the content of all transmissions or subscriber material,¹⁵⁰ and insisting that clear and fair rules for ISP liability are imperative for the growth of the technology sector in Canada, the *Consultation Paper* proposes three areas for reform to the *Copyright Act* regarding ISP liability. Although the discussion is framed in relatively broad terms, these proposals appear to be modelled on the American approach in the DMCA. First, the amendments would provide ISPs with a statutory limitation of liability for copyright infringement arising out of its own activities or those of its subscribers. The *Consultation Paper* suggests:

An ISP would not be liable for copyright infringement when its facilities are used by a third party (including its clients) for disseminating copyright-protected material, whether this dissemination is understood as a communication to the public (i.e. through a network transmission process) or reproduction (e.g. for the purposes of caching or web site hosting). Similarly, the ISP would not be liable for reproductions of copyrighted materials in the form of caches that facilitate the communications process where the original or initial communication is authorized.¹⁵¹

This provision would, therefore, overrule the Federal Court of Appeal's decision to allow ISPs and their subscribers the benefit of caching. This would also obviate the need to stretch the implied licence doctrine to cover those situations where it would not apply because the original material is not posted with authorization of the owner. The amendments would exempt an ISP's automatic file copying from infringing the owner's reproduction right.

Second, a complaint driven notice and take-down process similar to that in the DMCA would be incorporated into the *Copyright Act* to deal with hosting or caching of infringing material. Although any such process would be subject to contractual arrangements made between particular ISPs and rights holders, it would supplant the voluntary CAIP code of conduct that ISPs are currently encouraged to observe in their relationships with subscribers.¹⁵² As the *Consultation Paper* explains, this process would obligate ISPs to block access to infringing material posted by subscribers or to restrain their own caching activities once notice is received:

Under a notice and take-down system, an intermediary is shielded from copyright liability unless, after having received notice of infringing material on its facilities, it fails to take requisite steps to address the situation. Notice creates the impetus for the ISP to remove the offending material by exposing the ISP to the risk of (greater) liability for failure to act on such a notice.¹⁵³

Although an ISP is still entitled to presume that its equipment will be used for lawful purposes, that presumption can be rebutted if a copyright owner notifies an ISP that it is storing infringing material (as under the DMCA). Accordingly, an ISP would become statutorily liable if it failed to block access to a subscriber's allegedly infringing material or desist with its own infringing caching activities within a specified time after receiving proper notice from the rights holder.¹⁵⁴ This clarifies the uncertainty surrounding "authorization" and "indirect infringement" under s. 27(4) in that it requires ISPs to exercise their control over hosting and caching activities once notified.¹⁵⁵

Third and finally, the amendments would limit the liability of ISPs that might arise out of any subscriber claim against an ISP for its compliance with the notice and take-down process. An ISP acting in "good faith" that blocks access to a specified site upon receipt of proper notice would not be liable for any harm suffered by its client or other third party if the alleged infringement is not in fact substantiated.¹⁵⁶ Again, as under the American DMCA process, this removes the necessity for an ISP to assess whether the claimant in fact holds the rights allegedly infringed and to determine whether the alleged infringer's activities might be validly authorized or fall within one of the fair dealing exemptions. The ISP need only comply with the requirement to block access; there is no need to assess the validity of the infringement claim.

Assessing the impact of proposed reforms

It is not enough to simply note that the government's proposed reforms appropriately respond to the technical difficulties surrounding ISP liability and provide some much needed clarity and predictability in this area of the law. It is also vital that the impact of these reforms on the nature of copyright law itself — and the social and economic reasons for which it purportedly exists — be carefully considered. Professor Vaver encourages this line of inquiry: "... [I]f the allocation of these property rights is simply a means to an end ... then one must ask if the means is the most effective way to that end".¹⁵⁷ Of course, any such assessment of the effectiveness of the means — that is, the proposed reforms — will depend on which "end" copyright law is deemed to serve. In this respect, two justifications are posited for the existence of copyright law — one based on natural rights, and the other on utilitarian theory. While the results of the proposed limitation of ISP liability might prove disappointing from the former perspective, the effects of the proposed measures suggest that the fundamental basis of Canadian copyright law is shifting more in favour of the latter approach. However, even if the proposed limitation of ISP liability suggests considerable concern with the utilitarian "balancing" function of copyright law, it is

not clear that the proposed amendments as they currently stand achieve an entirely acceptable balance. In particular, revisions to the notice and take-down scheme might be required.

Natural Rights Theory: Primacy to Protecting Intellectual Property

The natural rights justification for copyright law is based on John Locke's theory of property and emerged in support of intellectual property during the French Revolution.¹⁵⁸ The central premise is that copyright is merely an extension of the basic human right to the product of one's own labour. If physical labour yields a right to tangible property, the intellectual labour involved in creating an artistic work likewise yields a right to intangible property. Earlier proposals for amendments to the *Copyright Act* clearly embraced this absolute property perspective on the purpose of copyright. For example, the 1985 report *A Charter of Rights for Creators* stated: "The Sub-Committee [on the Revision of Copyright] ... takes the opportunity to assert that 'ownership is ownership is ownership'. The copyright owner owns the intellectual works in the same sense as a landowner owns land".¹⁵⁹ In addition to this property-based argument, two other ideas are frequently cited to buttress the natural rights justification for copyright: first, authors have a moral right to have their creations protected as an extension of their person; and second, authors have a right to reward for making a valued contribution to society.¹⁶⁰

If one relies upon the natural rights justification for copyright law, the effects of the proposed amendments to the *Copyright Act* might be deemed to fall short of fulfilling the underlying purpose of the statute. Any statutory limitation on the liability of ISPs would, according to this perspective, represent a degradation of the protected rights of a copyright owner and thereby fail to keep the Act up to pace with the digital environment. This would be particularly vexing where new technologies already threaten the scope of protection afforded to copyright owners. Indeed, this is the substance of objections to the proposed amendments from collective rights holders such as SOCAN and the CRIA, which argue that a limitation of liability for any party infringes an artist's rights to full compensation for use of their works.¹⁶¹ Here, with an exclusive focus on the rights of the owner to protection, the effects of a proposed limitation of liability for ISPs might be considered an inappropriate direction for copyright law or an indication that it has resigned itself to technological defeat.

However, the use of "natural rights" as the "end" by which to assess the "means" of the proposed amendments does not stand up to scrutiny. Despite its appeal in Western societies, where "property" rights are easily understood and tend to be strongly protected,¹⁶² the justification of copyright law as a natural right of authors is subject to considerable criticism. Professor Vaver dis-

misses the "moral" justification of copyright law because its underlying rationale is simply inconsistent with existing statutory regimes:

But these arguments fail to make the case ... The logic flowing from a concept of natural rights, that ideas should be protected in perpetuity and throughout the world, has never been accepted by even the most ardent promoters of a strict intellectual property regime.¹⁶³

Casting copyright law as a natural right ignores the fact that copyright is purely a creation of statute and represents a deliberate government intervention in the market for creating and distributing artistic works. The scope of this intervention is therefore a question of social and economic policy, not interference with "natural rights".¹⁶⁴ In addition to these critiques, a focus on the natural rights of individual creators ignores the contributions of previous creators and the significance of the public domain in generating and shaping ideas.¹⁶⁵ Authors do not create works entirely within the confines of their own individual minds but are fundamentally dependent upon the ideas and forms of expression that have preceded their own creations. Consequently, it may be inappropriate to focus solely on the protections afforded rights holders in assessing the effects of the proposed reforms.

