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FREELANCE ARTICLES AND ELECTRONIC DATABASES: WHO OWNS THE COPYRIGHTS?

There has long been uncertainty as to who owns the rights to digital reproductions of freelance articles. The Supreme Court has recently affirmed that copyrights for the digital reproduction of freelance articles belong to freelance authors, rather than the periodical and electronic media publishers who included the articles in electronic databases. However, in answering this question others, such as the preservation of the historical record and future dealings with freelance writers remain to be answered. The author discusses the recent Supreme Court ruling and offers answers to questions created by it.

INTRODUCTION

¶ 1 After a seven-year court battle, the Supreme Court recently affirmed that copyrights for the digital reproduction of freelance articles belong to freelancers rather than the periodical and electronic media publishers who included the articles in electronic databases. The National Writers Union hailed the decision, issued on June 25, 2001, as "an important victory for writers and all creators." Meanwhile, the defendant publishers are making plans to remove all freelance articles from online databases instead of providing additional compensation to the writers.

¶ 2 In support of the defendant publishers, several well-known historians have demonstrated great concern for the electronic historical record, claiming that large gaps will now exist in the electronic documentation of the late 20th century if the publishers follow through with their plans. The freelance writers caution that such disastrous consequences could be avoided if the publishers use one of the many compensation schemes proposed to pay authors long overdue royalties.

¶ 3 This iBrief will first examine the basis for the *Tasini* decision. It will then assess the impact of the decision as well as the degree to which the historical record will be negatively affected by the freelancers' apparent victory. Finally, it will address whether the freelancers have attained a victory at all if new freelance contracts require writers to sign away their electronic

rights.

CASE BACKGROUND

Basis of the Lawsuit

¶ 4 Six prominent freelance writers filed suit in the Southern District of New York against Time, Newsday and the New York Times in 1993, alleging that these publishers had violated the collective works provision of the Copyright Act of 1976.¹ Each of the authors had sold articles to the defendant publishers for use in periodicals such as the New York Times, Sports Illustrated and Newsday.² With the exception of one plaintiff who had entered into a written contract, the freelance assignments at issue were completed pursuant to oral agreements between the writers and editors of the publications.³ The oral agreements generally dealt with practical details such as deadlines, length of the articles and amounts to be paid to the authors; rarely, if ever, were there discussions of subsequent copyright protections between the writers and the publishers.⁴

¶ 5 According to the National Writers Union, it was widely accepted that freelance writers sold only First North American Serial rights to the publishers under such oral agreements.⁵ By reserving all other rights, the freelancers could profit again from their articles if they were published in syndication, translation, or through some other secondary means.⁶ Since the freelancers thought they were authorizing only a single publication of their article, they were surprised when their articles appeared in computerized databases without their prior permission.⁷ One of these freelancers was Jonathan Tasini, president of the National Writers Union and lead plaintiff in this case.⁸

¶ 6 Each of the defendant publishers had entered into a prior contract with LEXIS/NEXIS, a corporation that maintains NEXIS, an electronic database of articles in text-only format from a vast array of publications.⁹ Under the contract, LEXIS/NEXIS was authorized to store and distribute copies of articles originally published in the periodicals through its database. The New York Times had also contracted with University Microfilms International (UMI) to produce two CD-ROM products consolidating content from the New York Times newspaper.¹⁰ According to the contract, the publishers periodically sent data files containing the most recent articles to the electronic database publishers, who would then mark them with codes to enable their retrieval via a database search engine.¹¹ Once the articles had been uploaded to the NEXIS database or included on the CD-ROMs, subscribers could then search the databases and read or download individual articles.¹²

¶ 7 The freelancers were never notified of this additional distribution channel, nor were they compensated for reproduction of their articles on the databases.¹³ Viewing the subsequent inclusion of the articles in the databases as another form of publication, the freelance authors filed their suit, seeking declaratory and injunctive relief as well as damages.¹⁴

¶ 8 In response, the defendants claimed that their actions were permitted under §201(c) of the Copyright Act of 1976.¹⁵ The interpretation of this statutory provision, which deals with collective works, was a case of first impression for American courts.¹⁶ Because this lawsuit is the first of many such disputes pending in the courts over electronic media rights, it is widely thought that the Supreme Court granted certiorari for *New York Times v. Tasini* to give guidance to the lower courts.¹⁷

