

THE EASTERN CARIBBEAN SUPREME COURT

**IN THE HIGH COURT OF JUSTICE
(Civil)**

**SAINT LUCIA
CLAIM NO.: SLUHCV2010/0905
BETWEEN:**

**EASTERN CARIBBEAN COLLECTIVE ORGANIZATION FOR MUSIC RIGHTS
(Formerly Hewanorra Musical Society (HMS))**

Claimant

and

MEGA PLEX ENTERTAINMENT CORPORATION

Defendant

APPEARANCES

Mr. Thaddeus Antoine for the Claimant

Mr. Gregory Delzin SC and Ms. Cleopatra McDonald for the Defendant

**2017: February 2, May 16;
July 25th.**

JUDGMENT

- [1] **SMITH J:** The Claimant, a registered collective society under the **Copyright Act** of Saint Lucia ("the Act"), says that the Defendant, a cinema, has refused to obtain a license from it, as required by the Act, before airing movies which incorporate music sound tracks. This, the Claimant asserts, is a copyright infringement for which it is entitled to damages or an accounting of profits from the Defendant.

- [2] The Defendant pleaded in its defence, *inter alia*, (1) that the Claimant was not a collective society as contemplated by the Act; (2) that it has a license to air movies which incorporate sound tracks from a film distributor for the Caribbean, and as such does not need a license from the Claimant; (3) that no licensing scheme establishing tariffs as required by the Act was in force; (4) the Court was not empowered to exercise its jurisdiction to determine the dispute in the absence of a licensing scheme and rules and regulations giving effect to the Act. However, by the time the Defendant made its written closing submissions, its defence had assumed a different focus.
- [3] It is not in dispute that the Claimant entered into a Reciprocal Representation Agreement with the Performing Rights Society Limited (PRS) of the United Kingdom on 25th April 2001 under which it was given the non-exclusive right to administer certain aspects of the copyright of members of the PRS and its affiliates within Saint Lucia. Such affiliates included members of the Broadcast Music Inc (BMI) and members of the American Society of Composers, Authors and Publishers (ASCAP) both of the United States of America.
- [4] The Claimant later, on 25th February 2009 and 8th April 2009, respectively, entered into Reciprocal Representation Agreements directly with BMI and ASCAP. It is the position of the Claimant that the agreements (read along with the Act) expressly provided for the right to institute and pursue legal proceedings for infringement and to recover damages. The Defendant disputes this interpretation.
- [5] The specific copyright infringement complained of is that the Defendant continually airs movies to the public, seven days a week, inclusive of soundtrack material in which the performing rights are owned by the Claimant (as representative of the copyright owners), without a license or the consent of the Claimant and fails to comply with the Claimant's demands for it to be licensed and to pay the tariff.

- [6] This claim was filed in 2010 and following a period of interlocutory skirmishing, including an appeal to the Court of Appeal, the matter finally came to trial on 2nd February 2017. The Defendant had filed an application to stay the proceedings but on the day of trial withdrew the application.
- [7] The Claimant called two witnesses: Stevenson Etienne and Keen Cotter. Their witness statements stood as their evidence in chief. Each witness was cross-examined by Mr. Delzin, SC, counsel for the Defendant. At the close of the Claimant's case, Mr. Delzin made an application that the Claimant must be put to his election "now" as to whether it was seeking (i) an inquiry as to damages or (ii) an account of profits, both of which was claimed in the Claim Form. He relied on **De Vitre v Betts**¹ and **Redrow Homes Ltd. v Betts Brothers plc**² as authority for the proposition that in intellectual property proceedings a Claimant may choose between an inquiry of damages or an accounting of profits, but it could not have the benefit of both.
- [8] Secondly, he submitted that since no order for a split trial had been made at case management, the Court could not at this juncture order a split trial. That meant that the Claimant had to prove its entire case, including damages and quantum, at the trial and since the Claimant had closed its case without adducing evidence as to damages and accounts, he would therefore be limited, if successful, to nominal damages only.
- [9] Thirdly, he further submitted that the Claimant's failure to plead the existence of the licensing scheme renders all the evidence on the applicable tariff irrelevant. He argued that there is a principle of law that one can only produce evidence of facts that have been pleaded or evidence of facts that is ancillary to pleaded facts.

¹ (1873) LR 6 HL 319.

² [1998] RPC 793 (HL)

- [10] Mr. Antoine, counsel for the Claimant, naturally asked for time to respond to Mr. Delzin's oral application, which he had no prior notice of. The Court granted the time requested, but rather than adjourning the trial pending submissions on Mr. Delzin's application and protracting a claim already seven years old, the Court, with the agreement of counsel, proceeded to hear the evidence of the Defendant's single witness, Cleotha Nervais, after which the Defendant closed its case.
- [11] The Court directed that the Claimant file its submissions by 24th February 2017 and that the Defendant file any response to the Claimant's submissions by 17th March 2017. The parties were directed to make submissions on both the preliminary issues raised as well as the substantive matters. The Court would deliver one judgment encompassing preliminary as well as substantive issues, depending on the outcome of the preliminary issues. The parties later sought the Court's approval to be given a further two weeks, respectively, to file submissions. The Claimant eventually filed its written submissions 13th March 2017 and the Defendant filed its response on 13th April 2017.
- [12] In reviewing the written closing submissions, the Court noted that the Defendant had raised the issue of the *locus standi* of the Claimant. Given that the parties had agreed to narrow the issues in the pre-trial memorandum to three, and locus standi was not one of those issues, I thought it only right that the Claimant be given the opportunity to respond to the locus standi point in supplementary submissions. The Claimant filed its supplementary submissions on locus standi on 16th May 2017.
- [13] The three issues that the parties had narrowed down (from the pre-trial memorandum) for the Court's determination were:
- (1) Whether the Defendant had to get a license to screen movies with music soundtracks incorporated in it, having gotten a distribution license to screen the movies?
 - (2) Whether the Claimant first had to apply to the High Court to fix its tariff or licensing scheme before it could request a user of copyright to pay a license in accordance with its tariff?

