



## SUPREME COURT OF CANADA

**CITATION:** Rogers Communications Inc. v.  
Voltage Pictures, LLC, 2018 SCC 38

**APPEAL HEARD:** April 26, 2018  
**JUDGMENT RENDERED:** September 14, 2018  
**DOCKET:** 37679

**BETWEEN:**

**Rogers Communications Inc.**  
Appellant

and

**Voltage Pictures, LLC, Cobbler Nevada, LLC, PTG Nevada, LLC, Clear Skies Nevada, LLC, Glacier Entertainment S.A.R.L. of Luxemburg, Glacier Films 1, LLC and Fathers & Daughters Nevada, LLC**  
Respondents

- and -

**Samuelson-Glushko Canadian Internet Policy and Public Interest Clinic, Bell Canada Inc., Canadian Network Operators Consortium Inc., Cogeco Inc., Quebecor Media Inc., Saskatchewan Telecommunications Holding Corporation, Shaw Communications Inc., TekSavvy Solutions Inc., TELUS Communications Inc. and Xplornet Communications Inc.**  
Interveners

**CORAM:** Wagner C.J. and Abella, Moldaver, Karakatsanis, Gascon, Côté, Brown, Rowe and Martin JJ.

**REASONS FOR JUDGMENT:**  
(paras. 1 to 59)

Brown J. (Wagner C.J. and Abella, Moldaver, Karakatsanis, Gascon, Rowe and Martin JJ. concurring)

**CONCURRING REASONS:**  
(paras. 60 to 75)

Côté J.

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ROGERS COMMUNICATIONS INC. v. VOLTAGE PICTURES, LLC

**Rogers Communications Inc.**

*Appellant*

v.

**Voltage Pictures, LLC,  
Cobbler Nevada, LLC,  
PTG Nevada, LLC,  
Clear Skies Nevada, LLC,  
Glacier Entertainment S.A.R.L. of Luxemburg,  
Glacier Films 1, LLC and  
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Public Interest Clinic, Bell Canada Inc.,  
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Shaw Communications Inc., TekSavvy Solutions Inc.,  
TELUS Communications Inc. and Xplornet Communications Inc.** *Intervenors*

**Indexed as: Rogers Communications Inc. v. Voltage Pictures, LLC**

**2018 SCC 38**

File No.: 37679.

2018: April 26; 2018: September 14.

Present: Wagner C.J. and Abella, Moldaver, Karakatsanis, Gascon, Côté, Brown, Rowe and Martin JJ.

ON APPEAL FROM THE FEDERAL COURT OF APPEAL

*Intellectual property — Copyright — Infringement — Norwich order — Costs of compliance — Copyright owners obtaining Norwich order compelling Internet service provider to disclose identity of person suspected of infringing owners' copyright — Owners seeking not to pay costs of disclosure based on provision in statutory notice and notice copyright regime prohibiting Internet service provider from seeking costs for complying with obligations under regime — Whether steps taken by Internet service provider to comply with Norwich order overlap with its statutory obligations — Whether overlap, if any, impacts Internet service provider's ability to recover reasonable costs of compliance with Norwich order — Copyright Act, R.S.C. 1985, c. C-42, ss. 41.25, 41.26.*

The respondents are film production companies that allege that their copyrights have been infringed online by unidentified Internet subscribers who have shared their films using peer to peer file sharing networks. They sued one such unknown person and brought a motion for a *Norwich* order to compel his Internet service provider ("ISP"), Rogers, to disclose his contact and personal information. The respondents sought that the disclosure order be made without fees or disbursements payable to Rogers, relying on ss. 41.25 and 41.26 of the *Copyright Act*. These provisions, referred to as the "notice and notice" regime, require that an ISP,

upon receiving notice from a copyright owner that a person at a certain IP address has infringed the owner's copyright, forward that notice of claimed infringement to the person to whom the IP address was assigned. They also prohibit ISPs from charging a fee for complying with their obligations under the regime.

The motion judge granted the *Norwich* order and allowed Rogers to recover the costs of all steps that were necessary to comply with it. He found that while the statutory notice and notice regime regulates the process by which notice of claimed copyright infringement is provided to an ISP and an Internet subscriber, as well as the retention of records relating to that notice, it does not regulate an ISP's disclosure of a subscriber's identity to a copyright owner. The Federal Court of Appeal agreed with the motion judge that the statutory notice and notice regime does not regulate the disclosure of a person's identity from an ISP's records, but it confined Rogers' recovery to the costs of complying with the *Norwich* order that did not overlap with the steps that formed part of Rogers' implicit obligations under the statutory regime. Rogers appealed.

*Held:* The appeal should be allowed and the matter remitted to the motion judge to determine the quantum of Rogers' entitlement to its reasonable costs of compliance with the *Norwich* order.

*Per* Wagner C.J. and Abella, Moldaver, Karakatsanis, Gascon, **Brown**, Rowe and Martin JJ.: An ISP can recover its costs of compliance with a *Norwich* order, but it is not entitled to be compensated for every cost that it incurs in

complying with such an order. Recoverable costs must be reasonable and must arise from compliance with the *Norwich* order. Where costs should have been borne by an ISP in performing its statutory obligations under the notice and notice regime, these costs cannot be characterized as either reasonable or as arising from compliance with a *Norwich* order, and cannot be recovered.

The notice and notice regime was enacted to serve two complementary purposes: to deter online copyright infringement and to balance the rights of interested parties including copyright owners, Internet users and Internet intermediaries such as ISPs. It was not intended to embody a comprehensive framework by which instances of online infringement could be eliminated altogether, and it does not go so far as requiring an ISP to disclose the identity of a person who has received notice to a copyright owner. Therefore, an owner who wishes to sue a person alleged to have infringed copyright online must proceed outside the notice and notice regime and obtain a *Norwich* order to compel the ISP to disclose that person's identity. The statutory notice and notice regime has not displaced this requirement, but operates in tandem with it.

Similarly, the notice and notice regime has not displaced the copyright owner's burden, at common law, of bearing the ISP's reasonable costs of compliance with the *Norwich* order. However, the statutory regime prohibits an ISP from charging a fee for performing any of its obligations arising under the regime. Accordingly, an ISP should not be permitted to recover the cost of carrying out any of

the obligations, express or implicit, that will have arisen under the regime, even if it carries out the obligations only after having been served with a *Norwich* order. Otherwise, the distribution of financial burden which Parliament decided upon would be undermined by imposing upon copyright owners an obligation which was specifically allocated to ISPs in the notice and notice regime.

The three express obligations contained in ss. 41.26(1)(a) and 41.26(1)(b) of the *Copyright Act* carry with them several implicit obligations that an ISP must satisfy under the notice and notice regime. Since these implicit obligations are steps which are necessary to see that those express statutory obligations are discharged, an ISP will not be permitted to recover costs at the stage of complying with a *Norwich* order. Specifically, s. 41.26(1)(a) requires an ISP to determine, for the purpose of forwarding notice electronically, the person to whom the IP address belonged. It also requires an ISP to take whatever steps that are necessary to verify that it has done so accurately. Similarly, the records that an ISP must retain under s. 41.26(1)(b) must be accurate. Any steps which are necessary to verify the accuracy of those records therefore form part of an ISP's obligations.

However, there is a distinction between an ISP's obligation under the notice and notice regime to ensure the accuracy of its records that allow the identity of the person to whom an IP address belonged to be determined, and an ISP's obligation under a *Norwich* order to actually identify a person from its records. While the records an ISP must retain under s. 41.26(1)(b) must be kept in a form and manner

that allows an ISP to identify the name and address of the person to whom notice is forwarded under s. 41.26(1)(a), s. 41.26(1)(b) does not require that they be kept in a form and manner which would permit a copyright owner or a court to do so. The copyright owner would, however, be entitled to receive that information from an ISP under the terms of a *Norwich* order — which process falls outside the ISP's obligations under the notice and notice regime. As such, an ISP is entitled to the reasonable costs of steps that are necessary to discern a person's identity from the accurate records retained under s. 41.26(1)(b).

Given the statutory prohibition on the recovery of costs arising from the notice and notice regime, motion judges should carefully review an ISP's evidence when assessing costs of compliance with a *Norwich* order, to determine whether an ISP's proposed fee is reasonable, in light of its obligations under the notice and notice regime. In the instant case, Rogers is entitled to its reasonable costs of compliance with the *Norwich* order. However, the motion judge failed to interpret the full scope of an ISP's obligations under s. 41.26(1) and failed to consider whether any of the eight steps in Rogers' manual process to disclose the identity of one of its subscribers overlap with Rogers' statutory obligations for which it was not entitled to reimbursement. Since it is impossible on the record to determine Rogers' reasonable costs of compliance, the matter should be returned to the motion judge.

*Per Côté J.:* There is agreement with the majority that the appeal should be allowed. However, there is disagreement with the proposition that any implied

obligations in s. 41.26(1) of the *Copyright Act* categorically preclude an ISP from verifying aspects of its records at the time that a *Norwich* order is received and then seeking compensation for that work.

