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Abstract
Copyright is in every original literary, dramatic, musical and artistic work, and mechanical contrivance. Many of these works are created within the course of employment. Under the present law, copyright in these employment creations vest in employers. This paper examines employer and employee rights in relation to copyright works and possible alternatives to the current scheme. The author then concludes as to whether employers or employees should own copyright in works created in the course of employment.

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OWNERSHIP OF EMPLOYMENT CREATIONS

BY LESLEY E. HARRIS*

Copyright is in every original literary, dramatic, musical and artistic work, and mechanical contrivance. Many of these works are created within the course of employment. Under the present law, copyright in these employment creations vest in employers. This paper examines employer and employee rights in relation to copyright works and possible alternatives to the current scheme. The author then concludes as to whether employers or employees should own copyright in works created in the course of employment.

I. INTRODUCTION

The present Canadian Copyright Act was written in 1921.1 Due to a rapidly changing society and technology not contemplated at that time, the Act is extremely outdated and in need of revision. There have been several efforts made over the past thirty years to change the Act, which resulted in many reports containing recommendations. The recommendations usually refer to the issue of ownership of works made within an employment context.

The Ilsley Commission, a Royal Commission which reported in 1957,2 as well as a later study by A.A. Keyes and C. Brunet on behalf of Consumer and Corporate Affairs in 1977,3 recommended employer ownership where works are created during the course of employment. Legislation in both the United States and the United Kingdom provide for employer ownership. In May of 1984 the Liberal government released From Gutenberg to Telidon: A White Paper on Copyright4

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1 Copyright Act, R.S.C. 1970, c. C-30. Note that this Act has been in force since 1924.
4 Can., From Gutenberg to Telidon: A White Paper on Copyright (1984) [hereinafter White Paper]. Note also that Keyes said that ownership of copyright material produced in the course of employment is a "green area" and "input in called for": Meeting of Board of Governors of the
which surprisingly took no stand at all on ownership of employment creations, but rather asked for public comment upon the matter. Before such comments were received, the Conservative party came into power and the status given to the White Paper was that of a document not necessarily embodying government policy. On January 24, 1985, the then current government conferred all issues of copyright revision to the Standing Committee on Communications and Culture. The Committee then established and delegated the appropriate powers to the all-party Sub-Committee which received almost 300 written responses and heard 111 representations from interested parties. Conclusions of their findings were compiled in the Charter of Rights for Creators which was published in October 1985. The Sub-Committee’s report basically follows in the footsteps of the earlier recommendations with respect to ownership of employment creations.

This paper, the idea for which was conceived when there were no recommendations for ownership of employment creations, will present a thorough examination of employer and employee rights in relation to copyright works and of possible alternatives to the current scheme. The author will then conclude whether employers or employees should own the copyright in works created in the course of employment.

II. DEFINING THE PROBLEM

The problem of ownership of employment creations arises when X, an employer, hires Y, an employee, to create a certain work within the course of employment. Both claim that they are entitled to the work: X, because he has paid to have the work created, supplied the materials and environment and often the idea; Y, because he has created the work. In fact, each might have a valid claim since Y has created two different works to which rights may attach:

(i) the tangible res, the actual words or pictures on a particular piece of paper, and

(ii) the copyright in the words or pictures, for example, the right to exploit their form irrespective of the destiny of their tangible content.

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Canadian Copyright Institute with Messrs. Couchman and Keyes (July II, 1984).

° Report of the Sub-Committee on the Revision of Copyright, Standing Committee on Communications and Culture, October 1985. [hereinafter the Sub-Committee Report].

° Note that this paper only examines the issues relating to works made in the course of employment and does not explore the area of commissioned works, except where such later works are encompassed by the term “works made in the course of employment.”

° Dr. J. Phillips, “The Employee as Author and Owner of Literary Copyright — Some Theoretical Reflections” (1979) EIPR 274 at 274.
The ownership of the tangible *res* is determined by areas of the law such as labour or contract; it will, therefore, not be discussed in this paper. The rights beyond the tangible *res*, that is, those attaching to the form of the idea though not to the idea itself, constitute incorporeal property which copyright may protect. It is the ownership of this property and not of the physical work which this paper will address; should ownership of a copyright work created in the course of employment attach to an employer or to an employee?

The type of rights which may attach to an employer under Canadian copyright law are known as economic or pecuniary rights. These are rights which enable the copyright owner to earn money. Economic or pecuniary rights attach to the works protected by copyright; these include every original literary, dramatic, musical and artistic work, and mechanical contrivance. The owner has the right to reproduce, perform in public, publish, adapt or broadcast these works, or authorize the same.

The duration of copyright in a work is generally based upon the life of the author. The term of copyright is for the life of the author plus fifty years. Since copyright can be assigned, an employer or a person other than the creator of the work, may have ownership in it. The term of copyright, however, will still be determined according to the life of the author and not by the life of the copyright owner.

Independent of these economic rights, and even after assignment of copyright, an author has the right to protect his reputation. He has the right to claim authorship which is called the right of paternity, and the right to restrain any distortion, mutilation or other modification of his work that would be prejudicial to his reputation, which is called the right of integrity. These are known as the moral rights. Unless they have been waived, these rights will be retained by the employee/creator, even where the employer is entitled to all of the pecuniary rights. In other words, moral rights are non-assignable.

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8 *Copyright Act*, s.4.
9 R.S.C. c. C-30; C. 10 (2nd Supp) s. 65 [1970-71-72, c.60], s. 1 which repeals and replaces s. 4(3) of the Act.
10 *Copyright Act*, s. 3.
11 The terms “author”, “creator” and “artist” are used interchangeably in this paper.
12 *Copyright Act*, s.5. Note that this term applies “except as otherwise expressly provided” by the Act.
13 *Copyright Act*, s.12(7).
14 The *Copyright Act* does not explicitly state the duration of moral rights. It is questionable whether moral rights pass to heirs since they protect an author's personal reputation which arguably ends with the author's death. Recent recommendations, however, favour a term of protection equal to that given to pecuniary rights: White Paper, supra note 4 at 58; Sub-Committee's Report, supra note 5 at 6 & 8, recommendation 4.
III. OWNERSHIP OF COPYRIGHT IN CANADA

In Canada, the author of a work is generally the first owner of the copyright therein.\(^{16}\) This rule is subject to other provisions in the Act, including the one for employment creations.

Where the author is in the employment of another person under a contract of service or apprenticeship and the work is made in the course of his employment, the employer, in the absence of any agreement to the contrary, is the first owner of the copyright.\(^{16}\) It is thought that employers retain copyright in works created by their employees as a reasonable return for their risks from the monetary investment in that work. In addition, employers furnish the opportunities for creative works to be made which might not otherwise exist. They also organize the production of the material and arrange for the distribution and marketing of the finished product.

