

Federal Court



Cour fédérale

Date: 20220131

Docket: T-1256-21

Toronto, Ontario, January 31, 2022

PRESENT: Case Management Judge Trent Horne

BETWEEN:

SONY MUSIC ENTERTAINMENT CANADA INC.

Plaintiff

and

SUVA BEAUTY INC. AND SHAINA AZAD

Defendants



ORDER

UPON motion by the defendants, filed November 26, 2021, for:

1. An order striking the entirety of the statement of claim;
2. In the alternative to paragraph 1 above:
 - a. an order striking all allegations that the defendant, Shaina Azad, has any liability for the allegedly infringing activities of SUVA Beauty Inc.;
 - b. an order striking the claim to aggravated and punitive damages, as set out in paragraphs 1(g) and 52 to 56 of the statement of claim;

- c. an order requiring the plaintiff to provide particulars and documents as set out on Schedule A hereto;
3. An order extending the time to serve and file a statement of defence, if necessary;
4. An order that the costs of this motion be awarded to the defendants, in the amount of \$4,000 payable forthwith; and
5. Such further and other relief as this honourable court may deem just.

AND UPON reading the submissions contained in the defendants' motion record and the plaintiff's responding motion record, filed December 10, 2021;

AND UPON hearing the submissions of counsel during the hearing of the motion on December 17, 2021;

AND UPON considering:

I. Overview

[1] The plaintiff, Sony Music Entertainment Canada Inc. ("Sony Music Canada"), alleges that the defendants have used a number of Sony Recordings (a defined term in the statement of claim) as part of the marketing and promotion of SUVA Beauty, a cosmetics and beauty company. The statement of claim further alleges that Ms. Azad is the founder, CEO and directing mind of SUVA Beauty, a social media personality, and that she has also used Sony Recordings without authorization.

[2] The statement of claim asserts infringement of the sound recordings, and, separately, the performers' performances they contain. Schedule "A" to the statement of claim enumerates 91 videos that are alleged to be infringing. This schedule, which includes 88 Sony Recordings, includes particulars of the artist, the title of the Sony Recording, the date the infringing video was posted by SUVA Beauty or Ms. Azad, and a URL for the infringing video. The schedule does not identify the maker of the recording, the copyright owner, or the identity of the performers whose rights of performance are alleged to be infringed, other than the artist.

[3] The defendants served a demand for particulars on September 2, 2021. A response was served on September 28, 2021. The response included a substantive reply on certain matters, and indicated that others were the proper subject of discovery and were not necessary for the defendants to plead in response. The response provided an updated Schedule "A", adding the copyright owner and certain notes for the Sony Recordings.

[4] The defendants have brought a motion to strike the statement of claim in its entirety, and in the alternative, to strike the allegations against Ms. Azad; to strike the claim for aggravated and punitive damages; and for particulars. The defendants' evidence on the motion is a three-paragraph affidavit from a legal assistant that attaches the demand for particulars and the response.

[5] In response, the plaintiff filed an affidavit of David Jacoby, the Senior Vice-President, Head of U.S. Litigation, Business and Legal Affairs of Sony Music Entertainment ("SME"). Neither affiant was cross-examined.

II. The Proceeding and the *Copyright Act* Generally

[6] I have absolutely no doubt that the defendants know the nature of the case against them. In essence, the claim is simple. It is alleged that, to advertise their products and their brand, the defendants used some of the world's most popular sound recordings by some of the world's most famous recording artists. They made social media commercials featuring the Sony Recordings for commercial gain, but did not ask for a license or pay a license fee. The defendants were told to cease and desist. They did not, and continued a course of conduct that is alleged to infringe the plaintiff's rights. As a consequence, they were served with the statement of claim.

[7] Assuming the action proceeds, the defendants have not indicated how they will defend it. At this stage, they are not required or expected to do so. On issues of liability, it is unknown whether the defendants will advance substantive defences (e.g. a license to use the Sony Recordings), or will advance technical defences, seeking to hold the plaintiff to the highest evidentiary standard, and capitalize on any inability to do so. They would be within their rights to take this approach.

[8] Particularly in respect of the motion to strike (the legal principles for which are discussed below), I have assumed the allegations in the statement of claim and contents of the response to request for particulars to be true. But even if I begin the analysis from an assumption that the defendants are serial and deliberate infringers of copyright, the *Copyright Act*, RSC 1985, c C-42, applies equally to everyone. Copyright is a statutory scheme; copyright legislation simply creates rights and obligations upon the terms and in the circumstances set out in the statute. The legislation speaks for itself and the actions of a party must be measured according to the terms of the statute (*Compo Co Ltd v Blue Crest Music et al*, [1980] 1 SCR 357 at 372-373).

The requirements of the legislation are not malleable, depending on the nature of the alleged infringement.

