Privy Council Appeal No. 60 *of* 1943

Vigneux and others – – – – – – – – *Appellants*

v.

Canadian Performing Right Society Limited – – *Respondent*

FROM

THE SUPREME COURT OF CANADA

JUDGMENT OF THE LORDS OF THE JUDICIAL COMMITTEE OF THE PRIVY COUNCIL, DELIVERED THE 18TH JANUARY, 1945

Present at the Hearing:

VISCOUNT MAUGHAM
LORD RUSSELL OF KILLOWEN
LORD MACMILLAN
LORD PORTER
LORD SIMONDS

[*Delivered by* LORD RUSSELL OF KILLOWEN]

This appeal, by special leave, from the Supreme Court of Canada, raises a difficult question under the Canadian copyright legislation. The Supreme Court affirmed a decision in favour of the present respondent which had been pronounced by the Exchequer Court, although as will hereafter appear the reasons for such affirmation were not unanimous.

The present respondent (hereinafter referred to as the Society) is a company incorporated under the laws of the Dominion. It carries on in Canada the business of acquiring copyrights in dramatico-musical and musical works or performing rights therein, and deals with or in the issue or grant of licences for the performance in Canada of such works. It owns the copyright in a musical composition called "Star Dust."

On the 19th June, 1941, the Society commenced an action in the Exchequer Court against the present appellants alleging that they had (in the circumstances hereinafter mentioned) infringed the Society's copyright in "Star Dust," and claiming an injunction restraining the defendants and each of them from publicly performing or authorising the public performance of "Star Dust," and from installing or permitting the installation in any place of a device adapted publicly to perform "Star Dust."

The circumstances in which the public performance took place, which constituted the alleged infringement of copyright, need to be explained. The defendants to the action (the appellants before the Board) were (1) the members of a partnership firm called Vigneux Brothers (hereinafter referred to as Vigneux) and (2) Rae Restaurants Limited (hereinafter referred to as Raes). The business of Vigneux consists in installing and providing service for electrically operated gramophones, which on the insertion of a coin perform musical selections from one or other of the records placed therein. Raes are the owners of a restaurant on the Lake Shore Boulevard near the City of Toronto.

Raes had one of these gramophones in their restaurant, which they hired from Vigneux for a payment of $10 a week. Two representatives of Vigneux attended at the end of each week to receive the $10, and to

change the records as required. Any surplus takings beyond $10 were retained by Raes, who would, however, be liable to make up the $10 in the unlikely event of a deficiency. The gramophone might be operated by anyone, and as might be expected, was mainly operated by patrons of the restaurant, by inserting a five, ten, or twenty-five cent coin therein according to the number of tunes desired.

On the 21st May, 1941, a customer in the restaurant inserted a five cent coin with the result that " Star Dust " was performed on the gramophone. Among the listeners was a representative of the Society, with the result that this litigation was commenced.

These being the circumstances in which the performance (the publicity of which is not in dispute) of " Star Dust " took place, their Lordships now proceed to consider the relevant legislation for the purpose of considering whether Vigneux and Raes or either of them have infringed the Society's copyright.

The rights of an owner of a copyright in Canada are purely statutory, and are governed by the Copyright Act as amended from time to time. The original Act was enacted in the year 1921. It came into force in the year 1924, and was very similar in its provisions to the Copyright Act of this country. Its 44th section enacted that no person should be entitled to copyright or any similar right in any literary dramatic musical or artistic works otherwise than in accordance with the provisions of that Act, or of any other statutory enactment for the time being in force. After sundry amendments (irrelevant to this case) it appeared as chapter 32 of the Revised Statutes of Canada 1927. Down to that time no provisions existed therein in regard to those associations (such as the Society) which may be conveniently termed Performing Rights Societies. But in the year 1931 the Canadian Legislature apparently deemed it necessary to introduce legislation dealing with the powers which Performing Rights Societies possessed of controlling public performances of musical and dramatico-musical works. Such legislation was first introduced in 1931, and was amended in the years 1935, 1936, and 1938. It is upon a provision which was introduced in 1938 that this appeal turns, but references must be made to the earlier legislation.

