Federal Court  Cour fédérale

Date: 20141006

Docket: T-428-13

Citation: 2014 FC 944

Ottawa, Ontario, October 6, 2014

PRESENT: The Honourable Madam Justice McVeigh

BETWEEN:

DANIEL DAVYDIUK

Plaintiff

and

INTERNET ARCHIVE CANADA AND INTERNET ARCHIVE

Defendants

JUDGMENT AND REASONS

[1] Internet Archive ("Internet Archive") is appealing an order of Prothonotary Aalto dated November 27, 2013. In that order the Prothonotary dismissed Internet Archive's motion for a permanent stay of the proceedings brought by Daniel Davydiuk in Ontario. The Prothonotary found the Court had jurisdiction to hear the claim, and the circumstances in this case favoured hearing the claim in Canada. Internet Archive argues that the matter should be heard in California, United States.

[2] I am dismissing this appeal after a review of the matter on a *de novo* basis.

I. Background

[3] A series of pornographic works comprising films, photos, and a series of performances broadcast over the internet (collectively "the works") were performed by Daniel Davydiuk between 2002 and 2003. The works were created and filmed by Intercan, a Montreal, Quebec company. Included in the works are two pornographic videos that he performed in, and a number of unfixed performances by Daniel Davydiuk done on a semi-weekly basis for a year. The works were distributed only by Intercan on their own websites. Those websites include: Squirtz.com; Viedeoboys.com; Montrealboyslive.com; Im1pass.com; Jeremyroddick.com; Videoboyshardcore.com; Imdi.com; Ianfanclub.com; Porninamillion.com.

[4] In 2003, Daniel Davydiuk decided not to work in the pornographic industry and stopped working for Intercan. He began negotiations with Intercan to have the works removed from their websites. Intercan and Daniel Davydiuk entered into an agreement on May 22, 2009 to transfer all copyright in the works it produced to Daniel Davydiuk and to remove all the works from its websites, cease using and destroy the works in its possession or control. Daniel Davydiuk paid $5,000.00 to Intercan in consideration. As of May 29, 2009, all the materials were removed from Intercan's websites.

[5] In March of 2009, Daniel Davydiuk found that the works were being hosted on some archiving websites belonging to Internet Archive. Internet Archive is a non-profit, public benefit corporation in California. Internet Archive owns and operates the "Wayback Machine" where

pages of Intercan's websites had been taken, recreated and can be accessed by the public. Internet Archive included the works at issue in the Wayback Machine, however the parties disagree whether the works were deleted and blocked from the Wayback Machine. Internet Archive Canada is a federally incorporated Canadian company with a registered office of 215 Carlton Street in Toronto, Ontario

[6] The "Wayback Machine" is a collection of websites accessible through the websites "archive.org" and "web.archive.org". The collection is created by software programs known as crawlers, which surf the internet and store copies of websites, preserving them as they existed at the time they were visited. According to Internet Archive, users of the Wayback Machine can view more than 240 billion pages stored in its archive that are hosted on servers located in the United States. The Wayback Machine has six staff to keep it running and is operated from San Francisco, California at Internet Archive's office. None of the computers used by Internet Archive are located in Canada.

[7] Between April 2009 and August 2009, Daniel Davydiuk made multiple requests to Internet Archive, seeking the removal of the works from numerous "web.archive.org" internet pages hosted by Internet Archive. Internet Archive ultimately granted these requests after they informed Daniel Davydiuk that he had to do *Digital Millennium Copyright Act* ("DMCA") notices for the works to come down. Daniel Davydiuk complied and did the Notices under DMCA.

[8] In 2011, Daniel Davydiuk made further requests to Internet Archive seeking the removal of the works from additional "archive.org" websites. On May 19, 2011, Internet Archive advised that the works had been deleted from Internet Archive's website however the next day Daniel Davydiuk found the works still on Internet Archive's website. Daniel Davydiuk's evidence is that after much discussion, on October 31, 2011, Internet Archive confirmed that they would not delete all the works from the website and would retain the files containing the works. Internet Archive denies that that they still retain copies. Daniel Davydiuk has had to negotiate with other organizations to have works deleted that Internet Archive has distributed to other websites internationally.

