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Docket: T-2563-23

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Ottawa, Ontario, April 14, 2025

PRESENT: The Honourable Mr. Justice Zinn

BETWEEN:

ITP SA

Applicant

and

CNOOC PETROLEUM NORTH AMERICA
ULC

Respondent

JUDGMENT AND REASONS

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I. Overview

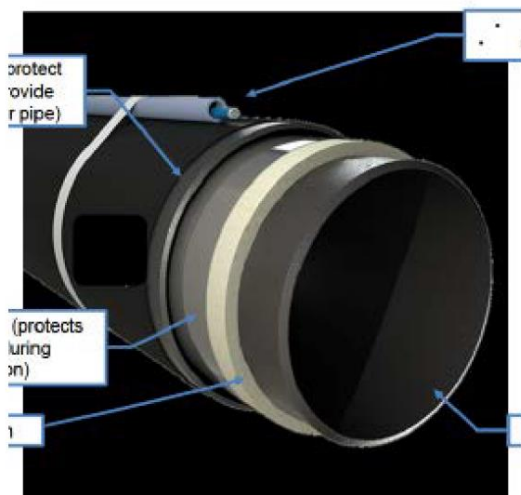
[1] The Applicant, ITP SA [ITP], alleges that the Respondent, CNOOC Petroleum North America ULC [CNOOC], infringed ITP’s copyright in a promotional image depicting a “pipe-in-pipe” [PIP] system [the ITP Image]. The alleged infringement arises from CNOOC’s use of the ITP Image in a presentation [the AER Presentation] submitted to the Alberta Energy Regulator [AER] in connection with the pipeline replacement project for the Kinosis K1A oil sands pipeline [the K1A Pipeline]. ITP seeks declaratory and injunctive relief, together with monetary damages, under the *Copyright Act*, RSC 1985, c C-42 [the *Act*].

[2] ITP asserts that the ITP Image was created by one of its employees for marketing and promotional purposes after its contractual relationship with CNOOC had ended. ITP maintains that it never granted CNOOC any licence or permission to use or reproduce the image. According to ITP, CNOOC accessed the image from ITP’s website and later incorporated it in the AER Presentation in support of the replacement of the K1A Pipeline. ITP claims this use constituted substantial copying and was done without authorization or consent, thereby amounting to copyright infringement.

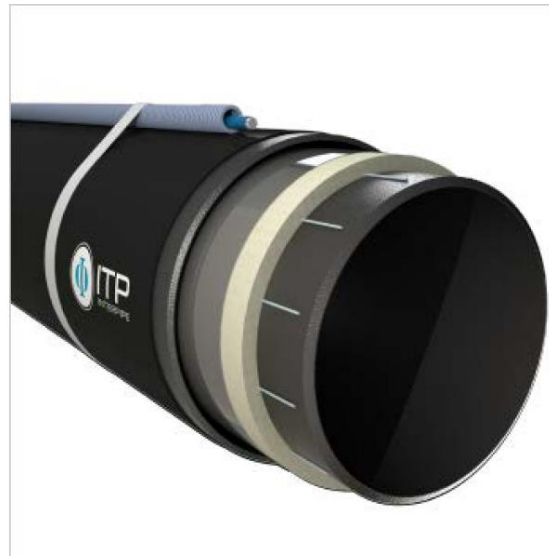
[3] CNOOC does not dispute that it used an image resembling the ITP Image in its AER presentation. However, it argues that ITP has provided insufficient evidence to prove that it holds copyright in the image. CNOOC also denies that any infringement occurred. It contends

that the image was either used pursuant to existing contractual terms, under an implied licence, or within the scope of a permissible legal exception. Additionally, CNOOC asks this Court to dismiss the application on procedural grounds, stating that the claim is time-barred by the three-year limitation period established under section 43.1 of the *Act* and violates the implied undertaking rule by relying improperly on discovery materials from the parties' ongoing Alberta litigation [the Alberta Action].

[4] The ITP Image and the image in the AER Presentation are reproduced below:



CNOOC image from its presentation to the AER



The ITP Image

II. Facts

[5] ITP is a French corporation specializing in the design and manufacture of PIP systems for industrial projects. Between 2012 and 2014, it contracted with Nexen Inc., the predecessor of CNOOC, to supply PIP technology and related services for the work Nexen Inc. was to carry out on the K1A Pipeline in Alberta. Those contracts concluded by January 30, 2015. At that point,

all of ITP's supply obligations for the K1A Pipeline were considered fulfilled, and its business relationship with Nexen Inc. ended with respect to the pipeline's development.

[6] In mid-2015, a failure occurred, apparently in ITP's technology installed on the K1A Pipeline, leading to a shutdown and subsequent repair efforts. By 2017, CNOOC initiated legal proceedings in Alberta against several entities involved in the pipeline's design, construction, and related work, including the Alberta Action against ITP.

[7] In September 2016, ITP produced the ITP Image depicting a cross-section of its proprietary PIP system. The ITP Image shows an inner pipe surrounded by insulation materials, electrical wiring, anti-corrosion coatings, and other components arranged concentrically within an outer pipe. ITP has included its corporate logo on the illustration. The ITP Image was originally published on ITP's website for marketing purposes and was also used in brochures and presentations to explain the general concept behind its PIP systems.