The Copyright Act affords journalists a special status as compared to other employees since the nature of their job is the exclusive creation of copyright works. Other employees might only create works incidentally to their other duties.\(^{17}\) Where the work is an article or other contribution to a newspaper, magazine, or similar periodical, the author, in the absence of any agreement to the contrary, is deemed to have a right to restrain the printing of the work outside of these publications.\(^{18}\)

Despite the designation in the Act of the author as the first owner of copyright in his work, there is no definition of author in the Act (except with respect to photographs and sound recordings). Since copyright does not protect an idea, but merely the expression of an idea, it is clear that an author is not a person who merely suggests an idea. It has been held that a secretary to whom a story is dictated is not an author,\(^{21}\) whereas a person who writes down the "words" from a seance may be an author for copyright purposes.\(^{22}\) Generally, the author is the person who puts the ideas into a form which the public may appreciate.\(^{23}\)

\(^{16}\) Copyright Act, s.12(1).
\(^{17}\) Copyright Act, s. 12(3).
\(^{18}\) For example, although it may not be a secretary's duty to create copyright works, copyright works such as memos or letters may be created incidentally to a secretary's duties. See infra notes 60-65, and accompanying text.
\(^{19}\) Copyright Act, s.12(3).
\(^{20}\) Copyright Act, s.9.
\(^{21}\) Copyright Act, s.10.
\(^{22}\) Walter v. Lane, [1900] A.C. 539.
\(^{23}\) Cummins v. Bond (1927), 1 Ch. 167.
\(^{24}\) Donoghue v. Allied Newspapers Ltd. (1938), 1 Ch. 106. This definition of author is consis-
Under limited circumstances a corporation may be defined as an author. A corporation may be the author of a photograph, mechanical contrivance or cinematographic work. Otherwise, a body corporate may not be an author within the meaning of the Copyright Act, though it may be the owner of copyright. Incorporated companies may acquire title to the copyright in a work by assignment from the author or by one of the ways mentioned in sub-sections 12(2) or (3) of the Copyright Act. When corporations acquire title to a work, akin to an employer owning copyright in his employee’s work, the term of copyright is based on the life of the author and the author retains the moral rights unless they have been waived. Note that where the author of a work is the first owner of the copyright therein and the author assigns that copyright, there is a statutory reversion of the copyright to the author’s estate twenty-five years after his death.

There are many problems in the present law regarding ownership of employment creations. The first difficulty with the present employer ownership provision is the ambiguous language used to determine whether the section is applicable to certain situations. The unclear phrases are “contract of service” and works made in the “course of employment.” The meaning of the words ‘contract of service’ has been considered on several occasions and it has been difficult, if not impossible, to frame a satisfactory definition for them. No established rules exist for determining whether a work was created by an employee.
under a "contract of service" in the "course of employment" so each case is determinative upon its facts. As a result, an employer can never be certain whether he owns a particular work which he has paid someone to create without a court determination or an express contract to that effect.

In ascertaining whether an author is under a contract of service, the cases usually differentiate between a "contract of service" and a "contract for services." Many different tests for contract of service have developed in various areas of the law such as contract and tort, but few have been suggested in the context of copyright law. Some of the older cases, decided under the Workers' Compensation Acts, stressed that the greater the control the employer had over an employee, the more probable it was that the employee was under a contract of service. Control was later held to be important under the United Kingdom Copyright Act, 1911.

Recently, cases have been departing from the "control" test. This departure may be due to a reluctance by the courts to explore areas of law other than copyright to interpret "contract of service." Different underlying policy considerations may exist in a context other than copyright which may result in an interpretation of "contract of service" inapplicable to copyright. In addition, the control test may not be appropriate for all copyright matters, especially those situations involving skilful or creative employees. In the case of a writer or artist it is almost impossible to establish the amount of control an employer has over the creation.

*Stephenson, Jordan and Harrison Ltd. v. MacDonald and Evans* illustrates a newer approach. Lord Justice Denning states in this case that the commonly used control test is not universally correct. He then comments that:

> [o]ne feature which seems to run through the instances is that, under a contract of service, a man is employed as part of the business, and his work is done as an integral part of the business; whereas, under a contract for services, his work, although done for the business, is not integrated into it but is only accessory to it.

While concurring with Lord Justice Denning on all the issues, Sir

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28 For example, Simmons v. Heath Laundry Co., [1910] 1 K.B. 543 applied the "control" test with respect to the Workmen's Compensation Act, 1906.

29 1-2 Geo. V., c. 45. In *University of London Press Ltd. v. University Tutorial Press Ltd.*, supra note 27, it was held that the independence of the employee is the key factor in determining whether a person is under a "contract of service" or a "contract for services."

30 (1952), 1 T.L.R. 101.

31 *Ibid.* at 111.
Raymond Evershed nonetheless dwells on the control test. Therefore the control test has not yet been discarded despite the enunciation of a new approach by Lord Justice Denning.

The “integral part of the business” test as stated by Lord Justice Denning continued to be applied in later cases, and it is now the test used in copyright cases to determine whether an author is an employee and under a “contract of service.”

Under the requirements of the Act, proof that an employee is under a contract of service is essential but not sufficient for copyright to vest in his employer. The work must also be made “in the course of employment.” This is often difficult to ascertain since the extent of employment is not always explicit and the hours of employment not always specified. Whether a work is made “in the course of employment” also depends upon the facts of each case.

In *Byrne v. Statist Co.*, decided under the United Kingdom Copyright Act 1911, an employee on the editorial staff of a newspaper, employed by the proprietors to translate and summarize a speech for extra remuneration over his regular salary, was held to have copyright in his translation. The translation was undertaken during the author’s own time and not as part of his employment duties under his contract of service.

*Stephenson, Jordan and Harrison Ltd. v. MacDonald and Evans* also decided under the Copyright Act 1911, held that an accountant owned copyright in lectures he wrote dealing with the business where he worked. The lectures were written for delivery to universities and to scholastic and professional societies, and were not prepared in the course of the accountant’s employment.

Problems of determination may also arise with respect to a doctor on staff at a hospital or a nurse on staff at a school, who is employed as part of a contract of service to lecture to students. If, for his own convenience, the speaker puts the lectures into writing, the copyright in the written work belongs to him; writing down the lectures is not really part of his contract of service, even though it may be useful to him.

Each case must be examined on its facts according to the uncertain common law tests to decide whether the author was under a “contract of service” and whether the work in issue was done within the

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33 (1914) 1 K.B. 622.
34 *Supra* note 30.
"course of employment."  

The necessity of a factual determination by the courts to establish ownership can have a profound effect on an employer. First, an employer may be sued by an employee for infringement of the employee's copyright. Second, unless an employer has obtained an assignment from the employee or is willing to take the risk that he owns the copyright in that work, he may be involved in two law suits in order to protect "his" copyright against infringement: first with the employee, then with the alleged infringer. The process of a preliminary trial to resolve employer ownership of a work may be time-consuming, aggravating and expensive. If the employer is unsuccessful in his initial action against the employee, he will lack the standing to sue the alleged infringer. If the employer is successful in proving that he is the owner of the copyright, he will then be able to proceed in an action against the alleged infringer of his copyright. By this time such an action may be frustrated by further actions of the infringer or by the expiration of the statutory limitation period.

A second problem arising out of the ambiguous wording of the Act relates to the special regime enjoyed by journalists. The Act stipulates that an employer of a journalist is granted copyright in the journalist's work if the requirements of employer ownership are met. This right is limited to the publication of the work in a "newspaper, magazine or similar periodical." These expressions, however, are not defined in the Act. Since these publications are characterized by their recurring format, it is doubtful whether a single issue journal would be categorized within this context.

These expressions also appear to allow an employer to publish an article ordered for periodical X in periodical Y, as long as Y is similar to X. Keyes and Brunet suggest that the intent of the law is to restrain publication other than in the periodical originally envisioned by the author and recommend that the Act give the author a right to prevent such use.

A further problem with the journalist provision is the policy under-
lying it. It is hard to justify this section on the rationale that journalist employees are paid solely to create while other employees create copyright works incidentally to their other duties. Commercial artists and screenwriters may also be employed to create copyright works, yet they have no special right to restrain certain uses of their works.

