

TASINI V. NEW YORK TIMES CO., INC.,

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

Electronic databases flourished because computers could instantaneously sift through a huge amount of data to find targeted information.³ Users typed in what they were looking for and technology delivered dozens of relevant articles. The Internet skyrocketed the availability, movement, and access to information.⁴ Databases experienced a corresponding increase in value and market size.⁵

Most periodical articles are written by employees of the magazine or newspaper.⁶ Copyright in these articles vests in the periodical publisher.⁷ Sometimes, though, a publisher will hire a freelance writer to pen a story.⁸ Absent a written agreement to the contrary, the freelance writer retains the copyright in such an article.⁹

¹ See *Tasini v. New York Times Co. Inc.*, 972 F. Supp. 804, 807 (S.D.N.Y. 1997), *reconsideration denied*, 981 F. Supp. 841 (S.D.N.Y. 1997), *rev'd en banc*, 206 F.3d 161, 164 (2d Cir. 2000), *cert. granted*, 121 S. Ct. 425 (Mem). For the original Second Circuit opinion that was withdrawn, see *Tasini*, 192 F.3d 356 (1999).

² See *Tasini*, 206 F.3d at 164.

³ See *id* at 164 (NEXIS subscribers can “access an almost infinite combination of articles from one or more publishers using the database’s advanced search engine.”).

⁴ See, e.g., Robert Meitus, *Interpreting the Copyright Act’s Section 201(c) Revision Privilege with Respect to Electronic Media*, 52 FED. COMM. L.J. 749, 750 (2000) (“[T]he United States is in the midst of unprecedented technological change in which our capacity to produce, transmit, and receive information increase daily.”).

⁵ See Matthew Hoff, *Tasini v. The New York Times: What the Second Circuit Didn’t Say*, 10 ALB. L.J. SCI. & TECH. 125, 163-04 (1999) (“Today, any personal computer user can gain instant access to archives through commercial databases or the Internet.”).

⁶ See, e.g., *Tasini*, 972 F. Supp. at 806-07.

⁷ If the writer of the article is employed as a writer by the publication at the time the article was written, then copyright vests initially in the publication. See 17 U.S.C. § 101 and 17 U.S.C. § 201(b); see also *Community for Creative Non-Violence v. Reid*, 490 U.S. 730 (1989) (distinguishing employees from independent contractors).

⁸ See, e.g., *Tasini*, 972 F. Supp. at 807.

⁹ Articles written by freelance writers are not considered works for hire and copyright ownership vests initially in the freelance writer. See 17 U.S.C. §§ 103(b), 201(c).

The process for hiring a freelance writer used to be straightforward:¹⁰ an editor telephoned a freelance writer and verbally contracted for an article;¹¹ the writer wrote the piece and delivered it to the editor, who published it in the periodical issue. Publishers sold their newspapers and magazines at newsstands and to subscribers.¹²

Periodical publishers traditionally bargained only for first publication rights because the value in publishing lay almost entirely in being the first to print.¹³ The Internet turned that principle on its head by allowing publishers to cheaply publish online, where content remains readily available.¹⁴ Electronic publishing rights suddenly became a valuable commodity. For authors, electronic publication heralded a new and long-lived revenue source.¹⁵ Publishers also sought to exploit this new medium; 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., now pending before the United States Supreme Court, is the first case to interpret the electronic distribution rights of copyright owners who publish in newspapers and magazines.¹⁶ If publishers and database owners prevail, they will be able to exclude freelance writers from reaping the profits of the electronic distribution of their articles. If freelance writers prevail, publishers and

¹⁰ 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 (1998).

¹¹ See *Tasini*, 206 F.3d at 164 (“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.”).

¹² See Hoff, *supra* note 5, at 162; see also *Tasini*, 972 F. Supp. at 807-08.

¹³ See Hoff, *supra* note 5, at 162.

¹⁴ See *id.*

¹⁵ See *Tasini*, 972 F. Supp. at 812.

¹⁶ See *id.*

database owners will need permission from freelance writers to include their articles in databases, and freelance writers will profit from the sale of their articles to the public.

I. Background

The United States copyright system promotes the creation of original works of authorship for the benefit of the public.¹⁷ The system for achieving this goal is two-fold: grant ownership rights to the authors and afford the public access to the works.¹⁸

Awarding overly expansive property rights to copyright owners may curb access to copyrighted works.¹⁹ On the other hand, granting inadequate property rights dampens the creative process, resulting in a lack of motivation for an author to create new works or circulate existing works.²⁰ Congress attempted to resolve the competing intellectual property rights of periodical publishers and freelance writers by distinguishing copyright in a collective work from copyright in a contribution to that work.²¹

The Copyright Act defines “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.”²² The copyright in a collective work

¹⁷ See generally Jessica D. Litman, *Copyright, Compromise, and Legislative History*, 72 CORNELL L. REV. 857 (1987) and Peter S. Menell, *Intellectual Property: General Theories*, in ENCYCLOPEDIA OF LAW AND ECONOMICS VOLUME II 129 (Boudewijn Bouckaert and Gerrit De Geest, eds., 1999).