Utilitarian Theory: Balancing Creative Incentive with Public Access

Given these shortcomings of the natural rights perspective, a more utilitarian explanation for copyright law is frequently embraced today and may serve as a better standard against which to measure the proposed amendments. Rather than focus on the rights of authors, this law and economics-based approach views copyright law as performing a sort of public intellectual wealth maximization function.¹⁶⁶ Seen in this way, the purpose of copyright law is to balance the competing interests of creators to profit from their works and the public to access those works.¹⁶⁷ The law is essentially a "bargain" between the public and copyright holders that is ultimately aimed at the public benefit derived from conferring rights on authors.¹⁶⁸ As Fewer explains:

Under utilitarian analysis, copyright is justified as an incentive system, granting exclusive rights to authors for limited periods of time to encourage the production of intellectual works. Such rights are granted in the public interest to maximize the dissemination of intellectual goods in the marketplace. If authors were not guaranteed the chance to exploit their intellectual works, the danger would exist that intellectual works would be underproduced — through a lack of incentives for producers to invest time, money and effort in intellectual works.¹⁶⁹

Of course, the converse danger is also true: if the incentives are too high, the result is an inefficient distribution of works that ultimately goes to benefit rights holders at the expense of restricting public access. If one adopts this utilitarian perspective, "the richness and vibrancy of the public domain can be regarded ... as a test of the merit of our intellectual property regimes".¹⁷⁰

In the United States, the balancing objective of copyright law is constitutionally entrenched and dominates judicial thinking on the topic.¹⁷¹ In Canada, where the grant of constitutional authority over copyright does not hint as to its rationale or how it is to be exercised,¹⁷² there is nonetheless considerable support for adopting the utilitarian justification. The fact that the first English copyright statute was entitled *A Bill for the Encouragement of Learning* has been taken as support for the public benefit aspect of copyright law.¹⁷³ More significantly, the limited term of copyright protections, common carrier exception, fair-dealing exemptions, and compulsory licensing schemes contained within the *Copyright Act* itself suggest that the rights of creators are to be balanced against the public interest in accessing works.

Despite these features that point towards a utilitarian approach to copyright law, until recently there had been relatively little express judicial pronouncement on the purpose of copyright law. Indeed, writing only five years ago, Fewer relied in part on the following *ex cathedra* comments of McLachlin J. (as she then was) to support an argument in favour of the utilitarian approach to copyright law:

We must stop thinking of intellectual property as an absolute and start thinking of it as a function — as a process, which, if it is to be successful, must meet diverse aims: the assurance of a fair reward to creators and inventors and the encouragement of research and creativity, on the one hand; and, on the other hand, the widest possible dissemination of the ideas and products of which the world, and all the individuals in it, have such great need.¹⁷⁴

The Federal Court of Appeal has, in the past, similarly emphasized the need to balance interests. In reviewing a decision of the Copyright Board, Letourneau J.A. remarked that “the Board properly understood its function when it stated that it had to regulate the balance of market power between copyright owners and users”.¹⁷⁵

However, these earlier hints that the Courts might have favoured a utilitarian justification for copyright appear to have been clearly endorsed by the Supreme Court of Canada in its recent *Théberge v. Galerie d'Art du Petit Champlain inc.* decision.¹⁷⁶ Speaking for a 4–3 majority, Binnie J. accepts that copyright law is “a balance between promoting the public interest in the encouragement and dissemination of work of the arts and intellect and obtaining a just reward for the creator”.¹⁷⁷ Drawing on economic terminology, he suggests that this objective is achieved neither by overcompensating nor undercompensating artists, but rather requires an optimally efficient level of compensation.¹⁷⁸ Binnie J. adds the cautionary note that extending rights holders' control over access too far threatens the long-term interests of society as a whole and creates improper impediments to the use of creative material.¹⁷⁹ Here then, notwithstanding the apparently divergent views of the three dissenting justices,¹⁸⁰ the Supreme Court of Canada

expressly endorses a utilitarian justification of copyright law.

Even if judicial support for conceptualizing copyright law as a balancing act between private and public interests remains divided, there is no doubt that this justification underlies the current government's policy to reform the *Copyright Act*. The *Framework for Copyright Reform* repeatedly emphasizes the importance of balance in any proposals for reform: “It is imperative that we ensure an appropriate balance between copyright protection and access to works in the new technological environment”.¹⁸¹ The *Consultation Paper* similarly focuses on the dual function of the statute: “The *Copyright Act* serves to recognize, promote and protect intellectual expression, as well as to encourage and enable access to and dissemination of such expression”.¹⁸² Taken together, the documents clearly aim to ensure that amendments to the *Copyright Act* achieve a balance between creators and the public that ensures the use of digital technology and the Internet as a forum for both artistic expression and public communication.¹⁸³

Limited ISP Liability with Notice and Take-Down — An Acceptable Balance?

If, then, one relies upon this utilitarian function as the copyright “end” according to which the proposed amendments should be assessed, it appears that the effects of the proposed amendments may indeed help copyright law find a new balance in the digital age. The limitation of liability for ISPs, coupled with a notice and take-down process, approximates a beneficial compromise between the interests of public access and owner protection. On one hand, the protections for ISPs provide a predictable legal framework that promotes technological investment and a competitive ISP sector, which in turn ultimately promise to increase the public's ability to access the vast array of content available on the Internet.¹⁸⁴ On the other hand, ISPs do not get an unqualified exemption from liability. The notice and take-down process provides an incentive for ISPs to help owners stop online copyright infringement and thereby secures added protection for rights holders in the digital environment.¹⁸⁵ While the notice and take-down system places the burden of monitoring infringement upon the owner, it nonetheless provides a quick and inexpensive mechanism to have infringing material removed.¹⁸⁶ Thus, in its attempt to promote access while simultaneously preserving the incentive to create, the proposed amendments appear to move copyright law towards a suitable balance for the digital age.

