

Federal Court



Cour fédérale

Date: 20160603

Docket: T-832-15

Citation: 2016 FC 624

Ottawa, Ontario, June 3, 2016

PRESENT: The Honourable Mr. Justice Southcott

BETWEEN:

GRAHAM MCKENZIE ANDREWS

Applicant

and

**THOMAS HILARY MCHALE and 1625531
ALBERTA LTD.**

Respondents

JUDGMENT AND REASONS

I. Introduction

[1] This is an application brought pursuant to section 34 of the *Copyright Act*, RSC 1985, c C-42 [the Act] and the Court's jurisdiction under section 20(2) of the *Federal Courts Act*, RSC 1985, c F-7, wherein the Applicant, Graham McKenzie Andrews [Mr. Andrews], claims declarations and remedies related to alleged copyright infringement and infringement of moral

rights by the Respondents, Thomas Hilary McHale [Mr. McHale] and 1625531 Alberta Ltd [Numberco], a company owned by Mr. McHale.

[2] Mr. Andrews is claiming that copyright subsists in four software systems, identified as CIRYS Travel and Rooms Management [CIRYS], GTMS, Gemstones Travel Management Systems, and FIFO (Fly-In/Fly-Out) Flight Scheduling and Aviation Program Management Software [FIFO] [collectively, the Software]. He submits that, pursuant to valid registrations under the Act, he is both joint author and joint owner of the Software, and that he has moral rights related to the Software. Shortly before the date of the hearing, Mr. Andrews filed a Notice of Discontinuance, discontinuing pursuit of several of the remedies sought in his Notice of Application. The remaining remedies he seeks are:

- A. Declarations that copyright subsists in the Software, that Mr. Andrews along with Jianfei Xu is joint author and joint owner (in one case along with Mr. Andrews' company, Applecross Innovations Inc. [Applecross]) of the copyright in the Software, and that the Respondents have infringed his copyright and moral rights;
- B. Damages and accounting of the Respondents' revenue and profits by reason of acts of copyright infringement and payment pursuant to section 35 of the Act or statutory damages pursuant to section 38.1 of the Act; and

C. An Order that Mr. Andrews be remised of legal, moral and financial liabilities, in regard to the Software, created by the actions of the Respondents.

[3] The Respondents dispute the Applicant's claims and also argue that there are only two works in which copyrights subsists, CIRYS and FIFO, as GTMS and Gemstones Travel Management Systems are simply previous brands or names for CIRYS.

II. Background

[4] Mr. McHale is the sole director and voting shareholder of the Respondent, Numberco. Numberco and its subsidiaries are in the business of providing logistical solutions for remote workplaces in Canada, which business includes the use of the Software that is at issue in this application. Dr. Jianfei Xu [Dr. Xu], who is not a party to this application, is a director, officer and shareholder of companies called Draxware Inc [Draxware] and Draxware Solutions Inc. [Draxware Solutions], which have business relationships with Mr. McHale's companies. While not particularly material to the issues in this application, the corporate structure of the companies owned directly or indirectly, in whole or in part, by Mr. McHale is identified in the chart below which was included in Mr. McHale's Memorandum of Fact and Law. Excluding Uniengtech Ltd, his Memorandum of Fact and Law refers to these companies as the "Gemstone Companies", and for consistency I will use the same definition:

Company Name	Shareholdings	Directors
Gemstone Logistics Inc. [Logistics]	Numberco (0.01%) McHale (99.99%)	McHale
Gemstone Travel Management Systems Inc. [GTMSI]	Numberco (51.02%) Draxware (48.98%)	McHale, Xu and 3 others
Gemstone Global Inc.	Numberco	McHale
Gemstone Travel Inc.	Numberco	McHale
McHale Aviation Services Inc.	Numberco	McHale
Unienginotech Ltd	Gemstone Global Inc (33.3%) Draxware (66.67%)	McHale, Xu and 1 other

[5] Mr. McHale and Dr. Xu met in May 2012. Dr. Xu was seeking assistance in developing markets for a software platform branded as Uni-Engine, a preloaded development tool containing prebuilt code that could serve a wide variety of functions in various industries depending on the data inputted into the platform [the Uni-Engine Platform]. The Uni-Engine Platform is owned by Draxware. Logistics was seeking a software solution to provide intuitive travel and room reservation tools that simplified travel and accommodation management and allowed clients to use a single integrated platform. These objectives were subsequently pursued through a set of agreements between Draxware and the Gemstone Companies that will be explained later in these Reasons.

[6] Mr. Andrews is a former journalist and former employee of Correctional Services Canada and is the owner and operator of Applecross, a company incorporated in June of 2014 which he describes as a software development and technology company. Mr. Andrews entered into a series of employment relationships, and subsequently he and Applecross entered into contractual relationships, with certain of the Gemstone Companies, between November 2012 and September 2014.

[7] Between March 4 and May 7, 2015, Mr. Andrews applied for registration of the copyrights that are the subject of his claim, and the Canadian Intellectual Property Office issued certificates of registration identifying Mr. Andrews and Dr. Xu as joint authors and joint owners of copyrights in GTMS, Gemstone Travel Management Systems, FIFO and CIRYS. His claim that he is a joint author of the Software and joint owner of copyright therein, from which his infringement claims are derived, is based on the contributions to the Software that he describes making during his relationship with the Gemstone Companies.

III. Motions

[8] As a preliminary matter, I will address three motions brought by Mr. Andrews and heard at the hearing of this application on April 13, 2016:

- A. a motion by Mr. Andrews, argued at the commencement of the hearing of this application, seeking leave under Rules 312 of the *Federal Court Rules*, SOR/98-106 [the Rules] to file additional evidence in support of his application; and
- B. motions by Mr. Andrews, seeking to exclude or strike the Affidavit of Dr. Xu sworn July 15, 2015 [the Xu Affidavit] and the Affidavit of Mr. McHale sworn July 3, 2015, [the McHale Affidavit], upon which the Respondents rely in opposing Mr. Andrews' application. These motions were argued by the parties in the course of their argument on the application itself.

A. *Motion for Leave to File Additional Evidence*

[9] Mr. Andrews' motion under Rule 312 [the 312 Motion] sought leave to file an additional Affidavit which he swore on April 4, 2016 [the New Affidavit] in support of his application. He also relied on the New Affidavit in support of his motion for leave. The Respondents opposed the motion. Following argument at the commencement of the hearing on April 13, 2016, I provided an oral decision dismissing the motion but explained that the reasons for my decision would follow with the decision on the main application. These are those reasons.

[10] My decision denied the 312 Motion as Mr. Andrews had not met the test in *Rosenstein v Atlantic Engraving Ltd.*, 2002 FCA 503 [*Rosenstein*] and in particular had not satisfied the Court that the motion, which was filed on April 4, 2016, should be granted when the evidence in question had been available to him for many months.

[11] This application was begun by Notice of Application dated May 20, 2015, and the Applicant's Record was filed on December 2, 2015. That Record includes the Affidavit of Mr. Andrews sworn on June 18, 2015, which is the principal evidence relied on in support of his application. His Requisition for Hearing was filed on February 2, 2016.

[12] The New Affidavit refers to information and documents that Mr. Andrews shared with the Respondents through their counsel in November 2015 and describes this evidence as contradicting the evidence in the McHale Affidavit. Mr. Andrews noted in argument that these contradictions include the timing as to when the Software had achieved certain capabilities and

Mr. McHale's contention that anyone, including the users of the Software, could have made the contributions to the Software that Mr. Andrews alleges he made. The New Affidavit refers to deficiencies of the Software, and communications between Mr. Andrews and users of the Software related to deficiencies, ranging between July 2013 and December 2015. It also describes some of Mr. Andrews' qualifications and refers to conflict of interest concerns he has about the fact that his former counsel, Bennett Jones, represented Mr. McHale between December 7, 2015 and February 4, 2016.

[13] Mr. Andrews correctly identified the decision of the Federal Court of Appeal in *Rosenstein* as setting out the test the Court is to apply in considering the 312 Motion. The Court may allow the filing of additional evidence if the following requirements are met:

- ii. the evidence to be adduced will serve the interests of justice;
- iii. the evidence will assist the Court; and
- iv. the evidence will not cause substantial or serious prejudice to the other side.

[14] In *Rosenstein*, at paragraph 9, Justice Nadon also stated that an applicant must show that the evidence sought to be adduced was not available prior to cross-examination of the opponent's affidavits, as Rule 312 is not there to allow a party to split its case. A party must put its best case forward at its earliest opportunity.

[15] Although Mr. Andrews is self-represented, he has demonstrated an understanding of the Rules. The Respondents refer to Mr. Andrews' previous filings and correspondence with the Court and with the Respondents' counsel which demonstrate his awareness of the role of Rule 312 in October 2015 and refer to an intention to present a motion under Rule 312 as early as November 2015. However, he did not file that motion until April 4, 2016, nine days before the hearing of the application, and he has not demonstrated that the evidence he shared with the Respondents in November of 2015 related to the Software's capabilities and deficiencies was not available at an earlier stage in this proceeding when he was mustering his case.