[9] The *Copyright Act* is, at the risk of understatement, complex. As will be discussed below, the corporate relationship among the various Sony (and other) entities that own, license or assigned the Sony Recordings also appears complex. The challenge on this motion is to balance what the *Copyright Act* requires a plaintiff to plead to demonstrate a cause of action, and the overarching principle that the *Federal Courts Rules* be interpreted and applied in a manner that secures the most just, expeditious least expensive determination of every proceeding on its merits (Rule 3).

III. Law on Motions to Strike

[10] Motions to strike are governed by Rule 221:

Striking Out Pleadings	Radiation d'actes de procédure
Motion to strike	Requête en radiation
221 (1) On motion, the Court may, at any time, order that a pleading, or anything contained therein, be struck out, with or without leave to amend, on the ground that it	221 (1) À tout moment, la Cour peut, sur requête, ordonner la radiation de tout ou partie d'un acte de procédure, avec ou sans autorisation de le modifier, au motif, selon le cas :
(a) discloses no reasonable cause of action or defence, as the case may be,	a) qu'il ne révèle aucune cause d'action ou de défense valable;
(b) is immaterial or redundant,	b) qu'il n'est pas pertinent ou qu'il est redondant;

(c) is scandalous, frivolous or vexatious,	c) qu'il est scandaleux, frivole ou vexatoire;
(d) may prejudice or delay the fair trial of the action,	d) qu'il risque de nuire à l'instruction équitable de l'action ou de la retarder;
(e) constitutes a departure from a previous pleading, or	e) qu'il diverge d'un acte de procédure antérieur;
(f) is otherwise an abuse of the process of the Court,	f) qu'il constitue autrement un abus de procédure.
and may order the action be dismissed or judgment entered accordingly.	Elle peut aussi ordonner que l'action soit rejetée ou qu'un jugement soit enregistré en conséquence.
Evidence	Preuve
(2) No evidence shall be heard on a motion for an order under paragraph (1)(a).	(2) Aucune preuve n'est admissible dans le cadre d'une requête invoquant le motif visé à l'alinéa (1)a).

[11] The legal principles applying to motions to strike are well known. To strike a statement of claim it must be plain and obvious, assuming the facts pleaded to be true, that the pleading discloses no reasonable cause of action. It needs to be plain and obvious that the action is certain to fail because it contains a radical defect (*R v Imperial Tobacco Canada Ltd*, 2011 SCC 42, [2011] 3 SCR 45 at para 17).

[12] It is incumbent upon a plaintiff to plead the facts which form the basis of his or her claim as well as the relief sought. These facts form the basis upon which the success of a claim is evaluated. A plaintiff must plead with sufficient details the constituent elements of each cause of action of legal ground raised (*Pelletier v Canada*, 2016 FC 1356 at paras 8 and 10).

[13] To disclose a reasonable cause of action, a claim must: (a) allege facts that are capable of giving rise to a cause of action; (b) disclose the nature of the action which is to be founded on those facts; and (c) indicate the relief sought, which must be of a type that the action could produce and the court has jurisdiction to grant (*Oleynik v Canada (Attorney General)*, 2014 FC 896 at para 5).

[14] To show a plaintiff has a reasonable cause of action, the statement of claim must plead material facts satisfying every element of the alleged causes of action. The plaintiff needs to explain the “who, when, where, how and what” giving rise to the defendant’s liability (*Al Omani v Canada*, 2017 FC 786 at para 14).

IV. Sony Music Canada’s Standing

[15] The defendants assert that the statement of claim should be struck in its entirety because Sony Music Canada does not have standing to bring this action.

[16] Sony Music Canada is not the copyright owner for any of the Sony Recordings. The statement of claim (paragraph 14) asserts that Sony Music Canada is the exclusive licensee of the copyright in and to the Sony Recordings in Canada, and that its exclusive rights include the authority to represent and enforce the legal rights of the copyright owner in Canada.

[17] Section 41.23(1) of the *Copyright Act* provides (all subsequent references to sections in these reasons are to sections of the *Copyright Act*, unless otherwise indicated):

General Provisions	Dispositions générales
Protection of separate rights	Protection des droits distincts
<p>41.23 (1) Subject to this section, the owner of any copyright, or any person or persons deriving any right, title or interest by assignment or grant in writing from the owner, may individually for himself or herself, as a party to the proceedings in his or her own name, protect and enforce any right that he or she holds, and, to the extent of that right, title and interest, is entitled to the remedies provided by this Act.</p>	<p>41.23 (1) Sous réserve des autres dispositions du présent article, le titulaire d'un droit d'auteur ou quiconque possède un droit, un titre ou un intérêt acquis par cession ou concession consentie par écrit par le titulaire peut, individuellement pour son propre compte, en son propre nom comme partie à une procédure, soutenir et faire valoir les droits qu'il détient, et il peut exercer les recours prévus par la présente loi dans toute l'étendue de son droit, de son titre et de son intérêt.</p>

[18] Section 41.23(1) is clear. To commence an infringement proceeding as a licensee, Sony Music Canada's right or interest by grant (*i.e.* the license) must be in writing. A written license is a condition precedent for its ability to commence any infringement action.

