By David Wall

LEGAL DEVELOPMENTS

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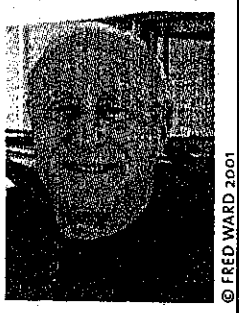
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Heidelberg sues Adobe

Heidelberger Druckmaschinen AG of Heidelberg, Germany, recently sued San Jose, Calif.-based Adobe Systems Inc., alleging patent infringement. The patent, which Heidelberg acquired when it merged with Linotype-Hell AG, covers color retouching. In a statement, Heidelberg said the complaint was filed in an effort to defend its technological developments and "is not meant as an offensive move against Adobe per se."

Peter Dyson, online editor at Seybold Publications of Media, Penn., said the technology in question is used by Adobe's Photoshop image editing software and "would affect any developer with a color retouching package."

Adobe said it believes the case has no merit and intends to vigorously defend itself.

FontXpress 4.0 collects fonts faster, squashes bugs

Morrison SoftDesign this month refreshed its utility for collecting fonts from QuarkXPress documents.

FontXpress for Macintosh 4.0 will collect PostScript fonts more quickly because it no longer searches entire storage volumes, Morrison said. The update also fixes incompatibilities with Mac OS 8.0's Appearance Manager and Easy Open control panels.

Version 4.0's prepress error checking is now in sync with XPress 4.0, the company said; the software no longer reports error messages that are irrelevant in XPress 4.0.

A single-user copy of FontXpress 4.0 has a street price of $70; a site license is $350. Updates are free to registered FontXpress users. A Windows version is due in January.

Morrison SoftDesign of Charlotte, N.C., is at (704) 597-3789 or (800) 583-2917; www.morrisonsoftdesign.com.

PhotoAlto ships collections

UNIX Stock image company PhotoAlto this month released five new CD-ROMs depicting business and nature themes.

The CDs, $299 each, are Building Industry, Panoramic Landscapes, and Business and Teamwork, each from James Hardy; Children's Life from Corinne Malet; and Symbols & Signs from Isabelle Rozenbaum. Compatible with Mac OS, Windows, Sun Solaris and Irix, each CD contains 120 images (except for Panoramic Landscapes, which has 50). The A4-size images, in 300-dpi and 75-dpi resolutions, are JPEG files in RGB mode, the company said.

Phil's Fonts Inc. of Silver Spring, Md., the U.S. distributor of Paris-based PhotoAlto (www.photoalto.com), is at (301) 879-0601 or (800) 424-2977; www.philsfonts.com.

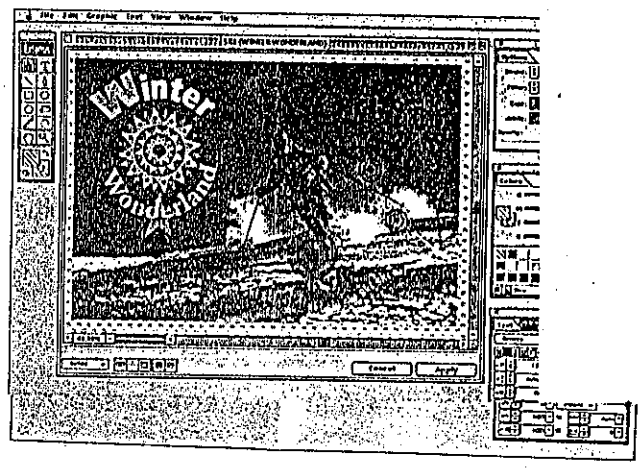
PhotoGraphics 1.0 exp

Photoshop plug-in from Extensis offers vector drawing, text handling

BY DANIEL DREW TURNER

Extensis this week pulled the veil off PhotoGraphics 1.0, its plug-in that adds vector drawing and text handling features to Adobe Photoshop 4.x and later. Set to ship on Jan. 25 for Mac OS and Windows 95, 98 and NT, PhotoGraphics will cost $150, Extensis said.

Ted Alspach, Extensis senior product marketing manager, said that PhotoGraphics was conceived not to replace Adobe Illustrator or Macromedia FreeHand, but more as a workflow system for graphic designers using Photoshop who find themselves launching drawing applications in order to complete a few simple tasks, such as placing text along a path.



text along a path or object.

PhotoGraphics grew out of Extensis' PhotoText plug-in, Alspach said, and retains all its text layout and effects functions, with additions such as super- and subscript.

The vector drawing tools in PhotoGraphics are intentionally reminiscent of Illustrator's, Alspach said, complete with Illustrator-like keyboard shortcuts. Artists will be able to use Bezier curves to create vector shapes and to

See PHOTOGRAPHICS, *page 10* ▸

CASE STUDY

National Geographic scans a century of issues for CD

Society scans its archives for digital consumption

BY ERIC A. TAUB

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More than 190,000 pages and 109 years of history are reproduced and indexed in The Complete National Geographic, including every article, photograph, page map and advertisement.

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Archives

Continued from page 8

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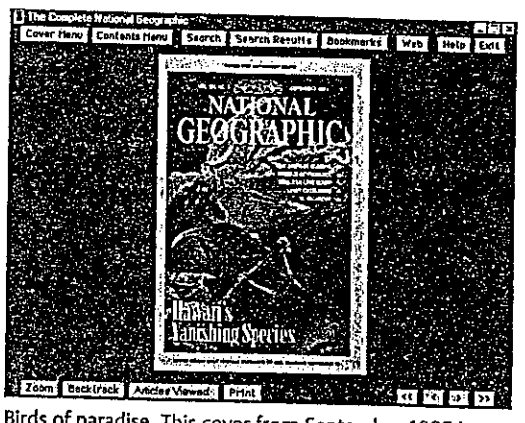
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eMediaweekly

Volume 12, No. 45 • December 14, 1998 THE NEWSWEEKLY FOR DIGITAL MEDIA MANAGERS www.emediaweekly.com

Heidelberg sues Adobe

Heidelberger Druckmaschinen AG of Heidelberg, Germany, recently sued San Jose, Calif.-based Adobe Systems Inc., alleging patent infringement. The patent, which Heidelberg acquired when it merged with Linotype-Hell AG, covers color retouching. In a statement, Heidelberg said the complaint was filed in an effort to defend its technological developments and "is not meant as an offensive move against Adobe per se."

Peter Dyson, online editor at Seybold Publications of Media, Penn., said the technology in question is used by Adobe's Photoshop image editing software and "would affect any developer with a color retouching package."

Adobe said it believes the case has no merit and intends to vigorously defend itself.

FontXpress 4.0 collects fonts faster, squashes bugs

Morrison SoftDesign this month refreshed its utility for collecting fonts from QuarkXPress documents.

FontXpress for Macintosh 4.0 will collect PostScript fonts more quickly because it no longer searches entire storage volumes, Morrison said. The update also fixes incompatibilities with Mac OS 8.0's Appearance Manager and Easy Open control panels.

Version 4.0's prepress error checking is now in sync with XPress 4.0, the company said; the software no longer reports error messages that are irrelevant in XPress 4.0.

A single-user copy of FontXpress 4.0 has a street price of $70; a site license is $350. Updates are free to registered FontXpress users. A Windows version is due in January.

Morrison SoftDesign of Charlotte, N.C., is at (704) 597-3789 or (800) 583-2917; www.morrisonsoftdesign.com.

PhotoAlto ships collections

UNIX Stock image company PhotoAlto this month released five new CD-ROMs depicting business and nature themes.

The CDs, $299 each, are Building Industry, Panoramic Landscapes, and Business and Teamwork, each from James Hardy; Children's Life from Corinne Malet; and Symbols & Signs from Isabelle Rozenbaum. Compatible with Mac OS, Windows, Sun Solaris and Irix, each CD contains 120 images (except for Panoramic Landscapes, which has 50). The A4-size images, in 300-dpi and 75-dpi resolutions, are JPEG files in RGB mode, the company said.

Phil's Fonts Inc. of Silver Spring, Md., the U.S. distributor of Paris-based PhotoAlto (www.photoalto.com), is at (301) 879-0601 or (800) 424-2977; www.phillsfonts.com.

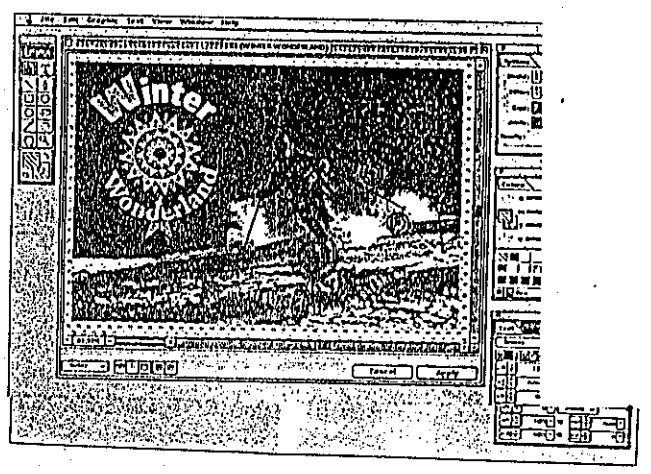
PhotoGraphics 1.0 exp

Photoshop plug-in from Extensis offers vector drawing, text handling

BY DANIEL DREW TURNER

Extensis this week pulled the veil off PhotoGraphics 1.0, its plug-in that adds vector drawing and text handling features to Adobe Photoshop 4.x and later. Set to ship on Jan. 25 for Mac OS and Windows 95, 98 and NT, PhotoGraphics will cost $150, Extensis said.

Ted Alspach, Extensis senior product marketing manager, said that PhotoGraphics was conceived not to replace Adobe Illustrator or Macromedia FreeHand, but more as a workflow system for graphic designers using Photoshop who find themselves launching drawing applications in order to complete a few simple tasks, such as placing text along a path.



...text along a path or object.

PhotoGraphics grew out of Extensis' PhotoText plug-in, Alspach said, and retains all its text layout and effects functions, with additions such as super- and subscript.

The vector drawing tools in PhotoGraphics are intentionally reminiscent of Illustrator's, Alspach said, complete with Illustrator-like keyboard shortcuts. Artists will be able to use Bezier curves to create vector shapes and to

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CASE STUDY

National Geographic scans a century of issues for CD

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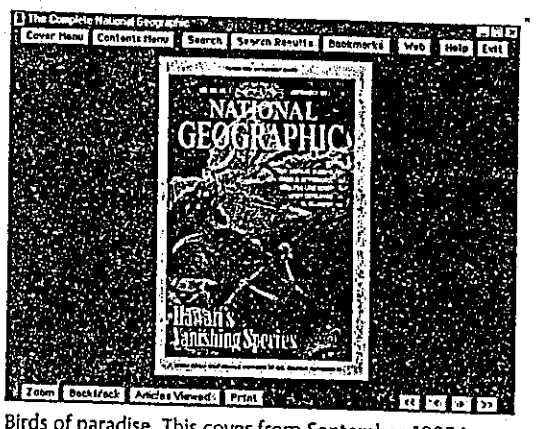
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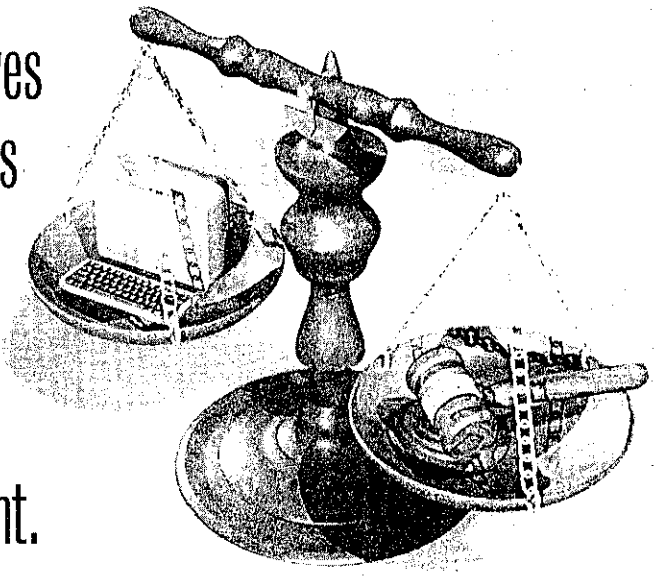
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Weighing the meaning of 'fair use'

Record label executives and music enthusiasts continue to debate the fine line between consumer rights and copyright infringement.



BY DAWN C. CHMIELEWSKI
Knight Ridder News Service

Like any college student, Tony Tran knows his rights.

He has the right to sample music for free over the Internet. He has the right to download an entire CD to his computer's hard drive and listen to it for days to determine whether to buy it. And he has the right to make copies for his friends.

"If I like it, I buy it. If I don't, I delete it," said Tran, an 18-year-old computer engineering student at San Jose State. "Obviously, the artists and record companies aren't worried about consumers like me. They're worried about the kids that download and don't buy."

But record labels are indeed worried. Sharing music is a practice as old as cassette tapes and college dorms. But Internet song-swapping sites and technological advances in CD authoring turned what was once a limited campus pastime to pandemic. And the recording industry is determined to stop it.

All five major labels are exploring ways to squelch music piracy at the source: the compact disc. They're working with companies such as Macrovision in Sunnyvale, Calif., to copy-protect CDs — essentially, padlocking tracks on discs so songs can't be "ripped" — copied onto a computer — and distributed endlessly over the Internet.

An alliance of equally powerful technology companies, which includes IBM and Intel, would extend copy protection to portable devices and removable memory.

Even the online subscription services soon to debut — MusicNet and pressplay — would introduce consumers to a new type of Internet music experience: songs you rent but don't own — and can't take with you.

These technological initiatives, undertaken as part of anti-piracy efforts, put the labels on a potential collision course with consumers. Restricting what consumers can do with their music CDs challenges the notion of "fair use."

Simply put, "fair use" lets consumers make personal copies of copyrighted works: from custom CD compilations of favorite dance tracks, to videotapes of the hit NBC show *Friends*, to parodies of the epic novel *Gone With the Wind*.

But fair use is a right that remains up for grabs in the Internet Age.

Napster's attorneys tried to carve out a "fair use" right for the millions of people who traded song files over the revolutionary peer-to-peer network. Attorney David Boies argued that consumers used Napster to space-shift, or convert songs they already owned on CD or vinyl into a convenient, computer-friendly format. Federal judge Marilyn Hall Patel didn't buy it.

Record label executives argued then — as now — that "fair use" is no right, it's a defense for copyright infringement. Consumers have no legal right to make personal copies of the videotape they rent from Blockbuster any more than they could brazenly bring a camcorder to the theater and record a movie to watch later. Similarly, they don't have a "right" to make multiple copies of the music CD they've purchased — one for the car, another for work and perhaps another for a friend.

"It could well be a court would find fair use in making a convenience copy of a sound recording, but that's never been tested," said one industry executive. "It's not an affirmative right. It's a defense."

In the absence of clearly defined fair-use rights for consumers, the recording and film industries are moving into the legislative void to assert their own rights over digitally distributed content, said Jessica Litman, a law professor at Wayne State University who specializes in intellectual property.

▶ PLEASE SEE FAIR USE, 26

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▸ FAIR USE, FROM 2B

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The Hollings bill attempts to address the motion picture industry's concerns about piracy — and its desire to encrypt digital television broadcasts to prevent copying in the home.

But it also sets the stage for a new type of pay-per-view model, in which the consumer could no longer record premium cable broadcasts of, say, Showtime's Original Movie Series, or such popular HBO programs as *The Sopranos* or *Sex and the City*. Missed the broadcast? You'll presumably have to pay to watch it later.

"There's an irresistible impulse to turn copyright control into cash," said Litman. "If it's something consumers want and the copyright owners can keep control of it, the copyright owner can sell it separately."

The recording industry is moving down the same path.

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This desire to create new, lucrative markets for music explains the industry's efforts to lock songs to CDs. While only one label — Universal Music Group — has publicly disclosed plans to lock tracks on CDs next year, all five majors are experimenting with similar techniques to prevent copying.

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Now, for the rest of the story.

"The music business has a problem. They have one way to get revenue: selling CDs," said one industry insider. "We're trying to limit what we're selling to you when we sell a CD, so that we can have other services."

Locking music to the CD unlocks market potential. The labels see an emerging music rental business on the internet for cost-conscious consumers. A reinvigorated business at retail — one no longer threatened by the Napsters of the world. And perhaps even a "deluxe" version of the CD that permits the flexibility consumers now take for granted, such as the ability to rip tracks and create custom mixes or convenience copies.

Macrovision moves the record industry closer to that vision with a new, tiered marketplace for music with a version of its copy-protection technology to be announced in coming weeks.

It places two versions of the music on a single disc. One version would play on a regular CD player. But when you insert the disc into a computer, the directory of songs hides, so CD-ripping programs can't find the tracks to extract. Instead, the computer sees compressed versions of the songs that are encoded with rights-management technology that sets limits on what the consumer does with the file.

"The consumer can put it on PC, listen to it, move it onto a portable player — once it can be authenticated that he is the right owner for that piece of music," said Miao Chuang, Macrovision spokeswoman.

If copy-protection experiments fail, record label executives say privately they will simply abandon CDs for another, more friendly format.

