

Federal Court Considers Canadian Copyright Ownership in Works Created Under a Foreign Employment Agreement

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The recent Federal Court decision in *GE Renewable Energy Canada Inc. v. Canmec Industrial Inc.*¹ confirms that copyright protection in Canada is governed by the *Canadian Copyright Act*, including as to issues of authorship and first ownership of copyright, even where the treatment of those issues may be different under foreign copyright laws.

The decision serves as an important reminder that the *Canadian Copyright Act* will apply where enforcement is sought in respect of uses occurring in Canada, even where the works at issue were created in a foreign jurisdiction by a foreign national, or under an employment agreement governed by foreign law. This aspect of the decision is similar to the *Fox Restaurants* case that we have previously written about ([found here](#)),² which rejected an argument that the US “works made for hire” doctrine would suffice to establish ownership of Canadian copyright.

The determination of the first owner of copyright in Canada can have significant ramifications under the *Copyright Act*. Interested parties may wish to consult with counsel in connection with the protection, exploitation, and enforcement, in Canada, of works created outside of Canada.

Statutory Context: First Ownership of Copyright

In Canada, the general rule is that the author of a work is the first owner of copyright in the work, subject to certain other provisions of the *Copyright Act*.³ One such provision concerns works made in the employment context. Subsection 13(3) provides that, where a work is created by an employee, in the course of their employment, under a contract of service or apprenticeship, the employer is the first owner of copyright in the work, subject to any agreement to the contrary.⁴ That is different than in certain other jurisdictions, where an employee is the first owner of copyright in works created in the course of their employment. That difference gives rise to the issues in the decision.

Background

The Third Party in this matter, Rio Tinto Alcan Inc. (Rio Tinto), sought to examine Cyril Chatron for discovery. Mr. Chatron is an engineer employed by GE Hydro France, a French affiliate of the Plaintiff, GE Renewable Energy Canada Inc (GEREC). He was identified as the author of most of the works that GERE

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claims were infringed.

Pursuant to Rule 237(4) of the *Federal Courts Rules*, where an assignee is a party to an action, the assignor may also be examined for discovery. Rio Tinto sought to examine Mr. Chatron arguing that Mr. Chatron is an “assignor” within the meaning of this Rule.

Specifically, Rio Tinto argued that, under French copyright law, Mr. Chatron was the first owner of copyright in the works at issue, and that he assigned his copyright to his employer, GE Hydro France, which subsequently assigned the copyright to the plaintiff. GEREK opposed the motion, including on the basis that, under Canadian copyright law, the copyright was first owned by Mr. Chatron’s employer, meaning that Mr. Chatron never owned the copyright and was consequently not an assignor.

First Ownership of Canadian Copyright is Governed by Canadian Law

Mr. Chatron was a French citizen, employed in France, by a French company, pursuant to agreements governed by the laws of France, at the time of the creation of the works at issue.

Under France’s Intellectual Property Code, there is a similar provision to that of section 13(1) of the Canadian *Copyright Act*, providing that the author of a work is generally the first owner of the work. However, there is no general exception akin to subsection 13(3) of the Canadian *Copyright Act* concerning works created in the course of employment.

In the proceeding, there was no dispute that Mr. Chatron was employed by GE Hydro France and that his authorship of the works at issue, if any (a contested issue), was done in the course of his employment by GE Hydro France, under a contract of service. As a result, if the Canadian *Copyright Act* applied, GE Hydro France would be the first owner of copyright in those works, unless an agreement provided otherwise (discussed below). By contrast, under French law, Mr. Chatron would be the first owner of copyright in the works and therefore an “assignor” within the meaning of Rule 237(4).

Rio Tinto argued that French law should apply with respect to creation and first ownership of copyright in the works said to be authored by Mr. Chatron. Rio Tinto argued, among other things, that the applicable law for determining initial ownership of copyright should be assessed by applying Canadian conflicts of laws rules, and section 13 of the *Copyright Act* only applies in circumstances where common law rules regarding conflicts of laws indicate that Canadian law, and not foreign law, applies to the question of first ownership.

