

Put It in Writing

The extent of rights acquired on a copyrightable work should be agreed upon ahead of time

By J. Michael Huget and Sarah K. Fisher

The United States Supreme Court's recent decision in *New York Times Co v Tasini* illustrates the need for anyone involved in commissioning or acquiring copyrightable works to understand how the Copyright Act functions.

Between 1990 and 1993, six freelance authors wrote 21 articles which were then published in a number of national newspapers and magazines. The authors worked for the magazines as independent contractors with contracts that contained no language authorizing the placement of the articles into electronic databases.¹

Pursuant to various licensing agreements, the magazines placed the authors' articles in a number of electronic databases, including the New York Times OnDisc (NYTO), LEXIS/NEXIS, and General Periodicals OnDisc (GPO). NYTO and LEXIS/NEXIS are text-only databases where individual articles can be accessed. They appear with a display that "identifies its original print publication, date, section, initial page number, title, and author, but each article appears in isolation—without visible link to other stories originally published in the same periodical edition." The GPO, on the other hand, "is an image-based system that reproduces the Times' Sunday Book Review and Magazine exactly as they appeared on the printed page, complete with photographs, captions, advertisements, and other surrounding materials."²

The copyright infringement alleged by the authors occurred when, "as permitted and facilitated by the Print Publishers, LEXIS/NEXIS and UMI (Electronic Publishers) placed the articles in the NEXIS, NYTO, and GPO databases (databases)."³ In response to the authors' allegations, the publishers relied on the privilege of reproduction and distribution contained in Section 201(c) of the Copyright Act, which provides:

Copyright in each separate contribution to a collective work is distinct from copyright in the collective work as a whole, and vests initially in the author of the contribution. In the absence of an express transfer of the copyright or of any rights under it, the owner of a 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.

The district court agreed with the publishers' argument that Section 201 shielded the database reproductions and granted summary judgment in their favor. In so holding, the court stated that "the privilege conferred by Section 201(c) is transferable . . . and therefore could be conveyed from the original Print Publishers to the Electronic Publishers," as well as that "the databases reproduced and distributed the authors' works, in Section 201(c)'s words, 'as part of . . . a revision of that collective work' to which the authors had first contributed."⁴

On appeal by the authors, the second circuit reversed the district court's holding and granted summary judgment for the authors on the ground that the databases were not among the collective works covered by Section 201(c), and specifically, were not "revisions" of the periodicals in which the articles first appeared.⁵ In the words of the second circuit, "the databases might fairly be described as containing 'new anthologies of innumerable' editions or publications, but they do not qualify as 'revisions' of particular editions of periodicals in the databases."⁶

This column addresses proceedings before the United States Supreme Court that are of interest to *Michigan Bar Journal* readers. The column is edited by Leonard M. Niehoff.

The Supreme Court affirmed the decision of the court of appeals, and concluded that "the Section 201(c) privilege does not override the author's copyrights, for the databases do not reproduce and distribute the articles as part of a collective work privileged by Section 201(c)." As the courts below it, the Supreme Court concentrated on "determining whether the articles have been reproduced and distributed 'as part of' a 'revision' of the collective works in issue" by focusing their analysis on "the articles as presented to, and perceptible by, the user of the databases."⁷ Because the databases present the articles individually, rather than as a part of the periodical in which it was previously published, the court held that they do not present the articles as a part of the collective work—nor any revision of it—to which the authors originally contributed.

Having determined that these electronic databases do not reproduce articles as a part of a collective work, the Supreme Court shifted its focus to the protection of freelancers' copyrights in their contributions. The court noted that "[i]f there is a demand for a freelance article standing alone or in a new collection, the Copyright Act allows the freelancer to benefit from that demand; after authorizing initial publication, the freelancer may also sell the article to others."⁸

In their briefs to the Supreme Court, the publishers insist that a ruling in favor of the authors will have "devastating" consequences and "will punch gaping holes in the electronic record of history." This argument, much like the others made by the publishers, was struck down by the court. Indeed, the Supreme Court took care to clarify their holding and stress that it in no way necessitated an injunction. Rather, to avoid future violations by publishers, "[t]he parties (authors and publishers) may enter into an agreement



allowing continued electronic reproduction of the authors' works."⁹

This decision underscores the need to understand how the Copyright Act functions. The act provides that the creator of a copyrightable work is the owner of the copyright in that work, unless the work is considered a "work for hire." This is true even if the work is paid for by another, such as the publisher defendants in *Tasini*. The copyright ownership can only be transferred by a written agreement.¹⁰

The difficulty that arose in *Tasini* is that the publishers did not obtain copyright ownership for the articles at issue; as a result, they merely had a license to publish the articles in their publications. Given that the license did not address the issue of electronic databases, the publishers were at the mercy of judicial interpretation. Had the publishers either obtained the copyrights in the articles or a license that included the right to incorporate the articles in an electronic database, there would have been no claim.

Thus, the lesson from *Tasini* is simple, yet often ignored: it is imperative for any person or company hiring an independent contractor to create a copyrightable work to agree in writing, before the work is begun, on the extent of the rights to be acquired from the independent contractor. The lack of a written agreement will ensure that the independent contractor will retain the copyright ownership, along with the right to license and further exploit the work. Even though the issues in *Tasini* were focused on authors, these fundamental principles apply to any person creating a copyrightable work, including photographers, graphic designers, architects, and software programmers, just to name a few. ◆

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FOOTNOTES

1. *New York Times Co v Tasini*, 121 S Ct 2381, 2385 (2001).
2. *Id.* at p 2382.
3. *Id.* at p 2386.
4. *Id.* 972 F Supp 804, 806 (1997).
5. 206 F3d 161 (1999).
6. 121 S Ct at p 2387.
7. *Id.* at p 2390.
8. *Id.* at p 2389).
9. *Id.* at p 2393.
10. 17 USC 204(a).