A third issue is the extent of rights that an employer has in an employee's work. An employer who owns copyright in the work not only has the right to reproduce the work but also possesses the subsidiary rights as set out in section 3 in the Copyright Act, such as translation, film and dramatic rights. These rights are not limited to the duration of employment but continue to exist after employment has terminated and for a period of fifty years after the employee's death. An opportunity thus exists for an employer to benefit from a work in a variety of ways over a substantial period of time. This exploitation is subject only to an altered form of the work not prejudicing the employee's rights, provided that the employee has not waived his moral rights. Even if an employee has retained his moral rights, it is extremely difficult to prove that any alterations have prejudiced his honour or reputation, and the only remedy is an injunction which may have little, if any, effect by the time it is obtained. At this stage the damage may be irreparable.

Due to this broad scope for exploitation, a work may attain a value beyond the contemplation of the employer or the employee. It is not always the employer's activity which increases the value of a work. A work may be exploited in a way foreseen by both the employer and the employee but may attain greater popularity than anticipated. This can occur when an employee is paid by an advertising firm for an advertisement which he has created in the course of his employment. If the advertisement subsequently becomes very popular and becomes strongly associated with a particular product, it will then be altered and repeated in many different forms. The advertising company will reap the benefit from this additional exploitation even though the advertisement was originally intended for a specific project in a specific form.

Changes in technology over the duration of copyright may also result in unexpected increases in a work's value. For example, making a video-tape of a literary work such as an instruction manual may not have been envisioned forty years ago when an employee created the manual as part of his job. However, provided that the Act includes

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40 Memorandum from Roy C. Sharp to The Writer's Union of Canada (April 1, 1977).
video-tapes, the employer would own the video-tape right even though he obtained the subsidiary rights in the instruction manual prior to the advent of the video-tape.\textsuperscript{41} Employees feel that such unanticipated uses and increased values of works are windfall gains to their employers and the monetary increase in the value of these works should be shared with the employees.\textsuperscript{42}

The fourth concern of employer ownership is that of employers not exercising the exploitative rights in works of employees. Non-exploitation of work is an important issue to employees since they do not benefit merely from the monetary gains, but rely on a certain measure of goodwill being generated from the exploitation of their work. This goodwill may be in the guise of publicity which might lead to future jobs.

There are several reasons why an employer may choose not to exploit a work. For instance, it may be an inappropriate time to market that work. If he is already marketing a work of a similar type a second work may create unnecessary competition and reduce profit margins.\textsuperscript{43} As well, the employer may dislike a finished product and decide not to publish it. It is also possible that prior to the publication of a work, the employer goes bankrupt and thus is incapable of exploiting the work. Unless some right has been reserved by contract, an employee does not have the right to exploit the work if it is owned by his employer. Many companies, especially advertising agencies, do not warehouse or file unexploited works, so such employers would experience little hardship if the copyright were to revert back to the employee.\textsuperscript{44}

In summary, the expressed inadequacies in the present law are the following: the use of the unclear phrases "contract of service" and "course of employment"; the policy and uncertainty regarding the rights of a journalist's employer; the extent of an employer's rights to the unanticipated exploitation of a work; and the non-exercise of exploitative rights.

\textsuperscript{41} The Sub-Committee Report recommends a category of "audio-visual works" with a definition which will undoubtedly include video-tapes, \textit{supra} note 5 at 36-7 & recommendations 45 & 46. For discussion on protection of video-tapes under the present law see: L.E. Harris, "The May White Paper: Proposed Copyright Changes Favour Film Industry" \textit{Cinema Canada} (October 1984) at 27; and R.M. Perry, "Copyright in Motion Pictures & Other Mechanical Contrivance" (1971) 3 Can. Com. L. Rev.

\textsuperscript{42} \textit{Supra} note 4 at 114-15.

\textsuperscript{43} \textit{Ibid.} at 115.

\textsuperscript{44} Minutes of Procedures & Evidence of the Sub-Committee of the Standing Committee on Communications & Culture, First Session, 33rd Parliament, 1984-85, 14:15, per Mr. K.B. Kerracher, President, Institute of Canadian Advertising.
IV. ALTERNATIVES

The first portion of this paper dealt with the conflict between employer's and employee's rights involving works created in the course of employment and the unsatisfactory practicalities in the present law. This part of the paper will examine possible solutions to both these problems by presenting alternatives to the present law and suggesting the best method of balancing employer and employee rights with minimal applicational and interpretational implications.

Any alternatives to the present law must be within the spirit of Canadian copyright law and must comply with Canada's international copyright obligations. Before examining the options there will be a review of the aims and restrictions of copyright law.

Canada belongs to two international copyright conventions: the Berne Convention (1886) and the Universal Copyright Convention (1952). Most industrial countries belong to one or both of these conventions. Both conventions have had several enactments, the most recent of each being in 1971 in Paris. Not every country who is a party has ratified each enactment of the conventions, and therefore member countries belong to different levels and have different obligations. This is primarily because of unsatisfactory domestic legislation and a reluctance to give greater protection to foreign authors than to their own authors. Canada adheres to the Rome Act, 1928 of the Berne Convention, and to the 1952 text of the U.C.C. and its administrative provisions in the Stockholm Act, 1967.

Both international conventions operate on the principle of national treatment. This principle bestows nationals of member states copyright protection in other convention countries according to their domestic law. The enjoyment of convention protection is not precluded by the existence of similar protection in the claimant's country of origin, or to reciprocity.

Relying to a great degree upon domestic legislation in member countries, both conventions only outline minimum protection in reference to certain works and circumstances. For instance, neither convention defines "author" nor do they provide for the determination of ownership of copyright works. Interpretations of ownership may be extrapolated, however, from other provisions in the conventions. Article 1 of the Berne Convention provides that "the countries to which this

45 Berne Convention for the Protection of Literary and Artistic Works.
46 Hereinafter the U.C.C.
47 Differences between the level of the conventions to which Canada adheres and the most recent enactments are irrelevant for the purposes of this discussion.
Convention applies constitute a Union for the protection of the rights of authors in their literary and artistic works." Article 4(1) uses the wording "[a]uthors . . . shall enjoy . . . the rights . . ." These and other sections may be construed to mean that the author should enjoy the rights in his works. Provisions that vest copyright initially in persons other than the authors may not be observing the convention obligations.\textsuperscript{48} This idea is reflected in some countries by an absence of employment related works provisions in their legislation. On the other hand, many convention countries allow for employer ownership and there have been no official complaints that employer ownership is against international obligations.\textsuperscript{49} The Whitford Committee affirms that although "the repeal of particular provisions touching first ownership of employee's works and commissioned works is attractive and undoubtedly consistent with the [Berne] Convention,"\textsuperscript{50} it has never been suggested that "in enacting such provision there has been a failure to observe the Convention obligations."\textsuperscript{51}

The reasoning above is also applicable to the Universal Copyright Convention. Article I of the U.C.C. provides for "the protection of the rights of authors and other copyright proprietors" in specified works. There is no definition of "author" or "other copyright proprietors" in the convention. Nevertheless, the inclusion of the phrase "and other copyright proprietors" seems to accommodate more persons that those referred to by the term "authors" in the Berne Convention. Several explanations are offered as to why the expression "and other copyright proprietors" is used. First, it attempts to close the gap between the droit d'auteur philosophy which recognizes that only an individual may be an author and the Anglo-Saxon philosophy which recognizes corporate copyright proprietors. Since it is up to the jurisdiction applying the law to define "author" according to its domestic legislation it is not encumbent upon the U.C.C. to bridge the gap between the two philosophies. Second, the phrase extends protection to successors in title of the author, either as assignees or as heirs. The Berne Convention provides similar protection in Article 2(6) where it says that the "protection

\textsuperscript{48} Supra note 7 at 275. Phillips points out the fundamental copyright principle contained in the Berne Convention as adopted by Dr. Dietz: "... the author should be recognized in all cases as the author of this work, and that therefore in him alone should copyright initially vest." This is supported by B. Torno, \textit{Ownership of Copyright in Canada} (1981) at 38.

