

FEDERAL COURT OF CANADA RULES ON COPYRIGHT OWNERSHIP

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In a recent case opposing the executor and beneficiary of an author's estate and the assignee of the copyright in the books of the author, the Federal Court of Canada was asked to rule on the issue of copyright ownership of the author's work. In order to decide the issue at bar, the Court more specifically addressed the questions of reversionary interest and the expungement of a copyright registration (*Kelley Estate v. Roy*, 2002 FCT 950, September 12, 2002, Gibson J.).

The facts

The late Thomas P. Kelley ("Kelley") was a Canadian author, who in 1968, assigned his copyright in and for two (2) books to Saroy Film Production of Canada Ltd. ("Saroy") in consideration of a one time payment. The assignment included publication rights, as well as motion picture rights. Saroy thereafter approached Firefly Books Limited ("Firefly") to publish and distribute the Kelley books. Several years after Kelley passed away, the executor and beneficiary of his estate, Theresia Winkler ("Winkler") attempted to ascertain the scope of the assignment to Saroy in order to determine if royalties were due to the Kelley Estate. Winkler wrote to Firefly asking it to cease and desist from publishing and distributing the Kelley books pending the outcome of the litigation and Firefly complied. Winkler also registered her copyright interest in and for the Kelley books with the Canadian Copyright Office. It was brought to Winkler's attention that Pagurian Press Ltd. ("Pagurian"), a publisher who had printed the Kelley books prior to Firefly, had already registered a copyright interest in and for the Kelley books.

The issues at bar

The Court considered and ruled on the following issues:

- ***The passing of the statutory limitation period***

Pursuant to subsection 41(1) of the Canadian *Copyright Act*, the Court may award a civil remedy in relation to an infringement if the legal proceedings pertaining thereto are initiated within three (3) years of the occurrence of the infringement or within three (3) years from the time a person first knows, or could reasonably have known, of the infringement. According to Justice Gibson, since Winkler's had knowledge of an alleged infringement of Kelley's copyright shortly before 1999, and commenced legal proceedings in the year 2000, the legal proceedings had therefore been brought within the time frame provided for by law.

➤ ***The existence of a prior copyright registration***

Pursuant to subsection 55(1) of the Canadian *Copyright Act* ("Act"), registration of a copyright may be made on behalf of an author, the owner of a copyright, an assignee or a person to whom an interest of the copyright has been granted by license and subsection 53(2) of the *Act* states that a certificate of registration is evidence that copyrights subsists. Subsection 57(4) of the *Act* provides that an entry made wrongly on the Register may be expunged. The facts showed that Pagurian, (the prior publisher of the Kelley books), had registered a copyright ownership of the Kelley books on October 15, 1974. The Court concluded that, despite the existence certificate of registration, Pagurian, had adduced no evidence, other than the registration itself, to support the facts contained in the certificate. Consequently, the Court ordered the expungement of Pagurian's copyright registration .

➤ ***The ownership of the copyright***

Section 6 of the *Act* provides that the term in which copyright subsists is the life of the author, the remainder of the calendar year in which the author dies and a period of fifty (50) years following the end of that calendar year. Section 14 of the *Act* provides that where the author is the first owner of a work, any assignment of the author's work is valid for a period of twenty-five (25) years from the death of the author. The remainder of the term of the copyright then reverts back to the family of the deceased author, thus enabling the family to benefit from royalties and other advantages of copyright.

From the outset, Winkler submitted that the assignment of copyright from Kelley to Saroy was invalid since she was the rightful assignee of the copyright in the Kelley books as said assignment devolved directly from Kelley's will. Justice Gibson dismissed Winkler's argument, ruling that the general terms of

Kelley's will were insufficient to enable the Court to come to this conclusion. Moreover, the Court ruled that even if there was an assignment of copyright from Kelley to Winkler in Kelley's will, same was void as there was no "valuable consideration", a *sine qua non* condition to enable the successful opposition of an assignee's copyright to a prior unpublished assignees rights in and for the same copyright, the whole pursuant to subsection 57(3) of the Act.

As concerns Winkler's argument regarding the reversionary interest under subsection 14(1) of the Act, Justice Gibson ruled that a reversionary interest was devolved upon Winkler as the executor and beneficiary of the Kelley Estate. The Court concluded that since the initial assignment copyright from Kelley to Saroy was valid, Winkler would benefit from copyright ownership as of the year 2007, i.e. twenty-five years after Kelley's death.

➤ ***Infringement, statutory damages and royalties***

Given the Court's findings on the issue of ownership, Justice Gibson concluded that Firefly had not infringed the copyright in and for the Kelly books, as originally claimed by Winkler. In addition, the Court ruled that Winkler was not entitled to damages, statutory or otherwise, nor was she entitled to royalties since she would only benefit from ownership of the copyright in and for the Kelley books as of the 25th year anniversary of the author's death.

➤ ***Costs***

It appeared from the factual evidence adduced before the Court that Saroy had made it most difficult for Winkler to obtain information regarding the ownership of copyright of the Kelley books. Despite the fact that Winkler had only partially succeeded in her application to the Court, Justice Gibson awarded costs in her favour because of Saroy's conduct. In addition, as Firefly had gone to great expense and trouble in order to defend its interests, that devolved from those of Saroy, the Court also awarded costs to Firefly against Saroy.

This case represents some of the many considerations and problems which must be addressed when determining the ownership of copyright when many parties claim a right to it. Copyright owners must be made aware of the long term consequences of assigning or licensing their rights to third parties. Lawyers must ensure that all assignments and licenses of their clients' rights

take into consideration not only the many requirements of the Canadian *Copyright Act* to give immediate effect to the assignment or license, but also their clients' wishes and intentions for future devolution of the ownership of the copyright.

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