¹⁸ 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”).

¹⁹ See Menell, *supra* note 17, at 130-34.

²⁰ See, e.g., Mary Maureen Brown, Robert M. Bryan & John M. Conley, *Database Protection in a Digital World*, 6 RICH. J.L. & TECH. 2, 8 (1999); Hoff, *supra* note 5, at 131. But see *Feist Publications, Inc. v. Rural Tel. Serv. Co. Inc.*, 499 U.S. 340, 349 (1991) (the “primary objective of copyright is not to reward the labor of authors”); John Perry Barlow, *The Next Economy of Ideas*, WIRED MAGAZINE 8.10, October 2000 (authors of original works will continue to create regardless of monetary incentive).

²¹ See 17 U.S.C. § 201(c).

²² See 17 U.S.C. § 101.

extends only to the material contributed by the collective work author, and does not imply any exclusive right in the preexisting articles.²³ Any transfer of copyright ownership, other than by operation of law, must be in writing.²⁴ Otherwise, a nonexclusive license to use the copyrighted work may be granted orally or implied from the conduct of the parties.²⁵

Section 201(c) permits a collective work publisher to reproduce and distribute an underlying contribution as part of that particular collective work, a revision of that collective work (“revision privilege” or “revision”), and a later collective work in the same series.²⁶ This section only applies when the collective work publisher does not also own the copyright in an underlying article. Publishers, therefore, can contract around the default rule by obtaining a freelance writer’s copyright.²⁷

II. Case Summary

Tasini²⁸ and five other freelance writers (“Authors”) published articles in The New York Times, Newsday, and Sports Illustrated (“Publishers”).²⁹ Each Author

²³ See 17 U.S.C. § 103(b).

²⁴ See 17 U.S.C. § 204(a).

²⁵ 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 Hoff, *supra* note 5, at 139 (citing *Effects Assoc., Inc. v. Cohen*, 908 F.2d 555, 558 (9th Cir. 1990)).

²⁶ See 17 U.S.C. § 201(c).

²⁷ See *infra* Section III.C; see also *Tasini*, 206 F.3d at 164 n.1 (reporting that The New York Times now requires an express transfer of copyright from a freelance writer before accepting a freelance article for publication); Kia L. Freeman, *Tasini v. New York Times: Wrong Issue, Wrong Presumption*, 32 LOY. L.A. L. REV. 841, 876 (stating that the periodical publishing industry now widely requires express transfers of copyright from freelance writers).

²⁸ Jonathan Tasini is President of the National Writers Union, at <http://www.nwu.org/directry.htm> (last visited Jan. 30, 2001); see also *infra* Section III.C.

²⁹ See *Tasini*, 972 F. Supp. at 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 ... appeared in an issue of Sports Illustrated. All of the plaintiffs wrote their articles on a freelance basis, and not as employees of the defendant publishers.”).

registered a copyright in his or her article, and no Publisher obtained any express transfer of copyright.³⁰ After publishing the periodical editions containing the Authors' articles, the Publishers licensed the contents of their periodicals to at least two electronic database owners ("Database Owners") per existing agreements.³¹ The Database Owners incorporated the Authors' articles into their databases and made the articles available to the public for purchase.³²

One Database Owner, Mead Data Central Corporation ("Mead"), owned NEXIS, an online database containing the full texts of articles appearing in a large number of periodicals.³³ Mead tags each article in its database with the author's name, the name of the publication, and the page on which the article originally appeared.³⁴ Articles on NEXIS, however, appear differently than they do in print; "such things as photographs, advertisements, and the column format of the newspapers are lost."³⁵ NEXIS users can "access an almost infinite combination of articles from one or more publishers using the database's advanced search engine."³⁶

The second Database Owner, University Microfilms International ("UMI"), produced CD-ROMs. Its NY Times OnDisc CD-ROM ("NYTO") contains the full texts

³⁰ 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. *See Tasini*, 206 F.3d at 163-64.

³¹ *See Tasini*, 972 F. Supp. at 807.

³² *See Tasini*, 206 F.3d at 164.

³³ *See id.*; About Nexis.com, at <http://www.lexis-nexis.com/business/about.htm> (last visited Jan. 30, 2001) (NEXIS maintains "2.8 billion searchable documents [from] 30,000 news, business, and legal information sources.").

³⁴ *See Tasini*, 972 F. Supp. at 808.