[16] *Rosenstein* speaks of whether the evidence was available at the time when cross-examination was conducted, as that case relied on authority that recognizes that new evidence can be introduced if it arises from cross-examination of one's opponent's affidavits. But, more broadly, I take *Rosenstein* to express the point that a party may rely on Rule 312 only if the new evidence was not available to be filed at the appropriate earlier stage in the proceeding when the party was filing its material with the Court in accordance with the Rules.

[17] While it isn't clear that all the evidence he shared with the Respondents in November 2015 was available to Mr. Andrews when he swore his main Affidavit in June 2015, it was available when he filed his Record in December 2015 and his Requisition for Hearing in February 2016. Although his New Affidavit refers to communications with users of the Software between April and December of 2015, such that the last of those communications may have extended beyond the filing of his Record on December 2, 2015, the nature of this evidence was clearly known to him by then, and all of it was known to him by the time he filed his Requisition

for Hearing. The evidence of his qualifications was of course also known to him when he was preparing and filing the documents in support of his case. There is, therefore, no basis for the Court to be admitting this evidence on the day of the hearing.

[18] While I consider that analysis to be determinative of the motion, at least as it relates to the evidence shared with the Respondents in November 2015 and the evidence of Mr. Andrews' qualifications, I also find that the other *Rosenstein* factors do not favour its admission:

- A. Mr. Andrews has not demonstrated that the introduction of the new evidence is in the interest of justice and would assist the Court. He states that the New Affidavit will contradict the Respondents' evidence but has provided little support for that assertion, other than statements in the New Affidavit as to what he can demonstrate. In relation to the deficiencies in the Software referred to in the New Affidavit and the evidence as to Mr. Andrews' qualifications, the Court does not find this evidence to be particularly relevant or material to the issues in this application.
- B. Turning to prejudice to the Respondents, Mr. Andrews argues that they were aware of the new evidence since it was shared with them in November 2015. However, as the Respondents argues, they have had no opportunity to cross-examine on the New Affidavit, to seek to strike portions of it they may argue to be irrelevant, to investigate the facts therein, or to file a Supplementary Memorandum of Fact and Law. Although Mr. Andrews has for some time referred in correspondence to an

intention to bring a motion under Rule 312, he delayed doing so until the week before the hearing, and in these circumstances the Respondents cannot have been expected to prepare to respond to this evidence. I therefore find they would be prejudiced by its admission.

[19] Finally, I do note that the portion of the New Affidavit referring to Mr. Andrews' concerns about conflict of interest on the part of Bennett Jones relate to a time period more recent than the evidence about the software. However, Bennett Jones have ceased their representation of Mr. McHale and, while Mr. Andrews still expresses concern that their prior involvement may have resulted in his confidential information becoming available to the Respondents, he has not identified any such information that has been included in the record that is now before the Court. The Court cannot identify any evidence contained in the New Affidavit, related to the conflict of interests concerns, which would be relevant to the issues in this application and serve the interest of justice or assist the Court in adjudicating the application.

[20] As such, the 312 Motion has been dismissed. The Respondents prevailed on the motion and sought costs in the amount of \$2000. As communicated orally, I awarded costs of \$1000 to the Respondents in any event of the cause. For the sake of good order, my Judgment at the end of these Reasons includes the disposition of the 312 Motion.

B. *Motions to Exclude Xu Affidavit and McHale Affidavit*

[21] Mr. Andrews describes these motions as seeking to exclude the McHale Affidavit and the Xu Affidavit from consideration by the Court. The Respondents describe the motions as motions

to strike these affidavits. While I agree with the Respondents that theirs is the more conventional nomenclature, in my view nothing turns on the language used to describe the motions. As noted above, these motions were argued by the parties in the course of their argument on the application itself, with Mr. Andrews largely relying on his written submissions, and with judgment on the motions reserved.

[22] Many of the points raised by Mr. Andrews, particularly in relation to the McHale Affidavit, are to the effect that the information deposed is without any support in the exhibits or other evidence or is inconsistent with those exhibits. Similarly, Mr. Andrews argues that the deponents have not supported their assertions of the personal knowledge required by Rule 81.

[23] With respect, these arguments do not support a basis to exclude or strike the evidence. They may go to the weight the Court should give this evidence when considering the merits of the application, but the evidence should not be struck on this basis.

[24] The other category of arguments raised by Mr. Andrews with respect to the McHale Affidavit relates to hearsay. He refers to a number of paragraphs in this Affidavit, and focuses on paragraph 4 as a particular example, where he argues the information deposed is based on communication with Dr. Xu.

[25] I have reviewed the paragraphs referenced by Mr. Andrews and agree that paragraphs 4, 5, 7, and 56 include evidence given by Mr. McHale based on communications with Dr. Xu. However, I do not consider any hearsay content to represent a basis for these paragraphs to be

struck, because Dr. Xu has separately deposed to these communications in his Affidavit. The evidence is, therefore, part of the record before the Court through a means that does not offend the hearsay rule, and it is acceptable for the McHale Affidavit to refer to that evidence as part of the narrative contained therein. For instance, after the sentence from paragraph 7 deposing as to his understanding from speaking with Dr. Xu that Dr. Xu would be responsible for developing the software, Mr. McHale refers to and attaches a Maintenance Support and Development Agreement documenting that responsibility.

[26] Having reviewed the evidence as a whole, I find no basis to strike or exclude any portion of the McHale Affidavit.

[27] Turning to the Xu Affidavit, I interpret Mr. Andrews to be asserting three categories of arguments:

- A. The affidavit contains facts that are not within Dr. Xu's personal knowledge and includes statements made without supporting documentation and therefore contravenes Rule 81;
- B. Portions of the affidavit offend Rule 80(3), because it refers to exhibits attached to the McHale affidavit. Mr Andrews also submits that certain exhibits to the McHale Affidavit, which are referred to in the Xu Affidavit, do not appear to be the documents that are referenced; and
- C. The Xu Affidavit is an improper attempt to introduce expert evidence without complying with the expert witness rules. This includes an

argument that the Xu Affidavit states conclusion of law, which are for the Court, not the witness, to determine.

[28] As to the arguments related to Rule 81, my conclusion is the same as in relation to the McHale Affidavit. These arguments do not support a basis to strike the evidence. They may go to the weight the Court should give this evidence when considering the merits of the application, but the evidence should not be struck on this basis.

[29] Turning to the exhibits, I do not find the Xu Affidavit to offend Rule 80(3). While it refers to exhibits attached to another Affidavit, that of Mr. McHale, I do not consider that problematic. If a document is properly proven as an exhibit to an affidavit, it is not necessary for another affidavit that refers to the same document to attach it again, as this would represent an unnecessary duplication and expansion of the size of the record. The Respondents acknowledge that Dr. Xu has erred in referring to Exhibit "D" to the McHale Affidavit in identifying a corporate search related to one of his companies, when the correct reference is to Exhibit "E", but argues that this is not a basis to strike the evidence, with which position I agree.

[30] I also disagree with Mr. Andrews' position that the Xu Affidavit represents an improper effort to introduce expert evidence. Dr. Xu was involved in many of the events giving rise to this application, and I consider him to be properly characterized by the Respondents as a lay witness whose evidence is offered in relation to facts rather than expert opinion.

[31] However, I do agree with Mr. Andrews that there are portions of the Xu Affidavit that stray into questions that are either a matter of law or one of the questions that the Court must determine in adjudicating this application. The paragraphs of the Affidavit identified by Mr. Andrews in making this argument relate to:

- A. whether authorship is synonymous with coding;
- B. whether Mr. Andrews is an author or owner of the Software; and
- C. whether Mr. Andrews improperly obtained copyright registrations for the Software.

[32] I do not consider problematic the various places where Dr. Xu refers to authoring the software and then parenthetically refers to this as coding. This reads as an effort to explain that, when he refers to authoring, he is talking about having performed the coding, which is a question of fact.

[33] However, when Mr Xu makes statements that Mr. Andrews had no role in authoring or co-authority this software, and is not its author, co-author, owner, or co-owner, I find he has strayed into the questions the Court must adjudicate. I reach the same conclusion with respect to Dr. Xu's statements as to his belief that Mr. Andrews and/or Applecross improperly obtained copyright registrations. My Judgment at the end of these Reasons will therefore order the following struck from the Xu Affidavit:

- A. In paragraph 25, the words “, or otherwise authoring, co-authoring,”;

- B. In paragraph 26, the sentences “Graham Andrews is neither author nor co-author, nor owner nor co-owner of the CIRYS Software. Applecross Innovations Inc. is neither owner nor co-owner of the CIRYS Software.”
- C. Paragraphs 27, 32 and 33.

[34] The Respondents seek costs on these motions in any event of the cause. Having dismissed in its entirety the motion to strike the McHale Affidavit, I award the Respondents costs in any event of the cause in the amount of \$1000. Having allowed, but only in part, the motion to strike the Xu Affidavit, I award no costs to any party on that motion.

IV. Issues

[35] Mr. Andrews submits that the issues raised by this application are the following:

- A. Have the Respondents overcome the Applicant’s presumption of rights?
- B. Does copyright subsist in the Software as registered by the Applicant?
- C. Do the Applicant’s contributions to the Software meet the standard of authorship?
- D. Has the Applicant waived both moral and economic rights to the Software?