\textsuperscript{49} For example, in Australia, Canada, the Netherlands and the United Kingdom the employer is the copyright owner in the case of work made for hire: "Study of Comparative Copyright Law: Persons Protected" (1977) 11 \textit{Copyright Bulletin} at 15-16.

\textsuperscript{50} \textit{Report of the Committee to Consider the Law on Copyright and Designs} (Whitford Committee) (Cmdn. 6732, 1977) at 144, para. 570.

\textsuperscript{51} Ibid. at 139, para. 549.
shall operate for the benefit of the author and his successors in title.” The inclusion of the phrase “and other copyright proprietors” in the U.C.C. grants similar rights to those allotted by the Berne Convention.\textsuperscript{62}

Since the two conventions do not explicitly define initial ownership and do not deal with authors working under employment contracts (or with commissioned works), member countries may decide according to their domestic law in whom copyright of a specific work initially vests.

Canada’s domestic law, unlike some countries, does not restrict ownership to the creator of a work. In other nations such as the Federal Republic of Germany, Belgium and Denmark, an author is always entitled to first ownership of a copyright work since he has created it; copyright in these countries is based upon the natural property theory. Canadian copyright law does not follow this theory but is based upon statutory copyright. The Copyright Act provides that no person is entitled to copyright except in accordance with the provisions of the Act.\textsuperscript{63} These two approaches to ownership share the underlying principle that an individual who creates a work owns the copyright in that work.\textsuperscript{64} Under statutory copyright, however, this may be subject to exceptions.

The question remains whether granting employers copyright is against the underlying principle of copyright law. One view advanced is that copyright does not protect the author of a work, but rather it protects the publisher (or any exploiter).\textsuperscript{65} This belief is based on the reasoning that in order for the author to gain any benefit from a work it must be exploited, and this is only possible through assigning the rights in that work to a publisher. Copyright, therefore, ultimately vests in the publisher.\textsuperscript{66}

Another opinion is that copyright is a right to which a given work is subject.\textsuperscript{67} According to Professor L.R. Patterson’s view, copyright is a right to the exclusive publication of a work — the ultimate source of this right being the author. His theory is confirmed by section 3 of the Canadian Act which lists all the rights attaching to a copyright work.

\textsuperscript{63} S.45; \textit{Canadian Admiral v. Rediffusion Inc.} (1954), 14 Fox Pat. C. 114 at 122.
\textsuperscript{64} \textit{Supra} note 3 at 69 states that “the underlying principle (in Canadian copyright law) is that he who creates a work owns the copyright in that work”.
\textsuperscript{66} \textit{Ibid}. Note that Breyer feels that protecting publishers is not justification for granting copyright protection.
\textsuperscript{67} L.R. Patterson, “The Statute of Anne: Copyright Misconstrued” (1965) \textit{2 Harv. J. Legislation} 223.
without attaching them to an individual. Section 4 corroborates this by outlining the conditions for obtaining copyright and, without referring to rights in a specific person, mentions works in which copyright may subsist.

Rights ascribed to a work must eventually attach to a person since a work is incapable of benefitting from these rights. Professor Patterson's theory posits that the benefit of copyright should accrue to the person or persons responsible for the source of the right and to the person with the right to exclusive publication of a work. Even though the author may be the "source" of the work and may possess the exclusive rights to it, the author often voluntarily assigns these exclusive rights to another person. In fact, the Act permits such assignments. The assignee of the copyright is entitled to all the rights which copyright grants, subject to any agreed upon limitation. Therefore in many cases copyright will not only protect the author, but also protects the exploiter of a work. Applying this concept to employment creations, granting employers copyright in prescribed situations is not inconsistent with the underlying principle of copyright since copyright not only protects those who create works, but also protects those, such as employers, who possess the exploitive rights in a work.

V. RETAINING EMPLOYER OWNERSHIP

Since employer copyright is arguably not against any of Canada's international copyright obligations nor inconsistent with the aim of Canada's copyright legislation, employer copyright may endure as an exception to the general rule of ownership. Legislation could be modified to accommodate problems of application. It has been proposed that Canadian copyright law retain the principle that the employer be the first owner of the copyright of works made by his employee in the course of employment.

Cuvillier contends that granting employers ownership of employees' works actually preserves the integrity of the Copyright Act in its application to "true" artists. He maintains that creations arising out

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58 Section 12(4) of the Copyright Act provides for the assignment of copyright by the owner either wholly or partially, and either generally or subject to territorial limitations, and either for the whole term of the copyright or for any other part thereof.

59 Employer ownership was recommended in: Isley Commission, supra note 2 at 46; Keyes and Brunet, supra note 3 at 71. Note that out of 22 responses to Keyes and Brunet's recommendation of employer ownership, 12 responses were in favour of the recommendation: Digest of Comments Contained in Briefs Submitted in Response to: "Copyright in Canada: Proposals for a Revision of the Law" (1979) (draft copy) at 11-12; Sub-Committee Report, supra note 5 at 13-14 & recommendation 15.

60 R. Cuvillier, "Employment and Copyright" (1979) Copyright 112 at 117.
of employment are generally of the minor or utilitarian arts which do not require a high degree of originality. These may include listings of streets, catalogues, yearbooks, and business letters. Not according copyright to the creators of these works benefits artists by vesting copyright only in creators whose works are truly creative. He states that employees should not expect to derive any noteworthy profit from such works since they are not "true" works of art. He also makes reference to a disinterest on the part of employees in claiming rights in employment creations, although he senses a growing interest. This allegation of increased interest is not supported by the Sub-Committee Report which concluded that very few salaried creators protested employer ownership.\textsuperscript{61}

Cuvillier's reasoning is based on the assumption that copyright protects only original true art which is never produced within an employment situation. Yet copyright was never intended to protect the limited subject matter to which the term "true art" refers. For example, the definition "literary works"\textsuperscript{62} includes maps, charts, plans, tables and compilations. Case law has extended this definition to works which do not have literary quality such as business correspondence.\textsuperscript{63} Second, the threshold of originality necessary for a copyright work is very low, albeit dependent on the nature of the work; fundamentally the creation cannot be copied from another work.\textsuperscript{64} Third, employment creations are not always "minor" works.\textsuperscript{65} A major painting, for example, may belong to an employer if the necessary preconditions are satisfied. Work produced in advertising agencies or motion picture studios may not be "minor" works. Furthermore, the integrity of the Copyright Act in its application to "true" artists would not be preserved since creators could still own copyright in "minor" works. To illustrate, a person not under an employment contract who writes a letter retains copyright in that letter despite it being of the "minor" arts.

