

Brasseler's sale would have been clear under either the Pfaff test or the earlier "totality of the circumstances" standard.

The judgment was affirmed.

Edward E. Vassallo, Fitzpatrick, Cella, Harper & Shinto, of New York, N.Y., represented Brasseler. Gregory J. Vogler, McAndrews Held & Malloy Ltd., of Chicago, Ill., represented Stryker.

Full text at <http://pub.bna.com/ptoj/001194.htm>

Conferences/Copyrights

Experts Weigh Tasini Ruling's Impact On Freelancers and Electronic Publishing

A group of copyright law experts, in a day-long briefing sponsored by Glasser Legal Works, considered the short and long-range implications of the Supreme Court's recent ruling in *New York Times v. Tasini* that republishing the writings of freelance authors in an electronic database was infringing. Several of the panelists at the Sept. 24 conference in New York suggested that the freelancers' victory in the high court will bring them as much grief as glory.

Tasini Overview. Last June, the Supreme Court held that the "revision" privilege held by publishers of collective works under Section 201(c) of the Copyright Act does not cover the republication of freelancers' articles in electronic databases. *New York Times Co. v. Tasini*, 121 Sup.Ct. 2381, 60 USPQ2d 1001 (2001) (62 PTCJ 186, 198, 6/29/01).

By a 7-2 vote, the court found that the presentation of the articles to the end users of the database does not perceptibly reproduce articles "as part of" the collective work or its revision. The court noted that the transfer of articles to the databases is not a mere conversion of intact periodicals or revisions from one medium to another, pointing out that databases offer users individual articles, not intact periodicals.

Emily Bass, who represented Tasini and the other freelancers from their initial defeat in the Southern District of New York to the final victory in the Supreme Court, retraced her involvement in that litigation.

To the freelancers, according to Bass, the most important language in Section 201(c) was "as part of." If we could demonstrate that the database operators were making available the freelancers' work as stand-alone, free-standing works, rather than as "part of" the original collective work, she said, then we could prove infringement of the freelancers' copyrights. If the print publishers were enabling the database to allow access in those stand-alone works, she asserted, then they were liable as contributory infringers.

Through discovery the freelancers learned how the print publishers constructed their collective works, Bass related. After an article was submitted, she recounted, it was input into a computer, a file was created, then the articles were edited, declared final and sent to the typesetter. The printed text was created and merged with graphics, and the "mechanicals" page was created as a negative photo image sent to the printers. Through that elaborate process, Bass concluded, a collective work was created and printed.

What astonished us, Bass told the conferees, was that once the print papers were sent out, the publishers destroyed all embodiments of the collective works: the negatives, molds, tapes, etc. At that point, according to Bass, the publishers concerned themselves instead with creating and feeding databases on a daily basis. To make sure that each freelance article they pulled from the original newspaper was individually retrievable, the publishers assigned it a unique number and key words, Bass said.

Significantly enough, Bass observed, the license agreements between the print publishers and the databases provided that the databases would allow user access to the individual articles in the database one at a time, rather than in the format of their original compilation. In fact, the licenses forbade the databases from making more than one article available at a time, she noted.

Ultimately, Bass reported, the Second Circuit and the Supreme Court found these same facts and concluded that the original article was no longer physically "part of" the publishers' collective work, and thus, the Section 201(c) revision provision was not applicable. The databases were presenting individual articles as part of a new compendium or anthology, not a revision of the original collective works, Bass explained.

In Bass's view, the court delivered a "straight-forward, bright-line rule," i.e., that disassembling the original collective work and making available the individual freelancers' articles without their authorization exploited the copyrights in those individual works.

Bright-Line Rule, but Murky Consequences. The Supreme Court may have made a bright-line ruling that permission is required from freelancers going forward, but the consequences of the ruling may not be as bright for freelancers. For one thing, recent reports have disclosed that the New York Times is barring the plaintiff freelancers in the *Tasini* litigation from writing for that paper.

Internet law specialist Ian Ballon of Phelps & Phillips LLP in Palo Alto, California, suggested that freelancers may have won the battle but lost the war in other respects as well. With the *Tasini* case on the horizon, publishers in the 1990s became aware of their potential liability to freelancers, so they began extracting "all rights" agreements designed to allow their reuse of freelancers' contributions, Ballon said. Those contracts are standard now, but publishers are not offering any more money to freelancers for the entire package of rights than they did before the *Tasini* ruling, according to Ballon.

As to the pre-1990s works, the publishers have responded to the *Tasini* by purging their databases of those works, rather than pay royalties to freelancers. The disappearance of these works from electronic databases hurts not just readers, but the freelancers themselves, who rely on the databases to record their accomplishments, Ballon maintained.

Worse yet, Ballon lamented, most newspapers are uncertain as to which articles in their archives are by freelancers so they are resorting to over-inclusive purges just to be safe. This course of action is not taken with malice to freelancers, but with "great reluctance and remorse," Ballon said.