[36] Taken together, I would summarize the issues raised by the two Respondents as follows:

- A. Does copyright subsist in CIRYS and FIFO only?
- B. Is Mr. Andrews a joint author of the Software?
- C. Is Mr. Andrews a joint owner of the copyright in the Software?
- D. Is Mr. Andrews contractually barred from bringing this application?
- E. Has there been any copyright infringement by Mr. McHale, Numberco or its related companies?
- F. Is Mr. McHale personally liable for the acts of Numberco or its related companies?
- G. What relief is within this Court's jurisdiction to grant? This includes the relief requested by the Respondents that the copyright registrations made by Mr. Andrews be expunged from the Register of Copyrights.

[37] Having considered the parties' respective arguments, I would restate the issues for the Court's determination as follows:

- A. Do GTMS, Gemstone Travel Management Systems, FIFO and CIRYS constitute separate works in which copyright subsists?
- B. Is Mr. Andrews an author of the Software and an owner of the copyright therein, and does he have moral rights therein? This issue engages the sub-issue of the effects of the various agreements between the parties.

- C. Has there been any infringement by the Respondents of any copyright or moral rights to which Mr. Andrews is entitled? This issue engages the sub-issue whether McHale is personally liable for any acts of Numberco or other of the Gemstone Companies.
- D. If there has been any infringement, to what remedies is Mr. Andrews entitled? Alternatively, are the Respondents entitled to the remedies they request, including expungement of the copyright registrations made by Mr. Andrews?

V. Analysis

A. *General Comments*

[38] By way of general comment before embarking on my analysis of the parties' evidence and arguments on the issues in this application, I note that much of the evidence introduced by Mr. Andrews through his affidavit and the exhibits thereto relate to his dissatisfaction with what he considers to be unmet promises by Mr. McHale with respect to his remuneration, including bonus entitlement, and an alleged oral contract to give him an equity or partnership interest in business deals between the Gemstone Companies and Draxware. Any claim that Mr. Andrews may have against the Respondents or any of the Gemstone Companies related to these issues is not within the jurisdiction of the Federal Court.

[39] Therefore, and to avoid commenting on issues that may at some time be the subject of litigation before a Provincial Superior Court, I do not intend to address the evidence related to

Mr. Andrew's remuneration or the alleged oral contract, with one exception. That exception is to address an argument made by Mr. Andrews that his contribution to the development of the Software was made outside his employment relationship with the Gemstone Companies. He raises this argument in response to the Respondents' reliance on section 13(3) of the Act, which gives ownership in the copyright to a work to the employer, where the work was authored by an employee in the course of his or her employment. I consider it necessary to engage in some limited analysis of the evidence related to the alleged oral contract (which I will do later in these Reasons when considering the various agreements between the parties) in order to assess whether it lends support to this argument by Mr. Andrews.

[40] By way of further general comment, I note that, when one focuses on the evidence related to the issues surrounding copyright that are within this Court's jurisdiction, this application requires little in the way of credibility determinations. I note that none of the affidavits filed by the parties in this application has been challenged by way of cross-examination. However, there is little inconsistency in the evidence that is relevant to the copyright issues. Rather, my decision turns largely on the application to this evidence of the relevant law.

B. *Number of Separate Works in which Copyright Subsists*

[41] Mr. Andrews argues that the Software is composed of four separate original works (GTMS, Gemstone Travel Management Systems, FIFO and CIRYS) and that copyright subsists in each. He submits that the input of the initial data into the Uni-Engine Platform resulted in GTMS, the first variation of industry-specific software, and argues that section 2 of the Act, which defines terms used in the statute, states that "work includes the title thereof when such title

is original and distinctive”. As the titles to the different pieces of Software are original and distinctive, Mr. Andrews’ position is that each is a separate work capable of copyright registration.

[42] The Respondents take the position that copyright subsists in CIRYS and FIFO but that there is no copyright in GTMS or Gemstone Travel Management Systems because GTMS, Gemstone Travel Management Systems and CIRYS are all the same work. They note that in order for a work to be original, it must be more than a copy (*CCH v Law Society of Upper Canada*, 2004 SCC 13 at para 16 [*CCH*]). The Respondents argue that the only difference among GTMS, Gemstone Travel Management Systems and CIRYS is the name, as they are all the same software, and that the change of name is too trivial to merit copyright protection as an original work.

[43] The Respondents’ factual assertion, that CIRYS, GTMS and Gemstone Travel Management Systems are all the same piece of software, is supported by Mr. McHale’s evidence that these are three different ways of branding the same software platform, which is currently called and marketed to clients as CIRYS. Mr. McHale’s evidence was not challenged on cross-examination, and in any event Mr. Andrews’ position appears to be based not on a different understanding of the facts but rather on the effect of the definition of “work” under the Act.

[44] Turning to the Act, section 5(1) provides that, subject to the Act and certain jurisdictional conditions that are not at issue here, copyright subsists in “every original literary, dramatic, musical and artistic work”. Section 2 defines that phrase as follows:

every original literary, dramatic, musical and artistic work includes every original production in the literary, scientific or artistic domain, whatever may be the mode or form of its expression, such as compilations, books, pamphlets and other writings, lectures, dramatic or dramatico-musical works, musical works, translations, illustrations, sketches and plastic works relative to geography, topography, architecture or science;

toute oeuvre littéraire, dramatique, musicale ou artistique originale S'entend de toute production originale du domaine littéraire, scientifique ou artistique quels qu'en soient le mode ou la forme d'expression, tels les compilations, livres, brochures et autres écrits, les conférences, les oeuvres dramatiques ou dramatico-musicales, les oeuvres musicales, les traductions, les illustrations, les croquis et les ouvrages plastiques relatifs à la géographie, à la topographie, à l'architecture ou aux sciences.

[45] Relevant to later portions of these Reasons, section 2 also defines “literary work” to include tables, computer programs, and compilations of literary works. However, for purposes of the present issue, what is significant is the term “original” in the definition of “every original literary, dramatic, musical and artistic work”. In *CCH*, the Supreme Court of Canada defined “original” as follows:

16 I conclude that the correct position falls between these extremes. For a work to be "original" within the meaning of the Copyright Act, it must be more than a mere copy of another work. At the same time, it need not be creative, in the sense of being novel or unique. What is required to attract copyright protection in the expression of an idea is an exercise of skill and judgment. By skill, I mean the use of one's knowledge, developed aptitude or practised ability in producing the work. By judgment, I mean the use of one's capacity for discernment or ability to form an opinion or evaluation by comparing different possible options in producing the work. This exercise of skill and judgment will necessarily involve intellectual effort. The exercise of skill and judgment required to produce the work must not be so trivial that it could be characterized as a purely mechanical exercise. For example, any skill and judgment that might be involved in simply changing the

font of a work to produce "another" work would be too trivial to merit copyright protection as an "original" work.

[46] As such, originality requires a non-trivial exercise of skill and judgment in producing a work, and a work which is a mere copy of another will not be considered original unless this requirement is met. The question is therefore whether the rebranding to CIRYS of the software formerly known as GTMS and Gemstone Travel Management Systems, effectively just changing the name of the software or the title of the work, represents the required exercise of skill and judgment necessary to make it original.

[47] However, having considered this issue, my conclusion is that it is unnecessary for the Court to decide this question in the present case, as nothing would turn on the answer to this question. I do not understand Mr. Andrews to be arguing that he contributed to the selection of the different titles for the software currently branded as CIRYS. Therefore, the analysis whether he authored, has copyright ownership in, or moral rights to the Software, which is the next set of issues to be addressed in these Reasons, does not depend on whether the Software in which copyright subsists consists of two works or four.

C. *Authorship, Ownership and Moral Rights*

(1) The Applicant's Position

[48] Mr. Andrews' position is that he provided the "context and content" by which the Uni-Engine Platform received the data fundamental to its functionality. He states in his Affidavit that he began working with Dr. Xu on the Software in January 2013 and that, when he initially began

working with Dr. Xu, the Uni-Engine Platform had no industry-specific functionality but that, by early spring of 2013, based solely on his and Dr. Xu's work, GTMS was of sufficient functionality to be moved into a live environment. His evidence is that he and Dr. Xu led the initial soft rollout of GTMS in May 2013 and that he led presentations to customers in that month and on at least two additional occasions. Mr. Andrews states that the Software began revenue-generating operations on September 16, 2013 and that up to that time period, he and Dr. Xu were the only members of the software development team.

[49] Mr. Andrews asserts that his contribution to the Software is such that he and Dr. Xu are joint authors of, and joint owners of the copyright in, CIRYS, GTMS, and Gemstones Travel Management Systems. He similarly asserts that he and Dr. Xu are joint authors of FIFO and that he, his company Applecross and Dr. Xu are joint owners of the copyright therein. Mr. Andrews' position that Applecross shares in the ownership interest related to FIFO derives from the fact that this piece of software was developed later (according to the McHale Affidavit, beginning in April 2014 and being commercially viable by June 2015) and that his relationship with the Gemstone Companies was as of July 2014 through a consulting agreement with Applecross. His assertion of moral rights to the Software stems from his alleged authorship.

