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The Copyright Act states that an employer is the rightful owner of a work created by an employee during the course of employment. But what happens when the owner of the work does not transfer his or her rights properly?

The Federal Court has recently ruled (*Harmony Consulting Ltd. v. G.A. Foss Transport Ltd.*, 2011 FC 340) on what happens when the assignment of a copyright in computer software is not performed according to the Copyright Act's provisions.

Mr. Sushil Chari began developing the Petro Dispatch software in 1998 while under employment with and as part shareholder of Atrimed. Subsequently, Mr. Chari conveyed the copyright in Petro Dispatch, without any written transfer, i.e. "mentally", to his newly incorporated company Harmony. It is unequivocal that Mr. Chari was the legitimate author of the Petro Dispatch software, but questions remains as to the rightful ownership following the corporate changes.

Harmony used a *nunc pro tunc* (Latin phrase meaning "now for then") assignment to support its claim that it is the owner of the Petro Dispatch software. The *nunc pro tunc* assignment, dated June 10th, 2009, does not create rights but allows a party to register a former copyright transfer that was not registered at the time of the transfer.

A precedent established by a Federal Court of Appeal decision indicates that this type of assignment requires proof of the intention of the assignor with regards to the object and effect of such an assignment. Mr. Chari attempted to fulfill this requirement by citing that he had "mentally" transferred the Petro Dispatch software to Harmony in March of 2000, as described in the evidence adduced at trial by Mr. Chari.

However, this argument concerning the *nunc pro tunc* assignment did not convince the judge, seeing that this procedure does not address the constraints of the Copyright Act, which requires that a transfer of rights be in writing. This requirement

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was confirmed by the Court in its ruling. The result was that Atrimed was deemed to be the owner of the Petro Dispatch software, considering the fact that it had been developed by Mr. Chari while he was Atrimed's employee.

Advice: If you have to transfer intangible assets, such as copyrights, from one business to another, do it in a immediate way (quickly) and above all in writing!