The Copyright Act of 1976

¶ 9 The *Tasini* case primarily focused on the interpretation of the collective works provision of the Copyright Act. This provision was originally designed to protect an author who, prior to the 1976 changes to the Copyright Act, risked giving away all of his rights by allowing his article to be a part of a collective work.¹⁸ The 1976 version of the Act eliminated the notion of an indivisible copyright.¹⁹ Subsequently, separate copyrights could be maintained for both the individual article and the collective work.²⁰ The author retained the copyright over the article, while the publisher maintained the copyright for the collective work as well as a revision privilege detailed in §201(c) of the statute.²¹ This section of the Copyright Act states, in relevant part, "[i]n the absence of an express transfer of the copyright or of any rights under it, the owner of copyright in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series."²² Whether the inclusion of the freelancers' articles in the electronic databases was part of a revision of the original periodical and therefore protected by the revision privilege in §201(c) was a central question for the courts.²³

LOWER COURT DECISIONS

The District Court

¶ 10 The District Court granted summary judgment to the defendants in 1997. The Court broadly interpreted the Copyright Act by finding that the publishers' inclusion of the freelancers' articles on the electronic databases and CD-ROMs was protected by the revision privilege of

§201(c).²⁴ The Court also concluded that the defendants had not infringed upon the freelance writers' copyrights because the periodicals, as reproduced in the electronic databases, were substantially similar to the print versions; although electronic databases do not display articles in the same format as the original periodical, the databases do reflect the same editorial choice that made the original collective works copyrightable.²⁵ In addition, the articles themselves retain some ties to the original periodicals because the title, byline and page numbers listed in the electronic version all serve to link the article to the original periodical.²⁶ For the Court, these similarities were sufficient to shield the defendants from copyright infringement liability.

The Court of Appeals

¶ 11 In 1999, the Second Circuit unanimously reversed the decision of the District Court.²⁷ While the District Court held a broad view of the §201(c) revision privilege, the Court of Appeals read the statute much more narrowly. According to the Second Circuit, a revision must be limited to subsequent editions of a periodical, such as the final edition of a newspaper.²⁸ An electronic database is not included in this definition of revision and is more properly seen as a new collective work.²⁹

¶ 12 Next, the Court of Appeals examined the features that make a collective work unique.³⁰ The District Court reasoned that articles reprinted on LEXIS/NEXIS and the CD-ROMs retained enough of the original periodical to be considered part of a revision.³¹ In contrast, the Court of Appeals concluded that a periodical reproduced on NEXIS lost some of its content, such as advertising, classifieds and obituaries, and most of its formatting, making it impossible for a database user to recreate a specific issue of a periodical from the NEXIS database.³² If the specific issue of the periodical could not be viewed on the NEXIS database, then it was clear to the Second Circuit that the database could not be considered a revision of the work.³³ Accordingly, the Second Circuit held that the NEXIS database and CD-ROMs must be considered new compilations.³⁴

¶ 13 Finally, the Court of Appeals determined that there is no difference between the function of the NEXIS database and the sale of an individual article to a user by the original print publication.³⁵ Since the latter activity is clearly prohibited by the Copyright Act, the Second Circuit therefore concluded that the former must also constitute copyright infringement.³⁶

THE SUPREME COURT DECISION

The Majority Opinion

¶ 14 The Supreme Court, divided 7-to-2, upheld the opinion of the Court of Appeals in its entirety. In her majority opinion, Justice Ginsburg reaffirmed that the revision privilege afforded by §201(c) was indeed narrow.³⁷ The majority concluded that a broad interpretation of the statute would diminish the freelancers' exclusive rights.³⁸ However, the Copyright Act was purposely revised in 1976 to allow a freelancer to profit from a later printing of an article.³⁹ Thus, interpreting the §201(c) revision privilege to give publishers the rights to electronic database publication would strongly contradict the Congressional intent behind the Act.⁴⁰

