

FCA Upholds TRREB's Copyright Claims In Its TRREB MLS System

Copyright | Copyright Act | Intellectual Property | Litigation | Litigation & Dispute Resolution | Real Estate

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On 28 March 2023, the Federal Court of Appeal of Canada (FCA), in *IMS Incorporated v Toronto Regional Real Estate Board*, 2023 FCA 70, upheld the decision of the Federal Court (FC) in *Toronto Regional Real Estate Board v. IMS Incorporated*, 2021 FC 1239 that set aside the portion of the Prothonotary's order striking the copyright claims of the Toronto Regional Real Estate Board (TRREB) without leave to amend and awarded TRREB costs on the appeal.

The FCA upheld the FC's finding that the Prothonotary made a palpable and overriding error in her assessment that the works at issue in the case at bar were the same as those raised in *Toronto Real Estate Board v. Canada (Commissioner of Competition)*, 2017 FCA 236, leave to appeal to the Supreme Court of Canada denied, 2008 CanLII 78753 (SCC) [*TREB v. Canada*].

Background

The claim in the underlying action in this matter related to the Multiple Listing Service online system operated by TRREB (the "TRREB MLS® System") wherein, among other things, TRREB alleged:

- a. its ownership of the copyright in the TRREB MLS® System;
- b. infringement of its copyright by IMS; and
- c. breach of section 41 of the *Copyright Act* as a result of IMS circumventing the technological protection measures put in place by TREBB to limit or deny unauthorized access to the TRREB MLS® System and the TRREB MLS® Info.

TRREB also claimed damages and injunctions for breach of its copyrights in the TRREB MLS® System and the TRREB MLS® Info.

IMS brought a motion to the Prothonotary to strike TRREB's statement of claim in its entirety.

With respect to the copyright claims, IMS asserted that the claims disclosed no reasonable cause of action under rule 221(1)(a) of the *Federal Courts Rules*, S.O.R./98-106 ("Rules"), or were otherwise an abuse of process within the meaning of rule 221(1)(f) of the Rules.

IMS' motion in respect of the copyright issues was premised on the assertion that this Court had finally decided in *TREB v. Canada* that the Toronto Regional Real Estate Board possesses no copyright in its MLS system. In *obiter dicta* (a non-binding portion of the Court's decision in *TREB v. Canada*), the FCA endorsed the conclusion of the Competition Tribunal that the components of the Toronto Regional Real Estate Board's MLS system at issue in that case were not subject to copyright because they lacked originality.

Prothonotary Decision

The Prothonotary struck the copyright claims without leave to amend.

With regard to TRREB's copyright claims, the Prothonotary determined that the copyright claims suffered from a fatal flaw because the FCA had found in *TREB v. Canada* "... that copyright does not exist in the content of the TRREB MLS system." The Prothonotary accordingly struck the claims related to copyright, concluding that, "[e]ither there is copyright, or there is not."

Federal Court Decision

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TRREB appealed the Order of the Prothonotary to the Federal Court (FC), submitting that the Prothonotary had erred in striking its copyright claims without leave to amend. The FC Judge granted TRREB's appeal, overturned the Prothonotary's Order in respect of the copyright claims, and granted TRREB leave to amend those claims.

The FC Judge concluded that the Prothonotary had proceeded under rule 221(1)(f) of the *Federal Courts Rules* and had committed a palpable and overriding error in relying on *TREB v. Canada* to conclude that TRREB was re-litigating the same issue in its action.

The FC Judge held that the issue of whether a work meets the originality threshold for copyright is a question of mixed fact and law. The Prothonotary's conclusion that the copyright issue had already been decided, "... and '[e]ither there is copyright, or there is not', necessarily assumes that the works in question [i.e., in this action and in *TREB v. Canada*] are the same". However, there was no evidence before the Prothonotary on this point. Therefore, the FC Judge concluded that the Prothonotary made a palpable and overriding error in assuming that the works were the same.

The FC Judge noted that it was inappropriate to use judicial notice to assume the works were the same. Facts that could reasonably be questioned cannot be the subject of judicial notice and that caution is warranted where the use of a prior judicial precedent would permit a party to substitute precedent for proof.

