

Federal Court



Cour fédérale

Date: 20221216

Docket: T-1091-21

Citation: 2022 FC 1747

Ottawa, Ontario, December 16, 2022

PRESENT: The Honourable Mr. Justice Fothergill

BETWEEN:

**AUDAX ARCHITECTURE INC.
GIANPIERO PUGLIESE**

Applicants

and

**SCOTT MCCUAIG
EDEN TREE DESIGN INC.**

Respondents

JUDGMENT AND REASONS

I. Overview

[1] The Applicants Audax Architecture Inc [Audax] and its proprietor Gianpiero Pugliese are an architectural and interior design firm with expertise in luxury residential properties. The

Respondents Eden Tree Design Inc [Eden Tree] and its proprietor Scott McCuaig are a landscape architectural design firm.

[2] The Applicants and Respondents collaborated on the architectural design of “Villa Cortile”, an expansive Italian-inspired home combining elements of modernism and traditionalism. The project was completed in 2019.

[3] Following completion of the Villa Cortile project, the Applicants commissioned a professional video, using drone footage and specially chosen music, to use as a marketing tool on their website and social media accounts. The Applicants did not credit the Respondents for their work on the landscape design, although this was clearly visible in the video.

[4] The Respondents asked to be credited for their contribution to the landscape design elements of Villa Cortile. When this was not forthcoming, they posted the Applicants’ promotional video, in whole or in part, on their own social media account. The Respondents initially complied with a cease and desist demand issued by the Applicants, but then re-posted the video with disparaging comments about the Applicants.

[5] The Applicants say that the Respondents’ posting of the promotional video on their social media accounts infringed their copyright in the work. They have brought an application pursuant to s 34(4) of the *Copyright Act*, RSC 1985, c C-42 for the following relief:

- (a) a declaration that the Respondents engaged in the unauthorized use of copyright-protected material owned by the Applicants, contrary to the *Copyright Act*;
- (b) a permanent injunction restraining the Respondents from publishing the infringing material or otherwise disseminating any material that infringes the Applicants' copyright;
- (c) an award of \$20,000 pursuant to s 38.1 of the *Copyright Act*; and
- (d) punitive damages in the amount of \$50,000.

[6] The Respondents acknowledge that their posting of the promotional video on their social media account infringed the Applicants' copyright in the work. However, taking all of the circumstances into account, they say the Applicants are entitled to only nominal damages. They deny that an award of punitive damages is appropriate in this case.

[7] For the reasons that follow, statutory damages are awarded to the Applicants pursuant to s 38.1 of the *Copyright Act* in the amount of \$5,000.

II. Background

[8] The Applicants were retained as the principal architecture and design firm for Villa Cortile. According to Mr. Pugliese, the design for Villa Cortile contained several striking and unique features, including:

[...] a gracious stone arch entryway; a traditional, Italian-inspired exterior courtyard that anchors the living, dining, and kitchen areas; a rear garden with gridded landscaping; and a terrace featuring a swimming pool with an adjacent water-feature wall.

[9] The parties disagree on the circumstances under which the Respondents came to work on the Villa Cortile project. Mr. Pugliese says that Mr. McCuaig was retained to implement an outdoor design scheme developed by Audax:

Subsequent to Audax's creation of a design proposal for Villa Cortile, Mr. McCuaig who operates under the trade name of EdenTree Design Inc. was retained as a landscape architect in order to implement the outdoor design scheme contemplated in our designs and renderings.

[10] Mr. McCuaig says he was solely responsible for designing and implementing Villa Cortile's exterior landscape. He maintains that he was asked by Villa Cortile's owners to provide renderings for the home's exterior after they decided not to proceed with Mr. Pugliese's renderings:

[...] the owners did not wish to proceed with the renderings as provided by Mr. Pugliese, specifically, the owners were not interested in the circular driveway, courtyard design, pool and feature wall, and the gridded landscape pattern proposed by Mr. Pugliese. The owners requested that I provide my own renderings for my vision of the courtyard design, pool and feature wall, and general architecture landscape patterns for the property, including a square driveway and drop-down to the garage.