The Court was not persuaded, and Rio Tinto’s motion was dismissed. The Court held that despite the works being authored in France by a French national, it is the Canadian *Copyright Act* that applies to determine first ownership of the works in question. The Court reached this conclusion, in part, by looking to the text, context, and legislative purpose of the *Copyright Act*. The Court concluded:

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1. Copyright law in Canada is entirely a creature of statute and the existence of copyright that is protectable in Canada, and the scope and nature of that protection, is governed exclusively by the *Copyright Act*.
2. Subsection 13(1) places no limitation on the nature of the work, or the nationality of the author of the work, to which that provision applies. On its face, the provision purports to apply to all works in which copyright subsists in Canada, and not simply those works created in Canada or by Canadians. Subsection 13(1) expressly states that the only limits on the general rule of first ownership are those found in the *Copyright Act*
3. Subsection 13(3) defines the first owner of Canadian copyright in any work made in the course of employment. Nothing in the text or context of subsection 13(3) suggests that it is limited to employment relationships governed by Canadian law, to those with a Canadian employer and/or employee, or to works created in Canada.

The Court commented on the practical implications of the territorial nature of Copyright. It observed this “may mean that the owner of Canadian copyright in a work is different than the owner of copyright in the same work in another country” and “international licensees may have to ensure they are licensing from the owner of copyright in each applicable country.”

Governing Law or Assignment Clauses Are Not Necessarily “Agreements to the Contrary”

Rio Tinto also argued that the employment agreement between Mr. Chatron and GE Hydro France, which addressed intellectual property rights, was an “agreement to the contrary” that would displace the first ownership provisions in subsection 13(3).

Rio Tinto relied on the choice of law clause (which stated that the agreement will be governed and interpreted in accordance with the laws of France) and a clause providing that Mr. Chatron assigns his copyright in works created in the context of his employment to GE Hydro France. Rio Tinto argued that these provisions show the parties intended for French copyright law to apply, and that Mr. Chatron was to be first owner of copyright.

The Court held that while subsection 13(3) provides that parties can reach a contrary agreement with respect to first ownership, the mere selection or application of a foreign law as governing an employment agreement does not have this effect.

Further, the inclusion of an assignment provision in an employment agreement is not enough to be considered as an implicit agreement between the parties that the employee/assignor is to be the first owner of copyright in Canada. Nothing in the agreement indicated that the employer agreed to relinquish any

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copyrights that it has acquired through the operation of law in Canada or other foreign jurisdictions.

Other Considerations: Who is an “Assignor” Under Rule 237(4)

GEREC argued that, regardless of whether Mr. Chatron was the first owner of copyright, he cannot be “the assignor” as that term is used in Rule 237(4), since he did not assign copyright directly to GEREC. The Court rejected this argument, noting that this narrow interpretation of the Rule would create “unjustified distinctions” and the chain of title can be looked to in order to discover any of the assignors. As such, the Court confirmed that rule 237(4) applies in relation to any assignee in the “chain of title” in a work.

Key Takeaways

This decision confirms that, when asked to enforce Canadian copyright in works, courts will determine authorship and ownership of copyright in accordance with the Canadian *Copyright Act*, regardless of the where the works were created or whether they were created under agreements that expressly designate a foreign law as the governing law. While foreign employment agreements may qualify as an “agreement to the contrary” for purposes of selecting the first owner of copyright under Canadian law, a mere choice of law clause or assignment clause may not suffice for that purpose.

It is therefore important for parties involved in the creation of works outside of Canada, and the users of such works in Canada, to consider the principles of authorship and first ownership of copyright in works under Canadian law. Interested parties may wish to consult with counsel in connection with the protection, exploitation, and enforcement, in Canada, of works created outside of Canada.

¹ [GE Renewable Energy Canada Inc. v. Canmec Industrial Inc.](#), 2024 FC 322.

² [Fox Restaurant Concepts LLC v 43 North Restaurant Group Inc.](#), 2022 FC 1149

³ *Copyright Act*, RSC 1985, c C-42, s. 13(1).

⁴ The body of case law interpreting s. 13(3) of the *Copyright Act* is not discussed in this article.