Taken together, ss. 41.26(1)(a) and (b) make clear that an ISP need not actually determine the identity of an alleged infringer. Thus, any work required to determine an alleged infringer's identity and to disclose that identity pursuant to a *Norwich* order is not subsumed within the notice and notice regime and can therefore be subject to compensation in accordance with the common law. The common law *Norwich* regime permits an ISP to be compensated for reasonable costs of compliance.

None of the eight steps that Rogers undertakes in response to a *Norwich* order is supplanted by the notice and notice regime, since they do not involve verifying the accuracy of records which it was required by s. 41.26(1) to retain. Rather, Rogers follows this process in order to determine and verify the identity of an alleged copyright infringer (which it does not already know) based on those records. Assuming that this eight-step process is otherwise reasonable, Rogers is thus entitled to full compensation for the steps it takes to identify an account holder and to disclose that information to a copyright claimant.

There is also disagreement with the proposition that any implied obligations in s. 41.26(1) of the *Copyright Act* categorically preclude an ISP from verifying aspects of its records at the time that a *Norwich* order is received and then

seeking compensation for that work, for two reasons. First, customer information can change over time, and a *Norwich* order may be received well after the notice of infringement is first sent to the account holder. The accuracy of that information must still be verified at the time the account holder's identity is requested by the copyright holder, since it is the account holder's current identifying information that a claimant must obtain in order to initiate a legal proceeding for copyright infringement, not the identifying information as it may have existed when the notice was first sent. Second, it is possible that not all infringement notices are sent to the correct account holder in accordance with s. 41.26(1)(a). Therefore, and even if some steps in Rogers' *Norwich* process could be characterized as verifying pre-existing information or records, there is no irresistible clearness in the *Copyright Act* to justify displacing a sensible approach as to what is reasonable on the basis of a purported implied obligation in s. 41.26(1). In these circumstances, there may be good justifications for Rogers to conduct more vigorous verifications. That said, judges are empowered to deny the costs of verifications by an ISP that are unnecessarily extensive or duplicative.

In the case at bar, the motion judge did not make an independent finding as to the reasonableness of Rogers' eight-step process. Accordingly, this matter should be remitted for such a determination.

## Cases Cited

By Brown J.

**Referred to:** *Norwich Pharmacal Co. v. Customs and Excise Commissioners*, [1974] A.C. 133; *Glaxo Wellcome PLC v. M.N.R.*, [1998] 4 F.C. 439; *Alberta (Treasury Branches) v. Leahy*, 2000 ABQB 575, 270 A.R. 1, aff'd 2002 ABCA 101, 303 A.R. 63; *BMG Canada Inc. v. John Doe*, 2005 FCA 193, [2005] 4 F.C.R. 81; *BMG Canada Inc. v. John Doe*, 2004 FC 488, [2004] 3 F.C.R. 241; *Voltage Pictures LLC v. John Doe*, 2015 FC 1364; *Voltage Pictures LLC v. John Doe*, 2014 FC 161, [2015] 2 F.C.R. 540; *Rizzo & Rizzo Shoes Ltd. (Re)*, [1998] 1 S.C.R. 27; *Canadian Pacific Air Lines Ltd. v. Canadian Air Line Pilots Assn.*, [1993] 3 S.C.R. 724; *Voltage Pictures LLC v. John Doe*, 2011 FC 1024, 395 F.T.R. 315; *Parry Sound (District) Social Services Administration Board v. O.P.S.E.U., Local 324*, 2003 SCC 42, [2003] 2 S.C.R. 157; *Goodyear Tire & Rubber Co. of Canada v. T. Eaton Co.*, [1956] S.C.R. 610; *Canada (Attorney General) v. Thouin*, 2017 SCC 46, [2017] 2 S.C.R. 184; *Cartier International AG v. British Telecommunications plc*, [2018] UKSC 28, [2018] 1 W.L.R. 3259.

By Côté J.

**Referred to:** *Canada (Attorney General) v. Thouin*, 2017 SCC 46, [2017] 2 S.C.R. 184; *Norwich Pharmacal Co. v. Customs and Excise Commissioners*, [1974] A.C. 133; *Glaxo Wellcome PLC v. M.N.R.*, [1998] 4 F.C. 439; *Parry Sound (District) Social Services Administration Board v. O.P.S.E.U., Local 324*, 2003 SCC 42, [2003] 2 S.C.R. 157.

## **Statutes and Regulations Cited**

*Copyright Act*, R.S.C. 1985, c. C-42, ss. 27(2.3), 31.1, 41.25, 41.26.

*Copyright Modernization Act*, S.C. 2012, c. 20, summary, preamble.

*Digital Millennium Copyright Act* (1998), 17 U.S.C. § 512.

Order Fixing the Day that is Six Months after the Day on which this Order is published as the Day on which Certain Provisions of the Copyright Act Come into Force, SI/2014-58, and Explanatory Note, *Canada Gazette*, Part II, vol. 148, No. 14, July 2, 2014, pp. 2121-23.

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*Oxford English Dictionary*, 2nd ed. Oxford: Clarendon Press, 1989, “retain”.

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Urban, Jennifer M., Joe Karaganis and Brianna L. Schofield. *Notice and Takedown in Everyday Practice*. (March 2017) (online: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2755628](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2755628); archived version: [https://www.scc-csc.ca/cso-dce/2018SCC-CSC38\\_3\\_eng.pdf](https://www.scc-csc.ca/cso-dce/2018SCC-CSC38_3_eng.pdf)).

APPEAL from a judgment of the Federal Court of Appeal (Stratas, Gleason and Woods JJ.A.), 2017 FCA 97, 146 C.P.R. (4th) 339, 410 D.L.R. (4th) 602, [2017] F.C.J. No. 477 (QL), 2017 CarswellNat 2130 (WL Can.), setting aside the order of Boswell J., 2016 FC 881, 141 C.P.R. (4th) 136, [2016] F.C.J. No. 901 (QL), 2016 CarswellNat 3745 (WL Can.). Appeal allowed.

*Andrew Bernstein, James Gotowiec and Nic Wall*, for the appellant.

*Kenneth Clark, Patrick Copeland and Paul McCallen*, for the respondents.

*Jeremy de Beer and Bram Abramson*, for the intervener the Samuelson-Glushko Canadian Internet Policy and Public Interest Clinic.

*Gerald Kerr-Wilson, Ariel Thomas and Christopher Ferguson*, for the interveners Bell Canada Inc., Canadian Network Operators Consortium Inc.,Cogeco Inc., Quebecor Media Inc., Saskatchewan Telecommunications Holding Corporation, Shaw Communications Inc., TekSavvy Solutions Inc., TELUS Communications Inc. and Xplornet Communications Inc.

The judgment of Wagner C.J. and Abella, Moldaver, Karakatsanis, Gascon, Brown, Rowe and Martin JJ. was delivered by

BROWN J.—

I. Introduction

[1] Online infringement of copyright has become commonplace. Using peer to peer file sharing networks, Internet subscribers can download copyrighted content such as films and music, while simultaneously uploading that content for download by others who are thereby able to do the same. Through this concurrent downloading and uploading, peer to peer networks facilitate the rapid sharing of copyrighted content with multiple Internet subscribers simultaneously. And, due to the anonymity of the Internet, the identity of Internet subscribers who participate in this illegal sharing of copyrighted content is concealed from copyright owners.

[2] In 2009, the Government of Canada launched a consultation on copyright modernization to address the issue of online copyright infringement. It heard both from copyright owners who demanded a way to discourage online copyright infringement, and consumers who requested a method to determine if they, or someone using their Internet Protocol (“IP”) address, could be infringing copyright.

[3] Parliament responded to both sets of concerns by enacting the “notice and notice” regime contained within ss. 41.25 and 41.26 of the *Copyright Act*, R.S.C. 1985, c. C-42 — which regime was brought into force on January 2, 2015. Now, when a copyright owner gives notice to an Internet service provider (“ISP”) claiming that a person at a certain IP address has infringed the owner’s copyright, the ISP must

forward that notice of claimed infringement to the person to whom the IP address (being “the electronic location identified by the location data specified in the notice” (s. 41.26(1)(a))) was assigned. While this regime is intended to deter the continued infringement of copyright online, it only goes so far. In particular, it does not require an ISP to disclose the identity of a person who has received notice to a copyright owner. For a copyright owner to obtain that person’s identity, the owner must proceed outside the regime — specifically, by obtaining a *Norwich* order compelling the ISP to disclose it (see *Norwich Pharmacal Co. v. Customs and Excise Commissioners*, [1974] A.C. 133 (H.L.)).