[11] In late 2019, Mr. Pugliese hired a professional photographer to take photos of Villa Cortile's interior and exterior. Mr. Pugliese intended to use these pictures in promotional and marketing materials for Audax's website and social media accounts.

[12] Mr. Pugliese also hired a professional videographer to record drone camera footage of Villa Cortile for the production of a promotional video. Mr. Pugliese says he "spent a considerable amount of time carefully reviewing and editing the video footage, and also selected and licensed a musical track to serve as the background music for the video." On July 8, 2021, Mr. Pugliese registered the video with the Canadian Intellectual Property Office (registration number 1183867).

[13] In March 2020, Audax posted the photographs and promotional video to its Instagram account. On March 17, 2020, Mr. McCuaig's lawyer sent Mr. Pugliese a letter complaining that some of Audax's social media posts improperly failed to credit Eden Tree for the exterior landscape design. The letter included a series of demands coupled with a threat of litigation if they were not met.

[14] Mr. Pugliese refused to comply with Mr. McCuaig's demands. Instead, he asserted that the major landscape design elements depicted in Audax's posted photographs "were encompassed by, and did not exceed, [Audax's] creative vision". He denied that he was under any moral or legal obligation to provide Eden Tree with "free publicity".

[15] Shortly thereafter, the Respondents re-posted the photos and video of Villa Cortile on Eden Tree's Instagram account. Mr. Pugliese alleges that Mr. McCuaig removed Audax's logo and website reference, and included a faulty link to Audax's Instagram account to misdirect users. Mr. McCuaig denies altering the video in any way.

[16] In April 2020, following settlement discussions, Mr. McCuaig deleted the video from Eden Tree's Instagram account. However, in June 2020, Mr. McCuaig re-posted the Villa Cortile promotional video on Instagram.

[17] On May 15, 2021, Mr. McCuaig re-posted Audax's images of Villa Cortile on Instagram. The images contained a stamp with the text "EGO" and a caption accusing Mr. Pugliese of unethical conduct:

Another perfect example of an architect who exploits our work for their own personal gain ... These features where [*sic*] created from my vision for the spaces surrounded and inspired by the architecture and the clients wish list and dreams for their custom home. For someone to use these for self promotion is wrong ...

[18] On May 17, 2021, Mariya Naumov, an interior designer and co-principal at Audax, sent Mr. McCuaig a message asking him to delete Audax's photos and the promotional video of Villa Cortile from Eden Tree's Instagram account. On June 4, 2021, Mr. McCuaig sent the following response to Ms. Naumov:

Have your lawyer contact mine! We've already had one call with Gianperio and he took down one post but I see it back up so I'll see him in court if he's that's spineless that he can't credit my work and exploit it fir [*sic*] his own.

Fitting he can't even reply himself and has to send others to do his dirty work. What a joke you both are! I should send you all the comments from other architects and designers and the general public that reached out to me with this post and see how swollen his head is after he sees what people think of his cowardly act.

[19] On June 8, 2021, Audax's lawyer sent Mr. McCuaig a letter reiterating the demand that he remove the content he had re-posted from Audax's Instagram account. Mr. McCuaig did not respond. The Applicants commenced this application on July 9, 2021.

III. Issue

[20] The Respondents concede that the Applicants hold copyright in the Villa Cortile promotional video, and that they infringed the Applicants' copyright by posting the video on Eden Tree's social media account without authorization. Accordingly, the sole issue raised by this application is whether the Applicants are entitled to damages and, if so, in what amount.

IV. Analysis

A. *Copyright Infringement*

[21] Pursuant to s 5(1) of the *Copyright Act*, copyright subsists in "every original literary, dramatic, musical and artistic work". Section 2 of the *Copyright Act* defines "dramatic work" to

include any cinematographic work, which is “any work expressed by any process analogous to cinematography, whether or not accompanied by a soundtrack.”