[8] In 2018, CNOOC sought regulatory approval from the AER for the replacement of the failed pipeline. This replacement involved installing a new PIP system constructed by a different contractor. As part of its application, CNOOC gave the AER Presentation on September 13, 2018. One of the slides contained a PIP cross-section image that was substantially similar in appearance to the ITP Image. Nonetheless, certain elements such as electrical wires appear either removed or modified when compared to the original ITP Image. Notably, a black rectangle covers the area where ITP's logo appeared in its illustration.

[9] Documentation relating to the AER Presentation, including a PDF file named “AER K1A September 13, 2018.pdf,” was compiled in CNOOC’s internal records for regulatory submissions. References to or copies of this presentation were later included among materials produced in the discovery phase of the Alberta Action between CNOOC and ITP.

[10] Following the pipeline’s replacement, ITP became aware that its proprietary illustration, or a very similar version, had been presented to the regulator. In late 2021, ITP submitted an access to information [ATIP] request to the AER under the Alberta *Freedom of Information and Protection of Privacy Act*, RSA 2000, c F-25. It specifically sought records related to the AER Presentation.

[11] On January 24, 2022, the AER responded to the ATIP request and released the requested AER Presentation slides and documentation to ITP. Upon reviewing the file, ITP recognized that one of the slides included an illustration of a PIP system it believed matched the ITP Image, apart from the removal of wires and concealment of the ITP logo.

[12] Soon thereafter, ITP notified its counsel and began preparing the copyright infringement claim at bar, asserting that CNOOC had reproduced its marketing illustration without authorization. On December 4, 2023, ITP commenced the current application before this Court.

III. Issues

[13] The disputes raised in this application fall into three broad categories: preliminary procedural matters, substantive copyright and authorization issues, and questions concerning appropriate remedies if infringement is established.

[14] The parties disagree on two preliminary procedural issues. The first involves the implied undertaking rule. Specifically, the parties dispute whether ITP's reliance on the AER presentation, obtained during separate proceedings in Alberta, breaches this rule and, if so, whether this breach renders ITP's application abusive or otherwise defective. The second disagreement is whether ITP's claim was brought within the three-year limitation period prescribed by section 43.1 of the *Act*. This disagreement turns on when ITP either discovered or ought to have discovered the alleged infringement: on November 30, 2020, as CNOOC argues, or only in early 2022, as ITP maintains.

[15] The second category of disputes addresses substantive issues relating to the existence of copyright and authorization for its use. Central to this dispute is whether the ITP image qualifies as an original artistic work under the *Act*, as well as whether ITP has demonstrated authorship and ownership of the work on the balance of probabilities. Additionally, there is disagreement whether CNOOC was authorized to use the ITP image in connection with the AER presentation, including whether express contractual rights or an implied licence, arising from industry practices, allowed such use.

[16] Finally, the parties dispute the appropriate scope and nature of the potential remedy. ITP seeks various forms of relief, including injunctive orders, an accounting of profits, statutory damages, and punitive damages. However, CNOOC contends that any remedy awarded should be limited to statutory damages alone. CNOOC further argues that other ongoing litigations between the parties and potential setoffs should be considered when determining the final remedy.

IV. Analysis

A. *Preliminary issues*

(1) The Implied Undertaking Rule is Inapplicable

[17] CNOOC contends that ITP's application must fail because it violates the implied undertaking rule. This rule holds that a party receiving documents in litigation holds them subject to an implied undertaking to use them only in the proceedings in which they were produced.

[18] Accordingly, evidence compelled during pre-trial discovery in civil litigation can only be used for the purpose of that specific litigation, unless permitted by a court order or justified by the "immediate and serious danger" exception: *Juman v Doucette*, 2008 SCC 8, [2008] 1 SCR 157 [*Juman*] at para 4. CNOOC submits that ITP obtained the AER Presentation through discovery in the ongoing Alberta Action and is now improperly "reusing" it here.

[19] ITP counters with two arguments. First, it says that any breach of the implied undertaking given in Alberta's courts is a matter for the Alberta courts alone, not for the Federal Court, because the rule has been codified by section 5.33 of the *Alberta Rules of Court*, Alta Reg 124/2010. Second, even if this Court could entertain the issue, ITP asserts that the AER Presentation was publicly accessible via ATIP requests under Alberta's *Freedom of Information and Protection of Privacy Act* and was accessed by it as such, removing it from the protective scope of the implied undertaking rule, which covers only confidential documents.

[20] I do not accept ITP's jurisdictional objection. While the Alberta court is certainly in a position to address breaches of undertakings made before it, the Federal Court also has jurisdiction to ensure that its own processes are not tainted by abuse or misconduct, especially when considering that the rule has strong roots in the common law: *Juman* at para 28; *Live Face on Web, LLC v Soldan Fence and Metals (2009) Ltd.*, 2017 FC 858 at para 12; *Seedlings Life Science Ventures LLC v Pfizer Canada Inc.*, 2018 FC 443 at para 3. If a party relies on improperly obtained discovery evidence, they are violating the fundamental principle that "information obtained on discovery is to be used only for the purposes of the litigation for which it is obtained": *P.S. Knight Co. Ltd. v Canadian Standards Association*, 2017 FCA 49 at para 14, citing *Canada v Ichi Canada Ltd.*, [1992] 1 FC 571 at 580. Therefore, this principle must be applicable across jurisdictions for it to function as intended, or else the rule will be rendered useless. CNOOC correctly points out that Alberta courts cannot strike or stay a claim brought in breach of the rule before this Court. If ITP's position were accepted, it would effectively shield them from accountability and grant them an unwarranted form of jurisdictional immunity. Accordingly, this Court has both the authority and the duty to determine whether the implied undertaking rule has been violated in a manner that compromises these proceedings.

