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Avoiding IP quicksand: lessons from ITP SA v. CNOOC Petroleum North America ULC

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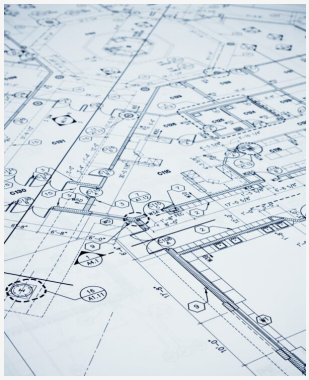

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On April 14, 2025, the Federal Court of Canada issued a decision that serves as a reminder of the potential consequences of failing to manage intellectual property diligently within large infrastructure projects. In particular, the decision highlights the importance of cataloguing company intellectual property, the value of "further assurances" clauses in employment and contractor agreements and the need for careful drafting of licenses to intellectual property to ensure freedom to conduct reasonably anticipated business activities.

Background facts: ITP's rights and CNOOC's allegedly infringing activities

ITP SA v. CNOOC Petroleum North America ULC, 2025 FC 684, concerned a copyright dispute that arose between ITP SA (ITP), a French corporation specializing in the design and manufacture of pipe-in-pipe systems for industrial projects, and CNOOC Petroleum North America ULC (CNOOC), an oil and gas company based in Alberta.

Between 2012 and 2014, ITP contracted with Nexen Inc., the predecessor of CNOOC, to supply pipe-in-pipe technology and related services for the Kinosis K1A oil sands pipeline in Alberta (K1A pipeline). After completion of the contracts, ITP produced a promotional image depicting a cross-section of its proprietary pipe-in-pipe system, which was published on its website for marketing purposes.

ITP subsequently discovered that CNOOC had used the image, with certain elements modified and ITP's logo concealed, in a presentation that CNOOC submitted to the Alberta Energy Regulator in connection with a pipeline replacement project for the K1A pipeline. ITP sued CNOOC for copyright infringement and sought declaratory and injunctive relief, together with monetary damages, under the *Copyright Act*. CNOOC argued that it had an express or implied license to use the image based on previous contractual terms or industry practices.

The Court ultimately dismissed the infringement claim, finding that ITP's evidence was insufficient to prove authorship of the image. However, the Court also considered CNOOC's arguments that it had an express or implied license to use the image and concluded that no such license existed on the facts of the case. ITP may file an appeal within 30 days of the decision.

Key findings: neither party was on solid ground

ITP's failure to prove authorship of the image undermined its copyright ownership

In its submissions to the Court, ITP argued that it benefits from the presumption of authorship provided by subsection 34.1(1) of the *Copyright 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". The Court tersely rejected ITP's argument, noting that the presumption of authorship does not extend to corporations. Accordingly, the Court held that ITP bears the burden of proving authorship of the image.

ITP alleged that the author of the image was a certain Mr. Simon Thiolliere, who was an employee of ITP at the time the image was created. Subsection 13(3) of the *Copyright Act* provides that, where the author of a work was an employee and the work was made in the course of employment, the employer is the first owner of the copyright in the work, in the absence of any agreement to the contrary. Therefore, if Mr. Thiolliere is the author of the image, ITP owns the copyright in the image and has standing to claim for infringement.

The Court found that ITP's evidence on record was insufficient to establish authorship. The Court noted that ITP relied on affidavits from corporate officers who conceded they were not personally and directly involved in creating the image, and held that this evidence amounted to inadmissible hearsay. The Court drew an adverse inference from ITP's failure to provide an affidavit from the alleged author of the image. Although an affidavit had been prepared for Mr. Thiolliere, the affidavit was never finalized, as Mr. Thiolliere did not sign it. ITP offered no explanation for why Mr. Thiolliere did not sign the draft affidavit, and the Court found that ITP had not demonstrated any serious effort made to secure his signature.