All American Food

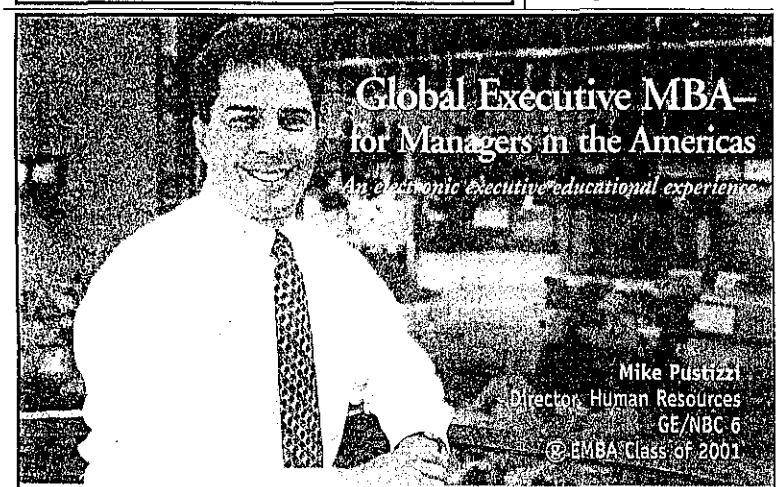
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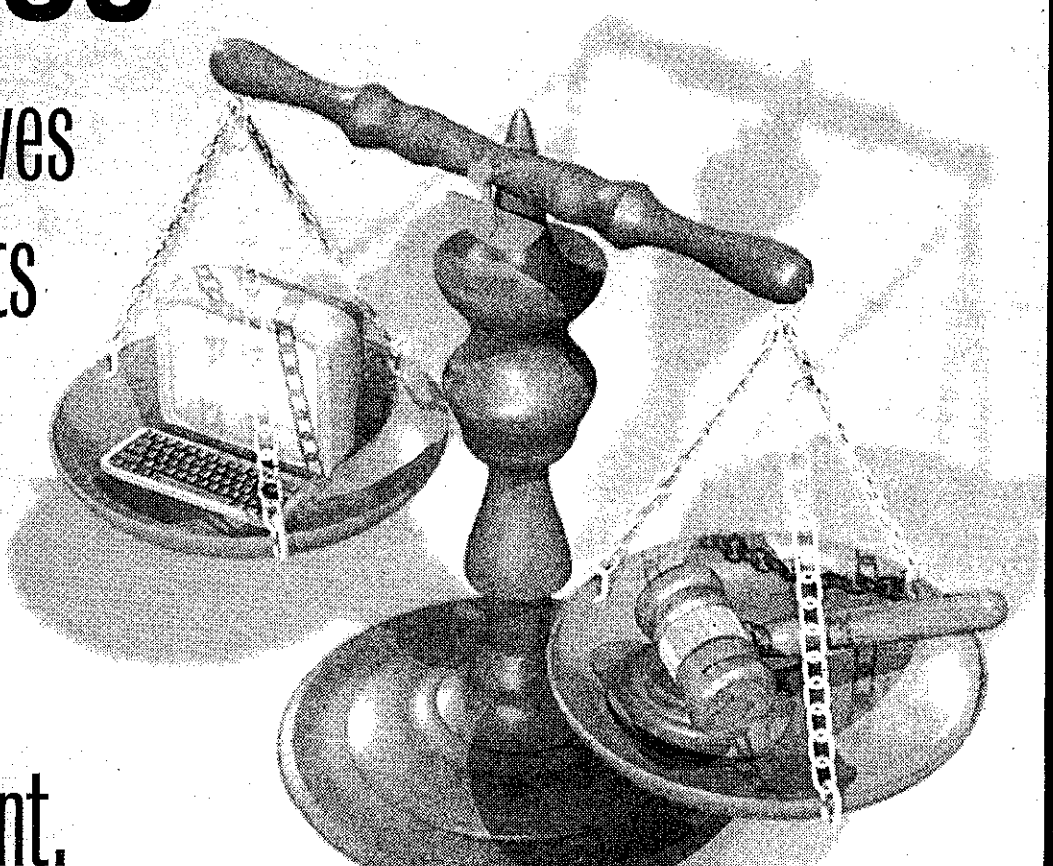
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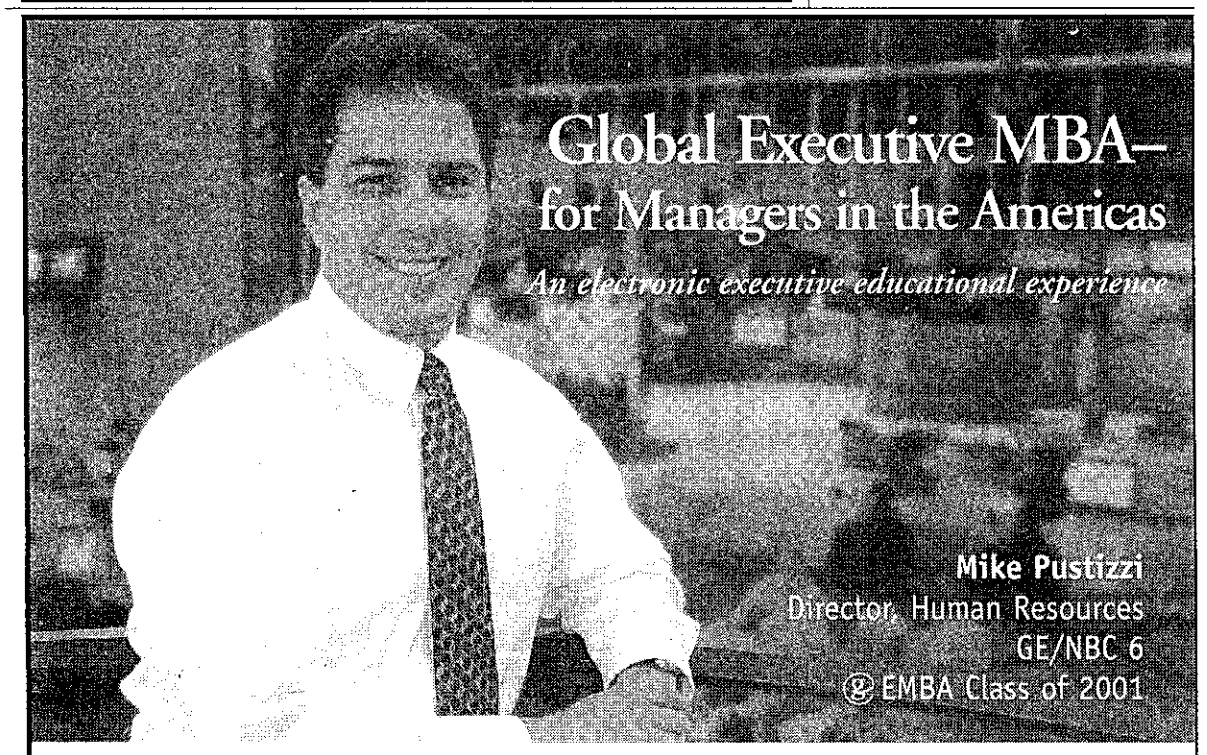
Macrovision moves the record industry closer to that vision with a new, tiered marketplace for music with a version of its copy-protection technology to be announced in coming weeks.

It places two versions of the music on a single disc. One version would play on a regular CD player. But when you insert the disc into a computer, the directory of songs hides, so CD-ripping programs can't find the tracks to extract. Instead, the computer sees compressed versions of the songs that are encoded with rights-management technology that sets limits on what the consumer does with the file.

"The consumer can put it on PC, listen to it, move it onto a portable player — once it can be authenticated that he is the right owner for that piece of music," said Miao Chuang, Macrovision spokeswoman.

If copy-protection experiments fail, record label executives say privately they will simply abandon CDs for another, more friendly format.

A&W All American Food
LONG JOHN SILVER'S
FRANCHISE OPPORTUNITIES
Florida Markets Open for New Development
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(305) 867-2624 Phone
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December 15, 2001—10:00 a.m.
Kovens Conference Center, 151st Street and Biscayne Blvd., Biscayne Bay Campus, (just south of Aventura Mall)

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STATUTORY DAMAGES

A major benefit of registering your images BY ANDREW BERGER

Internet piracy of images is a growing problem for photographers. But photographers have a club to fight back, if they chose to wield it - statutory damages, the amounts set by Congress to compensate photographers for copyright infringement. And those amounts are going up. The Senate and House have passed legislation (that President Clinton is expected to approve), which increases statutory damages by 50 percent. But the benefits of statutory damages come with a price. To obtain statutory damages, a photographer must have registered the infringed image with the Copyright Office within a set time. Most photographers don't register. Hopefully, that conduct will change when they realize the ease of registration and the benefits registration brings.

How to Register

Registration is simple. A photographer provides seven items of information on Form VA (for visual arts), including the title of the image or work; the year the image was shot or created; the date and place of publication, if the image was "published" or distributed the image to the public; and the type of work being registered - a photograph or two-dimensional artwork. The form is sent to the Copyright Office along with two copies of the image being registered and the filing fee of $30. Registration becomes effective when the form is received, even though it takes about six months for the Copyright Office to send back a registration number.

Each image does not have to be separately registered. There are many ways to register a large group of images for one $30 fee. For more information, go the Copyright Office's Website at lcweb.loc.gov/copyright or call that office at (202) 707-9100.

Statutory Damages and Attorneys' Fees

Any victim of infringement, even untimely registrants, can demand from the infringer their actual damages plus the infringer's profits gained by the infringement. But timely registrants enjoy the leverage of statutory damages, plus, if they are successful in the copyright case, recovering their attorneys' fees from the infringer. The amount of statutory damages recoverable depends on the conduct of the infringer. Under present law, if an infringer can show its infringement was innocent, it may pay as little as $200 for each image infringed. Willful infringers may have to pay as much as $100,000 for each infringed image.

When to Register

Timeliness depends on whether the image has been infringed. If the image has not been infringed, it is not "too late" to register it, even though it has been licensed for years. But if the image has been infringed, the photographer must register it within 90 days of the infringement and also show that the infringing use was the first time that the image was "published" or released to public.

Some Examples

Let's assume that a photograph has been displayed in the national media for years but has never been infringed. Under those circumstances, the image will be timely registered when Form VA is received by the Copyright Office. Another example could be that a photograph is pirated and appears on an Internet site on January 1. The photograph has never before been published or released to the public. If it is registered within the 90-day window, or by March 31, registration is timely. For a final example, let's assume the same pirated photograph is posted on an Internet site on January 1 but this image has been published for years in the media. Even registration within the 90-day window will not be timely because the image has been published previously.

Photographers should therefore comb their stock of images and register now those images that have enjoyed success in the marketplace and have not previously been infringed. Commercially successful images are prime candidates for infringement. Also, photographers will be able to timely register those previously unpublished images which are then infringed if they do so within 90 days of the infringement.

Benefits of Registration

Registration will help significantly a photographer victimized by infringement. Infringers, faced with the prospect of paying as much as $100,000 in statutory damages for each image infringed, as well as the photographer's legal fees, are likely to think seriously about settling an infringement case.

The chances of a settlement are even greater as a result of the Feltner v. Columbia Pictures case, where the United States Supreme Court established that timely registrants are entitled to have a jury decide the amount of statutory damages. As that case illustrates, juries will be generous when there is clear evidence of infringement. In this case, Columbia Pictures had sued the owner of two TV stations in Florida for airing a series of Columbia's programs for two years without a license. When that case was first tried without a jury, the district judge awarded Columbia $8.8 million. After the Supreme Court's decision, the case was retried last April before a jury which award-

ed Columbia statutory damages of $31.7 million.

Some more examples

Two recent cases further illustrate the benefits of timely registration. The first concerns images not timely registered. There, our client supplied images to a company for possible use on its Web site. The company posted more than 100 of the images on that site before any license agreement was reached. After the photographer complained, the company removed the photographer's images but then had an in-house employee create more than 30 images which were substantially similar to our client's images. The company posted these similar images on its site.

Because the client's images were not timely registered, the photographer could demand only actual, not statutory, damages. We argued the damages were what a reasonable license would have been for the images. We had to retain an expert to survey stock houses to determine what they would have charged for a similar use. The survey produced a wide range of prices, which is not surprising given the many considerations that affect Web pricing. The client could not recover any profits attributable to the infringement because the images on the company's Web site did not appear to have increased the company's business. Although the case was settled for more than $40,000 earlier this year, the settlement might have been far greater if the images had been timely registered.

The second example deals with a registered image. There, a national news magazine first published our client's photograph on its cover. The client's copyright for the image was then infringed when a clip art company, without authority, put a graphic version of a computer-generated image in its clip art collection, which was distributed throughout the world. We argued that this distribution essentially destroyed the value of the copyright since we could no longer guarantee potential licensees exclusive rights to the image.

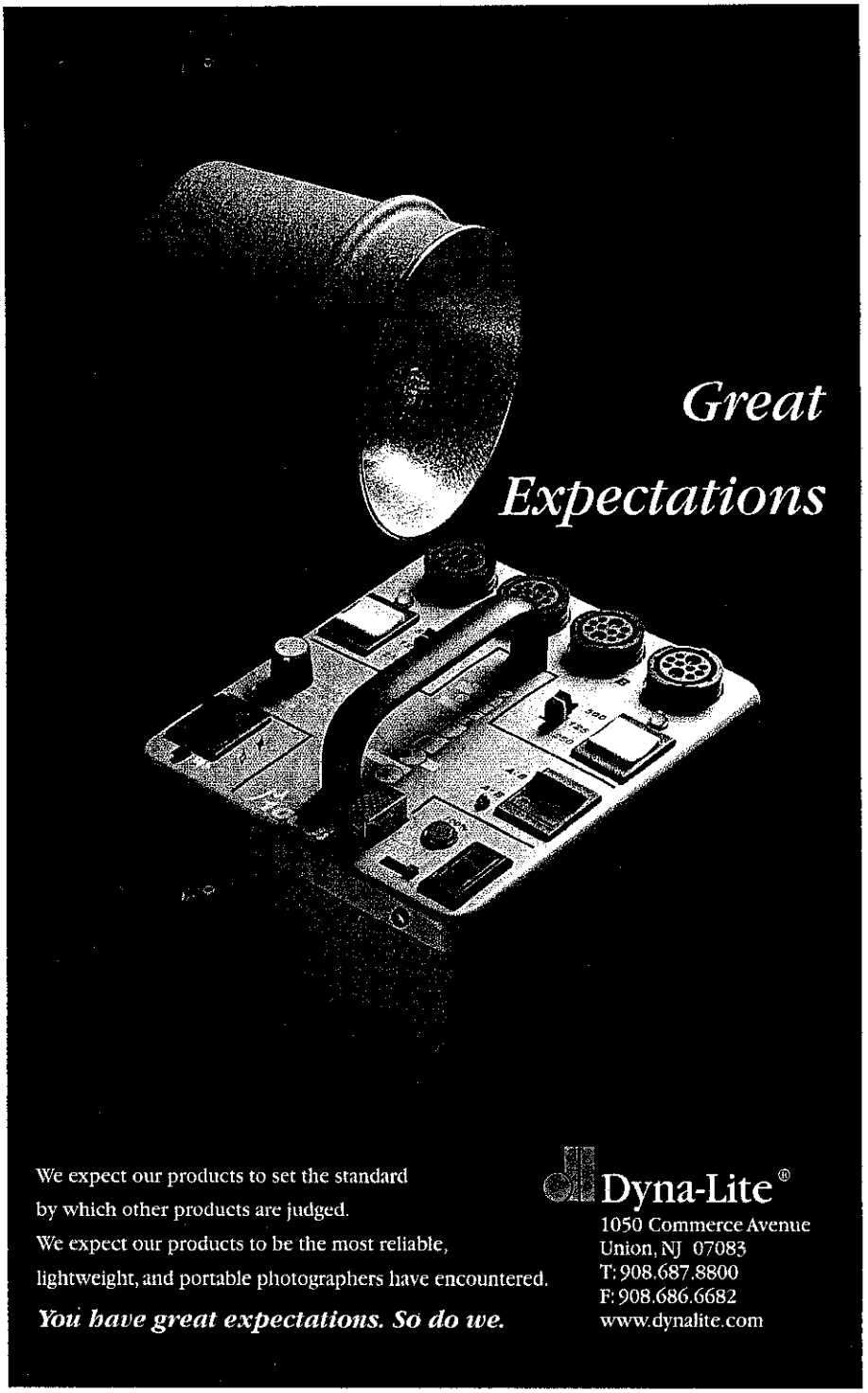
At the start of the law suit, the infringer offered to settle the case for $7,500. On the eve of trial, faced with the possibility of statutory damages and paying our attorneys' fees, the infringer agreed to settle for nearly $100,000.

Wield that club

Often, photographers overlook registration, even though Congress has given them a club — statutory damages — with plenty of punch. Because photographers fail to register, they cannot collect the substantial damages set by statute, which are about to become even more substantial. When photographers recognize how simple it is to register and the leverage it creates, registration should become common practice. ∞

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Andrew Berger *is counsel to the New York City firm of Stecher Jaglom and Prutzman. He specializes in intellectual property matters and may be reached at (212) 355-4000.*



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PUBLISHING NEWS

Harper's Pledges to Pay Royalties

NEW YORK—*Harper's* magazine says it will do the right thing and clear permissions with contributors before following through with plans to distribute its entire archives online.

The magazine ran an ad in its September issue advising readers that they would be able to "view full-page scanned images of every page of the magazine, including both text and spectacular illustrations." Currently the 150-year-old magazine is scanning 19th-century issues that have passed into the public domain, so rights clearances aren't necessary. But project manager Jean Dubi says more recent issues of the magazine will be scanned within the next three years. "When the time comes, we will be contacting everyone to get rights cleared," she says.

Several years ago, *National Geographic* scanned all of its magazines page by page onto CD, asserting it didn't need permission to reproduce the text and pictures because they weren't creating a new work; they were simply transferring an existing work to a new medium.

Contributors refute that, and have filed at least four copyright infringement claims against the *Geographic*. [See Minden Settles with *National Geographic*, above].

"We're well aware of the *National Geographic* situation," says Dubi, adding, "We understand our responsibilities." Photographs published in *Harper's* are mostly from stock, and suppliers include Magnum, Contact Press Images and Matrix, among other agencies and individual photographers.

Harper's was one of the first magazines to share royalties from electronic distribution of its content with its contributors. The magazine signed up in early 1996 with the Author's Registry, a rights and royalties clearinghouse established by writers' trade groups to ensure that writers get their fair share of revenues generated from archival databases and other electronic media. (No such clearinghouse exists for photography, though.)

The *Harper's* archive CD will be produced and distributed by Bell + Howell, a database company that happens to be the target of a new federal lawsuit brought by writers in San Francisco for distributing work they produced for other publications without permission or payment.

But *Harper's* spokesperson Kelli Caldwell says the magazine requires any vendors distributing its content to share revenues with *Harper's* contributors. "We're always looking out for authors. Our publisher errs on the side of not making something available if the author is not going to be paid," she says.

ALL THE RIGHT STUFF

A focus on photography and copyright issues

Many photographers are now showcasing their work on the Web. With this comes the danger of having images stolen. If you plan to use the Internet to promote your shots, you'll want to read what Seth Resnick, a 42 year-old Boston-based photographer, has to say about protecting yourself. In a recent interview with Jeff Wignall, Mr. Resnick shared some of his secrets on setting up his highly secure web site.

Some people invest in expensive watermarking technology as a means to safeguard their work online. Seth Resnick told us that he believes in using other ways to protect his images. Upon entering www.sethresnick.com, you'll find that Mr. Resnick has a very prominent copyright statement right up front, which is indicative of how he feels about the subject. In his opinion, using existing copyright laws in conjunction with other technology provides less risk and is a more effective method of site protection.

For example, on his "portfolio" page, images are found in frames that look as though they're contained within a 35mm slide-mount. Someone downloading the image for reuse would need to cut it out of its mount. Such an action, according to the law, constitutes willful copyright infringement and a right to punitive damages.

He also keeps the images small to prevent illegal usage. A full-screen image at 640 x 480 pixels, for example, run through Photoshop with some interpolation can result in a 2 x 3-inch, 300 dpi image, ready for print. So keeping images small is critical, says Resnick.

Another suggestion to protect your copyright is gearing your site to your target audience. His site is designed for high-end corporate buyers. If someone searches for "stock photography" on a search engine, such as Infoseek, Mr. Resnick's site won't even be listed. Enter "stock photography business" or "stock photography research," and it comes up number one. People who rip off images aren't likely to work that hard to find you. He also suggests a video clip on your main page, which eats up memory and increases download time. This does not affect his clients, as business people usually have T1 lines -- something most low-end users do not.

The technique of using JavaScript to prevent downloading images is also a useful tip. JavaScript must be enabled to access his site. Even if a site visitor manages to turn off the Java in an attempt to steal any work, he'll find the images created in multiple layers. Once downloaded, the desired image does not appear. Only one layer emerges – a transparent gif that reads, "Call Seth Resnick for Permission."

Ultimately, Seth Resnick believes that simply putting a notice of copyright on your intellectual property is not enough. In his opinion, the best way to deal with the problem of copyright infringement is to understand where the source of trouble is and deal with it there. Protecting yourself with technology can work, if it is used in an effective and focused manner.

Digital Divisiveness

All Jon Johanssen wanted to do when he wrote his own DVD-playing software was find a way to watch movies on his computer. What his software has become is the latest focal point of a controversy that has exploded, in which technology, business and the First Amendment collide. When Emmanuel Goldstein, who runs a hacker magazine called *2600*, posted Johanssen's software on a website, eight media companies (including Time Warner, parent company of TIME) sued Goldstein, who also goes by the name Eric Corley. Last Thursday a New York judge ruled in the companies' favor, raising questions about how our legal system will regulate technology.



FRANCES M. ROBERTS

HACKER HERO? Editor Goldstein lost the lawsuit

In order to play DVDs, Johanssen's program breaks the encryption that prevents them from being copied. Under the Digital Millennium Copyright Act of 1998, that's a crime. Goldstein will appeal; his lawyer, Martin Garbus, who also defended Lenny Bruce and Timothy Leary, argues that software is self-expression and hence protected by the First Amendment. Furthermore, he asks, just because this application of the program is criminal, does that make the program itself criminal? U.S. District Court Judge Lewis A. Kaplan thought so. He wrote, in an occasionally impassioned 93-page ruling, that "the excitement of ready access to untold quantities of information has blurred in some minds the fact that taking what is not yours and not freely offered to you is stealing." Napster, are you listening? —*By Lev Grossman*

Subj: **Re: Tasini case to be heard by Supreme Court**
Date: Friday, November 10, 2000 6:21:49 AM
From: dausten@hoosier.net
To: fward@erols.com
cc: lulukiku@aol.com, billgarret@aol.com, psihov@aol.com, jim@chd.com

Many thanks for keeping us in the loop, Fred.