[4] This appeal requires this Court to consider who bears the ISP’s “reasonable costs of compliance” with such a *Norwich* order. At common law, that burden rests with the copyright owner. In enacting the notice and notice regime, however, Parliament prohibited ISPs from charging a fee for complying with their obligations under the regime (except, as I shall explain, where the Minister has fixed a maximum fee by regulation, which has not occurred to date). This leaves open the question of whether, if any of the steps taken by an ISP to comply with a *Norwich* order overlap with an ISP’s obligations under the notice and notice regime, the ISP can recover the costs of such duplicative steps as part of its reasonable costs of compliance with the *Norwich* order.

## II. Overview of Facts and Proceedings

### A. *Background*

[5] The respondents to this appeal (collectively “Voltage”) are film production companies that allege that their copyrights have been infringed online. Specifically, Voltage says that thousands of Internet subscribers whom it cannot identify have, in contravention of the Act, shared its films over the Internet using peer to peer file sharing networks. Voltage sued one such unknown person, “John Doe”, alleging breach of copyright in relation to the concurrent downloading and uploading of a number of films on various dates. Ultimately, Voltage says, it intends to have its action against John Doe certified as a so-called “reverse” class action against approximately 55,000 persons whose identities are currently unknown but who Voltage says have similarly infringed its copyright. To this end, Voltage brought a motion for a *Norwich* order compelling John Doe’s ISP, Rogers Communications Inc., to disclose “any and all [of John Doe’s] contact and personal information” (A.R., at p. 48). Voltage also sought that the disclosure order be made with “no fees or disbursements payable” to Rogers “pursuant to [ss. 41.25 and 41.26 of the Act]” (A.R., at pp. 48-49).

[6] Sections 41.25 and 41.26 of the Act describe the provision of notice of a claimed copyright infringement as occurring in two steps. First, a copyright owner must send a notice of a claimed infringement to an ISP such as Rogers. This step is prescribed by s. 41.25:

#### **Notice of claimed infringement**

**41.25 (1)** An owner of the copyright in a work or other subject-matter may send a notice of claimed infringement to a person who provides

- (a) the means, in the course of providing services related to the operation of the Internet or another digital network, of telecommunication through which the electronic location that is the subject of the claim of infringement is connected to the Internet or another digital network;
- (b) for the purpose set out in subsection 31.1(4), the digital memory that is used for the electronic location to which the claim of infringement relates; or
- (c) an information location tool as defined in subsection 41.27(5).

#### **Form and content of notice**

- (2) A notice of claimed infringement shall be in writing in the form, if any, prescribed by regulation and shall
  - (a) state the claimant's name and address and any other particulars prescribed by regulation that enable communication with the claimant;
  - (b) identify the work or other subject-matter to which the claimed infringement relates;
  - (c) state the claimant's interest or right with respect to the copyright in the work or other subject-matter;
  - (d) specify the location data for the electronic location to which the claimed infringement relates;
  - (e) specify the infringement that is claimed;
  - (f) specify the date and time of the commission of the claimed infringement; and
  - (g) contain any other information that may be prescribed by regulation.

Secondly, the ISP must, upon receiving the copyright owner's notice of claimed infringement, "forward the notice electronically to the person to whom the electronic location [in this case, an IP address] identified" in the notice belongs. This second

step is prescribed by s. 41.26(1), which imposes upon the ISP certain obligations, the scope of which are central to deciding this appeal:

### **Obligations related to notice**

**41.26 (1)** A person described in paragraph 41.25(1)(a) or (b) who receives a notice of claimed infringement that complies with subsection 41.25(2) shall, on being paid any fee that the person has lawfully charged for doing so,

(a) as soon as feasible forward the notice electronically to the person to whom the electronic location identified by the location data specified in the notice belongs and inform the claimant of its forwarding or, if applicable, of the reason why it was not possible to forward it; and

(b) retain records that will allow the identity of the person to whom the electronic location belongs to be determined, and do so for six months beginning on the day on which the notice of claimed infringement is received or, if the claimant commences proceedings relating to the claimed infringement and so notifies the person before the end of those six months, for one year after the day on which the person receives the notice of claimed infringement.

[7] Section 41.26(2) of the Act addresses whether an ISP may charge a fee for complying with these obligations:

### **Fees related to notices**

(2) The Minister may, by regulation, fix the maximum fee that a person may charge for performing his or her obligations under subsection (1). If no maximum is fixed by regulation, the person may not charge any amount under that subsection.

To date, the Minister has not fixed a maximum fee. By operation of s. 41.26(2), therefore, no fee may be charged by an ISP for complying with its obligations under s. 41.26(1).

[8] Hence the issue to be decided: Could the scope of Rogers' obligations as an ISP under s. 41.26(1)

(1) *overlap entirely* with the steps which Rogers may be required to take under Voltage's *Norwich* order (and, if so, may Rogers still charge a fee for its reasonable costs of compliance with the *Norwich* order)?

(2) *not overlap* with those steps (in which case Rogers would be entitled to its reasonable costs of compliance with the order)? Or,

(3) *overlap in part* with those steps (and, if so, to what extent may Rogers still charge a fee for the reasonable costs of compliance with such overlapping steps)?

As I explain below, on this point the courts below diverged. While the motion judge's reasons are not entirely clear, he appeared to assume that the second view was correct since ss. 41.25 and 41.26 did not in his view oust "established law and principles with respect to [Norwich] orders" (para. 12). He therefore allowed Rogers to recover the costs of all steps it said were necessary to comply with the *Norwich* order. The Federal Court of Appeal's interpretation would, however, have confined

Rogers' recovery to the reasonable costs of the actual act of disclosure when complying with a *Norwich* order. The court saw the rest of Rogers' claimed costs as unrecoverable, since they overlapped with the steps that formed part of Rogers' implicit obligations under the statutory regime.

#### B. *Judicial History*

##### (1) Federal Court, 2016 FC 881, 141 C.P.R. (4th) 136 — Boswell J.

[9] As already recounted, Voltage sought a *Norwich* order compelling Rogers to disclose the identity of “any and all contact and personal information” of John Doe with “no fees or disbursements payable” to Rogers pursuant to ss. 41.25 and 41.26 of the Act. At the hearing of the motion, Rogers took no position on whether Voltage was entitled to the *Norwich* order. It maintained, however, that if the order were granted, Rogers should be entitled to recover from Voltage its reasonable costs of compliance with that order (which Rogers calculated at a rate of \$100 per hour plus HST).

[10] The motion judge granted the order but, considering the privacy interests that surround the disclosure of an Internet subscriber’s identity, he ordered that Rogers disclose only John Doe’s “name and address as recorded in Rogers’ records” (para. 17). The motion judge then considered, and accepted, Rogers’ argument that it was entitled to compliance costs. He reasoned that, while the statutory notice and notice regime regulates the process by which notice of a claimed copyright

infringement is provided to both an ISP and an Internet subscriber, and while it also regulates the retention of records relating to that notice, the regime does *not* regulate an ISP's disclosure of a subscriber's identity to a copyright owner. Obtaining such disclosure requires an owner to obtain a *Norwich* order. And, at common law, the ISP is entitled to recover its reasonable costs of compliance.

[11] Turning to what Rogers had actually claimed — the hourly fee of \$100 plus HST — the motion judge found that “[t]he fee is what it is”, and held that Voltage was required to pay it prior to obtaining disclosure of John Doe's name and address (para. 21). He further found that Rogers' compliance with the order should take no more than an hour, estimating that Voltage would be required to reimburse Rogers approximately \$113 (inclusive of HST). He also ordered that Rogers was entitled to the costs of the motion, which he fixed at \$500.

(2) Federal Court of Appeal, 2017 FCA 97, 146 C.P.R. (4th) 339 — Stratas J.A., Gleason and Woods JJ.A. Concurring

[12] The Federal Court of Appeal allowed Voltage's appeal. The outcome of the appeal turned on the interpretation of the statutory notice and notice regime. The court found that the purpose of the regime was “to reduce the complications and answer many of the questions that can arise when a *Norwich* order is sought” (para. 21), and to “protec[t] and vindicat[e] the rights of copyright owners” (para. 22). The regime must therefore be interpreted so as “to allow copyright owners to protect and

vindicate their rights as quickly, easily and efficiently as possible while ensuring fair treatment of all” (para. 27).

[13] The Federal Court of Appeal identified various obligations in s. 41.26(1) — both express and implicit — which an ISP must satisfy under the regime. First, s. 41.26(1)(a) expressly requires an ISP to forward notice of a claimed copyright infringement to the person to whom the electronic location specified in the notice belongs. An implicit corollary to this obligation, and to the overall purposes of the regime, however, is a set of obligations requiring the ISP to “maintai[n] its records in a manner and form that allow it to identify suspected infringers quickly and efficiently”; “searc[h] for and . . . locat[e] the relevant records”; “analyz[e] the records to satisfy itself that it has identified the suspected infringers accurately”; and undertake verification “to the extent the [ISP] must conduct verification activities to ensure accuracy” (C.A. reasons, at paras. 34 and 35).

[14] Secondly, s. 41.26(1)(a) expressly requires an ISP to notify the copyright owner that the notice has been forwarded or explain why it could not do so.

