

QUÉBEC COURT OF APPEAL RULES ON SCOPE OF A COPYRIGHT ASSIGNMENT

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INTRODUCTION

The Quebec Court of Appeal recently ruled, on appeal from a judgement of the Superior Court of Quebec, on the transmission of copyrights further to contractual agreements between the heirs of a well-know businessman, an author who was commissioned to write the deceased's biography and the publishers of the manuscript (*Turgeon v. Michaud*, J.E. 2003-1299, Que. C. A., May 15, 2003, Dussault, Morrissette, Letarte JJ.A.. Also available at www.jugements.qc.ca).

THE FACTS

Desrosiers founded a home renovation business which is known today under the trade-mark and trade-name Réno-Dépôt. In 1993, Desrosier's relative, Michaud, mandated a communications firm to hire a person to write the biography of his great uncle. Turgeon, a well reputed writer and historian was thereafter commissioned to write said biography, which would serve to promote the Reno-Dépôt business by enabling people to know more about its founder and how he built such a commercially successful enterprise.

Turgeon negotiated a written agreement which foresaw, amongst others, a timeline for completing the manuscript and a financial compensation, including advances on future royalties for the sale of the book. It was also agreed in the contract that Michaud and Reno-Dépôt reserved the right not to publish the manuscript. Although there was no specific clause concerning the ownership of copyright in the manuscript, Turgeon was confirmed as the owner of all derivative rights, such as the right to adapt the work for cinematic or theatrical purposes, etc.

In September 1995, once the manuscript was finished, the parties entered into a publishing contract with a publishing house, Sogides. A clause in this new

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contract provided for the assignment to Sogides of Turgeon's copyrights and his derivative rights in and for the manuscript. Sogides was contractually bound to publish the manuscript within a "reasonable delay" after its completion.

In June 1996, Turgeon was advised that the book would not be published. Shortly thereafter, in July 1996, Turgeon entered into a publishing agreement with Lanctôt Éditeur, another publishing house. In September 1996, Michaud and Réno-Dépôt sought an injunction, on a provisional, interlocutory and permanent basis, to prevent the manuscript from being published.

THE SUPERIOR COURT JUDGEMENT

The Trial Judge held that Michaud and Réno-Dépôt were entirely in their right to refuse to publish the manuscript. In the Judge's view, the initial agreement between the parties was a contract for services, whereby Turgeon was mandated to write a book for the sole benefit of the heirs to the Desrosiers succession and Réno-Dépôt. The Trial Judge ruled that the principles set out in the Supreme Court decision *Morang v. LeSueur*, [1911] S.C.R. 95 (S.C.C.), did not apply to this case. In *Morang v. LeSueur*, the Supreme Court had ruled that there was an implicit obligation for an editor, who has accepted to publish a work, to do so within a reasonable delay. The Trial Judge distinguished the facts in both cases, ruling that the initial service agreement between the parties clearly provided that there was no obligation to publish the literary work.

The Trial Judge also concluded that Turgeon had assigned his rights for the first publication of the manuscript. According to the Judge, there is no requirement in the *Copyright Act* (R.S.C. 1985, c. C-12) that such an assignment be explicit in the agreement. It could therefore reasonably be inferred from the document signed by the author that the right to publish the manuscript was assigned. He further concluded that the second contract between the parties and Sogides for publication of the manuscript did not terminate the first agreement, but rather that it was an addenda to the initial contract for services. Consequently, the Trial Judge ruled that Sogides could not proceed to publish the manuscript until such time as it had received authorisation from Michaud and Réno-Dépôt. For these reasons, the Trial Judge granted a permanent injunction preventing Turgeon from publishing the manuscript.

Turgeon appealed the Trial Judge's judgement.

THE COURT OF APPEAL JUDGEMENT

On appeal, Turgeon advanced several reasons for reversing the Trial Judge's ruling, but his principal argument was that the Judge had erred in concluding that Michaud and Réno-Dépôt had the exclusive right to authorise publication of the manuscript: at the very most, they had a right of first refusal to proceed to publish the Desrosiers biography.

The Court rejected Turgeon's argument, ruling that the initial contract provided for an assignment of Turgeon's right to publish the manuscript. In accordance with s. 13(1) *Copyright Act*, the author of a work is the first owner of the copyright in and for said work, save for certain specific exceptions, such as the assignment of whole or part of the copyright.

The Court interpreted the original agreement between the parties as providing that Turgeon would remain the owner of all copyrights in the manuscript, including all derivative rights, save and except for the right to publish the literary work in suit, i.e. make it accessible to the public. The Court of Appeal ruled that, although it may be practically impossible to exploit a literary work without the right to publish same, it does not preclude an author from assigning such right to publish the work. In fact, the assignment of the right to publish a work constitutes an assignment of future rights, which is permitted by s. 1374 *Quebec Civil Code*.

Turgeon further pleaded that any assignment of whole or part of copyrights must be expressly made in writing and that he had therefore not agreed to any such assignment. The Court of Appeal once again rejected this argument, stating that s. 13(4) *Copyright Act* does not require that the written assignment of copyright be explicitly formulated. The intention of the parties is the key to determining the existence and scope of the assignment. There is no particular form that such assignment must take in order to be considered valid and binding; rather, the Courts will determine the intention of the parties having regard to all the surrounding circumstances of the case.

The Court of Appeal therefore concluded that the clause in the original agreement that gave Michaud and Réno-Dépôt the exclusive right to not publish the manuscript was in fact the assignment of Turgeon's right to publish said manuscript. Consequently, the assignment of rights from Turgeon to Sogides in the publishing agreement was null and void since said rights had already been assigned by virtue of the first agreement. The Court ruled that the Trial Judge was right in ordering the issuance of a permanent injunction based on the terms and conditions of the original agreement between the parties.

The Court of Appeal therefore dismissed Turgeon's appeal, with costs.

CONCLUSION

This case therefore serves as an example of a situation where much of the parties' time, effort and funds could have likely been saved if the original agreement had been more explicit as to the scope of the assignment of the author's rights. Authors and publishers should be weary of drafting their own agreements without a second opinion, such as an opinion from their legal counsel, since the attribution of rights could rest upon the inclusion or the exclusion of a few words in the agreement.