[21] On the second point, I agree with ITP that the implied undertaking rule does not apply here. The obligation of confidentiality attaches only to information that would have remained confidential but for its disclosure in discovery, meaning that "if the information is available to the public from other sources, a party should not be given the burden of applying to the court for leave before using it merely because it was also communicated at an examination on discovery:" *Lac d'Amiante du Québec Ltée v 2858-0702 Québec Inc.*, 2001 SCC 51 at para 78. If the AER Presentation was publicly obtainable through an ATIP request, then its contents are not cloaked

in the confidentiality that triggers the rule. CNOOC’s assertion that ITP “backfilled” the ATIP request with knowledge gleaned from discovery does not overcome the fundamental requirement that the information be confidential in the first place. Having reviewed the record, there is no indication that the AER Presentation remained non-public after CNOOC submitted it to the regulator. It was subject to ATIP requests under Alberta’s *Freedom of Information and Protection of Privacy Act*.

[22] On these facts, even if ITP first learned of the AER Presentation’s specific file name or existence through the Alberta Action, the document itself was still independently accessible from a public source. Consequently, the implied undertaking rule neither bars ITP from using the presentation nor compels this Court to exclude it. In short, while this Court can address the alleged breach of the implied undertaking rule, I find no such breach on the facts before me.

(2) ITP’s Application is Not Time-Barred

[23] Section 43.1 of the *Act* outlines a three-year statutory limitation period; the discoverability clock starts upon actual or constructive knowledge of a potential liability:

Limitation or prescription period for civil remedies

43.1 (1) Subject to subsection (2), a court may award a remedy for any act or omission that has been done contrary to this Act only if

(a) the proceedings for the act or omission giving rise to a remedy are commenced within three years after it

Prescription

43.1 (1) Sous réserve du paragraphe (2), le tribunal ne peut accorder de réparations à l’égard d’un fait — acte ou omission — contraire à la présente loi que dans les cas suivants :

a) le demandeur engage une procédure dans les trois ans qui suivent le moment où le fait visé par le recours a eu

occurred, in the case where the plaintiff knew, or could reasonably have been expected to know, of the act or omission at the time it occurred; or

(b) the proceedings for the act or omission giving rise to a remedy are commenced within three years after the time when the plaintiff first knew of it, or could reasonably have been expected to know of it, in the case where the plaintiff did not know, and could not reasonably have been expected to know, of the act or omission at the time it occurred.

Restriction

(2) The court shall apply the limitation or prescription period set out in paragraph (1)(a) or (b) only in respect of a party who pleads a limitation period.

lieu, s'il avait connaissance du fait au moment où il a eu lieu ou s'il est raisonnable de s'attendre à ce qu'il en ait eu connaissance à ce moment;

b) le demandeur engage une procédure dans les trois ans qui suivent le moment où il a pris connaissance du fait visé par le recours ou le moment où il est raisonnable de s'attendre à ce qu'il en ait pris connaissance, s'il n'en avait pas connaissance au moment où il a eu lieu ou s'il n'est pas raisonnable de s'attendre à ce qu'il en ait eu connaissance à ce moment.

Restriction

(2) Le tribunal ne fait jouer la prescription visée aux alinéas (1)a) ou b) qu'à l'égard de la partie qui l'invoque.

[24] In *Grant Thornton LLP v New Brunswick*, 2021 SCC 31 [*Grant Thornton*], the Supreme Court of Canada clarified the degree of knowledge required to establish discoverability, emphasizing that absolute certainty is not necessary. Instead, discoverability arises once the plaintiff knows, or reasonably ought to know, sufficient material facts to support a “plausible inference of liability:” *Grant Thornton* at paras 42-47. This inference requires more than mere suspicion or speculation, as it exists only when the plaintiff can reasonably infer liability from

discovered or reasonably discoverable facts. Plaintiffs have constructive knowledge of facts that could be uncovered through exercising reasonable diligence: *Grant Thornton* at paras 44-45.

[25] Applying these principles, the core question is: when did ITP know, or reasonably ought to have known, enough material facts to infer plausibly that CNOOC was using its copyrighted image without permission?

[26] While pinpointing an exact discoverability date is challenging based on the record before me, I find that a reasonably diligent plaintiff reviewing the documents disclosed by CNOOC on November 30, 2020, could not reasonably have discovered sufficient material facts to form such an inference before December 4, 2020. Accordingly, this application falls within the statutory three-year limitation period.

