

# Red Light, Green Light, 1-2-3: Stop and Go Traffic on the Information Superhighway

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In 1976, the Copyright Act (the "Act"), originally enacted in 1970, underwent its fourth major revision. 17 U.S.C. 101, *et seq.* In recent years, rapid advancements in science and technology have challenged the copyright system on an international scale. The most significant advance, and the most significant challenge to our current systems, is the ability to publish information on-line, accessible to users for a fee: the "information superhighway." While this has been a boon for certain commercial publishers, those publishers are constantly faced with business decisions not anticipated by statutory enactments or judicial precedents. The shadow of an expensive, time-consuming, and precedent-setting court case always awaits. This chilling effect will be overcome as more judicial precedents regarding these new technologies are decided. Recently, the United States District Court for the Southern District of New York decided just such a case, *Tasini v. The New York Times Co.*, \_\_\_ F. Supp. \_\_\_, 1997 WL 466520 (S.D.N.Y. 1997), removing one of the many red lights encountered by commercial publishers on the "information superhighway."

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## Rights in Collective Works

Initial ownership of a work vests in the author or authors of the work. 17 U.S.C. § 201. But what of a collective work, in which there are separate contributions to a larger work? Who owns that? The Act addresses these questions as follows:

- (c) **Contributions to Collective Works**—Copyright in each separate contribution to a collective work is distinct from copyright in the collective work as a whole, and vests initially in the author of the contribution. 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.

Thus, under subsection (c), the author of the separate contribution owns that work, despite the fact that it is included in a larger collective work. The owner of the copyright to the collective work, however, has the right to reproduce and distribute the separate contribution as part of his collective work. This subsection definitively answers the question of who owns the right to reproduce and distribute the collective work. It raises other questions, however. What exactly constitutes a "collective work"? Under what circumstances can I, as an owner of a collective work, have one or more of the separate contributions reproduced again? Can I have it or them reproduced in a newspaper, maga-

zine, book, or encyclopedia? What is a "revision" of the collective work? What is a later collective work "in the same series"?

The Notes of the *Committee on the Judiciary* attempt to explain subsection (c). See 17 U.S.C.A. § 201, *Historical and Statutory Notes*. These Committee Notes give a fairly detailed explanation of what a "collective work" is. The Committee explains that a collective work involves "the selection, assembly and arrangement of a number of contributions." *Id. Contributions to Collective Works*, Subsection 201(c). It gives examples of collective works, such as periodical issues, anthologies, symposia, and collections of the discrete writings of the same authors. Examples of works which are not considered collective works are a composition consisting of words and music, a work published with illustrations or front matter, or three one-act plays, where relatively few separate elements have been brought together. Each of the contributions incorporated in a collective work must itself constitute a "separate and independent" work, therefore ruling out compilations of information or other uncopyrightable material, and works published with editorial revisions or annotations. The Committee also noted the basic distinction between a "joint work," where the separate elements merge into a unified whole, and a "collective work," where they remain unintegrated and disparate. *Id.* The outlines of a "collective" work become clearer through this explanation.

But what of the other questions regarding the circumstances under which a publisher may reproduce the separate contributions to the collective work? What is a "revision"? The Committee also provides a gloss on the last sentence of subsection (c), under which the owner of a collective work has a right to reproduce and distribute revisions and later works in the same series. "Under the language of this clause a publishing company could reprint a contribution from one issue in a later issue of its magazine, and could reprint an article from a 1980 edition of an encyclopedia in a 1990 revision of it; the publisher could not revise the contribution itself or include it in a new anthology or an entirely different magazine or other collective work." *Id.* The outlines of a "revision" now begin to come into focus.