By the Act of 1931 (section 10) a Performing Rights Society had to file with the Minister (*a*) lists of all dramatico-musical and musical works in respect of which it claimed authority to grant licences or collect fees charges or royalties for the performance thereof in Canada, and (*b*) statements of all fees charges or royalties which the Society proposed to collect in compensation for the grant of licences for the performance of such works in Canada. If (after an investigation and report by a Commissioner) the Minister was of opinion that a Performing Rights Society unduly withheld the grant of licences or proposed to collect excessive fees charges or royalties " or otherwise conducts its operations in Canada in a manner which is deemed detrimental to the interests of the public," then the Governor in Council on the recommendation of the Minister might from time to time revise or otherwise prescribe the fees charges or royalties which any such society might lawfully sue for or collect. No such society might sue for or collect any fees charges or royalties (1) for licences for the performance of any works not specified in the filed lists or (2) in excess of those specified in the filed statements nor of those revised or otherwise prescribed by order of the Governor in Council. By the Act of 1935, two subsections were added to the above mentioned section 10. It is unnecessary to refer to them because by the Act of 1936 the said section 10 as amended by the Act of 1935 was repealed, and four sections were substituted therefor, viz. 10, 10A, 10B and 10C. The last mentioned section was a provision of a temporary nature, but sections 10, 10A and 10B (so far as relevant) are in the following terms:—

> " 10. (1) Each society, association or company which carries on in Canada the business of acquiring copyrights of dramatico-musical or musical works or performing rights therein, and which deals with or in the issue or grant of licences for the performance in Canada of dramatico-musical or musical works in which copyright subsists, shall, from time

to time, file with the Minister at the Copyright Office lists of all dramatico-musical and musical works, in current use in respect of which such society, association or company has authority to issue or grant performing licences or to collect fees, charges or royalties for or in respect of the performance of its works in Canada.

" (2) Each such society, association or company shall, on or before the first day of November, One thousand nine hundred and thirty six, and, thereafter, on or before the first day of November in each and every year, file, with the Minister at the Copyright Office statements of all fees charges or royalties which such society, association or company proposes during the next ensuing calendar year to collect in compensation for the issue or grant of licences for or in respect of the performance of its works in Canada.

" (3) If any such society, association or company shall refuse or neglect to file with the Minister at the Copyright Office the statement or statements prescribed by the last preceding subsection hereof, no action or other proceeding to enforce any civil or summary remedy for infringement of the performing right in any dramatico-musical or musical work claimed by any such association, society or company shall be commenced or continued, unless the consent of the Minister is given in writing.

" 10A. (1) As soon as practicable after the receipt of the statements prescribed by subsection two of the last preceding section the Minister shall publish them in the Canada Gazette and shall notify that any person having any objection to the proposals contained in the statements must lodge particulars in writing of his objection with the Minister at the Copyright Office on or before a day to be fixed in the notice, not being earlier than twenty-one days after the date of publication in the Canada Gazette of such notice.

" (2) As soon as practicable after the date fixed in said notice as aforesaid the Minister shall refer the statements and any objection received in response to the notice to a Board to be known as the Copyright Appeal Board.

" 10B. (1) The Copyright Appeal Board shall consist of three members, who shall be appointed by the Governor in Council.

* * * *

" (6) As soon as practicable after the Minister shall have referred to the Copyright Appeal Board the statements of proposed fees, charges or royalties as herein provided and the objections, if any, received in respect thereto, the Board shall proceed to consider the statements and the objections, if any, and may itself, notwithstanding that no objection has been lodged, take notice of any matter which in its opinion is one for objection. The Board shall, in respect of every objection, advise the society, association or company concerned of the nature of the objection and shall afford it an opportunity of replying thereto.

" (7) Upon the conclusion of its consideration, the Copyright Appeal Board shall make such alterations in the statements as it may think fit and shall transmit the statements thus altered and revised or unchanged to the Minister certified as the approved statements. The Minister shall thereupon as soon as practicable after the receipt of such statements so certified publish them in the Canada Gazette and furnish the society, association or company concerned with a copy of them.

"(8) The statements of fees, charges or royalties so certified as approved by the Copyright Appeal Board shall be the fees, charges or royalties which the society, association or company concerned may respectively lawfully sue for or collect in respect of the issue or grant by it of licences for the performance of all or any of its works in Canada during the ensuing calendar year in respect of which the statements were filed as aforesaid.

"(9) No such society, association or company shall have any right of action or any right to enforce any civil or summary remedy for infringement of the performing right in any dramatico-musical or musical work claimed by any such society, association or company against any person who has tendered or paid to such society, association or company the fees, charges or royalties which have been approved as aforesaid."

It will be noticed that the obligation to file lists of works and statements of proposed charges remains, but (a new provision) if a Performing Rights Society refuses or neglects to file the prescribed statements it can only enforce any remedy for infringement if the consent of the Minister is given in writing. A new body, the Copyright Appeal Board, is constituted with power to revise and alter the proposed statements, and certify

the statements in their ultimate form as approved statements. The charges so certified are the charges which the Society may lawfully sue for or collect and no Society has any right of action or any right to enforce any remedy for infringement of a performing right in any dramatico-musical or musical work against any person who has tendered or paid to that Society the approved charges.