(3) What remedies are available to the Claimant for infringement of copyright?

[14] The issues that now arise for the Court's determination are as follows:

- (1) Did the Claimant have locus standi to bring the action?
- (2) Must the Claimant elect between inquiry as to damages or accounting of profits and when must this be done?
- (3) No bifurcation order having been made, can the Court now give directions for assessment of damages/accounting after the trial?
- (4) Can the Claimant rely on its licensing scheme (tariff) since it was not specifically pleaded?
- (5) Did the Defendant have to get a license to screen movies with music soundtracks incorporated therein, having gotten a distribution license to screen the movies?
- (6) Did the Claimant have to first apply to the High Court to fix its tariff or licensing scheme, before it could request a user of copyright to pay a license in accordance with its tariff?
- (7) Is the Claimant entitled to damages and how should it be assessed?

Locus Standi

[15] The Defendant contends that in order to obtain relief, the owners of the copyright are a necessary party to the action because the owners of the copyright have concurrent rights and the Claimant is not an exclusive licensee. To buttress this, the Defendant argues that the Act makes no provision for proceedings to be brought by a non-exclusive licensee for infringement of copyright, without making the owner of the copyright a party to the claim.

[16] It is perhaps useful to set out in full, tedious as that might be, the relevant provisions of the Act as it relates to action for infringement in order to get an appreciation of the scheme:

25. Assignments and licences

- (1) Subject to this section, copyright shall be transmissible by assignment, by testamentary disposition or by operation of law, as personal or moveable property.
- (2) An assignment of copyright may be partial, that is, limited so as to apply—
 - a) to one or more, but not all, of the things which, by virtue of this Act, the owner of the copyright has the exclusive right to do;
 - b) to part, but not the whole, of the period for which the copyright

is to subsist.

- (3) An assignment of copyright (whether total or partial) shall not have effect unless it is in writing signed by or on behalf of the assignor.
- (4) A licence granted by a copyright owner is binding upon every successor in title to his or her interest in the copyright, except a purchaser in good faith for valuable consideration and without notice (actual or constructive) of the licence or a person deriving title from such a purchaser; and references in this Act to doing anything with, or without, the licence of the copyright owner shall be construed accordingly.

26. Meaning of copyright owner

Where different persons are entitled (whether in consequence of a partial assignment or otherwise) to different aspects of copyright in a work, the copyright owner for any purpose of the Act is the person who is entitled to the aspect of copyright relevant for that purpose.

32. Infringement

- (1) The copyright in a protected work is infringed by any person who, not being the owner of the copyright and without the licence of the owner thereof—
 - (a) in respect of the work, does, or authorises another unauthorised person to do, any of the acts mentioned in section 8, in relation to that work ...

35. Action by owner of copyright for infringement

- (1) Subject to this Act, infringements of copyright shall be actionable in the High Court at the suit of the owner of the copyright; and in any action for such an infringement all such relief by way of damages, injunction, accounts or otherwise shall be available to the plaintiff as is available in any corresponding proceedings in respect of the infringements of other proprietary rights.
- (2) Where, in an action for infringement of copyright, it is proved or admitted that—
 - (a) an infringement was committed; but
 - (b) at the time of the infringement the defendant was not aware, and had no reasonable grounds for suspecting, that copyright subsisted in the work to which the action relates, the plaintiff shall not be entitled under this section to any damages against the defendant in respect of the infringement but shall be entitled to an account of profits in respect of the infringement whether any other relief is granted under this section or not.
- (3) Where in an action under this section an infringement of copyright is

proved or admitted, the court, having regard (in addition to all other material considerations) to the flagrancy of the infringement, shall have power in assessing damages for the infringement, to award such additional damages as the court may consider appropriate in the circumstances....

39. Proceedings in case of copyright subject to exclusive licence

(1) For the purpose of this section, the expression—

“exclusive licence” means a licence in writing, signed by or on behalf of an owner or prospective owner of copyright, authorising the licensee, to the exclusion of all other persons, including the grantor of the licence, to exercise a right which by virtue of this Act would (apart from the licence) be exercisable exclusively by the owner of the copyright; and **“exclusive licensee”** shall be construed accordingly;

“if the licence has been an assignment” means if, instead of the licence, there had been granted (subject to terms and conditions corresponding as nearly as may be with those subject to which the licence was granted) an assignment of the copyright in respect of its or their application to the doing, at the places and times authorised by the licence, of the acts so authorised; and

“the other party”, in relation to the owner of the copyright, means the exclusive licensee, and, in relation to the exclusive licensee, means the owner of the copyright.