[27] In evaluating whether ITP ought to have knowledge of these facts and thus formed a plausible inference of liability before December 4, 2020, I note the complexity and scope of the documents produced in the Alberta Action—with hundreds of items comprising PowerPoint slides, feasibility studies, and email chains. The purportedly infringing material is confined to a single image embedded on one slide within the document “AER K1A September 13, 2018.pdf,” which was neither highlighted nor otherwise marked to indicate potential infringement without a deep dive into its content. Consistent with the Supreme Court’s observation in *Grant Thornton*, mere receipt of documents does not automatically establish discoverability. Rather, the plaintiff must have constructive knowledge of sufficient facts to reasonably infer liability: *Grant Thornton* at para 44. This requires at least some evidentiary basis to trigger a duty to exercise

reasonable diligence, along with sufficient opportunity to review the materials, to identify potentially infringing content.

[28] During the hearing, I asked CNOOC’s counsel whether the listed documents were provided to ITP on November 30, 2020, together with the list. Counsel confirmed that they were. I further questioned whether ITP and its counsel retained for the Alberta Action could reasonably have navigated the hundreds of provided documents and identified the infringing use contained in the one slide of the AER Presentation within only four days. CNOOC’s counsel answered that it could have given that ITP’s counsel had quickly hired a bailiff after receiving CNOOC’s document production, “to copy the ITP Image from ITP’s website on January 25, 2021, to preserve it for this copyright litigation.”

[29] This argument is unpersuasive. Given the volume and complexity of the materials provided by CNOOC in the Alberta Action, it would not be reasonable to expect ITP to identify and appreciate within a four-day window the significance of a single image on one slide, within one PowerPoint file, among hundreds of documents of varying length and nature. Imposing such a timeline would amount to demanding near perfect and immediate diligence, rather than the reasonable diligence required by the *Act* and case law. If the “key fact” of CNOOC’s infringing image is buried in the documents without any obvious indicators of potential copyright infringement, it is plausible that even a diligent review by ITP would not have revealed, until after December 4, 2020, that CNOOC was using an image substantively similar to the ITP Image. As noted by the Ontario Court of Appeal in *Vu v Canada (Attorney General)*, 2021 ONCA 574 in paras 48 and 49, discoverability arises only when the significance of the facts becomes reasonably apparent through diligent effort.

[30] CNOOC emphasizes that ITP has admitted that the AER Presentation has been, in principle, publicly accessible even earlier than November 30, 2020, given that it gave the presentation to AER in 2018. However, the obligation imposed on ITP is to act with reasonable diligence once it has a factual basis for suspicion and to draw a plausible inference of infringement only after acquiring sufficient knowledge of the material facts on CNOOC's unauthorized use of its copyrighted image. CNOOC has provided no evidence to show that ITP had such knowledge during the proposed earlier time window.

[31] I therefore conclude that ITP could not reasonably have had knowledge of sufficient material facts to form a plausible inference of copyright infringement before December 4, 2020. Since the application at bar was commenced within three years of that date, it is not barred by the three-year statutory limitation period prescribed by section 43.1 of the *Act*.

B. *ITP has not proven its authorship of the ITP Image*

[32] The parties broadly agree that an artistic depiction of an industrial product, such as the ITP Image, can qualify as a copyrightable work under the *Act*. They also accept that the controlling legal framework for evaluating the existence of copyright is set out in *CCH Canadian Ltd. v Law Society of Upper Canada*, 2004 SCC 13, which provides that a work must be “original,” meaning it originates from the author through the exercise of skill and judgment beyond trivial or purely mechanical effort. The parties’ dispute lies in whether ITP has provided sufficient admissible evidence to prove that the ITP Image satisfies this standard and that it was created by an author with the requisite ties to a Berne Convention country.

[33] ITP argues that it benefits from the presumption of authorship provided by subsection 34.1(1) of the *Act*, which states that “copyright shall be presumed, unless the contrary is proved, to subsist in the work... and the author... shall, unless the contrary is proved, be presumed to be the owner of the copyright”. According to ITP, this shifts the burden of proof to CNOOC, requiring CNOOC to demonstrate that ITP is not the original author of the ITP Image. ITP further contends that it has met each requirement for asserting copyright in the ITP Image.

[34] ITP first points to evidence, mainly affidavits from senior corporate officers, to show that the ITP Image was created by Mr. Simon Thiolliere, a then-employee in France, thus satisfying the Berne Convention residency requirement. Second, ITP argues that the ITP Image is an original work that reflects Mr. Thiolliere’s creative design choices and engineering knowledge, rather than a merely mechanical or functional depiction. ITP emphasizes that even if the general concept of a PIP design was previously known, the specific artistic expression of that design, particularly its illustrated cut-away depiction highlighting unique technological features, demonstrates the requisite skill and judgment necessary for copyright protection.

[35] CNOOC contends that ITP fails to provide adequate admissible proof that Mr. Thiolliere both authored the work and was ordinarily resident in France at the relevant time. CNOOC notes that ITP has not provided an affidavit from Mr. Thiolliere himself, but instead relies solely upon affidavits from two senior corporate officers who lack personal knowledge of the necessary details surrounding the creation of the ITP Image. Consequently, according to CNOOC, this evidence amounts to inadmissible hearsay and should be disregarded by the Court. Further, consistent with the reasoning of this Court in *Lickerish, Ltd. v airG Inc.*, 2020 FC 1128 [*Lickerish*] at para 30, CNOOC urges the Court to draw an adverse inference from ITP’s failure

to produce an affidavit from Mr. Thiolliere, despite ITP's other affiants acknowledging his availability, and the fact that a draft of such was made. CNOOC also questions whether ITP has shown enough evidence to demonstrate that the ITP Image truly constitutes an "original" artistic creation, suggesting that it may simply be derived mechanically from pre-existing PIP engineering materials or prior drawings developed under earlier contractual arrangements, rather than reflecting an independent exercise of skill and judgment by Mr. Thiolliere.