[19] While the statement of claim asserts that Sony Music Canada is an exclusive licensee, there is no express statement that the license is in writing. This cannot be presumed. The statement of claim fails to assert facts that, if presumed to be true, would give it standing to sue the defendants.

[20] Sony Music Canada had a second opportunity to include a positive statement in its pleading that its exclusive license was in writing. The response to demand for particulars

includes reference to intercompany international repertoire licensing agreements. It may be reasonable to assume that such agreements between sophisticated commercial enterprises would be in writing, but pleadings must be assessed on what they say, not what can be assumed. Again, Sony Music Canada had an opportunity to bring its pleading into compliance with section 41.23(1) by adding two words – “in writing” – but did not.

[21] In response to the defendants’ motion, Sony Music Canada filed an affidavit of the Senior Vice-President, Head of U.S. Litigation, Business and Legal Affairs of SME, Mr. Jacoby. This affidavit states, at paragraph 5, that by way of written and fully executed international repertoire licensing agreements, SME and its affiliates have granted to Sony Music Canada an exclusive licence to exploit certain master recordings, including the performers’ performances they contain, in Canada, along with an irrevocable power of attorney to institute legal proceedings to address any unauthorized reproduction, distribution, public performance, communication to the public, or other exploitation of those master recordings and performers’ performances. The affidavit attaches, as Exhibit “C”, a redacted copy of an international repertoire license entered into as of March 31, 2018.

[22] Rule 221(2) prohibits evidence on a motion for an order under Rule 221(1)(a). I have therefore not considered the Jacoby affidavit on the motion to strike based on non-compliance with section 41.23(1).

[23] This may appear to be a distinction without a difference – finding that the statement of claim is deficient because it does not refer to a written license when Mr. Jacoby’s unchallenged

evidence is that the licenses are in writing, and at least one of them is in the record on the motion. There is, however, a material difference in presenting documents, or a description of them, in a pleading and in an affidavit on a motion. For example, Rule 206 requires that documents referred to in a pleading will be served with the pleading, or within 10 days of service. This Rule does not apply to affidavits. A party should not be able to avoid the requirements of Rule 206 by including reference to a document in an affidavit, but not a pleading.

[24] Further, there is ample authority that pleadings frame the scope of discovery (e.g. *Adacel Technologies Ltd v Nav Canada*, 2006 FCA 227 at para 12). Affidavits on motions do not.

[25] The defendants submit that the plaintiff does not want to produce these international repertoire license agreements. I make no finding as to the plaintiff's motives, or why it framed the statement of claim, the response to the demand for particulars, or the materials on this motion as it did (in particular, why the affidavit describes the licensing agreements as "written and fully executed", but the statement of claim and the response to demand for particulars do not). For the purposes of this motion, that is immaterial. What is material is the absence of an express statement in the plaintiff's statement of claim and response to demand for particulars that the license, which it says gives it standing to commence and maintain this action, is in writing, thereby meeting the requirements of a statutory cause of action.

[26] Since the statement of claim, together with the response to request for particulars, do not meet the requirements of section 41.23(1), the statement of claim will be struck, but with leave to amend.

[27] While this finding is sufficient to resolve the defendants' motion, I will consider the remaining issues in the event of an appeal, and also in the hopes of avoiding future disputes if and when the plaintiff re-files its statement of claim.

V. Should the Statement of Claim be Struck for Failure to Add All Copyright Owners?

[28] The defendants also move to strike the statement of claim because all of the copyright owners for the Sony Recordings are not parties to the litigation.

[29] The statement of claim, particularly Schedule "A", does not identify the claimed copyright owners. In response to the demand for particulars, the plaintiff updated the chart attached as Schedule "A" to the statement of claim and provided the identity of the copyright owners. In the majority of instances, the owner is Sony Music Entertainment.

[30] At the hearing, counsel for the defendants conceded, for the purposes of the motion, that the evidence of Mr. Jacoby was sufficient to support a determination by the Court that the interests of justice do not require the Sony copyright owners to be parties. However, the defendants submit that there are a number of copyright owners that are not Sony companies, and that the Jacoby affidavit does not provide sufficient support for a determination that those owners are not required to be parties to the action. These entities, which I will describe as the "Non-Sony

Owners”, are: Question Everything, Inc. (item 11); mcDJ Recording (item 15); Sweat It Out Music (item 35); Erskine Records Limited (items 42, 43 and 44); Defected Records Limited (item 47); Home Box Office Inc. (item 50); STMPD RCRDS B.V. (item 52); Colour Vision Records (item 53); Anchor Room, LLC (item 61); Bitbird (item 67); Top Dawg Entertainment (items 71 and 72); and Odd Future LLC (item 75).