The Court also observed that ITP had failed to provide any direct documentation — such as internal design files, engineering drafts or dated records — linking Mr. Thiolliere to the creation of the image. Accordingly, the Court held that ITP had failed to establish that Mr. Thiolliere was the author of the image, and had therefore not proven its ownership of the copyright in the image.

CNOOC's failure to demonstrate express or implied license to use the image undermined its usage rights

Although the Court's conclusion with respect to authorship were determinative, the Court also addressed the issue of whether CNOOC was authorized to use the image. CNOOC argued that it had an express or implied license to use the image based on previous contractual terms or industry practices. In particular, CNOOC relied on certain provisions in ITP's earlier contracts with its predecessor Nexen Inc., including a license to freely use any "drawings … arising out of the Works" and a clause providing "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]."

Furthermore, even if it did not have an express license, CNOOC argued that it had an implied license to use the image, asserting 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 reuse or adapt those plans for maintenance, repair or legitimate operational changes. CNOOC argued that its use of the image in a regulatory presentation was incidental to a legitimate demonstration comparing how the new pipeline would resemble or differ from the original installation.

The Court rejected these arguments and found that CNOOC did not have valid authorization to use the image. With respect to CNOOC's express license argument, the Court found that the contractual language did not extend to post-contract marketing depictions, and that the

image did not arise out of the works, as it was created over a year after the contracts ended and for a different purpose. The Court held that the implied licence principle was limited to project-specific deliverables needed for legitimate repairs or modifications, and that the image was not such a deliverable, but rather a distinct, post-contractual marketing illustration. The Court also held that CNOOC's use of the image was not incidental, but rather played an important role in depicting the pipe-in-pipe technology to the regulator for a separate, subsequent project.

Key takeaways for businesses

The Court's decision in *ITP SA v. CNOOC Petroleum North America ULC* illustrates several lessons for businesses in managing intellectual property rights and ownership, particularly in the context of large infrastructure projects.

1. **Proper cataloguing of company IP:** Businesses should catalogue their intellectual property identifying contributing authors and ensure that they have adequate evidence to prove their authorship and ownership. This may include obtaining affidavits from authors, authenticating original or certified copies of works and maintaining records of the creative process. In this case, ITP's failure to adduce an affidavit from the alleged author or to provide other direct documentation linking Mr. Thiolliere to the creation of the image resulted in the Court drawing an adverse inference with respect to authorship, which was fatal for ITP's infringement claim.
2. **"Further assurances" clause in employee IP contracts:** Businesses should consider including a "further assurances" clause in their employment agreements, requiring employees to execute any documents or perform any lawful acts necessary to evidence and enforce the company's ownership of any intellectual property the employee created in the course of their employment. Such a clause can help to avoid situations where former employees are unwilling or unable to provide affidavits or other proof of authorship or ownership. In this case, ITP prepared an affidavit for Mr. Thiolliere, which may have provided sufficient evidence to prove authorship, but Mr. Thiolliere did not sign the affidavit. A "further assurances" clause is intended to prevent this outcome.
3. **Sufficiently broad license scope:** Businesses should carefully draft and review licenses to intellectual property to ensure that they clearly reflect the intended scope and duration of the licensed rights, and should avoid using vague or ambiguous terms, as these create uncertainty and increase the likelihood of a dispute. In order to draft an adequate license, it is important for the licensee to consider thoroughly how it intends to use the intellectual property and what rights it will need so that they can be expressly licensed in the agreement. Businesses should also be mindful of the distinction between project-specific deliverables and general marketing materials, and specify whether and how the latter can be used or adapted.
4. **Clarity regarding IP usage outside collaboration:** Businesses should not assume that they have an implied license to use or reproduce intellectual property outside of the particular project for which it was created or delivered, even if it relates to the same or similar technology. Businesses should obtain express consent or authorization from the owner of the intellectual property before using it for a different purpose, such as a

regulatory submission or a new project. Businesses should also respect the owner's moral rights, such as the right to attribution, and refrain from modifying or concealing the owner's logo or name.

For more information on managing intellectual property licensing and ownership in commercial collaborations and related disputes, please contact the authors.