[9] On March 8, 2013, Daniel Davydiuk filed a statement of claim in the Federal Court naming Internet Archive and Internet Archive Canada as Defendants. In his claim, he alleges the Defendants infringed his copyright and committed other acts prohibited under the *Copyright Act*, RSC, 1985, c C-42, by reproducing the works on websites located on the internet domains "archive.org", "waybackarchive.org" and "bibalex.org" ("Archive Domains") that he submits are owned and controlled by the Defendants.

[10] Daniel Davydiuk does not know the nature of the relationship between the two Defendants named in the statement of claim but submits collectively both Defendants own, operate, and control the above mentioned Archive Domains.

II. Issues

[11] The issues in the present application are as follows:

A. Should this appeal of a Prothonotary's decision proceed on a *de novo* basis because the Prothonotary's discretion was exercised on a wrong legal principle such that the decision is clearly wrong?

B. If the appeal should be heard *de novo*, does this Court have jurisdiction to hear the infringement claim?

III. Analysis

A. *Should this appeal of a Prothonotary's decision proceed on a de novo basis because the Prothonotary's discretion was exercised on a wrong legal principle such that the decision is clearly wrong?*

[12] If the discretionary decision of a Prothonotary is final, then the trial level court will review the matter on a *de novo* basis. If it is an interlocutory decision, then the trial level Court will review on a reasonableness basis. However, if the Prothonotary's decision is clearly wrong, I hear the matter on a *de novo* basis (*Canada v Aqua-Gem Investments Ltd*, [1993] 2 FC 425 (*Aqua-Gem*) (CA) and confirmed by *ZI Pompey Industrie v ECU-Line NV*, 2003 SCC 27).

[13] The Federal Court of Appeal in *Aqua-Gem* discussed examples of different decisions made by Masters in Canada that could be considered to be final because they were vital to the determination of the matter. The Court of Appeal concluded:

> …such orders ought to be disturbed on appeal only where it has been made to appear that:

> (1) they are clearly wrong, in the sense that the exercise of discretion by the Prothonotary was based upon a wrong principle or upon a misapprehension of the facts, or
>
> (2) in making them, the Prothonotary improperly exercised his discretion on a question vital to the final issue of the case.
>
> In each of these classes of cases, the Motions Judge will not be bound by the opinion of the Prothonotary; but will hear the matter de novo and exercise his or her own discretion.

[14] In this case, as was in *Aqua-Gem*, the decision of Prothonotary Aalto could be considered interlocutory but only because he decided the action would continue and he would not grant the stay. Had the Prothonotary decided to issue a stay, it would have been a final decision as the case would not proceed in Canada. So in essence, it doesn't matter whether in this case that the matter is proceeding or is stayed, as the Prothonotary's order is a decision that was vital. I will hear the appeal on a *de novo* basis.

B. *Does the Court have jurisdiction to hear the infringement claim?*

[15] The motion before the Prothonotary was a motion to stay the action. The Court can exercise its discretion and stay a matter pursuant to section 50 of the *Federal Courts Act*, RSC 1985 c F-7, if (a) the claim is proceeding in another court or jurisdiction or (b) if there is any other reason it is in the interest of justice that the proceedings are stayed.

[16] The motion falls within paragraph 50(1)(b) because Internet Archive submits that the Court, in the interests of justice, has no jurisdiction to hear the matter and asks for a permanent stay. Internet Archive argues that in the alternative, even if the Court has jurisdiction, then the

doctrine of "*forum non conveniens*" if applied shows that in the interests of justice, the action should still be stayed because California, United States is the place it should be heard.

[17] First, I must decide if the court has jurisdiction to hear the matter and then I must decide whether or not it will decline to exercise its jurisdiction.

[18] To determine the outcome, the Prothonotary undertook a real and substantial connection analysis and then proceeded to do a *forum non conveniens* analysis.