[31] Section 41.23(2) of the *Copyright Act* provides:

Copyright owner to be made party	Partie à la procédure
(2) If proceedings under subsection (1) are taken by a person other than the copyright owner, the copyright owner shall be made a party to those proceedings, except	(2) Lorsqu’une procédure est engagée au titre du paragraphe (1) par une personne autre que le titulaire du droit d’auteur, ce dernier doit être constitué partie à cette procédure sauf :
(a) in the case of proceedings taken under section 44.12, 44.2 or 44.4;	a) dans le cas d’une procédure engagée en vertu des articles 44.12, 44.2 ou 44.4;
(b) in the case of interlocutory proceedings, unless the court is of the opinion that the interests of justice require the copyright owner to be a party; and	b) dans le cas d’une procédure interlocutoire, à moins que le tribunal estime qu’il est dans l’intérêt de la justice de constituer le titulaire du droit d’auteur partie à la procédure;
(c) in any other case in which the court is of the opinion that the interests of justice do not require the copyright owner to be a party.	c) dans tous les autres cas où le tribunal estime que l’intérêt de la justice ne l’exige pas.

[32] Pursuant to this section, the default position is that the copyright owner shall be made a party to the proceedings.

[33] The parties referred to two authorities on this issue: *Spanski Enterprises, Inc v IMB+ Records Inc*, 2013 ONSC 5382 (*Spanski*) and *Allarco Entertainment 2008 Inc v Staples Canada ULC*, 2021 ABQB 340 at para 19 (*Allarco*).

[34] Both *Spanski* and *Allarco* confirm that the plaintiff bears the onus of showing why it is in the interests of justice that the copyright owners not be added as parties (*Spanski* at para 6; *Allarco* at para 19).

[35] In *Spanski*, Master McAfee dismissed a motion to stay the portion of the action brought pursuant to the *Copyright Act* until such time as the owners of the copyright in issue (defined as TVP and POLSAT) were either added as parties to the action or delivered their consent to be bound by any decision of the court, and provide authorization for the plaintiffs to be their representatives in this action. On that motion, the agreements were before the court. Upon reviewing those agreements, Master McAfee was able to conclude that the plaintiffs had the authority, and in the case of POLSAT the contractual obligation, to represent the legal rights of both TVP and POLSAT in accordance with the terms of the respective agreements (para 8).

[36] *Allarco* involved a broadcaster seeking to block the sales of certain TV set-top boxes by major retailers. The retailers asserted that Allarco (the sole plaintiff) had no standing to seek copyright-related relief because: Allarco was not the copyright holder for the two programs it

used as proxies for its programming; in any case, it did not show that it has any current rights to either program; and in any case, it did not join the copyright holder(s) in these proceedings (para 6). Ultimately, the Court of Queen's Bench of Alberta concluded that it was not in the interests of justice to dispense with adding the copyright owners as parties. The action was stayed pending the addition of the copyright owners as parties to the main action (paras 20-21).

[37] In assessing whether it was in the interests of justice to dispense with adding the copyright owners as parties to the action, Justice Lema considered the following factors:

- i. the copyright owner has an interest in the action or the relief claimed;
- ii. the defences to the action relate to the copyright owner's interest;
- iii. the plaintiff or defendant demonstrates an interest in having the copyright owner added;
- iv. the copyright owner would participate in the proceedings or consent to being added as a plaintiff;
- v. the addition of the copyright owner would cause unnecessary complexity, cost, or delay;
- vi. the defendant will be exposed to further litigation if the copyright owner is not made a party;
- vii. the party seeking the addition would be prejudiced by the denial; and
- viii. the plaintiff has the authority or the contractual obligation to represent the legal rights of the copyright owner (*Allarco* at paras 9-14).

[38] The plaintiff's evidence in this respect is not robust. Mr. Jacoby's affidavit (paragraph 2) refers to SME and its affiliated recording labels and companies, and uses the defined term "affiliates" to describe this group. The affidavit makes several statements regarding SME and its affiliates, particularly at paragraphs 7, 10 and 24:

7. SME and its affiliates are aware of the Statement of Claim and this litigation, having been provided with notice of these

matters in accordance with section 6.4 of the International Repertoire Licence Agreement (as defined below). But they have no intention to participate actively in this litigation, much less commence litigation independently against SUVA Beauty or Ms. Azad for their infringements in Canada. Having granted to Sony Music Canada both the exclusive rights to exploit the Sony Recordings at issue in Canada and the right to enforce those rights through infringement proceedings, SME and its affiliates have no interest in this action or the relief claimed that cannot be satisfied without their direct involvement. Sony Music Canada is entitled to bring the action without the participation of SME or its affiliates and holds all rights necessary to do so.

10. In the majority of cases, as set out in Exhibit “A”, SME or its affiliate is the copyright owner. In cases where SME or its affiliate is not the copyright owner, the copyright owner and the relationship between SME and the copyright owner are accurately described, to the best of my knowledge, in the document. In all cases where SME or its affiliate is not the copyright owner, SME controls the Sony Recording as the exclusive licensee under written agreement with the copyright owner worldwide or in certain territories, including Canada.

