

In the early 1980's, companies began compiling periodical articles in electronic databases.<sup>1</sup> These companies licensed newspaper and magazine articles from publishers and marketed the articles to the public. Database owners soon stockpiled enormous collections of articles spanning many years from hundreds of different periodicals.<sup>2</sup>

Electronic databases flourished because computers could instantaneously sift through a huge amount of data to find targeted information. Users typed in what they were looking for and technology delivered an article on point.<sup>3</sup> The Internet, a collection of files stored on remote computers connected on a network, skyrocketed the availability, movement, and access to information.<sup>4</sup> Databases experienced a corresponding increase in value and market size.<sup>5</sup>

Most periodical articles are written by employees of the magazine or newspaper. Sometimes, though, a publisher will hire a freelance writer to pen a story. This process used to be straightforward:<sup>6</sup> an editor telephoned a freelance writer and verbally contracted for an article;<sup>7</sup> the writer wrote the piece and delivered it to the editor, who

---

<sup>1</sup> See *Tasini v. New York Times Co. Inc.*, 972 F. Supp. 804, 807 (S.D.N.Y. 1997)

<sup>2</sup> See *Tasini v. New York Times Co. Inc.*, 206 F.3d 161, 164 (2d Cir. 2000). This is a revised decision. The original decision was withdrawn. See *Tasini v. The New York Times, Co. Inc.*, 192 F.3d 356 (2d Cir. 1999).

<sup>3</sup> See *Tasini*, 206 F.3d. at 164 (explaining how NEXIS subscribers can “access an almost infinite combination of articles from one or more publishers using the database’s advanced search engine.”).

<sup>4</sup> See, e.g., 52 Fed. Comm. L.J. at 749 (“[T]he United States is in the midst of unprecedented technological change in which our capacity to produce, transmit, and receive information increase daily.”).

<sup>5</sup> See 10 Alb. L.J. Sci. & Tech. at 163 (“Today, any personal computer user can gain instant access to archives through commercial databases or the Internet.”).

<sup>6</sup> See, e.g., Rod Dixon, *Profits in Cyberspace: Should Newspaper and Magazine Publishers Pay Freelance Writers for Digital Content?*, 4 Mich. Telecomm. & Tech. L. Rev. 127, 150 (1997-1998); Dan Carlinsky, *Why Writing for a Magazine Isn’t What It Used to Be and What Writers Have to Do About It*, *Author’s Guild Bull.*, Fall 1994, at 6-7.

<sup>7</sup> See *Tasini* 206 F.3d at 163 (“Publishers’ general practice was to negotiate due-dates, word counts, subject matter and price; no express transfer of rights under the Author’s copyright was sought.”)

published it in the periodical issue. Publishers sold their newspapers and magazines at newsstands and to subscribers.<sup>8</sup>

Periodical publishers traditionally bargained only for first publication rights because the value in publishing lay almost entirely in being the first to print.<sup>9</sup> The Internet turned that principle on its head by allowing publishers to cheaply publish online, where content remains readily available.<sup>10</sup> For authors, electronic publication heralded a new and long-lived revenue source.<sup>11</sup> Publishers and database owners also sought to exploit new media; the right to distribute a freelance writer's copyrighted article as part of the bundle of articles already owned by the publisher lowered transaction costs and increased the efficiency of the licensing process. *Tasini v. New York Times Co., Inc.* is the first case to interpret the electronic distribution rights of copyright owners who publish in collective works.<sup>12</sup>

Roadmap goes here.

## I. Background

Tasini<sup>13</sup> is one of six freelance writers ("Authors") who published articles in The New York Times, Newsday, and Sports Illustrated ("Publishers").<sup>14</sup> After publishing the

---

<sup>8</sup> See *Tasini*, 972 F. Supp. at 807. See also 10 Alb. L.J. Sci. & Tech. at 162.

<sup>9</sup> See 10 Alb. L.J. Sci. & Tech. at 162.

<sup>10</sup> See 10 Alb. L.J. Sci. & Tech. at 162.

<sup>11</sup> See *Tasini*, 972 F. Supp. at 812.

<sup>12</sup> See *Tasini v. New York Times Co., Inc.*, 972 F. Supp. 804 (S.D.N.Y. 1997), 981 F. Supp. 841 (S.D.N.Y. 1997), 206 F.3d 161 (2d Cir. 2000), cert accepted.

<sup>13</sup> Jonathan Tasini is President (1990- ) of the National Writers Union. See <http://www.nwu.org/directry.htm>.

<sup>14</sup> See *Tasini v. The New York Times*, 972 F. Supp. 804, 806 ("The six plaintiffs claim that defendants infringed their copyrights in a total of 21 articles sold for publication between 1990 and 1993. Twelve of these articles, written by plaintiffs Tasini, Mifflin, and Blakely, appeared in The New York Times. Another eight of the articles, by plaintiffs Tasini, Garson, Whitford, and Robbins, were featured in Newsday. The remaining article, a piece entitled "Glory Amid Grief" by plaintiff Whitford, appeared in an issue of Sports

periodical editions containing Authors' articles, Publishers licensed the contents of their periodicals to at least two electronic database owners ("Database Owners") per existing agreements.<sup>15</sup> The Database Owners incorporated Authors' articles into their databases and made the articles available to the public.<sup>16</sup> Authors sued Publishers and Database Owners for infringing the copyrights in their articles.