³⁵ *Id.*

³⁶ *Tasini*, 206 F.3d at 164. *But see id.* ("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.")

of articles from a limited time period from The New York Times.³⁷ NYTO articles are formatted and retrieved exactly like NEXIS articles.³⁸ Another UMI CD-ROM, General Periodicals OnDisc (“GPO”), contains selected articles from various periodicals.³⁹ UMI scans the printed periodical page directly onto an image-based file, which is abstracted and placed on the CD-ROM.⁴⁰ GPO articles appear just as they do in print, complete with “photographs, captions, and advertisements.”⁴¹

The Authors filed suit against the Publishers and Database Owners, alleging copyright infringement.⁴² The defendants acknowledged the validity of the Authors’ copyrights in their individual articles, but countered that as owners of the copyright in the collective works, section 201(c) permitted them to create electronic reproductions of the Authors’ articles and license the collective works to databases.⁴³

A. The District Court Decision

The District Court for the Southern District of New York issued three important rulings.⁴⁴ The court first held that a collective work publisher could use its revision privilege to transfer a collective work from one format to another without infringing a freelance writer’s copyright in an underlying article.⁴⁵ The court then ruled that the revision privileges were transferable because section 201(c) transmits to publishers some

³⁷ See *Tasini*, 972 F. Supp. at 808.

³⁸ See *id.* (“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.”).

³⁹ See *id.*

⁴⁰ See *id.* at 808-09.

⁴¹ See *id.*

⁴² See *id.* at 809.

⁴³ See *id.* at 806-09.

⁴⁴ The presiding judge, Sonia Sotomayor, was elevated to the Second Circuit Court of Appeals November 6, 1998, at <http://www.tourolaw.edu/2ndcircuit/Info/Sotomayor.htm> (last visited Jan. 30, 2001).

⁴⁵ See *Tasini*, 972 F. Supp. at 817-18.

exclusive rights in a freelance writer's copyrighted contribution.⁴⁶ Lastly, the court found that NEXIS, NYTO, and GPO qualified as revisions of the collective work.⁴⁷

The Authors argued that section 201(c) places a media restriction on the revision privilege, prohibiting the shifting of a collective work from one medium to another. The court, however, determined that the Copyright Act does not limit copyright protection to existing technologies or exclude new forms of media.⁴⁸ This holding affirmed the right of the copyright holder in a collective work to produce an electronic version of a printed collective work, for example.

The court then held that when a freelance writer contributes an article to a collective work without a written contract, the publisher acquires not merely a non-exclusive license or non-transferable privilege to use the article, but some exclusive rights under a copyright.⁴⁹ Since exclusive rights are transferable, the Publishers could license the Authors' copyrighted articles to the Database Owners as part of the contents of their periodicals.⁵⁰

The court then turned to whether NEXIS, NYTO, or GPO qualified as a revision of a collective work. The court determined that a database could be a revision as long as it preserved the characteristics of the collective work that initially earned the work protectable status under copyright law.⁵¹ The selection, coordination, and arrangement of previously existing material qualify a collective work as an original work of authorship.⁵²

⁴⁶ See *id.* at 815.

⁴⁷ See *id.* at 824-26.

⁴⁸ See *id.* at 817-18; Nimmer & Nimmer, *supra* note 25, § 10.10[b], at 10-11 (stating 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”).

⁴⁹ See *Tasini*, 972 F. Supp. at 815.

⁵⁰ See *id.*

⁵¹ See *id.* at 824-25.

⁵² See 17 U.S.C. § 101; H.R. REP. NO. 94-1476, at 122 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5737.

Applying a substantial similarity test, however, the court ruled that a database qualified as a revision if it merely maintained the same selection of articles as the collective work.⁵³ The court found that each database met this standard.⁵⁴ In light of these three rulings, the district court granted summary judgment for the Publishers and Database Owners.⁵⁵

In a motion for reconsideration, the Authors disputed the court's factual finding that the electronic databases were similar enough to the original collective works to qualify for the revision privilege.⁵⁶ The court upheld its substantial similarity analysis and 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."⁵⁷ The court denied the motion for reconsideration and the Authors appealed.⁵⁸

B. The Second Circuit Decision

A three-judge panel⁵⁹ from the Second Circuit reversed and remanded the case with instructions to enter summary judgment for the Authors.⁶⁰ The court stressed that the section 201(c) privileges are exceptions to the general rule that copyright vests

⁵³ See *Tasini*, 972 F. Supp. at 821-25.

⁵⁴ See *id.* at 817, 824-26 ("[S]o long as defendants are operating within the scope of their privilege to 'reproduce' and 'distribute' [Authors'] articles in 'revised' versions of defendants' collective works, any incidental display of those individual contributions is permissible.").

⁵⁵ See *id.* at 804.

⁵⁶ See *Tasini*, 981 F. Supp. 841.

⁵⁷ See *id.* at 849 (citing *CCC Information Services, Inc. v. Maclean Hunter Market Reports, Inc.*, 44 F.3d 61 (2d Cir. 1994)).