[22] In *CCH Canadian Ltd v Law Society of Upper Canada*, 2004 SCC 13, the Supreme Court of Canada defined originality as a non-trivial exercise of skill and judgment in producing a work (para 16):

[...] For a work to be “original” within the meaning of the *Copyright Act*, it must be more than a mere copy of another work. At the same time, it need not be creative, in the sense of being novel or unique. What is required to attract copyright protection in the expression of an idea is an exercise of skill and judgment. By skill, I mean the use of one’s knowledge, developed aptitude or practised ability in producing the work. By judgment, I mean the use of one’s capacity for discernment or ability to form an opinion or evaluation by comparing different possible options in producing the work. This exercise of skill and judgment will necessarily involve intellectual effort. The exercise of skill and judgment required to produce the work must not be so trivial that it could be characterized as a purely mechanical exercise. [...]

[23] There is no dispute that the Applicants hold copyright in the promotional video of Villa Cortile. Its production involved more than a trivial exercise of skill and judgement: Mr. Pugliese hired a professional videographer to record footage using drone technology, spent considerable time reviewing and editing the footage, and personally chose the background music. Furthermore, Mr. Pugliese obtained a certificate of copyright for the video on July 8, 2021.

[24] The British Columbia Supreme Court has confirmed that images of residential properties may benefit from copyright protection (*Century 21 Canada Limited Partnership v Rogers Communications Inc*, 2011 BCSC 1196 at para 187).

[25] According to s 27(1) of the *Copyright Act*, “[i]t is an infringement of copyright for any person to do, without the consent of the owner of the copyright, anything that by this Act only the owner of the copyright has the right to do”. Subsection 3(1) of the *Copyright Act* states that copyright owners have the “sole right to produce or reproduce the work or any substantial part thereof in any material form”.

[26] In *Young v Thakur*, 2019 FC 835 [*Young*], Justice Catherine Kane held that the copyright in a musical composition and sound recording was infringed when the respondents posted a video containing the copyrighted music online in order to advertise their film-making services (paras 28-29):

[...] The Respondents made copies of the Musical Work and Sound Recording by uploading the music video online. The Applicants’ allegation is in essence that the Respondents reproduced the Musical Work and Sound Recording.

The evidence establishes on a balance of probabilities that the Respondents reproduced the Musical Work and Sound Recording by posting them, as part of the music video, on Vimeo and on Badmash Factory’s website.

[27] By the same token, the Respondents’ repeated unauthorized posting of the Villa Cortile promotional video on their Instagram account infringed the Applicants’ copyright in the video.

[28] The Respondents nevertheless argue that they were rightly dissatisfied with Mr. Pugliese’s failure to credit Eden Tree in Audax’s Instagram postings concerning the Villa Cortile project. Mr. McCuaig claims that Audax infringed the Respondents’ copyright in Villa Cortile’s landscape design by posting photos and videos of the completed project without proper credit.

However, no claim of infringement of the Respondents' copyright in Villa Cortile's exterior landscape design is before this Court. Nor does this provide a defence to the Applicants' claim of copyright infringement.

[29] Mr. McCuaig also suggests that Mr. Pugliese may have engaged in passing-off under common law and s 7(b) of the *Trademarks Act*, RSC 1985, c T-13. Again, The Respondents have not brought a claim of passing-off before this Court. Nor does this provide a defence to the Applicants' claim of copyright infringement.

[30] Ultimately, the Respondents say that the Applicants' conduct, particularly their failure to credit Eden Tree's contribution to the Villa Cortile project in promotional materials, is a significant mitigating factor that should limit any damages to which the Applicants would otherwise be entitled.

B. *Damages*

[31] Subsection 38.1(1) of the *Copyright Act* permits a copyright owner, at any time before judgment is rendered, to elect to recover an award of statutory damages instead of actual damages and profits. If the infringements are for commercial purposes, the range prescribed by statute is a minimum of \$500 and a maximum of \$20,000 for each work (*Copyright Act*, s 38.1(1)(a)). If the infringements are for non-commercial purposes, the range prescribed by statute is a minimum of \$100 and a maximum of \$5,000 (*Copyright Act*, s 38.1(1)(b)).