Each Author registered a copyright in his or her article, and no Publisher obtained any express transfer of copyright.<sup>17</sup> According to the Copyright Act of 1976 ("Copyright Act"), any transfer of copyright ownership, other than by operation of law, must be in writing.<sup>18</sup> In the absence of a writing, a nonexclusive license to use the copyrighted work may be granted orally or implied from the conduct of the parties.<sup>19</sup>

One Database Owner, Mead Data Central Corporation, owned NEXIS, an online database containing the full texts of articles appearing in a large number of periodicals.<sup>20</sup> Articles on NEXIS appear differently than they do in print; "such things as photographs, advertisements, and the column format of the newspapers are lost."<sup>21</sup> However, NEXIS tags each article in its database with the author's name, the name of the publication, and

---

Illustrated. All of the plaintiffs wrote their articles on a freelance basis, and not as employees of the defendant publishers.").

<sup>15</sup> See Tasini, 972 F. Supp. at 807.

<sup>16</sup> See Tasini, 206 F. 3d. at 164.

<sup>17</sup> See Tasini, 206 F.3d at 163-64 (Newsday attempted to acquire electronic distribution rights from Authors by a notice on Authors' paychecks. However, the district court found the writing ineffective and Newsday did not appeal. One Author, Whitford, had a contract with Sports Illustrated that expressly addressed republication rights. The Court of Appeals analyzed his case separately and granted his motion for summary judgment.).

<sup>18</sup> See 17 U.S.C. § 204(a)

<sup>19</sup> See *Graham v. James*, 144 F.3d 229, 235 (2d. Cir. 1998) (citing 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 10.03[A][7], at 10-43). See also 10 Alb. L.J. Sci. & Tech. 125, 139 (citing *Effects Assoc., Inc. v. Cohen*, 908 F.2d 555, 558 (9<sup>th</sup> Cir. 1990), cert denied, 498 U.S. 1103 (1991)).

<sup>20</sup> See Tasini, 206 F. 3d. at 164; see also [www.lexis-nexis.com/business/about.htm](http://www.lexis-nexis.com/business/about.htm) (claiming NEXIS offers "2.8 billion searchable documents [from] 30,000 news, business, and legal information sources.").

<sup>21</sup> Tasini, 972 F. Supp at 808.

the page on which the article appeared.<sup>22</sup> NEXIS users can “access an almost infinite combination of articles from one or more publishers using the database’s advanced search engine.”<sup>23</sup>

The second Database Owner, University Microfilms International (“UMI”), produced CD-ROMs. Its NY Times OnDisc CD-ROM (“NYTO”) contains the full texts of articles from a limited time period from The New York Times.<sup>24</sup> NYTO articles are formatted and retrieved exactly like NEXIS articles.<sup>25</sup> Another CD-ROM, General Periodicals OnDisc (“GPO”), contains selected articles from various periodicals.<sup>26</sup> GPO scans the printed periodical page directly onto an image-based file, which is abstracted and placed on the CD-ROM.<sup>27</sup> GPO articles appear just as they do in print, complete with “photographs, captions, and advertisements.”<sup>28</sup>

Authors complained that Publishers and Database Owners infringed the copyrights in Authors’ articles by transferring the articles into electronic format and including the articles in electronic databases.<sup>29</sup> Publishers and Database Owners acknowledged the validity of Authors’ copyrights in their individual articles, but countered that as owners of the copyright in the collective works, Publishers were statutorily permitted to include Authors’ articles in databases.<sup>30</sup>

---

<sup>22</sup> See Tasini, 972 F. Supp at 808.

<sup>23</sup> Tasini, 206 F.3d. at 164; *but cf.* Tasini, 972 F. Supp. at 808 (“Although articles are reviewed individually, it is possible for a user to input a search that will generate all of the articles--and only those articles--appearing in a particular periodical on a particular day.”).

<sup>24</sup> See Tasini, 972 F. Supp at 808.

<sup>25</sup> See Tasini, 972 F. Supp. at 808 (“Indeed, at the end of each month, pursuant to a three-way agreement among The New York Times, NEXIS and UMI, NEXIS provides UMI with magnetic tapes containing this information.”).

<sup>26</sup> See Tasini, 972 F. Supp at 808.

<sup>27</sup> See Tasini, 972 F. Supp. at 808-09.

<sup>28</sup> See Tasini, 972 F. Supp. at 808-09.

<sup>29</sup> See Tasini, 972 F. Supp. at 809.

<sup>30</sup> See Tasini, 972 F. Supp. at 809.

Section 101 of the Copyright Act defines a collective work as “a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole...[t]he term compilation includes collective works.”<sup>31</sup> The selection, coordination, and arrangement of “previously existing materials” qualify a collective work as a separately copyrightable “original work of authorship.”<sup>32</sup> When a freelance writer contributes an article to a collective work, absent a written agreement to the contrary, the copyright in that article vests initially with the author and is distinct from the copyright in the collective work.<sup>33</sup> Section 201(c) gives the owner of a copyright in the collective work the privilege of reproducing and distributing an author’s copyrighted article appearing in that work as (1) part of that particular collective work, (2) a revision of that collective work, (3) or a later collective work in the same series.<sup>34</sup>

## II. Case Summary

The United States District Court for the Southern District of New York granted Publishers’ motion for summary judgment and issued two important findings. The court first established that a publisher could transfer its collective work into electronic format without infringing an author’s copyright.<sup>35</sup> The court believed that the Copyright Act did not intend to limit copyright protection to existing technologies or exclude new forms of

---

<sup>31</sup> 17 U.S.C. § 101...usca 101

<sup>32</sup> See 17 U.S.C. § 103(b).

<sup>33</sup> See 17 U.S.C. § 201(c) and 17 U.S.C. § 103(b).

<sup>34</sup> See 17 U.S.C. § 201(c).