¶ 15 In formulating its decision, the Court considered various interpretations of the database functionality in question. Unlike the District Court, the majority found little similarity between the databases and microfilm, which contains photographic images of an entire periodical.⁴¹ Instead, the Court determined that the search-and-retrieve method of accessing the articles in the databases made it impossible to consider the databases as revisions of the original periodicals.⁴² The majority viewed the databases either as new collective works or simply as a means by which individual articles could be retrieved.⁴³ Either way, the electronic databases could not be considered a protected revision under §201(c).⁴⁴

¶ 16 While the majority did find the publishers liable for infringement of the freelancers' copyrights, the Court remanded the determination of remedy to the District Court.⁴⁵ The majority did offer some guidance to the District Court, urging the Court to look at alternative compensation schemes instead of an injunction, which would surely disrupt the historical record.⁴⁶ The publishers' ominous warning, however, that "a ruling for the Authors will punch gaping holes in the electronic record of history" did not move Justice Ginsburg, who stated that "speculation about future harms is no basis for this Court to shrink authorial rights Congress established in §201(c)".⁴⁷

The Dissent

¶ 17 In his dissent, Justice Stevens maintained a dramatically different interpretation of electronic database functionality. Joined by Justice Breyer, Stevens focused more on the process of including articles in the databases.⁴⁸ He concluded that the collection of files corresponding to a single periodical was unquestionably a revision of a particular day's periodical.⁴⁹ Justice Stevens maintained that the principle of media neutrality was the key to this case; if the New York Times could reprint its papers in microfilm and in foreign languages without paying

additional royalties, it should be able to reprint an issue in an electronic database as well.⁵⁰

¶ 18 In contrast to Justice Ginsburg and the majority, Justice Stevens was gravely concerned with the impact of this decision on the historical record. Stevens wrote that he was not as confident as the majority that the decision would not have a severe impact on the integrity of the electronic databases.⁵¹ Persuaded by an *amicus* brief submitted by several well-known historians, Stevens shared their concern that "the difficulties of locating individual freelance authors and the potential of exposure to statutory damages may well have the effect of forcing electronic archives to purge freelance pieces from their databases."⁵² Furthermore, Stevens reasoned that the awarding of electronic rights to publishers would benefit not only historians but also freelance writers, who would ultimately profit from the exposure they would gain by having their work available electronically.⁵³

THE AFTERMATH OF NEW YORK TIMES V. TASINI

The Ongoing Struggle Between Jonathan Tasini and The New York Times

¶ 19 The District Court is now charged with the difficult task of determining the appropriate remedy in the *Tasini* case. In the meantime, publishers are busy preparing for the worst. Several have threatened to take actions to limit their liability. On the day the Supreme Court opinion was issued, the chairman of the New York Times Company announced that the company "will now undertake the difficult and sad process of removing significant portions from its electronic historical archive."⁵⁴ But as Justice Ginsburg noted in the majority opinion, such a result is not preordained; unless the District Court issues an injunction, removal of the articles will not be necessary.⁵⁵

¶ 20 The threat of mass article deletion serves a secondary purpose for the defendant publishers. By publicly announcing that thousands of articles will no longer be available electronically, the publishers are trying to foster concern among freelance writers that their work will no longer be available for future generations to enjoy.⁵⁶ The New York Times has tried to reduce the financial impact of the *Tasini* decision by encouraging freelance writers to contact the newspaper if they wish for their work to remain available.⁵⁷ According to the National Writers Union (NWU), the assurance of availability will only be given if the author signs a retroactive rights contract relinquishing all rights to additional compensation.⁵⁸

¶ 21 Recognizing that the *Tasini* decision will not have much of an impact if the New York Times' efforts are successful, the NWU announced on July 5, 2001, that it will file a

lawsuit against the New York Times in the Southern District of New York.⁵⁹ The lawsuit alleges that the retroactive rights contract is unenforceable under the recent Supreme Court decision. Another writers' association, the Authors' Guild, filed a separate lawsuit on July 5, 2001, in response to the New York Times' recent actions.⁶⁰ The plaintiffs in the Authors' Guild lawsuit seek class action status for all freelancers affected by the *Tasini* decision. Despite the swift move towards new litigation, it is apparent that Mr. Tasini and the NWU have an interest in negotiating with the New York Times and are partly using these tactics to encourage the publishers to settle the case out of court.⁶¹