Despite this appearance of balance, however, a brief caution about the effect of the notice and take-down process deserves attention. While the proposed process does seem to weigh the interests of both ISPs and copyright owners, it appears to neglect the interests of alleged infringers and thereby opens the scheme to potential

abuse.¹⁸⁷ The obligation of ISPs to remove allegedly infringing material once notice is received, coupled with the limitation of liability for an ISP who acts in “good faith” to block access to allegedly infringing material, creates an environment ripe for the “overaggressive enforcement of copyright against subscribers who have in fact committed no infringement”.¹⁸⁸ By encouraging ISPs to indiscriminately remove or block access to subscriber material in order to receive the limitation of liability protection, the notice and take-down process is too heavily skewed in favour of rights owners.¹⁸⁹ Indeed, the requirement that an ISP block access upon receipt of notice creates a presumption that the subscriber’s activities are infringing. The onus falls on the alleged infringer to then bring an action to prove that its activities are not infringing in order to have its material reposted. This runs counter to the normal burden of proof that rests upon an owner to prove infringement before a court will grant an injunction or other remedy. As Yen suggests, this particular form of notice and take-down process “is tantamount to awarding the content provider a temporary restraining order and preliminary injunction without any hearing before a court or the posting of a bond”.¹⁹⁰

The proposed notice and take-down procedure should be revised to eliminate its potential use as a means to arbitrarily block access to non-infringing material. At the very least, a counter-notification should be included that provides alleged infringers an opportunity to rebut the allegations against them. Or, as the Canadian Association of Internet Providers recommends, the government should adopt a “notice and notice” system rather than the proposed notice and take-down process. Under this alternative, rather than requiring an ISP to disable or block access to a subscriber’s infringing material immediately obtaining a notice from the purported copyright owner, the ISP instead forwards the notice to its subscriber. If the alleged infringer does not voluntarily remove its material, the ISP releases the subscriber’s identity to the purported rights holder who can then apply to the court for an order requiring the ISP to disable access to the material.¹⁹¹ Such a scheme has the advantage that decisions concerning the illegality of a subscriber’s actions and orders for enforcement rest with a court of law and not under the private purview of purported rights holders. Indeed, the federal government has already incorporated such a judicially-ordered take-down scheme in relation to online child pornography.¹⁹² If this more precautionary approach is deemed appropriate in the context of the arguably more socially-condemnable posting of child pornography, certainly similar safeguards should be afforded to alleged copyright infringers. Otherwise, enforcement of this area of the law will effectively devolve to private rights holders, a result inconsistent with the need to balance private interest and public access in copyright law.

This cautionary note over the potential impact of the notice and take-down process might be dismissed as

a relatively trifling concern, especially when viewed against the massive potential for online infringement. Surely, some might argue, a process that is biased slightly in favour of rights holders accords with the reality of widespread infringement and enforcement difficulties experienced online. Indeed, such arguments might even be acceptable if the limitation of ISP liability is viewed in isolation from the other amendments proposed in the *Consultation Paper*. However, if these other amendments are also considered — and in particular the contemplated restrictions on the use, manufacture and trade of devices that facilitate circumvention of technological measures intended to protect copyright works¹⁹³ — concerns about inordinate control resting in the hands of private rights holders become more justified. Similar anti-circumvention provisions contained in the DMCA have been thoroughly criticized for upsetting copyright’s balance because they risk surrendering all control over access to works to the rights holders.¹⁹⁴ Indeed, the *Consultation Paper* acknowledges this risk and, rather than forward concrete proposals in this area, merely invites “dialogue” from interested stakeholders on a range of options.¹⁹⁵ Similar attention to the manner in which the copyright balance might be upset should be devoted to the design of the notice and take-down regime.

Conclusion

Professor Lunney suggests: “As we begin a new millennium, we face a choice both as to how, and more importantly why, we protect creative works”.¹⁹⁶ The issue of ISP liability for online copyright infringement forces the courts, legislators and society generally to confront these questions. The technological phenomena of digitization and the Internet present unparalleled challenges to whether and how copyright law can protect artistic works. As the conduits that make these technologies accessible to the public, ISPs have figured largely in this debate and the courts have struggled with how to articulate their responsibilities.

Analysis of the evolutionary treatment of ISP liability in American law, together with examination of the current uncertain status of Canadian jurisprudence in this area, confirms that the government’s proposed amendments to the *Copyright Act* to limit the liability of ISPs are necessary to provide predictability in this area and, perhaps more importantly, to ensure that copyright law continues as a technically reasonable mechanism for protecting creative works. At the same time, these amendments also implicitly respond to the question of why copyright law exists, and whether it can retain any social legitimacy in the new digital setting. In implementing broad limitations of liability for ISPs while imposing a notice and take-down process that encourages ISPs to help rights holders police infringement where it is feasible to do so, the proposed amendments approach an acceptable balance between private and

public interests. The amendments effectively address both the need to provide an incentive for creators to use the Internet through adequate copyright protections and the imperative to promote public access to works through an expanding global network. Notwithstanding some required revisions to the details of the notice and

take-down process and a continued need to evaluate whether and how copyright law can maintain its balancing function within a rapidly changing environment, the statutory limitation of liability for ISPs is an appropriate first-step in adapting the *Copyright Act* to deal with digital technologies.

Notes:

- ¹ Canada, Industry Canada and Department of Canadian Heritage, *A Framework for Copyright Reform*, online: <http://www.strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/vwGeneratedInterE/rp01101e.html> (last accessed: 30 April 2003) [*Framework for Copyright Reform*].
- ² R.S.C. 1985, c. C-42 as amended. Phase I of the copyright reforms occurred in 1988 with the passage of Bill C-60 and addressed such issues as protecting computer programs as “literary works”, extending protection for moral rights, outlining the role of copyright collectives, and altering the Copyright Board and remedies for infringement. *An Act to amend the Copyright Act*, S.C. 1997, c. C-24 (Bill C-32), passed in April 1997, contained the Phase II amendments which included: clarification of exemptions for non-profit institutions such as universities and libraries; stronger rules against “parallel importation” of books; a levy on blank audio tapes with proceeds to go to copyright collectives; and “neighbouring rights” for sound performers and their producers. For more detailed commentary on these earlier phases of copyright reform, see M. Rushton, “When in Rome ... Amending Canada’s Copyright Act” (1997) 23 Can. Pub. Pol. 317; and G.A. Gow, “Copyright Reform in Canada: Domestic Cultural Policy Objectives and the Challenge of Technological Convergence” (1995), online: <http://www.sfu.ca/~gagow/capcom/cpyrght.pdf> (last accessed: 30 April 2003).
- ³ Canada, Industry Canada, *Government to Modernize Copyright Legislation*, (news release dated June 22, 2001) online: <http://www.ic.gc.ca/cmb/Welcomenic.nsf/261ce500dfcd7259852564820068dc6d/85256a220056c2a485256a710062b454!OpenDocument> (last accessed: 25 April 2002).
- ⁴ *Framework for Copyright Reform*, *supra* note 1.
- ⁵ *Digital Millennium Copyright Act*, Pub. L. No. 105-796, ss. 201-203, 112 Stat. 2860, 2877-2886 (1998) [DMCA].
- ⁶ Directives EC, *Council Directive 2001/29/EC of 22 May 2001 on the Harmonization of certain aspects of Copyright and Related Rights in the Information Society* [2001] at art. 5, online: http://europa.eu.int/eurlex/pri/en/oj/dat/2001/l_167/l_16720010622en00100019.pdf (last accessed: 30 April 2003).
- ⁷ Indeed, proposals to amend the *Copyright Act* to deal with digital issues were first made more than seven years ago by the Information Highway Advisory Committee (IHAC). See *Connection, Community, Content: The Challenge of the Information Highway: Final Report of the Information Highway Advisory Council* (Ottawa: Ministry of Supply and Services, 1995) online: <http://strategis.ic.gc.ca/SSGih01070e.html> (last accessed: 25 April 2002). See especially recommendations 6.1 through 6.16. The federal government also commissioned a thorough legal opinion of the issues surrounding liability for copyright infringement, defamation, obscene material, etc. in 1997. See M.S. Hayes, M. Racicot, A.R. Szibbo, P. Trudel, *The Cyberspace is not a “No-Law Land”: A Study of the Issues of Liability for Content Circulating on the Internet* (Ottawa: Industry Canada, 1997).
- ⁸ Canada, Intellectual Property Policy Directorate, Industry Canada and Copyright Policy Branch, Canadian Heritage, *Consultation Paper on Digital Copyright Issues* (Ottawa: Industry Canada and Canadian Heritage, 2001), online: [http://www.strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/vwapj/digital.pdf/\\$FILE/digital.pdf](http://www.strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/vwapj/digital.pdf/$FILE/digital.pdf) (last accessed: 30 April 2003) [*Consultation Paper*].
- ⁹ *Copyright Act*, *supra* note 2, s. 92 is a sunset provision that was included in the Phase II reforms and required the government to review the Act and report on further proposed amendments by September 2002. In fact, the Ministry of Industry tabled its report, *Supporting Culture and Innovation: Report on the Provisions and Operation of the Copyright Act*, on October 3, 2002, online: <http://www.strategis.ic.gc.ca/pics/rp/section92eng.pdf> (last accessed: 30 April 2003). This report has now been referred to the Standing Committee on Canadian Heritage, which is required to report back to Parliament on proposed changes by October 3, 2003. In the specific area of ISP liability, the report adds little to the recommendations presented in the *Consultation Paper*, *supra* note 8.
- ¹⁰ *Consultation Paper*, *supra* note 8 at 15–20. The amendment to include this “making available” right, as well as the rights management and anti-circumvention measures, are required to make Canada’s copyright legislation comply with the terms of the World Intellectual Property Organization treaties of 1996 — the *WIPO Copyright Treaty* and the *WIPO Performances and Phonograms Treaty*. Although Canada is a signatory to these treaties, it is unable to ratify them until these legislative amendments are made.
- ¹¹ *Ibid.*, at 25–30.
- ¹² *Ibid.*, at 20–25.
- ¹³ *Ibid.*, at 30–38.
- ¹⁴ Like the *Framework for Reform* this paper focuses solely on the issue of ISP liability for copyright infringement. The legal issues surrounding ISP liability for other online offences of subscribers, including postings that are defamatory, obscene or constitute hate-literature, have developed along a quite separate — though not entirely unrelated — tract. See e.g. M. Deturbide, “Liability of ISPs for Defamation in the U.S. and Britain: Some Competing Interests, Different Responses” (2000) *J. Info L. & Tech.*; M. Schruers, “The History and Economics of ISP Liability for Third Party Content” (2002) 88 *Virginia L. Rev.* 205.
- ¹⁵ *Re: SOCAN Statement of Royalties, Public Performance of Musical Works 1996, 1997, 1998 (Tariff 22, Internet)* (1999), 1 C.P.R. (4th) 417 (C.B.D.) [*Tariff 22 (CB)*], varied *Society of Composers, Authors & Music Publishers of Canada v. Canadian Association of Internet Providers*, (2002) 19 C.P.R. (4th) 289, 215 D.L.R. (4th) 188, [2002] F.C.J. No. 691 [*Tariff 22 (FCA)*], leave to appeal to S.C.C. granted, [2002] S.C.C.A. No. 289.
- ¹⁶ D. Vaver, *Copyright Law* (Toronto: Irwin Law, 2000) [Vaver, *Copyright Law*] at 1-2 and 15–19 for general discussion of the basics of copyright law. See also C. Bate, “O What a Tangled World Wide Web We Weave: An Analysis of Linking under Canadian Copyright Law” (2002) 60 *U.T. Fac. L. Rev.* 21 at 24–26; S. Burshtien, “Surfing the Internet: Copyright Issues in Canada” (1997) 13 *Santa Clara Comp. & High Tech. L.J.* 385 at 394-95; and Hayes et al., *supra* note 7 at 1–15.
- ¹⁷ *Copyright Act*, *supra* note 2, s. 5(1). Section 2 of the Act defines “every original literary, dramatic, musical and artistic work” as “including every original production in the literary, scientific or artistic domain, whatever may be the mode or form of its expression, such as compilations, books, pamphlets and other writings, lectures, dramatic or dramatico-musical works, musical works, translations, illustrations, sketches and plastic works relative to geography, topography, architecture or science”. Also pursuant to s. 2, “literary works” are defined to include computer programs.
- ¹⁸ *Ibid.*, s. 6.
- ¹⁹ *Ibid.*, s. 13(1).
- ²⁰ *Ibid.*, s. 13(4) and ss. 16–26.
- ²¹ Vaver, *Copyright Law*, *supra* note 16 at 18.
- ²² *Copyright Act*, *supra* note 2, s. 14.1.
- ²³ *Ibid.*, s. 27(1).
- ²⁴ *Ibid.*, s. 27(4).
- ²⁵ *Ibid.*, s. 27(2)(a) and (a.1). Further exemptions are listed from ss. 27(2)(b) through (m) and within s. 27(3).
- ²⁶ *Ibid.*, s. 34(1).
- ²⁷ *Ibid.*, s. 42(1).
- ²⁸ J.C. Ginsburg, “Copyright and Control over New Technologies of Dissemination” (2001) 101 *Colum. L. Rev.* 1613 at 1614 [Ginsburg, “Copyright and Control”].
- ²⁹ *Ibid.*, See also Burshtien, *supra* note 16 at 388.

