

**LIMITATIONS IN INTELLECTUAL PROPERTY:
"THE TIME IS OUT OF JOINT"**

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The question whether a right is barred through effluxion of time is one that should be easily ascertained and understood. This is as true for intellectual property law as for any other area. The laws establishing copyrights, patents, designs, trademarks, plant breeders' rights and integrated circuit topography rights do not, however, live up to this standard. Instead they create traps for both common and civil lawyers. The author argues that the present confusion should be eliminated by the passage of a single federal limitation statute applying to all intellectual property and drawing from the principles found in the more recently reformed provincial limitation laws.

La question de savoir si un droit est prescrit par le passage du temps en est une qui devrait être facilement résolue et comprise. Ceci est vrai aussi bien pour la propriété intellectuelle que pour tout autre secteur. Les lois établissant les droits d'auteur, les brevets, la conception de projets, les marques de commerce, les droits de phytogénéticien et les droits en topographie de circuits intégrés, cependant, ne suivent pas ce modèle. Elles créent plutôt des pièges pour les avocats et avocates de common law et de droit civil. L'auteur soutient que la confusion actuelle devrait être éliminée par l'adoption d'une loi fédérale unique applicable à tout le droit de la propriété intellectuelle, en s'inspirant des récentes réformes des lois provinciales sur la prescription.

Recently while trying to sort out the law on limitation periods for copyright infringement, I looked up the limitation provisions in other Canadian intellectual property statutes to see what light they threw on the subject. I emerged befuddled. The other statutes did not help at all. In fact they were a complete mess. The first part of this article sketches the difficulties in all of the statutes. The second part examines one in greater detail: that of copyright. Finally, I offer some conclusions.

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I *The intellectual property laws*

There are now six federal statutes covering intellectual property. They deal first with the basics: copyright, patents, industrial designs and trade-marks; to these were recently added rights over integrated circuit topographies ("ICTs" or semiconductor chips) and new plant and seed varieties.¹ The basic statutes trace back to the time of confederation. Indeed, the industrial design legislation of today is essentially an 1868 law, which stood virtually unchanged until major amendments in 1988 and particularly in 1993. The other basic fields — copyright, patents and trade-marks — have also been substantially amended, especially in 1993.² These amendments included two affecting limitation periods for patents and designs.

The subject of limitations can involve pressing issues of social policy. People who have suppressed childhood memories of abuse or who find they are now ill through prolonged exposure to harmful substances can testify to the additional injury unfair limitation periods can cause them when trying to bring wrongdoers to justice. Intellectual property cases lack this emotional impact. True, the occasional aggrieved author, designer or inventor does claim for a perceived injury to pocket or pride, but most litigants are businesses suing to enjoin competitors from trespassing on their limited monopoly and to be compensated for past incursions. Yet limitations have their importance here too: ask any plaintiff, defendant, lawyer or lawyer's insurer who has run afoul of them.

The law of limitations has, despite its significance, attracted few grand ideas, as the plethora of law reform reports over the last few decades reveals. The basic issue is whether the time-bar is good social policy for a particular case or run of cases. Five obvious points may still be made about how such bars should be framed, whether for intellectual property or other claims:

- some cut-off period is a good idea: nobody should sue for a harm that happened a century ago;
- litigants and their lawyers should know quickly and easily what that period is — a fundamental principle of all legislation;
- the period should be the same for similar types of cases, unless there is a good reason otherwise: arbitrary differences are just accidents waiting to happen;
- where one legislature is responsible for enacting all the legislation, the drafting of the provisions should be the same, unless there is a good reason why not: different wording raises doubts (and so arguments) about whether the variation is stylistic or substantive;
- the French and English versions of the law should say the same thing and the drafting should be consistent as between statutes: francophones or anglophones

¹ The statutes, with their R.S.C. 1985 reference, are in order of enactment: *Industrial Design Act* of 1868 (I-9); *Copyright Act* of 1921 (C-42); *Patent Act* of 1935 (P-4); *Trade-marks Act* of 1953 (T-13); *Plant Breeders' Rights Act* of 1990 (P-14.6); *Integrated Circuit Topography Act* of 1990 (I-14.6), in force since 1993. The first four statutes have been substantially amended since their original enactment.

² *Intellectual Property Law Improvement Act*, S.C. 1993, c. 15; *North American Free Trade Implementation Act*, S.C. 1993, c. 44.

should not constantly have to refer to the other language text to make sense of their own language text.

Unfortunately, the limitations in the six intellectual property statutes offend one or more of these guidelines:

- the *Trade-marks Act*, *Plant Breeders' Rights Act* ("PBR Act") and (until a 1993 amendment is proclaimed into force) the *Patent Act* contain no limitation period at all: but, perversely, this does not mean there is no limitation period, as we shall see;
- limitation periods like that in the *Copyright Act*, which simply states that an action is time-barred after a given period, do not mean what they say because courts have grafted major exemptions on to them;
- the periods vary for no clear reason: three years for copyright and industrial designs, three years (subject to extension) for ICTs, six years under the proposed amendment for patents, anything from three years in Quebec and six years in the common law provinces for trade-marks and PBRs;
- the drafting is common to only two of the statutes: patents and industrial designs;
- the English and French versions of the statutes differ for no apparent reason, the most egregious being patents and industrial designs where identical language in the English versions is paired with radically different French versions.

These discrepancies are best seen if the provisions involved are tabulated:³

<i>Statute</i>	<i>When in force</i>	<i>English version</i>	<i>French version</i>
Copyright Act (s. 41), as amended in 1988	1988-	An action in respect of infringement ⁴ shall not be commenced after the expiration of three years immediately following the infringement.	Les actions pour violation se prescrivent par trois ans à compter de la violation. ⁵
Patent Act (s. 55.01), as inserted in 1993	not yet proclaimed	No remedy may be awarded for an act of infringement committed more than six years before the commencement of the action for infringement.	Tout recours visant un acte de contrefaçon se prescrit à compter de six ans de la commission de celui-ci.