[15] An ISP’s third express obligation, described in s. 41.26(1)(b), requires it to “retain records” that “will allow the identity of the person to whom the electronic location belongs to be determined”. The Federal Court of Appeal found that the “records” are those which an ISP has used to identify a person under s. 41.26(1)(a) for the purposes of forwarding notice. It further found that such records must be maintained in a manner and form that is useable by “those who will use the records”

(para. 37), being copyright owners and courts, to identify the person who received notice. To the extent that the records are not in such a form, an ISP is required to “translat[e] or modif[y]” the records into a useable form as part of its s. 41.26(1)(b) obligations (C.A. reasons, at para. 39).

[16] The Federal Court of Appeal agreed with the motion judge that the absence of a regulation prescribing a maximum fee precludes Rogers from charging a fee for discharging its statutory obligations. It also agreed that the statutory notice and notice regime does not regulate the disclosure of a person’s identity from an ISP’s records. From this, it follows that a copyright owner seeking to have an ISP disclose a person’s identity must obtain a *Norwich* order, and an ISP can charge a fee for the “actual, reasonable and necessary costs associated with the act of disclosure” (C.A. reasons, at para. 61). Once, however, an ISP performs its statutory obligations without compensation under the notice and notice regime, the act of disclosure itself is a simple matter: “All that is left is the delivery or electronic transmission of these records by the [ISP] to the copyright owner and the [ISP’s] participation in the obtaining of a disclosure order from the Court” (C.A. reasons, at para. 62). The associated costs are, therefore, likely to be negligible.

[17] The Federal Court of Appeal found that Rogers appeared to have satisfied its obligations under the notice and notice regime but, in response to Voltage’s request for disclosure, had “re-d[one] some of its work . . . in order to verify its earlier work and ensure accuracy” (para. 67). Rogers’ fee of \$100 per hour was “based

mainly on the cost of this additional work” (para. 67). The motion judge had therefore erred by allowing Rogers to charge for work that it was already required to perform under the notice and notice regime. He also erred by failing to assess the reasonableness of Rogers’ fee, instead simply concluding that “[t]he fee is what it is”. The court set aside the motion judge’s order that Rogers reimburse Voltage at a rate of \$100 per hour plus HST and, finding insufficient evidence on the record to determine Rogers’ actual, reasonable and necessary costs of compliance, concluded that Rogers was not entitled to any reimbursement. On the basis that costs must follow the event, the Federal Court of Appeal set aside the motion judge’s award of legal costs, and instead ordered Rogers itself to pay Voltage’s costs on appeal and in the Federal Court.

### III. Analysis

#### A. *Introduction*

[18] Originally cast as an equitable bill of discovery (*Norwich; Glaxo Wellcome PLC v. M.N.R.*, [1998] 4 F.C. 439 (C.A.)), a *Norwich* order is a type of pre-trial discovery which, *inter alia*, allows a rights holder to identify wrongdoers (*Alberta (Treasury Branches) v. Leahy*, 2000 ABQB 575, 270 A.R. 1, at para. 59, aff’d 2002 ABCA 101, 303 A.R. 63). The elements of the test for obtaining a *Norwich* order (although sometimes described as “factors” to be considered (*Leahy* (Q.B.), at para. 106)), are not in dispute before us. A copyright owner must show:

- (a) [a *bona fide* claim] against the unknown alleged wrongdoer;
- (b) the person from whom discovery is sought must be in some way involved in the matter under dispute, he must be more than an innocent bystander;
- (c) the person from whom discovery is sought must be the only practical source of information available to the applicants;
- (d) the person from whom discovery is sought must be reasonably compensated for his expenses arising out of compliance with the discovery order in addition to his legal costs;
- (e) the public interests in favour of disclosure must outweigh the legitimate privacy concerns. [Emphasis added.]

(see *BMG Canada Inc. v. John Doe*, 2005 FCA 193, [2005] 4 F.C.R. 81, at paras. 15 and 32, quoting *BMG Canada Inc. v. John Doe*, 2004 FC 488, [2004] 3 F.C.R. 241, at para. 13; *Voltage Pictures LLC v. John Doe*, 2015 FC 1364, at para. 37 (CanLII); see also *Voltage Pictures LLC v. John Doe*, 2014 FC 161, [2015] 2 F.C.R. 540, at para. 45)

[19] Both Rogers and Voltage agree that the statutory notice and notice regime has not displaced the necessity of a copyright owner obtaining a *Norwich* order in order to compel an ISP to disclose the identity of a person who is alleged to have committed an infringement of copyright. Again, this appeal concerns the relationship between the steps necessary to comply with that statutory regime and the steps necessary to comply with a *Norwich* order, and the implications of that relationship for an ISP's ability to recover the costs of complying with a *Norwich* order.

#### B. *Interpretation of the Notice and Notice Regime*

[20] Statutory interpretation entails discerning Parliament's intent by examining, in this case, the words of ss. 41.25 and 41.26 in their entire context and in their grammatical and ordinary sense, in harmony with the Act's scheme and objects (*Rizzo & Rizzo Shoes Ltd. (Re)*, [1998] 1 S.C.R. 27).

(1) The Scheme of the Act

[21] The Act states the rights of copyright owners, the conduct that infringes those rights, and the civil and criminal remedies that may be sought or enforced where those rights are infringed. Part IV of the Act, entitled “Remedies”, also describes the procedures to be followed where a copyright owner alleges an infringement and seeks to enforce its rights under the Act. One such set of procedures is contained in the notice and notice provisions described in ss. 41.25 and 41.26.

(2) The Act’s Objects

[22] The notice and notice regime was enacted as part of the *Copyright Modernization Act*, S.C. 2012, c. 20, to serve two complementary purposes: (1) to deter online copyright infringement; and (2) to balance the rights of interested parties.

[23] That first purpose — deterrence — is evident in the preamble to the *Copyright Modernization Act*, which states that the “Government of Canada is committed to enhancing the protection of copyright works or other subject-matter”. This purpose is echoed in the summary of the *Copyright Modernization Act*, which states that the Act is amended to “update the rights and protections of copyright owners to better address the challenges and opportunities of the Internet”. The consultation letter from the Government of Canada which invited stakeholders to make submissions on the form and content of notice also similarly stated that the notice and notice regime’s “primary goal is to deter infringement” (A.R., at p. 74).

More particularly, by requiring notice of a claimed infringement to be forwarded to the person who was associated with the IP address that is alleged to have infringed copyright, the regime is aimed at deterring that person, or others who are using the IP address, from continuing to infringe copyright (see Canada, Office of Consumer Affairs, *Notice and Notice Regime* (online)).

[24] The notice and notice regime was not, however, intended to embody a comprehensive framework by which instances of online copyright infringement could be eliminated altogether. As a representative of Rogers explained before the House of Commons committee considering what would become the *Copyright Modernization Act*, “notice and notice is not a silver bullet; it’s just the first step in a process by which rights holders can go after those they allege are infringing. . . . Then the rights holder can use that when they decide to take that alleged infringer to court” (House of Commons, Legislative Committee on Bill C-32, *Evidence*, No. 19, 3rd Sess., 40th Parl., March 22, 2011, at p. 10). This is why, as I have explained, a copyright owner who wishes to sue a person alleged to have infringed copyright online must obtain a *Norwich* order to compel the ISP to disclose that person’s identity. The statutory notice and notice regime has not displaced this requirement, but operates in tandem with it. This is affirmed by s. 41.26(1)(b), which contemplates that a copyright owner may sue a person who receives notice under the regime, and fixes the ISP’s obligation to retain records which allow that person’s identity to be determined for a period of time after such notice is received.

[25] The second purpose of ss. 41.25 and 41.26 is “to balance the interests of all stakeholders in the copyright regime” (*House of Commons Debates*, vol. 146, No. 31, 1st Sess., 41st Parl., October 18, 2011, at p. 2107 (emphasis added)). This involves not only balancing the rights of copyright owners and Internet users who may infringe those rights, but also the interests of Internet intermediaries such as ISPs (see Explanatory Note relating to the *Copyright Modernization Act*, *Canada Gazette*, Part II, vol. 148, No. 14, July 2, 2014, at pp. 2121-23; Legislative Committee on Bill C-32, *Evidence*, at p. 1). For this reason, this balance manifests itself within the notice and notice regime in several ways.