A significant practical limitation of the *Tasini* case is that it applies only to freelancers, not staff journalists.

whose works belong to the newspaper publishers as works for hire. As such, Keith Kupferschmid, intellectual property counsel for the Software Information Industry Association, said that the case is only a "modest one-time windfall" for the plaintiff freelancers. Meanwhile, he agreed with Ballon that all freelancers now are faced with signing over all their electronic rights if they want to write stories for newspapers in the future.

Archival Purges Substantial. New York attorney Charles Sims, of Proskauer Rose LLP, agreed with the other panelists that the *Tasini* case had an unintended consequence: it has already led to the elimination of hundreds of thousands of articles from databases. Even though only articles up to the mid- or late-90s have been withdrawn, the impact is massive, according to Sims. Interested readers will now have to find libraries that still have paper copies of the articles, he said.

Like Kupferschmid, Sims said the wide-scale purges are as threatening to freelancers as they are to users. In fact, some freelancers in the wake of *Tasini* have given permission for the databases to retain their past archival work, saying they don't want to "disappear electronically."

Moreover, according to Sims, since the amount paid to freelancers under today's all-rights contracts has not risen as a result of *Tasini*, "the Supreme Court's decision means nothing at all from the point of view of compensation." Even as to the backlog of articles at issue in *Tasini*, he suggested, the potential recovery of damages for freelancers will be negligible because the value of those works is probably is not particularly high.

Sims noted that the plaintiff freelancers in a group of class action damages suits that have been filed as a consequence of *Tasini* are not seeking injunctive relief against the publishers because they essentially already have it: publishers are scurrying to remove the articles from electronic sources. Moreover, he suggested, any agreements the plaintiffs in the *Tasini* case might work out with the *New York Times* wouldn't protect other newspapers, and that is why the deletion of freelance material from those publishers' databases was inevitable.

Need for Deletions Questioned. However, Bass charged that the publishers are over-reacting by preemptively purging their databases of freelance works. She pointed out that the plaintiffs in the pending class actions offered a "standstill" agreement of several months with the hope of working out a payment scheme for freelance works and avoiding the elimination of any articles from databases. But the publishers were not even interested in discussing such an arrangement, instead preferring the "sword of Damocles" of purging their databases, she said.

In any case, Bass maintained, the focus of copyright is not just to ensure the continuing distribution of works, but to compensate their authors. Databases make tremendous amounts of money from the new works they create using freelancers' articles, she said. They should share those proceeds with the people whose works they use. She took umbrage at Kupferschmid's characterization of the freelancers' victory in *Tasini* as a "modest windfall," asserting that it is the print and database publishers who have enjoyed a windfall from their free reuse of freelance works over the years.

Arnold Lutzker, a Washington copyright lawyer whose clients include library associations, said that the traditional role libraries play as archivists was being unfairly discounted in the aftermath of *Tasini*. Lutzker questioned the database owners' claim that retention of the freelancers' articles in their "electronic libraries" was the only way to guarantee preservation of that material. As one of the justices remarked in the Supreme Court oral argument, the *Tasini* case was "about money," Lutzker said; it wasn't about maintaining an archive. And if someone is making money by providing electronic access to the freelance works, it is reasonable to pay their authors, he said.

Copyright Office Maneuvering. David Carson, general counsel for the Copyright Office, recounted the agency's position in the *Tasini* case, and its novel efforts to make its views known, short of filing amicus briefs with the Supreme Court.

Carson said that the Copyright Office sided with the authors in *Tasini* and decided to weigh in when the Supreme Court granted review of the Second Circuit's decision. Register of Copyrights Marybeth Peters was nervous that the authors' case would be argued by inexperienced counsel, so she asked the solicitor general's permission to file an amicus brief in favor of the authors, according to Carson. However, when the Patent and Trademark Office opposed the filing, the solicitor general opted not to file a brief, Carson said.

However, *Tasini* himself was resourceful, Carson said. He persuaded Rep. James P. McGovern (D-Mass.) to write a letter to the Copyright Office soliciting its views. Peters responded, indicating the Copyright Office's sympathy with the freelancers. The letter also outlined the register's position that the publishers were infringing the freelancers' public display rights under Section 105 of the Copyright Act, Carson related.

So although the idea of an amicus brief was scrapped, the Copyright Office's letter to McGovern appeared in the Congressional Record, Carson noted. More significantly, he added, it was mentioned by Justice O'Connor during the Supreme Court oral arguments and was cited three times by the court, whose holding was consistent with the Copyright Office's views.

The Copyright Office letter also stressed that trial courts need not issue an injunction ordering publishers to dismantle their databases as a remedy to cure the infringement, Carson told the conferees. Instead, he said, the letter urged the high court to recommend compensation to the authors for past and continuing use of their works.

The Copyright Office underscored those recommendations in a letter to House Judiciary Committee Chairman Howard Coble (R-N.C.) after the Supreme Court's *Tasini* ruling.

Agency Urges Parties to Negotiate. Carson said the Copyright Office continues to hope both sides of the *Tasini* dispute can "overcome their rhetoric" and work out a solution that serves the parties and the public alike. As to potential damages for reuse of the freelance works, Carson said it is difficult to believe the publishers' claim that they derive no added value from republishing those works electronically, given their argument that upholding the Second Circuit ruling would have

"devastating consequences" and "punch holes" in the nation's electronic libraries.