(2) The Respondents' Position

[50] The Respondents' position is that the Software was authored solely by Dr. Xu. They argue that authorship requires the creation of an original work and that, to be considered an author, Mr. Andrews must prove that he created the work along with Dr. Xu. The Respondents

note that the Software, being computer programs, falls within the definition of “literary work” under section 2 of the Act and “computer program” is in turn defined in section 2 as follows:

computer program means a set of instructions or statements, expressed, fixed, embodied or stored in any manner, that is to be used directly or indirectly in a computer in order to bring about a specific result;

programme d’ordinateur
Ensemble d’instructions ou d’énoncés destiné, quelle que soit la façon dont ils sont exprimés, fixés, incorporés ou emmagasinés, à être utilisé directement ou indirectement dans un ordinateur en vue d’un résultat particulier.

[51] The Respondents submit that the “set of instructions or statements” forming part of the definition of a computer program is created and expressed through code conceived and written to produce a particular result. That is, the author of the computer program is the person who wrote the code.

[52] The Respondents note that it is not contradicted that Dr. Xu developed and authored the Uni-Engine Platform, the base from which the Software was developed. They then rely on the evidence as to Dr. Xu’s qualifications in software architecture and design and argue that the evidence demonstrates that Dr. Xu developed and coded the source code for the Software and had responsibility for and overall oversight of the source code.

[53] In contrast, the Respondents argue that Mr. Andrews’ intellectual contribution to the Software was limited and did not extend to any activities that could be characterized as authorship. With respect to the development and coding of the Software, their position is that Mr. Andrews simply assembled certain information and presented it to Dr. Xu, who then analyzed the information and determined which information would be useful and how that information

could be best used before writing the code to implement any changes. Therefore, they argue, Dr. Xu is the sole author, as it was the application of his experience, skill, judgement and labour that formed the code.

(3) Statutory Presumptions

[54] Before turning to the evidence on these issues, I note that Mr. Andrews argues that his claim is supported by statutory presumptions. These presumptions are derived from sections 34.1 and 53 of the Act, which provide as follows:

34.1 (1) In any civil proceedings taken under this Act in which the defendant puts in issue either the existence of the copyright or the title of the plaintiff to it,

(a) copyright shall be presumed, unless the contrary is proved, to subsist in the work, performer's performance, sound recording or communication signal, as the case may be; and

(b) the author, performer, maker or broadcaster, as the case may be, shall, unless the contrary is proved, be presumed to be the owner of the copyright.

34.1 (1) Dans toute procédure civile engagée en vertu de la présente loi où le défendeur conteste l'existence du droit d'auteur ou la qualité du demandeur :

a) l'oeuvre, la prestation, l'enregistrement sonore ou le signal de communication, selon le cas, est, jusqu'à preuve contraire, présumé être protégé par le droit d'auteur;

b) l'auteur, l'artiste-interprète, le producteur ou le radiodiffuseur, selon le cas, est, jusqu'à preuve contraire, réputé être titulaire de ce droit d'auteur.

(Emphasis added)

(Non souligné dans l'original)

53 (1) The Register of Copyrights is evidence of the particulars entered in it, and a copy of an entry in the Register is evidence of the particulars of the entry if it is certified by the Commissioner of Patents, the Registrar of Copyrights or an officer, clerk or employee of the Copyright Office as a true copy.

53 (1) Le registre des droits d'auteur, de même que la copie d'inscriptions faites dans ce registre, certifiée conforme par le commissaire aux brevets, le registraire des droits d'auteur ou tout membre du personnel du Bureau du droit d'auteur, fait foi de son contenu.

(2) A certificate of registration of copyright is evidence that the copyright subsists and that the person registered is the owner of the copyright.

(2) Le certificat d'enregistrement du droit d'auteur constitue la preuve de l'existence du droit d'auteur et du fait que la personne figurant à l'enregistrement en est le titulaire.

(2.1) A certificate of registration of an assignment of copyright is evidence that the right recorded on the certificate has been assigned and that the assignee registered is the owner of that.

(2.1) Le certificat d'enregistrement de la cession d'un droit d'auteur constitue la preuve que le droit qui y est inscrit a été cédé et que le cessionnaire figurant à l'enregistrement en est le titulaire.

(2.2) A certificate of registration of a licence granting an interest in a copyright is evidence that the interest recorded on the certificate has been granted and that the licensee registered is the holder of that interest.

(2.2) Le certificat d'enregistrement de la licence accordant un intérêt dans un droit d'auteur constitue la preuve que l'intérêt qui y est inscrit a été concédé par licence et que le titulaire de la licence figurant au certificat d'enregistrement détient cet intérêt.

(3) A certified copy or certificate appearing to have been issued under this section is admissible in all courts

(3) Les copies certifiées conformes et les certificats censés être délivrés selon les paragraphes (1) ou (2) sont

without proof of the signature
or official character of the
person appearing to have
signed it.

(Emphasis added)

admissibles en preuve sans
qu'il soit nécessaire de prouver
l'authenticité de la signature
qui y est apposée ou la qualité
officielle du signataire.

(Non souligné dans l'original)

[55] The Respondents have referred the Court to the decision of the Ontario Superior Court of Justice in *Close Up International Ltd v 1444953 Ontario Ltd* (2006), 151 ACWS (3d) 513 (Ont Master) [*Close Up*] for its analysis of the operation of these presumptions. *Close Up* addressed a different presumption, that contained in section 53(2.2) of the Act, its analysis of which is set out as follows in paragraph 17 of the decision:

17 ... However, as stated in 955105 *Ontario Inc. v. Video 99* (1993), 48 C.P.R. (3d) 204 (O.C.G.D.): “No proof of title is required on an application for registration. The Copyright Office assumes no responsibility for the truth of the facts asserted in the application and conducts no independent examination.” A plaintiff who produces such a certificate “has adduced some evidence in support of his case” but a court would only uphold the certificate as proof of such interest “in the absence of any evidence to contradict it.” Here, the plaintiff has produced the actual agreements that form the basis of the claim to a copyright interest and this is of course the best evidence. Upon examination of those documents I have concluded, as indicated above, that neither of the Ontario Companies was granted an interest in the copyright in the films. (Emphasis added)

[56] I consider this analysis to be equally applicable to the presumption that the person registered is the owner of the copyright, pursuant to section 53(2) of the Act as highlighted above. While Mr. Andrews is entitled to the benefit of this presumption, as a result of the certificates of registration he has attached to his affidavit, the Court should rely on these

certificates as proof of his ownership of copyright in the Software only to the extent that there is no contradictory evidence.

[57] My conclusion is that the registrations Mr. Andrews has obtained do not assist the Court in this case in determining copyright ownership. I will review the relevant evidence in more detail below. However, for purposes of addressing the presumption, it is sufficient to observe that the Respondents have introduced evidence which contradicts the certificates' reflection of Mr. Andrews as copyright owner.

[58] Dr. Xu's evidence is that he, and only he, wrote the code for the Software, and that Mr. Andrews had no role in writing the code. He expands on Mr. Andrews' involvement with the Software as including obtaining the necessary information from the clients (i.e. full names and birthdates of the clients' employees and contractors); inputting this information into a spreadsheet; coordination of the training of staff, contractors, clients and associated user groups; ensuring implementation of the Software; ensuring presentations and tools were made available to clients, coordinating client feedback on report layouts; and implementing strategies to assist with client-based difficulties.

[59] Dr. Xu acknowledges that Mr. Andrews would on occasion advise him of issues or suggestions raised by licensed users of the CIRYS Software but states that, on those occasions, Dr. Xu considered the issues or suggestions and decided whether to modify the code. If he decided a modification was warranted, Dr. Xu would write the code. He deposes that the only revisions Mr. Andrews could have made in respect of the Software would have been to the

spreadsheet which contained the users' information to be inputted into the Software. Mr. Andrews may have re-faced or re-sorted the users' information and how it was presented, but he did not make any revision to the code.

[60] This case requires consideration of the legal meaning of authorship in the context of computer programs, addressed later in these Reasons. However, for present purposes, I consider the evidence of Dr. Xu to be sufficient to rebut the statutory presumption under section 53(2) of the Act, such that the Court must reach a conclusion on authorship and copyright ownership based on the totality of the evidence available.

[61] I should note that the other presumption highlighted above, under section 34.1(1)(b) of the Act, was addressed in *Samsonite Canada Inc v Costco Wholesale Corp* (1993), 62 FTR 278 (TD), in which the Federal Court, Trial Division held as follows:

In reaching his decision, Peter Giles A.S.P. was obviously of the view that the Defendant was aware of no fact which would allow it to rebut the presumption of ownership of the copyrights in issue which in this instance operates in favour of the Plaintiff by virtue of the Certificate of Registration issued in its name. This presumption has been held to be sufficient to establish ownership of a copyright in the absence of evidence showing that title lies with someone else. (See *Circle Film Enterprises Inc. v. CBC* (1959), 31 C.P.R. 57, [1959] S.C.R. 602; *Blue Crest Music Inc. et al. v. Canusa Records Inc. et al.*, 17 C.P.R. (2d) 149.) (Emphasis added)

[62] While this passage suggests that the section 34.1(1)(b) presumption operates in the same manner as that under section 53(2), I would observe that the language of section 34.1(1)(b) presents on its face as a stronger presumption that the author of a work is the owner of the copyright, which is displaced only if the contrary is proven, not just if contrary evidence is

introduced. However, regardless of the correct interpretation of the operation of this presumption, it serves only to establish copyright ownership in the author of a work. It does not address the real issue before the Court, which is whether Mr. Andrews is indeed an author.