24. There is no reasonable prospect that SUVA Beauty or Ms. Azad will be exposed to further litigation regarding the uses of the Sony Recordings identified in the Statement of Claim. SME and its affiliates, as the owners of copyright in the Sony Recordings (or, in a few cases, the exclusive licensee of the Sony Recordings), have no intention of pursuing any legal claims against SUVA Beauty or Ms. Azad with respect to those uses in Canada. Their interests are fully addressed by the enforcement efforts initiated by Sony Music Canada, including the current proceeding.

[39] It is not clear what Mr. Jacoby means by the use of “affiliate”. At paragraph 2 of his affidavit, he states “SME and its affiliated recording labels and companies (“affiliates”) produce, manufacture, distribute, sell, and license some of the world’s most popular sound recordings”. It is not apparent if this definition of “affiliate” is the kind often used to describe corporations that have common ownership, or is more broadly used to also include arms length entities. In any

event, Mr. Jacoby's affidavit does not specifically indicate whether the Non-Sony Owners fall within his definition of SME's affiliates.

[40] The international repertoire licence agreement attached as an exhibit to Mr. Jacoby's affidavit appears to have 54 parties (the vast majority of which have Sony in the name), but the Non-Sony Owners are not parties to this agreement. Unlike the record before the Ontario Superior Court of Justice in *Spanski*, I do not have a copy of the agreement(s) with the Non-Sony Owners, therefore the particulars of the corporate and/or licensing relationship between SME/Sony Music Canada and the Non-Sony Owners is unknown.

[41] Whether the Non-Sony Owners are aware of this action, or have consented to Sony Music Canada taking action on behalf of their copyrighted works, is, at best, unclear (paragraph 7 of Mr. Jacoby's affidavit is limited to "SME and its affiliates"). While Mr. Jacoby states that, for the Non-Sony Owners, SME "controls" the Sony Recording, the origin and nature of the control is not explained. It is unknown whether the Non-Sony Entities have entered into the same form of international repertoire licence agreement as attached to the affidavit.

[42] I take Mr. Jacoby's statement that SME and its affiliates, as the owners of copyright in the Sony Recordings (or, in a few cases, the exclusive licensee of the Sony Recordings), have no intention of pursuing any legal claims against SUVA Beauty or Ms. Azad with respect to those uses in Canada at face value, but have insufficient evidence to conclude that this intention equally applies to the Non-Sony Owners.

[43] The plaintiff bears the onus to persuade the Court that copyright owners should not be parties to the litigation. This is not a trifling issue. It is not unreasonable to expect that, in meeting that onus, the plaintiff would clearly state what persons or entities are sought to be excused from direct participation, and demonstrate or describe the material facts and documents that justify the relief for each of them.

[44] Based on the above, I am not satisfied that, on this evidence, the plaintiff has met its burden to demonstrate that it is in the interests of justice that the Non-Sony Owners not be required to be parties to this litigation. I would have stayed the proceeding until those entities were added as parties.

[45] Counsel for the plaintiff submitted that there is no evidence from the defendants as to why the Non-Sony Owners should be added. That is true, but the onus is not on the defendants. The onus is on Sony Music Canada to persuade the Court that it is in the interests of justice not to require each of the Non-Sony Owners to be parties to this action.

VI. Particulars

[46] In considering the defendants' request for particulars, I begin with the observations of Justice Hughes in *Trudeau Corporation 1889 Inc v Product Specialties Inc*, 2009 FC 148 at para 4: motions for particulars, without a strong evidentiary basis to persuade the Court that the defendant cannot plead over, are to be discouraged.

[47] Particulars: a. inform the party opposite of the case it has to meet; b. prevent surprise at trial; c. enable the party opposite to know what evidence it will have to gather and present at

trial; d. focus the allegations and limit the generality of the pleadings; e. limit the issues for trial and discovery; and f. tie the party pleading to the allegations made in the pleading, thus ensuring that nothing new will be raised at discovery or trial without leave. Each case will be considered on its own facts (*Throttle Control Tech Inc v Precision Drilling Corporation*, 2010 FC 1085 at para 11) (*Throttle Control*).

[48] The purpose of particulars is not the same as examination for discovery. A party is entitled to enough information to understand the other party's position and prepare a responsive answer, not every fact on which the action is based (*Océan Navigation Inc v Abitibi Consolidated Inc*, 2007 FC 413 at para 6) (*Océan Navigation*).

[49] As set out in Schedule “A” to their notice of motion, the defendants seek three categories of particulars.

A. *Particulars of the sound recordings*

[50] The defendants have requested:

1. For each asserted sound recording:
 - (a) identify the maker of the sound recording, including whether the maker was an individual or a corporation;
 - (b) if the maker was an individual, provide the country of citizenship and permanent residence at the time of the first fixation;
 - (c) if the maker was a corporation, identify where the maker had its headquarters at the time of the first fixation of the recording;
 - (d) identify the country of first publication of the sound recording;
 - (e) identify the quantity published at the first publication;

- (f) identify the demand of the public at the time and in the country of the first publication;
- (g) identify all predecessors in title to the alleged owner of copyright as set out in Schedule A to the particulars dated September 28, 2021;
- (h) provide a copy of each assignment or other transfer in writing of any rights from the maker of the sound recording, to each predecessor in title to the alleged owner of the copyright, and to the alleged owner of the copyright in the sound recording.