³ The *Trade-marks Act* and *Integrated Circuit Topography Act* are omitted because they contain no express limitation statute.

⁴ Between 1921 and 1988, the words "of copyright" appeared after "infringement". They were dropped in 1988 when the moral rights provisions of the *Act* (the right of authors to claim attribution and to prevent distortions of their work) were revamped: see now ss. 14.1, 14.2, 28.1, and 28.2 of the *Copyright Act*. A court had earlier suggested that moral right infringements were "imprescriptible" because they fell outside the limitation period for "copyright" in section 41: see Vaver, "Authors' Moral Rights in Canada" (1983) 14 I.L.C. 329 at 349. Hence "infringement of copyright" became "infringement" *tout court* to provide a uniform limitation for both moral rights and copyright.

⁵ Until 1988, the French version translated the English literally: "Une action pour violation du droit d'auteur ne peut plus être intentée après l'expiration d'un délai de trois ans à compter de cette violation." In 1988 the French drafter took the opportunity of

<i>Statute</i>	<i>When in force</i>	<i>English version</i>	<i>French version</i>
Industrial Design Act (s. 18), as amended in 1993	1994	No remedy may be awarded for an act of infringement committed more than three years before the commencement of the action for infringement.	L'action en violation se prescrit par trois ans à compter de celle-ci.
Integrated Circuit Topography Act (s. 12), first enacted 1990	1993	(1) Subject to subsection (2), no royalties, damages, profits or punitive damages may be awarded for any act of infringement committed more than three years before the commencement of the action for infringement. (2) The limitation period described in subsection (1) does not apply if (a) the infringement is of such a nature that, at the time of its commission, it would not have come to the attention of a reasonably diligent owner or licensee of any right in the registered topography; and (b) the action for infringement is commenced within three years after the infringement came or should have come to the attention of the plaintiff.	(1) Sous réserve du paragraphe (2), l'action pour violation de la protection visant réparation de profits perçus ou de dommages-intérêts ou l'imposition de dommages punitifs se prescrit par trois ans à compter de la violation. (2) La prescription ne joue toutefois pas si la violation est d'une nature telle qu'elle n'aurait pu être décelée par un propriétaire ou titulaire de licence diligent et si l'action est intentée dans les trois années suivant le moment où le demandeur a décelé — ou aurait dû déceler — la violation.

Despite these differences, the meanings of these provisions should be essentially the same, wherever an infringement occurs and whichever court — federal or provincial — hears the case. However, with drafting variations as wide as these, mistakes are inevitable. If one ignores minor but sometimes critical drafting discrepancies,⁶ three broad types of problems are discernible.

completely rewriting section 41. The change of “une action” to “les actions” presumably indicates (subtly) that more than one type of infringement is now caught: i.e., copyright and moral rights. Compare the later drafting of the limitation provision in the *Industrial Design Act* which uses the singular: “L'action en violation...”. Unfortunately, as we shall see, the *Industrial Design Act* provision is open to other objections.

⁶ E.g., in s. 12(2) of the *Integrated Circuit Topography Act*, the plaintiff has to be “reasonably” diligent in finding out the wrong; in the French text, he has to be just “diligent”. There seems no excuse for the non-equivalence.

The missing statutes

Two statutes are missing from the table: the *Trade-marks Act* and the *PBR Act*. This is because, as is still true of patents until the 1993 amendment to the *Patent Act* is proclaimed into force, no express limitation period appears in either statute.

The *Trade-marks Act* came into force in 1954, but it has been periodically revised, particularly in 1993 by the same omnibus *Act* that introduced the new limitation period for patents;⁷ yet nothing was done in this respect for trade-marks. The *PBR Act* is, on the other hand, very recent. It was enacted in 1990, the same year as the *Integrated Circuit Topography Act* ("*ICT Act*"); indeed, the statutes were assented to within eight days of each other. Yet the *PBR Act* has no limitation period, while the *ICT Act* has. Why the 18-year monopoly created by the *PBR Act* should have no express limitation, but the 10-year monopoly created by the *ICT Act* should have one of three years, is not readily apparent.

The absence of a limitation period in the *Trade-marks* or *PBR Acts* does not mean — as an ingenuous reader might think — that they have no limitation periods. Provincial and federal courts⁸ will, as they still do for patents, apply to them the *provincial* limitation period for tort or (in Québec) infringement of moveable property rights (*droits réels mobiliers*). So an infringement in Québec is prescribed after three years; the same act in other common law provinces will be time-barred after six years.⁹ A time-bar of six years seems far too long for a trade-mark infringement, which is usually detectable very quickly; in any event, why trade-marks and *PBRs* should have different limitation periods depending on where someone decides to infringe, seems inexplicable. Federal jurisdiction over these rights is allocated or assumed precisely because national uniformity is supposedly needed and infringements often occur interprovincially. In this respect, the rights resemble the other intellectual property rights, which do have a limitation built into their statutes.

Limitation vs. prescription

The time-bars set out in the table are plainly intended to be common law limitations, not civil law *prescriptions*. The statutes are common law in structure and wording. Although copyright, patent and industrial design laws have become more Canadianized over the years, they still bear the imprints of

⁷ *Intellectual Property Law Improvement Act*, *supra* footnote 2, s. 48, introducing *Patent Act*, s. 55.01.

⁸ *Federal Court Act*, R.S.C. 1985, c. F-7, s. 39(1). See generally R. H. Barrigar, "Time Limitations on Dominion Statutory Causes of Action" (1964) 40 C.P.R. 82.