BTW, I have not heard anything of Jerry's case in Florida.

David Robert Austen

(This article appears on the Law.com website. On Monday the Supreme Court announced it would hear the Tasini appeal. The expected schedule is to hear the case around April and to render a verdict by June 30. There is an article in the Wall Street Journal on Nov. 7.) Copyright Suit for a Digital Age Tony Mauro American Lawyer Media November 2, 2000

A major copyright case, The New York Times Co. v. Tasini, No. 00-201, tops the list of cases the Supreme Court is expected to discuss at its next closed conference Friday, Nov. 3.

If the justices agree to consider it, an announcement could come Nov. 6. The justices convene for their docket-setting conference Friday following arguments on Monday, Tuesday, and Wednesday of this week. The cases highlighted here are selected by D.C. practitioner Thomas Goldstein as cases that might be granted review, among the dozens placed before the Court that will be discussed Nov. 3. Goldstein does not otherwise participate in the preparation of the column.

(Note: Goldstein is one of the lawyers representing The New York Times in Tasini. Harvard Law Professor Laurence Tribe is counsel of record.)

FREE-LANCE FIGHT

A digital age copyright dispute of major proportions is before the Supreme Court in The New York Times Co. v. Tasini, No. 00-201.

A group of publishers, news organizations, and historians is urging the Supreme Court to resolve the disagreement immediately, without waiting for the question to percolate for years in lower courts.

At issue is whether the electronic publication of printed articles on services such as Lexis/Nexis, CD-ROMs, and Northern Light infringe on the copyright of free-lance authors of those articles. The publishing world was tossed into an uproar by a 1999 ruling that favored free lancers on the issue from the 2nd U.S. Circuit Court of Appeals.

Though the main Times brief points out conflicts between circuits on some of the issues involved, its main plea to the Court to take up the case is based on the dire consequences of the 2nd Circuit ruling, if it is allowed to stand. Since the 2nd Circuit includes New York, the capital of the publishing word, the Times' lawyer Laurence Tribe argues that "the Second Circuit's judgment, as a practical matter,

sets a national rule requiring the destruction of decades' worth of articles currently stored in electronic archives."

Publishers argue it would be completely impractical to track down decades' worth of free-lance authors to obtain republication rights. A brief by historians notes that many libraries have cut back on their print collections in favor of electronic databases. "If the Court denies cert, much of this material will be lost to history," says

Charles Sims of New York's Proskauer Rose. Sims represents 23 publishers and trade groups in an amicus curiae brief.

But Patricia Felch of Chicago's Banner & Witcoff, who represents free-lance authors in the case, thinks the publishers are vastly overstating the impact of the 2nd Circuit decision. The destruction of databases won't be necessary, she insists. A mechanism is already in place -- known as the Publication Rights Clearinghouse -- to handle republication rights, analogous to ASCAP and BMI in the music world. "Publishers won't have to track down every author," she says. Felch adds, "With Larry Tribe on their brief, the Court may think twice about it. But I think it is very unlikely the Supreme Court will grant cert.

---------- Headers ----------
Return-Path: <dausten@hoosier.net>
Received: from rly-zd05.mx.aol.com (rly-zd05.mail.aol.com [172.31.33.229]) by air-zd04.mail.aol.com (v76_r1.23) with ESMTP; Fri, 10 Nov 2000 06:21:49 -0500
Received: from fins.uits.indiana.edu (fins.uits.indiana.edu [129.79.6.185]) by rly-zd05.mx.aol.com (v76_r1.19) with ESMTP; Fri, 10 Nov 2000 06:21:22 -0500
Received: from dial-122-110.dial.indiana.edu (dial-122-110.dial.indiana.edu [156.56.122.110])
by fins.uits.indiana.edu (8.10.1/8.10.1/IUPO) with ESMTP id eAABLFr06324;
Fri, 10 Nov 2000 06:21:16 -0500 (EST)
Date: Fri, 10 Nov 2000 06:20:08 -0500
From: David Robert Austen <dausten@hoosier.net>
X-Mailer: The Bat! (v1.46d) Personal
Reply-To: David Robert Austen <dausten@hoosier.net>
X-Priority: 3 (Normal)
Message-ID: <43150993244.20001110062008@hoosier.net>
To: Fred Ward <fward@erols.com>
CC: "Greenberg, Idaz & Jerry" <lulukiku@aol.com>, billgarret@aol.com,
psihov@aol.com, <jim@chd.com>
Subject: Re: Tasini case to be heard by Supreme Court
In-reply-To: <3A0B1765.32850D23@erols.com>
References: <3A0B1765.32850D23@erols.com>
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Content-Type: text/plain; charset=us-ascii
Content-Transfer-Encoding: 7bit

ALL THE RIGHT STUFF

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MP3.com ordered to pay up to $250M penalty

BY LARRY NEUMEISTER
Associated Press

NEW YORK — A federal judge Wednesday ordered MP3.com to pay as much as $250 million to Universal Music Group for violating the record company's copyrights by making thousands of CDs available for listening over the Internet.

U.S. District Judge Jed S. Rakoff punished the online music-sharing service at $25,000 per CD, saying it was necessary to send a message to Internet companies. The exact number of CDs involved and total damages will be determined at a November hearing.

Universal Music Group, the world's largest record company, had urged a stiff penalty in a case closely watched by Napster and other businesses that share music or other copyrighted material over the Internet.

The judge said some Internet companies "may have a misconception that, because their technology is somewhat novel, they are somehow immune from the ordinary applications of laws of the United States, including copyright law."

He added: "They need to understand that the law's domain knows no such limits."

MP3.com said it will appeal. The company had argued that a penalty of any more than $500 per CD would be a virtual "death sentence."

Shares of MP3.com were halted at $7.88 on the Nasdaq Stock Market before the decision. When trading resumed 2½ hours later, shares plum-

▸ PLEASE SEE MP3.COM, 7C

MP3.com ordered to pay up

▸ MP3.COM, FROM 1C

meted 27 percent to $5.77.

"The ruling was much harsher than I anticipated, as it puts the company literally on the brink," said Nitsan Hargil, an analyst at Kaufman Brothers in New York.


ROBERTSON

Universal was the only plaintiff. The nation's four other major record companies settled with MP3.com after Rakoff found earlier this year that MP3.com had violated copyrights. The amounts of the settlements were not disclosed, but MP3.com set aside $150 million recently to cover its legal costs.

Universal lawyer Hadrian Katz had asked the judge to award the record company up to $450 million.

According to Universal, MP3.com copied 5,000 to 10,000 of its CDs, which means damages could reach $250 million.

MP3.com has put the number of CDs at 4,700, which would put the damage award

to $250 million in damages

at nearly $118 million.

Katz declined to comment on Wednesday's decision and referred calls to the Recording Industry Association of America.

Cary Sherman, a lawyer for RIAA, said, "We're obviously pleased with today's ruling. This should send a message that there are consequences when a business recklessly disregards the copyright law."

MP3.com lawyer Michael Rhodes argued that Universal did not deserve what he described as a windfall. "There's not one iota of evidence that they even lost a penny," he said.

MP3.com chief executive Michael Robertson testified that the company went to great lengths to develop software that would require customers to prove they already own CDs before they were permitted to hear their favorite tunes over the Internet.

Unlike Napster, which allows individuals to swap music in the popular MP3 format, MP3.com allows people to listen to songs but not download them to their computers.

PhotoAIM from PhotoSource International [http://www.photosource.com]. The article states: "Will the new-on-the-scene large corporate market-driven stock photo houses treat photographers and their photos as commodities? History tells us the answer could very well be yes. Take the example of the cartoon syndicates established in the 1920s under the guidance of newspaper king, William Randolph Hearst. He first introduced the concept of cartoon syndicates.

"It works like this. The cartoonist signs a contract that says that the syndicate will promote the cartoon if the artist will follow a certain cartoon theme and style, and keep to it. The contract also states that the syndicate will own the copyright to the cartoon. Not the cartoonist."

OPRAH SETTLES SUIT

Talk show host Oprah Winfrey has settled a lawsuit brought by two freelance photographers who claimed she used photographs they took of her in a book without permission.

Judge Ruben Castillo of the U.S. District Court in Chicago announced the settlement for undisclosed terms on the second day of testimony in the jury trial.

A Reuters report said that the jury was to decide whether Winfrey erred in using 11 of the photos in her 1996 book "Make the Connection," and if payment of damages was warranted.

would sell the pictures to tabloids and rumormongers," but Natkin testified he had no intention of selling to tabloids.

GOOD NEWS IN COURT RULING

The Ninth U.S. Circuit Court of Appeals has ruled that digitally altered photographs are protected by copyright law. This strengthens the rights of photographers on the Internet and beyond. The ruling, which overturns a previous decision by the U.S. District Court of Northern California, was hailed by photographers. ASMP's managing director and general counsel, Victor Perlman was quoted in *The Wall Street Journal* as praising the decision. "This decision is another safety net on that slippery slope that we seem to be on, where copyright rights are continually challenged and threatened," he said. As reported in The Journal, the dispute revolved around a photograph of the 1991 America's Cup yacht race taken by Jeffrey Hunter Mendler. Winterland Concessions Co., a clothing manufacturer based in San Leandro, Calif., licensed the photographs for use on T-shirts in 1992, but then digitally altered them for use again in 1995. Mendler sued Winterland for copyright infringement. The lower court supported Winterland's claim that the alterations created a new image but in a 2-1 decision the Appellate Court overturned the decision. (Source: *The Wall Street Journal.*)

pro profiles

Peter B. Kaplan

"I went computer two years ago," reveals Peter B. Kaplan. "I kept saying 'I'm gonna do it, I'm gonna do it, I'm gonna do it'—and finally I did."

"I'm not a digital manipulator—I'm a photographer," he states. But even so, he had big plans for digitized versions of his photographs. "I wanted to use digital scans of my images for self-promotion, for designing book projects, for sharing my images with my family and many other applications."

Thus he started looking for a scanner that fit his needs. He ruled out other, more-expensive units because they "took forever" to scan his images. When he found the Tamron Fotovix III-S, he knew his search was over. "It's much faster than most scanners, and for my purposes, the scans look great," explains Kaplan.

Kaplan, who actively works on personal book projects (recently he's been working on a project called My Older Brother Has Feathers), uses the Fotovix III-S to capture photos for his books proposals. In the old days, he'd make 8x10 prints and put them in a three-ring binder with the text. Now he creates mock layouts of the book when pitching the idea, which is both cheaper and looks more professional.

"My wife used to look at my slides and tell me that she wanted a print of this or that image of my daughter. Since I shoot Kodachrome slides, a print from a custom lab would cost at least eight dollars and take several days—so we usually don't get around to printing it or sometimes forget. Now I just step away from the lightbox, capture it with the Fotovix, store it in the computer and a minute later I'm back to my editing. Later I can take the scan and print out a dozen copies. Or I can send my clients 8x10 color printouts as thank-you notes, as soon as I get the film back."

Tamron's Fotovix IIIS-D (the latest digital version of the III-S) has great potential for photographers like Kaplan, because it is very versatile. You can capture 35mm format negatives or positives, as well as S-video input and output. A 3X optical zoom allows you to mechanically magnify the image before digitization. The Fotovix IIIS-D delivers a maximum resolution of 640x480 pixels and offers 24-bit color. (Kaplan uses the III-S with a capture board, which is not required on the newer IIIS-D.)

Kaplan's long-term goal is to catalog his stock with the Fotovix and combine it with a bar-coding system. How many stock images does he have? "Who knows!" he laughs. "My Statue of Liberty collection numbers over 100,000—and it goes on and on and on from there."

His stock collection is filled with years of work as a "general practitioner" in photography—although he admits he is best known for his aerial assignments, his Statue of Liberty work and his High on New York book.

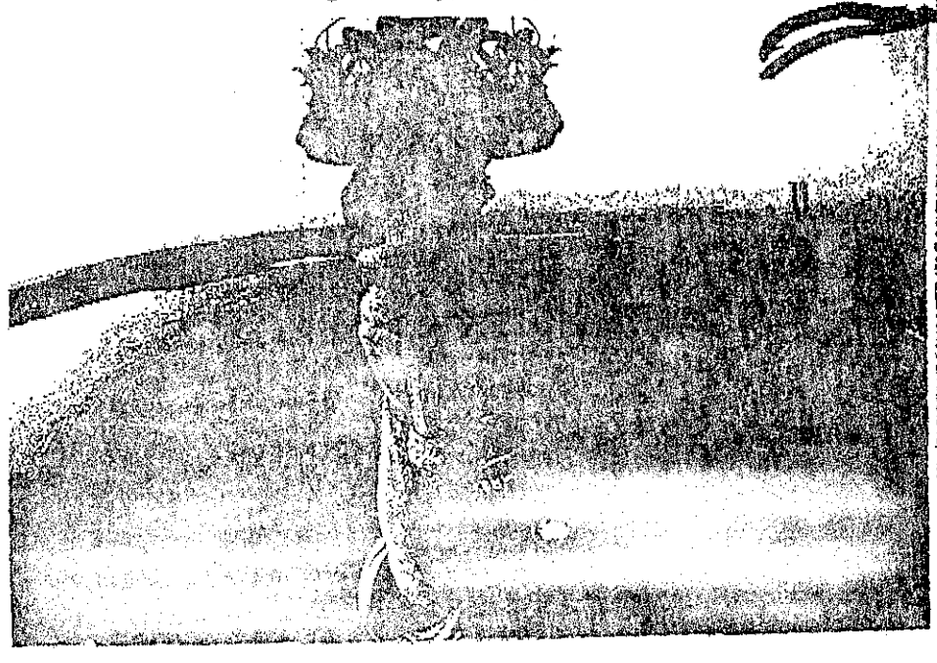
For years, Kaplan has been known in the industry as an advocate of photographer's copyright protection. After defending his own copyrights and helping friends do the same, he realized he'd developed a wealth of knowledge and a new expertise. As a result, he recently started a side business called The Copyright (©) Cop. As The Copyright (©) Cop, Kaplan has been acting as an agent and negotiator for photographers who have had their copyrights infringed upon, suffered breach of contract or even had slides lost.

"Few lawyers understand the nuances of photography copyright law, many photographers are wasting a lot of time and money on poor legal representation," explains Kaplan. "They don't understand what photography is worth or the emotional side of it."

He has already met with several successes, including a photographer whose images were illegally used in a major Hollywood film to depict the photos taken by the murderous antagonist. For information on The Copyright (©) Cop, call Kaplan at 302/234-6600.

Lower left: **A recent book project, *My Older Brother Has Feathers*, features Kaplan's daughter, Ricki, and her 22-year-old brother, Kasuku.**





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PUBLISHING NEWS

Harper's Pledges to Pay Royalties

NEW YORK—*Harper's* magazine says it will do the right thing and clear permissions with contributors before following through with plans to distribute its entire archives online.

The magazine ran an ad in its September issue advising readers that they would be able to "view full-page scanned images of every page of the magazine, including both text and spectacular illustrations." Currently the 150-year-old magazine is scanning 19th-century issues that have passed into the public domain, so rights clearances aren't necessary. But project manager Jean Dubi says more recent issues of the magazine will be scanned within the next three years. "When the time comes, we will be contacting everyone to get rights cleared," she says.

Several years ago, *National Geographic* scanned all of its magazines page by page onto CD, asserting it didn't need permission to reproduce the text and pictures because they weren't creating a new work; they were simply transferring an existing work to a new medium.

Contributors refute that, and have filed at least four copyright infringement claims against the *Geographic*. [See Minden Settles with *National Geographic*, above].

"We're well aware of the *National Geographic* situation," says Dubi, adding, "We understand our responsibilities." Photographs published in *Harper's* are mostly from stock, and suppliers include Magnum, Contact Press Images and Matrix, among other agencies and individual photographers.

Harper's was one of the first magazines to share royalties from electronic distribution of its content with its contributors. The magazine signed up in early 1996 with the Author's Registry, a rights and royalties clearinghouse established by writers' trade groups to ensure that writers get their fair share of revenues generated from archival databases and other electronic media. (No such clearinghouse exists for photography, though.)

The *Harper's* archive CD will be produced and distributed by Bell + Howell, a database company that happens to be the target of a new federal lawsuit brought by writers in San Francisco for distributing work they produced for other publications without permission or payment.

But *Harper's* spokesperson Kelli Caldwell says the magazine requires any vendors distributing its content to share revenues with *Harper's* contributors. "We're always looking out for authors. Our publisher errs on the side of not making something available if the author is not going to be paid," she says.

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Minden Settles with *National Geographic*

SAN JOSE—*National Geographic* has settled a copyright infringement claim brought against it by Minden Pictures, both sides have confirmed. The terms were not disclosed. "We reached a satisfactory settlement and we're moving on," says agency owner Larry Minden.

Minden declined further comment, but sources familiar with the case say he was under pressure to accept a settlement because of his mounting legal costs and because his photographers wanted to get back to work for the *Geographic*.

Minden filed his claim last December, alleging that the National Geographic Society had re-used the work of Minden's photographers without permission "on several occasions." At least three of the unauthorized uses involved reproduction of Minden Pictures photos on a product titled "The Complete *National Geographic*: 108 years of *National Geographic* Magazine on CD-ROM." As of two years ago, the Geographic had sold more than 300,000 copies of the CD.

Three similar claims against *National Geographic* are still pending in other federal courts. Most of the photographers involved in those claims haven't shot for the Society for some years. But Minden Pictures represents Flip Nicklin and Frans Lanting, among others still shooting for *National Geographic*.

The Society has told photographers it won't work with anyone who sues, and it had stopped giving assignments to Minden's photographers in accordance with that policy. The Society put intense pressure on Flip Nicklin in particular to get him to coax Minden to withdraw the lawsuit, according to inside sources.

Nicklin declined to comment, other than to say, "everything is resolved."

The *Geographic* was also under pressure to settle rather than face a court battle because Minden's paperwork was unassailable, according to the same sources. "It wasn't a question of whether they had infringed, but how much they were going to have to pay," says one.

In announcing the settlement internally, the *Geographic*'s top counsel Terry Adamson told the staff, "There must be strict adherence by all...to the Society rights clearance policy.... [T]he rights clearance process should not be an afterthought." He also noted the Society is examining ways to reduce rights clearance errors.

Still, the *Geographic* agreed to settle only those claims by Minden that were not connected to the "108 Years" CD product. The Society has maintained that it didn't need permission to reproduce text and photos on the CD exactly as those text and pictures appeared in various issues of the magazine.

But Minden has reserved the right under the settlement to renew his claims over the CD product, pending the outcome of another claim filed previously by Miami photographer Jerry Greenberg. A federal trial court in Miami rejected Greenberg's original claim over the CD, but he is now appealing to the 11th Circuit Court of Appeals in Atlanta. A hearing on that case is scheduled for October 3.

SportsTuesday

The New York Times

L+ D1

TUESDAY, FEBRUARY 16, 1999

Lawsuit Pits Artists' Rights vs. Athletes'

By MARCIA CHAMBERS

Nearly two years ago Rick Rush, a painter of sporting scenes, went to the Masters at Augusta National Golf Club to paint the new sensation, Tiger Woods, who wound up with a record-setting victory.

The 52-year-old artist from Tuscaloosa, Ala., who has been painting famous sports figures and events for 23 years, produced a series of numbered prints that were signed by him and called "The Masters of Augusta." The series features Woods in the foreground and other golf greats in the shadows. A limited edition of 250 serigraphs selling for $700 each was issued last April, along with 5,000 smaller lithographs selling for $15 each.

Rush said that he hoped the Woods painting would join many of his others of famous athletes — like those of Michael Jordan, Magic Johnson and Jack Nicklaus — as he works on "painting America through sports."