[32] Mr. McCuaig maintains that his posting of the Villa Cortile promotional video was not for commercial purposes: “Eden [T]ree did not engage in any commercial activities nor was there any personal gain to its director nor corporate gain to Eden Tree, but rather [the posting was] intended to obtain proper credit for its work.”

[33] The Federal Court of Appeal has confirmed that “statutory damages can be awarded even if no monetary damages are suffered and no business is lost” (*2424508 Ontario Ltd v Rallysport Direct LLC*, 2022 FCA 24 at para 29, aff’g 2020 FC 794 [*Rallysport*]). For example, in *Young*, Justice Kane held that the copyright infringement of a video used to advertise services served a commercial purpose, even if no actual profit was made from these services (at para 45).

[34] Here, the dispute is between two competing architectural agencies. The Respondents infringed the Applicants’ copyright in the promotional video, at least in part, in order to obtain credit for and thereby promote Eden Tree’s services. I am satisfied that the infringing actions were for the commercial benefit of Eden Tree, and the Applicants are entitled to statutory damages.

[35] In *Bell Canada v L3D Distributing Inc (INL3D)*, 2021 FC 832 [*Bell Canada*], Justice Janet Fuhrer produced a chart summarizing some of this Court’s statutory damage awards (at para 98, citing *Rallysport* at para 22):

Decision	# and Types of Works	Amount/Work	Total Award
<i>Wing v Velthuizen</i> , 2000 CanLII 16609 (FC)	1 Diary	\$10,000	\$10,000
<i>Telewizja Polsat SA v Radiopol Inc</i> , 2006 FC 584	2009 TV Shows	\$150	\$301,350
<i>Microsoft Corporation v 9038-3746 Quebec Inc</i> , 2006 FC 1509	25 CDs (containing computer software programs)	\$20,000	\$500,000
<i>Louis Vuitton Malletier SA v Yang</i> , 2007 FC 1179	2 Multicoloured Monogram Prints	\$20,000	\$40,000
<i>Trader v CarGurus</i> , 2017 ONSC 1841	152,532 Car Photos	\$2	\$305,064
<i>Collett v Northland Art Company Canada Inc</i> , 2018 FC 269	6 Photos and the Website home page	\$7500	\$45,000
<i>Century 21 Canada Limited Partnership v Rogers Communications Inc</i> , 2011 BCSC 1196	99 Photographs, 29 Real Property Descriptions	\$250	\$32,000
<i>Ritchie v Sawmill Creek Golf & Country Club Ltd</i> , 2003 CanLII 24511	9 Photographs, 5 Enlargements	\$200	\$2,800
<i>Royal Conservatory of Music v Macintosh (Novus Via Music Group Inc)</i> , 2016 FC 929	21 Musical Works	\$500	\$10,500
<i>Nintendo of America Inc v King</i> , 2017 FC 246 [Nintendo]	585 Games	\$20,000	\$11,700,000
<i>Thomson v Afterlife Network Inc</i> , 2019 FC 545 [Thomson]	1,141,790 Obituaries	\$8.76	\$10,000,000
<i>Young v Thakur</i> , 2019 FC 835	2 Songs	\$1,000	\$2,000
<i>Louis Vuitton Malletier SA v Wang</i> , 2019 FC 1389	2 Multicolored Monogram Prints	\$20,000	\$40,000
<i>Rallysport Direct LLC v 2424508 Ontario Ltd</i> , 2020 FC 794	1430 Photos	\$250	\$357,500

[36] The quantum of statutory damages is determined on a case-by-case basis, taking into account “all relevant circumstances in order to achieve a just result” (*Rallysport* at para 6).

Actual and statutory damages should not be conflated (*Rallysport* at paras 8-9):

Some cases suggest that statutory damages should be tied to actual or probable damages, even though *Copyright Act* s 38.1 is not limited in this manner. I agree with the principle, however, that “probable damages [are] not determinative and the use of such estimates in determining statutory damages is [but] one means of ensuring that any damages award is fair and proportionate”. [...]

Actual and statutory damages should not be conflated. Statutory damages are not intended to be 1:1 proportional with provable “but-for” losses; rather, they can encompass both provable economic losses and additional factors such as deterrence [citations omitted].