(1) Real and Substantial Connection

[19] Prothonotary Aalto relied on *Society of Composers, Authors and Music Publishers of Canada v Canadian Assn of Internet Providers*, 2004 SCC 45 (*SOCAN*), when he found the evidence of "making [the information] accessible in Canada" amounted to a sufficient nexus existing between Internet Archive Canada and Internet Archive to establish jurisdiction in Canada.

[20] Both parties agree that the Prothonotary correctly used *SOCAN* to establish jurisdiction as the test for "real and substantial" connection. They disagree with the Prothonotary's finding that there is a real and substantial connection to Canada. Internet Archive argues that the Prothonotary's error was that Daniel Davydiuk did not establish any of the connecting factors mentioned in paragraphs 60 to 63 of *SOCAN*.

(2) Connection Factors

[21] Internet Archive argues that as a content provider, host, or intermediary, none of the *SOCAN* connecting factors connects Internet Archive to Canada but in fact connect to San Francisco, California. Internet Archive submits that there is no evidence that anyone other than Daniel Davydiuk and his copyright agent ever received the works in Canada via the Wayback Machine. Internet Archive argues that Daniel Davydiuk must show that someone actually did receive the transmission - that it is not enough that there is a mere possibility that someone might receive a transmission,

[22] Daniel Davydiuk submits that the real and substantial connection was made when Internet Archive's Wayback Machine copied the works that were created in and posted on Canadian websites and then transmitted them back to Canada.

[23] Evidence in support of Daniel Davydiuk's position includes but is not exhaustive:

- In cross examination Christopher Butler, Office Manager of Internet Archive, admitted that the websites they captured are not just American based websites and include Canadian websites;
- Internet Archive Canada is wholly owned by Internet Archive and Internet Archive Canada only serves Internet Archive;
- Internet Archive Canada promotes Internet Archive's archiving service and they can post and modify Internet Archive's website without permission from Internet Archive;
- Internet Archive Canada receives all its funding from Internet Archive so directs control over the company;

- Internet Archive has staff physically located and operating in Canada.

[24] Another connecting factor is that Internet Archive Canada and Internet Archive are not arms-length companies. Evidence was filed by both parties of the corporate nature and responsibilities of the parties. At the hearing both Internet Archive Canada and Internet Archive were represented by the same lawyer without a conflict when he was asked.

[25] I find the non-arms length nature of the relationship between Internet Archive and Internet Archive Canada to be a factor establishing a connection to Canada.

(3) Rebuttable Presumption of Jurisdiction

[26] Internet Archive submitted that the Prothonotary further erred by not applying *Club Resorts Ltd v Van Breda*, 2012 SCC 17 (*Van Breda*). Internet Archive argues that the Prothonotary erred by jumping to *forum non conveniens* missing the *Van Breda* step.

[27] Internet Archive submits that *Van Breda* requires that the Plaintiff, as the party arguing that the Court should assume jurisdiction, must objectively establish a real and substantial connection to Canada. Once established, then there is a rebuttable presumption of jurisdiction. The party that challenges the jurisdiction can produce facts that "demonstrate that the presumptive connecting factor does not point to any real relationship between the subject matter of the litigation and the forum, or points only to a weak relationship between them" (*Van Breda*, above, at 95). Only then, Internet Archive argues, should the Prothonotary proceed to look at the doctrine of *forum non conveniens*.

[28] The *Van Breda* case dealt with torts and fundamental principles of conflict of laws (private international law) and did not deal with a copyright infringement on the internet. At paragraph 85, Justice LeBel wrote:

> The list of presumptive connecting factors proposed here relates to claims in tort and issues associated with such claims. It does not purport to be an inventory of connecting factors covering the conditions for the assumption of jurisdiction over all claims known to the law.

[29] I find as did the Prothonotary that when dealing with a factual situation like this regarding the internet, that *SOCAN* can be relied on as the test *Van Breda* is not as helpful as the factors the Supreme Court listed are applicable to determine the proper jurisdiction for an international tort.