⁹ Art. 2295 C.C.Q. (formerly 2 years under C.C.L.C., art. 2261(2)); *Limitation Act*, R.S.O. 1990, s. 45(1)(g); *Leesona Corp. v. Consolidated Textile Mills Ltd.*, [1978] 2 S.C.R. 2 at 6-7 (Quebec); *Reeves Bros. Inc. v. Toronto Quilting & Embroidery Ltd* (1978), 43 C.P.R. (2d) 145 at 166-67 (Fed. T.D.) (Ontario and Quebec); *Johnson Controls Inc. v. Varta Batteries Ltd* (1984), 80 C.P.R. (2d) 1 (Fed. C.A.) (Ontario and *semble* Nova Scotia); *Imperial Oil Ltd v. Lubrizol Corp.* (1992), 98 D.L.R. (4th) 1 at 28-29 (Fed. C.A.) (Alberta) — all patent infringement cases.

U.K. law (copyright and industrial design), U.S. law (ICTs) or a mixture of both (patents), and the appropriate foreign precedents are regularly used in their interpretation. The copyright limitation is virtually a direct copy¹⁰ of section 10 of the old U.K. *Copyright Act* of 1911, itself patterned on the wording of the English *Limitation Act* of 1623.¹¹ The other limitations have also been elaborated — quite fully for ICTs — using common law formulations.

The French texts present difficulties. They use *prescription* and its derivatives as counterparts to the limitation concepts of the English text. Now this is harmless if everyone understands *prescription* to mean “limitation” or, perhaps more neutrally, “time-bar”. This is how *prescription* is used, for example, throughout the *Loi sur la prescription des actions*, the French text of Ontario’s *Limitations Act*.¹² The danger with the federal limitations is that lawyers or judges reading the French text alone, especially if they are civilian-trained, may assume the civil law concept of *prescription* is intended. They will not be disabused by looking across at the English version. A large body of common law and equity jurisprudence on limitations applicable to the bars may inadvertently be overlooked.¹³

Limitations and *prescriptions* share some features but their differences can be critical. A *limitation* is a common law time-bar. It bars only the *remedy*, not the *right*. It is not an overriding rule of public policy or *ordre public*, but instead a *defence* that must be properly raised before a court gives it effect.¹⁴ A judge may allow a defective pleading to be amended to raise the point late, even during an appeal. But the later the motion to amend, the lower the chances of success, and the greater the chance the defendant will end up paying the plaintiff’s costs to date as the price of inadvertence.¹⁵ Peremptory words in a statute like “an action...shall not be commenced” after a stated period have thus been glossed

¹⁰ See footnote 5. Between 1921 and 1970, its marginal note nonetheless read misleadingly: “Prescription of Action”. This changed in the R.S.C. 1985 version to “Limitation Period.” As from 1988 (S.C. 1988, c. 15, s. 9), the note reads neutrally “Time limit for actions.” The French has remained consistently “*Prescription*”. The marginal note here does not aid interpretation.

¹¹ 21 Jac. I, c. 16, s. 3.

¹² R.S.O. 1990, c. L.15.

¹³ As occurs in H. G. Richard & L. Carrière (eds.), *Canadian Copyright Act Annotated*, vol. 2 (Scarborough: Carswell, 1993) at 41-43 to 41-49, which creates a confusing *pot-pourri* of limitation and *prescription* jurisprudence. Meanwhile its review of case law overlooks critical Supreme Court of Canada jurisprudence on reasonable discoverability starting with *Kamloops (City) v. Nielsen*, [1984] 2 S.C.R. 2 and *Central Trust Co. v. Rafuse*, [1986] 2 S.C.R. 147.

¹⁴ Copyright: *Nicol v. Barranger*, [1917-23] Mac. Cr.C.C. 219 at 228-29, rev’d on other grounds, *ibid.*, 230 (1921, C.A.). Patents: *Emms v. R.*, [1977] 1 F.C. 101 at 110-11, rev’d on other grounds, [1978] 2 F.C. 174 (C.A.); *Consolboard Inc. v. Macmillan Bloedel (Sask.) Ltd* (1978), 39 C.P.R. (2d) 191 at 222-23 (Fed. T.D.) (“*Consolboard I*”), refusing leave to amend pleadings to raise the defence, not varied on appeal, (1979) 41 C.P.R. (2d) 94 (Fed. C.A.), (1981) 56 C.P.R. (2d) 145 at 151 (S.C.C.); *Consolboard Inc. v. Macmillan Bloedel (Sask.) Ltd* (1982), 63 C.P.R. (2d) 1 at 25-29 (Fed. T.D.) (“*Consolboard 2*”).

¹⁵ Indeed, in one patent case, defendant’s counsel raised the defence in reply during closing arguments at the end of a twenty-day trial. The judge refused leave to plead the

to mean almost exactly the opposite of what they say. A claimant *can* commence an action against an infringer any time she likes; indeed, she can go to trial, obtain a judgment and execute on it, although the action is wholly or partly time-barred. The bar is more a *procedural* than substantive rule.¹⁶ Since the early seventeenth century, a whole legal edifice has gradually been erected on these premises: a defendant cannot have a time-barred claim struck before filing a defence, since the court does not assume the defendant will formally or properly plead the limitation; the defendant's fraud, waiver, estoppel, acquiescence, unconscionable conduct or binding agreement may trump the defence; in conflicts of law, the court will apply the forum's limitation period to a wrong committed elsewhere, though time-barred there; and so on.

Prescription, the form of time-bar applied mainly¹⁷ in Québec, extinguishes the *right*, and so with it the remedy. Without an enforceable right, a court need not wait for the defendant to plead or argue *prescription* and may of its own accord strike the plaintiff's claim.¹⁸ At least, this was so until changes brought in by Québec's new *Civil Code* more fully recognized the adversarial nature of civil litigation in the province. A court can now act of its own motion only where a statute expressly declares a *remedy* to be barred: this type of bar is thought to be a rule of *ordre public*. In other cases, the defendant must now plead *prescription*:¹⁹ the bar here — as at common law — is thought to engage only the private interests of the parties.