- ³⁰ Burshtien, *supra* note 16 at 388-89.
- ³¹ For a good yet brief summary of the growth of the Internet from its start as an experimental project of the U.S. Advanced Research Project Agency (ARPANet) to its current architecture as a vast worldwide "network of networks", see Hayes et al., *supra* note 7 at 24-31.
- ³² See e.g. S. Halpern, "New Protections for Internet Service Providers: An Analysis of the Online Copyright Infringement Liability Limitation Act" (1999) 23 Seton Hall Legis. J. 359 at 363; Bate, *supra* note 16 at 22-23; B.B. Sookman, *Computer, Internet and Electronic Commerce Law* (Scarborough: Carswell, 1991) at 3-9; M.D. McCoy & N. Boddie, "Cybertheft: Will Copyright Law Prevent Digital Tyranny on the Superhighway?" (1995) 30 Wake For. L. Rev. 169 at 174-75.
- ³³ G.S. Lunney, Jr., "The Death of Copyright: Digital Technology, Private Copying, and the Digital Millennium Act" (2001) 87 Virginia L. Rev. 813 at 824 and 849.
- ³⁴ J.J. Landen, "Beyond Napster: An Enforcement Crisis in Copyright Law?" (2001) 28 N. Ky. L. Rev. 713 at 720. See also 715-16.
- ³⁵ T.L. Skelton, "Internet Copyright Infringement and Service Providers: The Case for a Negotiated Rulemaking Alternative" (1998) 35 San Diego L. Rev. 219 at 221.
- ³⁶ Canadian Recording Industry Association (CRIA), "Preliminary Reply Comments to Industry Canada and the Department of Canadian Heritage Government of Canada Copyright Reform Process" (October 30, 2001) at 1, online: <http://www.cria.ca/internet.htm> (last accessed: 30 April 2003).
- ³⁷ See e.g. J. De Beer, "Canadian Copyright Law in Cyberspace: An Examination of the *Copyright Act* in the context of the Internet" (2000) 63 Sask. L.R. 503 at 506; Bate, *supra* note 16 at 35; Burshtien, *supra* note 16 at 394; Hayes et al., *supra* note 7 at 200-01. The *Consultation Paper*, *supra* note 8 at 3 also expressly recognizes this concern and considers it a major reason for legislative reform.
- ³⁸ J.C. Ginsburg, "Putting Cars on the 'Information Superhighway': Authors, Exploiters and Copyright in Cyberspace" (1995) 95 Colum. L. Rev. 1466 at 1467 [Ginsburg, "Putting Cars on the IS"].
- ³⁹ Hayes et al., *supra* note 7 at 200.
- ⁴⁰ The term ISPs is used here and throughout this paper, as in most literature on the topic, to refer to a range of players in the Internet connection industry who have varying degrees of control over and involvement in subscriber activities. These include bulletin board systems (BBS), which rely on a central computer as a host into which subscribers dial directly. More popular before widespread commercial Internet connections were available, BBSs are more of a "closed environment" for networked chat, newsgroups or file postings for upload/download. The "sysop" or operator of the BBS host server usually exerts a relatively higher degree of control over posting of and access to material. Internet access providers (IAPs), on the other hand, are primarily commercial businesses that operate a server which does not offer services of its own but rather offers access to the Internet. IAPs do not offer content of their own but rather serve as an "on-ramp" to the Internet. They may also offer ancillary services, such as hosting Web pages for subscribers. Online service providers (OSPs) include major ventures like AOL and Compuserve and are a sort of hybrid between a BBS and an IAP. They provide both access to the Internet and their own proprietary value-added services. See Skelton, *supra* note 35 at 225-228; DeBeer *supra* note 37 at 507.
- ⁴¹ DeBeer, *supra* note 37 at 524-25; "Putting Cars on the IS", *supra* note 38 at 1499. Hayes et al., *supra* note 7 at 259-260. Hayes et al. further note at 291 that, at least in Canada, there is a tendency not to pursue individual infringers in any event as "it is perceived that such action may backfire and alienate both potential customers and the government".
- ⁴² Ginsburg, "Putting Cars on the IS", *supra* note 38 at 1493.
- ⁴³ *Ibid.*, at 1494.
- ⁴⁴ Society of Composers, Authors and Music Publishers of Canada (SOCAN), "Preliminary Reply Comments to Industry Canada and the Department of Canadian Heritage Government of Canada Copyright Reform Process" (October 22, 2001) at 8, online: <http://strategis.ic.gc.ca/pics/rp/socancom.pdf> (last accessed: 30 April 2003). The CRIA, *supra* note 36 at 9 similarly argues that rights-holders should not be forced to subsidize the costs of business for ISPs with any exemptions for liability.
- ⁴⁵ A. Yen, "Internet Service Provider Liability for Subscriber Copyright Infringement, Enterprise Liability, and the First Amendment" (2000) 88 Geo. L.J. 1833 at 1837; Skelton, *supra* note 35 at 221-22.
- ⁴⁶ DeBeer, *supra* note 37 at 507. See also *Tariff 22* (CB), *supra* note 15 at 431.
- ⁴⁷ Canadian Association of Internet Providers (CAIP), "Preliminary Reply Comments to Industry Canada and the Department of Canadian Heritage Government of Canada Copyright Reform Process" (October 22, 2001) at 3, online: <http://strategis.ic.gc.ca/pics/rp/caipcom.pdf> (last accessed: 30 April 2003).
- ⁴⁸ Sookman, *supra* note 32 at 3-274.10.
- ⁴⁹ See Skelton, *supra* note 35 at 273-289.
- ⁵⁰ But see *Tariff 22* (CB), *supra* note 15 at 443 where the Copyright Board suggested that American precedents are of "little relevance in determining the application of Canadian legal principles in these matters". The Copyright Board's decision does not cite a single U.S. case.
- ⁵¹ Given their central role in shaping the debate over ISP liability, these cases have been reviewed at length by other commentators. See e.g. M. Kane, "Copyright and the Internet: The Balance between Protection and Encouragement" (2000) 22 T. Jefferson L. Rev. 183 at 194-197; B.K. Murai, "Online Service Providers and the Digital Millennium Copyright Act: Are Copyright Owners Adequately Protected?" (1999) 40 Santa Clara L. Rev. 285 at 289-299; Skelton, *supra* note 35 at 243-260; Halpern, *supra* note 32 at 36-379; Burshtien, *supra* note 16 at 424-434; DeBeer, *supra* note 37 at 530-535; Yen, *supra* note 45; M. Ravin, "Navigating Terra Incognita: Why the Digital Millennium Copyright Act was Needed to Chart the Course of Online Service Provider Liability for Copyright Infringement" (1999) 60 Ohio St. L.J. 755. A large portion of the discussion in these articles details the various technologies involved. Here, they are discussed only briefly in order to help assess how a Canadian legal approach might further develop.
- ⁵² 839 F. Supp. 1552 (M.D.Fla. 1993) [*Frena*].
- ⁵³ *Ibid.*, at para. 6.
- ⁵⁴ *Ibid.*, at para. 7.
- ⁵⁵ *Ibid.*, at para. 13.
- ⁵⁶ Yen, *supra* note 45 at 1842.
- ⁵⁷ 857 F. Supp. 679 (N.D. Cal. 1994) [*MAPHIA*]. Note that these broad grounds for granting the preliminary injunction were narrowed to be more in line with the *Netcom* reasoning at the actual trial. See Part III(ii) below.
- ⁵⁸ *Intellectual Property and the National Information Infrastructure* (1995) at 1-6 and 114-124, online: <http://www.uspto.gov/web/offices/com/doc/ipnii/> (last accessed: 30 April 2003). Skelton, *supra* note 35 at 266 notes that the author of the "White Paper", as it is known, then Commissioner of the U.S. Patent Office Bruce Lehman, had previously served as attorney for numerous "copyright industries" including motion picture studios, telecom companies, computer software producers and broadcasting industries.
- ⁵⁹ *Religious Tech. Center v. Netcom On-line Communication Service, Inc.*, 907 F. Supp. 1361 (N.D. Cal. 1995) [*Netcom*].
- ⁶⁰ See discussion in Yen, *supra* note 45 at 1843-45.
- ⁶¹ *Netcom*, *supra* note 59 at 1370.
- ⁶² *Ibid.*, at 1369 and 1372. See also discussion in Sookman, *supra* note 32 at 3-278.2; Kane, *supra* note 51 at 194; Halpern, *supra* note 32 at 370.
- ⁶³ *Netcom*, *supra* note 59 at 1372.
- ⁶⁴ *Ibid.*, at 1375. See also Yen, *supra* note 45 at 1845.
- ⁶⁵ *Ibid.*, at 1376.
- ⁶⁶ *Ibid.*, at 1377.
- ⁶⁷ *Ibid.*
- ⁶⁸ *Netcom*, *supra* note 59 at 1373. The development of this doctrine is discussed most extensively in *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417 where the manufacturers of VCRs were held not liable for contributory infringement because they were capable of substantial non-infringing uses.
- ⁶⁹ *Netcom*, *supra* note 59 at 1374.
- ⁷⁰ *Ibid.*, See also discussion in Yen, *supra* note 45 at 1872 and 1875.
- ⁷¹ *Netcom*, *supra* note 59 at 1374.
- ⁷² *Marobie-FL Inc. v. National Assn. of Fire Equipment Distributors*, 983 F. Supp. 1167 (N.D.Ill. 1997) at 1178-79.
- ⁷³ *Sega Enterprises, Ltd. v. MAPHIA*, 948 F. Supp. 923 (N.D. Cal. 1996) at 931-33. To increase its store of pirated games, the defendant BBS operator granted users who uploaded the plaintiff's protected works rights to further free downloads. It also permitted limited free downloads to customers who purchased its copying software.