[26] For example, Parliament sought to strike a balance between the interests of copyright owners and of Internet subscribers, respectively, by preferring a notice and notice regime over a “notice and take down” regime (see *House of Commons Debates*, at p. 2109, per Hon. James Moore). The notice and take down regime prescribed in the United States by the *Digital Millennium Copyright Act* (1998), 17 U.S.C. § 512, requires an online “service provider”, upon receiving notice of a claimed copyright infringement, to respond expeditiously by removing or blocking access to the material that is the subject of the claimed infringement. While obviously a preferable scheme from the standpoint of copyright owners, its “take down” requirement has been criticized as undermining the presumption of innocence and unnecessarily limiting free expression (see, e.g., *Comments of the Electronic Frontier Foundation before the U.S. Copyright Office, Library of Congress, In the Matter of Section 512 Study*, submitted by C. McSherry and K. Walsh (April 1, 2016) (online),

at pp. 9-13; J. M. Urban, J. Karaganis and B. L. Schofield, *Notice and Takedown in Everyday Practice* (March 2017)(online), at pp. 116-18; W. Seltzer, “Free Speech Unmoored in Copyright’s Safe Harbor: Chilling Effects of the DMCA on the First Amendment” (2010), 24 *Harv. J.L. & Tech.* 171). In contrast, the notice and notice regime allows for notices of claimed infringement to be forwarded (thereby advancing the rights of copyright holders), while accounting for the interests of Internet subscribers by maintaining the presumption of innocence and allowing them to monitor their own behaviour (and, more specifically, to avoid continued copyright infringement).

[27] Parliament also sought to balance the interests of copyright owners against those of Internet intermediaries such as ISPs. While most of the provisions within the *Copyright Modernization Act* came into force on November 7, 2012, the coming into force of ss. 41.25 and 41.26 was delayed to allow for Parliamentary consultation with stakeholders on the implementation of the notice and notice regime and on the possibility of accompanying regulations. Parliament ultimately chose to enact the notice and notice regime without regulations, thereby prohibiting ISPs from charging a fee for complying with their statutory obligations (SI/2014-58 and Explanatory Note, at pp. 2121-23). However, the amendments to the Act were also intended to “clarify Internet service providers’ liability” to copyright owners (*Copyright Modernization Act*, summary; see also Legislative Committee on Bill C-32, *Evidence*, at p. 1, per Craig McTaggart). To that end, Parliament insulated ISPs from liability for the copyright infringement of their Internet subscribers (Act, s.

31.1). Now, to attract liability under the Act, an ISP must fail to satisfy its statutory obligations under the notice and notice regime, or provide a service “primarily for the purpose of enabling acts of copyright infringement” (ss. 27(2.3), 31.1 and 41.26(3)).

(3) The Ordinary Meaning of Section 41.26 in Light of the Scheme and Objects of the Act

[28] Taking the Act’s scheme and objects into account, what is the ordinary and grammatical reading of the text of s. 41.26? Or, as Gonthier J. phrased it in *Canadian Pacific Air Lines Ltd. v. Canadian Air Line Pilots Assn.*, [1993] 3 S.C.R. 724, at p. 735, what is “the natural meaning which appears when [s. 41.26] is simply read through”? (See also R. Sullivan, *Sullivan on the Construction of Statutes* (6th ed. 2014), at p. 30.)

[29] Recall that s. 41.26(1) imposes three express obligations upon an ISP that receives a copyright owner’s notice of claimed copyright infringement: (1) to “forward the notice electronically to the person to whom the electronic location identified by the location data specified in the notice belongs” (s. 41.26(1)(a)); (2) to “inform the [copyright owner] of its forwarding or . . . of the reason why it was not possible to forward it” (s. 41.26(1)(a)); and (3) to “retain records that will allow the identity of the person to whom the electronic location belongs to be determined” (s. 41.26(1)(b)). On this, all parties are agreed. The parties also agree that the text of s. 41.26(2) provides that, because the Minister has not “by regulation, fix[ed] the maximum fee that a person may charge for performing his or her obligations under

subsection (1)”, an ISP “may not charge any amount” for costs incurred in satisfying these three express obligations. Where the parties disagree, and where the courts below disagreed, is on whether those express obligations carry with them certain implicit obligations, the costs of which an ISP cannot recover from a copyright owner.

(a) *Section 41.26(1)(a)*

[30] The first two express obligations of an ISP (forwarding notice to the person to whom the IP address belonged, and confirming to the copyright owner that such notice has been forwarded) are required by s. 41.26(1)(a) to be performed “as soon as feasible”.

[31] When considering the text, context and object of s. 41.26(1)(a), it becomes quickly apparent that there is more to these obligations than merely forwarding notice and confirming that it has been forwarded. As the Federal Court of Appeal observed, the Act’s purposes — and, indeed the requirement that an ISP perform these obligations “as soon as feasible” — will be undermined where the ISP has not taken steps enabling it to do its work “quickly and efficiently”. But at an even more fundamental level, the obligations to forward and confirm connote accompanying implicit duties — that is, steps which are necessary to see that those express statutory obligations are discharged. First, it is obvious that, in order for an ISP to “forward the notice electronically to the person to whom the electronic location . . . belongs”, the ISP must have determined, for the purposes of forwarding

notice electronically, to whom, in this case, the IP address belonged. (To be clear, and as I will explain, this does not require an ISP to identify that person *by name*. In this case, for example, Rogers says it determines who was assigned an IP address at the time in question by manually or automatically correlating that IP address with the e-mail address which belongs to its assignee.) And secondly, an ISP must also take any action that is necessary for it to verify that it has made that determination *accurately*.

[32] That these implicit identification and verification obligations form part of an ISP's burden under s. 41.26(1)(a) is evident from the text of the provision itself. Specifically, s. 41.26(1)(a) requires not only that an ISP forward notice, but also that it inform the copyright owner "of its forwarding" (or of the reason forwarding failed). As a matter of logic and good sense, the proper operation of this aspect of the notice and notice regime is premised upon an ISP having accurately determined to whom notice must be forwarded. As the Federal Court of Appeal said, "[f]or the . . . regime to work, accuracy must be assured" (para. 35). Were ISPs permitted to forward a notice to the wrong person, then confirm that it had been forwarded correctly, such confirmations would, from the standpoint of copyright owners, be unreliable and therefore meaningless. Neither the ISP nor the copyright owner would ever know if the notice had reached the right person — being, the person to whom the IP address identified in the notice belonged.

[33] The importance of accuracy is further underscored by the scheme of the notice and notice regime. Specifically, under s. 41.26(3), where an ISP fails to

correctly forward notice to the person to whom the impugned IP address actually belonged, an ISP may be liable to the copyright owner for statutory damages in an amount of no less than \$5,000 but no more than \$10,000. This statutory liability is a clear affirmation of the ISP's obligation, each time it receives notice from a copyright owner, to ensure that it forwards that notice to the correct person. Moreover, if accuracy were not found to be paramount to an ISP's satisfaction of its obligations under s. 41.26(1)(a), the balance struck by Parliament in enacting the notice and notice regime would be defeated, since copyright owners would be stripped of their advantage thereunder. ISPs would be insulated from liability to copyright holders not only where they met their statutory obligations under the notice and notice regime, but also where they effectively fail to do so.

[34] The deterrent purpose of the notice and notice regime also affirms the ISP's duty to correctly determine to whom the impugned IP address belonged at the time of the alleged infringement. Deterring online copyright infringement entails notifying *that* person, because it is only *that* person who is capable of stopping continued online copyright infringement.

[35] I acknowledge that there will likely be instances in which the person who receives notice of a claimed copyright infringement will not in fact have illegally shared copyrighted content online. This might occur, for example, where one IP address, while registered to the person who receives notice of an infringement, is available for the use of a number of individuals at any given time. Even in such

instances, however, accuracy is crucial. Where, for example, a parent or an employer receives notice, he or she may know or be able to determine who was using the IP address at the time of the alleged infringement and could take steps to discourage or halt continued copyright infringement. Similarly, while institutions or businesses offering Internet access to the public may not know precisely who used their IP addresses to illegally share copyrighted works online, they may be able, upon receiving notice, to take steps to secure its internet account with its ISP against online copyright infringement in the future.

[36] What, then, does an ISP's implicit obligation to accurately determine who must receive notice under s. 41.26(1)(a) specifically entail? Before this Court, Voltage submitted that an ISP must identify the name and physical address of the person to whom notice is forwarded in order to satisfy its obligations under s. 41.26(1)(a). This, it reasoned, is because the notice and notice regime was intended to operate alongside the *Norwich* order process. And, given that a *Norwich* order, if obtained, will require an ISP to disclose the name and physical address of the person who was sent notice under the regime, Voltage says that it only makes sense that these details first be identified at the time that notice is forwarded.

[37] Respectfully, I cannot agree. Section 41.26(1)(a) requires an ISP to determine to whom the IP address belonged *only* in order to "forward the notice electronically" to them. The requirement of electronic (as opposed to personal) delivery can be discharged in various ways that do not require an ISP to know the

relevant person's name and physical address. In this case, for example, Rogers says that it forwards notice electronically via e-mail. What s. 41.26(1)(a) requires of an ISP, therefore, is (1) determining who was assigned the IP address specified in the notice, so as to allow the notice to be forwarded electronically to that person, and (2) verifying the accuracy of that determination, so as to ensure that the person who receives notice is, in fact, the person to whom the IP address specified in the notice belongs. Again, to be clear, s. 41.26(1)(a) does not require an ISP to identify that person by name or physical address, but merely to determine that person as the person to whom the impugned IP address belonged.