Cuvillier also believes that an employment provision is necessary for certain works such as motion pictures which are made by a group of authors, screenwriters, actors, cinematographers, costume and set

\textsuperscript{61} Supra note 5 at 13.
\textsuperscript{62} Copyright Act, s.2.
\textsuperscript{63} British Oxygen Co., Ltd. v. Liquid Air, Ltd., [1925] Ch. 383.
\textsuperscript{64} Supra note 27.
\textsuperscript{65} The present employment provision is not limited to "minor" works and a distinction between "major" and "minor" works does not follow from the definition of many of the works protected by copyright. For example, the present law will protect a "minor" work such as a chart in the same manner as it will protect a "major" work such as a piece of literature, both being "literary works" under the Act.
designers, and technical and artistic assistants. With respect to such collaborative works, he thinks that it would be too costly and administratively difficult to evaluate each person's contribution and to pay him commensurate royalties as if he were an owner. It would also be onerous to obtain permission from each author in order to institute an infringement action.

Although it may be necessary for someone other than the creator, namely the producer or production company, to have copyright in a film, an employer ownership provision cannot be justified in all instances of employment creations. Since films are not always made by employees, but by independent and freelance contractors, an employer ownership provision may not even result in all films vesting in the producer or production company. For example, the right to adapt a book into a film may be obtained after the literary work is completed. In such a case, the author of the book would not be considered an employee. Therefore, in lieu of an employment provision applying to cinematographic works, an explicit provision codifying the current law and vesting the ownership of films with the producer or production company should be included in the Copyright Act.

Another factor favouring employer ownership is that there are a greater number of employees who create copyright works as part of their job than there are persons who create copyright works outside of an employment context. Most jobs include the creation of some copyright works, be it a photograph or an internal memorandum. Without an employer ownership provision there would be a spate of contracts and collective agreements incorporating clauses granting ownership to employers. Yet the predicted increase of "new" contracts is questionable. Managerial-type employees generally have written employment contracts and the same applies to any person employed for a term longer than one year. Before an action can be initiated under the various Canadian Statutes of Frauds, contracts lasting more than one year must be in writing, or at the very least, there must be some memorandum or note containing the material terms of the agreement. The necessity of contracts in an employment-related copyright situation

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66 This was recommended in the White Paper, supra note 4 at 30.
67 This was expressed by Terry Westway on behalf of the Newsletter Association at a Board of Governors Meeting of the Canadian Copyright Institute (Aug. 22, 1984).
68 Keyes & Brunet, supra note 3 at 69; Sub-Committee Report, supra note 5 at 14.
70 The Statute of Frauds, R.S.O. 1970, c.444; Statute of Frauds, R.S.N.B. 1973, c. 2-14; Statute of Frauds, R.S.N.S. 1967 c. 290 were cited as examples by Arthurs, ibid. at 69, footnote 1.
would therefore apply only to support staff and to those who work for less than one year. Because the number of employees requiring contracts is limited to those in the above circumstances, the argument that there would be a “spate of contracts” is not tenable.

An argument in favour of employer ownership is that the two countries with which Canada does its greatest trade have such provisions. Administrative difficulties may arise if Canada’s employment provision differed substantially from the ones in the United States and the United Kingdom. To illustrate, a American parent corporation may be responsible for creating certain bulletins and reports, whereas its Canadian subsidiary is responsible for creating other works which are reciprocally distributed. If contractual arrangements were necessary for employees of the Canadian subsidiary with respect to their creations whereas equivalent procedures are not necessary in the United States, there may be increased administrative costs which may be passed indirectly to the Canadian consumer.71

Moreover, if employers were assigned rights by authors, such assignments would be subject to a statutory reversion of the copyright twenty-five years after the author’s death. This reversion might be irrelevant with respect to a memorandum written during the course of employment, but it might have a detrimental effect where a work was published and is still valuable and being exploited by the employer at the time the reversionary interest sets in.

A further justification for the retention of an employer ownership provision is the basic argument underlying the present policy of the employer provision which is to reward the risk-taker. If retained, however, the employer ownership provision should be in a modified form which takes into account the inadequacies discussed in the first part of this essay.

In order to counteract the serious negative problems of employer ownership, a change to the wording of the section is required — specifically, the elimination of the expression “contract of service.”72 This expression is ambiguous and results in uncertainties, and it is “only intelligible, if at all, to lawyers.”73 This provision merely adds to the difficulty employers experience in establishing when the law actually

71 A Brief Concerning A White Paper on Copyright Revision “From Gutenberg to Telidon”, submitted by the Joint Copyright Legislation Committee on behalf of the Patent and Trademark Institute of Canada and the Canadian Bar Association to the Sub-Committee of the Standing Committee on Communications and Culture on the Revision of Copyright (1985) at 21-22.

72 Whitford Committee, supra note 50 at 140, para. 557. For Sub-Committee Report’s recommendations, see supra note 27 and accompanying text.

73 Whitford Committee, ibid. at 143, para. 568.
applies to them.

In re-phrasing the employment provision, one must determine the type of employment situations it should cover. A new Act need not merely reiterate the term "contract of service" for a more articulate phrase but could expand the provision to encompass other employment situations, including those where a commission is paid or a retainer obtained. Employer ownership need not omit independent contractors. Whether a creator is under a contract of service or is a freelancer, he is being paid for the copyright works produced. Newspapers regularly employ freelance writers, photographers and artists to work, under editorial control, on particular projects where creation takes place due only to publishers' direction. Based on the policy that the payor is entitled to the copyright, the employer should own the copyright in these works in the above situations.

This payor-as-owner policy is recognized in patent law (although not by statute in Canadian patent law). Any patentable invention made for hire belongs to the hirer, unless the invention is not related to the business. If such a broad definition were to replace the present employer provision, there would still be a problem of formulating the suitable statutory language. This was attempted in the United Kingdom Patents Act 1977. Section 39 of the Act sets out that, where there is no contract of employment, employers are entitled to inventions made in the course of their employee's normal duties or his specifically assigned duties, as long as an invention might reasonably be expected from carrying them out. The employer is also entitled to the invention where the employee has a special obligation to further the interests of the employer's undertaking due to the particular responsibilities arising from the nature of his duties. Section 2 of the Act deals with the enforceability of contracts relating to employee's inventions and states that any contractual provisions which limit the inventor's statutory rights are unenforceable to the extent of the purported limitation. Other sections address the statutory right to compensation in prescribed circumstances and supply a calculation for such compensation.

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74 Minutes of Proceedings and Evidence of the Sub-Committee of the Standing Committee on Communications and Culture, First Session, 33rd Parliament, 1984-85, 14:23, per M. Burt, Chairman, Copyright Committee, Canadian Daily Newspaper Publishers Association.
75 See Sub-Committee Report, supra note 5. Retaining "contracting of service" and defining "employee" as recommended would generally amount to the same result as this paper's recommendations.
Section 39 of the Patents Act 1977 is not without its interpretational problems. For instance, are an employee's "normal duties" those normally performed by the employee or those stipulated as his contractual duties? Furthermore, who might reasonably expect an invention to result from the performance of one's duties: the employer, the employee, or is this reasonably judged from the viewpoint of an unrelated person? These are just predictions of the problems that will be encountered since the Patents Act 1977 has not yet been applied because of the overlapping jurisdiction of the United Kingdom Patents Act 1949. Since such a comprehensive definition may have the same or more ambiguities than the present copyright law, such a definition with respect to ownership of employment creations is not recommended.

The Whitford Committee suggests that a relatively clear provision is one in which works are defined solely by reference to those "made in the course of employment." This recommendation might also lead to more ambiguities than the present provision because it is so broad that it would cover all works made for hire, even those unrelated to the business. It is proposed that the provision be limited to "works created in the ordinary course of business within the ordinary duties of the employee." Although not ideal wording, since what is intended by "ordinary course of business" and "ordinary duties of the employee" remains unclear, no language would be perfectly clear in all situations. This phrase would at least address the concerns of the Whitford Committee recommendation by embracing all types of employment instead of only those with a contract of service and would clarify when an employee can be designated as such under the section.