- ⁷⁴ See *Playboy Enterprises, Inc. v. Russ Hardenburgh Inc.*, 982 F. Supp. 503 (N.D. Ohio 1997) at 512-514; *Playboy Enterprises, Inc. v. Webworld Inc.*, 991 F. Supp. 543 (N.D. Tex. 1997) at 553.
- ⁷⁵ Skelton, *supra* note 35 at 260-61; DeBeer, *supra* note 37 at 533-34; and Yen, *supra* note 45 at 1848.
- ⁷⁶ Yen, *supra* note 45 at 1837.
- ⁷⁷ See e.g., Skelton, *supra* note 35 at 315.
- ⁷⁸ Yen, *supra* note 45 at 1881ff. For more detailed discussion of the DMCA's provisions regarding limitation of liability for ISPs, see also V. McEvedy, "The DMCA and the E-Commerce Directive" (2002) 24 E.I.P.R. 65 at 65-71; Halpern, *supra* note 32 at 377-87 and 390-402.
- ⁷⁹ DMCA, *supra* note 5 at § 512(i).
- ⁸⁰ *Ibid.*, at § 512(a)(1) through (5).
- ⁸¹ *Ibid.*, at § 512(b)(1) and (2).
- ⁸² *Ibid.*, at § 512(c)(1) through (3).
- ⁸³ *Ibid.*, at § 512(d).
- ⁸⁴ *Ibid.*, at § 512(b)(2) and § 512(c)(1)(A) through (C).
- ⁸⁵ *Ibid.*, at § 512(c)(3).
- ⁸⁶ *Ibid.*, at § 512(g).
- ⁸⁷ McEvedy, *supra* note 78 at 69.
- ⁸⁸ DMCA, *supra* note 5 at § 512(h).
- ⁸⁹ McEvedy, *supra* note 78 at 65; Halpern, *supra* note 32 at 387.
- ⁹⁰ Indeed, the few Canadian cases that have dealt with the issue of liability for online copyright infringement at all are entirely uninformative. In *Masterfile v. World Internet Corp.*, [2001] F.C.J. No. 1928 (T.D.), the Court dismissed the plaintiff's application for summary judgment because it failed to prove that it was a proper assignee of the copyright. Without proper standing to bring the action, the Court did not even consider the claim against the defendants who had allegedly designed and hosted Web sites for clients that contained infringing material. Similarly in *Guillot v. Istek Corp.*, [2001] F.C.J. No. 1165 (T.D.), the Court found insufficient evidence before it to consider a summary judgment application against a defendant Web site creator that allegedly copied articles and a compilation of links from the plaintiff's Web site.
- ⁹¹ *Tariff 22* (CB), *supra* note 15.
- ⁹² *Ibid.*, at 443-44.
- ⁹³ *Ibid.*, at 450.
- ⁹⁴ *Ibid.*
- ⁹⁵ *Copyright Act*, *supra* note 2.
- ⁹⁶ Sookman, *supra* note 32 at 280.30.
- ⁹⁷ Hayes et al., *supra* note 7 is inconsistent on this point. At 21 and 260 they seem to suggest that ISPs would not be protected by the common carrier exception; at 274 the position seems to be reversed. Sookman, *supra* note 32 at 3-280.30 cites the refusal of the court in *Netcom* to extend the broader American common carrier doctrine to ISPs as the root of speculation that ISPs in Canada would likewise not enjoy the similar exemption set out in s. 2.4(1)(b).
- ⁹⁸ *Tariff 22* (CB), *supra* note 15 at 452.
- ⁹⁹ *Ibid.*, at 453.
- ¹⁰⁰ *Ibid.*, at 451. Caching involves the reproduction and storage of a Web page's elements on an intermediate server so as to increase the efficiency of ISPs' subscribers in accessing that page. ISPs cache pages to speed up access time and may program their systems to do so automatically for repeatedly-accessed sites. Hayes et al., *supra* note 7 at 17.
- ¹⁰¹ *Ibid.*, at 452.
- ¹⁰² *Tariff 22* (FCA), *supra* note 15 at paras. 26-27. SOCAN did not challenge the Board's conclusion that a work transmitted on the Internet is communicated by telecommunication, nor that the person who communicates such a work is the person who initially posts it.
- ¹⁰³ *Ibid.*, at para. 132.
- ¹⁰⁴ *Ibid.*, at paras. 133-134.
- ¹⁰⁵ *Ibid.*, at para. 135.
- ¹⁰⁶ *Ibid.*, at paras. 138-139 and 142.
- ¹⁰⁷ *Ibid.*, at para. 122.
- ¹⁰⁸ *Ibid.*, at para. 197.
- ¹⁰⁹ *Ibid.*, at para. 196.
- ¹¹⁰ Hayes et al., *supra* note 7 at 274.
- ¹¹¹ *Supra* note 2.
- ¹¹² See Hayes et al., *supra* note 7 at 272-73.
- ¹¹³ See Part III(ii) and (iii) above.
- ¹¹⁴ Sookman, *supra* note 32 at 3-280.22.
- ¹¹⁵ *Ibid.*, at 3-274.8. This dilemma is thoroughly discussed in the academic literature. See e.g. Bate, *supra* note 16 at 26; DeBeer, *supra* note 37 at 511 and 527; Ginsburg, "Putting Cars on the IS", *supra* note 28 at 1494; Hayes et al., *supra* note 7 at 17-18.
- ¹¹⁶ IHAC, *supra* note 7. See also Hayes et al., *supra* note 7 at 230.
- ¹¹⁷ Sookman, *supra* note 32 at 3-274.9.
- ¹¹⁸ See Part III(ii) above.
- ¹¹⁹ *Tariff 22* (FCA), *supra* note 15 at paras. 196-197.
- ¹²⁰ *Bishop v. Stevens*, [1990] 2 S.C.R. 467 at paras. 36-37 [*Bishop*].
- ¹²¹ Hayes et al., *supra* note 7 at 18 and 285-86. See also Bate, *supra* note 16 at 27.
- ¹²² *Bishop*, *supra* note 120.
- ¹²³ See Burshtein, *supra* note 16 at 391; Bate, *supra* note 16 at 40.
- ¹²⁴ Hayes et al., *supra* note 7 at 244.
- ¹²⁵ *Muzak Corp. v. Composers, Authors and Publishers Association*, [1953] 2 S.C.R. 182 at 193 per Kellock J.
- ¹²⁶ *de Tervegne v. Beloeil* (1993), 50 C.P.R. (3d) 419 (F.C.T.D.).
- ¹²⁷ *Ibid.*, In discussing authorization, commentators emphasize the importance of control over the infringing activity: see Sookman, *supra* note 32 at 3-267; Hayes et al., *supra* note 7 at 19 and 244.
- ¹²⁸ *Ibid.*, at 434.
- ¹²⁹ *CBS Songs Ltd. v. Amstrad Consumer Electronics Plc.*, [1988] 2 All E.R. 484 (H.L.) [*Amstrad*]. For detailed commentary on this case, see Elrifi, I. "What's DAT? — Amstrad Revisited: Canadian Copyright Law and Digital Audio Tape Players" (1988) 14 Can. Bus. L.J. 405.
- ¹³⁰ *Tariff 22* (CB), *supra* note 15 at 455.
- ¹³¹ *Ibid.*
- ¹³² *Ibid.*, at 458.
- ¹³³ *Tariff 22* (FCA), *supra* note 15 at para. 154.
- ¹³⁴ *Ibid.*, at para. 156. Evans J.A. went on to explain that this element of the "authorization" infringement under Canadian copyright law distinguishes it from the American concept of "vicarious infringement".
- ¹³⁵ *Ibid.*, at para. 160.
- ¹³⁶ *C.B.S. v. Ames Records & Tapes Ltd.*, [1982] Ch. 91 (Ch. D.).
- ¹³⁷ *Supra* note 129.
- ¹³⁸ See Part IV(iii).
- ¹³⁹ *Supra* note 2. See Bate, *supra* note 16 at 38; DeBeer, *supra* note 16 at 524; Sookman, *supra* note 32 at 3-274.1. Although the knowledge element here suggests certain similarities between indirect infringement in Canada and contributory infringement in the U.S., the two ideas are distinct and should not be confused.
- ¹⁴⁰ *Apple Computer, Inc. v. Mackintosh Computer Ltd.* (1986), 28 D.L.R. (4th) 178 (F.C.T.D.) at 225 [*Apple Computer*].
- ¹⁴¹ *Ibid.*
- ¹⁴² Hayes et al., *supra* note 7 at 19 and 254-55. There is no doubt that a subscriber who knowingly posts infringing material to the Internet and then deliberately helps others download it to their own computers is liable for infringing the s. 27(4)(b) distribution right. See *R. v. M.(J.P.)* (1996), 67 C.P.R. (3d) 152 (N.S.C.A.).
- ¹⁴³ Sookman, *supra* note 32 at 3-274.1. Sookman here must be referring to the *obiter* comments of Reed J. in *Apple Computer*, *supra* note 123 at 226 that "aiding and abetting infringement could in certain circumstances be sufficient to constitute infringement in itself".
- ¹⁴⁴ *Tariff 22* (CB), *supra* note 15 at 442.
- ¹⁴⁵ Evans J.A. expressly acknowledged that since SOCAN did not seek to hold ISPs liable to pay royalties on the limited basis of a failure to act once notified a thorough analysis of this issue was not required before the Board or on review. See *Tariff 22* (FCA), *supra* note 15 at para. 160.
- ¹⁴⁶ Hayes et al., *supra* note 7 at 22.
- ¹⁴⁷ See above Part III(ii).