The problems arising from the divergent French drafting are seen if one considers a simple example. Suppose a claimant sues in Québec for patent and industrial design infringements that took place outside the six year limit for patents²⁰ and three year limit for designs. The judge looking at the time-bar in the two *Acts* will find for patents that "tout recours .. se prescrit à compter de six ans de la commission de [la contrefaçon]". Since the remedy seems expressly barred, the court may apply Québec law and strike the patent claim of its own motion before the defendant pleads.²¹ On looking at the *Industrial Design Act*,

defence since the plaintiff had been deprived of the opportunity to produce facts that might have avoided the plea: *Consolboard No. 1, ibid.*

¹⁶ *Consolboard 2, supra* footnote 14 at 25-29. The procedural/substantive dichotomy is not always insisted on: e.g., a time-bar may become a defendant's vested right, which later legislation can take away only by clear language: *R. v. Ford* (1993), 106 D.L.R. (4th) 325 at 335-37 (Ont. C.A.).

¹⁷ Prescription is also known in common law jurisdictions. The English *Limitation Act* of 1833 (3 & 4 Wm. IV, c. 27, s. 34) declared a claimant's "right and title ... extinguished" in certain cases. This has also been the general rule for limitations in British Columbia since 1975: *Limitation Act*, R.S.B.C. 1979, c. 236, s. 9; *Heath v. Darcus* (1990), 48 B.C.L.R. (2d) 259 at 262-63 (S.C.).

¹⁸ *Leesona, supra* footnote 9, referring to former C.C.L.C. arts. 1138, 2261, 2267 and 2188; *Consolboard 2, supra* footnote 14 at 27.

¹⁹ Arts. 2878, 2881 C.C.Q. Prescription still operates to *extinguish* the right or remedy: Arts. 1671, 2875.

²⁰ The example assumes the 1993 limitation enacted for patents is in force.

²¹ "The court may not, of its own motion, supply the plea of prescription. However, it shall, of its own motion, declare the remedy forfeited where so provided by law. Such

the judge will find only that "l'action en violation se prescrit par trois ans à compter de celle-ci." Finding no express forfeiture of the remedy (*la déchéance du recours*), the court, again applying Québec law, may not strike the design claim and will wait for the defendant to plead the time-bar.²² This is the result even though the English text of the two statutes is (except for the length of the time-bar) identical!

A plaintiff facing these prospects may well prefer to proceed in the federal court where the actions have a fighting chance of success. There, the court will likely require the time-bar to be specially and fully pleaded for both claims, following federal court rules and jurisprudence on limitations.²³ If versed in common law, the judge would almost certainly read the English "no remedy may be awarded for an act of infringement committed more than six years" as enacting a common law limitation. The court would therefore not entertain any motion to strike before the time-bar is pleaded, and then only if the plaintiff raised no arguable ground in its reply for avoiding the defence. The judge would 'rightly' consider any provincial legislation irrelevant.

Nothing can be said in favour of such discrepant results, which could not possibly have been intended by the drafters of the statutory provisions.

Further drafting anomalies

Sometime after 1988, a decision must have been taken to draft the limitation provisions in intellectual property statutes more precisely, at least in their English version. The *ICT Act* has the most elaborate provision. It bars the award of a remedy after three years ("no royalties, damages, profits or punitive damages may be awarded..."), subject to a "reasonable discoverability rule": the period runs from when a reasonably diligent claimant would have discovered the infringement. The 1993 limitation for patents and industrial designs enacts only the first of these rules, and then in shorter form: "no remedy may be awarded...". Although the copyright law was substantially amended in 1993, its limitation formula remained the same as in 1921.

Paradoxically, this very variety of drafting compels the conclusion that the time-bars mean the same, certainly for copyright, patents and designs. The formula used in the French versions of the *Industrial Design Act* and *Copyright Act* limitations is the same; the English versions of the *Patent Act* and the *Industrial Design Act* limitations are the same; the interpretation to be placed on all of them should therefore be the same. This means the time-bar must be a common law limitation, since the copyright time-bar unquestionably is; what is true of it must be true of the others.

forfeiture is never presumed; it is effected only where it is expressly stated in the text": Art. 2878 C.C.Q. (emphasis added.)

²² See previous footnote.

²³ *Federal Court Rule* 409, SOR/71-68; *Consolboard No. 1*, *supra* footnote 14 at 222-23; *Sandvik, A.B. v. Windsor Machine Co.* (1986), 8 C.P.R. (3d) 433 at 443 (Fed. T.D.).

This also holds for the *ICT Act*. Its limitation formula is the same as that for patents and designs. The *ICT* reasonable discoverability provision obviously ousts the parallel common law rule developed in Canada since *Kamloops (City) v. Nielson*;²⁴ this express enactment should not affect the common law rule's application to the other statutes or to provincial limitation periods (without an equivalent statutory discoverability rule) applicable to trade-marks and *PBRs*. The Supreme Court in 1940 specifically held the equitable doctrine of fraudulent concealment applied to copyright: so where an infringement was covert, time started running only from when the plaintiff discovered or ought to have discovered the wrong.²⁵ Fraudulent concealment may still be pleaded under the *ICT Act* since doctrines founded on fraud are not usually ousted by implication.

It is unfortunate that a process of interpretation like this has to be adopted for modern statutes coming from the same drafting source. Before suggesting corrective measures, I propose to examine the copyright limitation more fully.

II Copyright

It is convenient to set out again the limitation provision found in section 41 of the *Copyright Act*:

An action in respect of infringement shall not be commenced after the expiration of three years immediately following the infringement.

Les actions pour violation se prescrivent par trois ans à compter de la violation.

Since the provision was taken from section 10 of the U.K. *Copyright Act 1911*, the drafting unsurprisingly follows the time-worn formula of section 3 of the English limitation statute of 1623:

All actions upon the case [i.e., torts] shall be commenced and sued within six years next after the cause of such actions or suit, and not after.²⁶

Thus, time in respect of an infringement that occurred on September 10, 1994 expires on midnight of September 10, 1997.²⁷ If any infringements go back six years before suit, the claimant will get compensation only for what the infringer did in the last three years. He escapes for the earlier three years.²⁸ The

²⁴ *Supra* footnote 13.