The Judiciary Committee nearly tied up the loose ends remaining in the statutory language. At least, it addressed all the loose ends existing in 1976. Fast-forward to the science fiction year 1997: a new medium has emerged, and the neat loops and bows tied by the Committee more than twenty years before are starting to come undone. Imagine the following: commercial publishers, following in the footsteps of computer scientists, have created giant electronic libraries containing fantastic amounts of information, accessible to the public for a fee. These electronic libraries are called "databases" and "CD-ROMs." Paper and ink have not, however, vanished from the scene, even in this distant future; there are still some Luddites who insist on getting ink on their fingers. A freelance writer of the future writes an article to be published in one of these ink-and-paper publications. Unbeknownst to him, however, the publisher decides to place the contents of its periodical into electronic databases and CD-ROMs without first securing his permission. The writer, feeling that the publisher has infringed on the copyright that he holds in his individual contribution, goes to court to enforce his copyright. The publisher con-

tends that it is simply using its privilege under the ancient subsection 201(c) to reproduce and distribute "any revision" of its collective work. In a science fiction story, of course, the court would be presided over by a computer. (Of course, it is likely that the freelance writer-plaintiff would have the computer judge recused because of bias in favor of its brother and sister computer databases.) In real life, however, it was Judge Sonia Sotomayor of the Southern District of New York who presided over a case involving exactly these issues.

#### *Tasini v. The New York Times Co.*

In *Tasini v. The New York Times Co.*, \_\_\_ F. Supp. \_\_\_, 1997 WL 466520 (S.D.N.Y. 1997), the Court was called upon to determine whether publishers are entitled to place the contents of their periodicals into electronic databases and onto CD-ROMs without first securing the permission of the writers, whose contributions were included in those periodicals. The case involved freelance writers who had written articles for the *New York Times*, *Newsday*, and *Sports Illustrated*. The publishers of these periodicals had sold the entire contents of their publications to University Microfilms and LEXIS/NEXIS. Interestingly, although some of the plaintiffs had written agreements with the publishers, and some did not, none of the written agreements were found by the Court to confer any rights whatsoever with regard to the issue in this case. Although, as set forth below, the Court ultimately found that the publishers had the right to do what they did in the *Tasini* case, the Court's reasoning makes it clear that the right to publish separate contributions is limited. Publishers who wish to obtain the unrestricted right to electronic publication must have a written agreement. A properly drafted written agreement, even one sentence on the back of a check, could secure for a publisher unrestricted rights to electronic publication. Thus, every publisher should consider the use of a written agreement to avoid *Tasini*-type infringement claims.

#### Transfer of Rights by Written Agreement

The Act requires something "in writing and signed by the owner of the rights conveyed or such owner's duly authorized agent." 17 U.S.C. § 204(a). Of course, a "writing" brings up to some the vision of a fifty-page contract. This is not necessary.

[A] writing memorializing the assignment of copyright interests 'doesn't have to be the Magna Carta; a one-line pro forma statement will do.' However, the terms of any writing purporting to transfer copyright interest, even a one-line pro forma statement, must be clear.

Slip op. at 6 (citing *Papa's June Music, Inc. v. McLean*, 921 F.Supp. 1154, 1158-59 (S.D.N.Y. 1996)); *Effects Associates, Inc. v. Cohen*, 908 F.2d 555, 557 (9th Cir. 1990).

The main problem with the writings used by *Newsday* and *Sports Illustrated* was their inappropriateness to the particular circumstances involved. The lesson to be learned is that contract drafting is not a formality. Any language that is seriously expected to confer rights must be tailored to meet the circumstances involved. The fact that a particular language has been used before, even many times (particularly many times—one size does not fit all!); does not mean that the language is suited to *this* purpose.

Thus, it is no coincidence that, while *Newsday* used a sentence on the back of the check, and *Sports Illustrated* used a formal contract, the results were the same: no electronic rights transferred.

*Newsday* included the following endorsement on its check: Signature required. Check void if this endorsement altered. This check is accepted as full payment for first-time publication rights (or all rights, if agreement is for all rights) to material described on face of check in all editions published by *Newsday* and for the right to include such material in electronic library archives.

Slip op. at 2.

*Sports Illustrated's* contract provided it the following right, among others: "the exclusive right first to publish the story in the Magazine." *Id.* Both these writings arguably conferred electronic rights on the publishers. Ultimately, these arguments were unsuccessful.

