

Part II

Copyright Update

How the latest in copyright litigation concerns you.

By Lawrence Savell

A “hot” issue in the publishing business is whether or not and to what degree print publishers have the right to disseminate electronic versions of articles and illustrations prepared by freelancers and originally published in printed form. An appeal of the August 13, 1997 decision in favor of publishers in *Tasini v. New York Times Co.*, involving electronic rights to print articles written by freelancers, had been pending. In the United States District Court decision, it ruled that, under federal copyright law, publishers were entitled to place the contents of their periodicals into electronic databases and onto CD-ROMs without first securing the permission of (or paying additional compensation to) the freelance writers whose contributions were included in the periodicals. Although the case did not specifically involve use of the

material on the Internet, the decision was, for publishers, a favorable initial sign.

Electronic Use of Freelance Content Clarified, Somewhat

On September 24, 1999, the United States Court of Appeals for the Second Circuit unanimously reversed the August 13, 1997 lower court decision in *Tasini v. New York Times Co.* involving electronic rights to print articles written by freelancers. While the reversal of the publisher-friendly decision is disappointing, its precedential value is somewhat limited by its narrow facts. The appellate court disagreed with the publishers who had argued that electronic databases such as NEXIS were like anthologies or other “collective works” which, under the Copyright Act, can be revised and then reproduced and distributed without permission of or payment to

individual copyright holders. The court ruled that “the privilege afforded authors of collective works . . . does not permit the Publishers to license individually copyrighted works for inclusion in the electronic data bases.”

The Copyright Act provides: “In the absence of an express transfer of the copyright or of any rights under it, the owner of copyright in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series.” The appellate court explained that the provision was of no help to the publishers here: “Because it is undisputed that the electronic databases are neither the original collective work — the particular edition of the periodical— in which the Authors’ articles were published nor a later collective work in the same series, [the publishers] rely entirely on the argument that each database constitutes a ‘revision’ of the particular collective work in which each Author’s individual contribution first appeared. We reject that argument.”

The court noted that “there is no feature peculiar to the databases at issue in this appeal that would cause us to view them as ‘revisions.’” For example, “NEXIS is a database comprising thousands or millions of individually retrievable articles taken from hundreds or thousands of periodicals. It can hardly be deemed a ‘revision’ of each edition of every periodical that it contains.” What are the implications of the appellate decision? First, bear in mind that it represents the ruling of only one federal appellate court, albeit a

very respected and followed one. It is not clear whether the publishers involved plan to appeal. Other federal circuit courts might reach a different conclusion if presented with a similar case, although they may be guided by the lead of the Second Circuit. The freelance writers obviously view the decision as a watershed. In a letter sent on September 27, to 22 leading publishers, lead plaintiff Jonathan Tasini, President of the National Writers Union, characterized the ruling as one "that profoundly changes the periodical publishing industry and potentially puts your company at great financial and legal risk." His letter proposed adoption of a licensing system for freelance material. Plaintiffs may also seek to expand the factual scope of the decision and cite the case as precedent in disputes involving use of freelance materials on the Internet where specific permission for such has not been granted. Only time and additional litigation will tell.

The *Tasini* ruling may force publishers to pull from their databases any freelance material affected by the ruling, and/or to offer retroactive payment for such electronic use — an expensive, tedious, and time-consuming process. However, it may be that in many cases so much time has passed since the material was used

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electronically that the applicable statute of limitations may have run. For some publishers, the reversal may, in fact, have limited impact. The *Tasini* case by its facts only involved freelance writers, as

opposed to employees of publishers; employees' efforts should be covered by "work-for-hire" employment agreements. With regard to freelancers, prudent publishers contemplating on-line publication have been protecting themselves by requiring that freelancers enter into contracts granting the publishers the broadest rights possible, often described as a grant of "all rights." Such contracts are designed to constitute consent to and allow electronic republication of works without additional compensation. As the *Tasini* court noted, "We emphasize that the only issue we address is whether, in the absence of a transfer of copyright or any rights thereunder, collective-work authors may re-license individual works in which they own no rights. Because there has by definition been no express transfer of rights in such cases, our decision turns entirely on the default allocation of rights provided by the Act. Publishers and authors are free to contract around the statutory framework."

Infringement by Freelancers

The other side of the coin is that publishers need to insure that freelance contributors truly have the rights they seek to convey. While editors cannot be mind readers, they can insist on contract language that provides a degree of protection. First, contributors should agree in writing that the material they are selling is original, owned by them, and does not infringe upon or violate any statutory or "common law" (based on court decisions) copyright. Contributors should also agree to indemnify the publisher (agree to pay) for any losses caused by the breach of such a representation. While such provisions may provide some solace (and may dis-

courage some violations), the reality is that freelancers' pockets are generally far shallower than publishers', and the latter are the ones who will usually end up footing all or most of the bill for any damages and defense costs. Adequate insurance coverage is often the best insulation.

Internet Issues

In *Bernstein v. J.C. Penney Inc.*, a photographer brought copyright claims against a perfume manufacturer, predicated on the fact that the defendant's product was promoted on a website which contained a hyperlink to a movie website, which in turn linked to a Swedish site on which photographs allegedly violating the plaintiff's copyright were posted. The case involved two photographs of actress Elizabeth Taylor, the copyright of which belonged to the plaintiff photographer Gary Bernstein. On September 29, 1998, the United States District Court for the Central District of California ruled in favor of the defendant manufacturer, granting its motion to dismiss the claim. This ruling is apparently the first in which copyright infringement was alleged, based on multiple Internet links. The defendants argued among other things, that such attempts to attach copyright liability based on multiple linking would have a devastating impact on the Internet.

On January 12, 1999, the United States District Court for the Northern District of California, in *Ryan v. Carl Corporation*, granted a motion by four authors for certification of a national plaintiff class in a copyright infringement action. The authors claimed that their individual articles were infringed when a document retrieval business, UnCover, copied and deliv-

ered the articles to third parties. UnCover paid copyright fees to the publishers of the collective works but not to the plaintiffs. In a previous decision of October 13, 1998, the court determined that when an author conveys a limited right to a publisher to publish a copyrighted article as part of a collective work, the author retains the exclusive right to authorize reproductions of the article that are made separate and apart from the collective work,

unless the license to the publisher provides otherwise.

In the final part in this copyright update series, I will cover additional topics such as fair use, obscene material, and the importance of registration.

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