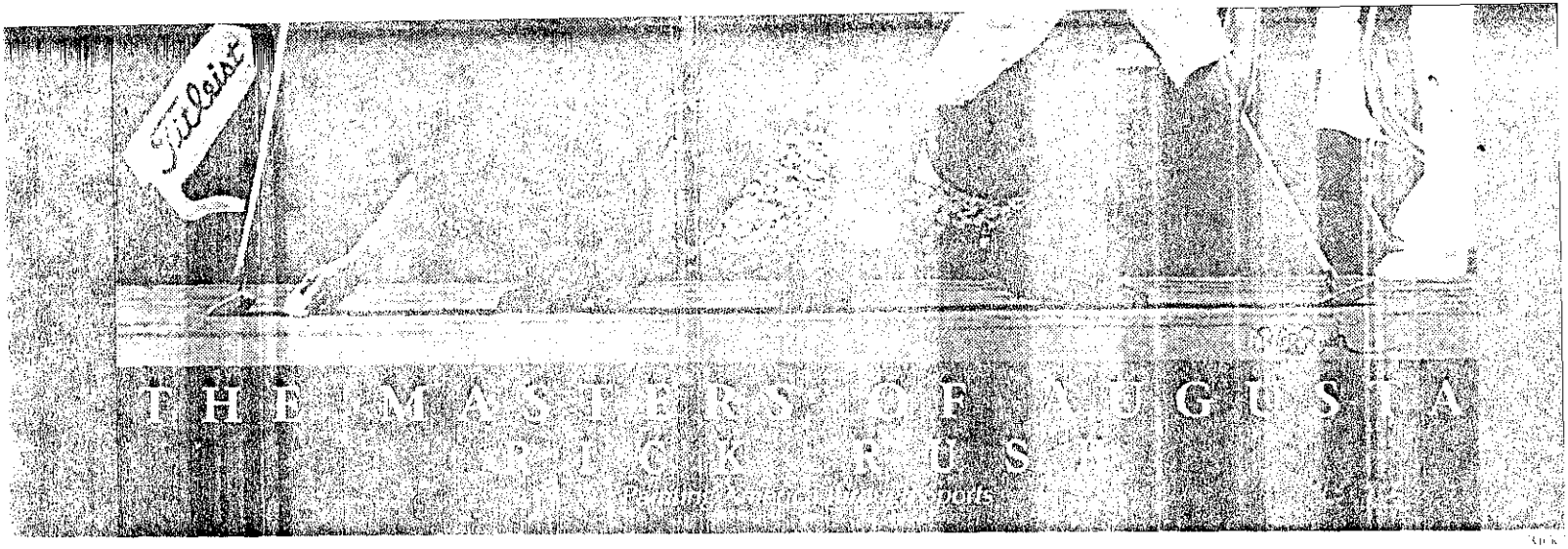
But the Woods painting has ignited a bitter and costly legal battle that pits an artist's freedom of expression against a subject's property rights. The case began last June when the ETW Corporation filed a trademark and right-of-publicity lawsuit against Rush's company, Jireh Publishing, in Federal court in Cleveland. ETW's president is Tiger Woods's father, Earl, and its address in Cleveland is the same as that of International Management Group, the high-powered agency that represents Tiger Woods.

In decades past, athletes and movie stars tended

Continued on Page D4

QUEST FOR NO. 1

The pairings for the world match-play golf championship in Carlsbad, Calif., appear on page D7.



This print featuring Tiger Woods at the Masters has triggered a property-rights lawsuit that raises questions about who controls an athlete's ima

Suit Over Painting Pits Artists' Rights vs. Athletes

Continued From Page D1

o be happy for whatever publicity hey received. Now many of them vant to guide and control that pub-city for their own profit, and the law as helped them do so. Some sports gures register their names as a rademark (Woods has) and invoke ight-of-publicity laws to assure that ney and not others will benefit from heir fame.

The result is a new legal climate hat is changing the environment in vhich some American painters vork. The issue is: May an artist at a ublic event freely create paintings f great athletes in action and sell iem, or must he pay for the right to se:an athlete's image?

In the 1990's many entertainment nd sports stars, guided by their gents and law firms, have demand-l control of their names and im-ges. Though they may already earn illions of dollars in their profes-ons, they or their agents maintain iat in an age of rampant commer-alism they must hold onto the hot-st property they know: them-lves.

ETW was created to control the arketing of Tiger Woods's image. is represented by I.M.G.'s top out-de counsel, Jones, Day, Reavis & ogue, one of the nation's largest law rms. Since 1997, ETW has filed law-uits against five other companies iat it claims have interfered with iger Woods's right to publicity. reh, in contrast, is represented by ennis J. Niermann, a solo practi-ner who describes the litigation in s court papers as "predatory." Ti-r Woods, according to court pa-rs, was unaware of the lawsuit gainst Jireh at the time when it was ed.

Don Rush, Rick's brother and the president of Jireh, said in an interview last week that the litigation was draining the company's resources by plunging it into the daily demands of a major lawsuit.

The case took an ominous turn for Jireh last week when Judge Patricia Ann Gaughan of the United States District Court for the Northern District of Ohio ordered Jireh to turn over the names of the 879 distributors and customers who bought the Woods prints. Timothy P. Fraelich, an associate with Jones, Day, has told the judge he plans to subpoena those clients. Fraelich declined to comment on the case.

Fraelich is seeking a permanent injunction to prevent Jireh from marketing Woods's likeness or image. He has also requested that the remaining Masters prints be destroyed, that ETW get a share of Jireh's profits from previous sales of the Woods painting and that the court award triple damages, attorney's fees and other costs, which could include the cost of deposing 879 clients located around the country.

> A new legal climate changes the way in which painters work.

James D. A. Boyle, a visiting professor at Yale Law School who teaches on intellectual property, said Federal and state laws were making it tough on artists.

"There has been an increasing tendency," Boyle said, "for the law to cover different aspects of a celebrity's life: their name, their likeness, their images both through trademark law and through rights of publicity. At times this has presented the danger that the public domain will be increasingly privatized."

LeRoy Neiman, perhaps the most recognizable name in sports art, began drawing sports figures more than three decades ago, long before these changes in case law began to appear. "There were no artists out there," he said. "There was no market. Nobody was selling paintings and prints of Wilt Chamberlain, and in the early Ali days nobody was drawing him. It was a different time."

That began to change in 1977 after a United States Supreme Court ruling in Zacchini v. Scripps-Howard Broadcasting Company. The court said that by videotaping and broadcasting without permission the plaintiff's entire 15-second human cannonball act, a television station had effectively exploited the plaintiff's right to control his own publicity. States soon adopted right-of-publicity statutes, and these, along with Federal court opinions and trademark law, have expanded the rights of stars and athletes to protect their images in the marketplace.

Douglas Mirell, an entertainment, media and intellectual property lawyer at Loeb & Loeb in Los Angeles, said, "I think that there are enormous constitutional issues that are raised by these kinds of statutes, and I think we are just beginning to see how pernicious these laws actually can be."

Painters, he said, now must be "very careful because there is the assertion that what you are doing is trading on fame and fortune which would otherwise be exploitable by the celebrity himself or herself."

Mirell represented the private Franklin Mint, of Philadelphia, a ETW sued when a commemorat coin was issued in connection w Woods's Masters victory. Woods been selected for the Mint's "eye ness medal series," which has chr icled significant events, includ Presidential inaugurations and signing of peace treaties, for years. ETW, the first to sue the M over the series, raised tradema and right-of-publicity claims. T case was settled.

Don Rush said Jireh's case wa fight on behalf of all artists who w to paint public figures at pu events. "It is conceivable that ought to abandon the fight and cut the paintings," he said. "And we m have to do that to save the compa But we really don't want to settle

Rick Rush said: "I believe th events are in the public domain want to capture the sporting style." He said that to eliminate sports star from his paintin "would sterilize and dilute the age" of what he was creating.

Not all artists agree with Rus view. Neiman said that star athle should share in any profits the ar earns, even if it was a small shar

Neiman, who recently command $7,500 for a signed, sealed a framed limited-edition serigraph Mark McGwire, says he obtains p mission from his subjects. "In one of Mark McGwire hitting a ho run," he said, "we had the offic approval of the team, the league, player. Each gets a small perce age. I believe in that. Why should artist just looking for a hot mark do something without having an rangement? The player is entitled a cut."

Or is he? Under all circu stances? That's what the court m decide — unless escalating leg costs force Jireh to settle.



Fred R. Conrad/The New York Times

tore with some of the Titanic merchandise he sells.
to use the ship's name on clothing.

The Ship, the Movie, The Trademark Case

Producer and Titanic Buff Dispute Commercial Use of a Famed Name

By JAMES SCHEMBARI

The owner of a tiny army-navy store on the fringe of Times Square is locked in an unlikely legal battle over a piece of history, claiming that he, and not 20th Century Fox or anyone else, owns the name Titanic.

More precisely, James Korn, 45, the owner of Kaufman's Army & Navy on West 42d Street, the store with the Spanish-American War cannons outside, says he has the trademark rights to put the name on clothing. He has informed 20th Century Fox, the makers of the blockbuster movie "Titanic," that it owes him royalties for any clothing it has sold bearing the name.

Wild claims are made on Times Square street corners every day, but Mr. Korn's is far from fantastic. He is a respected expert on military furnishings and has supplied Broadway and Hollywood with original clothing for major shows and movies. More important, he is a Titanic buff who already owns the United States clothing trademarks for the White Star Line, the defunct company that owned the Titanic, and the company's logo, a white star on a red pennant.

He also says that he has used the name on clothing longer than anyone else, a claim that is at the core of his trademark applications for the rights to the names Titanic and R.M.S. Titanic. His petition was heard by the Trademark Trial and Appeal Board in Arlington, Va., in December, and a ruling could come at any time. His lawyer says those rights are potentially worth millions of dollars.

Mr. Korn's efforts have not gone unnoticed. R.M.S. Titanic Inc., the New York company that has been raising artifacts from the ship since 1987, and 20th Century Fox insist they owe Mr. Korn nothing, noting in correspondence and in legal papers that they have spent millions on their respective Titanic franchises and don't feel they should have to pay royalties to a New York merchant with a few thousand dollars' worth of Titanic T-shirts.

The movie studio filed a competing trademark claim in June. And the owners of R.M.S. Titanic formally opposed Mr. Korn's petition in 1995, not because they want the trademarks for themselves, but because they say they don't think anyone should have them.

"It is offensive for anyone to think they can own the name Titanic," said George H. Tulloch, president of R.M.S. Titanic. "It belongs to history."

Deborah A. Peacock, Mr. Korn's lawyer and sister-in-law, replied that precedent was on their side.

"The Mayflower is a historical ship, too, but people have trademarks on it for moving companies and hotels," she said. "This case is fascinating because here is an object that was abandoned in the ocean and now is being raised. As far as the trademark goes, it was also abandoned many years ago and is now up for grabs."

The trademark office has received applications for the Titanic name for years. But since the movie was released in December 1997, it has been flooded with them. Of the 57 Titanic trademarks pending or registered at the United States Patent and Trademark Office, 49 were filed after the movie came out.

People want the name for hotels, cos-

Continued on Page B12

C 1.

Titanic: A Ship, a Movie,

Continued From Page B1

metics, and golf clubs. A farm in California wants the name for iceberg lettuce. How about the Titanic Restaurant and Buffet, or Titanic, the fragrance, or Titanic beer?

A musical group has the rights to Lady Ice & the Titanics. The Carnival cruise ship company filed last spring, as did its subsidiary, Cunard Line Limited, which once owned the White Star Line.

And 20th Century Fox, after several letters from Mr. Korn, filed applications that cover just about everything: posters, stationery, videos, Christmas tree decorations and, like Mr. Korn, clothing.

Although the studio has accused Mr. Korn of trying to profit from the film, Mr. Korn filed his application in April 1993, more than four years before the movie was released. Of all the active Titanic applications on file, Mr. Korn's is the oldest.

He said he notified the movie studio, the salvage company and Dodger Endemol Theatrical Productions, the producers of the musical "Titanic," that they were infringing on his trademark claims, but he said no one took him seriously. He also said R.M.S. Titanic's history argument was baloney.

"What they mean to say is that they missed the boat on the trademarks," he said. "Now, after the fact, they're saying if we can't have them, we don't want anyone else to have them," a charge R.M.S. Titanic denied.

Rochelle C. Dreyfuss, a professor at the New York University School of Law, said history was not an issue in trademark law. She said that although the Olympics are thousands of years old, the United States Supreme Court upheld the right of the United States Olympic Committee to trademark the name in 1987.

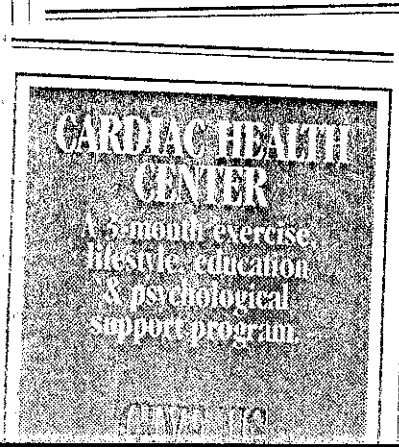
"Trademarks allow you to take something out of the public domain and make it your own," she said, citing the name John Hancock and the names of presidents. "It is not unusual to use something historical."

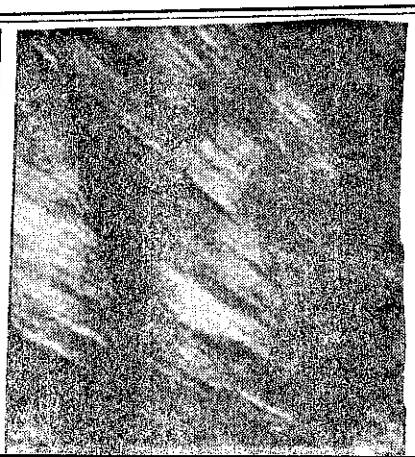
Paul E. Fahrenkopf, a trademark administrator with the Patent and Trademark Office, said simply, "We're not aware of any historical exception."

Mr. Korn's application did not come out of the blue. His store, specializing in military surplus goods, was founded by his grandfather in 1938 and has been on the same block of 42d Street, between Eighth and



Kevin Bacon, Tom Hanks and B
"Apollo 13," wore astronauts' suits





Now a Trademark Fight

Can anyone trademark a name from the pages of history?



Universal Studios

ill Paxton, left to right, in the film based on a model from James Korn.

Ninth Avenues, since.

Mr. Korn grew up playing in the store, took over in 1984 and soon became a sought-after expert. He can walk up to identical-looking Navy pea coats and point to the fake just by its pockets. His store has such a reputation for authenticity that Broadway and Hollywood wardrobe departments come to him for costumes or hire him to track down difficult items. Often, because what he has is so rare and fragile, he only rents a garment to a customer, who then copies it.

That's what he did with a British nurse's uniform from World War II, which made its way to Italy for the movie "The English Patient." It was not used in the movie, but in the scene when the actress Juliette Binoche cuts her hair while in her underwear, she's wearing a Kaufman's bra. Mr. Korn also provided the prototype for the flight suits that Tom Hanks and the other actors playing astronauts wore in "Apollo 13" and the Vietnam-era uniforms, helmets and boots for "Born on the Fourth of July.

Mr. Korn has been a Titanic fan since he saw the movie "A Night to Remember" as a boy. He eventually merged his interest in the ship with his business, producing a line of Titanic novelty clothing with items bearing such words as "Lookout," "First Class," and "Maiden Voyage."

In 1993, Mr. Korn wanted to expand his Titanic clothing line and filed his trademark applications. Two years ago, after he learned about the movie, he wrote to 20th Century Fox and James Cameron, the director, offering his services. He told them that he held the trademark registrations related to the Titanic and that he was willing to negotiate licensing agreements. Mr. Cameron didn't respond, but the studio did, pointing out to Mr. Korn that he didn't own all the trademarks yet, that it wasn't going to enter into a licensing agreement, and that, in essence, he should stop bothering them.

"We didn't believe we needed to, and we still don't believe we need to," said Steven Feldstein, a Fox spokesman. "Everything we are filing for is relative to our movie."

R.M.S. Titanic took a different tack. Not only did it argue that history could not be trademarked, it told the trademark court that it had been there first. Under trademark law, the concept of "first use" is the foundation of any claim, and R.M.S. Titanic said it had come out with Titanic clothing marking its 1987 expedition, the same year as Mr. Korn's "first use."

But of the dozens of companies that want to trademark the name Titanic for one thing or another, why is R.M.S. Titanic challenging only Mr. Korn's?

"He threatened to stop our exhibits if we didn't sell his T-shirts," Mr. Tulloch said. "We got this bizarre behavior, so we had to take this position. You treat your neighbor as he treats you."

Mr. Korn contended that he has a "legal obligation" to defend the trademark "against all comers," but acknowledged how deeply people feel about the Titanic tragedy. If he wins, he said, he will increase the distribution of his clothing and expand the line, but tastefully.

"I plan to give the name a good home," he said. "It will be safe with me."

GREENBERG PREVAILS AGAINST NGS

MIAMI—A federal judge has ruled that the National Geographic Society infringed photographer Jerry Greenberg's copyright by reproducing six of his images without permission. One of the images appeared on a poster promoting the Society's Jason Project. The other five appeared in a educational toy titled "World Oceans and Seas."

In 1994, the Geographic entered into a licensing agreement with Educational Insights, a for-profit California company, to produce and distribute "World Oceans and Seas. "Greenberg alleged that the Geographic rendered his photos as illustrations, then incorporated those drawings into the product. For the Jason Project poster, the Geographic reproduced one of Greenberg's images directly.

In a summary judgment, Judge Joan Lenard ruled that the illustrations were "substantially similar" to Greenberg's copyrighted photographs, despite some changes.

She also rejected the Geographic's fair use defense on the grounds that both products in question copied the substantial elements of Greenberg's images without transforming them in any significant way, and because both products adversely affected Greenberg's market for his images. Lenard also noted that the spiral-bound "World Oceans and Seas" is a commercial product, another factor that disqualified it as a fair use.

Damages will be set by a court-supervised mediator.

Previously, Lenard rejected other copyright infringement claims that Greenberg filed against the Geographic for unauthorized use of his images on a CD product called "The Complete National Geographic." That ruling was based on the controversial Tasini decision, which held that publishers may reproduce articles in databases and on CDs without permission from the authors.

What To Do About Swipes

By Jane Gottlieb & Michael Applebaum

How ad agencies and photographers are protecting themselves against a persistent problem.

It's a familiar scenario. An ad agency comes to you with a layout showing another photographer's image—without informing or getting permission from the original photographer—and asks you to duplicate the work. Los Angeles shooter Bob Stevens, for one, says it's happened to him on several occasions, particularly on assignments for car ads. On one such occasion, an account executive inadvertently showed Stevens a mock-up based on his own image.

"I said, 'Gee, that looks familiar'," Stevens recalls. "They were in such a feeding frenzy that they just swiped my image [and used it in the comp]."

"Feeding frenzy," some would argue, is overstating the problem. But, without exception, the photographers and art buyers *PDN* interviewed for this article agree that making comps from swipes—and the copyright infringement issues the practice raises—is, in fact, a big problem.

"Almost everything we do around here is illegal," says a representative of a large, West Coast ad agency, in reference to the agency's swipe practices. "The whole philosophy is, 'If I see it I'm just going to take a sample.' People use anything they can get their hands on and don't realize you have to pay [the photographer]. Or they don't care."

Indeed, part of the problem with swipes is that many creatives—and even some photographers—simply don't know that using a photo in a comp is, in fact, a usage, and it is subject to the same licensing fees as any other use of a photo. Sometimes, photographers and creatives know they're on shaky legal ground, but may be willing to overlook legal and ethical matters in the interest of time and money. "In a perfect world, if I had 100 hours to work on comps and call who I'm supposed to call, I'd do it," says one art buyer, who has worked for several ad agencies. "But we may go through four or five rounds for each [comp], and if I had to call for every comp that we look at, I don't know how we'd do the job.

"Comps are a means to an end," this art buyer believes. "You cannot get so particular about it. I don't even feel guilty when we're doing a [client] presentation with them, I guess."