²⁵ *Massie & Renwick Ltd v. Underwriters' Survey Bureau Ltd*, [1940] S.C.R. 218 at 244. See section 41 in action, below commencing at 461.

²⁶ *Supra* footnote 11. Unnecessary words are omitted.

²⁷ *Interpretation Act*, R.S.C. 1985, c. I-21, s. 27(4). Apparently not even war stops the clock ticking — unless Parliament changes or suspends the period, as happened during World War II. See *Prideaux v. Webber* (1657), 1 Lev. 31, 83 E.R. 282, where time kept running even though the courts had shut down during the civil war. The rule may be relaxed for fraudulent concealment: see footnote 61, *infra*.

²⁸ *Nicol v. Barranger*, *supra* footnote 14; *Leesona*, *supra* footnote 9 (patents). A contrary rule is applied by some U.S. courts: for a continuing series of wrongs, time starts running when the last act is done, so a plaintiff who sues within three years of the last act

claimant is no better off asking for an account of profits instead of damages: the limitation period covers both equitable and common law remedies.²⁹ Delays within the limitation period may, of course, affect the discretionary grant of equitable relief, such as injunctions and accounts of profits. Equally, time-barred infringements may be used to support a claim for a *quia timet* injunction against a continuing infringement.³⁰

Why a three year time-bar?

The reasons for having a limitation period for copyright are much the same as for other wrongs.³¹ Good legal claims do not improve over time. Memories fade as years pass, documents fade from sight and witnesses pass on. A claimant who thinks her rights have been infringed should get her claim resolved quickly. An infringer should, in time, be confident he can get on with his life and business without being bothered by old claims of wrongdoing. The idea that claims should in time be consigned to a legal scrapheap dates back, for disputes involving land into ancient times, and for litigation involving other rights, at least to 1623 in England, in which year the first patent law was passed nearly a century before the first copyright law.

Limitations are not always benign. One can sympathize with an alleged infringer who says that he did no wrong and that, had the claimant complained earlier, he could have brought forward witnesses and paper, both now regrettably lost, to prove it. But if the infringer's roguery is clear, why should he get away just because time has passed and a claimant has unaccountably hesitated to sue? A reluctance to let undeserving rogues off the hook where the wrong is plain enough continues to shape the attitude of common law judges towards limitation periods. The result is, as a British judge confessed in 1970, that syntax and semantics have little to do with interpreting limitation provisions.³²

Why three years for copyright and moral rights infringements? The *Copyright Act* in 1868 had a two-year limitation,³³ a provision that lasted until 1924. During this time British authors, relying on a British statute of 1842 to

can claim for the whole series extending back beyond that period: e.g., *Taylor v. Meirick* 712 F.2d 1112 (7th Cir. 1983) at 1118-19. This is, however, controversial: see M. & D. Nimmer, *Nimmer on Copyright* (Bender, 1993), § 12-05.

²⁹ *Black v. Imperial Book Co.* (1904), 5 O.L.R. 184 at 196, aff'd (1904), 8 O.L.R. 9 (C.A.), aff'd (1905), 35 S.C.R. 488; *J.M. Voith GmbH v. Beloit Corp.* (1993), 47 C.P.R. (3d) 448 (Fed. T.D., patents). The principle dates back to the 18th century: *Smith v. Clay* (1767), 3 Bro. C.C. 639 at 640; 29 E.R. 743 at 744.

³⁰ *Warner Bros.-Seven Arts Inc. v. CESM-TV Ltd* (1969), 58 C.P.R. 97 at 111 (Ex.Ct); *Nicol v. Barranger*, *supra* footnote 14 at 229.

³¹ Generally see G. Mew, *The Law of Limitations* (Toronto: Butterworths, 1991) at 7-8.

³² *Kammins Ballrooms Co. Ltd v. Zenith Investments (Torquay) Ltd*, [1971] A.C. 850 at 880-81 (H.L.), by Lord Diplock.

³³ *Copyright Act of 1868*, S.C. 31 Vic. c. 54, s. 18, repeated through to *Copyright Act*, R.S.C. 1906, c. 70, s. 44.

enforce their copyrights in literary and musical works in Canada, faced a one-year limitation period.³⁴ Nothing in the Canadian parliamentary debates preceding the enactment of the *Copyright Act* in 1921 sheds light on the change.

The debates in England on section 10 of the 1911 U.K. *Act* are, however, more revealing. The three-year limitation in the bill was attacked as too long during third reading in the Commons and some members favoured retaining one year or extending it to no more than two. The Solicitor-General, Sir John Simon, disagreed. He claimed the three-year period was reasonable given the international dimensions of copyright. His main concern was that it might take some time — more than a year — for an English author to find out about an infringement in the British empire or elsewhere overseas.³⁵ The concern is at first puzzling, because the U.K. limitation period would be irrelevant in foreign jurisdictions, whose courts would apply their own state's limitation period. Simon must have had in mind that the British dominions would likely adopt whatever limitation period the U.K. laid down; this should therefore be long enough not to harm British interests abroad.

Simon prevailed and his prediction proved right. The dominions — Newfoundland, Australia, New Zealand, India, South Africa, and finally Canada — all adopted the three-year period in the copyright laws they enacted during the decade following 1911. The question may be asked whether a period dictated by colonialist considerations is still justifiable in Canada.

Section 41 in action

Provincial limitation or prescription statutes are irrelevant to actions dealing with infringement of copyright or moral rights. The principles of common law and equity applicable to limitations in general, as outlined in Part I above, apply equally to copyright's section 41.³⁶ The time-bar can therefore be extended for an ever-increasing range of reasons.³⁷

All this follows from two decisions of the Supreme Court in 1937 and 1940 whose full import has generally been overlooked. They involved litigation brought by the Canadian Fire Underwriters' Association against non-member insurers for the prolonged copying, without permission and for their own business purposes, of unpublished material the association had developed to set insurance rates. The association claimed an injunction and damages not only for infringement of copyright but also for conversion of the plaintiff's property,

³⁴ *Literary Copyright Act 1842 (U.K.)*, 5 & 6 Vic. c. 45, s. 26.