⁵⁸ See *id.* at 841; *Tasini*, 206 F.3d 161.

⁵⁹ The panel consisted of the Honorable Ralph K. Winter, Chief Judge, the Honorable Roger J. Miner, Senior Circuit Judge, and the Honorable Rosemary S. Miner, Circuit Judge. See *Tasini*, 206 F.3d 161.

⁶⁰ See *id.* 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.").

initially in the author of the individual contribution to a collective work.⁶¹ The district court's interpretation of the revision privilege would, the court recognized, "cause the exception to swallow the rule."⁶²

Noting that it was undisputed that an electronic database was "neither the original collective work ... nor a later collective work in the same series,"⁶³ the court rejected the remaining argument that any of the defendant databases constituted a revision of a particular collective work.⁶⁴ If an electronic database like NEXIS was merely a revision of a collective work, reasoned the court, then the third section 201(c) privilege-- "reproduc[ing] and distribut[ing] an author's copyrighted article in ... a later collective work in the same series"--would be superfluous.⁶⁵ Under ordinary principles of statutory construction, the second clause must be read in the context of the first and third clauses.⁶⁶ However, no court would ever need to reach the third privilege because any possible revision 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."⁶⁷

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.⁶⁸ Like NEXIS, GPO includes articles from many periodicals, but GPO uses scanned photo-images instead of

⁶¹ *Id.* at 168.

⁶² *See id.*

⁶³ *Id.* at 166.

⁶⁴ *See id.* ("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."); *id.* 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'").

⁶⁵ *See id.* at 167.

⁶⁶ *See id.* at 166 (citing *General Elec. Co. v. Occupational Safety & Health Review Comm'n*, 583 F.2d 61, 64-5 (2d Cir. 1978)).

⁶⁷ *See id.* at 167 (citation omitted).

text-based files, rendering a nearly identical copy of the collective work.⁶⁹ NYTO only features articles from one periodical, but utilizes the same article configuration as NEXIS.⁷⁰ In language that could apply to each database, the court characterized NYTO as “at best a new anthology of innumerable editions of [the periodical], and at worst a new anthology of innumerable articles from these editions, it cannot be said to be a ‘revision’ of any (or all) particular editions or to be ‘a later collective work in the same series.’”⁷¹ Therefore, the court held that no defendant database was sufficiently limited to qualify as a revision.

Since this holding allowed the court to rule against the defendants, it refused to decide whether the revision privileges are transferable.⁷² The court did note, however, that section 201(c) “grants collective works authors ‘only’ a ‘privilege,’ rather than a ‘right.’ Each of these terms connotes specialized legal meanings, and they were juxtaposed by Congress in the same sentence of [s]ection 201(c).”⁷³ The Publishers appealed, and the United States Supreme Court granted certiorari on November 6, 2000.⁷⁴

III. Discussion

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

The Copyright Act provides that “[c]opyright in each separate contribution to a collective work is distinct from copyright in the collective work as a whole, and vests

⁶⁸ See *id.* 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.”).

⁶⁹ See *id.*

⁷⁰ See *id.*

⁷¹ See *id.*; see also H.R. REP. NO. 94-1476, *supra* note 52, at 122-23 (declaring that if the republication is in a “new anthology” or “entirely different collective work,” it is not within section 201(c)).

⁷² See *Tasini*, 206 F.3d at 165 (“We need not, and do not, reach the question whether this privilege is transferable under section 201(d).”).

⁷³ *Id.* at 168 n.3.

initially in the author of the contribution.”⁷⁵ 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 “only the privilege of reproducing and distributing the contribution as part of that collective work, any revision of that collective work, and any later collective work in the same series.”⁷⁶

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 examples of permissible and impermissible applications of the final two 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.⁷⁷

The district court, attempting to determine the scope of the revision privilege, utilized the copyright concept of substantial similarity.⁷⁸ Substantial similarity is a term of art courts use to judge whether one work infringes the copyright in another work.⁷⁹ Though neither section 201(c) nor the House Report reference substantial similarity as a test for determining a revision to a collective work, the district court held:

[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]

⁷⁴ See 121 S. Ct. 425.

⁷⁵ 17 U.S.C. § 201(c).

⁷⁶ *Id.*

⁷⁷ H.R. REP. NO. 94-1476, *supra* note 52, at 122-123 (alteration in original).

⁷⁸ See *Tasini*, 972 F. Supp. at 825.