Swipes and The Law

According to copyright law, however, the art buyer guesses wrong. The copyright issues surrounding swipes have been clearly defined in the case law. In 1990, in a landmark swipes case, a U.S. District Court judge in Seattle ordered General Dynamics Corp. of St. Louis and Wyse Advertising of Cleveland to pay photographer Mel Curtis $140,000 in damages and legal fees. (*PDN* reported on this case in December, 1990, in "Swipe No More.") In his decision, the judge ruled that Wyse and General Dynamics had committed three separate copyright violations: by illegally copying Curtis's photograph of a wheelchair out of *Communication Arts*; by using that photo in a comp to promote and develop a national ad campaign; and by hiring a different photographer to "substantially recreate" the Curtis image in the ads.

Despite the Curtis decision, swipe practices are, if anything, more widespread today. "There's more of a tendency to take images without paying for them because it's so much easier and cheaper to," says Victor Perlman, ASMP's legal counsel. Indeed, art buyers and photo researchers now have countless sources from which to photocopy, scan or download copyrighted images. And stock agencies are often willing to waive comping fees if there's a possibility the comped image will be used in the final ad. What's more, ad agencies are notorious for their multi-layered comp-approval process, which tends to create a casual attitude toward "borrowing" images for comps: Why bother tracking down the owner of an image when the layout may never even reach the client, much less be seen by the public?

The answer is: because a copyright is infringed anytime a photographer's image has been comped without permission. "This is true even if the image plays no further role in the campaign," says New York lawyer Joel Hecker, who specializes in intellectual property cases involving photographers. According to Hecker, the closer the final image is to the swiped image, the heavier the



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damages likely to be assessed in a lawsuit.

Photographers take note: The photographer asked to duplicate a comp is as liable as the agency for a claim brought by the original photographer. "The second photographer has to know it's someone else's work, and must have consent to use it," Hecker says. And it's not just the photographer, but the agency and the client, who can be named in a suit. "Anyone participating in the creation of an image alleged to be a copyright infringement," Hecker states, "is an infringer."

What can photographers do to protect themselves?

Photographers on either side of the above scenario can take steps to protect their livelihood and their reputation. First and foremost, Hecker and Perlman recommend that photographers regularly register their copyright. Registration costs about $20 and can be done in batches–without it, no statutory damages or legal fees will be awarded in a lawsuit.

Curtis, who now works for a stock agency, urges photographers to keep tabs on all the promos and portfolios they send to art directors. "Photographers have to be more accountable for their work," Curtis says. "Nothing goes out of my office without a transmittal or delivery memo. When someone has my portfolio with ten shots and only nine come back, I want to know where the other one is."

Photographer Jeff Sedlik agrees. "Everything gets scanned everywhere, and you have to be on your guard," he says. On a couple of occasions, Sedlik says he got his portfolio back from an agency and found Greg Gorman's and Gregory Heisler's prints inside. Whenever something like this happens, he makes sure to follow up with the agency. If he discovers that one of his images has been used in a comp, he quotes an art buyer a comp rate anywhere from $250 to $1,000, depending on the client and the usage. "I've never had a request for a comp fee turned down," he notes. If Sedlik is offered the job himself, he refunds the comp fee upon completion of the assignment.

Before sending out portfolios, photographers can take steps to avoid confusion about swipes. As a reminder to art buyers, Sedlik places an illustration of a pair of scissors accompanying the notice, "Please don't use these for comps without permission." Creative consultant Suzanne Sease, a former art buyer with the Martin Agency in Richmond, Virginia, advises photographers to place a "Do Not Swipe" warning inside their portfolios. She encourages photographers to put their name on every image so that an agency can never say they didn't know where it came from. She also suggests using a new type of mount that secures the image in the sleeves, so that it cannot be lifted out without breaking a seal.

Before You Infringe

What should photographers do when asked to duplicate a swipe/comp? Many will suggest an alternative idea–one that relies on their creative input, rather than the original photographer's idea. For example, on an ad job for Farmer's Financial, Sedlik was given a comp of a boy flying his kite on a beach. "I told the art director, 'I think this is a beautiful image, but I can't copy it,' " he says. Instead, Sedlik offered to come up with a different image that had "the same feel" and that would "knock their socks off." To be diplomatic, he brought along the kite to the shoot–but chose not to use it. As it turned out, the AD and the client loved the final image. (The image is pictured on page 44.) If they had insisted on using the kite, Sedlik says, he would have resisted.

In these situations, legal experts often recommend erring on the safe side: Ask the agency to get permission from the original photographer, or suggest hiring that photographer. Otherwise, if the agency insists on moving forward with the layout, photographers can include an indemnity clause in their estimate protecting them in the event of a lawsuit.

This protection, however, has its limits. "An indemnity clause is basically an insurance policy," Hecker explains. "It says if there's a problem, we–the agency–will provide a legal defense and pay for damages. The photographer will still have to testify in court, and may still be guilty of infringement." And should the agency go bankrupt in the interim, he cautions, the photographer is on his own. "An indemnity clause is only as good as the solvency of the agency," he says.

At the same time, some agencies now ask photographers to sign their own indemnity clauses. According to San Francisco attorney Curt Karnow, when an agency does this, photographers should ask for reciprocal

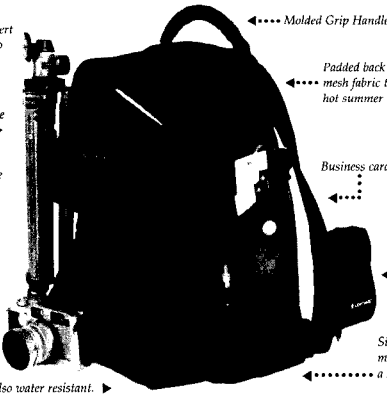
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treatment. "It's an opportunity to step in and say, 'I'll sign this agreement, but first you have to assure me that if I get sued, you'll protect me'," Karnow says.

Karnow cautions photographers to be wary of the language that agencies use in indemnity clauses, and he recommends that photographers consult with a lawyer on the wording of their own contracts. "There are a million ways of writing these things," he says. "Agencies can word their clauses so narrowly that they avoid paying attorneys fees and damages through years of litigation. Photographers may look at these agreements and think they're covered, when they're not."

At Ad Agencies, Changes Afoot

Swipe policies and attitudes can diverge widely from one ad agency to another. While some agencies appear lax, others are taking concrete steps to circumvent legal and ethical problems.

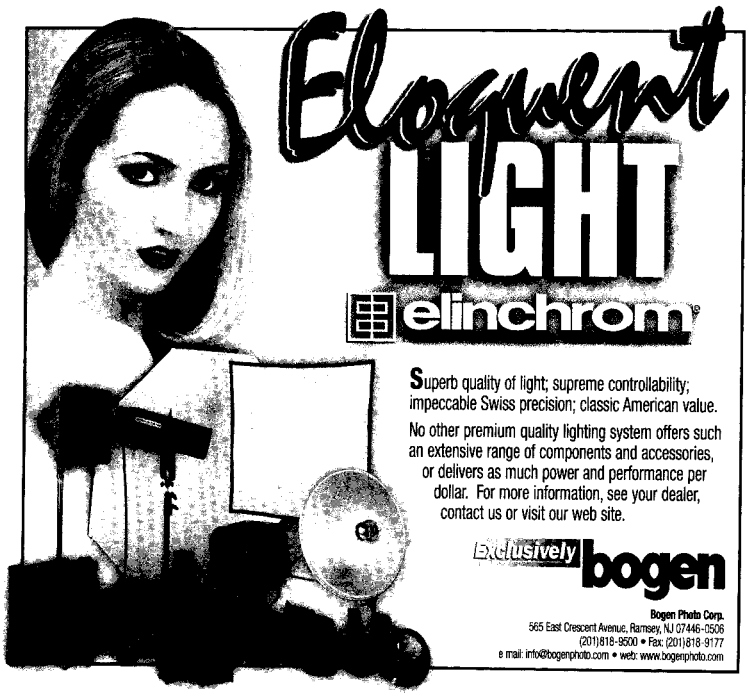
The Martin Agency, for example, now pays photographers either a standard comp fee or a full day rate to shoot original comps based on the art director's concept. According to art buyer Kathy Dalager, the agency's changing policy is partly the result of ethical considerations. "We just didn't feel right scanning images without permission," Dalager says. It's also a practical matter, she adds. "We couldn't always track down the source of an image. Someone might have clipped it from a magazine without a photo credit, or scanned it in blind from a Web site."

At Publicis Hal Riney and Partners in San Francisco, comps are often created with hand sketches or illustrations. "We'll occasionally use an image from a royalty-free disc or download an image from a comp site like PhotoDisc's—but only to pitch the client," explains art buyer Analisa Payne. "These never go out to photographers for bidding."

Payne says that if for any reason she needed to use a copyrighted image, she would call the photographer and ask permission. "I would never call up a photographer and ask them to duplicate another photographer's work," she says. For example, in the early stages on the Saturn LS teaser campaign ("The next big thing from Saturn"), Payne had been drawn to photographer Jeff Titcomb's image of feet in *CA*. She called Titcomb and asked if he was available to shoot the campaign, which he did. If he was not available, she says, "we would have replanned our concept for that particular ad."

But she also admits that hand sketches and illustrations may not always go over so well with the client. "It is a constant battle—photo or illustration," she says. "The problem with photos is that clients tend to get married to a particular image or style or subject matter." Illustrations are preferable, she believes, not only because they avoid lengthy photo research and potential copyright issues, but also because they allow for an evolution in the creative process. "And yes, illustrations can be quite detailed," she says. "We'll hire someone and spend anywhere from $100 to $1,000 on an illustration."

Payne would not say what, if any, legal problems have led to the agency's change in comp procedures. "We're all being more conscientious about [copyright issues]," she says. "We—art directors, art buyers, photographers—all want the same thing: to create a better image. It's not 'us against them.'" □





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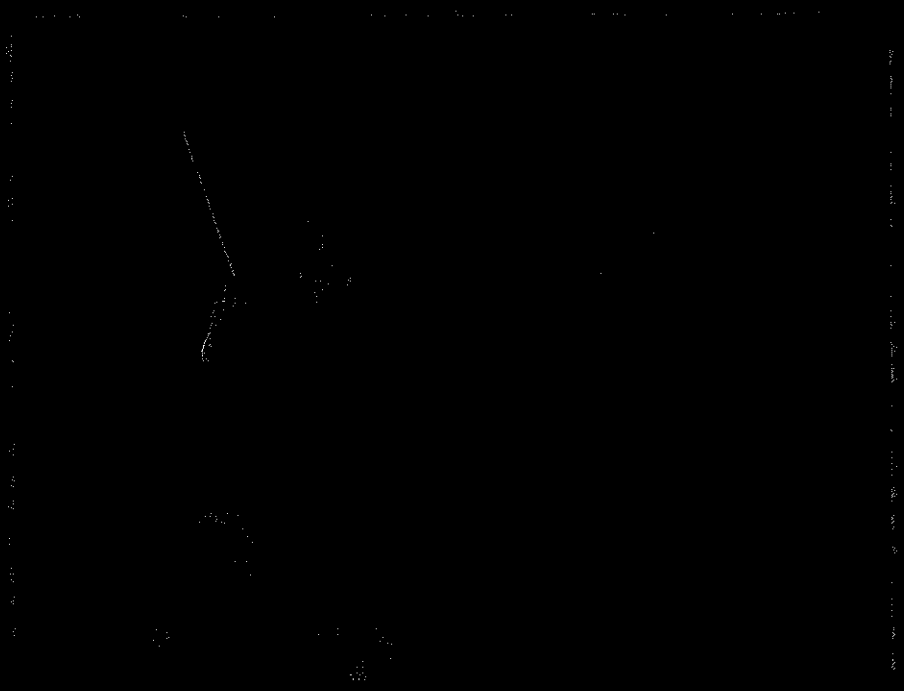
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The CONTAX 645 offers a [illegible] of interchangeable [illegible] Polaroid [illegible] options. The Standard [illegible] Back [illegible] for [illegible] Sturdy [illegible] and the [illegible] The Vacuum 220 [illegible]

The 220 Standard Insert works [illegible] simply rotating the pressure plate. The optional Contax Vacuum 220 Insert uses only 220 film and adds the dimension of precise film placement. The Film Type Back and Insert all communicate with the CPU in the camera body, at the speed of [illegible] to coordinate perfectly all system functions.

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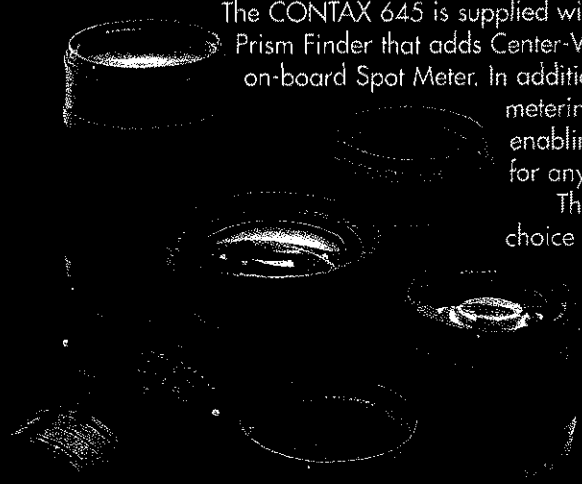
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The CONTAX 645 is supplied with an extremely bright AE Prism Finder that adds Center-Weighted Metering to the on-board Spot Meter. In addition, a sophisticated flash metering system is built-in, enabling through-the-lens metering for any flash type in the world.

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Carl Zeiss, which has always produced the world's finest medium format lenses, uses its latest technology to develop totally new T* metal barreled, Auto Focus lenses to match the high quality and speed of the CONTAX 645 body. The lenses include the Distagon T* 35mm f3.5, Distagon T* 45mm f2.8, Planar T* 80mm f2 (IF), Sonnar T* 140mm f2.8 (IF), Planar T* 210mm f4 (IF), Apo-Makro Planar T* 120mm f4 (manual focus-ED/IF).

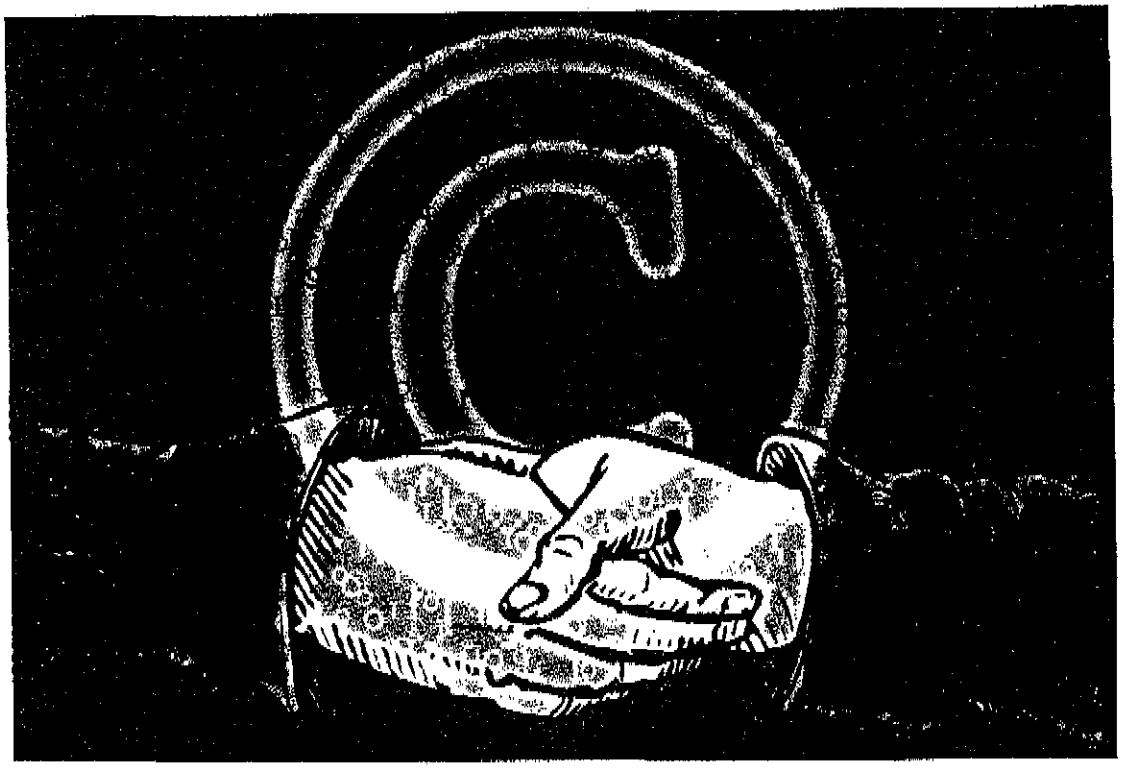


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Who owns HISTORY?

Legal war over free-lancers' copyrights could deplete electronic databases

by Jason Williams

The National Writers Union has 5,500 members in 17 local chapters in the United States, according to its Web site.

When Jonathan Tasini, president of the National Writers Union, emerged victorious from the U.S. Court of Appeals in late September, he spoke as if he had slung a stone for struggling free-lancers everywhere and brought down a few giants of the media world — the New York Times Co. Inc., Newsday Inc., and the Time Inc. Magazine Co. Among his other targets: two monolithic database companies — Mead Data Central Corp. (parent of Lexis-Nexis) and University Microfilms International.

But the decision may have opened a Pandora's box that could seriously disrupt the continuity of the historical record that newspaper and magazine articles provide.

The court found that the New York Times Co. and the other defendants were infringing on the copyrights of the plaintiffs — a group of seven free-lancers led by Tasini — by including them in their electronic databases without the writers' express permission.

The ruling, a reversal of an earlier U.S. District Court decision, may well become a landmark media-law case because it could lead to the wholesale excising of an enormous number of articles from electronic archives and, possibly, huge financial losses for the newspaper and magazine industries.

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In a post-victory press statement, Tasini sounded like Gen. George S. Patton rallying his troops for the final assault.

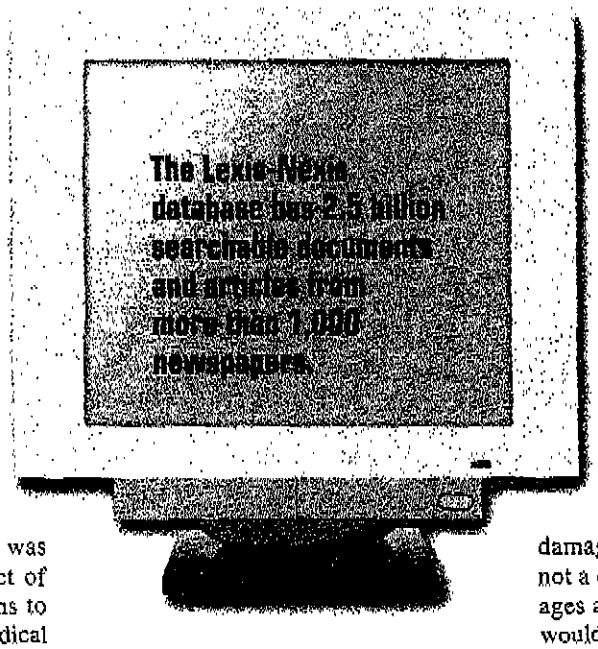
"Thanks to their own greed and arrogance, the media industry faces the grim reality of a tidal wave of lawsuits that will boggle their minds. ... And let me be clear: Writers are prepared to go down the path of war," Tasini said, the rattle of his saber loud and clear.

Tasini guesses the number of free-lance articles archived in violation of copyright law to be in the tens of thousands. "There's no question that they face a huge liability for [infringements] of the past," he says.

Defense attorney Peter Johnson of the New York firm Debevoise & Plimpton believes the decision will be extremely detrimental to the media industry. If the decision stands, content as far back as 1976 could be removed en masse from the databases, leaving huge gaps and badly damaging research capabilities, he says.

From "Op-Ed pieces by politicians" to "high-school football student stringers," publishers could decide to remove all questionable content to avoid potential lawsuits, he says.