³⁵ Hansard, 17 August 1911 (Commons) at 2146 (Sir John Simon); similarly Sir William Anson at 2146.

³⁶ See text in paragraph following footnote 13. Moreover, "[t]he several Statutes of Limitation[,] being all in *pari materia*, ought to receive a uniform construction, notwithstanding any slight variations of phrase, the object and intention being the same": *Murray v. East India Co.* (1821), 5 B. & Ald. 204 at 215.

³⁷ See *Limitation vs. prescription*, above at 456, third paragraph.

an action under section 38 of the *Copyright Act*.³⁸ The defendant pleaded the section 41 time-bar to both actions; alternatively, for the conversion action, it pleaded that conversions in Ontario had a 6 year limitation under Ontario law, and conversions in Québec were prescribed after either two or three years.³⁹

The association agreed the three-year limitation applied to copyright infringement, but tried to extend it in two differing ways. First, taking up the defendant's alternative pleading, it argued that provincial limitations applied to conversion since this was not "an action in respect of infringement of copyright" within section 41. This meant that, in Ontario, the equitable doctrine of fraudulent concealment made the limitation run only from when the plaintiff discovered or could reasonably have discovered a hidden wrong; in Québec, the prescription period was arguably 30 years, since the shorter terms were available only to good faith defendants.⁴⁰ Second and alternatively, if section 41 did apply, fraudulent concealment applied to federal limitations too and so avoided the three year bar.

The point about provincial law was dealt with before trial. Maclean J. in the Exchequer Court ruled section 41 did indeed apply to conversion actions.⁴¹ The Supreme Court unanimously affirmed. In delivering judgment, Hudson J. said he thought it "improbable" that Parliament intended different limitations for conversion and infringement actions, especially since both actions could be heard by either the Exchequer Court or provincial courts.⁴² The action went to trial and the plaintiff succeeded in both infringement and conversion. The defendant had obtained the material surreptitiously from the plaintiff's agents, removed markings identifying the plaintiff and the agents, and kept the copying and use of the material hidden. Maclean J. called this fraudulent concealment and allowed damages beyond the three year period to be recovered.⁴³ Again the

³⁸ Section 38 reads: "All infringing copies of any work in which copyright subsists, or of any substantial part thereof, and all plates used or intended to be used for the production of the infringing copies shall be deemed to be the property of the owner of the copyright, who accordingly may take proceedings for the recovery of the possession thereof and in respect of the conversion thereof."

³⁹ *C.C.L.C.*, art. 2261(2), two years for "damages resulting from offences or quasi-offences [*délits ou quasi-délits*], wherever other provisions do not apply"; art. 2268, three years for "corporeal moveables."

⁴⁰ *C.C.L.C.*, art. 2242. In the second appeal decided in 1940, the plaintiff cited *Drolet v. Bouchard* (1921), 27 R.L.N.S. 359 at 361 (Que., C. de Rev.) and text-writers like Laurent and Planiol for the *mala fides* exception: *Massie & Renwick Ltd v. Underwriters' Survey Bureau Ltd*, *supra* footnote 25, respondent's factum at 71-72.

⁴¹ *Underwriters' Survey Bureau Ltd v. Massie & Renwick Ltd*, [1937] Ex. C.R. 15 at 22-23.

⁴² *Massie & Renwick Ltd v. Underwriters' Survey Bureau Ltd*, [1937] S.C.R. 265 at 270. The same result was later reached in England: *Caxton Publishing Co. Ltd v. Sutherland Publishing Co. Ltd*, [1939] A.C. 178 (H.L.).

⁴³ *Underwriters' Survey Bureau Ltd v. Massie & Renwick Ltd*, [1938] Ex. C.R. 103 at 126-28. In the U.S., marking an infringing work with a copyright notice in the defendant's own name more recently qualified as fraudulent concealment: an act "calculated to throw purchasers, and [the plaintiff] himself, off the scent": *Taylor v. Meirick*, *supra* footnote 28 at 1118.

Supreme Court affirmed.⁴⁴ The defendant specifically argued that common law and equitable principles on general limitations were irrelevant to section 41:

[T]he defence [of fraudulent concealment as applied in *Bulli Coal Mining Co. v. Osborne* [1899] A.C. 351 (P.C., Aust.) and other cases] was based upon a general statute of limitations and what was decided was that in view of the nature of the Defendant's conduct, such a general statute should not in the circumstances be regarded as barring the plaintiff's right of action. The Defendant's contention that these decisions have no application rests upon three grounds, namely: (1) that here the right of action is given and the time limitation imposed by the same statute:...

The right to sue for infringement of copyright is one which depends wholly on the provisions of *The Copyright Act*, section [63] of which provides that "no one shall be entitled to copyright or any similar right ... otherwise than under and in accordance with the provisions of this Act." The remedies for infringement of copyright given by this statute are so given subject to the condition that any action to obtain them must be commenced within a limited time. The Plaintiffs are not, in the Defendant's submission, entitled ... to assert that the words used in [section 41] are not binding upon them, but must be read subject to a qualification which Parliament has not seen fit to enact.⁴⁵

The argument was summarily rejected by Duff C.J. for the Court:

There remains the question of the Statute of Limitations [sic]. The point which has concerned me most as to this feature of the appeal is whether, in view of the fact that the rights the respondents seek to enforce are the creature of the statute, you can go beyond the statute for the purpose of ascertaining the statutory limitation.