[36] I find CNOOC's objections on evidentiary grounds compelling and dispositive of this application.

[37] ITP's reliance on the presumption of authorship under subsection 34.1(1) fails because it overlooks the principle that this presumption does not extend to corporations. As the Federal Court of Appeal stated in *P.S. Knight Co. Ltd. v Canadian Standards Association*, 2018 FCA 222 at paragraph 147, "a corporation, capable of only metaphorical life and death... cannot benefit from the presumption in paragraph 34.1(1)(a) of the *Copyright Act*." Consequently, ITP, as a corporate entity, cannot invoke this presumption and thus bears the burden of proving authorship of the ITP Image.

[38] ITP's evidence on record is insufficient to establish authorship. As CNOOC points out, ITP relies on affidavits from corporate officers who concede they were not personally and directly involved in creating the ITP Image. Similar evidentiary gaps were scrutinized in *Lickerish* in paragraphs 23 to 31. There, the plaintiff's affiant lacked firsthand knowledge about who took the photographs in question, when and how they were taken, and where the photographer resided. This Court held that hearsay evidence and unverified documents were

insufficient to establish copyright ownership on a balance of probabilities. Further, it emphasized that where the alleged author is available to provide direct evidence but does not do so, the party's failure can trigger an adverse inference: *Lickerish* at paras 30-31.

[39] Here, ITP has similarly failed to provide an affidavit from the alleged author of the ITP Image, Mr. Simon Thiolliere. Instead, it relies exclusively on affidavits provided by two senior corporate officers: Deputy CEO Mr. Pierre Ollier and Sales and Marketing Director Mr. Wayne Grobbelaar. Both affiants state they have been informed, or otherwise understand, that Mr. Thiolliere created the image as an employee of ITP while residing in France. However, neither affiant claims direct personal involvement in, nor direct observation of, the substantive creative process. Their cross-examination transcripts further confirm that neither affiant was personally involved in the actual creation of the image, and neither could specifically confirm how Mr. Thiolliere produced the illustration or whether he referred to existing K1A pipeline designs.

[40] Therefore, the evidence regarding Mr. Thiolliere's authorship of the ITP Image offered by Mr. Ollier and Mr. Grobbelaar is precisely the sort of "oral or written statement that was made by someone other than the person testifying" that this Court in *Lickerish* found to be hearsay. Even if the affiants genuinely believe their statements to be accurate, hearsay is presumptively inadmissible when offered to establish the truth of its contents, unless a recognized exception applies: *Lickerish* at para 27, citing *Pfizer Canada Inc v Teva Canada Limited*, 2016 FCA 161 at paras 79-81 and 84. Rule 81(1) of the *Federal Courts Rules*, SOR/98-106, also requires that factual assertions in affidavits come from personal knowledge unless exceptions apply. On the record and submissions before me, I see no applicable exceptions, nor has ITP argued that any exception exists.

[41] During the hearing, ITP's counsel argued that Mr. Grobbelaar's affidavit and cross-examination testimony contain direct, non-hearsay evidence of authorship. Counsel pointed particularly to Mr. Grobbelaar's testimony about instructing Mr. Thiolliere and reviewing draft iterations of the ITP Image. However, as I have already noted, Mr. Grobbelaar's cross-examination reveals that his actual knowledge of the creative process was limited. He admitted he did not personally observe Mr. Thiolliere at work, nor was he aware of which references or software Mr. Thiolliere may have used. While Mr. Grobbelaar commented on how Mr. Thiolliere had an "artistic flair" and could produce marketing diagrams, this general awareness does not constitute direct evidence detailing the step-by-step creation of the image or demonstrating precisely how Mr. Thiolliere exercised skill and judgment. Thus, although I agree with counsel that Mr. Grobbelaar's account of his own involvement in the creative process is not hearsay, this limited evidence does not establish authorship under the *Act*.

[42] More problematic is that ITP has provided no explanation as to why obtaining an affidavit from Mr. Thiolliere was impossible or prohibitively difficult. The jurisprudence stemming from *Lickerish* emphasizes the importance of obtaining evidence directly from the alleged author or, alternatively, clearly justifying any inability to provide such evidence. On cross-examination, Mr. Ollier admitted that a draft affidavit had been prepared for Mr. Thiolliere but was never finalized, as Mr. Thiolliere did not sign it. ITP offers no explanation why Mr. Thiolliere did not sign this affidavit, nor has it detailed any serious effort made to secure his signature. When I inquired at the hearing about the reason behind the missing affidavit, ITP's counsel candidly admitted that "we simply don't know why he did not sign it." While I appreciate counsel's honesty, such an explanation is insufficient, particularly given that this affidavit would constitute the most crucial piece of evidence supporting ITP's claim of

authorship, a claim for which ITP bears the burden of proof. In these circumstances, I conclude, as the Court did in *Lickerish*, that this unjustified absence of evidence from the alleged author triggers an adverse inference.