<sup>35</sup> See *Tasini*, 972 F. Supp. at 817-18; see generally *Nimmer & Nimmer, Nimmer on Copyright* § 10.10[b], at 10-11 (reporting that the trend in the Second Circuit is to permit licensees to “pursue any uses that may reasonably be said to fall within the medium as described in the license.”).

media.<sup>36</sup> This affirmed the right of a copyright holder in a collective work to distribute a printed collective work in electronic form, for example.

The District Court then turned to the question of whether NEXIS, NYTO, and GPO were permissible revisions according to section 201(c). The court determined that a database could be a revision of a collective work as long as the database preserved the characteristics of the collective work that initially qualified the collective work for copyright protection as an original work of authorship.<sup>37</sup> Applying a substantial similarity test, the court reasoned that a database qualified as a revision if it merely maintained the same selection of articles in the collective work.<sup>38</sup> The District Court ruled that each database met this standard and granted summary judgement against Authors.<sup>39</sup>

In a motion for reconsideration, Authors disputed the conclusion that the electronic databases were similar enough to the original collective works to qualify for section 201(c) privileges.<sup>40</sup> The court responded that:

“where it is apparent that an entire original selection of materials has been copied into a subsequent work, that work shares a substantial similarity with the work that preceded it, even if the subsequent work includes numerous additional materials, as well.”<sup>41</sup>

The court denied Authors’ motion for reconsideration and Authors appealed.<sup>42</sup>

The United States Court of Appeals for the Second Circuit reversed and remanded the case with instructions to enter summary judgment for Authors.<sup>43</sup> Noting that it was

---

<sup>36</sup> See Tasini, 972 F. Supp. at 818.

<sup>37</sup> See Tasini, 972 F. Supp. at 824-25.

<sup>38</sup> See Tasini, 972 F. Supp. at 824-25.

<sup>39</sup> See Tasini, 972 F. Supp. at 808.

<sup>40</sup> See Tasini v. The New York Times, 981 F. Supp. 841 (S.D.N.Y. 1997).

<sup>41</sup> See Tasini, 981 F. Supp. at 849 (citing CCC Information Services, Inc. v. Maclean Hunter Market Reports, Inc., 44 F.3d 61 (2d Cir. 1994.) cert. denied, 516 U.S. 817 (1995)).

<sup>42</sup> See Tasini, 206 F.3d 161.

undisputed that the electronic databases were “neither the original collective work...nor a later collective work in the same series,”<sup>44</sup> the court rejected the remaining argument that each database constituted a revision of the particular collective work.<sup>45</sup>

If an electronic database like NEXIS was merely a revision of a particular collective work, reasoned the appellate court, then the third section 201(c) privilege (“reproducing and distributing an author’s copyrighted article in... a later collective work in the same series”) would be superfluous.<sup>46</sup> Under ordinary principles of statutory construction, the second clause must be read in the context of the first and third clauses.<sup>47</sup> However, no court would ever need to reach the third privilege because everything would be covered under the first and second privileges. This would violate a basic rule of statutory construction requiring that “significance and effect shall, if possible, be accorded to every word.”<sup>48</sup>

The appellate court also disagreed with the trial court over whether the databases sufficiently preserved the character of the collective works.<sup>49</sup> In placing the contents of a periodical issue on NEXIS, some of the content and most of the arrangement of the original collective work are lost.<sup>50</sup> Like NEXIS, GPO includes articles from many periodicals, but GPO uses scanned photo-images instead of text-based files, rendering a

---

<sup>43</sup> See Tasini, 206 F.3d at 166. (“Publishers of collective works are not permitted to include individually copyrighted articles [in the bundle of articles licensed to electronic databases] without receiving a license or other express transfer of rights from the author.”).

<sup>44</sup> Tasini, 206 F.3d at 166.

<sup>45</sup> See Tasini, 206 F.3d 161, 166 (The court said that the “most natural reading of the ‘revision’ of ‘that collective work’ clause is that [s]ection 201(c) protects only later editions of a particular issue of a periodical, such as the final edition of a newspaper.”).

<sup>46</sup> See Tasini, 206 F.3d at 167.

<sup>47</sup> See Tasini, 206 F. 3d at 166 (citing *General Elec. Co. v. Occupational Safety & Health Review Comm’n*, 583 F.2d 61, 64-5 (2d Cir. 1978)).

<sup>48</sup> See Tasini, 206 F.3d at 167 (citation omitted).

<sup>49</sup> See Tasini, 206 F.3d at 168 (“[T]here is no feature peculiar to the databases at issue in this appeal that would cause us to view them as [section 201(c)] ‘revisions’”).

nearly identical copy of the collective work.<sup>51</sup> NYTO utilizes the same article configuration as NEXIS but only features articles from The New York Times.<sup>52</sup> In all three cases the appellate court ruled that none of the databases qualified as revisions under section 201(c).<sup>53</sup> In language that could apply to each database, the court characterized NYTO as:

“at best a new anthology of innumerable editions of [a periodical], and at worst a new anthology of innumerable articles from these editions...it cannot be said to be a ‘revision’ of any particular edition or to be ‘a later collective work in the same series.’”<sup>54</sup>

The Second Circuit worried that “if the permissible uses under section 201(c) are as broad and transferable as [Publishers] contend, it is not clear that the rights retained by the Authors could be considered ‘exclusive’ in any meaningful sense.”<sup>55</sup> The court stressed that the privileges in section 201(c) are exceptions to the general rule that copyright vests initially in the author of the individual contribution to a collective work.<sup>56</sup> The court believed that following the district court’s interpretation of the revision privilege would “cause the exception to swallow the rule.”<sup>57</sup>

---

<sup>50</sup> See Tasini, 206 F.3d at 169 (“Even if a NEXIS user so desired, he or she would have a hard time recapturing much of the material contributed by the [publisher] of such [collective] work.”). See also

<sup>51</sup> See Tasini, 206 F.3d at 169.