⁷⁹ See *Freeman*, *supra* note 27, at 867-69.

preserve defendants' original selection of articles, those data bases [sic] are 'substantially similar,' as a matter of law, to defendants' periodicals.⁸⁰

Under this standard, collective work publishers and database owners meet section 201(c) criteria even if they abandon the coordination and arrangement of a collective work. The Second Circuit rejected the district court's application of the substantial similarity test, terming the test "inapposite."⁸¹

The House Report states that section 201(c) forbids a revision from appearing in an "entirely different magazine or collective work."⁸² This is true regardless of whether the new work is substantially similar to the original collective work.⁸³ Imagine if the Legal Eagle Publishing Company solicited an article from a professor on a freelance basis for inclusion in a collective work titled *California Criminal Procedure*. The professor retains the copyright in the article, limiting the publisher to the section 201(c) privileges. The Legal Eagle Publishing Company then includes the entire contents of *California Criminal Procedure*, including the professor's article, in two of its other collective works, *Criminal Law for Dummies* and *United States Criminal Law*.

The two later collective works would be substantially similar to *California Criminal Procedure* in terms of an infringement analysis, but they would also be entirely different collective works, something not allowed by section 201(c). A new collective work such as a database needs more than to pass the substantial similarity test to qualify as a revision.

⁸⁰ See *Tasini*, 972 F. Supp. at 825 (citations omitted).

⁸¹ *Tasini*, 206 F.3d at 169 n.4.

⁸² See H.R. REP. NO. 94-1476, *supra* note 52, at 122-123.

⁸³ See *Tasini*, 206 F.3d at 169 n.4.

A collective work 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.”⁸⁴ When one strips away the coordination and arrangement in the collective work, only the selection of the previously existing articles remains.

Electronic databases are convenient archives containing possibly millions of articles from thousands of periodicals. Most databases make it impossible to view a collective work in its collective, copyrightable form at all.⁸⁵ 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.⁸⁶

Merely transferring a collective work to digital format is a legitimate exercise of the revision privilege as long as the publisher transfers the copyrightable aspects of the collective work along with the articles. A non-infringing database must present the whole collective work, not merely the dismantled parts of the whole. The Second Circuit declared:

[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.⁸⁷

Otherwise, a publisher does not truly license its collective work to a database; it licenses the underlying, pre-existing material in that collective work.

⁸⁴ Feist Publications, Inc. v. Rural Tel. Serv. Co. Inc., 499 U.S. 340, 360 (1991); see also 17 U.S.C. § 103(b).

⁸⁵ See Michael A. Forhan, *Tasini v. New York Times: The Write Stuff for Copyright Law?*, 27 CAP. U. L. REV. 863, 877 (1999).

⁸⁶ See Hoff, *supra* note 5, at 164.

⁸⁷ *Tasini*, 206 F.3d at 168.

The question remains whether a database like GPO should be considered a revision. The GPO CD-ROM displays a replica of the collective work in its original format.⁸⁸ However, GPO reproduces periodical pages from several different periodicals, thereby creating a new, separately copyrightable collective work.⁸⁹ The House Report states 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.”⁹⁰

A court could find, however, that a database like GPO is not “entirely different” from any of the original collective works. The nature of the GPO database bolsters this interpretation. GPO users must browse the contents of the CD-ROM abstract by abstract,⁹¹ reducing the chances that a user is more interested in the individual contributions than she is in the nature of the collective work. Thus, GPO more closely resembles a revision of the original collective work than does NYTO or NEXIS.

B. Transferability

The Second Circuit interpreted section 201(c) much more narrowly than the district court, finding that the revision privilege gives collective work publishers, at most, a nonexclusive license.⁹² A nonexclusive license to use a copyrighted work may be granted orally or implied from the conduct of the parties.⁹³ This occurs when the licensee requests the creation of a work; the licensor creates the work and delivers it to the

⁸⁸ See *Tasini*, 972 F. Supp. at 808-09.

⁸⁹ See *Tasini*, 206 F.3d at 169.

⁹⁰ See H.R. REP. NO. 94-1476, *supra* note 52, at 122-123.

⁹¹ See *Tasini*, 972 F. Supp. at 809 (stating that GPO “does not employ Boolean searching”).

⁹² See *Tasini*, 206 F.3d at 168.

⁹³ See *Graham v. James*, 144 F.3d at 235 (citing *Nimmer & Nimmer*, *supra* note 25, § 10.03[A][7], at 10-43); see also *Hoff*, *supra* note 5, at 139 (citing *Effects Assoc., Inc. v. Cohen*, 908 F.2d at 558).

licensee who asked for it; and the licensor intends that the licensee copy and distribute the work.⁹⁴ In copyright law, a nonexclusive license is non-transferable.⁹⁵

The district court ruled that collective work publishers received some exclusive rights under the freelance writer's copyright by operation of law.⁹⁶ This, reasoned the court, is 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."⁹⁷ 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]."⁹⁸ Therefore, the district court reasoned, section 201(c) transfers to collective work publishers full authority over the "subdivision" of "privileges" enumerated in the section.⁹⁹

Since the exclusive rights supposedly conveyed to collective work publishers would be transferable, the publishers could license the freelance writers' articles to third party databases.¹⁰⁰ Even without a nominative transfer of some exclusive rights under a copyright, the district court believed that "to the extent that the electronic reproductions qualify as revisions under [s]ection 201(c), the defendant publishers were entitled to authorize the [database] defendants to create those revisions."¹⁰¹

⁹⁴ *See id.*

⁹⁵ *See* 17 U.S.C. § 101; *see also* H.R. REP. NO. 94-1476, *supra* note 52, at 122-123 ("The term 'transfer of copyright ownership' is defined in section 101 ... to cover any 'conveyance, alienation, or hypothecation,' including assignments, mortgages, and exclusive licenses, but not including nonexclusive licenses.").