I have come to the conclusion, however, that the principle applied in *Bulli Coal Mining Co. v. Osborne* [1899] A.C. 351 cannot be limited to underground trespasses, that it covers this case and that there was ample evidence in support of the conclusion of the learned trial judge that there had been fraudulent concealment within the meaning of the rule; with the consequence that the limitation period began to run only on the discovery of the fraud, or at the time when, with reasonable diligence, it would have been discovered.⁴⁶

Fraudulent concealment has come to require neither fraud nor concealment. Any deliberate conduct that is viewed as unconscionable between the parties is considered fraudulent; the wrong, if unknown to the plaintiff, is considered concealed, even if the defendant did not actively hide it.⁴⁷ So a claimant who discovers in 1994 that her rights were infringed in 1988 has until 1997 to sue for the 1988 infringement if she proves fraudulent concealment.⁴⁸

⁴⁴ The plaintiff once again tried to argue, as an alternative, that provincial law applied to the conversion claims: see the respondent's factum at 67-70. The Supreme Court did not even bother referring to this attempt to reargue a point the plaintiff had lost before it three years earlier.

⁴⁵ *Massie & Renwick Ltd v. Underwriters' Survey Bureau Ltd*, *supra* footnote 25, appellant's factum at 34, § 83.

⁴⁶ *Massie*, *supra* footnote 25 at 244, referred to with approval in *M.(K.) v. M.(H.)* (1992), 96 D.L.R. (4th) 289 at 318 (S.C.C.). The suggestion in *Richard & Carrière*, *supra* footnote 13 at 41-48, that the time-bar extinguishes the cause of action and that common law jurisprudence is somehow irrelevant to the interpretation of section 41 is therefore misguided.

⁴⁷ *Guerin v. R.* (1984), 13 D.L.R. (4th) 321 at 345 (S.C.C.); *M.(K.) v. M.(H.)*, *ibid.* at 320-21.

⁴⁸ *Massie & Renwick Ltd v. Underwriters' Survey Bureau Ltd*, *supra* footnote 25; *Warner Bros.-Seven Arts Inc. v. CESM-TV Ltd*, *supra* footnote 30 at 247.

More recently, the Supreme Court of Canada has followed U.S. developments to delete the requirement that a defendant has acted unconscionably. Time now may run from when the claimant should, with reasonable diligence, have discovered the material facts on which the wrong was based, not when the wrong was done or completed.⁴⁹ Indeed, time may even be postponed until when a plaintiff, knowing the material facts, could reasonably have discovered their wrongfulness.⁵⁰ The focus is (unlike fraudulent concealment) less on the blameworthiness of the defendant's conduct than on whether it was reasonable for the claimant to take as long as she did to discover the wrong. Like fraudulent concealment, "reasonable diligence" carries no time limit, so claimants can sue for wrongs done decades ago.

The reasonable discoverability rule should apply to intellectual property, including copyright. Limitation provisions are generally construed alike;⁵¹ the *ICT Act* expressly recognizes the appropriateness of the rule for intellectual property; U.S. courts on a similar copyright limitation provision apply reasonable discoverability;⁵² and a major reason for adopting the rule in Canada — not to let a defendant off the hook just because the harm he causes the plaintiff is latent and may take years to detect — may also apply to copyright and other intellectual property infringements.⁵³ Some may object this makes section 41 mean something other than what it says,⁵⁴ but the protest comes too late: the Supreme Court brushed it aside in 1940 when engrafting a fraudulent concealment exception on to section 41, and has continued in this spirit in extending reasonable discoverability to other limitation provisions since 1984.

This does not mean the development as regards copyright is free from criticism. It would certainly have surprised the Parliament that passed the 1911 U.K. copyright bill. During third reading in the Commons, a member suggested

⁴⁹ *Central Trust Co. v. Rafuse*, *supra* footnote 13 at 224.

⁵⁰ *M.(K.) v. M.(H.)*, *supra* footnote 46 at 312, a childhood incest case. This gloss should rarely be needed in copyright cases.

⁵¹ See footnote 36.

⁵² *Taylor v. Meirick*, *supra* footnote 28 at 1117-18, applying reasonable discoverability and fraudulent concealment to copyright claims. The U.S. provision reads: "No civil action shall be maintained ... unless it is commenced within three years after the cause of action arose": *Copyright Act of 1976*, 17 U.S.C. § 507(b). A similar cryptically drafted 3-year period applies to ICT infringements in the U.S. (*ibid.*, § 911(d)); the copyright approach will undoubtedly apply to it too. *Taylor v. Meirick* extends time in yet another way. Infringers are placed under a continuing duty to take reasonable steps to prevent further infringements; breach of this duty is called a further infringement: *ibid.* at 1117. This is inappropriate in Canada, where courts cannot just insert another right in the *Copyright Act* for the benefit of copyright owners: *Compo Co. v. Blue Crest Music Inc.*, [1980] 1 S.C.R. 357 at 327-33; *CBS Songs Ltd v. Amstrad Consumer Electronics plc*, [1988] 1 A.C. 1013 (H.L.).

⁵³ In his leading U.S. text, P. Goldstein, *Copyright: Principles, Law & Practice* (Boston: Little, Brown & Co., 1989), § 9.1.2, approves of reasonable discoverability for copyright limitations because infringements are "often dispersed and evanescent and will rarely be as evident as a personal injury or even a trespass to real property."

⁵⁴ As occurred in *Constructions nouvelle dimension Inc. v. Alarie*, [1992] J.E. 92-938 (Que. C.S.), set out in Richard & Carrière, *supra* footnote 13 at 14-18, refusing to apply reasonable discoverability to section 41.

time run from when the plaintiff first became aware of the infringement, but Sir John Simon, the Solicitor-General, responded for the government:

[T]hat is really an undesirable complication. It raises an extra issue — sometimes a very difficult one to determine. It really is, as a rule, better to lay down a suitable length of time.⁵⁵

This reflected the strict British view that time ran from when all material facts for a cause of action were present, whether or not the plaintiff knew of them, and that fraudulent concealment did not apply to common law or statutory wrongs.⁵⁶ This view was also current in Canada when its copyright limitation period was enacted in 1921. As the twentieth century progressed, of course, British and Canadian attitudes towards limitations have relaxed considerably.⁵⁷ Still, it is a fair objection that a change the U.K. and presumably the Canadian parliament chose not to make has effectively been enacted in Canada by the judges. Legislative initiatives in copyright usually are the subject of lengthy debate and consideration. Nothing like this has occurred for the time limitation.