<sup>52</sup> See Tasini, 206 F.3d at 169.

<sup>53</sup> See Tasini, 206 F.3d at 169-70.

<sup>54</sup> See Tasini, 206 F.3d at 169; see also H.R.Rep. No. 94-1476, at 122-23 (1976), reprinted in 1976 U.S.C.A.A.N. 5659, 5738 (If the republication is in a “new anthology” or a different collective work, it is not within section 201(c)).

<sup>55</sup> Tasini, 206 F.3d at 168.

<sup>56</sup> See Tasini, 206 F.3d at 168.

<sup>57</sup> See Tasini, 206 F.3d at 168.



### III. DISCUSSION

The United States copyright system exists to protect and stimulate the creation of as many works of original authorship as possible, for the benefit of the public.<sup>58</sup> Two functions operate to achieve this goal: (1) granting ownership rights to creators of original works of authorship; and (2) affording the public access to the works.<sup>59</sup> Awarding overly expansive property rights to copyright owners may curb access to copyrighted works. On the other hand, granting inadequate property rights disincentives the creation process, resulting in a lack of motivation for an author to create new original works or circulate existing works.<sup>60</sup> The free flow of information and tremendous distribution power, hallmarks of the digital economy, “challenge some of the foundational premises of intellectual property protection” and complicate a determination of the appropriate scope of intellectual property rights.<sup>61</sup>

#### III.A. 17 U.S.C. § 201(c) – Contributions to Collective Works

Section 201(c) declares that “[c]opyright 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.”<sup>62</sup> When an author grants permission to a publisher to include an article in a collective work, absent an express transfer of copyright, the publisher acquires “the privilege of reproducing and distributing the

---

<sup>58</sup> See Jessica D. Litman, *Copyright, Compromise, And Legislative History*, 72 Cornell L. Rev. 857, 857-59 (1987).

<sup>59</sup> See U.S. Const. Art. I, § 8, cl. 8 (giving Congress the power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”).

<sup>60</sup> See, e.g., 6 Rich. J.L. & Tech at 8. See also *Nash v. CBS, Inc.*, 899 F.2d 1537, 1541 (7<sup>th</sup> Cir. 1990) (“The prospect of reward is an important stimulus for thinking and writing...”). *But cf.* John Perry Barlow, *The Next Economy of Ideas*, *Wired Magazine*, 8.10, October 2000 (arguing that authors of original works will continue to create regardless of monetary incentive).

<sup>61</sup> See 6 Rich. J.L. & Tech at 4.

<sup>62</sup> 17 U.S.C. § 201(c).

contribution as part of that collective work, any revision of that collective work, and any later collective work in the same series.”<sup>63</sup>

The first clause of the privilege affirms the essential right of the publisher to use the contribution in “that collective work”. The House Report offered example of permissible and impermissible applications of the second and third clauses:

“[Section 201(c)], under which the privilege of republishing the contribution under certain limited circumstances would be presumed, is an essential counterpart of the basic presumption [that absent an express grant, the author retains copyright]. Under the language of this clause a publishing company 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 collective work.”<sup>64</sup>

In an effort to devise a test to determine whether a database was a revision of a collective work according to section 201(c), the district court incorrectly applied the copyright concept of substantial similarity.<sup>65</sup> Courts utilize the substantial similarity test to judge whether one work infringes the copyright in another work.<sup>66</sup> In the words of the district court:

“[W]here a [collective work] possesses both an original arrangement and an original selection, a substantial similarity persists even where the original arrangement is sacrificed. Thus, because the electronic data bases [sic] preserve defendants' original selection of articles, those data bases [sic] are ‘substantially similar,’ as a matter of law, to defendants' periodicals.”<sup>67</sup>

Under this standard, publishers and database owners meet section 201(c) criteria even if the database abandons the coordination and arrangement of the collective work.<sup>68</sup>

---

<sup>63</sup> 17 U.S.C. § 201(c).

<sup>64</sup> H.R. Rep. No. 94-1476, at 122-123 (1976) (alteration in original).

<sup>65</sup> See *Tasini*, 972 F. Supp. at 825.

<sup>66</sup> Cite...

<sup>67</sup> See *Tasini*, 972 F. Supp. at 825 (citations omitted).

<sup>68</sup> See 17 U.S.C. § 103(b). See also *Feist Publications, Inc. v. Rural Tel. Serv. Co. Inc.*, 499 U.S. 340, 360 (1991).

Neither section 201(c) nor the House Report reference substantial similarity as a test for determining a revision to a collective work. The House Report makes it clear that a revision appearing in an “entirely different magazine or collective work” is not allowed by section 201(c).<sup>69</sup> This is true regardless of whether the new work is substantially similar to the original collective work.<sup>70</sup> It follows that a new collective work such as a database needs more than to pass the substantial similarity test to qualify as a section 201(c) revision.

A periodical consists of a number of copyrighted individual works set in a copyrighted collective work. A collective work is “copyrightable only to the extent that it features an original selection, coordination, or arrangement.”<sup>71</sup> When one strips away the coordination and arrangement in the collective work, all that remains are the copyrighted articles. Online databases are convenient archives containing possibly millions of articles from thousands of newspapers, magazines, and other periodicals. Most online databases make it impossible to view a collective work in its collective, copyrightable form at all.<sup>72</sup> Consumers pay for the privilege to search a large number of periodical articles for information on a specific topic, not to browse a particular periodical issue.<sup>73</sup>

Merely transferring a collective work to digital format is a legitimate exercise of the section 201(c) privilege. The key is that a publisher must transfer the copyrightable aspects of its collective work along with the articles. A non-infringing database must present the whole collective work, not merely the dismantled parts of the whole.