(2) This section shall have effect as to proceedings in the case of any copyright in respect of which an exclusive licence has been granted and is in force at the time of the events to which the proceedings relate.

(3) Subject to the following provisions of this section, the exclusive licensee shall (except against the owner of the copyright) have the same rights of action, and be entitled to the same remedies, under section 35 as if the licence had been an assignment, and those rights and remedies shall be concurrent with the rights and remedies of the owner of the copyright under that section.

(4) Where an action is brought either by the owner of the copyright or by the exclusive licensee, and the action, in so far as it is brought under section 35, relates (wholly or partly) to an infringement in respect of which they have concurrent rights of action under that section, the owner or licensee, as the case may be, shall not be entitled, except with the leave of the court to proceed with the action, in so far as it is brought under that section and relates to that infringement, unless the other party is either joined as a plaintiff in the action or added as a defendant; but this subsection shall not affect the granting of an interlocutory injunction on the application of either of them.

(5) In any action brought by the exclusive licensee by virtue of this section, any defence which would have been available to a defendant in the action, if this section had not been enacted and the action had been brought by the owner of the copyright shall be available to that defendant as against the exclusive licensee.

(6) Where an action is brought in the circumstances mentioned in subsection (4) and the owner of the copyright and the exclusive licensee are not both plaintiffs in the action, the court in assessing damages in respect of any such infringement as is mentioned in that subsection—

- (a) if the plaintiff is the exclusive licensee, shall take into account any liabilities (in respect of royalties or otherwise) to which the licence is subject; and
- (b) whether the plaintiff is the owner of the copyright or the exclusive licensee, shall take into account any pecuniary remedy already awarded to the other party under section 35 in respect of that infringement, or, as the case may require, any right of action exercisable by the other party under that section in respect thereof.

(7) Where an action, in so far as it is brought under section 35, relates (wholly or partly) to an infringement in respect of which the owner of the copyright and the exclusive licensee have concurrent rights of action under that section, and in that action (whether they are both parties to it or not) an account of profits is directed to be taken in respect of that infringement, then, subject to any agreement of which the court is aware whereby the application of those profits is determined as between the owner of the copyright and the exclusive licensee, the court shall apportion the profits between them as the court may consider just and shall give such directions as the court may consider appropriate for giving effect to that apportionment.

(8) In an action brought either by the owner of the copyright or by the exclusive licensee—

- (a) a judgment or order for the payment of damages in respect of an infringement of copyright shall not be given or made under section 35, if a final judgment or order has been given or made awarding an account of profits to the other party under that section in respect of the same infringement; and
- (b) a judgment or order for an account of profits in respect of an infringement of copyright shall not be given or made under that section, if a final judgment or order has been given or made awarding either damages or an account of profits to the other party under that section in respect of the same infringement.

(9) Where, in an action brought in the circumstances mentioned in subsection (4), whether by the owner of the copyright or by the exclusive licensee, the other party is not joined as a plaintiff (either at the

commencement of the action or subsequently) but is added as a defendant, he or she is not liable for any costs in the action unless he or she enters an appearance and takes part in the proceedings.

(10) The copyright owner shall notify any exclusive licensee having concurrent rights before applying under section 36 for an order for the delivery up of infringing copies of a work or before exercising the right of seizure under section 37; and the court may, on the application of the licensee, if it thinks fit, having regard to the terms of the licence, make an order under section 36 or make an order prohibiting or permitting the exercise by the copyright owner of the right conferred under section 37.

[17] The Defendant's argument is that (1) section 32 states that copyright in a protected work is infringed by any person not being the owner of the copyright and without the license of the owner; (2) according to section 35, infringements of copyright shall be actionable by the owner of the copyright; (3) the Claimant is neither the owner nor exclusive licensee; (4) section 39 requires an owner of copyright to be joined as party along with the exclusive licensee, unless the leave of the court is otherwise given; (5) not being an exclusive licensee and having not joined the copyright owners, the Claimant has not established locus standi.

[18] The Claimant urges the Court to reject the locus standi point for the following reasons: (1) the point was never raised by the Defendant in its pleadings and was brought up for the first time in its closing submissions; (2) the Defendant is therefore now estopped from raising the point; (3) it is an abuse of process since the point was never raised in the pre-trial memorandum nor identified when the parties narrowed their issues to three; (4) the Defendant is therefore deemed to have abandoned the locus standi point; (5) having proceeded to completion of trial, the Defendant acquiesced in the Claimant's standing and submitted itself to the jurisdiction of the Court; (6) the Defendant never brought any application to strike out the claim on the basis of lack of standing.

[19] As inconvenient or tiresome as it might be to a party to have to deal with a locus standi point after the trial has been completed, **George Leopold Crichton v Lena Holder and Michele Stephenson and another v Lambert James-Soomer;**

David Black v Lambert James-Soomer³ are good authority for the proposition that the issue of locus standi, though not pleaded, may be taken at any stage of the trial, raised even after the liability of a defendant has been determined at trial and can be raised for the first time on appeal. The Court can therefore determine the locus standi point.