⁹⁶ *See Tasini*, 972 F. Supp. at 815-16.

⁹⁷ *See id.*; *see also* 17 U.S.C. § 201(d)(1).

⁹⁸ *See id.*; *see also* 17 U.S.C. § 106.

⁹⁹ *See Tasini*, 972 F. Supp. at 815-16.

¹⁰⁰ *See Hoff*, *supra* note 5, at 127-28; *see also* 17 U.S.C. § 201(d)(2) (stating that 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")

¹⁰¹ *See Tasini*, 972 F. Supp. at 816.

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. The only other case to interpret section 201(c), *Ryan v. Carl Corp.*,¹⁰² determined that:

[Congress enacted the section] in response to the doctrine of copyright indivisibility ... to enlarge the rights of authors ... Both 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.¹⁰³

The Second Circuit rightly characterized the section 201(c) privileges as more closely resembling nonexclusive licenses than broad, transferable rights: “Were the permissible uses under [s]ection 201(c) as broad and as transferable as appellees contend, it is not clear that the rights retained by the Authors could be considered ‘exclusive’ in any meaningful sense.”¹⁰⁴

C. *Collective Rights Organizations*

The defendants argued that, regardless of the court’s section 201(c) analysis, they were the best party to further the policy goal of providing public access to the copyrighted articles in their periodicals.¹⁰⁵ They intimated that the burden of obtaining permission from every freelance writer before including their articles in electronic

¹⁰² *Ryan v. Carl Corp.*, 23 F. Supp. 2d 1146 (N.D. Cal. 1998) (This decision was issued before the appellate court opinion in *Tasini v. New York Times*. 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 never contacted or compensated the individual authors of the articles, even if the author owned the copyright in the article.)

¹⁰³ *See id.* at 1150.

¹⁰⁴ *Tasini*, 206 F.3d at 168.

¹⁰⁵ *See Meitus, supra* note 4, at 772.

databases would force them to drop the articles from their databases.¹⁰⁶ The district court echoed these fears, worrying that not allowing Publishers to electronically distribute the Authors' copyrighted articles would undermine the policy goal of "ensuring that collective works be marketed and distributed to the public."¹⁰⁷

From the standpoint of societal efficiency, it makes sense to allocate the right of electronic distribution to publishers.¹⁰⁸ The efficiency argument, however, failed to persuade the Second Circuit. The *Ryan* court made it clear that no court "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."¹⁰⁹ The possibility exists, however, that authors can control the electronic distribution of their articles and maintain an efficient licensing scheme to distribute the articles to the public.

Commercial copyright transactions require negotiation, monitoring, and enforcement that can be prohibitively costly for individuals but feasible for a collective rights organization ("CRO").¹¹⁰ CROs, which flourish in the presence of new forms of media, devise general rules that replicate contracting terms between two parties and substantially lower transaction costs.¹¹¹ The transactional bottleneck that would likely occur between publishers and individual freelance writers could be alleviated by a CRO.¹¹²

¹⁰⁶ See *id.* at 772-73.

¹⁰⁷ *Tasini*, 972 F. Supp. at 815-16.

¹⁰⁸ See *id.*; Meitus, *supra* note 4, at 772.

¹⁰⁹ *Ryan*, 23 F. Supp. 2d at 1151.

¹¹⁰ See Robert P. Merges, *Contracting Into Liability Rules: Intellectual Property Rights and Collective Rights Organizations*, 84 CALIF. L. REV. 1293 (1996).

¹¹¹ See *id.* at 1296, 1327, and 1334 (reporting that the rise of earlier CROs paralleled the growth of radio and television).

¹¹² See *id.* at 1295.