It has been suggested that the word "apprenticeship" be removed from the provision since it has not been the subject of any litigation and it could be covered under a more general formulation of an employment section.

Another major change to an employer ownership provision could be a restriction of the rights which the employer acquires. Recall that the employer does not simply obtain the right to reproduce an em-

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71 Dr. J. Phillips, Employees' Inventions in the United Kingdom (1982) at 53.
81 The U.K. Patents Act 1949 continues to govern disputes regarding patents granted for inventions made before June 1, 1978. Patents for these inventions will not all have expired until the late 1990's, which means that the Patents Act 1949 will remain in force for some time: Ibid. at 7.
83 Supra note 50 at 143, para. 566; at 145-6, para. 575.
84 Ibid. at 145-6, para. 575; Canadian Copyright Institute, Submission by the C.C.I. Anent Copyright Proposals for Revision of the Law at 13.
ployee's work, but is entitled to all subsidiary rights connected to that work. There have been no complaints against the employer's enjoyment of these rights, but there have been many complaints by employees that, through these subsidiary rights, employers have enjoyed the work of employees beyond the contemplation of either party. The complaint may arise when a work attains a value beyond the expectation of either the employer or the employee. Employees feel that they should share the benefits of such unexpected windfalls.

Employers counter this proposal by asserting that if employees share windfall gains, they should also share losses. When employers pay for the creation of a work, they cannot predict the specific amount of money a work will generate. Employers incur the risk of the work being successful. They undertake this risk not merely by paying for the creation of the work but by investing in promotions and marketing. Employees do not take this risk; regardless of a work's success, they are paid for its creation. Employers are thus deserving of extra gains due to the losses they must absorb from unsuccessful works. If employees were willing to risk a loss, they would be entitled to the windfall gains.

Employers also submit that sharing unexpected returns is similar to granting a droit de suite to employees. A droit de suite enables the creator of a work, usually of an original artistic work, to share the proceeds of its resale. By this right, an artist may claim a share in an increased value of a work of art when it is resold. Since there is no droit de suite in the present law, nor is one recommended in Canada, employers may argue that any similar right should also be avoided. Employers maintain that employees benefit indirectly from unexpected windfalls; employees gain from goodwill attached to well-known works and may procure subsequent fame or remuneration from being associated with such works.

If an employer's rights are not limited, exploitation of the employee's work will be totally dependent on the employer's efforts and the employee will acquire no rights at all. This dependency has led to suggestions to limit the extent of employers rights. Some countries have gone beyond recommendations and have drafted such a provision. West German copyright law limits the employer's rights (or those of any person other than the creator) to the purpose envisaged when the copy-

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84 Supra note 4 at 114-115.

85 Ibid. at 22; Sub-Committee Report, supra note 5 at 28-29 & recommendation 35.

right in the work was granted to the employer (or the other person).\textsuperscript{87} Note that West German copyright law contains no special sections regarding employment creations and therefore this section is applicable to all persons to whom a license in the copyright is granted. Canadian copyright law already includes such a right in sub-section 12(3), that of the special regime enjoyed by journalists. It is important to realize that the journalist's right is merely to prevent publication and does not give a positive right of publication, as this would be an infringement of the copyright vested in the employer.\textsuperscript{88}

This limited right of the employee journalist to prevention need not deter him from writing another article based on the original one which is now owned by his employer. This is because copyright does not protect ideas. As any other person, a journalist could write a similar article on the same subject utilizing the same ideas. But a person writing this article might be infringing the copyright of the original article if he conceives the ideas himself but relies on the information in the first article and does not personally seek out the common source of the ideas.\textsuperscript{89} A journalist who wrote the article initially could claim that he is not relying on the ideas of the original article, but is relying on the sources from whence these ideas originated. Also, infringement only occurs where there has been a substantial appropriation of both the quality and quantity of a work.\textsuperscript{90} A journalist may use portions of his original article in another publication provided that the portions used are not the essence of the original article (even if it is only one sentence) and as long as a large quantity of the original article is not reproduced. Where infringement is alleged, the court may also examine whether the new article will interfere with the exploitation of the original work.\textsuperscript{91} Even though the journalist is free to use portions of his article he must be very careful in doing so, since there is no standard upon which he may rely. The amount taken is always a question of fact for the court to find.

There is no reason why a restriction on the exploitation of works in Canadian copyright law should only apply to works by journalists. Such a restriction should either apply to all employment creations or to none. The Ilsley Commission in 1957 recommended that there be no

\textsuperscript{87} Federal Republic of Germany Copyright Act, 31(5). This is called the purpose of grant theory.

\textsuperscript{88} Sun Newspapers Ltd. v. Whippie (1928), 28 S.R. (N.S.W.) 473.

\textsuperscript{89} Collins v. Rosenthal (1974), 14 C.P.R. (2d) 143.

\textsuperscript{90} Ladbroke (Football) Ltd. v. William Hill (Football), Ltd. (1964), 1 W.L.R. 273.

exceptions for journalists as it is unjustifiably discriminatory to confer a privileged status to some employees in one kind of business (periodicals), and not to employees in another kind of business. In the United Kingdom, the Whitford Committee in 1977 and the Green Paper in 1981 both proposed that the protection of the journalist employee be extended to all employees. Without this limitation presently enjoyed by journalists, employers would be the sole profit-makers when works originating as newspaper articles are adapted to different medias and formats and become best-sellers and big revenue makers. To illustrate, "The Best Little Whorehouse in Texas" began as a magazine article, and later became a Broadway show followed by a film.

Of all the recommendations made in Canada regarding copyright revision, none have been made to limit the extent of an employer's use of a work. Nevertheless, the White Paper did present the argument that an employee should be permitted to negotiate the variety of ways in which different works can be exploited. It was also noted, however, that negotiating each use may cause other problems beyond unnecessary paperwork and expense. This is true where the employment contract has terminated, the employee's whereabouts are unknown, and the employer requires permission. There are many ways of satisfying the concerns of the employee but these might contradict the employer's rights granted to him for the risks taken. One possibility would be an employment provision that restricts the exploitation of the work by the employer to ways contemplated by both parties at the time the work was completed. Another way would be to require the consent of the creator where there is exploitation by someone other than the employer. Consent by the creator would ensure that a third party is not using the work in a manner beyond its ordinary uses or in a way unanticipated at the time of creation of the work.

Finally, a right of revocation would fall under this category. West German copyright law provides a right of revocation in two circumstances: (1) by reason of non-exercise and (2) by reason of changed

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92 Supra note 2 at 46.
93 Supra note 50 at 154, para. 609.
95 Supra note 74 at 28 per Brunet.
96 Supra note 4 at 115.
97 The Japanese Copyright (Law No. 48 of 1970) Art. 63(3) provides that the right of exploitation cannot be transferred without the consent of the copyright owner.
98 Federal Republic of Germany Copyright Act, 41. See Canadian Copyright Act, supra note
ownership of employment creations. Revocation by non-exercise of a right occurs when rights are not exercised or not adequately exercised, and where the author cannot be expected to remedy the serious injury caused to his lawful interests. The general limitation on exercising this right is two years from delivery of the work. Shorter periods are allocated for newspaper pieces (three months), monthly publications or less (six months) and other periodicals (one year). The author must first notify the licensee of a given work and concede a reasonable period of time for exploitation. No extension is necessary if exploitation is impossible, there is a refusal to exercise the right, or if an extension would endanger the author's primary interests. Revocation by reason of changed conviction arises where the work no longer reflects the author's views and he can no longer be expected to agree to the exploitation of the work. Neither type of revocation can be waived in advance. Since the licence expires upon revocation the author must, where necessary, indemnify the licensee.