[51] As for items (a) to (c), neither the statement of claim nor the response to demand for particulars identifies the “maker” of the Sony Recordings. Mr. Jacoby’s affidavit states as follows:

11. In cases where SME or its affiliate is the original copyright owner, the copyright owner was also the “maker” of the Sony Recording for the purposes of the Copyright Act—that is, the person by whom the arrangements necessary for the first fixation of the sounds were undertaken. In cases where SME or its affiliate subsequently became the copyright owner, I believe, based on my knowledge of the music industry, and familiarity with the original copyright owners, and on research undertaken by SME staff at my direction, that the original copyright owner was also the “maker” of those Sony Recordings.

[52] I have discussed above the material distinction between a pleading and an affidavit filed on a motion. I would have ordered the plaintiff to provide the identity of the maker for each of the Sony Recordings in issue.

[53] As for the defendants’ request that it be provided with (for an individual) the country of citizenship and permanent residence at the time of the first fixation or (for a corporation) where the maker had its headquarters at the time of the first fixation of the recording, I would have dismissed the request. The statement of claim (paragraph 36) already alleges that “[a]t the time of the first fixation of each Sony Recording, the maker—that is, the entity who made the

financial and technical arrangements necessary for the first fixation of the sound recording—was headquartered either in Canada or in a country that is a party to the WIPO Performances and Phonograms Treaty (the “WPPT”).” For the purposes of pleading in this matter, this is sufficient. As it stands, the statement of claim contains sufficient information to enable the defendants to prepare an informed defence. Whether a particular corporation had its headquarters in the United States or the United Kingdom (or any other country that is a party to the Treaty) is not necessary for the purposes of pleading. The particulars of the WPPT countries is best addressed during discovery. This reasoning equally applies to the country of first publication (item (d)).

[54] At the hearing of the motion, counsel for the defendants conceded that all the information requested in items (e) and (f) may not be required, and that identifying the country of first publication and a statement that the quantity was sufficient to satisfy public demand would be sufficient. I would not have made an order for particulars in respect of items (e) and (f) in any event.

[55] As for items (g) and (h), the request to identify all predecessors in title, and provide copies of any and all assignments, I would not have ordered these particulars.

[56] The defendants rely on *Adacel Technologies Ltd v Nav Canada*, 2006 FCA 227 (*Adacel*) and *(AOM) NA Inc v Reveal Group*, 2013 ONSC 8014 (*AOM*).

[57] *Adacel* involved allegations of infringement of copyright in computer software. The plaintiff claimed to have acquired the software from the Federal crown. The particulars motion, and appeal, considered whether the plaintiff was obliged to state the means by which it acquired

the rights that it claimed in the software (para 2). The Federal Court of Appeal stated that a plaintiff is bound to plead its chain of title, and that failure to do so can be fatal (para 8).

[58] Paragraph 11 of that decision is particularly relevant to this motion:

[11] The difficulty is this. Just as the plaintiff is not required to plead to anticipate a defence, the defendant is not required to plead to every hypothetical possibility. The respondent could have acquired its interest in the software by operation of law, by assignment, by licence or in other ways limited only by the considerable ingenuity of the intellectual property bar. So long as the mode of transfer does not give rise to a defence, it is correct to say that it is only the fact of title to the copyright which is material. But where one of those modes of transfer (written agreement) may give rise to a specific defence (invalidity of the assignment by reason of a failure to specifically refer to the copyright), the question of whether that mode of transfer was employed becomes material. Where a defendant demands particulars of the mode of transfer, the plaintiff cannot avoid the question by refusing to disclose the mode of transfer. To hold otherwise is to require the defendant to assume the facts for the purpose of pleading a defence based on that assumption, when those facts are material and known to the respondent. This is not a case of requiring the appellants to plead in the alternative, as suggested by counsel, but rather a case of requiring them to plead in the dark.

[59] In *AOM*, the plaintiff failed to plead how the copyright arose or was assigned (para 15). It was not clear on the face of the pleading that the plaintiff had satisfied the basic ownership requirements of the *Copyright Act* to sustain an action for infringement (para 16). The action was therefore struck (para 18).

[60] Assuming the plaintiff re-files the statement of claim to clearly state that its interest in the Sony Recordings, and ability to enforce them, is by way of written license, then the defendants will know (unlike the defendants in *Adacel* and *AOM*) the mode of transfer that gives rise to the claim. If the defendants choose not to admit the existence or sufficiency of the licenses, this will

be a live issue for discovery. The pleadings will sufficiently define what documents should be produced, and the boundaries of relevance for discovery.