- [20] Having considered the sections of the Act set out above and the Defendant's interpretation of the application of those provisions in relation to this claim, I observe that section 35 of the Act which establishes that actions for infringement shall be brought by copyright owners is preceded by the phrase "subject to this act":

"Subject to this Act, infringements of copyright shall be actionable in the High Court at the suit of the owner of the copyright ..." (underlining supplied)

- [21] I also make the observation that section 39 (on which the Defendant lays great store) contains the rubric "Proceedings in case of copyright subject to exclusive license". From that I deduce that (1) the sub-sections that follow apply to proceedings where the copyright is subject to exclusive license; and (2) that section 39 is not applicable to proceedings where the copyright is not subject to exclusive license.

- [22] This view is fortified when I leave aside the rubric and read section 39 (2) which provides that:

"This section shall have effect as to proceedings in the case of any copyright in respect of which an exclusive license has been granted and is in force at the time of the events to which the proceedings relate." (underlining supplied)

- [23] The Claimant contends that it has a right to bring such proceedings by virtue of: (1) being a collective society registered under the Act and clothed with the rights and powers conferred on a collective society under the Act; and (2) by having

³ 2004 ECSCJ No. 308.

entered into reciprocal agreements with foreign collecting societies. The Act and the reciprocal agreements, the Claimant argues, give it the right as owners to bring the action to administer and protect the rights of its members and that of its affiliates, as those works formed part of its repertoire.

[24] The Claimant says that as a registered collective society under the Act, it is the representative of the owners of the copyright of music falling within its repertoire, with the attendant right to manage those rights, including enforcement proceedings. The Court must therefore examine the provisions of the Act as it relates to collective societies, as well as the text of the reciprocal representation agreements, to see whether their conjoint effect is to clothe the Claimant with the right to bring these proceedings.

[25] Before doing so, the Court notes that it is no longer in dispute that the Claimant is a registered collective society under the Act and that the works (for which the claim for infringement is brought) fall within the repertoire of the Claimant's members/affiliates.

[26] This is what the Act provides in relation to collective societies:

110. Administration of Rights By Collective Society

- (1) Subject to such conditions as may be prescribed—
 - a) a collective society may accept from an owner of rights exclusive authorisation to administer any right in any work by issue of licences or collection of licence fees or both; and
 - b) an owner of rights shall have the right to withdraw such authorisation without prejudice to the rights of the collective society under any contract.
- (2) A collective society shall be competent—
 - a) to enter into agreement with any foreign society or organisation administering rights corresponding to rights under this Act;
 - b) to entrust to such foreign society or organisation the administration in any foreign country of rights administered by the said copyright society in Saint Lucia; or
 - c) for administering in Saint Lucia the rights administered in a foreign country by such foreign society or organisation.
- (3) Subject to such conditions as may be prescribed, a copyright society

may—

- a) issue licences in respect of any rights under this Act;
 - b) collect fees under such licences;
 - c) distribute such fees among owners of rights after making deductions for its own expenses;
 - d) perform any other functions consistent with its rules and by-laws.
- (Inserted by Act 7 of 2000)*

111. Control Over The Copyright Society By The Owner Of Rights

(1) A collective society shall be subject to the control of the owners of rights whose rights it administers (not being owners of rights administered by a foreign society or organisation) and shall, in such manner as may be prescribed—

- a) prepare a scheme for determining the quantum of remuneration payable to individual owners of rights;
- b) obtain the approval of such owners of rights for its procedures of collection and distribution of fees;
- c) obtain the approval of such owners for the utilisation of any amounts collected as fees for any purpose other than distribution to the owner of rights; and
- d) provide such owners regular, full and detailed information concerning all its activities, in relation to the administration of their rights.

(2) All fees distributed among the owners of rights shall, as far as may be, be distributed in proportion to the actual use of their works.

(Inserted by Act 7 of 2000)

[27] Section 110 appears to provide for two scenarios. Firstly, subsection (1) provides that copyright owners directly give exclusive authorization to a society to administer their rights in a copyrighted work by licensing its use and collecting fees for such use (underlining supplied). Secondly, subsection (2) provides that a foreign collective society can enter into an agreement with one in Saint Lucia for the administration (in Saint Lucia) of the rights of the members of that foreign collective society (and vice versa). It is immediately noticeable that in subsection (2), as distinct from subsection (1), the agreement or authorization is not exclusive.

[28] On a plain reading of section 110 (2) of the Act, it is clear that: (1) the Claimant could enter into an agreement with a foreign organization administering rights corresponding to rights under the Act, i.e, it could enter into an agreement with PRS, BMI and ASCAP – which it did; (2) the Claimant could administer in Saint

Lucia the rights administered in a foreign country by such foreign organization, namely, PRS, BMI and ASCAP; (3) the Claimant could perform any other function consistent with its rules and by-laws.

[29] The By-laws of the Claimant provide at clause 4.6 (d) (iv) that members of the Claimant shall grant to the Claimant the sole power and authority “to institute and prosecute proceedings against all persons infringing the said rights ...”.