Any of the above mentioned statutory provisions may harshly limit employers' rights, besides being difficult to implement. For example, there may be no contemplated modes of exploitation at the time a work is created and neither party may anticipate a specific profit from a particular work. Even if anticipated, it would be hard to determine at what point a work gained unexpected value, and difficult to set up a statutory scheme whereby each party obtained their share. Also, the policy of these limiting provisions, being that the employee shares in the profits of his creation, can be effectively remedied outside the statute. To illustrate, employees often get bonuses for creating valuable works and possibly a share in the business through partnership. Without these existing practices, employees would have little incentive to create valuable works and would either not do so or would change jobs. Statutory provisions limiting employers' rights and enforcing certain demands on them may stifle the perks and goodwill employees receive from high income-potential creations.

In summary, it is recommended that if employer ownership is retained, it should be modified to apply to works created in the ordinary course of business within the ordinary duties of the employee.

VI. EMPLOYEE OWNERSHIP

If copyright were granted to the employee, it would also be subject
to an agreement to the contrary. This would enable an employer to obtain copyright in a creator's work in the same manner as could any other person who was not the creator of the work, that is, by assignment of the copyright. There need not be any special provision to this effect. Subject to the Act, employees would fall under the general rule of author ownership in sub-section 12(1). It would be necessary though to replace the words in the subsection from “subject to the Act” to “subject to an agreement to the contrary.” To eliminate any additional uncertainty, it is advisable to have a provision that explicitly states that the author-as-payor provision encompasses employment creations.

Some believe that a provision of this sort has a “simplistic logical appeal” and that it would result in a spate of contracts. But this may be an exaggeration. Employers often give employees written employment contracts, and a clause could be inserted in these contracts that assigns the employer copyright in all works created in the performance of one's duties. Such a clause would not necessarily lead to the expensive consultation of lawyers. Employment contracts with clauses assigning copyright to employers would become standard and could be purchased at office supply stores. A lawyer might be consulted initially, after which all offers of employment from that employer would contain one simple clause. Employers who are not in the habit of providing employment contracts would not be overly taxed, since they could prepare or obtain a standard one, which could be used with all employees. As a result, employees hesitant to sign such contracts without their lawyer's approval would be subject to novel expenses. Of course, a new Act would need to carry over provisions from the old law since an employer could not suddenly lose copyright in employees' works and he could not coerce employees to sign contracts, as force would render them null and void.

Employers argue that acquiring copyright in an employee's work would necessitate special arrangements on their part. Employers claim that they hire employees to create particular works as part of their duties and the salary paid to them is intended as compensation for the work. If employers were required to pay an amount over and above a regular salary in order to obtain copyright in the works, they assert

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100 Supra note 68 and accompanying text.
101 Literary Translators' Association, Brief on the Revision of the Copyright Law in Canada (1978) at 7.
102 Supra note 69 and accompanying text.
103 This was expressed by Fred Kerner on behalf of the Canadian Authors' Association. Minutes of a Meeting of the Board of Governors of the Canadian Copyright Institute (Sept. 25, 1984) (hereinafter C.C.I.).
that they would be paying twice for the same thing.\textsuperscript{104} This is not so since employers receive not one, but two benefits from the employee — the tangible res and the exploitive rights in the work.\textsuperscript{105}

Despite complaints of hardship by employers, there may be advantages in granting copyright to artists. First, it ensures that an author who transfers copyright to his employer, and his employer, have full knowledge of the extent of their perspective rights, provided that both parties understand the arrangement. There would be greater assurance of ownership of an employment creation if all rights were detailed in the employment contract. The employer would be presumed the owner and be less likely to be involved in a preliminary trial regarding the ownership of the work, as long as there were no problems with the contract.\textsuperscript{106} An employer wishing to sue for infringement of an employment creation would thereby save time and money.

A contract avoids the statutory problem of resolving when an employment provision applies. Unless there was an agreement to the contrary, works would always initially belong to their creator. The distinction of whether an employee is under a contract of service or is an independent contractor would no longer determine ownership of a work. If an employee wanted to transfer copyright to his “employer,” he could do so without explicitly defining the nature of the employment relationship.

The utilization of an employment contract could also provide for uncontemplated uses of a work, unexpected high values of a work, and non-exploitation of a work. By leaving such rights to be concluded in each contract, an employer would not be obligated to provide them. A voluntary insertion is superior to an automatic grant as it acknowledges the arguments employers assert against these rights.

In light of the possible benefits developing from employee ownership, it is important to examine the hardships that this purported change in the law may impose on employers and employees.

A transfer of copyright which is prescribed by contract would, in an ideal world, afford a wide range of possibilities. A contract would be advantageous to an employee in that he could limit the extent of his employer’s rights in his works. But the reality of an employee actually achieving this goal through an employment contract is dubious. A manager in a large corporation does not have much input into his employ-

\textsuperscript{104} Supra note 4 at 114.

\textsuperscript{105} See, supra note 7 and accompanying text.

\textsuperscript{106} For instance, the parties were ad idem when the contract was entered into and it is not unconscionable.
ment contract, nor does an unknown neophyte copywriter in a major advertising company. In both instances the employment contract is basically dictated by the employer, and "new" clauses involving unanticipated uses of a work would probably not appear. In view of the absence of any such conditions in the present sixty-two year old employment provision, in all likelihood it would not be considered unfair or unconscionable for an employer to ignore such terms. It is probable that such terms would be left out of collective agreements, since clauses for unanticipated uses, for a share in the increased value or for non-exploitation are foreign to Canadian copyright law. If such rights are contingent upon being introduced into Canadian law through employment contracts, they might never come into existence since employers are naturally reluctant to voluntarily limit their own rights.

Furthermore, an employer cannot be expected to have a different contract for each employee. An employer would, at the most, have a few different versions of standard contracts to cover a multitude of employees. This would have the unfortunate effect of restricting the bargaining power of the employee with respect to the terms of the employment contract.

In effect, an employer would have similar rights to those he possesses under the present statutory scheme, except in two circumstances. In the case of journalist employees, the employer's rights would increase so that he would then be entitled to use a journalist's work as he desired. Second, the duration of the employer's rights would be twenty-five years after the author's death when the copyright would then revert back to the author's estate, instead of the full term of fifty years after the author's death.

If employer ownership were possible only via employment contracts, employers would have the burden in measure of time, cost and storage space of retaining written agreements to the contrary or assignments for the life of the author plus fifty years. These would have to be preserved so that the title could be derived if the employer were suing for infringement in that work, since he would initially have to prove "his" ownership in the work.

The disadvantages to employers of employee ownership is made manifest where a work is created by many authors. An architectural firm engaged in designing a high-rise apartment building has to handle the copyright works of specifications, site plans, sketch design plans, working drawings, and detailed drawings. It would be quite onerous

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107 Supra note 4 at 114.
108 Supra note 50 at 145, para. 572.
for an architectural firm to efficiently retain a contract with each such author for the life of the author and fifty years after his death for every building designed. After several similar projects the office would become a bureaucratic depot.