[38] I note that the steps which an ISP must take to verify accuracy — that is, to verify that it has forwarded notice to the correct person — may depend upon the method by which an ISP forwards notice electronically under s. 41.26(1)(a). In this case, for example, Rogers says that one of the systems it uses to forward notice via e-mail is automated to correlate the impugned IP address contained in a copyright owner's notice to the e-mail address belonging to the person who was assigned that IP address at the time of the alleged infringement. This system then forwards the copyright owner's notice to that person via e-mail and confirms to the copyright owner that it has done so. Rogers says that there is no indication that its automated system is inaccurate. Rogers' automated system is not, however, used in all circumstances. In some cases (including, it appears, the case before us), a Rogers employee must, upon receiving a copyright owner's notice, manually look up the e-mail address belonging to the person who was assigned the impugned IP address.

Given the differences between these two systems, Rogers may be required to undertake different verification steps where it is required to utilize its manual, as opposed to its automated, process.

[39] Returning to my finding that an ISP is not required to identify the name and address of a person receiving notice under s. 41.26(1)(a), this view of an ISP's obligations is reinforced by the scheme of the notice and notice regime. Reading s. 41.26(1)(a) together with s. 41.26(1)(b), which requires an ISP to "retain records" that "will allow the identity of the person to whom the electronic location belongs to be determined", it becomes clear that s. 41.26(1)(a) contemplates that an ISP will *not* have already determined a person's specific identity, e.g. name and physical address.

[40] Moreover, to read s. 41.26(1)(a) as requiring an ISP to determine the name and physical address of the person to whom it forwards notice would not be consistent with the notice and notice regime's purpose of balancing the interests of all stakeholders. Each month, Rogers receives approximately 200,000 to 300,000 notices of claimed copyright infringement, each of which it must forward in accordance with s. 41.26(1)(a). Only a small portion of these notices ultimately result in *Norwich* orders requiring Rogers to disclose the name and physical address of a person who has received notice. Recognizing an implicit requirement in s. 41.26(1)(a) for Rogers to identify the name and physical address of those hundreds of thousands of persons to whom it forwards notices each month would force Rogers to undertake identification work in all cases even though the vast majority of notices sent will

never culminate in a *Norwich* order. In my view, this would undermine the balance struck by Parliament within the notice and notice regime between the respective interests of ISPs and of copyright owners.

[41] It must be borne in mind that being associated with an IP address that is the subject of a notice under s. 41.26(1)(a) is not conclusive of guilt. As I have explained, the person to whom an IP address belonged at the time of an alleged infringement may not be the same person who has shared copyrighted content online. It is also possible that an error on the part of a copyright owner would result in the incorrect identification of an IP address as having been the source of online copyright infringement. Requiring an ISP to identify by name and physical address the person to whom the pertinent IP address belonged would, therefore, not only alter the balance which Parliament struck in legislating the notice and notice regime, but do so to the detriment of the privacy interests of persons, including innocent persons, receiving notice.

(b) *Section 41.26(1)(b)*

[42] An ISP's third express obligation under the notice and notice regime — to retain records that will "allow the identity of the person to whom the electronic location belongs to be determined" — is contained in s. 41.26(1)(b). The Federal Court of Appeal found this express obligation to carry with it an implicit obligation to maintain those records in a manner and form that will allow identity to be determined "by those who will use the records" being "the copyright owner [who] needs to know

the identity of the suspected infringers so it can determine its options” and “a court [that] will need to know the identity of the suspected infringers so it can determine the issues of copyright infringement and remedy” (para. 37). To the extent that the records are in a “form usable by the [ISP] to identify suspected infringers but are not in a manner and form usable by copyright owners and courts” the Federal Court of Appeal held that the ISP must convert the records and “must perform that work as part of its 41.26(1)(b) obligations” (para. 39).

[43] I find myself in respectful disagreement with that conclusion. Section 41.26(1)(b) does not require an ISP to actually disclose the records to which the provision refers. In other words, s. 41.26(1)(b) does not contemplate that anyone other than the ISP will have access to or use of its records. At the very least, it does not follow from the statutory text that records (to which copyright owners and courts have no access) must be kept in a readable format that would permit copyright owners and courts to determine a person’s identity from them. I acknowledge that it might be argued that s. 41.26(1)(b) leaves this question open since, while referring to “records that will allow the identity of the person to whom the electronic location belongs to be determined”, it does not specify *by whom*. Absent a disclosure mechanism, however, the better interpretation in my view is that s. 41.26(1)(b) is referring to a “determination” *by the ISP*.

[44] This view is supported by s. 41.26(1)(b)’s requirement that an ISP “retain” records which allow identity to be determined. “Retain” suggests something

which already exists — that is, “allow[ing] to remain, in place of discarding or removing; to preserve” or “to hold fixed in some place or position” (*The Oxford English Dictionary* (2nd ed. 1989), at pp. 768-69). Retaining therefore connotes preservation of the records, and not the further act of “translat[ing] the records . . . into a manner and form that allows them . . . to be used by copyright owners and later the courts” (C.A. reasons, at para. 40). While an ISP merely retaining the records without further translation (by converting its records into a new format or compiling records into a new kind of record) might well make it impossible for copyright owners and the courts to use the records to identify a person’s name and physical address, it would not typically prevent the ISP from doing so.

[45] This interpretation is also consistent with the overall scheme within which the deterrent purpose of the notice and notice regime is pursued. As I have recounted, when it enacted the notice and notice regime, Parliament knew that the regime was only a first step in deterring online copyright infringement, and that a copyright owner who wished to sue an alleged infringer would still be required to obtain a *Norwich* order to identify that person. A *Norwich* order requiring an ISP to identify and disclose the suspected copyright infringer’s name and physical address from its records will not be satisfied where an ISP simply discloses records that are in a form which are unusable to the copyright owner or the court; rather, ISPs subject to *Norwich* orders must identify and disclose the name and physical address from their records of persons who are alleged to have infringed copyright (*Voltage Pictures LLC v. John Doe*, 2011 FC 1024, 395 F.T.R. 315; *Voltage Pictures* (2014)).

[46] Finally, I stress that s. 41.26(1)(b), like s. 41.26(1)(a), implicitly requires an ISP to maintain records which allow it to *accurately* determine the identity of the person to whom the impugned IP address belonged. I agree with the Federal Court of Appeal that the notice and notice regime should be interpreted so as “to allow copyright owners to protect and vindicate their rights as quickly, easily and efficiently as possible while ensuring fair treatment of all”. Inaccurate identification by an ISP, and the delay that would follow, undermines that prompt vindication of their rights. Indeed, given the rapidity with which copyrighted content is shared via simultaneous downloading and uploading on peer to peer networks, inaccurate identification might hollow out those rights altogether. The purpose of s. 41.26(1)(b) is to allow for identification *when an ISP is required to do so by court order*. It is therefore of utmost importance that an ISP retain its records in an accurate manner and form in order to ensure prompt identification.

(c) *Conclusion on Section 41.26(1)*

[47] In brief, the three express obligations contained in ss. 41.26(1)(a) and 41.26(1)(b) carry with them several implicit obligations that an ISP must satisfy under the notice and notice regime. Specifically, s. 41.26(1)(a) requires an ISP to determine, for the purpose of forwarding notice electronically, the person to whom the IP address belonged. It also requires an ISP to take whatever steps that are necessary to verify that it has done so accurately lest it risk statutory liability for

failing to actually forward notice to that person. It does not, however, require an ISP to determine the name and physical address of that person.

[48] Similarly, the records that an ISP must retain under s. 41.26(1)(b) must be accurate. Any steps which are necessary to verify the accuracy of those records therefore form part of an ISP's s. 41.26(1)(b) obligations. That said, while those records must be kept in a form and manner that allows *an ISP* to identify the name and address of the person to whom notice is forwarded under s. 41.26(1)(a), s. 41.26(1)(b) does not require that they be kept in a form and manner which would permit *a copyright owner or a court* to do so. The copyright owner would, however, be entitled to receive that information from an ISP under the terms of a *Norwich* order — which process, as I have already said, falls outside the ISP's obligations under the notice and notice regime.

(d) *Section 41.26(2)*

[49] As I have explained, in view of the Minister not having set a maximum fee by regulation, s. 41.26(2) precludes an ISP from charging any fee for satisfying its express statutory notice and notice obligations. What, however, of the ISP's implicit identification and verification obligations under the notice and notice regime? May an ISP recover its costs of compliance with a *Norwich* order if the steps which it says it must take to comply with the order overlap with, for example, its implicit obligation under s. 41.26 to verify the accuracy of the records?