[61] I agree with the plaintiff's submission that, in order to commence a claim that discloses a reasonable cause of action in copyright infringement, a copyright owner need not plead granular chain of title information for each and every sound recording, failing which it will be driven from the judgment seat. This goes well beyond what is required for pleading, and is the proper subject of discovery (*Océan Navigation*).

B. *Particulars of the performers' performances*

[62] The second category of particulars relates to the plaintiff's allegations of infringement related to performers' performance embodied in the Sony Recordings, which are protected separately under the *Copyright Act*.

[63] The particulars requested are, for each asserted performer's performance:

- (a) provide the full name of each person who is alleged part of the "performer;"
- (b) identify the country in which the performer's performance took place;
- (c) if the plaintiff alleges that the performer's performance is fixed in a sound recording, provide the information set out in paragraph 1(a) – (f) above;
- (d) identify all predecessors in title to the alleged owner of copyright in the performer's performance as set out in Schedule A to the particulars dated September 28, 2021;
- (e) provide a copy of each assignment or other transfer in writing of any rights from the performer, to each predecessor in title to the alleged owner of the copyright, and to the alleged owner of the copyright in the sound recording.

[64] I begin my analysis of this category by noting that the required level of particularity in a pleading varies from case to case. For example, in *S&P Global Inc v S&P Data Corp*, 2021 FC 1304, Justice Little upheld a decision of a case management judge refusing to order further particulars of hundreds or thousands of companies operating in Canada with a similar name (this was a trademark proceeding involving allegations of lack of distinctiveness) when 11 examples were given in the statement of claim. I reached a similar conclusion in *Peloton Interactive Inc v Madd Dogg Athletics Inc*. (unreported decision in T-304 21 dated October 29, 2021) where I ordered particulars of the names of manufacturers selling “spin” bikes, but not the many businesses that were offering “spin” classes. For the latter category, I concluded that the effort that would be required to provide this information by way of particulars would be disproportionate to the value in moving the matter forward.

[65] If this proceeding was limited to allegations of infringement of performers’ performances in one song, particulars of who the performers are may be reasonable. But there are almost 100 works in issue. Both in the statement of claim, and in the argument on this motion, the allegations of infringement of the performers’ performances appear to take second billing to the allegations related to misuse of the songs themselves. In the circumstances of this case, I am not persuaded that the defendants require the particulars of who the drummer was on item 85 in the chart attached to the statement of claim any more than they need the identity of the backup singer in item 33 to prepare an informed defence; the effort that would be required to provide this information by way of particulars would be disproportionate to the value in moving the matter forward.

[66] For these reasons, and the reasons given in respect of the first category of particulars, I would have dismissed the motion in this respect.

C. *Production of license agreements*

[67] The third category of particulars is a request to provide a copy of each “intercompany international repertoire licensing agreement” by which the plaintiff asserts that it has been granted an exclusive license from the copyright owner of each of the asserted sound recordings and each of the asserted performer’s performances.

[68] On its face, this appears to be a request for documents under Rule 206. I do not view this as a proper request for particulars under Rule 181, and would have dismissed it.

VII. Personal Liability of Shaina Azad

[69] The defendants move to strike the claim as against Shaina Azad, at least in part, on the basis that the test in *Mentmore Manufacturing Co v National Merchandise Manufacturing Co*, (1978), [1978] F.C.J. No. 521, 40 C.P.R. (2d) 164 has not been met.

[70] The statement of claim does not assert personal liability of Ms. Azad as an officer or director of the corporate defendant. She is alleged to have personally infringed copyright in the Sony Recordings.

[71] The defendants did not pursue this issue on the motion. The relief requested would have been dismissed in any event.

VIII. Punitive Damages

[72] The defendants also move to strike paragraphs 1(g) and 52-56 of the statement of claim, the plaintiff's claim for punitive damages.

[73] The material facts supporting the claim for punitive damages can be summarized as:

- (a) The defendants' knowing, high-handed, wilful and malicious disregard for Sony Music Canada's exclusive rights in the Sony Recordings in Canada (para 52)
- (b) There is a strong need to deter the defendants, and other commercial actors, from using Sony Music Canada's copyrights without authorization to enhance the appeal of their products and increase sales (para 53)
- (c) The defendants' willful and deliberate misconduct is further evidenced by their failure to remove infringing uses despite being put on notice and their ongoing exploitation of a considerable number of sound recordings and musical works owned or controlled by record labels and music publishers other than Sony Music Canada (para 54)
- (d) By using the Sony Recordings without permission, the defendants have breached the terms of service for various social media platforms (paras 55-56)

[74] Punitive damages are reserved for exceptional cases in which "malicious, oppressive and high-handed" misconduct represents a "marked departure from ordinary standards of decent behaviour" and offends the court's sense of decency (*Whiten v Pilot Insurance Co*, 2002 SCC 18 at paras 36 and 94 (*Whiten*))

[75] There is jurisprudence in both the Federal Court and Federal Court of Appeal that infringement of intellectual property rights (even if that infringement is intentional), without more, does not give rise to a claim for punitive damages (e.g. *Dimplex North America Ltd v CFM Corp*, 2006 FC 586, aff'd 2007 FCA 278 (*Dimplex*); *Bauer Hockey Corp v Sport Maska Inc*

(*Reebok-CCM Hockey*), 2014 FCA 158 (*Bauer*); and *Ark Innovation Technology Inc v Matidor Technologies Inc.*, 2021 FC 1336 at para 152).