[30] It further provides at clause 4.6 (e) (i) that the Claimant may exercise and enforce the rights of the members of any affiliated society. And at clause (f) that: “the administration by the [Claimant] of rights pursuant to paragraph (e) of this article shall be governed by contractual agreements entered into between the [Claimant] and the affiliated society or other person as the case may be.”

[31] Having carefully considered sections 35, 39 and 110 of the Act, I am of the view that section 39 cannot apply to a situation like the present case where a foreign collective society enters into an agreement with the Claimant granting non-exclusive rights to the Claimant to enforce the copyright entitlements of its members/affiliates in Saint Lucia.

[32] Section 110 of the Act seems to contemplate that foreign collective societies representing owners of copyright from far flung reaches of the globe may enter into an agreement with a society like the Claimant for the enforcement in Saint Lucia of the rights of the members/affiliates of that foreign society.

[33] The general idea and intention seems to be that, through reciprocal representation agreements between and among similar collective societies all over the world, owners of copyright, wherever they may be located in the world, are able to protect and enforce their copyright, wherever it may be infringed in the world, provided that copyright laws and a representation agreement is in force in the jurisdiction where the infringement is occurring. Put another way, the reciprocal

representation agreements, enabled and underpinned by the Act, aim to clothe a collective society with the right stand in the shoe of a foreign collective society and enforce its rights just as that foreign society would if it were in the jurisdiction.

[34] If this is correct then it would be self-defeating for the Act to require that the copyright owners and/or their exclusive licensees be named in the claim. What then would be the point of having collective societies as representatives? In the present claim, there is a host of copyright owners for the music soundtracks embedded in the movies aired by the Defendant cinema. To have to name all these copyright owners (located in a different part of the world) and/or their exclusive licensees would seem to emasculate the very concept of having representative collective societies that administer rights of copyright holders. It would be unwieldy, costly and cumbersome. I cannot think that this was the intention of the Act. The Act intended to simply the enforcement of copyright across borders.

[35] The Agreement with PRS provides at clause 5, under the heading “Administration”, that:

“Each party shall use its reasonable endeavors, and is hereby authorized, to enforce through legal proceedings or otherwise in its territory the rights licensed to it by this Agreement and to do so within the limits of the legal protection afforded.”

[36] Similarly, the agreement with ASCAP provides at clause XIII that:

“ASCAP hereby irrevocably authorizes, empowers and vests in ECCO...the right in the name of ... the owner of the copyright or copyrights of any musical work coming within the purview of this Agreement, to institute and prosecute actions to retain and recover damages for the infringement or violation of the rights granted to the grantee under this Agreement ...”

[37] And the agreement with BMI provides at clause 3.11 that:

“Each Party makes, constitutes and appoints the other Party, or its nominee, said Party’s true and lawful attorney ...to take all proceedings ...that may be necessary, proper or expedient to restrain infringement of the rights granted ...and to enforce and protect said rights, and to recover

damages in respect to or for the infringement or other violation of said rights, and in the other Party's sole judgment to join said Party and/or others in whose names the copyright to said works may stand ... provided that any action or proceeding commenced by the other Party pursuant to the provisions of this paragraph 3.11 shall be at its sole expense and for its sole benefit..."

- [38] The Defendant points out that the three reciprocal representation agreements with PRS, BMI and ASCAP confer non-exclusive rights. The Defendant asks the Court to note specifically that the Claimant pleaded in its statement of claim that the right to administer included the right to license, to institute and pursue legal proceedings and to recover damages for same and that the Claimant is the owner and administrator of the rights.
- [39] The Defendant argues that, in relation to the PRS agreement, the rights granted to the Claimant thereunder are limited to authorizing performing rights and collecting monies due under a license and therefore the authority of the Claimant is limited to authorizing performing rights and collecting monies owed under licenses issued.
- [40] The Defendant further contends that the reciprocal agreement does not divest the ownership of the copyright to the Claimant by way of an assignment or otherwise nor is the Claimant authorized either under the Act or the said agreement to institute proceedings for infringement of copyright. As a result, the Defendant submits that the only person authorized under the Act to proceed to the High Court is the owner of the copyright, the Claimant not being an exclusive licensee. I do not find myself able to agree with the Defendant's constricted interpretation of the Act.
- [41] I am of the view that the Act at section 110 empowers the Claimant to enter into reciprocal representation agreements with foreign societies like PRS, BMI and ASCAP to administer the rights of their respective members and affiliates in Saint Lucia according to the terms of their respective agreements. I am satisfied that the three agreements executed by the Claimant with PRS, BMI and ASCAP,

respectively, provide in sufficiently clear terms that the Claimant is authorized and empowered to protect from infringement and enforce the copyright of the members and affiliates of those foreign societies within the jurisdiction of Saint Lucia. The BMI agreement at clause 3.11 specifically states that the Claimant may, in its “sole judgment” join BMI in any claim. I think that that buttresses the argument that the intention under the reciprocal representation agreements is that the Claimant is able to institute claims on its own. Further each of the three agreements make provision for arming the Claimant with all necessary documents to enforce copyrights of members (at clause 17 (1) (h) of the PRS agreement; clause 3.11 of the BMI agreement; and clause XV of the ASCAP agreement). I therefore find that the Claimant has *locus standi* to bring the claim in its sole name.

