

IN THE SMALL CLAIMS COURT OF NOVA SCOTIA
Citation: Duclow v. Atlantic Business Consultants Ltd., 2006 NSSM 26

Date: 20061026
Claim: SCCH 270426
Registry: Halifax

Between:

Stewart Ducklow, cob as Words & Pictures Design Group

Claimant

v.

Atlantic Business Consultants Limited

Defendant

Adjudicator: W. Augustus Richardson, QC

Heard: October 24, 2006 in Halifax, Nova Scotia.

Appearances: Stewart Ducklow, for himself, Claimant
Mr Morehouse, A/C, for Atlantic Business Consultants Limited,
Defendant

By the Court:

[1] In this case the claimant, a designer of a stylized map of downtown Halifax, sues the defendant for infringement of his alleged copyright in the map.

[2] The defendant submits that:

- a. copyright is a creature of statute, not of the common law, and that accordingly the Small Claims Court has no jurisdiction to hear the claim;
- b. if this Court does have jurisdiction, copyright was sold by the claimant to the defendant; and
- c. the claim is one for general damages, and hence limited to \$100.00 by s. 10(e) of the *Small Claims Court Act*; RSNS 1989, c.430, as amended (the "SCCA") and in any event is too high or is not proved or both.

The Background Facts

[3] The claimant Stewart Ducklow is a graphic designer who operates under the business name “Words & Pictures Design Group.”

[4] The defendant Atlantic Business Consultants Limited (“ABCL”) is an incorporation that operates to provide business experience to MBA students at Dalhousie University. Given that it is a student run operation its principals tend to change from year to year, which may account in part for why no one gave direct evidence on its behalf.

[5] In the summer of 1999 Mr Ducklow was asked by ABCL to design a stylized map of downtown Halifax. ABCL intended to use the map as an advertising vehicle. It would sell space on the map to local companies and services, highlighting the advertisers by locating them on the map. The map would then be distributed, primarily to students. Several meetings took place between Mr Ducklow and a Mr Dan Lee, who was then a principal in ABCL, over which course the final shape and design of the map was worked out.

[6] By way of an invoice dated July 23, 1999 Mr Ducklow charged ABCL a total of \$6,443.45 (including taxes) for “artwork, image setting, printing & delivery of map for Dal students, as per quote.” The price was comprised of printing (\$3,525.60); basic drawing (\$800.00); placement of ads (\$600.00); detailed drawings of Dalhousie and DalTech (\$800.00) and some incidentals.

[7] There was no express reference to copyright in the email or invoice. Mr Ducklow stated that there was no written agreement between them, but maintained that he always understood that he maintained copyright in the map design. That understanding was acknowledged, at least impliedly, by the defendant, inasmuch as the map that was produced in 1999 contained the following footer: “Illustration & production by Words & Pictures Design Group.”

[8] Further support for that conclusion may be found in the fact that the defendant came back to the claimant in the following years to have the map re-printed (and altered somewhat to take account of changes in the advertisers).

[9] In 2000 the defendant came back to Mr Ducklow, and he charged it \$2,998.06 to print 6,000 copies of the map. Mr Ducklow’s evidence was that in ordinary course when a client asked to re-use his work he would offer to oversee the printing of the work. When he did so he generally marked up the printer’s cost by \$1,000.00 or so. This was partly to compensate him for dealing with the printer to make sure the work was properly done; and in part to provide him with income.

[10] He agreed in cross that there was no obligation on a client to let him do the printing; and that clients sometimes went elsewhere so as to avoid paying the markup. He said that did not happen often, and even when it did the client often had to come back to him when problems arose, and when they did, he charged them for that service.

[11] The same thing happened in 2001, when he charged ABCL \$4,332,05 for 6,000 copies of the map, which included, in addition to the printing, “update map as directed, insert ads as directed.” It happened again in 2002 and 2003.

[12] No such work was done in 2004. In 2005 it came to the claimant’s attention that the defendant had downloaded a copy of his map in pdf format from his web site, and then used it to produce a new map.