*Newsday* argued that the "electronic library archives" included the electronic media to which it had sold the contents of its periodical. The Court first noted that by the time *Newsday* had sent the articles to NEXIS, the plaintiffs had not yet received or cashed these checks. Although *Newsday* cleverly countered by arguing that a note or memorandum of transfer can serve to validate a prior oral agreement, there was, unfortunately for *Newsday*, no prior oral agreement. *Newsday* could only point to its "understanding" that there had been a transfer of electronic rights in the articles. Since that "understanding" was not, however, shared by plaintiffs, there was no meeting of the minds sufficient to form a contractual agreement. *Id.* at 6. Since the check legends did not mention a transfer of electronic rights, they were ambiguous. *Id.* at 7 (citing *Playboy Enterprises, Inc. v. Dumas*, 53 F.3d 549, 564 (2d Cir.), cert. denied \_\_\_ U.S. \_\_\_, 116 S.Ct. 567, 133 L.Ed.2d 491 (1995)); *Papa's June Music, Inc. v. McLean*, 921 F.Supp. 1154, 1159; *Museum Boutique Intercontinental, Ltd. v. Picasso*, 880 F.Supp. 153, 162 n. 11 (S.D.N.Y. 1995). Moreover, the check legend could be understood to refer to *Newsday's* private electronic library archives, and not a commercial database. Since *Newsday* drafted the language, any ambiguity would necessarily be construed against *Newsday*.

For those interested in using the check legend endorsement as a means of transferring these rights, the message is clear: don't say "the check is in the mail." If a check legend endorsement is to act as a contract transferring rights, the check must first be received and cashed. Slip op. at 6 (citing *R&R Recreation Products, Inc. v. Joan Cook Inc.*, 1992 WL 88171, \*4 (S.D.N.Y. 1992)). If the article is going to be included in an electronic edition the same day, then there must be clear evidence of a prior agreement (perhaps in a statement of policy given to writers before the article is written or submitted). Slip op. at 6 (citing *Eden Toys, Inc. v. Florelee Undergarment Co. Inc.*, 697 F.2d 27, 36 (2d Cir. 1982)); *Imperial Residential Design Inc. v. Pabns Development Group, Inc.*, 70 F.3d 96, 99 (11th Cir. 1995). In addition, the legend should state exactly the rights being transferred. If one is seeking to secure rights to publish in NEXIS, the check legend should so state. While these suggestions would tend to make the transfer of rights more likely while using a check legend, the possibility of a mismailed or improperly printed check

wreaking havoc cannot be precluded. A more secure method, of course, is the use of a prior contract. Even this, however, as will be seen, is no guarantee against weak drafting.

Time, Inc., the publisher of *Sports Illustrated*, acquired the right in its formal contract "first to publish" the article. Slip op. at 7. Arguing that this language included no "media-based limitation," Time contended that its "first publication" rights must be interpreted to extend to NEXIS. Time cited a series of cases holding that when the contract terms are broad enough to cover a new technological use, that use is permitted. *Bartsch v. Metro-Goldwyn-Mayer, Inc.*, 391 F.2d 150, 154-55 (2d Cir. 1968); cert. denied, 393 U.S. 826; *Bourne v. Walt Disney Co.*, 68 F.3d 621, 629 (2d Cir. 1995); cert. denied, \_\_\_ U.S. \_\_\_, 116 S.Ct. 1890, 135 L.Ed.2d 184 (1995); *L.C. Page & Co. v. Fox Film Corp.*, 83 F.2d 196, 199 (2d Cir. 1936); *Rooney v. Columbia Pictures Indus., Inc.*, 538 F.Supp. 211 (S.D.N.Y.), aff'd, 714 F.2d 117 (2d Cir. 1982); cert. denied, 460 U.S. 1084, 103 S.Ct. 1774, 76 L.Ed. 2d 346 (1983). Unfortunately for Time, however, the Court distinguished the circumstances before it from that line of cases. Since the contract referred "first" publication rights, the Court held that it could not logically be stretched into a right to be the first to publish in any and all mediums. Because the article was first published in print, the electronic republication of that article some 45 days later could not have been "first." Slip op. at 8. Again, the lesson learned here is that the contract should state exactly the rights being transferred. If a particular use is being contemplated, it is important to have a writing transferring the rights to such use. If one is seeking to secure rights to publish in NEXIS, the contract should so state.