The Election point

[42] The application made by Mr. Delzin at the close of the Claimant’s case raises issues about the nature of an “election”, namely, (i) whether a claimant must make an election between an account of profits or general damages and (2) at what stage of the proceedings a Claimant must make such an election.

[43] Indeed the Claimant’s pleadings contained the following prayer:

“And the Claimants claim

- a) Damages, including additional damages for any continuing infringement of copyright together with interest thereon;
- b) An inquiry as to damages ...or, at the option of the Claimants, an account of the profits made by the Defendant by reason of its infringement of copyright”

[44] It seems to be settled law that the remedies of an inquiry as to damages on the one hand, and an account of profits on the other, are only available as alternatives and that, in intellectual property proceedings, a claimant is free to choose between them but he may not have the benefit of both.

[45] In **Aldi Stores (Ireland) Limited and Aldi GMBH & Co. KG and Dunnes**⁴, a 2016 case from the High Court of Ireland, that Court very usefully reviewed the English and Irish authorities on the issue. From that case, I distilled the following applicable principles.

- (1) There is a rule of law in trademark and patent infringement cases that a plaintiff who has established an infringement must make an election between an inquiry into damages or an account of profits. The two remedies proceed on very different bases.
- (2) The purpose of an award of damages (or an inquiry into damages) is to ascertain the extent of the plaintiff's losses and to restore him to the position he would have been in if the infringement had not been committed.
- (3) The purpose of an account of profits, on the other hand, is to deprive the infringer of the unjust enrichment he had derived from the infringement.
- (4) The underlying reason for the election is because if the plaintiff could recover damages for his loss of profits on his loss of sales and also obtain an award of the defendant's profits on his sales he would enjoy an unmerited windfall; he would recover "on the double".
- (5) The plaintiff must indicate to the court which of the two remedies he would prefer; however, this does not mean, in any way, that he is abandoning his second relief. The two remedies are, in effect, remedies in the alternative. In any event, the Court is not bound by the election. A plaintiff elects but the Court decides.

[46] Indeed in **Aldi**, the defendant, like in the case at bar, applied to compel the plaintiff to make an election between general damages or an account of profits without providing any figures in respect of either claim. The Court held that it would be "entirely wrong and unreasonable" to compel a plaintiff who has already succeeded on establishing liability, to make an uninformed gamble at an early stage as to which remedy to choose and that that could not be right "as a matter of principle or as a matter of law". The Court observed that:

"Moreover the defendant could provide no authority for the proposition that the plaintiff should elect at this stage of the proceedings. Indeed the only authority upon which they rely i.e. Kerly's Law of Trademarks and Trade Names (15th ed., Sweet & Maxwell, London, 2014) actually states that the claimant has an option exercisable at the conclusion of the hearing of the case to claim either damages or profits."

⁴ [2016] IEHC 256

- [47] The Defendant's application that the Claimant make its election – then and there – at the close of the Claimant's case can therefore not be upheld.

The Bifurcation point

- [48] Allied to the election point is the bifurcation point. The Defendant contends that: (1) the Claimant, having failed to apply to the Court to have a bifurcation of the case which could only have been done at case management, it could not now request to have a separate hearing for the assessment of damages; (2) as a consequence of not having a bifurcation order, the Claimants had to prove its entire case at trial and could not adduce new evidence or be allowed an inquiry as to damages; (3) since the Claimants failed to plead its licensing scheme it could not be allowed to do so now in the absence of a bifurcation order.
- [49] It is a clever argument which, if successful, would limit the Claimant to merely nominal damages. Clever though it may be, I do not find myself convinced. Firstly, the nature of copyright infringement proceedings seems to take such cases out of the normal run of cases where a bifurcation order is the necessary prelude to a separate hearing on assessment of damages. The cases put before the court suggest that in copyright infringement cases it is usual to seek damages or an accounting of profits and that the plaintiff makes his election when information has been provided to enable an informed choice between the remedies.
- [50] The Defendant's response to this is that in the course of the seven years that the case has been pending, the Claimant never asked for discovery or otherwise seek coercive orders from the court compelling the Defendant to provide information regarding profits obtained from the airing of the movies with the disputed soundtracks.
- [51] That may indeed have been so. But as was pointed out in **Aldi**, Kerly's Law of Trademarks and Trade Names (15th ed., Sweet & Maxwell, London, 2014) states that the claimant has an option exercisable at the conclusion of the hearing of the

case to claim either damages or profits. If this is so, and I believe it is, then *ipso facto*, the proceedings as to assessment of damages or accounting of profits must come after the determination of liability, without the need for a bifurcation order. It is the necessary corollary of a finding of liability in copyright infringement cases. If there is no finding of liability there is no need to make an election and proceed to a separate assessment of damages/accounting of profits.