[63] I will now return to the evidence on the issue of authorship.

(4) Evidence

[64] As previously noted, none of the affidavit evidence has been challenged by cross-examination, and in most respects I do not find there to be material contradictions between the evidence of the Applicant and that of the Respondents. Turning first to the evidence of the Respondents, as deposed by Dr. Xu, he has 20 years of experience in the software architecture and design industry, having worked as a design engineer, field engineer, researcher, software architect and senior software developer. Dr. Xu developed and authored the Uni-Engine Platform. His and Mr. McHale's evidence is that, in or around May 2012, he commenced discussions with Mr. McHale about using the Uni-Engine Platform as a base for software that would accomplish Mr. McHale's goal of development of a software solution to provide travel and room reservation tools to simplify travel and accommodation management and allow clients to book charter flights and camp lodging using a single integrated platform. It was subsequently agreed that Dr. Xu would develop such software.

[65] As documentation of this agreement, Mr. McHale deposes that, on December 14, 2012, GTMSI and Draxware Solutions entered into two contracts, attached as exhibits to his Affidavit: (1) a Master Software License Agreement [the License Agreement], for the use of the Uni-

Engine Platform as a base for software to be developed for GTMSI or Logistics; and (2) a Maintenance Support and Development Agreement [the Development Agreement] for the development and ongoing maintenance and support by Draxware Solutions of such software. It was agreed in the Development Agreement that GTMSI would own any software developed pursuant thereto. While not particularly material, these agreements were amended, and Numberco, Draxware and Dr. Xu were made parties thereto, in February 2014.

[66] The Respondents' evidence is that the CIRYS software was operational by the spring of 2013 but was not commercially viable until June or July 2013, when the coding of the "check-in" component was complete (although there was no evidence before the Court as to exactly what the "check-in" component involved). This evidence further describes the development of the FIFO software, explained to be a variation of CIRYS for use by clients who do not use a third party global distribution system. The development of FIFO began in April 2014 in response to the request of a potential client of Logistics. However, the potential client chose not to become a licensed user, and FIFO was not developed past the testing stage at that time. According to the Respondents, Logistics began using some of FIFO internally in or around July 2014 and, after a new potential client approached Logistics, FIFO became commercially viable on a standalone basis in June 2015.

[67] Dr. Xu has also deposed that on July 23, 2014 he applied to the Canadian Intellectual Property Office for registration of copyright in the CIRYS software under the title GTMS and that, as a result, GTMSI was recorded as the owner of the copyright (although with the word

“Inc.” missing from the corporate name) and he as the sole author of GTMS. He refers to this copyright registration as attached to the McHale Affidavit.

[68] This evidence establishes, and I do not understand it to be controversial, that as between the Gemstone Companies on the one hand, and Dr. Xu, Draxware and Draxware Solutions on the other hand, the intellectual property resulting from Dr. Xu’s work in developing the Software was to be owned by GTMSI. The controversy between the parties to this application surrounds whether any contribution to the Software made by Mr. Andrews and/or Applecross supports Mr. Andrews’ assertion of authorship, copyright ownership and moral rights.

[69] Turning to the relationship of the Gemstone Companies with Mr. Andrews, with the exception of the alleged oral agreement that I will address later in these Reasons, again the contractual chronology appears uncontroversial. The McHale Affidavit attaches as exhibits a number of agreements entered into with Mr. Andrews and/or Applecross. There are four letter agreements signed by Logistics and Mr. Andrews:

- A. Agreement dated December 21, 2012 and signed by Mr. Andrews on January 11, 2013, documenting Mr. Andrews’ short term employment with Logistics in the position of Executive Assistant to the President, effective November 3, 2012;
- B. Agreement dated March 12, 2013 and signed by Mr. Andrews on March 18, 2013, documenting Mr. Andrews’ long term employment with Logistics in the position of Executive Assistant to the President;

- C. Agreement dated and signed by Mr. Andrews June 19, 2013, documenting his employment with Logistics in the position of Project Lead; and
- D. Agreement dated November 21, 2013 and signed by Mr. Andrews on November 22, 2013, documenting his employment in the position of General Manager for Gemstone Travel Management Systems. I note that this agreement is signed by Logistics but describes Mr. Andrews' General Manager role as being with Gemstone Travel Management Systems.

[70] The McHale Affidavit also attaches as exhibits a letter dated July 21, 2014 from Logistics to Mr. Andrews, terminating his employment with Logistics effective July 6, 2014 in contemplation of a new contractor arrangement, and the following two agreements related to that arrangement:

- A. Consulting Services Agreement dated July 7, 2014 [the Consulting Agreement] among Logistics, Mr. Andrews and Applecross, under which Applecross would provide consulting services; and
- B. Confidentiality and Invention Agreement dated July 25, 2014 [the Confidentiality Agreement], among Logistics, Mr. Andrews and Applecross.

[71] Finally, the exhibits to the McHale Affidavit include a letter dated September 15, 2014 from Logistics to Applecross and Mr. Andrews, terminating the Consulting Agreement, and a Release and Agreement signed by Applecross and Mr. Andrews on October 2, 2014 [the

Release]. To the extent relevant to my decision, the terms of these agreements to which Applecross was a party will be addressed later in these Reasons.

[72] The letter agreements documenting Mr. Andrews' various roles as an employee of the Gemstone Companies are silent as to duties and responsibilities. Mr. McHale deposes that Mr. Andrews' roles were as follows:

- A. Executive Assistant to the President - providing administrative assistance as required, assisting with the creation and implementation of marketing materials, completing personal travel requests for the President, and assisting with other business requirements at the President's request;
- B. Project Lead - assisting in marketing, rolling out and implementing CIRYS, training clients and employees of the Gemstone Companies on CIRYS, reporting results of data collected by CIRYS to clients, and communicating feedback from clients to the Development Team (which the McHale Affidavit defines as Dr. Xu and two other individual hired in February and April of 2014);
- C. General Manager – reporting to the President, communicating with the Development Team regarding any suggestions or feedback, implementing strategies to assist with customer issues, ensuring quality control of all reporting, presentations and training tools, managing implementation of CIRYS as a finished product, establishing/evaluating/revising operational processes as required, ensuring department heads are fully informed of the

company's operational objectives, conducting regular meetings with department heads to establish and ensure priorities and coordination, and facilitating resolution of inter-departmental issues.

[73] Mr. Andrews argues that none of this evidence by Mr. McHale is supported by the contractual documentation. On the other hand, Mr. McHale's evidence was not challenged by cross-examination, and there is nothing inconsistent between the documentary evidence and his descriptions of Mr. McHale's various employment roles. I also note that the sorts of responsibilities described by Mr. McHale are consistent with the list of services expressly set out in the Consulting Agreement through which Mr. Andrews was engaged following termination of his employment as General Manager.

[74] The Respondents rely on these description to support their position that Mr. Andrews was not hired to contribute to the development of the Software. Quite significantly, I note that Mr. Andrews stated at the hearing of this application that he agrees that he was not hired to assist with the development of the Software. I understand this acknowledgment to be in support of his position that the contribution he made to the development of the Software was not made in the course of his employment, such that section 13(3) of the Act does not operate to confer copyright ownership upon his employer. I will address that argument later in these Reasons. However, for the present purpose of assessing the evidence, I have no reason not to accept Mr. McHale's evidence of Mr. Andrews' duties and responsibilities. However, I do not consider this to be particularly significant, as the important question is not what Mr. Andrews was hired to do but rather what he actually did.

[75] Turning to that point, I note that the evidence to which Mr. Andrews deposes, as to his contribution to the Software, is significantly lacking in detail. The principal statements I have identified in the body of Mr. Andrews' Affidavit are to the following effect:

- A. His intellectual contributions to the Software are instrumental to the overall design, layout, functionality, and expression of the Software;
- B. When he began working with Dr. Xu in January 2013, the Uni-Engine Platform had no industry-specific functionality;
- C. In early spring of 2013, based solely on the work of Dr. Xu and himself, GTMS was of sufficient functionality to be moved into a live environment;
- D. On or about May 1, 2013, he and Dr. Xu led the initial soft rollout of GTMS for the charter flight check-in process and the charter flight booking process;
- E. On May 3, 2013, he presented an extensive overview of GTMS to several managers with a customer; and
- F. He led additional presentations to managers with that customer on at least two other occasions.

[76] I will analyze shortly in these Reasons the law surrounding the meaning of authorship in the context of software development. However, I would observe at this stage that the evidence contained in the main body of the Andrews Affidavit consists of a combination of broad

assertions, with insufficient detail to make a finding of authorship, and descriptions of events which represent a contribution to the marketing of the Software but do not speak at all to its authorship.