---

<sup>69</sup> See H.R. Rep. No. 94-1476, at 122-123.

<sup>70</sup> See H.R. Rep. No. 94-1476, at 122-123. See also *Tasini*, 206 F.3d. at 169 n. 4.

<sup>71</sup> See *Feist*, 499 U.S. at 360. See also 17 U.S.C. § 103(b).

Otherwise, a publisher does not truly license its collective works to databases; it licenses the underlying, pre-existing material in those collective works. The Second Circuit made this exact point, noting that section 201(c):

“would not permit a Publisher to sell a hard copy of an Author’s article to the public even if the Publisher also offered for individual sale all of the other articles from the particular edition. We see nothing in the revision provision that would allow Publishers to achieve the same goal indirectly through NEXIS.”<sup>74</sup>

The question remains whether a database like GPO should be considered a 201(c) revision. The GPO CD-ROM displays a replica of the collective work in its original format. However, GPO reproduces periodical pages from several different periodicals, thereby creating a new, separately copyrightable collective work. The House Report says that a collective work publisher “could not revise the contribution itself or include it in a new anthology or an entirely different magazine or collective work.”<sup>75</sup>

A court could find, however, that a database like GPO is not “entirely different” from any of the original collective works. Bolstering this interpretation is the nature of the GPO database. GPO users must browse the contents of the CD-ROM abstract by abstract<sup>76</sup>, reducing the chances that a user is more interested in the individual contributions than she is in the nature of the collective work. GPO more closely resembles a revision of the original collective work than does NYTO or NEXIS.

---

<sup>72</sup> See Michael A. Forhan, *Tasini v. New York Times: The Write Stuff for Copyright Law?*, 27 *Cap. U. L. Rev.* 863, 877.

<sup>73</sup> See 10 *Alb. L.J. Sci. & Tech.* At 163.

<sup>74</sup> *Tasini*, 206 F.3d. at 168.

<sup>75</sup> H.R. Rep. No. 94-1476, at 122-123 (1976).

<sup>76</sup> cite

### III.B. Transferability

The 1976 Copyright Act repudiated the concept of copyright indivisibility, a principle that forbade the division of the five exclusive rights<sup>77</sup> comprising in a copyright.<sup>78</sup> For the first time, authors could safely transfer some exclusive rights under a copyright while retaining other exclusive rights.<sup>79</sup> Previously, authors risked losing all rights to an article by letting it be published in a collective work.<sup>80</sup>

The District Court believed that Publishers received a transfer of some exclusive rights under a copyright by operation of law. This, the court reasoned, was permissible under section 201(d)(1), which allows the transfer of copyright “in whole or in part by any means of conveyance or by operation of law.”<sup>81</sup> Next, the court looked to section 201(d)(2), which declares that a transfer may consist of “any of the exclusive rights comprised in a copyright, including any subdivision of any of the [five exclusive rights].”<sup>82</sup> Therefore, the district court reasoned, section 201(c) acts to transfer to Publishers full authority over the “subdivision” of “privileges” enumerated in the section. This allowed Publishers to sell the contents of their periodicals to third party commercial databases, since the exclusive rights transferred by section 201(c) were transferable.<sup>83</sup>

The district court believed that if the section 201(c) privileges were not transferable it would “undermine the competing goal of ensuring that collective works be

---

<sup>77</sup> See 17 U.S.C. § 106 (giving copyright holders the exclusive right to reproduce, adapt, distribute, perform, and publicly display the copyrighted work.).

<sup>78</sup> See *Tasini*, 206 F.3d at 168. See also 17 U.S.C. § 201(d) (“The ownership of a copyright may be transferred in whole or in part...”).

<sup>79</sup> See 3 *Nimmer & Nimmer*, *Nimmer on Copyright* § 10.01[A] (1996 ed.). See also *Stewart v. Abend*, 495 U.S. 207, 222 (1990) (rejecting the old view that “creation of the ‘new,’ i.e., derivative, work extinguishes any right the owner of rights in the preexisting work might have had to sue for infringement ...”).

<sup>80</sup> See 3 *Nimmer & Nimmer*, *Nimmer on Copyright* § 10.01[A] and § 10.02. See also 10 *Alb. L.J. Sci. & Tech.* at 132-4. See also H.R. Rep. No. 94-1476, at 123.

<sup>81</sup> See 17 U.S.C. § 201(d)(1).

<sup>82</sup> See 17 U.S.C. § 201(d) and see 17 U.S.C. § 106.

<sup>83</sup> See 10 *Alb. L.J. Sci. & Tech.* at 127-28.

marketed and distributed to the public.”<sup>84</sup> Where the district court divined a transfer of exclusive rights under a copyright, the appellate court discerned a nonexclusive license.<sup>85</sup> A nonexclusive license to use a copyrighted work may be granted orally or implied from the conduct of the parties.<sup>86</sup> This happens when (1) the licensee requests the creation of a work; (2) the licensor creates the work and delivers it to the licensee who asked for it; and (3) the licensor intends that the licensee copy and distribute the work.”<sup>87</sup> A nonexclusive license is nontransferable.<sup>88</sup>

The district court’s ruling that section 201(c) acts to transfer some exclusive copy rights to Publishers is wrong. Courts look to section 201(c) in the absence of an express transfer of copyright in order to give a collective work publisher some minimal privileges, not to give a publisher exclusive rights under a copyright for which it did not bargain.<sup>89</sup> In the one case since *Tasini* to interpret section 201(c), *Ryan v. Carl Corp.*, the court determined that Congress enacted the section “in response to the doctrine of copyright indivisibility...to enlarge the rights of authors.”<sup>90</sup>

The appellate court worried that if the revision privileges were as broad and transferable as the district court contended, “it is not clear that the rights retained by the

---

<sup>84</sup> See *Tasini*, 972 F. Supp. at 815-16.