[76] That is not to say that punitive damages are unavailable in intellectual property cases. In *Bell Helicopter Textron Canada Limitée v Eurocopter, société par actions simplifiée*, 2013 FCA 219 at paras 185-193, the Court of Appeal upheld a punitive damages award in a patent case where the defendant knew the patent was valid, appropriated the invention as its own, and marketed it as its own, knowing this to be untrue.

[77] In *Bauer* (which both sides relied on in argument), the material facts supporting a claim for punitive damages included an assertion that Reebok-CCM had previously acknowledged that Bauer's predecessor-in-title had certain exclusive rights (para 33), and, after receiving a demand letter, Reebok-CCM not only failed to cease its infringing activities, but rather adopted the impugned design on an entire line of hockey skates (para 34). In light of these additional elements, the Court of Appeal could not conclude that Bauer's claim of punitive damages had no reasonable prospect of success (para 35).

[78] In *Trimble Solutions Corporation v Quantum Dynamics Inc*, 2021 FC 63 at para 78, Justice Pentney allowed a claim for punitive damages on a default judgment motion in a copyright proceeding. The award was based on the defendants' failure to delete the infringing programs despite their promise to do so, as well as their failure to pay the fees quoted even after they completed and returned a settlement agreement. The latter point was particularly relevant because it demonstrated that the defendants were aware of what was required to lawfully use the software, but they both refused to pay and continued to use the plaintiffs' software. The Court also noted the defendants' decision not to participate in the proceeding.

[79] To summarize the above, a claim for punitive damages, based on intentional infringement alone, cannot be sustained. There has to be something more. What constitutes “something more” is not a closed list.

[80] In this matter, there are at least three factors that could qualify as “something more”. First, the ongoing and serial nature of the infringement allegations relating to the Sony Recordings. In *Dimplex*, one patent was in issue. In *Bauer*, it was one trademark registration. Here, the defendants are alleged to infringe dozens of Sony Recordings. The expanding nature of the infringement is similar to the circumstances in *Bauer*.

[81] Second, the statement of claim asserts that the defendants also misused a “considerable number” of sound recordings and musical recordings owned or controlled by record labels and music publishers other than the plaintiff. If true, these facts could support a conclusion by the Court that wholesale infringement of copyright should be denounced in a manner that deters similar misconduct in the future and marks the community’s collective condemnation.

[82] Third, the statement of claim asserts that the defendants’ activities breach their terms of service with social media platforms. While the plaintiff has no standing to enforce these agreements (and the Court would likely lack jurisdiction over such a claim in any event) this, too, could inform certain of the *Whiten* factors, including: whether the misconduct was planned or deliberate; the intent and motive of the defendants; the defendants’ awareness that what it was doing was wrong; and whether the defendants profited from their misconduct.

[83] The defendants argue that the impugned activity supporting a punitive damages claim has to relate to the plaintiff, and that general misconduct is irrelevant. The example given in oral

argument was damaging a neighbour's property in the past, something entirely unrelated to the plaintiff. I agree with this as a general principle, but disagree that these are the facts before me. Here, the three points discussed above directly relate to the defendants' unauthorized use of copyrighted works. In particular, the statement of claim alleges that the personal defendant is a social media personality (para 4) and that the commercials that are alleged to infringe copyright are posted to social media accounts for commercial purposes (para 24). The defendants' use and exploitation of social media is already in issue. There is a direct link between the allegations supporting the punitive damages claim and the alleged infringement.

[84] The defendants argue that there is no reported decision where breach of a contract between the defendant and a third party was held to ground a claim for punitive damages. That may be so, but I am not persuaded that it is such a radical defect that warrants striking the allegation without leave to amend.

[85] For the above reasons, I would not have struck the claim for punitive damages.

IX. Costs

[86] The Court has full discretion over the amount and allocation of costs (Rule 400(1)). On this motion, there are factors that weigh against both parties.

[87] Had the plaintiff stated, in the statement of claim or the response to the demand for particulars, that its licenses were in writing, the claim would not have been struck.

[88] While the defendants were successful in having the claim struck, it appears that this can be remedied simply, and with facts that are already known to the defendants. The requests for

particulars largely went well beyond what was required for preparing an informed defence. In many respects, the requests for particulars gave the impression of a tactical maneuver, as opposed to a real need to obtain information that was actually necessary to prepare an informed defence and frame the issues for discovery. There will therefore be no award of costs.

THIS COURT ORDERS that:

1. The statement of claim is hereby struck, with leave to amend.
2. There is no order as to costs.

“Trent Horne”
Case Management Judge