- ¹⁴⁸ See *Tariff 22* (FCA), *supra* note 15 at para. 86 and 90. In discussing the appropriate standard of review of the Board's decision, Evans J.A. suggests at para. 90: "... [T]he impact of the Board's decision on the parties' legal rights is limited. For example, a decision of the Board that a participant is not liable to pay a royalty, because its conduct is non-infringing, does not have a determinative impact on the legal rights of SOCAN and its members. For example, subject to the exercise of a court's discretion to apply the doctrine of estoppel... a copyright owner may still sue for infringement, despite a determination by the Board in royalty tariff proceedings that the defendant has not engaged in an activity that is an exclusive right of a copyright owner". The doctrine of issue estoppel has been most recently considered in *Danyluk v. Ainsworth Technologies Inc.*, [2001] 2 S.C.R. 460 and is subject to a similar sort of contextual analysis as is involved in the "pragmatic and functional test" used to determine the standard of review for administrative decisions. The effect of the Board's finding in tariff proceedings that ISPs are not liable of infringement, even if ultimately upheld before the Supreme Court of Canada, remain unclear.
- ¹⁴⁹ Kaplan, L.A. "Resolving Tensions Between Copyrights and the Internet" (Keynote Address at Beyond Napster: Debating the Future of Copyright on the Internet Symposium, American University School of Law, Washington D.C., 16 November 2000) (2000-01) 50 Am. U. L. Rev. 409 at 422.
- ¹⁵⁰ Although it does not discuss this issue at length, the *Consultation Paper* relies upon the more detailed technical study outlined in Canada, *Regulation of the Internet: A Technological Perspective* (Ottawa: Ministry of Supply and Services, 1999), online: http://strategis.ic.gc.ca/pics/sf/005082_e.pdf (last accessed: 30 April 2003).
- ¹⁵¹ *Consultation Paper*, *supra* note 8 at 36.
- ¹⁵² CAIP, online: <http://www.caip.ca/issues/selfreg/code-of-conduct/code.htm> (last accessed: 30 April 2003).
- ¹⁵³ *Consultation Paper*, *supra* note 8 at 34-35.
- ¹⁵⁴ *Ibid.*, at 36-37.
- ¹⁵⁵ See above, Part IV(ii) and (iii).
- ¹⁵⁶ *Consultation Paper*, *supra* note 8 at 37.
- ¹⁵⁷ D. Vaver, "Intellectual Property Today: Of Myths and Paradoxes" (1990) 69 Can. Bar Rev. 98 at 101 [Vaver, "Myths and Paradoxes"].
- ¹⁵⁸ Vaver, *Copyright Law*, *supra* note 16 at 3. See also D. Fewer, "Constitutionalizing Copyright" (1997) 55 U.T. Fac. L. Rev. 175 at 187; Rushton, *supra* note 2 at 319-321.
- ¹⁵⁹ Subcommittee on the Revision of Copyright, Standing Committee on Communications and Culture, *A Charter of Rights for Creators* (Ottawa: Ministry of Supply and Services Canada, 1985) at 9.
- ¹⁶⁰ Rushton, *supra* note 2 at 319.
- ¹⁶¹ SOCAN, *supra* note 44 at 7.
- ¹⁶² Vaver, "Myths and Paradoxes", *supra* note 157 at 102.
- ¹⁶³ *Ibid.*, at 99-100.
- ¹⁶⁴ M. Ryan, "Cyberspace as Public Space: A Public Trust Paradigm for Copyright in a Digital World" (2000) 79 Oregon L. Rev. 647 at 688.
- ¹⁶⁵ Fewer, *supra* note 158 at 188.
- ¹⁶⁶ Ruston, *supra* note 2 at 321.
- ¹⁶⁷ Vaver, *Copyright Law*, *supra* note 16 at 9 and 14. For more discussion of this theoretical approach to copyright law, particularly with respect to the U.S. Constitution, see J. Sheets, "Copyright Misused: The Impact of the DMCA Anti-Circumvention Measures on Fair and Innovative Markets" (2000-01) 23 Hastings Comm/Ent. L.J. 1 at 2-4 and 8-13; Ryan, *supra* note 164 at 649-660; M. Gimbel, "Some Thoughts on the Implications of Trusted Systems for Intellectual Property Law" (1998) 50 Stan. L. Rev. 1671 at 1680-81; and S.E. Weil, "Cloning and Copyright" (2001) 19 Cardozo Arts & Ent. L.J. 137 at 144.
- ¹⁶⁸ R. Stallman, "Reevaluating Copyright: The Public Must Prevail" (1996) 75 Oregon L. Rev. 291 at 293; J. Litman, "Revising Copyright Law for the Information Age" (1996) 75 Oregon L. Rev. 19 at 31.
- ¹⁶⁹ Fewer, *supra* note 158 at 189.
- ¹⁷⁰ *Ibid.*, at 203.
- ¹⁷¹ U.S. Const., art. I, § 8 states: "The Congress shall have the power... To Promote the Progress of Science and Useful Arts, by securing for limited Times to Authors and Inventors the Exclusive Right to Their Respective Writings and Discoveries". Gimbel, *supra* note 167 at 1680 notes that the express words "promote the progress" have been consistently interpreted to mean that the grant of power is to be exercised for the public benefit.
- ¹⁷² *Constitution Act, 1867* (U.K.), 30 & 31 Vict., c. 3, s. 91(23) reprinted in R.S.C. 1985, App. II, No. 5.