- [52] Secondly, and in any event, the Court of Appeal decision of **Emmanuel Rock v Theresa Jolly**⁵ is authority for the proposition that a bifurcation order with directions to the parties to file additional evidence for a separate assessment hearing should only very rarely be made late in the proceedings, but it should not be made where a party would suffer prejudice thereby.
- [53] I do not see how the Defendant could be prejudiced by such an order (if indeed it is even necessary to make one given that this is a copyright infringement case), since the Defendant has always known that the Claimant is seeking damages or accounting of profits for copyright infringement. The Defendant's case was that it did not have to pay royalties to the Claimant because it had an agreement with a movie distributor. The Defendant therefore must have understood that in having the matter progress to litigation it stood in peril of having damages/accounting of profits assessed against it.
- [54] I therefore find that since these are copyright infringement proceedings in which the Claimant may make its election at the conclusion of the hearing, if there is a finding of liability, there was no requirement for a bifurcation order. If I am wrong on this and there is a finding of liability, I will exercise my discretion to order the bifurcation even at this late stage since I am satisfied that no prejudice would befall the Defendant and the nature of the proceedings requires it.

Failure to Plead Licensing Scheme

⁵ Commonwealth of Dominica, Civil Appeal No. 10 of 2006.

[55] The Defendant correctly points out that the CPR requires that: (1) a statement of claim must include a statement of all the facts on which the Claimant relies; (2) the Claim Form and Statement of case must identify any document the Claimant considers necessary to his case; (3) the Claimant may not rely on any allegation or factual argument which is not set out in the Claim, but which could have been set out there.

[56] The Defendant contends that since the Claimant failed to make reference to the tariff scheme (on which it hopes to rely to obtain damages) in its pleadings, it was not entitled to rely on the tariff scheme later exhibited in the witness statement of Stephenson Etienne. The Defendant points out that it had put in issue the existence of the licensing scheme and questioned its legitimacy in its defence and yet the Claimant failed to plead it when it amended its statement of claim and failed to file a Reply in which it could have referenced the licensing scheme.

[57] In **British Airways Pension Trustees Ltd. v Sir Robert McAlpine & Sons Ltd**⁶ Saville LJ said:

“The basic purpose of pleadings is to enable the opposing party to know what case is being made in sufficient detail to enable that party properly to prepare to answer it. To my mind it seems that in recent years there has been a tendency to forget this basic purpose and to seek particularization even when it is not really required. This is not only costly in itself ...when in truth each party knows perfectly well what case is being made by the other and is able properly to prepare to deal with it.”

[58] The same general approach to pleadings under the CPR was indicated by Lord Woolf MR in **McPhilemy v Times Ltd**⁷:

“The need for extensive pleadings including particulars should be reduced by the requirement that witness statements are now exchanged...This does not mean that pleadings are now superfluous. Pleadings are still required to mark out the parameters of the case that is being advanced by each party. In particular they are still critical to identify issues and the extent of the dispute between parties. What is important is that the pleadings should make the general nature of the case of the pleader.”

⁶ (1994) 72 BLR 26.

⁷ [1993] 3 All ER 775.

[59] Having examined closely the Claimant's statement of claim, I am in no doubt that it more than adequately identified the issues and the extent of the dispute. Both sides clearly knew perfectly well what case was being alleged by the other and was able properly to prepare their respective cases. The general nature of the case was quite sufficiently set out in the Claimant's pleadings.

[60] The Defendant, by questioning the existence or legitimacy of a licensing scheme at paragraphs 8, 10.4, 11, 12.1, 12.2 and 12.4 of its defence, demonstrated that it perfectly well knew what the allegation and central issue was regarding the licensing scheme, notwithstanding that the licensing scheme was not exhibited in the pleadings.

[61] It is true that the CPR states that a claim form or statement of claim must identify any document which the Claimant considers necessary to its case. But the Court also must guard against too literal an interpretation of and too mechanistic an application of the CPR. The overarching objective of pleadings is to enable the other party to understand the general nature of the case it has to meet in order that it might adequately prepare to meet the case. I am satisfied that the Claimant's pleadings more than met this threshold requirement. The Claimant later exhibited the licensing scheme in a witness statement and I consider that this was satisfactory.

Was the Defendant obliged to get a license from the Claimant?

[62] While the Defendant asserted in its pleadings that it was not required to obtain a license from the Claimant since it had a distribution license to screen the movies, it appears that the Defendant abandoned this argument since he did not attempt to support this assertion in his cross-examination nor did it feature at all in its written closing submissions.

[63] I will nevertheless examine this matter, albeit succinctly. Based on the various pieces of copyright-related information provided to the Court by the Claimant which was never challenged by the Defendant, and based on the arguments of the Claimant on this point (the Defendant submitting no arguments on this point) the Court is satisfied that: (1) several types of copyrights can subsist in a film, such as, synchronization or recording rights, master user license and performing rights; (2) the Distribution Agreement relied upon by the Defendant is for a theatrical license and that agreement states that “any right not specifically licensed to the Distributor in the Licensed Rights is not granted to the Distributor expressly or by implication; (3) the Distribution Agreements relied upon by the Defendant nowhere indicate that the Defendant is a party to those agreements or is otherwise entitled to rely on their provisions; (4) when the manager of the Defendant was asked under cross-examination whether the Defendant was a party to the Distribution Agreements she did not know and admitted that she did not see any signature of the Defendant company on the agreement in evidence before the Court.

[64] I therefore conclude that the Defendant was obliged to obtain a license from the Claimant in respect of music and lyrics embodied in soundtracks of cinematographic films aired by the Defendant where such music fell within the repertoire of works which the Claimant was entitled to administer on behalf of its members/affiliates. Having refused to do so, it infringed the copyright of the owners represented by the Claimant.