Most present free-lance contracts, however, have been carefully worded to include the transfer of "all rights" to the publisher and would not be affected by the ruling.



The legal issues

The point of contention in the case was Section 201(c) of the Copyright Act of 1976, which deals with contributions to "collective works." That is, any periodical issue, anthology, or encyclopedia where individual works are constructed to form a whole. Section 201(c) allows a publisher "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," upon submittal of an article for publishing.

The U.S. District Court for the Southern District of New York deemed electronic database articles as "revisions of that collective work" and therefore exempted the databases from copyright infringement as valid "revisions" of the original publications, but the U.S. Court of Appeals reversed the decision Sept. 24.

A three-judge panel ruled that "the most natural reading of 'revision' of 'that collective work' clause" is that it "protects only later editions of a particular issue of a periodical, such as the final [evening] edition of a newspaper." The court criticized the previous ruling for defining "revision of that collective works" too broadly and allowing the exemption "to swallow the rule."

Bruce Keller, another defense attorney associated with Debevoise & Plimpton, says he believes the appellate court misapplied the term "collective work" to electronic databases, which he says are more accurately labeled as "electronic libraries."

"The worst part of this decision is the concept that a newspaper loses its identity when it is placed online," says Keller.

Johnson says he believes the court "failed to look at the legislative history of the revision clause." He contends that the court's interpretation of a "revision of that collective work" is too narrow in its insistence that the arrangement of individual works must be retained.

Since the landmark decision was handed down, Tasini's vigor hasn't dimmed, despite an Oct. 8 petition filed by the defendants asking for a review of the three-judge decision by the whole court, a rehearing en banc, in legalese.

"It's a delay tactic," says Tasini, who is confident that the ruling, authored by Chief Judge Ralph K. Winter, will be upheld and that the industry will finally have to address the "continuous" infringement caused by their databases.

Keller balks at the idea that the review request is a delaying tactic. "It is a procedural process taken when one thinks the decision is wrong," says Keller.

But what is evident in the wording of the petition is that newspaper companies are genuinely concerned about the consequences of the decision, not just to themselves but to the industry.

"[T]he Panel Opinion suddenly exposes all publishers of newspapers, magazines, anthologies, and other collective works to enormous potential liability for having preserved the contents of their publications on microfilm, [on] CD-ROM, and in electronic libraries such as Nexis," reads the brief.

It is the first time they have admitted on record that they are at financial risk, says Tasini, and he's more than willing to press the point with newspaper investors. Tasini has sent letters to several large pension funds warning them of the "enormous potential liability" threatening their investments.

"It is safe to assume," reads the letter, "that virtually all media companies (print publishers, electronic databases, and other information aggregators) are potentially using copyrighted works illegally. ... Liabilities for individual companies will vary depending on the amount of free-lance material used."

Keller, however, is quick to assert that the "potential liability" would result in newspapers being forced to remove a plethora of articles from their electronic databases.

"This is not a case of money damages," says Keller. The Tasini case is not a class-action suit, so therefore damages awarded — if appeals are denied — would be only to the seven plaintiffs in the case and would be "as low as $250" for Tasini himself, says Keller.

Because it is a case of "innocent infringement," he says, Tasini and the other plaintiffs would have to prove that someone had actually read his article online and then prove that the publishers had profited from it, which will be extremely difficult. "The [Lexis-Nexis] system was designed at a time when it was not possible to track per article," says Keller.

A giant undertaking

When asked, most newspaper and database companies will not or cannot provide an exact number of free-lance articles archived. Two database companies, Lexis-Nexis, which is a defendant in the case, and Infonautics, which is not, do not track the work status of doc-

12/15/1999 09:42 7034504170 BILL LUCY GARRETT PAGE 02

ument authors, according to company officials.

"The customary practice in the information industry is for the publisher to be responsible for obtaining all necessary copyright interests for online distribution," reads a prepared statement by Lexis-Nexis. Lexis-Nexis' database contains 2.5 billion searchable documents and about 1,000 newspapers from which articles are obtained and archived.

Infonautics, a smaller database company with more than 7 million documents, two-thirds of which are newspaper articles, takes a similar stance, deferring to its clients' wishes.

"If the publisher tells us to take [certain free-lance articles] off, we would have to take it off," says Bill Burger, vice president of content at Infonautics. "No one knows what effect [the decision] will have."

Future transactions

Current free-lance usage varies widely from publication to publication. At *The Washington Post*, where free-lancing is handled on a departmental basis, the national desk reports that it uses three or four free-lancers regularly, while the style desk uses about 20.

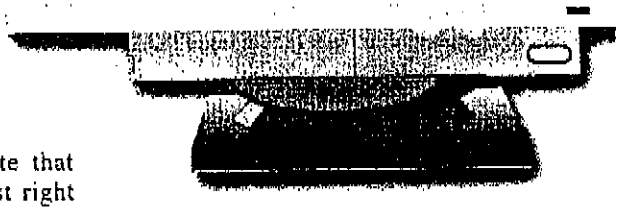
According to Assistant Managing Editor Shirley Carswell, free-lance contracts have included electronic rights for two to three years, which suggests that its databases may be infringing the copyrights of free-lancers used before 1996.

On the other end of the spectrum, the tiny *Daily Challenge*, an African-American-oriented, 79,540-circulation paper in New York, continues business as usual. Editor Dawad Philip estimates that about 30% of his editorial content is by free-lancers, but he requires no formal contract, confident that his free-lancers are happy with the arrangements made.

The Cox-owned *Atlanta Journal* and *Constitution* deals with free-lancers like most newspapers today. Their free-lance contracts specifically state that "Cox Newspapers will have first right to publish the work in our printed newspapers. While the contributor retains original copyright and ownership, we will retain the right to the published work for inclusion in other Cox Newspapers compilations. Our rights specifically include the rights to distribute the work through our Internet services [and] in our electronic databases, and to republish it as part of any reprint, electronic or otherwise."

The language of the contract is careful to include all Cox newspapers as well as electronic publishing. According to Tasini, newspaper companies cannot limit the wording to databases as all electronic mediums could be in danger of copyright infringement once the information is digitized, in any form.

Under Section 108(a.1), a reproduction of an article for libraries and archives is permissible if it is made without any purpose of direct or indirect commercial advantage.



"The decision could be applied to any secondary uses in the digital world," says Tasini, which means newspaper Web sites also could be violating the copyright law by posting, without permission, free-lance stories that appeared in the print versions.

Past transactions

But even if a particular newspaper company has been securing electronic copyrights for several years, the potential for liability stretches back to 1976, when the copyright act was passed, because no newspapers have been regularly securing electronic rights for that long.

"[The Tasini decision] probably won't mean that much to the industry, going forward," says new-media attorney Eric Bergner of the New York-based Moses & Singer law firm, except that the contracts will be more carefully worded to secure online rights.

Going back, however, Bergner predicts that the decision to remove potential infringing articles will be an easy one for newspapers that examine the costs and benefits of paying for the electronic rights vs. removing the stories from the databases.

"It's a monumental task," Bergner says, referring to the arduous process of tracking down the offending articles and then the authors themselves to purchase retroactive licenses.

"Is it worth it for [newspaper companies] to go through and determine who was a free-lancer and who was work-for-hire?" asks Bergner. In addition, writers could conceivably argue under the Tasini

Journalists, Reporters and Fact Checkers

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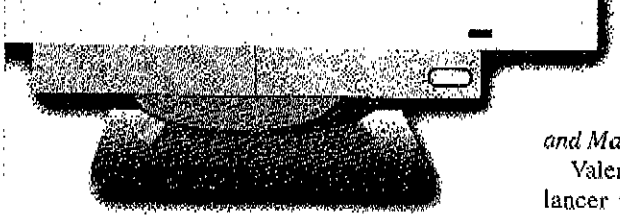
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The New York Times Co.'s revenue from new-media properties totaled approximately $16 million, less than 1% of total revenue, according to its 1998 annual report.



precedent that every time a new article is added to the database that it becomes a new "collective work" and hence a new infringement each time.

"It could potentially destroy all electronic research ability," Bergner says, echoing Johnson's sentiments, because publishers would remove the content to avoid liability.

The fact that a media company would rather drop articles than pay for them "shows the low moral standard under which these companies are operating," says Tasini.

Free-lancers, not surprisingly, agree. "[The removal of infringing articles] strikes me as an obnoxious view of the importance of journalism, but, then, I would expect it," says New York free-lancer Dylan Foley, who has written for *The Boston Globe* and *The Globe and Mail* in Toronto.

Valerie Sweeten, a Houston-based free-lancer who has written for the *Houston Chronicle* and *People* magazine, agrees that publishers should pay for any additional publishing, although it was the first she had heard of the decision.

Todd Carter, a free-lancer from Jenison, Mich., and a member of NWU, believes the decision is a positive step towards accountability. "You shouldn't sign your rights away," he says, but he admits it is difficult for less-experienced free-lancers to negotiate a favorable contract.

Keller bristles at the idea that removal of the articles is indicative of a "low moral standard," calling Tasini's demands for additional payments to free-lancers "outrageous" and "unrealistic."

A 'simple solution'

Tasini claims he has a "simple solution" to the enormous undertaking that settling accounts would take — in the Publication Rights Clearinghouse (PRC). The PRC offers retroactive copyright licenses to publishers for the free-lance works of its enrollees.

Then, 75% to 90% of the licensing fee goes to PRC writers, according to the NWU Web site. In essence, the PRC acts as the "middle man" between the publishers and the free-lancers. The fee for free-lancers to sign up for the PRC is $20 for NWU members and $40 for non-members.

According to a press release issued by Tasini, the PRC has already brought more than $13,000 to 92 union members, with one member receiving $1,719.

The PRC is partnered with the Copyright Clearance Center (CCC), "the largest licensor of photocopy reproduction rights in the world," reads the release. The CCC handles all processing of the licensing requests.

"It is inherently unfair: The publishers already paid for these articles," says Keller. "This idea of a Publication Rights Clearinghouse is going nowhere. I have yet to hear of a single publisher interested in a clearinghouse.

Although Tasini refuses to comment on any future legal action, the next step for the NWU could be a class-action lawsuit, which would hold the whole industry accountable for electronic-rights infringements.

When the possibility of a class-action suit is raised, Johnson says, "I couldn't tell you how we would deal with that. One option would be to reduce the liability by wholesale excising of the database." But the defense isn't ready to call it quits on the current litigation, determined to take it to the U.S. Supreme Court if necessary.

In its official response to the case, Lexis-Nexis warned of the damages the decision could ultimately cause: "[T]he only complete historical record of what print media covered that one can be assured of will be hard-copy back issues of newspapers and magazines." ■

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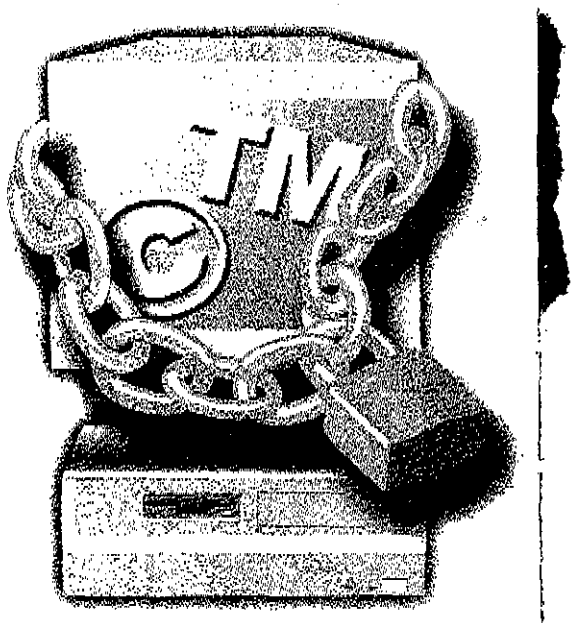
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COPYRIGHT in the Digital Age

by Jim Moscou



There really wasn't a lot of money at stake when Rex Heinke was asked to file a copyright-infringement lawsuit against a little-known Web site called Free Republic. But, then again, that really wasn't the point.

Heinke, an attorney who represents both *The Washington Post* and the *Los Angeles Times*, said the two papers discovered in 1998 that Free Republic's creators and visitors were posting their articles in the Republic's forums for discussion and debate. So, in September of that year, they hauled the Web operator into federal court claiming copyright violations.

In both a very real and a symbolic way, *L.A. Times vs. The Free Republic* emerged as a pioneer in the new era of cyber-copyright law. While the rules governing intellectual property haven't changed very much since the beginning of the digital revolution, the speed, access, vocabulary, and volume of information spinning around the Internet is forcing newspapers — and the courts — to consider new ways to protect intellectual assets. The *Times* and *Post*, after all, Heinke argues, charge about $1.50 per article online. That's lost revenue. In turn, Free Republic — which touts itself as a "gathering place for independent, grassroots conservatism on the Web"— argued its postings of the articles were protected under fair-use laws. A federal court issued a tentative ruling against the Web site last month. A final decision is expected soon.

But the court's opinion will most likely just leave more questions. Here, in an edited interview, Heinke — who is a First Amendment and intellectual-property attorney at the Los Angeles-based firm Greines, Martin, Stein & Richland — discusses the dawn of digital copyright law.

***E&P*: Let's start with one of the most obvious and, to me, gnawing questions: The Internet is so big, so vast, and so fast, how in the world can anyone really control their copyrighted material?**

Heinke: Well, it depends on what you're seeking to control. If your goal is to say that no one can ever copy a single page off of any Web site without permission, you're not going to be able to achieve that, ever. If your goal is to say somebody is not going to be able to operate a Web site that regularly engages in distributing copyrighted materials and does that in violation of the law, you are going to be able to control that. Those places are not going remain anonymous.

So, it's not the "mom-and-pop" home page listing a few articles that's of concern, but ...

It's the question of the volume, the number of people going to the Web site, and looking at the material being copied.

Is that how the *Post* and the *Times* came to sue the Free Republic?

[Free Republic] was in business for a couple of years and was growing very, very rapidly. It was having 20,000 to 50,000 hits a day. ... They were cutting and pasting the articles to their site. ... There was a correspondence back and forth trying to resolve it. When we couldn't, we filed a lawsuit.

The Republic argued they were using the information to foment discussion and debate. Isn't that fair use?

We think [the tentative federal court decision in the case] makes it clear what is or isn't fair use. And the courts have tentatively resolved that, saying it wasn't.

Are newspapers going to be driving online copyright legal battles?

They are going to be one of the important players, but it'll be anyone that owns copyrighted information that is digitized and therefore can be distributed on the Internet. That includes music, books, movies, software, and so on.

This is where it becomes daunting to me. How can digital copyrighted products be tracked and controlled on the Internet?

But it has always been daunting [at] some level.

But the speed at which information can be sent back and forth nowadays. An entire newspaper edition can be around the world in seconds.

Right. Well, I think the concern with the Internet — how widespread it is, how accessible it is to millions of people, how easy it is to make copies of things — the real concern is: Is there now a unique transformation of the way information is distributed? And does it provide such ability to copy that it can't be controlled? I don't think that is going to happen. ... There will be ways to deal with the copyright problems that the Internet creates. Some of that will be technology, and other solutions will be legal.

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Could the Internet change the core mission of copyright law?

No. That has not and will not change at all: The authors of copyrighted work receive economic compensation for the work they have done.

What about linking one page to another? Can that be construed as a copyright infringement?

We have said in our litigation all along that we have no objection to links, as long as the link itself doesn't imply we've authorized or approved it, or that we sponsor it.

But what if a disturbing site like — and I'm just making this up — "nazis-R-us.com" links to a newspaper's page?

There haven't been any cases [determining whether or not a link would constitute a copyright or trademark infringement], but I would not be real optimistic you would prevail on that. But I'm sure there are some people who would disagree with that.

You had mentioned technology developments would help copyright law, too?

Well, the question now is: Can we find an encryption system that works — not perfectly because nothing works perfectly — but works reasonably well?

But couldn't encrypting copyright material impinge on fair use?

Sure. Then the question becomes: Does Congress think as a matter of public policy there should be exceptions to encryption? For example, the obvious way to deal with that problem is that access codes should be sold to public libraries at a discounted cost.

This is just the tip of iceberg of Internet copyright litigation.

Oh yeah. The litigation of copyright infringement is just in its infancy.

Still, I'm struck that copyright legal arguments are the same.

They'll always be, in a sense, the same: who has the rights to use it, sell it, and who doesn't. The difference is, with a new technology, it always twists the focus — the square-peg-in-a-round-hole problem. It kind of fits, but it doesn't fit quite right. The same thing is true with the Internet, and years ago [the evolution of] the movies, television, and so on.

What are the concerns surrounding online trademark issues?

The concern is that I don't want someone misrepresenting a connection or affiliation or sponsorship between my Web site and some third-party site that I have no control over. ... Let's take the Coca-Cola trademark, and you use that trademark as a button on your Web site, and that button will take you to a Coca-Cola Web site: I think that is a problem. Using their trademark suggests somehow Coca-Cola let you do that. But if [the link] simply says, "Coca-Cola," in a normal typeface, then I doubt seriously there is any kind of problem.

So, are newspapers left to police the Internet themselves for copyright or trademark infringements?

Right. But all with this new twist: the Internet is just an additional place to look for it. And the reality is that [newspaper articles] once with little or no economic value suddenly have value in the digital form. The stuff becomes more useful, more accessible, and more valuable, and needs to be protected. ■



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Boy, what a headache! And all because some of you may be using our name in a generic manner. Which could cause it to lose its trademark status the way the name "aspirin" did years ago. So when you do use our name, please use it as an adjective to identify our products and services, e.g., Xerox copiers. Never as a verb: "to Xerox" in place of "to copy", or as a noun: "Xeroxes" in place of "copies". Thank you. Now, could you excuse us, we've got to lie down for a few minutes.

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GENERAL GUIDE TO THE ©OPYRIGHT ACT OF 1976



SEPTEMBER 1977

commissioned works that can be considered "works made for hire":

1. a contribution to a collective work

2. part of a motion picture or other audiovisual work

3. a translation

4. a supplementary work (which is defined as prepared for publication as a secondary adjunct to a work by another for purposes of illustrating, introducing, concluding, etc., or assisting in the use of the other work, such as forewards, afterwords, answer material for tests, maps, musical arrangements, bibliographies, etc.)

5. a compilation

6. an instructional text, which is defined as "a literary, pictorial, or graphic work prepared for publication with the purpose of use in systematic instructional activities." (Thus, books used in teaching.)

7. a test

8. answer material for a test

9. an atlas.

HOWEVER, this is conditioned upon an express agreement in writing signed by the parties. This agreement must state that the work "shall be considered a work made for hire."

CONTRIBUTIONS TO COLLECTIVE WORKS (Section 201(c))

This subsection seeks to clarify one of the most difficult questions under the existing law--the ownership of contributions to periodicals and other collective works. It states that copyright in a contribution is separate and distinct from copyright in the collective work as a whole, and that, in absence of an express transfer, the owner of the collective work obtains only certain limited rights with respect to each contribution.

Read 201 (c)

The first sentence in this subsection provides that "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." This is intended to establish that the copyright in a contribution and the copyright in the collective work in which it appears are two different things, and that the usual role with respect to initial ownership applies to the contribution.

Section 101 defines a "collective work" as "a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole."

The second sentence in 201(c), in conjunction with section 404, preserves the author's copyright in his contribution without requiring a separate notice in his name or an unqualified transfer of all his rights to the publisher.

The new law establishes a presumption that, in the absence of an express transfer, the author retains all rights except, "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."

Under this presumption, for example, an encyclopedia publisher would be entitled to reprint an article in a revised edition of an encyclopedia, and a magazine publisher would be entitled to reprint a story in a later issue of the same periodical. The privileges extended under the presumption, however, do not permit revisions in the contribution itself or allow inclusion of the contribution in anthologies or other entirely different collective works.