[50] Voltage argues that, where such implicit statutory obligations overlap with the steps that an ISP says it would have to take in order to comply with a *Norwich* order, an ISP is not entitled to recover the costs of such steps. Rogers points out, however, that copyright owners have always been required at common law to compensate an ISP for its “reasonable costs for compliance” with a *Norwich* order (*Voltage Pictures* (2014)). For Parliament to be taken as having intended to oust that common law rule, Rogers argues, it must have done so expressly, and with “irresistible clearness” (*Parry Sound (District) Social Services Administration Board v. O.P.S.E.U., Local* 324, 2003 SCC 42, [2003] 2 S.C.R. 157, at para. 39, quoting *Goodyear Tire & Rubber Co. of Canada v. T. Eaton Co.*, [1956] S.C.R. 610, at p. 614; *Canada (Attorney General) v. Thouin*, 2017 SCC 46, [2017] 2 S.C.R. 184, at para. 19).

[51] In my view, Voltage’s argument should prevail on this point. Absent a regulation fixing a maximum fee, s. 41.26(2) prohibits an ISP from charging a fee for performing any of its obligations arising under the notice and notice regime. I have found that these obligations implicitly include (1) determining, for the purposes of forwarding notice electronically, who was assigned the impugned IP address at the time of the alleged infringement; (2) taking all steps necessary to verify that the ISP has done so accurately; and (3) taking all steps necessary to verify the accuracy of records which would permit the ISP to identify the name and physical address of the person to whom notice was forwarded. Those obligations will have first arisen under s. 41.26(1) — that is, prior to the ISP’s obligations arising under a *Norwich* order. It

follows that an ISP should not be permitted to recover the cost of carrying out any of the obligations, express or implicit, that will already have arisen under s. 41.26(1) when it takes them only after having been served with a *Norwich* order. To accept Rogers' argument to the contrary would undermine the distribution of financial burden which Parliament decided upon by imposing upon copyright owners an obligation which was specifically allocated, by joint operation of ss. 41.26(1) and 41.26(2), to ISPs.

[52] To be clear, there is a distinction between an ISP's obligation under the notice and notice regime to ensure the accuracy of its records that allow the identity of the person to whom an IP address belonged to be determined, and an ISP's obligation under a *Norwich* order to actually identify a person from its records. While the costs of the latter are recoverable, the costs of the former are not. Where, however, the steps that an ISP says it must take to verify the identity of a person in response to a *Norwich* order involve, in effect, verifying the accuracy of the very records which it was required by s. 41.26(1) to retain, the ISP cannot recover the resulting costs.

[53] Finally, it bears mentioning that an ISP is not entitled to be compensated for *every* cost that it incurs in complying with a *Norwich* order (*Voltage Pictures* (2015)). Recoverable costs must (1) be *reasonable*, and (2) arise from compliance with the *Norwich* order. Where costs should have been borne by an ISP in performing

its statutory obligations under s. 41.26(1), these costs cannot be characterized as either reasonable or as arising from compliance with a *Norwich* order.

### C. Application

[54] I turn now to the motion judge’s order that Rogers be entitled to its reasonable costs of \$100 per hour plus HST, and the Federal Court of Appeal’s decision to set it aside. The motion judge properly found that the notice and notice regime requires ISPs to bear the costs of satisfying their statutory obligations. He also found, however, that the regime “only obligated [an ISP] to do two things”: (1) forward notice under s. 41.26(1)(a); and (2) retain records under s. 41.26(1)(b) (para. 11). He continued to find that Rogers’ proposed fee of \$100 per hour plus HST for steps taken to comply with a *Norwich* order “is what it is”, and that Voltage would have to reimburse Rogers at that rate if it wished to obtain John Doe’s identity. At no point in his reasons did the motion judge examine the steps which Rogers said were required to comply with the *Norwich* order. Specifically, the motion judge did not consider whether any of those steps should have already been undertaken by Rogers to comply with its obligations under the notice and notice regime.

[55] Given the statutory prohibition on the recovery of costs arising from the notice and notice regime, motion judges should carefully review an ISP’s evidence to determine whether an ISP’s proposed fee is “reasonable”, in light of its obligations under the notice and notice regime. The evidence here, for example, is that Rogers undertakes an eight step manual process when it is ordered by a court to disclose the

identity of one of its subscribers. These eight steps, as described by a Rogers employee, are:

1. The request is logged by a security analyst. The analyst enters the date, time, information requested, affected services, due date, and information about the requester into a database.
2. In the case of an IP address lookup, when the log entry enters the work queue to be processed, the IP is checked against an internet resource by a second security analyst to verify that it is indeed a Rogers Cable IP address.
3. The security analyst assigned to process the request searches the IP address against a dedicated Rogers database that records all the users of any given IP address within the past 12 months (approximately). The query is narrowed to specific date and time parameters in order to identify a specific modem.
4. The modem identification information is queried against a duplicate modem list, to determine whether the modem has been cloned.
5. The modem is searched in the Rogers customer database. Three separate verifications are then performed to ensure that the correct customer has been identified.
6. Screenshots are made of the information generated in steps 2 through 5 and saved to a file as backup documentation.
7. The security analyst creates a document with the requested results and logs the completion date.
8. An Investigator in the [Lawful Access Response] group then reviews the screenshots and results document. If the Investigator is satisfied with the result, it will be forwarded to the requesting parties. Investigators log their participation in the process and then close the file.

(A.R., at p. 120)

[56] In my respectful view, the motion judge erred in law by failing to interpret the full scope of an ISP's obligations under s. 41.26(1), and then by failing to consider whether any of these eight steps overlap with Rogers' statutory obligations for which it was not entitled to reimbursement. The Federal Court of Appeal therefore correctly set aside the motion judge's order. That said, I find myself in respectful disagreement with the Federal Court of Appeal's decision that the costs for which Rogers may recover in complying with the *Norwich* order are limited to those incurred in the act of disclosure — although I do agree that Rogers is entitled to recover those costs. As I have explained, the statutory notice and notice regime, as I read it, does not require an ISP to maintain records in a manner or form that would allow copyright owners or a court to discern the identity and physical address of the person to whom notice was sent. In response to a *Norwich* order requiring it to furnish such information (or other supporting information), an ISP is therefore entitled to the reasonable costs of steps that are necessary to discern a person's identity from the accurate records retained under s. 41.26(1)(b). While these costs, even when combined, may well be small, I would not assume that they will always be "negligible", as the Federal Court of Appeal anticipates.

[57] I do, however, agree with the Federal Court of Appeal that, on this record, it is impossible to determine Rogers' reasonable costs of compliance in this case. As indicated above, to the extent the motion judge assessed the fee charged by Rogers, that assessment was not undertaken with reference to s. 41.26, properly interpreted. In the circumstances, which include the difficult and novel questions of statutory

interpretation presented by this appeal, I would return this matter to the motion judge to allow Rogers to prove its reasonable costs of compliance. And, given those same circumstances, Rogers should be entitled to adduce new evidence to prove its reasonable costs of compliance with the *Norwich* order.

#### IV. Conclusion

[58] I would therefore allow Rogers' appeal. Rogers is entitled to its reasonable costs of compliance with the *Norwich* order. The *quantum* of its entitlement is remitted to the motion judge at the Federal Court to be determined in accordance with this Court's interpretation of ss. 41.25 and 41.26 of the Act.

[59] As to costs, it is a precondition of a *Norwich* order that an ISP is entitled to its reasonable legal costs incurred in *Norwich* order proceedings (*BMG Canada Inc.* (C.A.), at paras. 15 and 35). I would therefore restore the motion judge's order awarding Rogers its legal costs of \$500. Given the unusual circumstances of this appeal which I have already described, however, as well as the divided success throughout these proceedings, I would direct that the parties bear their own costs at this Court and at the Federal Court of Appeal (see *Cartier International AG v. British Telecommunications plc*, [2018] UKSC 28, [2018] 1 W.L.R. 3259, at para. 38).

The following are the reasons delivered by

CÔTÉ J.—

I. Overview

[60] I agree that the appeal should be allowed. The Court of Appeal (2017 FCA 97, 146 C.P.R. (4th) 339) erred in imposing a series of implied obligations on Internet service providers (“ISP”s) that cannot and should not be read into the statute, especially in light of the presumption that changes to the common law require a “clear and unequivocal expression of legislative intent” (*Canada (Attorney General) v. Thouin*, 2017 SCC 46, [2017] 2 S.C.R. 184, at para. 19). Brown J. rightly rejects many aspects of that analysis.

[61] I would, however, go further than my colleague, Brown J. In my view, none of the eight steps that Rogers Communications Inc. undertakes in response to a *Norwich* order is supplanted by the statutory notice and notice regime (*Norwich Pharmacal Co. v. Customs and Excise Commissioners*, [1974] A.C. 133 (H.L.)). I also disagree with the proposition that any implied obligations in s. 41.26(1) of the *Copyright Act*, R.S.C. 1985, c. C-42, categorically preclude an ISP from verifying aspects of its records at the time that a *Norwich* order is received and then seeking compensation for that work. Assuming that Rogers’ eight-step process is otherwise reasonable, a determination that does not appear to have been made by the motion judge in the first instance (2016 FC 881, 141 C.P.R. (4th) 136), Rogers is entitled to

full compensation for the steps it takes to identify an account holder and to disclose that identity to a copyright claimant.