#### The "Revision" Privilege of 201(C)

The Act expressly confers the right to reproduce and distribute a separate contribution to a collective work. 17 U.S.C. § 201(c). The separate contribution may be used "as part of that particular collective work, any revision of that collective work, and any later collective work in the same series." *Id.* Therefore, whether there is a written transfer of rights or not, a publisher "could reprint a contribution from one issue in a later issue of its magazine, and could reprint an article from a 1980 edition of an encyclopedia in a 1990 revision of it." See 17 U.S.C.A. § 201, *Historical and Statutory Notes, Contributions to Collective Works*, Subsection 201(c). But is an electronic database a revision of a collective work? As the Judiciary Committee noted, a publisher could not include a separate contribution in a new anthology or an entirely different magazine or other collective work. *Id.* Is an electronic database an "entirely different magazine"? The *Tasini* Court found, in the circumstances before it, that the electronic databases in question were not a different magazine. It held that the reproduction and distribution of an entire periodical, via an electronic database, was, in the statute's terms, a "revision of that collective work." Thus, the publishers were entitled to publish their periodicals in the electronic databases in question without a separate permission from the authors. Slip op. at 22.

It is also clear from the Court's reasoning, however, that not every reproduction and distribution, via electronic data-

base, of separate contributions to a collective work, would qualify as a "revision" under section 201(c). After reviewing the language and legislative history of the statute, the Court further defined the term "revision" as used in the Act.

If defendants change the original selection and arrangement of their newspapers or magazines, however, they are at risk of creating new works, works no longer recognizable as versions of the periodicals that are the source of their rights. Thus, in whatever ways they change their collective works, defendants must preserve some significant original aspect of those works—whether an original selection or an original arrangement—if they expect to satisfy the requirements of Section 201(c). Indeed, it is only if such a distinguishing original characteristic remains that the resulting creation can fairly be termed a revision of "that collective work" which preceded it.

Slip op. at 18.

Thus, in order to be termed a "revision" under the Act, a work must "preserve some significant original aspect." The *Tasini* Court found that the databases in question did preserve some original aspects, enough to satisfy the statute. The court found that the publishers' original selection of articles, "a defining element of their periodicals," was preserved electronically. Slip op. at 21. The technology copied all of the articles selected to appear in each issue. In addition, although the articles were stored together with many other periodicals, the original selection was not lost. The database publishers took steps to highlight the connection between the articles and the hard copy periodicals in which they first appeared. They tagged the articles in such a way that the original selection remained evident on-line. The technology preserved that element, permitting users to consult the periodicals in new ways and with new efficiency, but for the same purposes as the hard copy versions. The Court cautioned, however, that it was not declaring a fixed rule; a "revision" is not necessarily created any time an original selection or arrangement is preserved. If the resulting work were different enough from the original collective work, then it could not fairly be called a revision. Slip op. at 23.

#### Conclusions

Based on the *Tasini* opinion, we suggest some steps which may be taken to better protect publishers from *Tasini*-type claims.

- (1) A policy manual may be distributed to writers in which, among other things, there is a discussion of the types of uses (without being specifically limited) to which publisher may put the material. This will help ensure that, regardless of the contractual formalities, writers understand what rights they are transferring. This would hopefully reduce later concerns and lawsuits by writers who did not understand that they were transferring certain rights.
- (2) A standard written agreement should be put in place which specifically sets forth the uses to be secured by the publisher. This would permit publishers, against whom suit is brought, to obtain summary disposition of such a case, reducing the effort and expenditure of resources.
- (3) A review process should be put in place so that the policy manual and the standard written agreement are reviewed periodically to ensure that new uses are explicitly mentioned. This will help ensure that the rapid pace of new technology does not take the company by surprise.
- (4) Proposed new uses should be reviewed by general counsel to ensure that the policy manual and standard written agreements are updated accordingly. This will help ensure that new uses do not give rise to lawsuits.
- (5) If a collective work, such as a periodical, is to be put on-line, then the entire periodical should be included, as well as references tying each separate contribution to the larger collective work. Placing portions of a collective work on-line, or failure to include references to the larger work, may constitute copyright infringement, unless there is written agreement permitting such use. Although the Court in *Tasini* ruled that no permission from the writer is necessary where these factors are satisfied, be aware that different courts may have different views of the subject. Therefore, it would be prudent to have a written understanding as outlined above.

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