[43] Additionally, ITP has not brought to this Court's attention any direct documentation—such as internal design files, engineering drafts, or dated records—linking Mr. Thiolliere to the creation of the ITP Image. Nor have any ITP affiants authenticated an original or properly certified copy of a draft of the image. The absence of such proof brings this matter further within the concerns raised in *Lickerish*, where this Court stressed that facts essential to copyright ownership must be established by authenticated and admissible evidence, not unsupported claims or speculation: *Lickerish* at paras 27 and 36.

[44] ITP has not met its onus on a balance of probabilities to prove that the ITP Image was created by one of its employees residing in a Berne Convention country at the relevant time, nor that it was indeed the product of that employee's skill and judgment rather than a mere adaptation of prior engineering materials. Without this evidentiary foundation, ITP's claim of copyright ownership fails.

C. *CNOOC has no valid authorization to use the ITP Image*

[45] If I am wrong in concluding that ITP has not established valid copyright authorship, I would find that CNOOC lacks any valid authorization or defence for its use of the ITP Image. CNOOC argues that it was entitled to reproduce and use ITP's depiction of the PIP system based on either an express contractual licence or, alternatively, an implied licence arising from standard engineering practice or the contractual context of the K1A Pipeline project.

[46] As to the express licence, CNOOC relies on certain articles in ITP’s earlier contracts with its predecessor Nexen Inc., particularly clauses like Article 25(b) that grant rights to freely use any “drawings ... arising out of the Works.” CNOOC points to language in these contracts that purportedly vested it with “the right to possession of and free use of all Confidential Information, Intellectual Property... all drawings, blueprints [and] specifications ... arising out of the [pipeline work].” According to CNOOC, because the ITP Image illustrates the PIP technology that was part of the original K1A Pipeline design, it necessarily falls within the scope of drawings that “arise out of” that contract. Therefore, CNOOC claims that even though the ITP Image was created later for marketing purposes after the original contract concluded, the underlying technology depicted—an onshore heated PIP system—is identical to what was contractually delivered under the K1A project, giving CNOOC an ongoing right to utilize the image. CNOOC thus contends it had the right to use the ITP Image for its subsequent replacement pipeline project. CNOOC also relies on the decision in *Netupsky et al v Dominion Bridge Co. Ltd.*, [1972] SCR 368 [*Netupsky*], to argue that once it paid for and obtained the PIP designs for the pipeline, an express or “component” licence arose to re-use related drawings during repairs, modifications, or regulatory submissions.

[47] For the implied licence, CNOOC invokes both *ADI Ltd. v Destein*, [1982] NBJ No 277 [*ADI Ltd.*], and *Netupsky*. It asserts that where an engineer or designer has provided plans in the context of a major industrial project, the project owner or manager has an implied right to re-use or adapt those plans for maintenance, repair, or legitimate operational changes. CNOOC maintains that this principle is especially important in the pipeline industry, where pipeline owners routinely need to provide detailed engineering depictions to regulators or third parties, particularly when undertaking pipeline replacements. Applying this principle to the facts at

hand, CNOOC maintains that its use of ITP's PIP illustration in a regulatory presentation to the AER was incidental to a legitimate demonstration comparing how the new pipeline would resemble or differ from the original installation. Therefore, even if no explicit contractual clause permitted the use of a marketing illustration, CNOOC argues that an implied licence authorized it to use ITP's PIP visual materials for these legitimate operational purposes.

[48] ITP counters both arguments. As to the express licence, ITP highlights that the original contract provisions referenced by CNOOC cover only drawings and documents prepared specifically within the scope of the original pipeline project. In contrast, the ITP Image was created in 2016, a year after the contracts ended on January 30, 2015, and was explicitly prepared for ITP's own marketing uses, rather than as part of the K1A deliverables. According to ITP, the contractual language of "arising out of the Works" cannot extend to cover promotional or marketing illustrations created long after project completion. ITP further distinguishes *Netupsky*, emphasizing that the drawings in that case were clearly prepared within the original scope of the project engagement, whereas the ITP Image was never part of the original contractual deliverables.

[49] With respect to the implied licence, ITP points to the principles articulated in *ADI Ltd.* that an implied licence exists only insofar as necessary to carry out legitimate repairs or modifications, using the engineering drawings originally delivered in the K1A Pipeline project. According to ITP, the ITP Image is not such a deliverable, but rather a distinct, post-contractual marketing illustration. Thus, it falls outside the scope of any implied licence recognized by established case law. ITP further emphasizes that CNOOC's use of the image relates to a wholly new pipeline, constructed by a different affiliate entity, rather than the original K1A Pipeline.

Moreover, ITP argues that CNOOC used its promotional illustration explicitly to showcase an engineering solution no longer being provided by ITP. As a result, ITP concludes there is no valid basis, express or implied, that justifies adapting and using a stand-alone marketing image created after the contractual relationship had concluded, particularly in a regulatory submission for a separate, subsequent project to be carried out by another entity.

[50] I agree with ITP.