This same problem would not occur if there were automatic employer ownership in all employment creations. One might argue that because the term of copyright is based on the life of the author, regardless of ownership, employers, no matter how they obtain ownership, would always have to keep some records — that is, ones that follow the life (and death) of the author in order to determine the fifty years after the author’s death when the copyright expires. This, however, is not a substantial problem with respect to employment creations since they are often literary works, such as letters or reports or advertisements, which have a useful life span less than the duration of the copyright. In addition, employer ownership could be determined by a department manager vouching that a certain report, by the nature of the work, was written by an employee in, for example, the last ten to fifteen years.

At this point it is interesting to note the difference between patent and copyright law with respect to retaining records of employment. In patent law there is no statutory rule regarding employment inventions, yet there is also no obligation upon employers to retain extensive records of inventors and works. The difference in the obligation to retain records is due to the fact that patents are granted after a lengthy application process, whereas copyright is automatic upon fixation (though there is a voluntary registration system). Where the ownership of a patent is in dispute, the employer of an inventor could always rely on the official documents in the filing office as prima facie proof of ownership. Though not required to do so, an employer might keep his own more complete records. These may include information such as the date of first invention or the nature of the employee’s duties. An employer of a creator could not rely on similar documentation unless he had always made it a point to file. Even then, the documents used to register a copyright are not nearly as explicit as those needed to register a patent.

Additional problems may arise if, lacking an employment contract, an employer were claiming copyright in his employee’s work. An employer could argue before a court that although the maker of a work is,

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109 Note that although the White Paper, supra note 4 at 73, recommends the abolishment of the registration system and replacing its advantages through statutory presumptions favouring the plaintiff, the Sub-Committee recommends its maintenance with increased information required upon registration: Sub-Committee Report, supra note 5 at 93-96 & recommendations 127-131.

110 Supra note 80 at 92.
in law, the owner of the copyright in the work, he must be deemed to have granted his employer a licence or the prerogative to hold the copyright, or a part of it, in trust for his employer.\textsuperscript{111}

While the doctrine of implied trusts is more familiar to patent law, cases of licences have previously occurred in copyright, often with respect to architectural plans.\textsuperscript{112} An implied trust arises where, consistent with good faith, it is proper to infer or imply that an inventor should be deemed to hold his patent, or some interest in the patent, in trust for another.\textsuperscript{113} The Whitford Committee submits that a similar doctrine would apply in copyright law if there were disputes concerning legal ownership, and that in such cases the courts would hold that employers have a beneficial interest.\textsuperscript{114} Once a beneficial interest is established, the employer would be entitled to have the legal title assigned to him.\textsuperscript{115} To ensure greater certainty and justice, the Whitford Committee suggests that a reasonably clear\textsuperscript{116} statutory employer ownership provision is preferable rather than leaving rights to be defined by contract because contracts will not be entered into in a great many instances.\textsuperscript{117} This may not reflect the Canadian labour situation where many employers already use employment contracts.\textsuperscript{118}

Thus far, it appears that author ownership would not increase employees' rights and would burden employers with the obligation of retaining employment contracts. After twenty-five years, employers would still be subject to the reversion of their interest to the author's estate. It is possible, nonetheless, that employee ownership could benefit employees without harshly burdening employers. This could be achieved through a compromised position of employee ownership. The Canadian Copyright Institute recommends author copyright, subject to an exclusive license by the employer to use the work created in the

\textsuperscript{111} Supra note 50 at 142, para. 566.

\textsuperscript{112} For example, see: Stovin-Bradford v. Volpoint Properties Ltd. (1971), 1 Ch. 1007; Blair v. Osborne (1971), 2 W.L.R. 503; Neptusky v. Dominion Bridge (1969), 5 D.L.R. (3d) 195. Note that in a case of an assignment under s. 12(4) it was held that the assignment need not necessarily be produced if the evidence establishes that it existed and conformed to that section: Motel 6, Inc. v. No. 6 Motel Limited (1981), [1982] 1 F.C. 638 at 647-8.

\textsuperscript{113} Gage Ltd. v. Sugden (1967), 2 O.R. 151.

\textsuperscript{114} Supra note 50 at 413, para. 566. Two practising lawyers support this view: Michael McDonald says that "the courts would support existing business practice" and Marion D. Hebb says that "no court would prevent use by the employer of documents produced for specific purposes of work": C.C.I., supra note 103.


\textsuperscript{116} Such a provision may be: "works made by employees in the course of employment:" supra note 50 at 145, para. 575.

\textsuperscript{117} Supra note 50 at 143, para. 566; at 144, para. 570.

\textsuperscript{118} See, supra note 69 and accompanying text.
ordinary course of business, provided that the work has been created within the ordinary duties of the employee.19 A similar provision is advanced in the White Paper as a possible alternative to the present employment proviso.120 A version of this was also recommended in the dissenting opinion of the Sub-Committee Report.121 It is suggested that it be "subject to any agreement to the contrary" as would any employment provision, in order that the parties be free to strike agreements best suited to their particular circumstances. Note however that such a provision only eases the employer hardship if the reversionary interest as recommended is abolished.

Such a provision as suggested by the White Paper would bestow upon an employer similar rights as he has under the present law; employment contracts would not be essential for all employment creations since an employer would have an automatic right to his employees' works in the prescribed circumstances. These circumstances may not always be evident, but it is doubtful whether any provision, including an employer ownership provision, could provide complete clarity in all employer ownership situations.

VII. RECOMMENDATIONS

Vesting ownership in the creator does not adequately address the problems in the present law. Such a provision would neither diminish the hardship which employees claim nor provide greater certainty with respect to the ownership of employment creations. Under such a provision an employee would not be entitled to more rights than he currently possesses. In fact, an employee journalist would not only lose his special regime, but would also be unable to prevent his employer from exploiting his work in any publication whatsoever. The employer would be burdened with the extra task of providing employment contracts in order to ensure his rights in works he caused to be produced, and would be subject to the statutory reversionary interest.

On the other hand, a modified provision of the present employer ownership provision could more clearly define those situations where

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119 Canadian Copyright Institute, Brief to the Sub-Committee on the Revision of Copyright Re: White Paper on Copyright: "From Gutenberg to Telidon" (1985) at 10. This is similar to the "shop right" under U.S. Patent Law where no legislation exists on the ownership of employment inventions. The Common Law provides employee ownership subject to a shop right in favour of the employer; a non-exclusive, non-assignable, royalty-free licence to use the invention for the term of the patent grant where the employee has made an invention not related to his job, but has done so in the employer's time and/or used his facilities: Neal Orkin, "Case Comment" [1982] 5 EIPR 149 at 149.

120 Supra note 4 at 115.

121 See, supra note 5 at 99-100.
employer ownership ought to exist. It could also eliminate the journalist's special regime, without presenting employers with novel burdens.

Like an employee ownership provision, an employer ownership provision would be consistent with the principles underlying Canadian copyright legislation. There is some concern, however, that statutory employer ownership violates Canada's international copyright commitments. This concern is despite the absence of complaints against such a provision, the sixty-two year existence of employer ownership in Canada and employer ownership provisions in other convention countries.

The best manner in which to resolve this quandary so that employers and employees are assured the same rights as in an employer ownership provision is to subject employee ownership to an employer licence to use the works created in the ordinary course of business within the ordinary duties of the employee. However, if the reversionary interest is not abolished, Canada may have to follow other convention countries who have employer ownership provisions, and once again risk violating the international conventions. In such a case, employers should only be entitled to use the works created in the ordinary course of business within the ordinary duties of the employee. Depending on the outcome of Canada's new copyright laws with respect to the reversionary interest, either one of the above provisions, subject to an agreement to the contrary, would best address the issue of the ownership of copyright of employment creations while taking into account the policy and practical implications resulting from its application.