[37] Section 38.1(5) of the *Copyright Act* lists the following factors to consider when assessing statutory damages:

Factors to consider

(5) In exercising its discretion under subsections (1) to (4), the court shall consider all relevant factors, including

- (a) the good faith or bad faith of the defendant;
- (b) the conduct of the parties before and during the proceedings;
- (c) the need to deter other infringements of the copyright in question; and
- (d) in the case of infringements for non-commercial purposes, the need for an award to be proportionate to the infringements, in consideration of the hardship the award may cause to the defendant, whether the infringement was for private purposes or not, and the impact of the infringements on the plaintiff.

Facteurs

(5) Lorsqu’il rend une décision relativement aux paragraphes (1) à (4), le tribunal tient compte notamment des facteurs suivants :

- a) la bonne ou mauvaise foi du défendeur;
- b) le comportement des parties avant l’instance et au cours de celle-ci;
- c) la nécessité de créer un effet dissuasif à l’égard de violations éventuelles du droit d’auteur en question;
- d) dans le cas d’une violation qui est commise à des fins non commerciales, la nécessité d’octroyer des dommages-intérêts dont le montant soit proportionnel à la violation et tienne compte des difficultés qui en résulteront pour le défendeur, du fait que la violation a été commise à des fins privées ou non et de son effet sur le demandeur.

[38] Bad faith must be understood in context (*Rallysport* at para 10):

What constitutes bad faith is contextual and may include the following: (i) ignoring a cease and desist letter (*Microsoft Corp v PC Village Co*, 2009 FC 401 [*PC Village*] at paras 33-35; *Century 21* at para 416); (ii) repeatedly infringing different products (*Twentieth Century Fox Film Corp v Hernandez*, 2013 CarswellNat 6160); (iii) scraping or copying photos directly from a website (*Trader*, above at para 61); (iv) ignoring offers not to litigate if they cease infringement (*Telewizja*, above at para 50); and (v) using a false name to avoid being detected (*Collett*, above at para 64).

[39] The Applicants request \$20,000 in statutory damages, the maximum available. They say that “Mr. McCuaig’s conduct has been the very epitome of bad faith”, as demonstrated by the following:

- Mr. McCuaig has admitted that the reason he repeatedly posted the Villa Cortile promotional video was because he was angry about Mr. Pugliese’s refusal to credit his work, and he “self-righteously took it upon himself to avenge his personal grievances by intentionally infringing the Applicants’ copyright”.
- Mr. McCuaig “deliberately edited the video to remove both the Audax logo and website link, evincing a clear intention to misrepresent the ownership of this video, and to divert traffic away from Audax”. (This is disputed by Mr. McCuaig.)
- Although Mr. McCuaig initially deleted the promotional video from the Respondents’ social media accounts at the Applicants’ insistence, he then re-posted

it unbeknownst to the Applicants. He thereby avoided detection by the Applicants for almost a year.

- Mr. McCuaig knew his actions were infringing because his lawyer had previously advised him to remove the video.
- On May 15, 2021, Mr. McCuaig published an angry post that unfairly criticized and defamed the Applicants.
- The Applicants' second request to remove the infringing posts was met by a "defiant and hostile" text message from Mr. McCuaig.
- Mr. McCuaig ignored the cease and desist letter sent by the Applicants' counsel in June 2021, forcing the Applicants to commence litigation and unnecessarily consuming scarce judicial resources.
- Mr. McCuaig finally deleted the infringing video only after the Applicants commenced this application.

[40] The Applicants say this Court should award statutory damages to deter individuals "who act with impunity and intentionally and repeatedly infringe copyrighted material that they obtain online, and resist all requests to cease their activities, despite being well aware of their misconduct". They argue that it is especially important to deter those who infringe copyright

based on the belief that the owner lacks resources to litigate, or is unwilling to expend resources for such a “trivial” infringement.

