Cassels

Federal Court Notes Limits on Copyright and Moral Rights in the Design of a Functional Object

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Authors and owners of copyright may be unable to enforce copyright and moral rights in designs that are applied to mass-produced functional objects. A recent example of this is the decision of the Federal Court in *French v. Royal Canadian Legion*, 2023 FC 749, in which the creator of a stuffed toy dalmatian was unable to enforce his copyright and moral rights in the toy's design. Therefore, the decision also serves as an important reminder of the benefit of obtaining timely industrial design registrations for such designs, to ensure they may benefit from protection under intellectual property legislation.

Statutory Context: Non-infringement of Certain Designs Applied to Useful Articles

The *Copyright Act* limits the enforceability of copyright that subsists in a "design" that is applied to a "useful article," if the article has been reproduced in a quantity of more than 50 by, or under the authority of, the copyright owner. Specifically, if those conditions are met, it is no longer an infringement of copyright or moral rights for anyone to reproduce the design by making the article or making a drawing or other reproduction of the article in any material form, subject to certain carve-outs.[1]

For the purposes of this section, "design" means certain features that "appeal to and are judged solely by the eye." A "useful article" is an article that has a utilitarian function, meaning a function "other than merely serving as a substrate or carrier for artistic or literary matter," and includes a model of any such article.

As a result, certain acts that would otherwise constitute an infringement of copyright or moral rights in the shape, configuration, pattern, or ornamentation of a functional object are not actionable if the article has been reproduced more than 50 times by or under the authority of the copyright owner, unless one of the carve-outs to this exception applies. In such circumstances, protection must be sought under the *Industrial Designs Act*.

Background

Leonard B French, who represented himself in this action, is the creator and registered owner of copyright in

the “Poppy Puppy,” a stuffed dalmatian dog featuring poppies in lieu of spots.

Mr. French initially supplied and licensed the Poppy Puppy to the Royal Canadian Legion in 2003, which purchased 150,000 of them. In the action, Mr. French alleged, among other things, that: (i) the Legion infringed his copyright by switching suppliers for the Poppy Puppy and inducing the new supplier to create and supply Poppy Puppy toys; (ii) the Legion engaged in secondary infringement of copyright by permitting a third party to publicly display the Poppy Puppy without his knowledge or consent; and (iii) the Legion infringed his moral rights in the Poppy Puppy by claiming to be the developer of the Poppy Puppy in advertisements promoting the toy.

A Complete Defence to Copyright and Moral Rights Infringement

As a defence to copyright and moral rights infringement, the Legion argued that the Poppy Puppy is a useful article and that any of its actions should be deemed not to infringe copyright or moral rights under section 64(2) of the *Copyright Act*. In order to be considered a useful article, the Poppy Puppy must have a practical use in addition to its aesthetic value. The Court held that the Poppy Puppy had a functional and practical use, in that it is a toy made to be played with by children.

There are several carve-outs to the application of section 64(2), which appear in section 64(3). The Court considered two of those carve-outs in this case. In particular, section 64(2) does not apply where the design at issue is used as or for: (i) a graphic or photographic representation that is applied to the face of an article; or (ii) a representation of a real or fictitious being, event, or place that is applied to an article as a feature of shape, configuration, pattern or ornament.

The Court held that neither of these carve-outs applied. Copyright subsists in the Poppy Puppy “toy as a whole,” which was not used as a graphic representation applied to an article. Nor was the toy itself a representation of a fictitious being applied to an article as a feature of shape, configuration, pattern or ornament. Accordingly, the Court held section 64(2) was a complete defence to Mr. French’s claims of copyright and moral rights infringement.

The Court’s Additional Comments on Mr. French’s Moral Rights Claim

Although the Court dismissed Mr. French’s moral rights claim pursuant to section 64(2), it was critical of the defendant’s conduct. An author’s moral rights in a work include the right, where reasonable in the circumstances, to be associated with the work as its author by name or under a pseudonym, and the right to remain anonymous. Mr. French claimed that, although he would have been content to remain anonymous, the Legion infringed his moral rights by claiming that it had developed the Poppy Puppy. The Legion made that claim in its catalogue for a period of over 17 years.

In response, the Legion argued that it had reasonable cause to distance itself from Mr. French by not crediting him as the creator of the Poppy Puppy, based on news reports that cast Mr. Legion's character in a negative light.

The Court found that the inclusion of these news reports was improper, irrelevant, and highly prejudicial. It also noted the stark difference between not crediting an author and falsely claiming authorship. It held that there was no valid basis whatsoever for the Legion's claims to have developed the Poppy Puppy itself, regardless of whether Mr. French had wished to remain anonymous.

While Mr. French's moral rights claim was ultimately unsuccessful, the Legion's conduct, along with Mr. French's lack of financial means, did lead the Court to exercise its discretion to award costs at the lowest level of the tariff.

Other Considerations

The Court also considered whether Mr. French had commenced the action after the expiry of the applicable limitation period. Under section 43.1 of the *Copyright Act*, an action for copyright and/or moral rights infringement must be commenced within three years of (i) when the infringing act or omission occurred, or (ii) when a plaintiff first knew of the alleged infringing act or omission or could reasonably have been expected to know. The Court found that Mr. French could have easily discovered the alleged infringement the same year the relevant acts occurred—in 2003—through reasonable diligence, such that his copyright infringement claim was statute-barred. Conversely, the moral rights claim was not statute-barred because the Legion's impugned statements continued to appear in its catalogue less than three years before the claim was started. The Court held that Mr. French was entitled to pursue his moral rights claim in relation to statements made by the Legion within that preceding three-year period.

Takeaways

Owners of copyright in the designs applied to functional items should be aware that their ability to enforce their rights against potential infringers may be limited where more than 50 of those items are produced. Authors should also be aware that the same provisions may preclude the enforcement of their moral rights in such situations.

Rightsholders should therefore consider registering industrial designs to protect the unique appearance of an item that will be reproduced in such quantities. An industrial design registration provides shorter-term protection than copyright, but allows the owner to enforce their design rights in functional objects against potential infringers.

[1] *Copyright Act*, RSC 1985, c C-42, ss. 64(2) and 64(3). Note that these provisions apply only in respect of designs created after the date on which they came into force.

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