The fledgling Publication Rights Clearinghouse (“PRC”) is a CRO designed to license and enforce the copyrights of freelance writers.¹¹³ The PRC is the creation of the National Writers Union (“NWU”)¹¹⁴ and the Copyright Clearance Center (“CCC”).¹¹⁵ Much as ASCAP and BMI manage the licensing and royalty business for composers, songwriters, lyricists, and music publishers,¹¹⁶ the PRC plans to administer the licensing for freelance writers. Writers assign the PRC the right to act as their agent in licensing the nonexclusive, secondary rights to their previously published copyrighted articles.¹¹⁷ The PRC offers publishers and databases the nonexclusive right to use the work of PRC members in exchange for a licensing fee.¹¹⁸ When the PRC licenses an 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.¹¹⁹ PRC enrollees get from 75 percent to 90 percent of that fee.¹²⁰

¹¹³ See Welcome to the Publication Rights Clearinghouse, at <http://www.nwu.org/prc/prchome.htm> (last visited Jan. 30, 2001).

¹¹⁴ The NWU is the trade union for freelance writers who work for American publishers. The NWU has approximately 6500 members in 17 local chapters and is affiliated with the United Automobile Workers and, through them, the AFL-CIO. See About the National Writers Union, at <http://www.nwu.org/nwuinfl.htm> (last visited Jan. 30, 2001).

¹¹⁵ The CCC, the largest licensor of text reproduction rights in the world, was formed in 1978 to facilitate compliance with U.S. copyright law. The CCC provides licensing systems for the reproduction and distribution of copyrighted materials in print and electronic formats throughout the world. See Creating Copyright Solutions, at <http://www.copyright.com/About/default.html> (last visited Jan. 30, 2001); see also PRC and Copyright Clearance Center, at <http://www.nwu.org/prc/prcccc.htm> (last visited Jan. 30, 2001).

¹¹⁶ See Merges, *supra* note 111 at 1329 (“ASCAP, the American Society of Composers, Authors, and Publishers, which was formed in 1914, is one of the largest performing rights societies. Like the other institutions of its kind, ASCAP acts as a central depository that allows members to control public performances of their works. ASCAP issues “blanket licenses” covering the relevant copyrights of all members of the Society to radio and television stations and other entertainment outlets. It then monitors the songs played and divides up the total receipts among all members on the basis of a complex pro rata formula. Monitoring and enforcement activities with respect to licensees and infringers are also an important part of ASCAP’s function. A rival organization, Broadcast Music Incorporated (BMI), which was founded in 1941 expressly to compete with ASCAP, operates similarly.”) (citations omitted).

¹¹⁷ See About the Publication Rights Clearinghouse, at <http://www.nwu.org/prc/prcabout.htm> (last visited Jan. 30, 2001).

¹¹⁸ See Frequently Asked Questions About PRC, at <http://www.nwu.org/prc/prcfaq.htm> (last visited Jan. 30, 2001).

¹¹⁹ See *id.*

¹²⁰ See *id.*

The PRC has the potential to efficiently allocate royalties to freelance writers while keeping databases operational.¹²¹ In order to succeed, the PRC must enroll as many freelance writers as possible and persuade publishers and databases to comply with its licensing scheme. Many potential CRO members join “because they realize that without joint action no compensation would be forthcoming at all.”¹²² The PRC has already signed a deal with one large online database, Contentville.¹²³ Whether other purveyors of copyrighted material will abide by the PRC licensing scheme largely depends upon how the Supreme Court rules in *Tasini*.

Unfortunately for freelance writers, publishers can circumvent section 201(c) by acquiring the freelance writer’s copyright. Because the section only applies to collective work publishers that do not also hold the copyright in an underlying contribution, publishers can contract around the default rule by insisting that freelance writers transfer their copyright.¹²⁴ If publishers succeed in inducing freelance writers to relinquish their copyrights, publishers will be able to avoid having to obtain permission from and compensate freelance writers for the electronic distribution of their articles, and this case will have little practical effect on future contributions to collective works. Several commentators have concluded that future freelance writers will be unable to retain their electronic distribution rights due to the lopsided power dynamic between authors and publishers.¹²⁵

¹²¹ See Meitus, *supra* note 4, at 774-76.

¹²² Merges, *supra* note 111, at 1338.

¹²³ See NWU Seals Landmark Agreement with Brill, at <http://www.nwu.org/prc/cv1.htm> (last visited Jan. 30, 2001); Contentville, at <http://www.contentville.com> (last visited Jan. 30, 2001) (stating that Contentville offers material ranging from doctoral dissertations to speeches to screenplays.).

¹²⁴ See 17 U.S.C. § 201(c); Freeman, *supra* note 27, at 876 (reporting that the periodical publishing industry now widely requires express transfers of copyright from freelance writers).