Changes in Freelance Contracts

¶ 22 The question of rights to electronic reproductions for future freelance articles has possibly been resolved on a contractual basis by the New York Times and other publications.⁶² In 1996, shortly before the District Court decided the *Tasini* case, the New York Times started to require written contracts with its freelancers.⁶³ This contract incorporated the transfer of copyrights for electronic material into its terms of employment. Other publications have followed suit, and such contracts may very well become an industry standard.⁶⁴ Because of these new contracts, the remedy established in the *Tasini* case would only serve to compensate the freelance writers retroactively.⁶⁵

¶ 23 Given the disparity in bargaining power between publications such as the New York Times and the typical freelance journalist, publishers still have the upper hand despite the freelancers' Supreme Court victory. The *Tasini* decision should make freelancers aware of their additional rights to electronic material and may encourage them to bargain for adequate compensation while negotiating their contracts. But for freelancers who are trying to establish themselves, such bargaining may be impossible. It is these freelancers who have the most to gain from a well-structured solution in the aftermath of the *Tasini* decision.

The Clearinghouse Solution

¶ 24 In terms of a remedy, the NWU would like to see the use of a clearinghouse to compensate the freelance writers. In 1993, the NWU established the Publication Rights Clearinghouse (PRC) to provide a way for freelance writers to collect royalties for their already published articles.⁶⁶ Freelancers enroll with the PRC for a nominal fee and list the articles that they would like to clear, or license, through the clearinghouse. Interested publishers who have contracted with the PRC pay royalties to the clearinghouse for the use of freelance articles. The PRC subsequently passes along 75% - 90% of the compensation to the freelancers.⁶⁷ The

principle motivation for the publishers, according to the NWU, is to be "on the right side of the law."⁶⁸

¶ 25 A clearinghouse solution is appealing to the freelance writers for at least two reasons. First, it would provide access to compensation for all freelance writers equally, regardless of their influence in the publishing industry. Such a solution would give novice freelancers the protection they need. An organized clearinghouse would also have an easier time collecting royalties from a publisher than an individual writer. Finally, the clearinghouse has been functioning for over eight years now and is clearly an established solution.

The Possibility of Settlement

¶ 26 Since the District Court will take some time to determine its remedy in the *Tasini* case, the parties may settle before the Court has a chance to address this issue. Justice Ginsburg's majority opinion seemed to encourage such settlement and looked to the courts as a last resort.⁶⁹ In Europe, several writers' unions have negotiated settlements for similar electronic rights, which both compensated the authors and enabled the database providers to keep their electronic records intact.⁷⁰ It is likely that Ginsburg left the remedy open in *Tasini* in the hope that a similar settlement will be reached.

¶ 27 Settlements are not unprecedented in American copyright infringement lawsuits. In a recent class action suit, a settlement was reached between freelance writers and a document delivery company after a federal district court granted summary judgment to the Plaintiffs.⁷¹ The settlement resulted in the creation of a website in which freelance writers could file copyright infringement claims against the defendant company.⁷² Once a valid claim had been filed, the freelancer would be paid through a clearinghouse similar to the PRC. The writers had to file their claims within three months of the settlement; beyond that deadline, any outstanding complaints of infringement would be dismissed.⁷³

¶ 28 It is clear that the NWU would prefer to settle with the publishers rather than pursue a new lawsuit.⁷⁴ However, Mr. Tasini claimed in a recent press release that the NWU "offered to negotiate with the Times after the Supreme Court decision but the Times' answer, to all freelancers, was 'drop dead'."⁷⁵ The New York Times may not be as hostile towards settlement as the NWU alleges; a spokeswoman for the Times noted in a recent article that the newspaper "will continue to talk with counsel for the freelancers in an attempt to reach an agreement which would allow [them] to restore all of the material to [their] archival database."⁷⁶

¶ 29 A settlement would probably be in the best interests of the defendant publishers in the *Tasini* case since it would allow the publishers to negotiate for a deadline after which the freelancers could no longer make claims. Such a deadline would give the publishers the peace of mind they need when 27,000 potential copyright infringement claims could be lodged against the New York Times alone. The electronic database publishers have even more of an incentive than the periodical publishers to reach a settlement. The high premium for electronic databases such as NEXIS stems from the extensiveness of available materials, so it is unlikely that the database publishers would risk an incomplete record merely to avoid paying royalties. It would be far more lucrative for the electronic database publishers to negotiate with the writers whose works may have been infringed in the past and establish sound policies for the future.