[51] As to the express licence argument presented by CNOOC, there is no compelling reason, upon reading the contract, to extend its language beyond materials actually produced during the pipeline project. The phrase “arising out of the Works” logically applies only to drawings and documentation produced as deliverables within the scope of the original agreement. By contrast, the ITP Image was created explicitly for marketing purposes over a year after the contracts ended. That timing and intended use clearly distinguish it from materials originally intended to be handed over to CNOOC. Additionally, *Netupsky* is of limited assistance to CNOOC’s position: *Netupsky* permits project owners to reuse original construction plans, but this right applies to materials directly related to the contracted project. The ITP Image, independently developed for ITP’s promotional website, does not fall within that category. Although CNOOC has attempted to argue that the ITP Image somehow arises from the Works, it has not provided sufficient evidence to support this assertion. Indeed, when asked for such evidence at the hearing, CNOOC’s counsel merely referenced general points from Mr. Grobbelaar’s affidavit and the cross-examination of Mr. Ollier, acknowledging explicitly that no direct evidence from the alleged author exists to clarify what, if any, links exist between the ITP Image and the Works covered by the contract. Given that the burden of proof to demonstrate authorization falls upon

CNOOC, the general evidence it has tendered falls short of establishing, on a balance of probabilities, that the ITP Image is covered by any express licence confined to materials arising from the original contractual Works.

[52] Regarding CNOOC's claim of any implied licence, the principle articulated in *ADI Ltd.*, which grants owners an implied right to reuse or adapt engineering designs, is specifically geared toward the legitimate functional use of project-specific deliverables to prevent forcing project owners to reinvent or undermine original designs when doing necessary repairs or modifications. In this case, however, the ITP Image was not part of the functional documentation prepared for the K1A Pipeline. Rather, it is a general marketing depiction of ITP's PIP technology, not a design integral or specific to the pipeline's operation, maintenance, or repair. Hence, the implied licence that courts have occasionally recognized for practical engineering or construction uses does not extend so far as to embrace purely promotional illustration. Nor does it allow the client to repurpose a new, post-contract illustration in a separate project or regulatory submission simply because it happens to depict the same general concept underlying the PIP technology.

[53] CNOOC attempts to cast its use of the ITP Image as necessary for regulatory approval. However, the record shows that this image was never an "official drawing" required under the project deliverables. It was, by ITP's account, a stylized 3D rendering updated for marketing in 2016. Even assuming the image contains some functional information, CNOOC has not demonstrated convincingly that it was indispensable for securing regulatory compliance from the AER in relation to the replacement and reparation. This is particularly true given that CNOOC should have had ample engineering documentation and illustrations from the original K1A

Pipeline project available to it. General references to industry practices cannot override the established principle that implied licences apply strictly to materials created as project deliverables, not to subsequently produced, standalone marketing materials.

[54] For these reasons, neither the express licence claim nor the implied licence claim withstands scrutiny. The contractual text contemplates materials “arising out of the Works” during the project period, not promotional graphics created long after contract completion. Likewise, implied licence jurisprudence pertains solely to the reuse of original project deliverables for genuine repair or modification purposes, rather than repurposing independently created marketing images for use in a new pipeline project. By any measure, ITP’s argument that no licence, express or implied, covered this post-contractual promotional depiction is the more compelling one.

D. *The appropriate remedies would be limited in scope*

[55] ITP seeks a broad range of remedies, including a declaration of infringement, a permanent injunction preventing CNOOC from reproducing or communicating the ITP Image, a similar wide injunction provided by section 39.1 of the *Act*, delivery up or destruction of all infringing copies, an accounting of profits, statutory damages, and punitive damages. In ITP’s view, the K1A Pipeline’s replacement generates substantial revenues, so if an accounting of profits is ordered, CNOOC should be compelled to disgorge profits proportionate to its alleged reliance on the infringing image. The rough estimate that ITP provided to this Court as a referential starting point is a disgorgement of \$1,000,000. Alternatively, if this Court rejects an accounting, ITP insists on the maximum statutory damages of \$20,000 per infringing work

pursuant to paragraph 38.1(1)(a) of the *Act*, alleging that CNOOC used the ITP Image for commercial purposes and made a deliberate attempt to mislead the AER about the image's origin. Regarding punitive damages, ITP argues that CNOOC deliberately concealed its unauthorized usage by removing ITP's logo from the image and failing to provide proper attribution to ITP.

[56] CNOOC rejects any claim for damages. It argues that, even if infringement were established, its single use of the simplified marketing illustration in a regulatory submission was inherently non-commercial. According to CNOOC, no profit is attributable to the inclusion of a single slide containing the ITP Image within the broader regulatory presentation. Therefore, an accounting of profits is inappropriate. Instead, CNOOC characterizes its use of the image as minor and incidental, suggesting that, if damages are justified at all, they should be nominal or, at most, limited to the lower range of statutory damages reserved for non-commercial infringements, capped at \$5,000 per infringing work under paragraph 38.1(1)(b) of the *Act*. Furthermore, CNOOC argues that any damages awarded to ITP should be offset by the substantial costs it claims to have incurred due to ITP's alleged performance issues on the original pipeline project. It asserts that fairness requires such a set-off. Regarding injunctive relief, CNOOC opposes the imposition of a wide injunction, emphasizing that the current application represents the only copyright dispute between the parties to date. According to CNOOC, this isolated instance does not demonstrate a pattern of infringement, nor does it establish that CNOOC is "likely to infringe the copyright in other works or subject matter" absent enjoinder by this Court, as required under section 39.1 of the *Act*.