The FC Judge also held that, even if TRREB had been shown to have been relitigating the same issue, the Prothonotary did not properly address whether re-litigation of the same claims in the action as in *TREB v. Canada* would constitute an abuse of process. As determined by the Supreme Court of Canada in *Toronto (City) v. C.U.P.E., Local 79*, 2003 SCC 63, at para. 53, the bar against re-litigation is a discretionary one.

Federal Court of Appeal Decision

IMS appealed the Order of the FC to the Federal Court of Appeal (FCA). The issues raised by IMS included the following two issues:

1. Did the motion judge err in concluding that a necessary part of the Prothonotary's reasoning involved the determination that the works at issue in this action (i.e., TRREB MLS® System) were the same as those at issue in *TREB v. Canada*?

The FCA found that the FC Judge's reasoning centered on the determination that the Prothonotary's order was premised on the conclusion that the works to which TRREB's statement of claim applied were the same as those considered in *TREB v. Canada*.

The FCA found that the determination of the FC Judge "implicitly involves several legal conclusions, namely that: (1) copyright pertains to works because it protects expression and not ideas; (2) copyright may extend to a compilation of materials drawn from other sources if it is sufficiently original; and (3) the assessment of whether a particular work meets the test for originality must be conducted with reference to the particular work in question."

As noted by the FCA, the foregoing conclusions are all so well established as to be axiomatic, namely:

- a. copyright protects the expression used by an author or creator as opposed to facts or ideas. Copyright thus pertains to works and not to information;
- b. copyright subsists in works if they are original and if their authors or creators, at the time the works were created, were ordinarily resident in Canada or another country to which rights under the Act extend (*Copyright Act*, s. 5);
- c. copyright may exist in compilations (*Copyright Act*, s.2.1(2)); and
- d. compilations include works resulting from the arrangement or selection of data (*Copyright Act*, s. 2);

The FCA stated that: "the requisite assessment involves consideration of the particular work in question and that originality can only be determined on a case-by-case basis." The FCA further quoted from the decision of the FCA in *TREB v. Canada*: "the determination of whether a work is sufficiently original to be copyrightable is "... a highly contextual and factual determination."

Accordingly, the FCA concluded that the motion judge did not err in holding that the portion of the Prothonotary's Order at issue in the appeal was premised on the determination that the works at issue in the action were the same as the works at issue in *TREB v. Canada*.

2. Did the FC judge err in concluding that the Prothonotary made a palpable and overriding error in finding the works at issue in this action (i.e., TRREB MLS® System) were the same as those at issue in *TREB v. Canada*?

The FCA concluded that the FC Judge did not err in finding that the Prothonotary made a palpable and overriding error in her assessment that the works at issue in the case at bar were the same as in *TREB v. Canada*.

In the case of copyright infringement, the requisite assessment of a prior finding on originality necessarily requires a determination of whether the works at issue in the previous case were the same and thus whether what is being attempted is to reargue a decided matter.

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As noted by the FCA, the Competition Tribunal's reasons in *Commissioner of Competition v. Toronto Real Estate Board*, 2016 Comp. Trib. 7 (*Commissioner of Competition v. TREB*) and those of the FCA in *TREB v. Canada*, indicate that the works in issue were not entirely the same as those described by TRREB in its statement of claim in the case at bar. Furthermore, the FCA noted that the FCA's comments in *TREB v. Canada* were made in *obiter* and thus did not conclusively determine the copyright issue so as to prevent re-litigation.

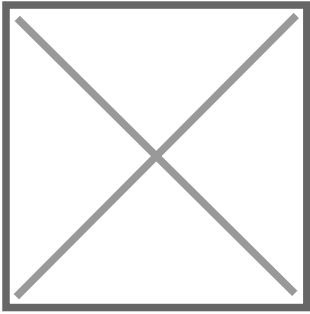
In this matter, TREBB was represented by:

Kevin Fisher, a partner and lawyer in the Dispute Resolution Group of Gardiner Roberts LLP.

Carol Hitchman, former partner and lawyer at Gardiner Roberts LLP and currently at Sprigings Intellectual Property Law. A PDF version is available to download [here](#).

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