<sup>85</sup> See *Tasini*, 206 F.3d at 168.

<sup>86</sup> See *Graham v. James*, 144 F.3d 229, 235 (2d. Cir. 1998) (citing 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 10.03[A][7], at 10-43). See also 10 Alb. L.J. Sci. & Tech. 125, 139 (citing *Effects Assoc., Inc. v. Cohen*, 908 F.2d 555, 558 (9<sup>th</sup> Cir. 1990), cert denied, 498 U.S. 1103 (1991)).

<sup>87</sup> See *Graham v. James*, 144 F.3d 229, 235 (2d. Cir. 1998) (citing 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 10.03[A][7], at 10-43). See also 10 Alb. L.J. Sci. & Tech. 125, 139 (citing *Effects Assoc., Inc. v. Cohen*, 908 F.2d 555, 558 (9<sup>th</sup> Cir. 1990), cert denied, 498 U.S. 1103 (1991)).

<sup>88</sup> **Cite**

<sup>89</sup> See 17 U.S.C. § 201(c).

<sup>90</sup> See *Ryan v. Carl Corp.*, 23 F. Supp.2d 1146, 1150 (N.D. Cal. 1998) (In *Ryan*, four freelance writers sued UnCover, a company that maintained an Internet database with the titles of more than eight million articles from seventeen thousand periodicals. When a customer requested an article, UnCover copied the article from a library and sent a copy to the customer and a copyright payment to the periodical publisher. As long as the publisher did not complain, UnCover continued to copy articles printed by that publisher. UnCover

Authors could be considered ‘exclusive’ in any meaningful sense.”<sup>91</sup> In the words of the Ryan court: “the language and the legislative history of section 201(c) suggest that when in doubt, courts should construe the rights of publishers narrowly rather than broadly in relation to those of authors.”<sup>92</sup>

### **III.C. Collective Rights Organizations**

There is a tension between upholding the property rights of authors and ensuring public access to copyrighted works:

“From the standpoint of societal efficiency, it makes more sense to allocate the right of reproduction to publishers, because publishers are easier to locate. Defendants are correct that academic use of articles will be made more difficult by the adoption of plaintiffs’ construction, which will require obtaining permission from both the publisher and the author. The Court, however, is not free to construe statutes in the manner most efficient. Instead, it must follow the intent of Congress as expressed in the terms of the statute.”<sup>93</sup>

Publishers prophesied “dire consequences” to public access if they were forced obtain permission from every freelance writer before electronically distributing those articles.<sup>94</sup> The District Court agreed, worrying that not allowing Publishers to electronically distribute Authors’ copyrighted articles would undermine the goal of “ensuring that collective works be marketed and distributed to the public.”<sup>95</sup>

Commercial copyright transactions require negotiation, monitoring, and enforcement that can be prohibitively costly for individuals but feasible through

---

never contacted or compensated the individual authors of the articles, even if the author owned the copyright in the article.).

<sup>91</sup> Tasini, 206 F.3d at 168.

<sup>92</sup> Ryan v. Carl Corp., 23 F. Supp.2d at 1150.

<sup>93</sup> Ryan v. Carl Corp., 23 F. Supp.2d at 1150-51.

<sup>94</sup> 52 Fed. Comm. L.J. at 772 [citing from Plaintiff’s Appeal Reply Brief, Tasini v. New York Times Company, Inc., (2d Cir.) (No. 97-9181)].

<sup>95</sup> 972 F. Supp. at 815-16.

collective rights organizations (“CROs”). CROs devise general rules that replicate contracting terms between two parties.<sup>96</sup>

“The lesson learned in a number of industries is that privately established Collective Rights Organizations (CROs) will often emerge to break the transactional bottleneck.”<sup>97</sup>

“These privately organized institutions then devolve standard rules of exchange that substantially lower transaction costs.”<sup>98</sup>

“The relatively uniform rules offered by this organization lower the costs of exchange with users. At the same time, the organization’s internal rules that divide up royalties save on member-to-member transaction costs.”<sup>99</sup>

“IPRs, unlike other entitlements, can be used simultaneously by more than one person.”<sup>100</sup>

“tragedy of the commons”<sup>101</sup>

“A CRO cannot draft individual contracts, but it can assign works to categories based on the members’ knowledge and experience. CROs produce an intermediate level of contract detail, reflecting collective industry expertise and the need for efficiency in carrying out a high volume of transactions.”<sup>102</sup>

---

<sup>96</sup> 84 Calif. L. Rev at 1327.

<sup>97</sup> Robert P. Merges, Contracting Into Liability Rules: Intellectual Property Rights and Collective Rights Organizations, 84 Calif. L. Rev. 1293, 1295.

<sup>98</sup> 84 Calif. L. Rev at 1296.

<sup>99</sup> 84 Calif. L. Rev at 1302.

<sup>100</sup> 84 Calif. L. Rev at 1304.

<sup>101</sup> See Garrett Hardin, The Tragedy of the Commons , 162 Science 1243 (1968).

<sup>102</sup> 84 Calif. L. Rev at 1328.