[30] What is helpful in *Van Breda* is that the Supreme Court does talk of factors to consider (not a complete list but one that will need to be reviewed in the future). The SCC said "abstract concerns for order, efficiency or fairness in the system are no substitute for connecting factors that give rise to a "real and substantial "connection for the purposes of the law of conflicts." The Prothonotary did not just exercise his discretionary authority but found actual connecting factors so he was alive and alert to *Van Breda*.

[31] Prothonotary Aalto using *SOCAN* found that "there is evidence of not just collecting the information in Canada but making it accessible in Canada". In addition there is a nexus between Internet Archive and Internet Archive Canada to find jurisdiction to hear it in Canada. Further, *SOCAN* at paragraph 63 lists a connection factor "…where Canada is the country of transmission or the country of reception."

[32] I find that Internet Archive did reach into Canada to the Intercan website when they requested the web pages. Whether it was automated or not does not affect my finding. The action of "following a link" or "requesting pages" as described by Internet Archive requires Internet Archive to reach out to the Canadian servers that subsequently transmit back to the United States. The request and return transmission is not done with permission or on consent. The Canadian public can access the webpage and have it transmitted back to Canada. This is exactly the evidence Daniel Davydiuk provided the Court.

[33] Internet Archive argues that only Daniel Davydiuk or his copyright agent were able to access the material and that it was only an "incidental inclusion" of the material on their website. But there is no requirement in *SOCAN* to provide evidence of a third party accessing the copyrighted material as Internet Archive appears to suggest.

[34] Daniel Davydiuk and his copyright agent were able to request the works from Wayback Machine while they were in Canada and the works were transmitted back to them in Canada. This is sufficient for this early determination.

[35] In reference to a trademark matter, in *HomeAway.com, Inc v Hrdlicka,* 2012 FC 1467 at para 22, Justice Roger T. Hughes found that a trademark simply appearing on a computer screen in Canada constituted use and advertising in Canada. I would apply the same rationale that two people accessing a website in Canada constitutes access in Canada.

[36] On these facts, it seems unfair to ask Daniel Davydiuk to obtain or access the same pornographic works that he has been trying for years to remove from the public domain. Simply to prove at this early stage in the litigation that others can access the pornographic works seems like a needless step when I have evidence that the works were able to be accessed in Canada. In no way am I deciding anything other than the *de novo* appeal of a Prothonotary's decision not to grant the stay motion. I will leave it to the trial judge to determine infringement even if Daniel Davydiuk is the only one to access the works for which he himself owns the copyright.

(4) Forum non conveniens

[37] The Prothonotary determined Canada amounted to a convenient forum in this instance. Relying on the factors in *Breeden v Black*, 2012 SCC 19, for determining *forum non conveniens*. He found the following factors favored proceeding with the Plaintiff's claim in Canada: (1) the Plaintiff's witnesses he named and is entitled to call, are all in Canada, (2) the applicable law is in Canada, and the Plaintiff is entitled to that benefit, (3) the interests of justice favoured the Plaintiff not being forced to litigate his claim in a foreign jurisdiction, and (4) the cost of litigating the claim in California favoured the Plaintiff. Though the Prothonotary did find that some of the factors favoring Canada being the forum were tenuous at best.

[38] Internet Archive argues that this is not the forum for this matter to proceed. Internet Archive relies on the non-exhaustive set of factors in *Van Breda* to determine if Canada is the proper forum.

[39] Daniel Davydiuk argues that the facts show that the Federal Court is the proper forum to hear the matter.

[40] I note that Justice LeBel in both *Breeden* and *Van Breda* wrote that the discretionary decision of the motions judge when considering *forum non conveniens* is afforded deference unless there was a clear error of law or error on determination of the facts. In *Breeden*, in particular, he wrote that the *forum non conveniens* analysis does not require each factor to point to a single jurisdiction:

> The *forum non conveniens* analysis does not require that all the factors point to a single forum or involve a simple numerical tallying up of the relevant factors. However, it does require that one forum ultimately emerge as *clearly* more appropriate. The party raising forum non conveniens has the burden of showing that his or her forum is *clearly* more appropriate.
>
> *Breeden*, at 37.