[13] I have reviewed the two maps. It is clear that the new map, produced in 2006, is essentially a copy of the claimant’s design, albeit with some minor design changes. The defendant did not call any evidence to contradict the claimant’s evidence as to what it had done. I am satisfied and so find that ABCL did download the file from the claimant’s web site and then used it for its own purposes.

[14] The claimant then sought damages, primarily on the basis that when he did print runs for his clients he usually charged about \$1,000.00 by way of markup; and that he should receive that for 2006.

[15] The defendant called no evidence, but advanced the submissions respecting jurisdiction and damages noted above.

Issue 1: Jurisdiction

[16] The claimant’s rights, if any, to control the use of the map, if any, flow from copyright under the *Copyright Act*, SC 1985, c.C-42, as amended (the “CA”). These rights are *sui generis*, in that, as noted by the Supreme Court of Canada in *Compo Co. V. Blue Crest Music Inc* [1980] 1 SCR 357, per Estey, J at para.23 copyright law “is neither tort law nor property law in classification, but is statutory law.... Copyright legislation simply creates rights and obligations upon the terms and in the circumstances set out in the statute.”

[17] The defendant submits that because copyright is statute-based law alone it is outside the jurisdiction of the Small Claims Court. The Small Claims Court is a statutory court, and its jurisdiction extends to cover only those areas granted to it by the Legislature under the SCCA: see, for e.g., *Howard E. Little Excavating Ltd v. Blair’s Custom Metals* 2006 NSSC 251 at para.6. The defendant submits that since there is no reference to “statutory rights” in the SCCA this Court lacks jurisdiction over copyright.

[18] In my opinion the defendant’s submission is correct to a limited degree, in that this court does not, for example, have any of the injunctive powers provided for under the CA. But the fact that this court might lack jurisdiction in respect of *some* of the particular rights and remedies provided for under the CA does not mean that it must therefore lack all jurisdiction over *all* of them.

[19] Section 9(a) of the SCCA provides that a person “may make a claim under this Act ... seeking a monetary award in respect of a matter or thing arising under a contract or a tort where

the claim does not exceed twenty-five thousand dollars inclusive of any claim for general damages but exclusive of interest.” I note here that the Legislature did not limit the jurisdiction to a monetary award “for breach of contract” or “in respect of a contract.” Rather, it enlarged the inquiry to “*a matter or thing arising* under a contract or a tort.” I am of the opinion that by doing so the Legislature intended to enlarge the jurisdiction of the court to include any “matter or thing” that was triggered or created or affected or otherwise “arose out of” a contractual relationship. On this interpretation any question concerning copyright that arose out of a contract between two parties would fall within the jurisdiction created by s.9(a) of the SCCA. Since there was a contract in 1999; and since one of the issues is whether the claimant “sold” his copyright to the defendant under that contract; this court has jurisdiction under s.9(a).

[20] Even if I am wrong in this conclusion, and even if the jurisdiction conferred by s.9(a) was limited to simple breach of contract, it is my opinion that on the facts of this case the question of copyright would still fall within this court’s jurisdiction under s.9(a). This case arises out of a contract between the claimant and the defendant that was made in 1999. It seems to me that a contract between a designer and a client who wished to use the designer’s work would invariably include an agreement—express or implied—concerning the use of copyright. Intellectual property is a right that has value. It is of particular concern to artists and designers, since their ability to earn a living is governed in large part by their ability to control their copyright. Hence one could expect that the right to use the work would be part of the rights and obligations dealt with by the contract. The matter would thus fall within this court’s jurisdiction, at least insofar as any monetary award is concerned.

[21] I am accordingly satisfied that I have the jurisdiction to hear this claim.

Issue 2: Was Copyright in the Map Sold or Transferred to the Defendant?

[22] I think that it is self-evidence that the map in question is an “artistic work” within the meaning of s.2 of the CA.