“One of the central functions of CROs is to set a price for the rights in the portfolio: both a price for the entire portfolio, sometimes referred to as a blanket royalty rate, and prices for the individual rights within the portfolio.”<sup>103</sup>

“ASCAP issues ‘blanket licenses’ covering the relevant copyrights of all members of the Society to radio and television stations and other entertainment outlets.”<sup>104</sup>

“ASCAP’s rise paralleled the growth of radio, and later television.”<sup>105</sup>

“However, the ‘cooperate or perish’ nature of the organizations shape the members’ views: to a large degree, members acquiesce in the compensation schemes of these societies, despite the fact that there are numerous points for possible disputes, because they realize that without joint action no compensation would be forthcoming at all.”<sup>106</sup>

Patent pools increase the efficiency of the technology licensing process like collective rights organizations do for copyright licensing.<sup>107</sup>

In fact, the fledgling Publication Rights Clearinghouse [(PRC)] mooted both the public access problem and the transaction costs/licensing efficiency problem. The PRC, a collective rights organization designed to enforce the copyrights of freelance writers for

---

<sup>103</sup> 84 Calif. L. Rev at 1328.

<sup>104</sup> 84 Calif. L. Rev at 1329.

<sup>105</sup> 84 Calif. L. Rev at 1334.

<sup>106</sup> 84 Calif. L. Rev at 1338.

<sup>107</sup> 84 Calif. L. Rev at 1340.

the reproduction of their copyrighted work, is the creation of The National Writers Union [“NWU”] and the Copyright Clearance Center [“CCC”].<sup>108</sup>

CCC is the largest licensor of text reproduction rights in the world.<sup>109</sup> CCC recently announced an agreement with The New York Times Company that names CCC as the exclusive provider of “end-to-end digital rights licensing and reprint services for The New York Times on the Web.”<sup>110</sup> CCC will enable Internet users to “access digital copyrighted news and editorial material quickly, securing instant copyright permissions...”<sup>111</sup>

The PRC aims to capture licensing fees owed to freelance writers from the electronic distribution of their copyrighted articles. The PRC offers publishers and databases the nonexclusive right to use the work of PRC members in exchange for a licensing fee.<sup>112</sup> PRC enrollees get from 75 percent to 90 percent of that fee.<sup>113</sup> Writers assign the PRC the right to act as their agent in licensing the nonexclusive, secondary rights to their previously published copyrighted articles.<sup>114</sup> When the PRC licenses the author’s work to a database or other secondary user, it collects the copyright fees from that user and distributes the royalties to the author.<sup>115</sup> The PRC is the first specialized collective licensing agency for freelance writers in the United States,<sup>116</sup> and evidence shows that it has the potential to keep existing databases in operation and effectively

---

<sup>108</sup> [www.nwu.org/prc/prcccc.htm](http://www.nwu.org/prc/prcccc.htm)

<sup>109</sup> [www.copyright.com/About/default.htm](http://www.copyright.com/About/default.htm) (CCC formed in 1978 to facilitate compliance with U.S. copyright law).

<sup>110</sup> [www.copyright.com/About/default.htm](http://www.copyright.com/About/default.htm)

<sup>111</sup> [www.copyright.com/About/default.htm](http://www.copyright.com/About/default.htm)

<sup>112</sup> [www.nwu.org/prc/prcfaq.htm](http://www.nwu.org/prc/prcfaq.htm)

<sup>113</sup> [www.nwu.org/prc/prcfaq.htm](http://www.nwu.org/prc/prcfaq.htm)

<sup>114</sup> See [www.nwu.org/prc/prcabout.htm](http://www.nwu.org/prc/prcabout.htm)

<sup>115</sup> See [www.nwu.org/prc/prcabout.htm](http://www.nwu.org/prc/prcabout.htm)

allocate royalties to freelance writers.<sup>117</sup> The PRC should also stem a wave of copyright infringement lawsuits by other freelance writers.<sup>118</sup>

#### IV. CONCLUSION

The interpretation of section 201(c) announced by the Second Circuit only applies in the absence of an express transfer of copyright. Therefore, a publisher may contract around the default rule by requiring a transfer of copyright before accepting an article for publication.<sup>119</sup> Given the publishers' inordinate amount of bargaining power,<sup>120</sup> Tasini "may prove primarily a moral, rather than economic, victory for authors' future rights."<sup>121</sup>

Unequal bargaining can result in unconscionable contracts and contracts of adhesion.<sup>122</sup> After this litigation alerted the publishing industry to their section 201(c) vulnerability, many publishers responded by requiring express transfers of copyright from freelance writers.<sup>123</sup> Inexperienced authors or those without enough clout to insist

---

<sup>116</sup> [www.nwu.org/prc/prcccc.htm](http://www.nwu.org/prc/prcccc.htm)

<sup>117</sup> 52 Fed. Comm. L.J. at 774-76.

<sup>118</sup> The Wall Street Journal reported on August 15, 2000 "Contentville.com (www.contentville.com), an article database run by New York publisher Steven Brill's Brill Media Holdings LP, pre-empted a...rush to court by writers earlier this month when it signed an unprecedented royalty agreement with the National Writers Union. Under that deal, writers registered with the union's Publication Rights Clearinghouse will receive 30% of the download fee, typically \$2.95 per magazine article."

<sup>119</sup> The Second Circuit noted that The New York Times changed its policy to require just that. *See* 206 F.3d at 164 FN1.

<sup>120</sup> *See* 4 Mich. Telecomm. & Tech. L. Rev. at 154-55.

<sup>121</sup> Robert Meitus, Interpreting the Copyright Act's Section 201(c) Revision Privilege With Respect to Electronic Media, 52 Fed. Comm. L.J. 749, 752.

<sup>122</sup> *See* 32 Loy. L.A. L. Rev. at 876 (citing *Williams v. Walker-Thomas Furniture Co.*, 350 F.2d 445, 449 (D.C. Cir. 1965)).