[41] As Internet Archive raised the doctrine of *forum non conveniens*, then Internet Archive has the burden to show that the alternative forum is "clearly more appropriate" as stated above in *Van Breda*. It is not simply that there is a more appropriate forum elsewhere but that *clearly* the forum is more appropriate. Internet Archive must show:

> "that it would be fairer and more efficient to do so and that the plaintiff should be denied the benefits of his or her decision to select a forum that is appropriate under conflicts rules. The court should not exercise its discretion in favour of a stay solely because it finds, once all relevant concerns and factors are weighed, that comparable forums exist in other provinces or states. It is not a matter of flipping a coin. A court hearing an application for a stay of proceedings must find that a forum exists that is in a better position to dispose fairly and efficiently of the litigation. But the court must be mindful that jurisdiction may sometimes be established on a rather low threshold under the conflicts rules. *Forum non conveniens* may play an important role in identifying a

> forum that is clearly more appropriate for disposing of the litigation and thus ensuring fairness to the parties and a more efficient process for resolving their dispute.
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> *Van Breda*, at 109.

(5) Comparative convenience and expense for parties and witnesses

[42] Internet Archive submitted evidence that their witnesses are all located in the United States. Daniel Davydiuk and his copyright lawyer reside in Montreal, Canada. There was no proof filed of the residence of the other witnesses that were the owners of Intercan who were the former owners of the works. Daniel Davydiuk argued it would be too expensive to litigate this matter in the United States. Internet Archive countered by arguing he did not provide evidence of the cost of litigating in the United States. Internet Archive is a separate corporate entity from Internet Archive Canada. Internet Archive Canada is located in Toronto and scans books and does not create, maintain or operate the Wayback machine. Counsel did confirm that at the hearing he was representing both the American and the Canadian corporation but that the Canadian company had no position. Internet Archive has staff physically located and operating in Canada.

(6) Applicable Law

[43] Canada's *Copyright Act* is applicable but I have little evidence from Internet Archive of the applicable law other than brief glimpse of DMCA in the context of takedown notices in the past.

(7) Avoidance of a multiplicity of proceedings and conflicting decisions

[44] Daniel Davydiuk used the DMCA in the past at the direction of Internet Archive. Internet Archive argued that because Daniel Davydiuk relied on this Act in the States in the past that it is possible a second hearing on the same issues would be necessary.

[45] Internet Archive did comply with the "take down" notices that were granted to Daniel Davydiuk under the DMCA.

(8) Enforcement of judgment

[46] No evidence from the parties of this factor.

(9) Fairness to the parties

[47] Daniel Davydiuk argued it would be too expensive to litigate this matter in the United States. Internet Archieve countered by arguing he did not provide evidence of the cost of litigating this in the United States. Daniel named several witnesses that reside in Canada and they gave proof of Daniel's take home pay as being $25,000.00 annual. Evidence was given that Internet Archive's 2009 Federal Tax statement said they had a total net asset of $5,485,762.00 USD.

[48] When all the factors are canvassed, some favour California as a forum and some favour Canada but in the end, California is not *clearly more appropriate* so Internet Archive did not meet the burden.

[49] I do not find that Internet Archive showed that California was clearly more appropriate so that the Court would decline to exercise jurisdiction.

IV. CONCLUSION

[50] I find that there is a real and substantial connection between the action and Canada, and I find that this Court has jurisdiction. I find that Internet Archive has not demonstrated that California is clearly a more appropriate forum for the hearing of the action so the Court will not decline to exercise its jurisdiction.

[51] The result of my analysis is the same result that the Prothonotary came to. The motion to dismiss the order of Prothonotary Aalto is dismissed.

[52] I asked the parties to come to an agreement regarding costs and they agreed that costs should be in the amount of $5,000.00.

JUDGMENT

THIS COURT'S JUDGMENT is that:

1. The order dismissing the Defendants' motion is upheld and this appeal is dismissed;

2. Costs are awarded to the Plaintiff (Daniel Davydiuk) in the amount of $5,000.00 payable by the Defendants' forthwith.

"Glennys McVeigh"
Judge

FEDERAL COURT

SOLICITORS OF RECORD

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