DIVISIBILITY OF COPYRIGHTS (Section 201(d))

In theory, under the 1909 law, a copyright was considered a single, indivisible bundle of exclusive rights. Thus, the old law regarded copyright as a single, indivisible entity; this means that a transfer of less than the entire rights to a work was merely a license which allowed the holder to use the work in a specified way but did not permit him to exercise any right of ownership.

An article from the "Copyright Notice", published by the Canadian Copyright Institute. 35 Spading Road, Toronto, M5R 2S9-m416-975-1756 (whoever they are).

You might find it of interest while not directly pertinent to your case, it may result in an easing of the challenge for folks such as you.

Tasini et al. V. New York Times et al.

Electronic Rights for U.S.

Freelancers Vindicated:

Good news for Heather

Robertson's class action

On September 24, 1999 a New York Appeals Court reversed an earlier federal district court decision, to find that a print publisher may not, in the absence of express permission, put the articles of freelance writers on databases and CD-ROMs that include the entire textual content of the print publication. As a result, the right to electronically reproduce freelance articles is not deemed to be included in the transfer of serial rights under US Copyright law.

This is good news for the Heather Robertson in her class action in the Canadian courts on similar grounds against The Thomson Corporation et al. Robertson seeks $50 million in compensatory damage, another $50 million in punitive damages and injunctive relief arising from alleged infringement of the copyright of freelance writers in Canada by disseminating copies of their original printed works through computer databases, on line services or other electronic media. The original statement of claim in the Robertson case was filed in September, 1996. The class action has just received funding from the Ontario Law Foundation, which will allow the case to proceed. The next court date in the action is likely to be in the new year.

The Tasini appeal decision has put the case for Canadian freelance writers in a much better position. It has set an important precedent. The court ruled that a database of articles could not be viewed as an electronic version of the newspaper itself it is simply a collection of articles, collected and published electronically without permission.

The Tasini appeal decision will doubtless cause a ripple in Canadian publishing circles, as Canadian publishers reevaluate their potential liability in the light of the ruling.

In related news, L'Association des journalists independents de Quebec ("AJIQ") launched a suit in June against all the major French-language newspapers and magazines in Quebec, as well as CEDROM-SNI, a database c service, claiming compensation for infringement of their members' electronic rights in articles submitted for print publication.

AGE 1

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HIGH-TECH TOOLS AND COPYRIGHT: What Are The Limits?

by Michael S. Oberman and Trebor Lloyd

Over one hundred years ago, the Supreme Court first confronted issues at the intersection of photography, new technology and copyright law. In 1884, the new technology was photography and the Court was called upon to decide whether a photograph was a "writing" of an "author" that could be protected under the Copyright Clause of the Constitution. Put another way, did a photographer who reproduced the exact features of his subject by means of a camera create a copyrightable work? The Supreme Court decided that a professional portrait photographer engaged in much more than a manual operation of a new machine. By posing his subject and selecting and arranging costume, background and lighting, the photographer produced a protectable expression "entirely from his own original mental conception." (*Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 59. [1884]). A photographer's choices have repeatedly been found to comprise a creative expression that makes a photograph more than a mechanical fixation lacking originality. The photographer's eye, in effect, reflects "the personal reaction of an individual upon nature [--] something irreducible, which is one man's alone." (*Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 250 [1903]).

Now, at the verge of a new century, a rich stock of photographic images can be appropriated and manipulated in ways that were previously unachievable. Digital scanning of a photograph, for instance, involves photographing an existing image with a special optical scanning or digital camera. The camera, operating something like a photocopy machine, translates photographic images into digital information by breaking the images into "pixels" or small dots which are imported from the scanner to the computer and stored in a binary file. These pixels are easily manipulable with tools provided in such popular software programs as Photoshop and CorelDraw. Digital scanning technology also makes it inexpensive and easy to obtain high quality copies of a photographer's works and to incorporate these photographs, or elements of these photographs, into new and different works.

This new capability raises new questions. Case law provides guidance—if only by analogy—as to what might constitute infringement in specific instances involving the new technologies. In particular, familiar concepts—including the exclusive rights given to an author by Section 106 of the Copyright Act of 1976 (the "Act") to control reproductions of, or derivative works based upon, a copyrighted work and the defense of fair use under Section 107 of the Act point the way.[1] This article discusses what has transpired so far in this largely undeveloped area and attempts to map out the contours of infringement of photographs in a new age.

SCOPE OF INFRINGEMENT

Subject to the fair use defense, appropriation of an existing photograph is likely to infringe the photographer's right to control reproduction of the photograph as well as the right to authorize derivative works based upon it. At the outset, the initial scanning of photographs is likely to constitute a copyright infringement in itself. Only a limited number of claims involving digital scanning of photographs have been publicly asserted to date—the *FPG v. Newsday* case among the most notable—and none has been judicially resolved (See *PDN*, "Newsday, FPG Settle Copyright Infringement Suit," January 1995).

However, it has been generally recognized that the initial input of material into a computer constitutes copying.[2] In one case, by illustration, a defendant publisher of databases for the legal profession used a computer scanner and optical character recognition software to scan West Publishing Company's copyrighted advance sheets of the *Southern Reporter*. The scanning process copied entire

West case reports, including West's copyrightable headnotes and synopses. While the protectable elements of the West publications were deleted before the cases were placed on defendant's databases, the temporary storage of the full case reports was found to be an intermediate copying that infringed West's copyrights.[3]

In *Curtis v. General Dynamics Corp.*, plaintiff's photograph, "Wheelchair on a Porch in Athens, Ohio," was copied on a Photostat machine, cropped, enlarged and placed into a "comprehensive" to be used as a model during the development of advertising based on the wheelchair image. A subsequent photographer used the comprehensive as a model for a new photograph and that second photographer's work was then used in the advertisement. The court first found that the making of a copy of the photograph on the Photostat machine was a copyright infringement in itself. It then found that the creation and use of the comprehensive were a second infringement. Finally the court found that the use of the second photographer's work in the advertisement was also an infringement of the original photograph. (18 U.S.P.Q.2d 1608 [W.D. Wash. 1990]. See *PDN*, "Swipe No More," January 1990.)

Suppose, unlike in the *Curtis* case, someone scans a protected photograph but creates a final product that is not substantially similar to the original work. Is an intermediate copy still infringing if used to make a final product that is substantially different from the original work? Although scanning of photographs in this context seems to be an unexplored question, again, case law presents close analogies.

In *Walker v. University Books*, the narrow question before the Ninth Circuit was whether plaintiff's copyrighted work—a set of 72 "I Ching" or fortune-telling cards-could be infringed by defendant's blueprints for cards defendant had not yet produced. The court below had decided that plans, preparations, or blueprints of a final product were not tangible reproductions of a work that could give liability for damages. The Ninth Circuit disagreed (602 F.2d 859 [9th Cir. 1979]). It held that an intermediate copy of a protected work could itself be infringing. If there was infringement, the plaintiff could recover statutory damages (and possibly attorney's fees) despite the fact that the defendants had realized no economic gain from the intermediate copy.

1. Where an infringement involves a numbered, limited set of photographs, a defendant may also violate the so-called moral rights of the photographer—the rights of attribution and integrity set forth in 17 U.S.C. 106A.

2. See *Micro-Sparc. Inc. v. Amtype Corp.*, 592 F. Supp. 33, 35 (D. Mass. 1984) (placement of a work into a computer is the preparation of a copy, citing Final Report of the National Commission on New Technological Uses of Copyrighted Works ("CONTU Re-port") at 31). See also 2 Nimmer on Copyright 1 8.08 (1995) (inputting a computer program into a computer is the preparation of a copy).

3. *West Publishing Co. v. On Point Solutions. Inc.*, Civ. A. No. 1:93-CV2071, 1994 WL 778426 (N.D. Ga. Sept. 1, 1994).

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In *Sega Enterprises v. Accolade*, another Ninth Circuit decision, the court held that intermediate copying of computer object code through reverse engineering could infringe regardless of whether the end product also infringed. While the court found that the particular intermediate copying before it was a fair use, it reaffirmed the general holding of *Walker* that intermediate copying could be an infringement in and of itself. (977 F.2d 1510 [9th Cir. 1992]).

Taking the reasoning of these cases together, there appears to be little doubt that the optical scanning of a photograph alone may infringe. The photographer has the right to decide whether—and, if so, the terms upon which—use of an original photograph is to be authorized. Consequently, it would appear that a photographer could be potentially entitled to some measure of damages where an original work has been scanned without authorization, even if the infringer's final product bears little resemblance to the original work and even if the intermediate work had no commercial use.

Familiar principles of copyright law should govern whether an end use, such as publication, of a scanned photograph constitutes infringement. The basic test for copyright infringement is access plus substantial similarity. Where the photograph has been scanned and altered, the issue to be answered is whether the original work is qualitatively important in the allegedly infringing work. If a central or important image of the original work gives rise to the commercial or esthetic appeal of the allegedly infringing work, substantial similarity should be found.[4] Thus, absent fair use or another defense, infringement should be found.

The basic test for copyright infringement is access plus substantial similarity.

Aside from the infringement issues raised by copying of photographs by scanning and the making of derivative works through computer manipulation, at least one court has specifically held that the display of photographic images on a computer screen and the downloading or uploading of those images may be an infringement of the photographer's or copyright holder's rights of display and distribution. There, the defendant operator of a subscription computer bulletin board displayed copyrighted *Playboy* photographs on the bulletin board. Subscribers to the service both transferred the photographic images from the bulletin board to their own personal computers ("downloading") and transferred the images from these personal computers to other persons ("uploading"). (See *Playboy Enterprises v. Frena*, 839 F.Supp. 1552-57 [M.D. Fla. 1993].)

The court first ruled that supplying a product that contained unauthorized copies of the *Playboy* photographs was a "distribution" in violation of the right to public distribution guaranteed to copyright holders. In addition, the court held that the display of the photographic images on a computer screen was a showing of photographic images by means of a device or process to a substantial enough audience that the display constituted a "public display." Such a public display was, again, a violation of a right reserved to the copyright holder.

4. See, e.g., *Rogers v. Koons*, 960 F.2d 301 (2d Cir.), cert. denied, 113 S. Ct. 365 (1992). In this case, defendant's sculpture "String of Puppies" was closely modeled after plaintiff's photograph "Puppies." The Second Circuit found the sculpture to be an infringing use and further held the fair use defense inapplicable despite defendant's contention the primary purpose of the work was for social commentary. (See *PDN*, " 'String of Puppies' Deemed Improper Copy," April 1991 and PDNews, "Art Rogers Gains Court Victory," July 1992.) See also *Steinberg v. Columbia Pictures Indus., Inc.*, 663 F. Supp. 706, 713 (S.D.N.Y. 1987) (poster infringed artist's work even though only a small portion of poster's design could be considered similar).

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FAIR USE

Even if the copying and use of a photograph are otherwise infringing, liability might still be avoided under the "fair use" doctrine. This doctrine recognizes that at times the "competing interest of society in the untrammeled dissemination of ideas"[5] may outweigh the interest of the copyright holder. Under Section 107 of the Act, the courts consider four factors: 1) the purpose and character of the second use (including whether such use is of a commercial nature or is for nonprofit educational purposes), 2) the nature of the copyrighted work, 3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole and 4) the effect of the use upon the potential market for or value of the copyrighted work. It is within the area of fair use that the user's desire to exploit the new technologies and the photographer's interest in the control and marketing of the original work are likely to be resolved.

The Supreme Court most recently explored fair use in *Campbell v. Acuff-Rose Music*, where the question was whether 2 Live Crew's parody of Roy Orbison's song, "Oh, Pretty Woman," was a fair use. From the point of view of the photographer concerned about digital scanning, the most important pronouncement in *Acuff-Rose* is that a "transformative" derivative work which incorporates substantial elements of pre-existing works might be a fair use, even if that use was a concededly commercial one. A "transformative" work was described as a work that "adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message." (114 S. Ct. 1164 [1994].) Such a work, according to the Court, promotes the goals of copyright, i.e., to promote science and the arts.

One commentator has suggested that *Acuff-Rose* has significantly shifted the fair use balancing test to favor those who use significant portions of the unlicensed, pre-existing copyrighted works of others to form "new creative, commercial 'derivative works,' " particularly creators of digital and multimedia works.[6] However, the Court's view of transformative use was articulated particularly in the context of parody—a species of comment and criticism. The Court noted that works of parody by their very nature must copy the heart of the pre-existing work. It also pointed out that a parody, unlike other derivative works, is unlikely to harm a copyright holder's market in the sense that the parodic work is likely to be a market substitute for the copyright holder's original work. Outside the area of parody, moreover, the purpose for substantial borrowing should be more carefully scrutinized. Verbatim copying may reveal a lack of transformative character in the new derivative work. If the underlying work is being copied merely to "avoid the drudgery in working up something fresh," the other factors, such as the commercial nature of derivative work and the derivative work's ability to serve as a market substitute for the copyright holder's work, "loom larger." (114 S. Ct. at 1172.)

Fair use is, to be sure, a fact-intensive analysis and it is difficult to predict how specific claims will be resolved without a full fact pattern. Appropriation of an existing photograph for a computer-generated new work is nonetheless unlikely to be found to be a fair use, especially if the new work borrows heavily from its source. Photographs are commonly licensed and stock agencies are beginning to make their works available for authorized multimedia uses.[7] A use that

5. *Sony Corp. of Am. v. Universal City Studios Inc.*, 464 U.S. 417, 430-31 n.12 (1984) (quoting foreword to B. Kaplan, An Unhurried View of Copyright, vii-viii (1967)).

6. Richard R. Wiebe, "Deriving Markets from Precedent," *The Recorder*, Mar. 21, 1994, at page 10.

7. Susan Orenstein, "Digital Multimedia Madness," *Legal Times*, Sept. 13, 1993.

attempts to circumvent an available license —or to override an author's preference not to grant a license—should be found to interfere with the potential market of the original photograph.[8] Specific claims are likely to turn on issues such as the following:

1. To what extent does the second use transform the original photograph and what is the purpose of the use? In *Rogers v. Koons*, for example, a photograph was transposed to an entirely different medium (sculpture) purporting to be fine art replete with social commentary; the court found that the copying of the photograph "was done in bad faith, primarily for profit-making motives and did not constitute a parody of the original work." (960 F.2d at 310.)

2. To what extent will the original photograph be viewed as a highly creative work? Referring again to *Rogers v. Koons*, this second factor militated against a finding of fair use where the original photograph was a "creative [and] imaginative . . . published work of art" by an author who made his living as a photographer. As a general rule, a creative work is insulated from the fair use defense more than a factual work. Photographs should typically be treated as creative even when they capture public sights. Indeed, photographers with a good eye who are in the proper place at the proper time have given us scores of indelible images that mark the course of recent history.[9]

3. To what extent does the second work quantifiably and qualitatively utilize the original photograph? Even the use of a small portion of a photograph may defeat a fair use claim where the use constitutes a wholesale or verbatim replication of significant elements of the photograph.[10]

4. To what extent does the second use fit within the customary markets for the original photograph? If the market in which a defendant used an allegedly infringing work is a market the copyright owner could have entered, the use would not be fair because it denied the copyright owner a licensing fee, a factor clearly diminishing the value of the original work. At least one court has found that the potential value of a photograph may be diminished where the plaintiff may have wanted to release a numbered and limited edition of the photograph and the defendant has diluted the value of that limited edition by an unauthorized use of the photograph.[11]

CONTRIBUTORY INFRINGEMENT

Manufacturers of digital scanning devices risk possible lawsuits over contributory infringement. In *Sony Corp. of America v. Universal City Studios. Inc.*, owners of copyrights in television programs and films brought suit against Sony, the manufacturer of the Betamax video recording machine, asserting that Sony was contributorily liable for producing the technology consumers used to make unauthorized copies of copyrighted works. Sony, in defense, contended that the potential for infringement posed by the Betamax was out-

8. See. e.g., American Geophysical Union v. Texaco Inc., 60 F.3d 913, 930-31 (2d Cir. 1995).

9. Fair use particularly pertinent to a "factual photograph has been found under one narrow scenario. Where an amateur's film captured a momentous and otherwise inadequately recorded, event in history, the public's interest in viewing the pictorial record of that event was found to outweigh the photographer's copyright interests. *Time Inc. v. Bernard Geis Assocs.*, 293 F. Supp. 130, 146 (S.D.N.Y. 1968) (film of Kennedy assassination).

10. Cf. *Curtis v. General Dynamics Corp.*, 18 U.S.P.Q.2d at 1615 (holding that copying of less than one percent of defendant's entire work may be infringement and not fair use (citing Meeropol v. Nizer, 560 F.2d 1061 (2d Cir. 1977).

11. *Richard Anderson Photography v. Brown*, No. 85-0373-R, 1990 U.S. Dist. LEXIS 19846, at *3 (W.D. Va. Apr. 16, 1990).

weighed by the beneficial uses of the machine, most notably "timeshifting—that is, the copying of programs for later viewing when owners of the Betamax were unable to watch a program at the time it was scheduled for broadcast." (464 U.S. 417 [1984]). The Supreme Court—ultimately holding that time-shifting was a fair use of copyrighted works—gave this test for contributory infringement:

The sale of copying equipment, like the sale of other articles of commerce, does not constitute contributory infringement if the product is widely used for legitimate, unobjectionable purposes. Indeed, it need merely be capable of substantial non-infringing uses. (464 U.S. 442 [1984]).

Legitimate industrial uses of digital imaging are apparent. Imaging services are regularly used now by the legal and medical professions for easy storage, access and display of documents, diagrams and other images. By use of digital imaging, ruined photographs can be restored to their original luster with colors again vibrant and images enhanced. Manufacturers of scanning devices could point to these uses in the face of any claims of contributory infringement.

While a manufacturer of a digital scanning device may escape liability under the rule of Sony, an operator of such a device may incur liability even if that operator is not the end user. Should, for example, a business scan copyrighted photographs and put them on computer discs for customers who then use images on the disc in an infringing way, the business could be liable for facilitating an infringement.[12] Moreover, an operator of a computer service that makes unauthorized copies of photographs available to others who may download or upload them to or from their own computers may be liable for infringement even if that operator did not make the copies itself on the grounds that, while there was no copying, the display and distribution was an infringement for which the operator was liable.[13]

CONCLUSION

When photography itself was the new technology, the Supreme Court found that traditional copyright principles warranted statutory protection for photographs under the Copyright Clause of the Constitution. With new technologies today making possible uses of photographs that were unimagined even a short time ago, existing copyright doctrines should once again control and should comfortably distinguish between infringing and non-infringing uses of photographs. o

Michael S. Oberman is a partner in New York's Kramer, Levin, Naftalis, Nessen & Frankel, where he practices intellectual property and commercial litigation. Trebor Lloyd, an associate at Kramer Levin, also practices intellectual property and commercial litigation. Wendy Stryker, a third year law student at New York University who was a summer associate at Kramer, Levin, assisted in the preparation of this article. This article originally appeared in slightly different form in The National Law Journal.

12. See by analogy *RCA Records, a Division of RCA Corp. v. All-Fast Sys. Inc.*, 594 F.Supp. 335, 339 (S.D.N.Y. 1984). Here the defendant was in the business of copying cassette tapes for its customers and copied copyrighted materials. The court specifically rejected the notion that the rule of Sony might shield a "middleman" from liability.

13. *Playboy Enterprises Inc. v. Frena*, 839 F.Supp. at 1556 and in text *supra* at 6-7. See also *Religious Technology Center v. Netcom On-line Communication Services, Inc.*, 1995 WL 707167* 6-7 (N.D. Cal. Nov. 1, 1995) (acknowledging that even absent direct liability for infringement of copyright, a copyright bulletin board operator may be liable for contributory infringement or may be vicariously liable).