[41] The Respondents say that the Applicants have failed to present any evidence they incurred damages, or the Respondents were unjustly enriched by the infringement (citing *MacNutt v Acadia University*, 2016 NSSC 160 at para 49 [*MacNutt*], aff’d, 2017 NSCA 57). However, *MacNutt* concerned an assessment of actual damages, not statutory damages. The two should not be conflated (*Rallysport* at paras 8-9).

[42] In some respects, this case is analogous to *Young*, where there was no evidence the respondents had commercially profited from the infringement of the applicants’ copyrighted video (para 63). Justice Kane nevertheless awarded \$1,000 in statutory damages for each work infringed, resulting in a total award of \$2,000 (*Young* at paras 64-65).

[43] Justice Kane found no aggravating factors were established in *Young*, despite the respondents’ refusal to remove the infringing video until the court application was commenced. Here, the Respondents continued to engage in the infringing behaviour after they had received cease and desist letters, and were presumably aware that re-posting the promotional video contravened the *Copyright Act*. The Respondents acted in bad faith by repeatedly infringing the Applicants’ copyright accompanied by derogatory comments. The unprofessional behaviour continued in communications between the parties.

[44] None of the parties' reputations emerges unscathed from this unfortunate episode. The entire dispute could likely have been avoided if the Applicants had credited Eden Tree for its contribution to the Villa Cortile project when asked to do so. Despite the Court's encouragement that the parties settle their differences without judicial intervention, they were unable or unwilling to do so.

[45] Were it not for aggravating and mitigating factors, the Applicants would be entitled to modest statutory damages in the region of \$1,000 (*Young* at para 64). However, there are some aggravating aspects of the Respondents' behaviour to support a higher award.

[46] The calculation of statutory damages in the absence of evidence of actual loss or gain is necessarily an imprecise task. Taking all of the relevant factors into account, I set the statutory damages payable to the Applicants by the Respondents at \$5,000. This is consistent with *Young*, but also recognizes the aggravating conduct of the Respondents and the need for some level of deterrence.

[47] The Applicants also seek punitive damages in the amount of \$50,000. Punitive damages are "very much the exception rather than the rule" (*Bauer Hockey Corp v Sport Masko Inc (Reebok-CCM Hockey)*, 2014 FCA 158 at para 26, citing *Whiten v Pilot Insurance Co*, 2002 SCC 18 [*Whiten*] at para 94). They should be awarded only where there has been high-handed, malicious, arbitrary or highly reprehensible conduct that departs to a marked degree from the ordinary standards of decent behaviour. Punitive damages straddle the frontier between civil law, *i.e.*, compensation, and criminal law, *i.e.*, punishment (*Whiten* at para 36).

[48] I have considered the conduct of all parties in assessing the award of statutory damages. I am not persuaded that an additional award of punitive damages is appropriate or necessary to punish the Respondents, or to act as a deterrent against future infringement (*Patterned Concrete Mississauga Inc v Bomanite Toronto Ltd*, 2021 FC 314 at para 72).

V. Conclusion

[49] The application is granted. The Applicants are entitled to the following relief:

- (a) a declaration that the Respondents engaged in the unauthorized use of copyright-protected material owned by the Applicants, contrary to the *Copyright Act*;
- (b) a permanent injunction restraining the Respondents from publishing the Villa Cortile promotional video in a manner that infringes the Applicants' copyright;
- (c) statutory damages in the amount of \$5,000 pursuant to s 38.1 of the *Copyright Act*;
and
- (d) costs of this application, calculated in accordance with the mid-range of Column III of Tariff B.

JUDGMENT

THIS COURT’S JUDGMENT is that:

1. The application is granted.
2. The Respondents are declared to have engaged in the unauthorized use of copyright-protected material owned by the Applicants, contrary to the *Copyright Act*.
3. The Respondents are permanently enjoined from publishing the Villa Cortile promotional video in a manner that infringes the Applicants’ copyright.
4. Statutory damages in the amount of \$5,000 are payable by the Respondents to the Applicants pursuant to s 38.1 of the *Copyright Act*.
5. Costs of this application, calculated in accordance with the mid-range of Column III of Tariff B, are awarded to the Applicants.

“Simon Fothergill”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1091-21

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