[23] “Copyright” means “the *sole* right to produce *or reproduce* the work or any substantial part thereof.” s.3(10), CA (emphasis added). The author of the work (in this case the claimant) is “the first owner of the copyright therein.” s.13(1). Using or printing or amending the work in any way without the owner’s consent is an infringement of that copyright: s.27(1).

[24] Section 34(1) provides that when copyright has been infringed, the owner is entitled “to all remedies by way of injunction, damages, accounts, delivery up and otherwise that are or may be conferred by law for the infringement of a right.”

[25] In any such action the author of the right is presumed to be the owner of the copyright “unless the contrary is proved.” s.34.1(1)(b).

[26] Based on the facts as set out at the beginning of this decision I am satisfied that the claimant:

- a. Was the first owner of copyright to the map; and
- b. He is presumed to be the owner unless the contrary is proved.

[27] There was no evidence called by the defendant to contradict either the statutory presumption or the claimant's assertion that he retained copyright. There is nothing in the written documentation that suggests that the copyright was sold to the defendant in 1999. The subsequent course of conduct (in which the defendant returned to the claimant in the following years) supports an inference that the defendant acknowledged the claimant's copyright. And the fact that the defendant went to the claimant's web site to take a copy of the map again supports a conclusion that the claimant, and not the defendant, maintained copyright to the map.

[28] I am accordingly satisfied that copyright to the map remained with the claimant. I am also satisfied that the defendant's use of the map in 2006 without the claimant's consent or approval constituted an infringement of that right.

Issue 3: Damages

[29] The defendant submitted that the claimant had failed to prove his damages. It pointed out that the claimant was claiming on the basis of what he thought he would have received had he received the printing contract for 2006—that is, the right to a markup on the printing costs. Since Mr Ducklow admitted that there was no obligation on a client to use him for its printing, the defendant submitted that this approach to the damages claim could not be proved.

[30] I agree that the defendant's first submission. The claimant did not establish his claim for "lost profit" on the basis of the approach or evidence he submitted. That is not, however, the end of the matter. The defendant infringed on the claimant's copyright, and moreover profited by that infringement. The question is how does one quantify the resulting "loss" to the claimant?

[31] In this regard the defendant submitted that the claimant's claim was in essence one for "general damages," and that he was accordingly barred from claiming anything more than \$100.00 by reason of s.10(e) of the SCCA.

[32] I do not accept this submission. Section 9(a) of the SCCA permits a claimant to seek "a monetary award." In my opinion this is different from the "general damages" referred to in s.10(e). The latter (with its separate financial limit of \$100.00) refers to the "general damages" for general pain and suffering that arises primarily in tort claims. "A monetary award" in respect of "a matter ... arising under a contract" has a broader meaning and, in my view, is broad enough to comprehend the right to "statutory damages" created under the CA.

[33] How then should the claimant's damages be assessed in this case?

[34] As I read the CA there would appear to be two basic ways an author can go about claiming for damages for infringement of his or her copyright:

- a. they can claim damages and a portion of the profits made by the infringer under s.35(1); or
- b. they can elect to claim an award of statutory damages for all infringements in a sum between \$500.00 and \$20,000.00 under s.38.1(1).

[35] In this case I take it that the claimant has elected to claim an award under s.38.1(1), which means that this Court can assess the infringement and make an award within the confines of s.38.1(1).

[36] In assessing the award I take into account the following:

- a. The defendant knowingly infringed the claimant's copyright;
- b. The claimant's expectation that in ordinary course clients usually do come back to him to have the work printed (thus giving him a chance to make a markup) was not on the evidence unreasonable, especially given that the defendant in the past had come back to him for such services; and
- c. The work clearly had some value to the defendant who must have profited to some degree from the infringement (since it sold advertising based on the map).

[37] Taking these factors into account I award the claimant \$1,500.00 for the infringement, plus costs, and will make an order to that effect.

Dated at Halifax, this 26th day of October, 2006

Original: Court File)
Copy: Claimant)
Copy: Defendants)

W. Augustus Richardson, QC
ADJUDICATOR