Down to this point, and indeed until the 24th June, 1938, the regulation of the powers of Performing Rights Societies which the Canadian Legislature had deemed necessary or advisable in the interests of the public, had taken the form of compelling such Societies to publish lists of the dramatico-musical and musical works in respect of which they owned the performing rights, to publish statements of their proposed charges in respect of the performance of its works, and to submit to those charges being altered or revised by a revising authority, being in 1936 the Copyright Appeal Board created by the Act of that year. In addition the Societies were subjected to the provisions of section 10 (3) and section 10B (9).

In the year 1938 an amendment Act of that year was passed which according to its wording produced "new conditions." It came into operation on the 24th June, 1938, and enacted (by section 3) that the Copyright Amendment Act 1931 as amended by the 1936 Act and by that Act should be read and construed with and as part of the Copyright Act, and (by section 4) that section 10B hereinbefore set forth be amended by adding thereto as subsection 6 (*a*) the following:—

> "(6) (*a*) In respect of public performances by means of any radio receiving set or gramophone in any place other than a theatre which is ordinarily and regularly used for entertainments to which an admission charge is made, no fees, charges or royalties shall be collectable from the owner or user of the radio receiving set or gramophone, but the Copyright Appeal Board shall, so far as possible, provide for the collection in advance from radio broadcasting stations or gramophone manufacturers, as the case may be, of fees, charges and royalties appropriate to the new conditions produced by the provisions of this subsection and shall fix the amount of the same. In so doing the Board shall take into account all expenses of collection and other outlays, if any, saved or saveable by, for or on behalf of the owner of the copyright or performing right concerned or his agents, in consequence of the provisions of this subsection."

It is to be observed that the new conditions are of limited application. They apply only in respect of public performances by means of radio receiving sets or gramophones in places which are not theatres which answer to the description contained in the subsection. It is further to be noted that a duty is cast upon the Board to fix an amount to be paid by broadcasting stations or gramophone manufacturers and so far as possible to provide for its collection in advance. The amount so to be fixed is apparently an amount to be fixed by the Board on its own initiative, not, as in other cases, a sum proposed in a filed statement for the Board's consideration and approval. The new subsection is accordingly appropriately inserted between subsections 6 and 7, the two subsections which cover the time during which the Board will be engaged in considering the statements already submitted for its approval

Some further facts must now be stated. The approved statement of the Society in relation to the year 1941 included no fee for performance by means of gramophones, although the Society had in fact in its filed statement provided for an annual licence fee in respect of gramophones including all mechanical instruments other than radio of $7 for each instrument. The approved statement did however contain an amount fixed under subsection 6 (*a*) in relation to receiving sets, viz., a sum of $1,000 to be apportioned among the different broadcasting stations in Canada as therein mentioned. Before the enactment of subsection 6 (*a*) a tariff of $10 per machine for a one year licence had been approved by the Board in respect of the type of machine here in question.

The main point at issue between the parties can now be stated. It resolves itself into a question of the true construction of the new subsection. The rival contentions are these:—The appellants say that the

effect of the subsection is to enact that from and after the 24th June, 1938, a person who gives a public performance by means of any radio receiving set or gramophone in any place (other than a theatre as defined) may do so without paying anything for the right to do so, with the result that the playing of " Star Dust " in the circumstances before mentioned was, by virtue of section 10B (6) (*a*) not an infringement of copyright. The Society on the other hand contends that the subsection has no such effect; that it merely provides that in future the persons who give public performances by means of radio receiving sets or gramophones in any place (other than a theatre as defined) are not the people to be licensed, but that the persons who have to be licensed, in order that such a performance may not be an infringement of copyright, are the broadcasting stations or gramophone manufacturers, with the result that since the manufacturer of the gramophone in question had made no payment (no amount having been in fact fixed by the Board) the playing of " Star Dust " in the circumstances before mentioned was an infringement of copyright by the appellants. Other subsidiary points were argued, and will be dealt with later. The main contention however was as stated.

In the Exchequer Court the late President granted the injunction asked for in the statement of claim. His judgment was mainly based upon the view that the defendants did not " fall within the class protected by s.s. 6 (*a*) of s. 10B." He had previously stated in his judgment that he was satisfied that the idea prompting the enactment was to obviate the collection of fees " in cases where the user [of the gramophone] was in a small and rather inconsequential way, and where any direct or incidental profit from such user was small if any at all "; but he excluded the defendants from the protected class on the ground that they were " virtually partners " in a venture of publicly performing musical works purely for profit. He also stated that " section 10B does not purport to take from the owner of a musical work the right to restrain infringement of his copyright where no licence has been granted, or where no definite provision has been made for compensation to the owner for the right to perform his musical work."