"Surely there is a number" that reflects the reasonable value for reuse of the freelancers' works, Carson said. The pending class action suits could set a fair value level that would effectively bind all potential claimants and even frame a standard for a legislative remedy, he suggested.

Admittedly, however, he conceded, those suits won't resolve the issue for the future. While authors ought to get extra value when their works are reused, our system is based on arms-length contracting, Carson noted. As long as the bargaining power lies with the publishers, freelancers won't get much in future negotiations, he predicted.

Future Uncertain. Meanwhile, according to the panelists, publishers and database providers are assessing how to avoid exposure to new lawsuits from freelancers following *Tasini*.

According to the SIA's Kupferschmid, their options include the following: (1) completing the removal of all archival freelance articles from their databases; (2) working out royalty deals with individual freelancers as to those articles—an unlikely alternative because it is difficult to assess the current value of those older pieces; (3) creating a central licensing mechanism similar to that used in the music industry—again, a problematic choice because of the difficulty in determining market value of the archival works; or (4) deleting the freelance works but continuing to maintain identifying material and even abstracts for the omitted articles, indicating that the works are "unavailable due to *Tasini*," but providing information on where they can be located—a course of action that would help consumers but be costly for publishers and database providers.

For her part, Bass also acknowledged that, despite its definitive ruling in favor of the freelancers in *Tasini*, the Supreme Court left some questions unanswered. Is there, for example, a difference between retrievability and searchability of individual articles in a database, she wondered. If the freelancers' articles could have been presented in intact collective works on the database, would Section 201(c) apply, she asked. Would that provision apply even if the database also allowed users to download and/or search individual works, she added. Finally, she queried, was the publishers' revision privilege transferable as a "naked license" to the database operators?

Tasini as Applied to Freelance Photo Disputes. A few months before the Supreme Court's *Tasini* decision, the Eleventh Circuit relied in part on the Second Circuit's ruling in *Tasini*, to hold that the use of a freelancer's photographs in CD-ROM versions of the National Geographic Magazine created an infringing new work, not a privileged revision of the print publication. *Greenberg v. National Geographic Society*, 244 F.3d 1267, 58 USPQ2d 1267 (11th Cir. 2001) (61 PTCJ 517, 3/30/01).

The court reversed a summary ruling for the magazine publisher and ordered the district court to enter judgment for the photographer. The appellate court urged the lower court, in fashioning injunctive relief, to consider alternatives to foreclosing the public's computer-aided access to the disputed material.

National Geographic sought Supreme Court review of the Eleventh Circuit's ruling against it in *Greenberg*.

but the high court recently refused to hear the case. 62 PTCJ 546, 10/12/01.

Several of the panelists commented on the interplay between the *Tasini* and *Greenberg* rulings. Like the Copyright Office, Bass noted that the Section 201(c) revision privilege doesn't appear to include a "public display" right, and that infringement of this right might also be implicated by the electronic reuse of freelance works in *Tasini*.

As to the *Greenberg* case, however, Bass noted that the dispute there involves CD-ROM compilations for use on a PC, not electronic transmissions, so there arguably is no potentially infringing "public" display of the works at issue in that case. "But if the magazine database were available online, there would be a problem," she suggested.

Lutzker, on the other hand, suggested that, even on the Internet, publishers could have a fair use argument in *Greenberg*, as to the technological necessity of "displaying" the magazine revision in order to make it available online.

Copyright Office Again Speaks Up. As with the *Tasini* case, the Copyright Office found itself drawn into the *Greenberg* dispute, and it again responded indirectly but thoroughly.

National Geographic objected to the *Greenberg* court's comment in a footnote that National Geographic may have "perpetrated a fraud on the Copyright Office" by registering the entire contents of its CD-ROM magazine series as a compilation, rather than the computer program that enabled users to gain access to the compilation contents. When the magazine failed to persuade the court to delete the footnote, Carson related, it asked the Copyright Office to write an amicus brief in support of its appeal to the Supreme Court.

Although it sympathized with National Geographic's position on the registration issue and on the merits of the infringement claim in general, Carson said, the Copyright Office didn't feel it was appropriate to support a private party's petition for certiorari. Even without an amicus filing, however, Carson indicated that he anticipated that the high court might ask the Copyright Office's views should the *Greenberg* case be granted review. Accordingly, Carson related, the agency spelled out its objections to the court's comment in a lengthy letter to National Geographic's Executive Vice President Terrence B. Adamson.

Authors Guild Offers Solutions. Paul Aiken, executive director of the Authors Guild, suggested that the publishers' purging of freelance material may only be temporary because the databases could be restored when the pending class actions for damages are resolved. Settlement of those cases will produce licenses for the archival works that reflect the value of reuse, he predicted. According to Aiken, the Authors Guild registry, which already has signed up 30,000 authors and paid out \$1.5 million in royalties, is a good starting point for handling future licensing of freelance works.