[77] I note that there is somewhat more detail contained in one of the exhibits to the Andrews Affidavit, an email dated March 27, 2015 to Richard Stobbe, whom Mr. Andrews describes as counsel for certain of the Gemstone Companies. This email was a response to correspondence from Mr. Stobbe in which he takes issue with Mr. Andrews' recent copyright registrations, and assertions of rights, with respect to the Software. In paragraph 12 of his March 27, 2015 email, which was the subject of argument at the hearing of this application, Mr. Andrews describes his contribution to the Software as follows:

- A. Creation and recording of all industry-specific content, calculations, organization, structure, reporting functions, tables, cross-references and overall guidance – i.e. the software's entire industry-specific functionality and operability;
- B. Solving of fundamental problems related to the manner in which existing Sabre-made reservations could be imported into the system without incurring additional costs associated with changes and/or cancellations;
- C. How to develop a seat map that enabled all elements of flight-scheduling, aircraft inventory, and reservations management;
- D. The manner in which camp-room inventories and reports could be integrated with the software from existing software systems;

- E. The creation of a completely independent room-reservation and inventory management system; and
- F. The development of all cross-referencing algorithms and requirements to align camp room reservations with flight reservations.

[78] This evidence is weak, as it is merely a statement made by Mr. Andrews to Mr. Stobbe in March 2015 as to how he contributed to the Software. He has not deposed in his affidavit that he made these contributions. However, I understand from submissions by Mr. McHale's counsel at the hearing that his position is not so much that these contributions were not made but rather that they do not amount to authorship of the Software. I agree with this position. Even taking the assertions in paragraphs 12 of the Andrews Affidavit as evidence of the contributions made by Mr. Andrews, my conclusion as explained below is that Mr. Andrews has not established his claim of authorship.

(5) Legal Meaning of Authorship of a Computer Program

[79] As I understand the Respondents' position, it is effectively that, in the context of a literary work that is a computer program, authorship is synonymous with writing the code for the program. If I were to accept this unqualified proposition, Mr. Andrews' application would automatically fail, as his claim to ownership is derived from his claim of authorship, and the evidence appears unequivocal that he did not write any of the code for the Software. However, I am not prepared to reach a conclusion as categorical as this.

[80] The Respondents rely on the English decision of the High Court of Justice, Chancery Division in *Fylde Microsystems Ltd v Key Radio Systems Ltd*, [1998] FSR 449 (UK ChD) [*Fylde*]. In that case, in defence of the claim for copyright infringement related to software contained in printed circuit boards supplied to it by the plaintiff, the defendant argued that, although the software had been written entirely by the plaintiff's employees, the defendant had put skill, time and effort into ensuring that the software performed the way it did. The defendant's employees had set the specification for the software, reported errors and bugs, made suggestions as to the cause of some faults and provided the technical information about the hardware with which the software had to work. It therefore argued that the software was a work of joint authorship and that it was a joint owner of the copyright.

[81] The High Court discussed the nature and quality of what is required to establish joint authorship of a computer program, concluding it is necessary to determine whether the putative author has contributed the right kind of skill and labour and, if he has, whether the contribution was big enough. It noted that authorship can extend beyond the mechanical act of creating the text of the code to program structure and design features. However, while the Court concluded that the defendant's contribution was extensive and technically sophisticated, took a lot of time and was very valuable to the plaintiff, it held that it did not represent the kind of skill and labour that constituted authorship.

[82] *Fylde* was considered in the English case of *Cyprotex Discovery Limited v the University of Sheffield* [2003] EWHC 760 (TCC), aff'd [2004] EWCA Civ 380 [*Cyprotex*], a decision of the Court of Justice, Queen's Bench Division, Technology and Construction Court. Commenting on

the particular type of skill and labour protected by copyright law, the Court stated as follows at paragraph 78:

78. ... What is protected is the skill and labour involved in the artistic or technical endeavour involved in creating that work. Thus, copyright protection is concerned with the process of the creation of a work and not with the ideas going into it nor with the functionality or end-product that results. In computer programming, therefore, what is capable of protection are the codes that are written by the programmer including the design and structure of the program.

[83] In that case, the defendant contended that the computer program that was the subject of the dispute was the product of joint authorship by it and the plaintiff, in that a member of the defendant's team had made contributions including devising algorithms and data bases that were provided to the plaintiff and providing detailed consideration as to what the program should contain and what its parameters should be. Following *Fylde*, the Court held at paragraph 84 that these contributions were not the work of an author.

[84] The Respondents have also referred the Court to the decision of the United States Court of Appeals for the Ninth Circuit in *Ashton-Tate Corporation v Richard Ross et al*, 916 F.2d 516 (9th Cir 1990), to the effect that, to be an author, one must supply more than mere direction or ideas and must translate an idea into a fixed tangible expression entitled to copyright protection.

[85] I am conscious of the caution that must be exercised in relying on foreign authorities. It is clearly the case in Canadian copyright law that the author of a work entitled to copyright protection is he or she who exercised the skill and judgment which resulted in the expression of the work in material form (see *New Brunswick Telephone Co v John Maryon International Ltd*

(1982), 141 DLR (3d) 193 (NBCA)). The focus on the expression being the subject of the protection was explained as follows in *Delrina Corp v Triolet Systems Inc*, [1993] 47 CPR (3d) 1 (Ont Gen Div), at 41, aff'd (2002), 17 CPR (4th) 289 (CA) [*Delrina*]:

5. Copyright does not subsist "in any arrangement, system, scheme, method for doing a particular thing, procedure, process, concept, principle, or discovery, but only in an author's original expression of them. Consistent with accepted thinking in copyright law, therefore, a particular expression of a mathematical algorithm or other procedure for solving a problem or accomplishing some end in the form of sets of instructions or statements may be protected by copyright, but the mathematical algorithm or other procedure as such cannot be protected by copyright", (Sookman, *Computer Law*, p. 3-96).

[86] The distinction between ideas and their expression, and the approach to this distinction in American case law, was considered by the Ontario Court of Appeal in *Delrina*, as follows:

[32] These aspects all relate, in various ways, to what Carolian submits is the trial judge's incorrect application of the term "original" in copyright law, specifically, that the trial judge ignored the fact that Sysview met the standard under the *Copyright Act* of being original. This error, according to the submission, stems from the trial judge's reliance on U.S. authorities as opposed to Canadian and English authorities.

[33] It is a fundamental feature of the copyright law in all three countries that it protects only original expression. It does not protect the idea underlying the *expression*. Frequent reference has been made to the following statement of Thorson P. in *Moreau v. St. Vincent*, [1950] Ex. C.R. 198 at p. 203, 12 C.P.R. 32:

It is . . . an elementary principle of copyright law that an author has no copyright in ideas but only in his expression of them. The law of copyright does not give him any monopoly in the use of the ideas with which he deals or any property in them, even if they are original. His copyright is confined to the literary work in which he expressed them. The ideas are public property, the literary work is his own. Everyone may freely adopt and use the ideas but no one may copy his literary work without his consent.

[34] Although the idea/expression dichotomy is a common feature of copyright law in the three countries, it has been observed that it is applied with greater rigour in the United States, with the effect of enlarging the idea aspect of a work and, correspondingly, reducing the expression aspect. The result is a narrowing of the scope of copyright protection. The submitted wider protection afforded under the English/Canadian approach is based on some recognition of the skill and labour in the creation of the work:

While Anglo-Canadian copyright law also places significant emphasis on the idea/expression distinction, this principle has not been applied with the same rigour. Canadian and British courts have been willing to depart from this principle and grant copyright protection based on the skill and labour used in the creation of a work. This departure has created some doctrinal tension. In choosing to protect skill and labour, British and Canadian courts have accorded a certain degree of protection to ideas.

Michael F. Morgan, "Canadian Copyright and Computer Software: Back to the Future?" (1995), 12 C.I.P.R. 162 at pp. 173-74.

[35] Accepting that there may be this difference in the law, it has been recognized in Anglo-Canadian law that the non- protection of ideas embraces the view that there is no copyright in any arrangement, system, scheme or method for doing a particular thing or process. Several English and Canadian decisions in support of this statement are set forth in Sookman, *Computer, Internet, and Electronic Commerce Law* (Toronto: Carswell, 1991-), p. 3-151 at footnote 644.117.

[36] I refer also to the World Trade Organization ("WTO") *Agreement on Trade-Related Aspects of Intellectual Property Rights* ("TRIPS") which was incorporated into Canadian law by S.C. 1994, c. 47, s. 8. It provides in Art. 9.2 that "[c]opyright protection shall extend to expressions and not to ideas, *procedures, methods of operation* or mathematical concepts as such" (emphasis added). I refer to the emphasized words as showing what, authoritatively, falls outside the scope of protectable expression: *cf. Apotex Inc. v Wellcome Foundation Ltd* (2000), 10 C.P.R. (4th) 65 (F.C.A.) at p.84.

[87] Accepting that the expression/ideas dichotomy may be applied differently in the United States than in Canadian and English law, that dichotomy clearly exists in Canadian copyright law, and I have been provided with no Canadian authorities which suggest that I should not rely on the manner in which it is expressed or applied in *Fylde* or *Cyprotex*.

[88] Returning to the evidence contained in paragraph 12 of Mr. Andrews' March 27, 2015 email, describing his contribution to the Software, I cannot conclude that those contributions represent an exercise of skill and judgment of the type of necessary to make Mr. Andrews an author. Mr. Andrews has provided the Court with little detail surrounding these contributions, and no evidence as to the linkage between them and their possible expression in the Software. They appear to fall into the category of ideas, methods, procedures, algorithms or other categories of contributions which, while perhaps valuable, fall outside the type of intellectual effort protected by copyright law and in many respects are similar to contributions found in *Fylde* and *Cyprotex* to be outside the kind of skill and judgment necessary to constitute authorship. In the absence of any more detailed evidence, and taking into account that Mr. Andrews bears the burden of establishing his claim to authorship, my conclusion is that he has not discharged that burden.