<sup>123</sup> *See* Kia L. Freeman, *Tasini v. New York Times: Wrong Issue, Wrong Presumption*, 32 Loy. L.A. L. Rev. 841, 876 (reporting that the periodical publishing industry widely requires express transfers of copyright from freelance writers.); *see also* Tasini, 972 F. Supp. at 807 FN 4 ["The New York Times has recently adopted a policy pursuant to which the paper accepts articles by freelance writers only on the express written condition that the author surrender all rights in his or her creation."].

on retaining their copyrights will lose out on electronic distribution.<sup>124</sup> However, this problem may not be as universal as commentators fear. If the PRC and other collective rights organization can assuage the publishing industry's fear of lawsuits, more publishers may be willing to allow freelance writers to retain their electronic distribution rights. These rights represent a far greater proportion of income to authors than to publishers. **Is it really this bad or do authors stand a chance?**

As Congress explained:

“Subsection (c) of section 201 deals with the troublesome problem of ownership of copyright in contributions to collective works... one of the most significant aims of the bill is to clarify and improve the present confused and frequently unfair legal situation with respect to rights in contributions.”<sup>125</sup>

It follows that most electronic databases are not section 201(c) revisions of the collective but electronic delivery systems for individual copyrighted articles.<sup>126</sup>

Therefore, a publisher may electronically publish its periodical or beam it to wireless devices or email it to subscribers as long as the publisher transfers the copyrightable aspects of the collective work along with the underlying articles.

---

<sup>124</sup> See generally 10 Alb. L.J. Sci. & Tech. at 165; 52 Fed. Comm. L.J. at 752; 27 Cap. U. L. Rev. at 884 (“[M]ost writers will ‘bargain’ away their rights out of necessity in order to be published.”).

<sup>125</sup> See H.R. Rep. No. 94-1476, at 122.

<sup>126</sup> GPO may be an exception since it seems to retain the copyrightable aspects of the collective work. See Tasini, 206 F. Supp. at 169.

Section 201(c) was primarily intended to strengthen the rights of freelance writers. The section 201(c) revision privilege gave publishers the limited right to reprint a freelance writer's contribution in an evening edition of a newspaper or...

The Copyright Act of 1976 provides copyright protection for original works of authorship fixed in a stable medium.<sup>127</sup> Five separate and exclusive rights exist under a copyright, conferring in the owner of the copyright the right to reproduce, adapt, distribute, perform, and publicly display the work.<sup>128</sup> Any of the exclusive rights of a copyright, or any subdivision of one of those rights, may be transferred and owned separately.<sup>129</sup> The owner of any part of an exclusive right in the copyright is entitled "to all of the protections and remedies accorded to the copyright owner."<sup>130</sup>

Most databases are not simply another means of distributing a collective work; they distribute individual articles.

Though the Supreme Court has said that the "primary objective of copyright is not to reward the labor of authors,"<sup>131</sup> the objective of copyright law is best achieved through economic reward to the author.<sup>132</sup>

---

<sup>127</sup> 17 U.S.C.A. § 102(a)

<sup>128</sup> 17 U.S.C.A. § 106

<sup>129</sup> See 17 U.S.C.A. § 106

<sup>130</sup> 17 U.S.C.A. § 201(d)(2)

<sup>131</sup> See Feist, 499 U.S. at 349. See also *United States v. Paramount Pictures, Inc.*, 334 U.S. 131, 158 (1948) ("The copyright law...makes reward to the owner a secondary consideration.").

“The freelance writer is the person who is paid per piece or per word or perhaps.”<sup>133</sup>

“An author who gives a manager or publisher any rights in his work except those immediately and specifically required for its publication or performance is for business purposes an imbecile. As 99 per cent of English authors and 100 per cent of American ones are just such imbeciles, managers and publishers make a practice of asking for every right the author possesses.”<sup>134</sup>

1.

Need to talk about the expectations of the parties and who, if anyone, will reap a windfall from the legal battle.

Communicative technology threatens to overwhelm the artificial form of exclusivity created by copyright law in original works of authorship.<sup>135</sup>

New York Times, Newsday, and Sports Illustrated all publish free online “revisions” of their periodicals.<sup>136</sup> However, two of three Publishers make visitors pay to read archived articles.<sup>137</sup>

---

<sup>132</sup> See 10 Alb. J.J. Sci. & Tech. 125, 131 and Universal Studios, Inc., 659 F.2d at 965 and accompanying text *supra* note 18.

<sup>133</sup> Robert Benchley (1889-1945).

<sup>134</sup> George Bernard Shaw, quoted in L. Ray Patterson & Stanley W. Lindberg, *The Nature of Copyright: A Law of Users' Rights* 163 (1991).

<sup>135</sup> See 6 Rich. J.L. & Tech at 8-10. (Legally created exclusivity for literary works is necessary because the nature of intellectual property allows many people to simultaneously utilize the same property.)

<sup>136</sup> See [www.nytimes.com](http://www.nytimes.com), [www.newsday.com](http://www.newsday.com), and [http://sportsillustrated.cnn.com/si\\_online/](http://sportsillustrated.cnn.com/si_online/).

“Unlike the contents of other types of ‘compilations,’ 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.”<sup>138</sup>

---

<sup>137</sup> See <http://archives.nytimes.com/archives/> (New York Times charges \$2.50 per article older than one day) and <http://library.newsday.com/> (Newsday charges for articles older than 7 days: \$5 for 5 articles, \$10 for 15 articles and \$25 for 50 articles); see also [http://sportsillustrated.cnn.com/si\\_online/](http://sportsillustrated.cnn.com/si_online/) (Sports Illustrated, in a joint venture with CNN, provides free access to its article archives).

<sup>138</sup> 17 USCA 201 p.3 ( I think this is HR.Rep.)