The defendants' appeal to the Supreme Court was dismissed, but the injunction was modified by being limited to the public performance of " Star Dust " or the authorization thereof.

Sir Lyman Duff (then Chief Justice of Canada) delivered a judgment in which Davis J. concurred. The Chief Justice traced the history of the special legislation dealing with Performing Rights Societies which before the enactment of subsection 6 (*a*) had qualified their sole right to perform any particular musical composition in public by vesting in everybody who paid or tendered to the Society the notified fee charge or royalty the right to perform it, a right which the Chief Justice describes as a statutory licence. The legislature however, he said, considered that this plan did not sufficiently protect purchasers of gramophone records and possessors of wireless receiving sets in view of decisions as to the meaning of " public performance " and other uncertainties as to the law, and accordingly the special provision of subsection 6 (*a*) was enacted dealing with the owners of gramophones and wireless receiving sets and the use of these instruments in places other than a theatre, as defined. He construed the subsection in accordance with the contention of the appellants. " It declares," he said, " in unqualified terms that no fee charge or royalty is to be exacted from the owner of a gramophone [record] or radio receiving set in the circumstances specified, and compensation is provided in the duty imposed upon the Board to make such provision as appears to be appropriate and possible in the circumstances ". There was no discretion vested in the Board in respect of the exaction of fees, charges and royalties from the owners of gramophones or receiving sets; " that is settled by the statute, which in the plainest terms forbids it." He treats the subsection as implicitly conferring on the owners and users of gramophones and receiving sets in the defined conditions what he calls a " statutory licence " for public performance by these instruments

which is in no way conditional upon the actual payment of fees prescribed by the Board and payable by gramophone manufacturers or broadcasting stations. The Chief Justice, however, concurred in dismissing the appeal upon the ground indicated by the President, viz., that the appellants were not within the protection of subsection 6 (*a*) because they were carrying on together under arrangements in the nature of a partnership a business of publicly performing musical compositions and dramatico-musical compositions by means of gramophones. " I do not think," he said, " the objects of the legislation, as disclosed by the legislation itself, embrace the protection of people engaged in the business in which the appellants are engaged."

Rinfret J. (now the Chief Justice of Canada) took a different view as to the construction of the subsection, and his judgment was concurred in by Kerwin and Taschereau JJ. He refers to subsection 6 (*a*) as enacting " that the fees, charges or royalties to which the society . . . holding the copyright is entitled shall not be collectable from the owner or user of the gramophone (or in the present instance from Vigneux Brothers, the owners of the gramophone . . . and from Rae Restaurants Ld., the user thereof): but such fees, charges or royalties are collectable in advance from the gramophone manufacturers. When once those fees, charges or royalties have been paid by the gramophone manufacturers, the owner or user may publicly perform the musical work; and no fees, charges or royalties shall be collectable from such owner or user of the gramophone ". He then proceeds to state that the rights of the copyright holder remain unaffected where the appropriate fee has not been paid by the gramophone manufacturer, that the Society has filed its statement of fees, that it is to no purpose to argue that the Board has not provided for the collection in advance from the gramophone manufacturers. He added that no fee charge or royalty had been paid by the appellants " or for them ", and that the appellants therefore had not acquired the performing right. The Society was therefore entitled to an injunction against infringement.

Their Lordships, after consideration of the case, which was admirably argued before them by both sides, find themselves in agreement with the construction of the subsection for which the appellants contended. They agree with the view of Sir Lyman Duff that the subsection declares in unqualified terms that in the specified circumstances no charge of any kind is to be collected (i.e., exacted) from the owner or user of a radio receiving set or gramophone, compensation to the Performing Rights Society being provided by the appropriate charges, the amount of which the Board has a duty to fix, although, as already indicated, their Lordships do not, as at present advised, share his view that the words " so far as possible " qualify that duty in any respect except as regards making provision for collection in advance. They agree, however, with him also in the view that what he terms the statutory licence (or in other words the statutory right to perform) which the subsection confers is in no way conditional upon payment of the charges which the subsection enacts are to be payable by broadcasting stations or gramophone manufacturers. Indeed, such a condition would, far from relieving the owners of receiving sets or gramophones from uncertainties, only add to their doubts and perplexity. The exoneration of owners or users of receiving sets and gramophones from all payments in respect of public performances of musical compositions by means of those instruments in the specified circumstance, is absolute, unqualified and unconditional, and in their Lordships' opinion must necessarily carry with it the consequence that as from the date of the coming into operation of the subsection, such a public performance was a lawful act and no infringement of copyright.