(6) Effect of Agreements

[89] Concluding that Mr. Andrews is not an author of the Software, and therefore not a joint author with Dr. Xu as he claims, his application must fail, as his claims to both copyright ownership and moral rights are based on being an author. It is accordingly not necessary to address the contractual effect of the various agreements between the parties, none of which are

relied upon by Mr. Andrews to confer copyright ownership upon him. However, in the interests of a complete analysis, I will consider the effect the agreements would have upon his claim in the event he had been able to establish authorship.

[90] Turning first to the four letter agreements related to Mr. Andrews' employment, I consider their impact to result from the operation of section 13(3) of the Act, the relevant portion of which provides as follows:

<p>(3) Where the author of a work was in the employment of some other person under a contract of service or apprenticeship and the work was made in the course of his employment by that person, the person by whom the author was employed shall, in the absence of any agreement to the contrary, be the first owner of the copyright</p>	<p>(3) Lorsque l'auteur est employé par une autre personne en vertu d'un contrat de louage de service ou d'apprentissage, et que l'oeuvre est exécutée dans l'exercice de cet emploi, l'employeur est, à moins de stipulation contraire, le premier titulaire du droit d'auteur;</p>
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[91] If Mr. Andrews' contribution to the Software had made him an author, section 13(3) would have conferred ownership of the copyright upon his employer. That employer is Logistics, or possibly GTMSI in relation to his General Manager position. I note that Mr. Andrews' position is that his employment and contractual relationships have at all times been solely with Logistics. However, I don't consider it to be material whether his employment relationship, in the context of the General Manager position, is with Logistics or GTMSI. Regardless, the effect of section 13(3) is that he would not be the copyright owner and would therefore have no basis to assert a claim for copyright infringement.

[92] In reaching this conclusion, I have considered Mr. Andrews' argument that the contributions to the Software on which he bases his claim were not made in the course of his employment. They were certainly made during a period when he was in the employ of the Gemstone Companies, or when acting under the Consulting Agreement which I will address below. However, I note that Mr. Andrews also asserts the existence of an oral contract, resulting from a conversation between him and Mr. McHale on September 17, 2013. I have therefore considered whether the evidence surrounding this alleged contract could support a conclusion that, at the same time Mr. Andrews was serving as an employee of the Gemstone Companies, he was making contributions to the Software under a separate contractual relationship outside his employment.

[93] In his Affidavit, Mr. Andrews deposes that, on or about September 17, 2013, he and Mr. McHale engaged in a conversation with respect to the initial days of the revenue generating rollout of the GTMS software. He says that Mr. McHale acknowledged his significant contributions to the Software's success and stated that any business deals struck directly between Mr. McHale and Draxware would be a direct result of Mr. Andrews' professional collaborations with Dr. Xu in the development of the Software. Mr. Andrews states in his Affidavit that Mr. McHale verbally guaranteed that business deals struck between Mr. McHale's holdings and Draxware would result in partnership equity for him in those deals.

[94] In support of his position, Mr. Andrews has attached to his affidavit an email from him to Mr. McHale dated August 22, 2014, in which Mr. Andrews refers to the September 2013 conversation. In this email, Mr. Andrews says that Mr. McHale told him in September that, if he

could help arrange a deal directly between Gemstone and Draxware, Mr. McHale would give him ownership shares in that deal. Mr. Andrews' Affidavit also attaches a transcript of a recording Mr. Andrews made of a conversation between him and Mr. McHale on September 5, 2014, in which Mr. Andrews characterizes the September 2013 discussion in similar terms, stating "You sat in that chair and said to me, if you can help me land a deal with the Uni-Engine, I would give you partnership in that."

[95] As any claim under this alleged oral agreement is not within the jurisdiction of this Court, I will make no findings on the evidence or allegations related to this subject, other than to conclude that this evidence does not support a finding that Mr. Andrews was acting under a contractual relationship outside his employment in making contributions to the development of the Software. First, the timing of the September 2013 conversation, from which Mr. Andrews says the oral agreement arises, does not support such a finding, as Mr. Andrews refers to working with Dr. Xu on the Software beginning in January of 2013. Second, the documentary evidence upon which Mr. Andrews relies in support of the alleged September 2013 agreement demonstrates him referring to the agreement as rewarding him for arranging a deal with Draxware, not for contributing to the development of the Software.

[96] I do not find a basis to accept Mr. Andrews' argument that he was acting outside of the course of his employment when he made contributions to the Software. Accordingly, even if I had found that his contributions were such as could be characterized as authorship, section 13(3) of the Act would operate to confer the ownership in the copyright upon his employer, one of the Gemstone Companies.

[97] The Respondents also rely on the July 25, 2014 Confidentiality Agreement among Logistics, Mr. Andrews and Applecross as providing that any inventions (defined as including software or other copyrights) developed by Mr. Andrews or Applecross during the term of this agreement or the following two years would be the exclusive property of Logistics or one of its affiliates, and as also containing a waiver by Mr. Andrews and Applecross of all moral rights to such inventions.

[98] I agree with this interpretation of the effect of the Confidentiality Agreement and find that it serves to preclude any claims by Mr. Andrews for infringement of copyright or moral rights related to work performed during the term of the consulting relationship that commenced in July of 2014. In oral argument, Numberco acknowledged that the Confidentiality Agreement does not expressly have retroactive effect, although it did argue that this agreement could be seen as representative of the parties' over-arching intention as to the treatment of intellectual property throughout their relationship. While the Respondents' proposition, that it is one of the Gemstones Companies that benefits from ownership of copyright in the Software regardless of when in the parties' relationship it was developed, is consistent with my findings, I do not rely on the Confidentiality Agreement to support these findings, as the scope of that agreement is clearly limited to the consulting relationship that commenced in July of 2014.

[99] I also disagree with the Respondents' position that the Release signed by Applecross and Mr. Andrews on October 2, 2014 operates to bar his claims. The operative paragraph of the Release is Article 1, in which Applecross and Mr. Andrews:

... hereby forever remise, release and discharge Gemstone
Workforce Logistics Inc. (hereinafter referred to as Gemstone), its

officers, directors, shareholders, employees and agents, and any subsidiaries and affiliates, jointly and severally, of and from any and all actions, causes and causes of actions, claims, suits, debts, dues, sums of money, expenses, claims of indemnity, and any and every kind and nature whatsoever, at law or in equity, in contract or under any statute, including but not limited to any claim under any statute including but not limited to the *Alberta Business Corporations Act*, the *Alberta Human Rights Act*, and the *Employment Standards Code*, or any claim for termination of the Consulting Services Agreement between Gemstone and Applecross and Andrews made effective July 7, 2014 (the “Consulting Services Agreement”), or any claim by Andrews as an employee, director, officer or shareholder of Gemstone which we ever had, now have or may hereafter have against Gemstone, for or by reason of any matter, cause or thing whatsoever, existing up to and inclusive of the date of this Release and Agreement, by reason of or in any way arising or related to the termination of the Consulting Services Agreement or the removal of Andrews as a director of Gemstone. (Emphasis added)

[100] The underlining in the above excerpt is taken from Numberco’s Memorandum of Fact and Law, which I understand to be intended to support an argument as to the breadth of the Release, applying to all claims by Mr. Andrews or Applecross arising out of Mr. Andrews’ employment or the Consulting Agreement. I understand this argument to be that the words following “*Employment Standards Code*” are merely examples of the types of claims released by the broad language that precedes those words and, in particular, that the qualifying phrase at the end of the Article, “...for or by reason of any matter, cause or thing whatsoever, existing up to and inclusive of the date of this Release and Agreement, by reason of or in any way arising or related to the termination of the Consulting Services Agreement or the removal of Andrews as a director of Gemstone”, does not modify that broad language.

[101] With respect, I consider this to be strained interpretation of the language of the Release. While Article 1 is a lengthy sentence, I interpret the otherwise broad language in that Article to

be qualified by the phrase at the end of the Article. To accept the Respondents' interpretation would mean that the broad language is completely unqualified in time, such that even claims arising from future events would be released. On the other hand, applying the qualifying phrase to the whole article serves to restrict the released claims in time to those that are "...for or by reason of any matter, cause or thing whatsoever, existing up to and inclusive of the date of this Release and Agreement...".

[102] In my view, this interpretation is consistent with the language of the Release and accords with sound commercial principles (see *Offshore Interiors Inc v Harry Sargeant III et al*, 2015 FCA 46, at paragraphs 85 to 87, where the Federal Court of Appeal reviewed the relevant principles of contractual interpretation). The effect of this interpretation is that the last phrase in the Article, "...by reason of or in any way arising or related to the termination of the Consulting Services Agreement or the removal of Andrews as a director of Gemstone" also serves to qualify the breadth of the Release. Therefore, the released claims are those that Mr. Andrews or Applecross has against Gemstone (as defined in the Release) related to the termination of the Consulting Agreement or his removal as a director. I therefore do not find the Release to apply to the claims for infringement of copyright or moral rights that are the subject of the present application.