- ¹⁷³ Ruston, *supra* note 2 at 321. The *Statute of Anne* (815) 8 Ann, c. 19 was passed in 1710 and ended the monopoly of the Stationer's Guild over publishing.
- ¹⁷⁴ "Intellectual Property - What's it all about?" (Address to the National Judicial course Intellectual Property: Trademark Law, 19 and 20 November 1992), cited in Fewer, *supra* note 158 at 193.
- ¹⁷⁵ *Canadian Association of Broadcasters v. Society of Composers, Authors and Music Publishers of Canada* (1994), 58 C.P.R. (3d) 190 at 196. Letourneau JA added: "... [I]t is no more the Board's mandate to protect consumers to the detriment of copyright owners than it is to protect monopolies to the detriment of consumers".
- ¹⁷⁶ [2002] S.C.J. No. 32.
- ¹⁷⁷ *Ibid.*, at para. 30. The Federal Court of Appeal approved of this statement in *Tariff 22* (FCA), *supra* note 15 at para. 119 and relied on it as a basis for rejecting SOCAN's argument that the s. 24(1) common carrier exemption should be narrowly construed.
- ¹⁷⁸ *Ibid.*, at para. 31.
- ¹⁷⁹ *Ibid.*, at para. 32.
- ¹⁸⁰ See paras. 112-116. It is noteworthy that the three dissenting judges included all three of the Court's then sitting Quebec justices: Gonthier, L'Heureux-Dubé and Lebel JJ. In the dissent, Gonthier J. emphasizes that Canada's copyright legislation has its historic roots both in the English legislation and that of continental civil law nations including France. Although not expressly disagreeing with Binnie J.'s characterization of copyright law, Gonthier J. does seem to suggest an approach that grants greater protection to the ownership rights of creators than the majority would contemplate.
- ¹⁸¹ *Supra* note 1.
- ¹⁸² *Supra* note 8 at 4.
- ¹⁸³ Bate, *supra* note 16 at 35.
- ¹⁸⁴ Halpern, *supra* note 32 at 407; Murai, *supra* note 51 at 312.
- ¹⁸⁵ Skelton, *supra* note 35 at 311; Murai, *supra* note 51 at 314.
- ¹⁸⁶ Yen, *supra* note 45 at 1887. The *Consultation Paper* (*supra* note 8) cites this benefit as well.
- ¹⁸⁷ *Ibid.*, This argument is the substance of Yen's critique of the DMCA. Although the *Consultation Paper* seems to have widely canvassed the academic literature to ensure that its proposals at least consider the academic concerns raised about the DMCA, it is notable for its failure to address this issue. The DMCA, *supra* note 5, §512(g)(2) and (3) at least contains a counter-notification process, even if this is not up to Yen's approval.
- ¹⁸⁸ Yen, *supra* note 45 at 1891.
- ¹⁸⁹ *Ibid.*, at 1888.
- ¹⁹⁰ *Ibid.*, at 1889.
- ¹⁹¹ CAIP, *supra* note 47 at 2.
- ¹⁹² See Bill C-15A, *An Act to Amend the Criminal Code and to Amend other Acts*, 1st Sess., 37th Parl., 2001, cl. 7 (assented to 4 June 2002, S.C. 2002, c. 13). The provisions are now contained in s. 164.1 of the *Criminal Code*.
- ¹⁹³ See *Consultation Paper*, *supra* note 8 at 20-25.
- ¹⁹⁴ This topic has received considerable attention in the American literature and the *Consultation Paper* clearly acknowledges the dangers of anti-circumvention measures for upsetting the balance within copyright. This issue is closely linked to the proposal to limit ISP liability as such limitations are often in part justified by noting (hoping?) that owners are better situated to develop technological solutions like encryption and watermarking than are ISPs. The issue is only touched on here to highlight the delicate balancing act involved in copyright reform. For detailed discussion of the potential for anti-circumvention measures to upset the balance within copyright law, see Weil, *supra* note 167; Sheets, *supra* note 167; Lunney, *supra* note 33; Gimbel, *supra* note 167; Ryan, *supra* note 164; and Stallman, *supra* note 168. But see Ginsburg, "Copyright and Control" *supra* note 28 for a contrary opinion on the effect of the DMCA's anti-circumvention measures. Professor Ginsburg argues that such protections will enable individual artists to publish and distribute their works independently, thus making them less dependent on collective bodies or corporations to control the dissemination of their works and enforcement of copyright.

¹⁹⁵ *Consultation Paper, supra* note 8 at 23-25. A “spectrum” of options is forwarded for dialogue, ranging from restriction on specific actions of circumvention at one end to more extensive prohibitions on possession, import, sale and trade of circumvention devices. The DMCA adopts the

more extensive approach. See § 1201 (a)(1)(A) and § 1201(a)(1)(e)(2)(A) through (C).

¹⁹⁶ Lunney, *supra* note 33 at 998.