The present Chief Justice appears to read the subsection as if it merely shifted the fees payable from the owners or users of the instruments to the broadcasting stations and the makers of gramophones. He even alludes to the fact that in this case no fees " had been paid by the appellants or *for them*." He seems to their Lordships to give insufficient weight to the actual wording of the subsection, which starts off with a complete exoneration from any payment of the owners or users of the instruments which

give the public performance and gives by way of compensation to the owners of the right of performance a different payment, viz., an amount to be fixed by the Board and to be paid by the broadcasting stations or gramophone makers.

So far their Lordships have construed the subsection as entitling those persons who are within its scope to give public performances by means of any radio receiving set or gramophone in any place other than a theatre as defined without paying anything for the right to do so, and without thereby infringing copyright. It remains to consider whether the Raes and Vigneux or either and which of them come within the provisions of the subsection.

In their Lordships' opinion Raes do, as being the users of the gramophone by means of which a public performance of " Star Dust " was given in a place other than a theatre as defined. From another point of view it may be said that the customer, who is no party to these proceedings, was the user. But the point is immaterial, since their Lordships feel no doubt that Raes, who hired the instrument and had it placed in their restaurant in order to attract customers, who enjoyed a combination of food and music, used the instrument as a means whereby public performances of " Star Dust " and other musical compositions were given.

In regard to Vigneux, no doubt in law they are the owners of the gramophone. As such they might, if necessary, claim to be protected by the section. But in their case no such claim is necessary, because, as their Lordships think, they neither gave the public performance of " Star Dust ", nor did they authorise it. They had no control over the use of the machine; they had no voice as to whether at any particular time it was to be available to the restaurant customers or not. The only part which they played in the matter was, in the ordinary course of their business, to hire out to Raes one of their machines and supply it with records, at a weekly rental of ten dollars.

Their Lordships are unable to accept the view of the President (accepted by Sir Lyman Duff and Davis J.) that Raes and Vigneux were carrying on " a distinct class of business, a venture of publicly performing musical works purely for profit ". They can see no foundation on which such a view can be based. As stated above, Raes hired a machine which they thought would attract custom to their restaurant. Vigneux supplied the machine in the ordinary course of their business at a fixed rental; they had no interest beyond that. To hold, on those materials, that " they are virtually partners in a distinct class of business ", and to decide the case on that ground, cannot in their Lordships' opinion be justified.

Some subsidiary points must be referred to. Counsel for the Society pointed to the provisions in the Copyright Act and the amending Acts which enacted in specific terms that certain acts should not constitute infringement, the Act of 1938 itself containing one such provision, and argued that if subsection 6 (*a*) bore the meaning for which the appellants contended, one would expect to find a provision to the effect that the public performances contemplated by the subsection should not constitute infringement. While at first sight there is force in this argument, it loses it when one realises that on the Society's construction of the subsection, inasmuch as the Appeal Board has fixed an amount to be paid by broadcasting stations, a public performance by means of a receiving set in a place other than a theatre as defined would not be an infringement. Nevertheless no specific provision to that effect is to be found.

It was also contended that it was necessary to find express or clear words depriving the Society of rights, and that the wording of the subsection was not sufficiently clear for that purpose. Their Lordships agree with Sir Lyman Duff that the words are clear; and they would also point out that the subsection provides (by way of compensation) for the payment of an appropriate sum payable " in advance ", which apparently means in advance of any public performance, and therefore payable whether or not a public performance does in fact take place.

Finally it was suggested that there was nothing in the legislation to deprive the Society of its rights to an injunction, which was the only relief

claimed in the action. If, however, the public performance here in question was made a lawful act by the subsection, and no infringement, the claim to an injunction necessarily fails.

For the reasons indicated their Lordships are of opinion that this appeal should succeed, the orders of the Supreme Court and the Exchequer Court should be discharged, and an order made dismissing the action with costs in both Courts, and they will humbly advise His Majesty accordingly. The respondent must pay the costs of the appeal to His Majesty in Council.

(39268) Wt. 8060—28 100 2/45 D.L. G.338

In the Privy Council

VIGNEUX AND OTHERS

v.

CANADIAN PERFORMING RIGHT SOCIETY LIMITED

DELIVERED BY LORD RUSSELL OF KILLOWEN

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