## II. Analysis

[62] In the context of this appeal, the notice and notice regime imposes two sets of statutory obligations on ISPs, neither of which is, at present, subject to compensation. First, under s. 41.26(1)(a), an ISP must forward a notice of claimed infringement electronically to the person to whom the electronic location identified by the location data provided by a copyright claimant belongs, and must then inform that claimant whether or not the notice was successfully forwarded. Second, under s. 41.26(1)(b), an ISP must “retain records that will allow the identity of [that] person . . . to be determined”. Taken together, these provisions make clear that an ISP need not actually determine the identity of an alleged infringer. And, as Brown J. concludes, there is no obligation to retain these records in any particular manner or form (paras. 43-46). Thus, any work required to determine an alleged infringer’s identity and to disclose that identity pursuant to a *Norwich* order is not subsumed within the notice and notice regime and can therefore be subject to compensation in accordance with the common law. I agree with the majority to this extent. But how does this interpretation apply to Rogers?

[63] Rogers, as one Canada’s largest ISPs, receives upwards of two million infringement notice requests per year. That amounts to more than 5,000 per day. Because of this high volume, it processes these requests using an automated platform.

A copyright holder submits a request to the platform through an electronic portal, providing Internet Protocol (“IP”) address information of the alleged infringer. The platform then automatically sends the infringement notice to the email address of the Rogers account holder associated with the specified IP information. To borrow an example that my colleague Gascon J. used at the hearing, the platform may automatically send an infringement notice to “[gohabsgo@gmail.com](mailto:gohabsgo@gmail.com)”, if that is the email address linked to the specified IP information according to Rogers’ electronic system. But at no point does Rogers actually determine the name of the person alleged to have engaged in copyright infringement — the owner of the “[gohabsgo@gmail.com](mailto:gohabsgo@gmail.com)” email account — in response to a notice and notice request, let alone the person’s physical address or other identifying information. Rogers submits that this process complies with its statutory obligations under s. 41.26(1)(a), and Voltage does not appear to contest this point.

[64] In contrast, Rogers receives between 1,500 and 3,000 lookup requests of the type made by Voltage each year (*Norwich* orders). It responds to these requests manually through a process that involves multiple staff members and lookups across different databases. It does not employ an automated process because the number of requests is comparatively low, and the cost of error — improperly disclosing an account holder’s personal information to a third party and erroneously subjecting that account holder to service of legal process — is comparatively high. Rogers also submits that this process simply cannot be automated. Unlike notice and notice requests, which are typically submitted in identically formatted electronic documents

by copyright holders that have registered with Rogers, court orders must be examined manually to ensure they are legitimate and to determine the specific nature of information requested.

[65] According to Brown J., the notice and notice regime imposes an implied obligation on Rogers to *accurately* determine to whom the automated notice must be forwarded under s. 41.26(1)(a) (para. 32). Likewise, he draws a distinction between “ensur[ing] the accuracy of . . . records that allow the identity of the person to whom an IP address belonged to be determined” (for which an ISP cannot be compensated) and “verify[ing] the identity of a person in response to a *Norwich* order” (for which an ISP can be compensated), on the basis of another implied obligation (para. 52). He then instructs the motion judge to reassess Rogers’ process in light of this understanding.

[66] In my view, the entirety of Rogers’ eight-step process falls into this second bucket. Rogers is not “in effect, verifying the accuracy of the very records which it was required by s. 41.26(1) to retain” (Brown J.’s reasons, at para. 52); it is determining and verifying the *identity* of a person (which it does not already know) *based on those records*. It does so by logging the request, verifying that the account is a Rogers account, querying other databases (such as the duplicate modem list and the customer database), and screenshotting the results for review by another employee. This amounts to a comprehensive and thorough means of accurately identifying the *person* associated with the IP information provided by the copyright

holder. The process assumes that Rogers has accurately sent an automated infringement notice (if such notice was requested) to the email address linked in its system to the IP information provided by the copyright holder. It simply correlates and cross-references various other records to ensure that an account holder is identified correctly. The fact that Rogers may have already determined the person's email address through its automated platform does not render any of the eight steps duplicative or redundant, especially since a copyright holder is not obliged to proceed through the notice and notice platform before submitting a *Norwich* request. It remains open to the motion judge to adopt this reading of the statute after Rogers has had the opportunity to adduce new evidence on these points.

[67] But in the alternative, even if some steps in Rogers' *Norwich* process could be characterized as "verifying" pre-existing information or records, I respectfully reject Brown J.'s conclusion that Rogers should be precluded from seeking compensation on the basis of any purported implied obligation in s. 41.26(1).

[68] For one thing, customer information, including physical addresses, email addresses, and phone numbers, can change over time; and a *Norwich* order may be received well after the automated notice of infringement is first sent to the account holder. The accuracy of that information must still be verified at the time the account holder's identity is requested by the copyright holder. After all, it is the account holder's *current* identifying information that a claimant must obtain in order to initiate a legal proceeding for copyright infringement — not the identifying

information as it may have existed when the automated infringement notice was sent. (Or, put more accurately, *if* and when an automated notice was sent.) Indeed, this is precisely the information that Voltage requested in its motion.

[69] But more importantly, it is of course possible that not all of the millions of infringement notices generated by Rogers' automated platform are sent to the correct account holder in accordance with s. 41.26(1)(a). In some cases, this may be entirely outside of Rogers' control — for example, where an account holder improperly enters an email address in his or her account profile, causing Rogers to send the notice to someone else. In other cases, there may be complicating factors that are identified only through Rogers' manual process and not through the automated platform.

[70] For Brown J., the answer to this problem is that Rogers cannot seek compensation for verifying anything it has done through its automated platform. In effect, it must assume that the automated notice makes its way to the correct person each and every time, for every one of the millions of notice requests it receives. But if we accept the reality that the automated platform may sometimes result in errors, Rogers is left with only two options, according to Brown J.: either it must redesign its automated system around the identification needs that affect only a minuscule subset of those cases; or it must undertake manual verifications in response to a *Norwich* order for free.

[71] With respect, I see things differently. A party responding to a *Norwich* order is entitled to reimbursement for reasonable costs of compliance (see, e.g., *Glaxo Wellcome PLC v. M.N.R.*, [1998] 4 F.C. 439 (C.A.)). So what is reasonable in this context? Given that Rogers receives more than two million notice and notice requests each year, the fraction of cases in which a notice is not sent to the correct account holder by the automated platform may not justify adopting the degree of manual verifications that Rogers employs in response to *Norwich* orders. But, in the *Norwich* context — where there are substantially fewer requests and a higher cost if an error is made — there may be good justifications for conducting more rigorous verifications. It is therefore reasonable for Rogers to undertake such verifications, recognizing that the sheer number of the notice and notice requests it receives may make perfect compliance an illusory goal in that context. There is no “irresistible clearness” in the statute to justify displacing this otherwise sensible approach on the basis of a purported implied obligation (*Parry Sound (District) Social Services Administration Board v. O.P.S.E.U.*, Local 324, 2003 SCC 42, [2003] 2 S.C.R. 157, at para. 39).

[72] Of course, Rogers does not have free reign to conduct whatever verifications it chooses and to saddle copyright holders with the associated costs. The common law *Norwich* regime permits an ISP to be compensated only for “reasonable” steps to comply with an order. Thus, to the extent that an ISP performs unnecessarily extensive or duplicative verifications, judges are empowered to deny the costs of those verifications. But that authority comes from the common law, not from an interpretation of this statute. If, for example, an ISP engaged in a manual

lookup of an account holder's name, but redundantly assigned that task to ten different staff members, each performing an identical and superfluous function, a judge could undoubtedly deny compensation on the basis that such steps were not reasonable.

[73] The problem here is that the motion judge does not appear to have made an independent finding as to the reasonableness of Rogers' eight-step process. He did conclude that Rogers' fee of \$100 per hour was reasonable — a finding that counsel for Voltage conceded was "thoroughly canvassed" in the underlying decision, and therefore need not be addressed again. But whether Rogers may charge \$100 per hour does not answer the question of *what* Rogers may charge \$100 per hour to do.

[74] On my interpretation of the statute, of course, Rogers' eight-step process is not subsumed within the notice and notice regime. And as I have mentioned, it remains open to the motion judge under Brown J.'s reasons to adopt this interpretation and to conclude that Rogers' process is otherwise reasonable. But even on my reading of the statute, I would still remit the matter for a determination of whether the time that Rogers spends completing its eight-step process is reasonable. The motion judge should make a finding on this point in the first instance, separate and apart from his finding on the reasonableness of the hourly rate.

### III. Conclusion

[75] For the reasons described above, I concur with Brown J. that the appeal should be allowed and the matter remitted to the motion judge for further proceedings.

*Appeal allowed.*

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