¹²⁵ See, e.g., Dixon, *supra* note 10, at 154-55; Hoff, *supra* note 5, at 165; Meitus, *supra* note 4, at 752; Forhan, *supra* note 85, at 884 (“[M]ost writers will ‘bargain’ away their rights out of necessity in order to

While collective work publishers may succeed in acquiring the copyright from many freelance writers, writers with enough clout and legal savvy should be able to continue to publish in collective works without surrendering their copyrights. Electronic distribution profits represent a far greater proportion of potential income for freelance writers than for publishers, and freelance writers may be willing to give up some initial income in exchange for electronic distribution royalties. In addition, the NWU may be able to collectively bargain on behalf of freelance writers to preserve their electronic distribution rights.¹²⁶

IV. CONCLUSION

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.¹²⁷ Electronic media altered the publishing landscape by creating a lasting, lucrative online market for periodical articles.¹²⁸ Periodical publishers own the copyright in the majority of articles they publish, entitling them to the profits of electronic distribution.¹²⁹ Articles authored by freelance writers are the exception; absent

be published.”); see also Freeman, *supra* note 27, at 876 (citing *Williams v. Walker-Thomas Furniture Co.*, 350 F.2d 445, 449 (D.C. Cir. 1965) (stating that unequal bargaining power between parties can result in unconscionable contracts and contracts of adhesion).

¹²⁶ This depends largely upon the bargaining strength of the NWU, which is untested. Note, however, that the Screen Actors Guild (SAG) and the American Federation of Television and Radio Artists (AFTRA) recently bargained successfully for individual actors to retain residual payments from television commercials. See SAG and AFTRA Members Approve New Commercials Contract, *at* <http://www.sag.org/pressreleases/pr-la001201.html> (last visited Jan. 30, 2001).

¹²⁷ See Brown, Bryan & Conley, *supra* note 20, at 4.

¹²⁸ See *Tasini*, 972 F. Supp at 827 (reporting that Congress could not have foreseen this change).

¹²⁹ If the writer of the article is employed as a writer by the publication at the time the article was written, then copyright vests initially in the publication. See 17 U.S.C. §§ 101, 201(b); see also *Community for Creative Non-Violence v. Reid*, 490 U.S. 730 (1989) (distinguishing employees from independent contractors).

a written agreement to the contrary, the freelance writer retains the copyright in her article.¹³⁰

Tasini v. New York Times Co., Inc. is the first case to resolve the competing rights of collective work publishers and freelance writers who publish in collective works. A collective work is “copyrightable only to the extent that it features an original selection, coordination, or arrangement.”¹³¹ If a database destroys the elements that make a collective work an original work of authorship, only the previously existing articles remain. Such a database operates merely as an electronic delivery system for individually copyrighted articles.

In the absence of an express transfer of copyright, section 201(c) gives the collective work copyright owner the privilege of reproducing and distributing a contribution to the work as part of that particular collective work, a revision of that collective work, and a later collective work in the same series.¹³² Any revision of a collective work should necessarily maintain a similar selection, coordination, and arrangement of preexisting material. The revision privilege allows a collective work publisher to electronically publish its collective work or beam it to wireless devices or email it to subscribers only so long as the publisher includes the copyrightable aspects of its collective work along with the underlying articles. This is a narrow but important distinction, and one intended by Congress.¹³³

¹³⁰ Articles written by freelance writers are not considered works for hire and copyright ownership vests initially in the freelance writer. See 17 U.S.C. §§ 103(b), 201(c).

¹³¹ See *Feist*, 499 U.S. at 360; see also 17 U.S.C. § 103(b).

¹³² See 17 U.S.C. § 201(c).

¹³³ See H.R. REP. NO. 94-1476, *supra* note 52, at 122.

The Copyright Act does not transfer to a collective work publisher any exclusive rights in the underlying material.¹³⁴ Copyright in each separate contribution to a collective work is distinct from copyright in the collective work itself.¹³⁵ Copyright in the collective work “does not imply any exclusive right in the preexisting material.”¹³⁶ Congress intended to encourage authors to contribute articles to collective works by ensuring that authors could retain the exclusive copyright in their articles: “one of the most significant aims of [section 201(c)] is to clarify and improve the present confused and frequently unfair legal situation with respect to rights in contributions.”¹³⁷ Section 201(c) does not grant collective work publishers any exclusive rights under a copyright for which they did not bargain.

When a collective work publisher does not hold the copyright in an underlying contribution, section 201(c) grants the publisher only three minimal, non-transferable privileges.¹³⁸ These privileges should not allow a collective work publisher to license a freelance writer’s copyrighted article to an electronic database without the writer’s permission.

If the Supreme Court rules in favor of collective work publishers, they will be able to exclude freelance writers from the reaping the profits of the electronic distribution of their articles. If freelance writers prevail, collective work publishers and database owners will need permission from freelance writers to include their articles in databases, and freelance writers will profit from the sale of their articles to the public.

¹³⁴ See 17 U.S.C. § 103 (“The copyright in [a collective work] is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.”); 17 U.S.C. 201(c).

¹³⁵ See 17 U.S.C. § 201(c).

¹³⁶ See 17 U.S.C. § 103(b).

¹³⁷ See H.R. REP. NO. 94-1476, *supra* note 52, at 122.

¹³⁸ See 17 U.S.C. § 201(c).