III Conclusion

As noted, the features of limitation described for copyright should apply equally to patents, industrial designs, and (subject to the built-in statutory reasonable discoverability principle) ICT rights as well. The point remains that these provisions are unsatisfactory for the reasons set out in Part I above. Legislation should mean what it says. By not doing that, the limitation provisions are traps for litigants, lawyers and judges.

A minimal first corrective step would be to standardize the language in both the French and English versions of the federal statutes, make clear that the provisions are limitations not *prescriptions*, and introduce like provisions into the *Trade-mark* and *PBR Acts*. A second step would be to rationalize the periods involved. The lesson from copyright is obvious. The reasons the U.K. had for adopting a three-year limitation in 1911 are of little relevance today in Canada, given the speed of modern communications. Even with slower communications in 1911, it is interesting that British legislators viewed three years as the absolute upper limit, whether or not the claimant could with reasonable diligence have discovered the wrong, and whether the wrong occurred locally or abroad.⁵⁸

The final step is the most important. Limitations in intellectual property

⁵⁵ Hansard, *supra* footnote 35.

⁵⁶ E.g., P.H. Winfield, *A Textbook of the Law of Tort* (London: Sweet & Maxwell, 1937) at 686-87.

⁵⁷ Copyright in the U.K. was affected by general reforms in the limitation laws enacted in 1939 and 1980. The Canadian provinces have either reformed or proposed to reform their limitation laws, but the federal government has done little in the area.

⁵⁸ Without fanfare, the U.K. dropped the 3 year period from its *Copyright Act 1956*; it does not reappear in the *Copyright, Designs, and Patents Act 1988*. The 6 year limitation for tort, extendable for deliberate (i.e., fraudulent) concealment, has therefore applied to copyright infringement since the *1956 Act*: see now *Limitation Act 1980 (U.K.)*, ss.2, 33. This need not, of course, be the right period for Canada.

obviously need clarification. A “quick fix” solution is to give judges the right to extend time-bars as they think fit, as federal limitation provisions do for salvage and collisions at sea;⁵⁹ but a formula that may work for marine insurers is not necessarily apt to cater to the different interests surrounding intellectual property. Is it not time that a federal limitation statute, based on the more recent provincial models, was passed to deal with the problem?⁶⁰ Perhaps *prescription* (as in Quebec and British Columbia) might make more sense today for intellectual property than limitation. What should extend the period: a defendant’s acknowledgment or fraudulent concealment, a plaintiff’s lack of due diligence? May fraudulent concealment suspend a clock that has already started running?⁶¹ Should the period start or stop running for plaintiffs or defendants under disability, e.g., minors or those who are disabled physically or mentally?⁶² Should the period for conversion or detention of infringing material restart with each fresh conversion or detention, or should the clock run from the first act?⁶³ Should there be an ultimate period beyond which no action can be brought, fraud or due diligence notwithstanding? The more modern provincial limitation statutes and the *Civil Code of Québec* provide solutions to most of these problems, so federal policymakers hardly need to reinvent the wheel.

We may applaud the willingness of the Supreme Court to expand old-style limitation periods (without any cap) in areas like negligence or child abuse; these precedents no doubt apply meanwhile to intellectual property infringements, despite the dissimilarities of the wrongs involved. But many gaps remain that cannot be satisfactorily filled through case-by-case adjudication. The question of what policy is best suited to intellectual property can be answered only by the federal government and, ultimately, Parliament.

⁵⁹ E.g., *Canada Shipping Act*, R.S.C. 1985, c. S-9, s. 471(2) (salvage), s. 572(3) (damage to vessels). No doubt, a list of non-exhaustive criteria could be added, as occurs in the *Limitation Act 1980 (U.K.)*, s. 33(3) for personal injury cases: the length of and reasons for the delay, the continued reliability of evidence, the defendant’s conduct, any disability of the plaintiff, the plaintiff’s diligence on learning he might have an action, and any expert advice taken; called a “curious hotchpotch” in *Thompson v. Brown*, [1981] 1 W.L.R. 744 at 751 (H.L.).

⁶⁰ Barrigar called for this 30 years ago: *supra* footnote 8 at 92. Logically, there should be a full-blown limitation statute for *all* proceedings under federal law. I have not investigated this broader point, although a limitation statute for intellectual property could be used as a model for a more extensive federal statute.

⁶¹ British law at present says no, but the arguments of justice are more evenly balanced: cf *Sheldon v. R.H.M. Outhwaite (Underwriting Agencies) Ltd*, [1994] 1 W.L.R. 754 at 757 (Q.B.D.) with its reversal by a majority on appeal: [1994] 3 W.L.R. 999 esp. at 1008 (C.A.).

⁶² Under section 7 of the *Statute of Limitations* of 1623 (Eng.), time started running, for actions on the case such as infringements under the *Copyright Act 1911 (U.K.)*, against a minor on reaching majority and against a person of unsound mind on recovery. This may not apply by implication to federal limitation statutes: *Clark v. Canadian National Railway Co.* (1988), 54 D.L.R. (4th) 679 at 686-87 (S.C.C.), holding minors (there a two-year old personal injury victim) bound by a two-year limitation in the *Railway Act*. But see quotations accompanying footnotes 45 and 46 above.

⁶³ E.g., in British Columbia, the clock runs from the first act of conversion: *Limitation Act*, *supra* footnote 17, s. 10. Otherwise it might run indefinitely each time possession or property of the copies changes hands: *Eddis v. Constable*, [1969] 2 Ch. 345 at 358 (C.A.).