CONCLUSION

¶ 30 The *Tasini* decision seeks to protect authors' rights in electronic media. Through this decision, the U.S. Supreme Court adds to a growing canon of new media copyright law. The Supreme Court's approach is consistent not only with the conclusions reached by other nations, but is also in accord with other recent U.S. decisions.^{[77](#)}

¶ 31 Under *Tasini*, the future does not look as bleak as the publishers might have us think. Although Justice Stevens worried about future harm in his dissent, the likelihood of mass deletion of articles is not great. It is far more probable that a settlement will soon be reached between the publishing industry and the freelance writers. If such a settlement is not attained, the District Court will likely create a modified clearinghouse solution similar to recent settlements.

¶ 32 Regardless of the final solution, it is highly unlikely that future researchers will find gaping holes in the historical record. The value of complete electronic databases is far too great for companies such as LEXIS/NEXIS to allow deficiencies to exist in their offerings. However, the New York Times and other publications are already demanding that their freelance writers sign over electronic rights. It therefore remains to be seen if *Tasini* will actually garner additional compensation for freelance writers or whether the superior bargaining power of the publishers will force freelancers to sign away even more rights than before.

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Footnotes

1. 17 U.S.C. §201(c) (2000).
2. *New York Times v. Tasini*, No. 00-201, 2001 U.S. LEXIS 4667, at *12 (U.S. June 25, 2001) [hereinafter *Tasini III*].
3. *Tasini v. New York Times*, 972 F. Supp. 804, 807 (S.D.N.Y. 1997), *rev'd*, 206 F.3d 161 (2nd Cir. 2000), *aff'd sub nom. New York Times Co. v. Tasini*, No. 00-201, 2001 U.S. LEXIS 4667 (U.S. June 25, 2001). [hereinafter *Tasini I*].
4. *Id.*
5. *Introduction to Tasini v. N. Y. Times*, National Writers Union, at <http://www.nwu.org/tvt/tvthome.htm#tvntintro> (last visited July 8, 2001).
6. *Id.*
7. Kendra Mayfield, *Writers Fight for E-Rights*, Wired News, at <http://www.wired.com/news/print/0,1294,42538,00.html> (last visited July 8, 2001).
8. *Id.*
9. *Tasini III*, 2001 U.S. LEXIS 4667, at *13.
10. *Id.* at *15.
11. *Tasini v. New York Times Co.*, 206 F.3d 161, 164 (2nd Cir. 2000), amending *Tasini v. New York Times Co.*, 192 F.3d 356 (1999), *aff'd sub nom. New York Times Co. v. Tasini*, No. 00-201, 2001 U.S. LEXIS 4667 (U.S. June 25, 2001) [hereinafter *Tasini II*].
12. *Tasini III*, 2001 U.S. LEXIS 4667, at *14, 16.
13. *Id.* at *13.
14. *Id.* at *17.
15. *Id.*
16. *Tasini I*, 972 F. Supp. at 812.

17. Kendra Mayfield, *Writers Fight for E-Rights*, Wired News, at <http://www.wired.com/news/print/0,1294,42538,00.html>(last visited July 8, 2001).

18. *Tasini III*, 2001 U.S. LEXIS 4667, at *21-22.

19. *Id.* at *23.

20. *Id.*

21. *Tasini II*, 206 F.3d at 166.

22. 17 U.S.C. §201(c) (2000).

23. *Tasini II*, 206 F.3d at 165.

24. *Tasini I*, 972 F. Supp. at 806.

25. *Id.* at 823.

26. *Id.* at 824.

27. *Tasini II*, 206 F.3d at 163.

28. *Id.* at 167.

29. *Id.*

30. *Id.* at 168.

31. *Tasini I*, 972 F. Supp. at 825.

32. *Tasini II*, 206 F.3d at 169.

33. *Id.*

34. *Id.*

35. *Id.* at 168.

36. *Id.*

37. *Tasini III*, 2001 U.S. LEXIS 4667, at *27.

38. *Id.* at *31.

39. H. R. Rep. No. 94-1476, at 122 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, *available at* 1976 WL 14045.

40. *Id.* at *27-28.