(7) Moral Rights

[103] Finally, before leaving the issue of Mr. Andrews' rights in relation to the Software, I should briefly address his claim of moral rights. As section 14.1(1) of the Act affords such rights

to the author of a work, my finding that he is not an author of the Software precludes him having any claim to moral rights.

D. *Infringement of Copyright or Moral Rights*

[104] Having found that Mr. Andrews is neither an owner of copyright in the Software nor the holder of moral rights therein, it is not necessary to address the issue of infringement. However, if I were required to address this issue, in my view the evidence adduced by Mr. Andrews would not be sufficient to support a finding of infringement.

[105] Section 27(1) of the Act provides that it is an infringement of copyright for any person to do, without the consent of the owner of the copyright, anything that by the Act only the owner of the copyright has the right to do. Section 3(1) of the Act in turn provides that copyright to a work means the sole right to produce or reproduce the work or any substantial part thereof in any material form. This includes the sole right, in the case of a computer program that can be reproduced in the ordinary course of its use, other than by a reproduction during its execution in conjunction with a machine, device or computer, to rent out the computer program.

[106] Mr. Andrews's evidence refers to the Respondents using the Software for commercial purposes but contains very little detail as to that use. While commercial use of the Software could of course constitute infringing activities if I had found Mr. Andrews to own a copyright interest in the Software, it would have been very difficult to make such a finding based on the evidence in the record before the Court.

[107] With respect to moral rights which, as reflected in section 14.1(1) of the Act, relate to the integrity of a work, the Ontario High Court of Justice in *Snow v Eaton Centre Ltd* (1982), 70 CPR (2d) 105 described such rights as the right to restrain any distortion, mutilation or other modification of an author's work that would be prejudicial to his honour or reputation. This meaning of infringement of an author's right to integrity of a work is now captured in section 28.2(1) of the Act. In the case at hand, even if I had found that Mr. Andrews held moral rights to the Software, he has led no evidence that would support a finding that the Respondents have modified or distorted the Software so as to interfere with its integrity in a manner that would offend such moral rights.

[108] Having found no basis for any finding of infringement in favour of Mr. Andrews, it is unnecessary for me to consider the issue whether Mr. McHale would have any personal liability to Mr. Andrews for the acts of Numberco or the other Gemstone Companies.

E. *Remedies*

[109] As Mr. Andrews has not established a cause of action against the Respondents, he is not entitled to any of the remedies he has claimed. However, I must consider the remedy sought by the Respondents, and argued at the hearing of this application, that the four copyright registrations made by Mr. Andrews be expunged from the Register of Copyrights. While not argued at the hearing, Numberco's Memorandum of Fact and Law also requests that the Court issue an Order directing that Dr. Xu is the sole author of the Software, that GTMSI is the sole owner of the Software, and that GTMSI's copyright registration in the Software is valid.

[110] The Federal Court has jurisdiction to expunge, vary or rectify an entry in the Register of Copyrights, under section 20(1)(b) of the *Federal Court Act*, RSC 1985, c F-7 and section 57(4) of the Act, which provides as follows:

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|---|--|
| <p>(4) The Federal Court may, on application of the Registrar of Copyrights or of any interested person, order the rectification of the Register of Copyrights by</p> | <p>(4) La Cour fédérale peut, sur demande du registraire des droits d'auteur ou de toute personne intéressée, ordonner la rectification d'un enregistrement de droit d'auteur effectué en vertu de la présente loi :</p> |
| <p>(a) the making of any entry wrongly omitted to be made in the Register,</p> | <p>a) soit en y faisant une inscription qui a été omise du registre par erreur;</p> |
| <p>(b) the expunging of any entry wrongly made in or remaining on the Register, or</p> | <p>b) soit en radiant une inscription qui a été faite par erreur ou est restée dans le registre par erreur;</p> |
| <p>(c) the correction of any error or defect in the Register,</p> | <p>c) soit en corrigeant une erreur ou un défaut dans le registre.</p> |
| <p>and any rectification of the Register under this subsection shall be retroactive from such date as the Court may order.</p> | <p>Pareille rectification du registre a effet rétroactif à compter de la date que peut déterminer la Cour.</p> |

[111] I raised at the hearing of this application the question whether the Court has jurisdiction to grant the relief requested by the Respondents, when the application before the Court is that of Mr. Andrews claiming infringement, not an application by the Respondents seeking expungement. Neither party supplied the Court with any case law speaking to this issue. However, the Respondents argue that, had they filed a cross-application in order to invoke more

explicitly the Court's jurisdiction to grant the remedies they claim, this could have delayed the application proceeding to a hearing. They argue that the issues to be decided by the Court in connection with these remedies are the same as those engaged in Mr. Andrews' application, and that he is not prejudiced by the absence of a formal cross-application.

[112] While I appreciate the Respondents' arguments based on the efficiency of seeking expungement in the present proceeding, considerations of efficiency do not confer jurisdiction upon the Court. In the absence of an application by the Respondents seeking expungement, my conclusion is that the Court does not have the jurisdiction under section 57(4) of the Act to grant this remedy.

[113] I also decline to grant the Respondents' request for an order directing that Dr. Xu is the sole author of the Software, that GTMSI is the sole owner of the Software, and that GTMSI's copyright registration in the Software is valid. The findings I have made represent determinations as between the parties to this application necessary to decide the issues raised by this application surrounding Mr. Andrews' rights. The issues raised by this application do not require findings that would be necessary to support the relief the Respondents have claimed.

VI. Costs

[114] At the hearing, the Respondents provided the Court with their position on costs were they to prevail in defending this application. Referring to having prepared an informal bill of costs based on the Tariff, which quantified costs at \$80,000, Mr. McHale's counsel sought costs for both Respondents which he referred to as solicitor-client costs in the fixed amount of \$70,000. In

support of the claim for substantial costs, he referred in particular to what he described as bald and unsubstantiated allegations of fraud contained in Mr. Andrews' Affidavit. He also argues that the extra 50% counsel fee applicable to the services of second counsel under Item 14(b) of the Tariff should be awarded.

[115] Both parties referred to there being offers to settle which could impact costs, but I directed them not to provide any details of such offers prior to the Court reaching its decision on the merits of the application (see Rule 422).

[116] I am not prepared to award the lump sum costs figure claimed by the Respondents based on an informal bill of costs which is not at this stage before the Court. However, the Respondent is correct that Mr. Andrews' affidavit contains a number of allegations of fraudulent representations, undertakings and activities, as well as dishonesty, on the part of Mr. McHale. I am persuaded by the Respondents' argument that these unproven allegations made by Mr. Andrews militate in favour of a substantial costs award. To that end, I award to the Respondents costs to be assessed which, subject to any directions arising from consideration of settlement offers (as explained below), shall be assessed in accordance with the middle of the range of Column IV of the Tariff. I also direct that the extra 50% counsel fee for the services of second counsel under Item 14(b) of the Tariff shall apply, in recognition of the work that was required to prepare to respond to Mr. Andrews' motions that were argued at the hearing of the application.

[117] Given that each of the parties referred to there being settlement offers potentially relevant to costs, my order as to costs will provide that any of the parties is at liberty to present a motion

to the Court under Rule 403, to be served and filed within 30 days after the date of this Judgment, for directions respecting the impact of settlement offers upon my costs award. In the absence of any such motion, costs shall be assessed in accordance with the preceding paragraph of these Reasons.

JUDGMENT

THIS COURT'S JUDGMENT is that:

1. The Applicant's motion under Rule 312 is dismissed, with costs of \$1000 to the Respondents in any event of the cause;
2. The Applicant's motion, seeking to exclude the Affidavit of Thomas McHale sworn July 3, 2015, is dismissed with costs of \$1000 to the Respondents in any event of the cause;
3. The Applicant's motion, seeking to exclude the Affidavit of Jianfei Xu sworn July 15, 2015, is granted in part, without costs, and the following is hereby struck from such Affidavit:
 - a. In paragraph 25, the words “, or otherwise authoring, co-authoring”;
 - b. In paragraph 26, the sentences “Graham Andrews is neither author nor co-author, nor owner nor co-owner of the CIRYS Software. Applecross Innovations Inc. is neither owner nor co-owner of the CIRYS Software.”;
and
 - c. Paragraphs 27, 32 and 33;
4. This application is dismissed; and
5. Costs to be assessed are awarded to the Respondents, with the following directions:

- a) subject to any directions arising from consideration of settlement offers, costs shall be assessed in accordance with the middle of the range of Column IV of the Tariff;
- b) the extra 50% counsel fee for the services of second counsel under Item 14(b) of the Tariff shall apply: and
- c) any of the parties is at liberty to present a motion to the Court under Rule 403, to be served and filed within 30 days after the date of this Judgment, for directions respecting the impact of settlement offers upon this costs award.

“Richard F. Southcott”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-832-15

STYLE OF CAUSE: GRAHAM MCKENZIE ANDREWS V THOMAS
HILARY MCHALE ET AL

PLACE OF HEARING: EDMONTON, ALBERTA

DATE OF HEARING: APRIL 13, 2016

JUDGMENT AND REASONS: SOUTHCOTT, J.

DATED: JUNE 3, 2016

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