[57] Given my conclusion that ITP has failed to establish copyright authorship in the ITP Image, there is no need to determine remedies. Nevertheless, had ITP succeeded on the authorship question, I would have limited any monetary award to statutory damages for commercial infringement under paragraph 38.1(1)(b) of the *Act*. In my view, the AER presentation served a strategic, profit-oriented objective within the context of a large-scale oil sands project. CNOOC's use of the ITP Image was not merely incidental. Rather, it played an important role in depicting to the AER the PIP technology intended to replace ITP's own product technology, thus helping secure regulatory approval for a project awaiting such approval to resume the generating of substantial revenue potential. Moreover, in assessing the quantum of statutory damages, factors listed under subsection 38.1(5), particularly CNOOC's deliberate removal of ITP's logo from the ITP Image that is indicative of intentional concealment, would justify a higher award. Thus, had infringement been established, confining damages to the non-commercial statutory range would fail to adequately reflect the commercial nature of the infringement or sufficiently deter future misuse in comparable regulatory contexts. An award on the mid-to-high end of the scale would be more appropriate.

[58] Furthermore, there are no compelling reasons for awarding punitive damages based on a single instance of incorporating a 3D industrial illustration into a regulatory submission. Even accepting that CNOOC deliberately concealed the ITP logo, I am not persuaded that this conduct rises to the level of being so malicious, oppressive, or high-handed that it offends the Court's sense of decency. Such a standard, as articulated by the Supreme Court in *Whiten v Pilot Insurance Co.*, 2002 SCC 18, requires far more egregious conduct than that demonstrated here. Consequently, had infringement been established, the damages awarded would have been confined to the more modest statutory damages under paragraph 38.1(1)(b).

[59] I also would not grant a wide injunction broadly prohibiting CNOOC from reproducing or using any future copyrighted materials belonging to ITP. While I understand ITP's concern, the evidence on record does not support a finding of a likely or credible threat of ongoing or repeated infringement. This Court has granted wide injunctions where the record clearly establishes a propensity for further violations: *Nintendo of America Inc v King*, 2017 FC 246 at paras 175-177, and has refused to grant such injunctions where the evidence does not show a credible threat of continued infringement: *Interbox Promotion Corp v 9012-4314 Québec Inc*, 2003 FC 1254 at para 67. In this case, CNOOC's misguided reliance on contractual language does not indicate a deliberate intent or pattern of infringing ITP's copyright interests. Although CNOOC was unpersuasive in its attempt to extend the phrase "arising out of... Works" beyond the original pipeline agreement's scope, such interpretive overreach alone does not suggest a future pattern of infringement. Moreover, there is no evidence that CNOOC intends to use ITP's marketing or other proprietary materials in future filings, regulatory or otherwise. Therefore, had infringement been established, an injunction tailored to the specific image in question would have been sufficient. A broader injunction would be disproportionate to the actual risk posed by CNOOC's conduct.

V. Conclusion

[60] For the reasons set out above, I conclude that ITP has not established, on a balance of probabilities, that it holds valid copyright in the ITP Image. The absence of any affidavit or direct testimony from the alleged author, Mr. Thiolliere, constitutes a fatal gap in ITP's evidence. Jurisprudence stemming from *Lickerish* supports drawing an adverse inference from this evidentiary omission.

[61] Had ITP succeeded in proving authorship, I would have concluded that CNOOC lacked any valid legal defence, whether express or implied, to justify its use of the ITP Image. The relevant contractual language does not extend to post-contract marketing depictions, and the implied licence principle is limited to project-specific deliverables needed for legitimate repairs or modifications.

[62] Regarding remedies, I would not have ordered an accounting of profits or significant compensatory damages. Such remedies are disproportionate to the single instance of commercial use at issue here. Any monetary relief, in my view, would have been limited to statutory damages for commercial infringement under paragraph 38.1(1)(a) of the *Act*. Furthermore, CNOOC's conduct in this case does not justify granting a wide injunction outlined by section 39.1. CNOOC's overly expansive contractual interpretation does not demonstrate a pattern of infringement warranting the extensive and prospective relief sought by ITP.

[63] The Respondent is entitled to its costs. Both parties are encouraged to attempt agreement on quantum within fourteen (14) days of this decision. Failing agreement, written submissions on costs will be required. The Respondent must file a detailed submission, not exceeding ten (10) pages, within fourteen (14) days from the date of this Judgment, including any supporting materials not previously submitted to the Court setting out the amount of fees and disbursements it submits are payable. The Applicant may file a response, also limited to ten (10) pages, within seven (7) days following receipt of the Respondent's submission. No further submissions will be accepted. The Court will then determine the costs payable based solely on the written record, without any further hearing. Should the parties reach a settlement on costs in the interim, they must promptly notify the Court.

JUDGMENT in T-2563-23

THIS COURT'S JUDGMENT is that this application is dismissed, with costs to the Respondent to be determined in accordance with these Reasons.

"Russel W. Zinn"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

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DATED: APRIL 14, 2025

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