41. *Id.* at *36.

42. *Id.*

43. *Id.* at *32-33.

44. *Id.* at *32.

45. *Id.* at *41.

46. *Id.* at *40 - 41.

47. *Id.* at *41.

48. *Id.* at *52.

49. *Id.* at *53-54.

50. *Id.* at *57.

51. *Id.* at *67.

52. *Id.* at *67-68.

53. *Id.* at *70.

54. Linda Greenhouse, *Court Sides With Freelancers in Electronic Rights Case*, The New York Times Online, June 25, 2001, at <http://www.nytimes.com/2001/06/25/national/25CND-SCOTUS.html?searchpv=day05&pagewanted=print>, (last visited June 30, 2001).

55. *Tasini III*, 2001 U.S. LEXIS 4667, at *40.

56. Kendra Mayfield, *Writers Aren't Cashing Checks Yet*, Wired News, at <http://www.wired.com/news/print/0,1294,44860,00.html> (last visited July 8, 2001).

57. Id.

58. *Don't Bow to N.Y. Times Intimidation*, National Writers Union, at <http://www.nwu.org/tvt/vicnyt1.htm> (last visited July 8, 2001).

59. *New Lawsuit Against The New York Times*, National Writers Union, at <http://www.nwu.org/tvt/ad1.htm> (last visited July 8, 2001).

60. *Authors' Guild and Freelancers Bring Copyright Infringement Lawsuit Against The New York Times*, The Authors' Guild, at <http://www.authorsguild.org/prclassact070501.html> (last visited July 9, 2001).

61. *New Lawsuit Against The New York Times*, National Writers Union, at <http://www.nwu.org/tvt/ad1.htm> (last visited July 8, 2001).

62. *Tasini I*, 972 F. Supp. at 807 n.2.

63. Linda Greenhouse, *Freelancers Win in Copyright Case*, The New York Times Online, June 26, 2001, at <http://www.nytimes.com/2001/06/26/national/26BIZC.html?searchpv=day04&pagewanted=print>, (last visited June 30, 2001).

64. Kendra Mayfield, *Writers Aren't Cashing Checks Yet*, Wired News, at <http://www.wired.com/news/print/0,1294,44860,00.html> (last visited July 8, 2001).

65. David D. Kirkpatrick, *The Reaction: Publishers Set to Remove Older Articles From Files*, The New York Times Online, June 26, 2001, at <http://www.nytimes.com/2001/06/26/technology/26COPY.html?searchpv=day04&pagewanted=print>, (last visited June 30, 2001).

66. *The Publication Rights Clearinghouse - The National Writers Union Solution*, National Writers Union, at <http://www.nwu.org/tvt/tvtprc.htm> (last visited July 8, 2001).

67. *Publication Rights Clearinghouse - Frequently Asked Questions*, National Writers Union, at www.nwu.org/prc/prcfaq.pdf, (last visited July 8, 2001).

68. *How Publishers Can Benefit from the PRC*, National Writers Union, at www.nwu.org/prc/prc-pub.htm, (last visited July 2, 2001).

69. *Tasini III*, 2001 U.S. LEXIS 4667, at *41.

70. *Tasini III*, 2001 U.S. LEXIS 4667, at *41 n.13.

71. *Ryan v. Carl Corp.*, 23 F.Supp.2d 1146 (N.D. CA 1998).

72. *Many Guild Members and Others Eligible to Share in \$7.25 Million Settlement*, Authors' Guild, at <http://www.authorsguild.org/pruncover lawsuit.html>, (last visited July 8, 2001).

73. *Id.*

74. *New Lawsuit Against The New York Times*, National Writers Union, at <http://www.nwu.org/tvt/ad1.htm>(last visited July 8, 2001).

75. *Id.*

76. Felicity Barringer, *Freelancers Plan Return to Court*, The New York Times Online, July 6, 2001, at <http://www.nytimes.com/2001/07/06/technology/06WRIT.html?searchpv=day03>, (last visited July 9, 2001).

77. *See, e.g., A&M Records v. Napster, Inc.*, 239 F.3d 1004 (9th Cir. 2001) (Demonstrating importance of creators' rights under U.S. Copyright Law).