Did the Claimant first have to apply to the High Court to fix Tariff

[65] The Defendant had pleaded in its defence that the Claimant failed to obtain or apply to the High Court to set its tariff and as such had no authority to charge or license the Defendant. The Defendant appears to have similarly abandoned this argument since it was not advanced in any way whatsoever in its written closing submissions. The matter will therefore succinctly be examined.

[66] The provisions of the Act as it relates to licensing schemes are set out at sections 90 to 97.

90. Licensing schemes and licensing bodies

(1) For the purposes of this Act—

“**copyright licence**” means a licence to do, or authorise the doing of, any of the acts restricted by copyright in relation to works of more than one author;

“**licensing body**” means a society or other organisation which has as its main object, or one of its main objects, the negotiation or granting, either as owner or prospective owner of copyright or as agent for him or her, of copyright licences, and whose objects include the granting of licences covering works of more than one author;

“**licensing scheme**” means a scheme operated by a licensing body setting out—

- (a) the classes of case in which the licensing body, or the persons on whose behalf it acts, is willing to grant copyright licenses; and
- (b) the terms on which licenses would be granted in those classes of case, and for this purpose a “scheme” includes anything in the nature of a scheme, whether described as a scheme or as a tariff or by any other name...

91. Licensing schemes to which sections 92 to 97 apply

Sections 92 to 97 (references and applications with respect to licensing schemes) apply to—

- (a) licensing schemes in relation to the copyright in literary, dramatic, musical or artistic works or films (or film sound tracks when accompanying a film) which cover works of more than one author, so far as they relate to licences for—
 - (i) copying the work,
 - (ii) performing, playing or showing the work in public, or
 - (iii) broadcasting the work or including it in a cable programme service;
- (b) licensing schemes in relation to the copyright in sound recordings (other than film sound-tracks when accompanying a film), broadcasts or cable programmes, or the typographical arrangement of published editions; and
- (c) licensing schemes in relation to the copyright in sound recordings, films or computer programs so far as they relate to licences for the rental of copies to the public, and in those sections “licensing scheme” means a licensing scheme of any of those descriptions.

92. Reference of proposed licensing scheme to High Court

(1) The terms of a licensing scheme proposed to be operated by a licensing body may be referred to the High Court by an organisation claiming to be representative of persons claiming that they require

licences in cases of a description to which the scheme would apply, either generally or in relation to any description of case.

(2) The Court shall first decide whether to entertain the reference, and may decline to do so on the ground that the reference is premature.

(3) If the Court decides to entertain the reference it shall consider the matter referred and make such order, either confirming or varying the proposed scheme, either generally or so far as it relates to cases of the description to which the reference relates, as the Court may determine to be reasonable in the circumstances.

(4) The order may be made so as to be in force indefinitely or for such period as the Court may determine.

93. Reference of licensing scheme to High Court

(1) If while a licensing scheme is in operation a dispute arises between the licensing body and—

- (a) a person claiming that he or she requires a licence in a case of a description to which the scheme applies; or
- (b) an organisation claiming to be representative of such persons, that person or organisation may refer the scheme to the High Court in so far as it relates to cases of that description.

(2) A scheme which has been referred to the Court under this section shall remain in operation until proceedings on the reference are concluded...

97. Effect of order of Court as to licensing scheme

(1) A licensing scheme which has been confirmed or varied by the High Court—

- (a) under section 92 (reference of terms of proposed scheme), or
- (b) under section 93 or 94 (reference of existing scheme to Court), shall be in force or, as the case may be, remain in operation so far as it relates to the description of the case in respect of which the order was made, so long as the order remains in force...

[67] On a close reading of the above scheme, I conclude that it is only where an organization or entity which requires a license from a licensing body (such as the Claimant) takes issue with a licensing scheme, that a reference may be made to the Court to adjust the tariff if the Court sees fit. I can discern nothing in the above scheme that requires a licensing body like the Claimant to first seek approval from the Court before implementing a licensing scheme. In any event, a scheme which has been referred to the Court remains in existence and applicable until proceedings in the reference are concluded. The Defendant did not refer the Claimant's licensing scheme to the Court for any adjustment or review by the Court.

Damages

[68] Section 35 (2) of the Act provides that a successful Claimant is not entitled to an award of damages where the infringement is shown to have been innocent and instead a successful Claimant is entitled to an account of profits for the infringement. The Defendant in this case did not claim that it was unaware that copyright subsisted in the works to which the claim relates. Neither did it claim that it had no reasonable grounds for suspecting the same. In such circumstances, it is the decision of this Court that damages, as opposed to an account of profits, are the appropriate relief.

Disposition

[68] I therefore make the following orders based on the above findings and conclusions:

- 1) Judgment is entered for the Claimant;
- 2) The Claimant is entitled to relief by way of an award of damages, including additional damages if appropriate under the circumstances, to be determined at an inquiry as to damages on a date to be fixed by the Court;
- 3) The Court shall hear the parties on the matter of costs at the same time as the inquiry as to damages.

**JUSTICE GODFREY SMITH, SC
HIGH COURT JUDGE**

BY THE COURT

REGISTRAR