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HIGH-TECH TOOLS AND COPYRIGHT: What Are The Limits?

by Michael S. Oberman and Trebor Lloyd

Over one hundred years ago, the Supreme Court first confronted issues at the intersection of photography, new technology and copyright law. In 1884, the new technology was photography and the Court was called upon to decide whether a photograph was a "writing" of an "author" that could be protected under the Copyright Clause of the Constitution. Put another way, did a photographer who reproduced the exact features of his subject by means of a camera create a copyrightable work? The Supreme Court decided that a professional portrait photographer engaged in much more than a manual operation of a new machine. By posing his subject and selecting and arranging costume, background and lighting, the photographer produced a protectable expression "entirely from his own original mental conception." (*Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 59. [1884]). A photographer's choices have repeatedly been found to comprise a creative expression that makes a photograph more than a mechanical fixation lacking originality. The photographer's eye, in effect, reflects "the personal reaction of an individual upon nature [--] something irreducible, which is one man's alone." (*Bleistein v. Donaldson Lithographing Co.*, 188 U.S. 239, 250 [1903]).

Now, at the verge of a new century, a rich stock of photographic images can be appropriated and manipulated in ways that were previously unachievable. Digital scanning of a photograph, for instance, involves photographing an existing image with a special optical scanning or digital camera. The camera, operating something like a photocopy machine, translates photographic images into digital information by breaking the images into "pixels" or small dots which are imported from the scanner to the computer and stored in a binary file. These pixels are easily manipulable with tools provided in such popular software programs as Photoshop and CorelDraw. Digital scanning technology also makes it inexpensive and easy to obtain high quality copies of a photographer's works and to incorporate these photographs, or elements of these photographs, into new and different works.

This new capability raises new questions. Case law provides guidance—if only by analogy—as to what might constitute infringement in specific instances involving the new technologies. In particular, familiar concepts—including the exclusive rights given to an author by Section 106 of the Copyright Act of 1976 (the "Act") to control reproductions of, or derivative works based upon, a copyrighted work and the defense of fair use under Section 107 of the Act point the way.[1] This article discusses what has transpired so far in this largely undeveloped area and attempts to map out the contours of infringement of photographs in a new age.

SCOPE OF INFRINGEMENT

Subject to the fair use defense, appropriation of an existing photograph is likely to infringe the photographer's right to control reproduction of the photograph as well as the right to authorize derivative works based upon it. At the outset, the initial scanning of photographs is likely to constitute a copyright infringement in itself. Only a limited number of claims involving digital scanning of photographs have been publicly asserted to date—the *FPG v. Newsday* case among the most notable—and none has been judicially resolved (See *PDN*, "Newsday, FPG Settle Copyright Infringement Suit," January 1995).

However, it has been generally recognized that the initial input of material into a computer constitutes copying.[2] In one case, by illustration, a defendant publisher of databases for the legal profession used a computer scanner and optical character recognition software to scan West Publishing Company's copyrighted advance sheets of the *Southern Reporter*. The scanning process copied entire

West case reports, including West's copyrightable headnotes and synopses. While the protectable elements of the West publications were deleted before the cases were placed on defendant's databases, the temporary storage of the full case reports was found to be an intermediate copying that infringed West's copyrights.[3]

In *Curtis v. General Dynamics Corp.*, plaintiff's photograph, "Wheelchair on a Porch in Athens, Ohio," was copied on a Photostat machine, cropped, enlarged and placed into a "comprehensive" to be used as a model during the development of advertising based on the wheelchair image. A subsequent photographer used the comprehensive as a model for a new photograph and that second photographer's work was then used in the advertisement. The court first found that the making of a copy of the photograph on the Photostat machine was a copyright infringement in itself. It then found that the creation and use of the comprehensive were a second infringement. Finally the court found that the use of the second photographer's work in the advertisement was also an infringement of the original photograph. (18 U.S.P.Q.2d 1608 [W.D. Wash. 1990]. See *PDN*, "Swipe No More," January 1990.)

Suppose, unlike in the *Curtis* case, someone scans a protected photograph but creates a final product that is not substantially similar to the original work. Is an intermediate copy still infringing if used to make a final product that is substantially different from the original work? Although scanning of photographs in this context seems to be an unexplored question, again, case law presents close analogies.

In *Walker v. University Books*, the narrow question before the Ninth Circuit was whether plaintiff's copyrighted work—a set of 72 "I Ching" or fortune-telling cards-could be infringed by defendant's blueprints for cards defendant had not yet produced. The court below had decided that plans, preparations, or blueprints of a final product were not tangible reproductions of a work that could give liability for damages. The Ninth Circuit disagreed (602 F.2d 859 [9th Cir. 1979]). It held that an intermediate copy of a protected work could itself be infringing. If there was infringement, the plaintiff could recover statutory damages (and possibly attorney's fees) despite the fact that the defendants had realized no economic gain from the intermediate copy.

1. Where an infringement involves a numbered, limited set of photographs, a defendant may also violate the so-called moral rights of the photographer—the rights of attribution and integrity set forth in 17 U.S.C. 106A.

2. See *Micro-Sparc, Inc. v. Amtype Corp.*, 592 F. Supp. 33, 35 (D. Mass. 1984) (placement of a work into a computer is the preparation of a copy, citing Final Report of the National Commission on New Technological Uses of Copyrighted Works ("CONTU Re-port") at 31). See also 2 Nimmer on Copyright 1 8.08 (1995) (inputting a computer program into a computer is the preparation of a copy).

3. *West Publishing Co. v. On Point Solutions, Inc.*, Civ. A. No. 1:93-CV2071, 1994 WL 778426 (N.D. Ga. Sept. 1, 1994).

In *Sega Enterprises v. Accolade*, another Ninth Circuit decision, the court held that intermediate copying of computer object code through reverse engineering could infringe regardless of whether the end product also infringed. While the court found that the particular intermediate copying before it was a fair use, it reaffirmed the general holding of *Walker* that intermediate copying could be an infringement in and of itself. (977 F.2d 1510 (9th Cir. 1992)).

Taking the reasoning of these cases together, there appears to be little doubt that the optical scanning of a photograph alone may infringe. The photographer has the right to decide whether—and, if so, the terms upon which—use of an original photograph is to be authorized. Consequently, it would appear that a photographer could be potentially entitled to some measure of damages where an original work has been scanned without authorization, even if the infringer's final product bears little resemblance to the original work and even if the intermediate work had no commercial use.

Familiar principles of copyright law should govern whether an end use, such as publication, of a scanned photograph constitutes infringement. The basic test for copyright infringement is access plus substantial similarity. Where the photograph has been scanned and altered, the issue to be answered is whether the original work is qualitatively important in the allegedly infringing work. If a central or important image of the original work gives rise to the commercial or esthetic appeal of the allegedly infringing work, substantial similarity should be found.[4] Thus, absent fair use or another defense, infringement should be found.

The basic test for copyright infringement is access plus substantial similarity.

Aside from the infringement issues raised by copying of photographs by scanning and the making of derivative works through computer manipulation, at least one court has specifically held that the display of photographic images on a computer screen and the downloading or uploading of those images may be an infringement of the photographer's or copyright holder's rights of display and distribution. There, the defendant operator of a subscription computer bulletin board displayed copyrighted *Playboy* photographs on the bulletin board. Subscribers to the service both transferred the photographic images from the bulletin board to their own personal computers ("downloading") and transferred the images from these personal computers to other persons ("uploading"). (See *Playboy Enterprises v. Frena*, 839 F.Supp. 1552-57 (M.D. Fla. 1993).)

The court first ruled that supplying a product that contained unauthorized copies of the *Playboy* photographs was a "distribution" in violation of the right to public distribution guaranteed to copyright holders. In addition, the court held that the display of the photographic images on a computer screen was a showing of photographic images by means of a device or process to a substantial enough audience that the display constituted a "public display." Such a public display was, again, a violation of a right reserved to the copyright holder.

4. See, e.g., *Rogers v. Koons*, 960 F.2d 301 (2d Cir.), cert. denied, 113 S. Ct. 365 (1992). In this case, defendant's sculpture "String of Puppies" was closely modeled after plaintiff's photograph "Puppies." The Second Circuit found the sculpture to be an infringing use and further held the fair use defense inapplicable despite defendant's contention the primary purpose of the work was for social commentary. (See *PDN*, " 'String of Puppies' Deemed Improper Copy," April 1991 and PDNews, "Art Rogers Gains Court Victory," July 1992.) See also *Steinberg v. Columbia Pictures Indus., Inc.*, 663 F. Supp. 706, 713 (S.D.N.Y. 1987) (poster infringed artist's work even though only a small portion of poster's design could be considered similar).

FAIR USE

Even if the copying and use of a photograph are otherwise infringing, liability might still be avoided under the "fair use" doctrine. This doctrine recognizes that at times the "competing interest of society in the untrammeled dissemination of ideas"[5] may outweigh the interest of the copyright holder. Under Section 107 of the Act, the courts consider four factors: 1) the purpose and character of the second use (including whether such use is of a commercial nature or is for nonprofit educational purposes), 2) the nature of the copyrighted work, 3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole and 4) the effect of the use upon the potential market for or value of the copyrighted work. It is within the area of fair use that the user's desire to exploit the new technologies and the photographer's interest in the control and marketing of the original work are likely to be resolved.

The Supreme Court most recently explored fair use in *Campbell v. Acuff-Rose Music*, where the question was whether 2 Live Crew's parody of Roy Orbison's song, "Oh, Pretty Woman," was a fair use. From the point of view of the photographer concerned about digital scanning, the most important pronouncement in *Acuff-Rose* is that a "transformative" derivative work which incorporates substantial elements of pre-existing works might be a fair use, even if that use was a concededly commercial one. A "transformative" work was described as a work that "adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message." (114 S. Ct. 1164 [1994].) Such a work, according to the Court, promotes the goals of copyright, i.e., to promote science and the arts.

One commentator has suggested that *Acuff-Rose* has significantly shifted the fair use balancing test to favor those who use significant portions of the unlicensed, pre-existing copyrighted works of others to form "new creative, commercial 'derivative works,' " particularly creators of digital and multimedia works.[6] However, the Court's view of transformative use was articulated particularly in the context of parody—a species of comment and criticism. The Court noted that works of parody by their very nature must copy the heart of the pre-existing work. It also pointed out that a parody, unlike other derivative works, is unlikely to harm a copyright holder's market in the sense that the parodic work is likely to be a market substitute for the copyright holder's original work. Outside the area of parody, moreover, the purpose for substantial borrowing should be more carefully scrutinized. Verbatim copying may reveal a lack of transformative character in the new derivative work. If the underlying work is being copied merely to "avoid the drudgery in working up something fresh," the other factors, such as the commercial nature of derivative work and the derivative work's ability to serve as a market substitute for the copyright holder's work, "loom larger." (114 S. Ct. at 1172.)

Fair use is, to be sure, a fact-intensive analysis and it is difficult to predict how specific claims will be resolved without a full fact pattern. Appropriation of an existing photograph for a computer-generated new work is nonetheless unlikely to be found to be a fair use, especially if the new work borrows heavily from its source. Photographs are commonly licensed and stock agencies are beginning to make their works available for authorized multimedia uses.[7] A use that

5. *Sony Corp. of Am. v. Universal City Studios Inc.*, 464 U.S. 417, 430-31 n.12 (1984) (quoting foreword to B. Kaplan, An Unhurried View of Copyright, vii-viii (1967)).

6. Richard R. Wiebe, "Deriving Markets from Precedent," *The Recorder*, Mar. 21, 1994, at page 10.

7. Susan Orenstein, "Digital Multimedia Madness," *Legal Times*, Sept. 13, 1993.

attempts to circumvent an available license —or to override an author's preference not to grant a license—should be found to interfere with the potential market of the original photograph.[8] Specific claims are likely to turn on issues such as the following:

1. To what extent does the second use transform the original photograph and what is the purpose of the use? In *Rogers v. Koons*, for example, a photograph was transposed to an entirely different medium (sculpture) purporting to be fine art replete with social commentary; the court found that the copying of the photograph "was done in bad faith, primarily for profit-making motives and did not constitute a parody of the original work." (960 F.2d at 310.)

2. To what extent will the original photograph be viewed as a highly creative work? Referring again to *Rogers v. Koons*, this second factor militated against a finding of fair use where the original photograph was a "creative [and] imaginative ... published work of art" by an author who made his living as a photographer. As a general rule, a creative work is insulated from the fair use defense more than a factual work. Photographs should typically be treated as creative even when they capture public sights. Indeed, photographers with a good eye who are in the proper place at the proper time have given us scores of indelible images that mark the course of recent history.[9]

3. To what extent does the second work quantifiably and qualitatively utilize the original photograph? Even the use of a small portion of a photograph may defeat a fair use claim where the use constitutes a wholesale or verbatim replication of significant elements of the photograph.[10]

4. To what extent does the second use fit within the customary markets for the original photograph? If the market in which a defendant used an allegedly infringing work is a market the copyright owner could have entered, the use would not be fair because it denied the copyright owner a licensing fee, a factor clearly diminishing the value of the original work. At least one court has found that the potential value of a photograph may be diminished where the plaintiff may have wanted to release a numbered and limited edition of the photograph and the defendant has diluted the value of that limited edition by an unauthorized use of the photograph.[11]

CONTRIBUTORY INFRINGEMENT

Manufacturers of digital scanning devices risk possible lawsuits over contributory infringement. In *Sony Corp. of America v. Universal City Studios, Inc.*, owners of copyrights in television programs and films brought suit against Sony, the manufacturer of the Betamax video recording machine, asserting that Sony was contributorily liable for producing the technology consumers used to make unauthorized copies of copyrighted works. Sony, in defense, contended that the potential for infringement posed by the Betamax was out-

8. See, e.g., American Geophysical Union v. Texaco Inc., 60 F.3d 913, 930-31 (2d Cir. 1995).

9. Fair use particularly pertinent to a "factual photograph has been found under one narrow scenario. Where an amateur's film captured a momentous and otherwise inadequately recorded, event in history, the public's interest in viewing the pictorial record of that event was found to outweigh the photographer's copyright interests. *Time Inc. v. Bernard Geis Assocs.*, 293 F. Supp. 130, 146 (S.D.N.Y. 1968) (film of Kennedy assassination).

10. Cf. *Curtis v. General Dynamics Corp.*, 18 U.S.P.Q.2d at 1615 (holding that copying of less than one percent of defendant's entire work may be infringement and not fair use (citing Meeropol v. Nizer, 560 F.2d 1061 (2d Cir. 1977).

11. *Richard Anderson Photography v. Brown*, No. 85-0373-R, 1990 U.S. Dist. LEXIS 19846, at *3 (W.D. Va. Apr. 16, 1990).

weighed by the beneficial uses of the machine, most notably "timeshifting—that is, the copying of programs for later viewing when owners of the Betamax were unable to watch a program at the time it was scheduled for broadcast." (464 U.S. 417 [1984]). The Supreme Court—ultimately holding that time-shifting was a fair use of copyrighted works—gave this test for contributory infringement:

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CONCLUSION

When photography itself was the new technology, the Supreme Court found that traditional copyright principles warranted statutory protection for photographs under the Copyright Clause of the Constitution. With new technologies today making possible uses of photographs that were unimagined even a short time ago, existing copyright doctrines should once again control and should comfortably distinguish between infringing and non-infringing uses of photographs. o

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The notice requirements of the 1909 Copyright Act govern copies or phonorecords of a work publicly distributed before January 1, 1978. Noncompliance with the 1909 Act's notice requirements placed the work in the public domain and the work will remain in the public domain after January 1, 1978, even though the notice would not have been defective under the 1976 Act's less stringent requirements and even though the omission would have been excused under the 1976 Act's more liberal provisions excusing omissions of copyright notice.[3]

Although the question whether omission of copyright notice from publicly distributed copies or phonorecords forfeited copyright in a work will depend on the notice requirements in force at the time that the copies or phonorecords were distributed, courts have, since passage of the 1976 Copyright Act, viewed omitted and defective notices under the 1909 Act through the prism of the 1976 Act's more liberal provisions. As one court observed, "where principles compelled under the Copyright Act of 1976 are not precluded by decisions rendered under the 1909 Act, those principles should be implemented to the extent possible."[4] The Berne Implementation Amendments, which completely eliminated notice as a condition to copyright, can similarly be expected to relax judicial treatment of omitted or defective copyright notices on copies or phonorecords publicly distributed before the Amendments' effective date.

Section 108 of the Transitional and Supplementary Provisions of the 1976 Copyright Act provides as a general rule that the notice requirements prescribed by sections 401 to 403 of the 1976 Act "apply to all copies or phonorecords publicly distributed on or after January 1, 1978." Section 108 also contains an important practical concession to works that were first published under the 1909 Act with a copyright notice that complied with the 1909 Act's notice requirements and that continued to be published with the same notice after January 1, 1978. Section 108 provides that if a work was first published before January 1, 1978, the copyright notice that was affixed to copies of the work publicly distributed on or after January 1, 1978, will be adequate under the 1976 Act so long as the notice complies with either the notice requirements of the 1909 Act or the notice requirements of the 1976 Act.

According to the House Report on the 1976 Copyright Act, the copyright notice required by the 1909 Act served four principal

functions: "(1) It has the effect of placing in the public domain a substantial body of published material that no one is interested in copyrighting; (2) It informs the public as to whether a particular work is copyrighted; (3) It identifies the copyright owner; and (4) It shows the date of publication."[5] These functions have guided courts in close cases under both the 1909 and 1976 Acts. As a general rule, and particularly from the mid-twentieth century on, courts have held that small technical errors or omissions in copyright notice will not forfeit copyright if the copyright owner made a substantial effort to comply with the notice requirements, if the error or omission did not prejudice the alleged infringer, and if enforcing the copyright would not substantially disserve the purposes of copyright notice generally.[6]

NEW YORK TIMES ARTICLE ON TASINI CASE REVERSAL.... 9/28/99
(Note - The NY Times was involved in the case and lost)

By FELICITY BARRINGER

[N] EW YORK -- In a copyright decision that establishes the new rules of the electronic road, a federal appeals court in New York has ruled that three major publishers cannot include the work of freelance contributors in electronic databases without the freelancers' permission.

The unanimous ruling by the three-judge panel in the 2nd U.S. Circuit Court of Appeals overturned a lower court ruling that had agreed with the arguments of New York Times Co., Newsday Inc. and Time Inc. Magazine Co. and their co-plaintiffs, University Microfilms International and Mead Data Central Corp., the former owner of the Lexis-Nexis databases.

The publishers had argued that the electronic databases like Nexis were analogous to anthologies or other "collective works" that can be revised without the permission of the individual copyright holders. But the appeals panel held that "the privilege afforded authors of collective works" under existing law "does not permit the publishers to license individually copyright works for inclusion in the electronic databases."

The ruling, issued Friday afternoon and concerning a lawsuit by several freelancers, comes as online publishing is exploding and as many publications are expanding and leaning on freelance contributors to supplement the work of their regular staff. It could force the companies to offer retroactive electronic-rights payments for everything from opinion pieces submitted for op-ed pages to full-length magazine pieces, and for photographs and graphics. Alternatively, it could force the publishers to go into their databases and pull out any freelance work covered by the ruling.

Recent work, however, is less likely to be subject to the ruling, since a number of media companies, including New York Times Co., Newsday and Time Inc., have for several years required freelance writers to sign contracts that allow electronic republication of the work without additional compensation. Other companies -- it is unclear how many -- have not, relying on contracts that make no mention of electronic rights or handshake agreements.

The impact of the decision on media companies could be "devastating," said E. Leonard Rubin, a former general counsel at Playboy Enterprises who now heads the intellectual property section at the Chicago law firm of Gordon & Glickson.

"Publications that have hastened to take advantage of the electronic age, and have an incredibly vast inventory of interesting articles and works of fiction, and wanted to post them on their Web sites and in databases for the sake of researchers, are now going to have to go back to their databases and make adjustments."

"That's going to be incredibly expensive and time-consuming," Rubin said.

Chief Judge Ralph Winter, writing for the three-judge panel that made the ruling, held

that "there is no feature peculiar to the databases at issue in this appeal that would cause us to view them as 'revisions.' Nexis is a database comprising thousands or millions of individually retrievable articles taken from hundreds or thousands of periodicals. It can hardly be deemed a 'revision' of each edition of every periodical that it contains."

While the case refers specifically to publication of material on electronic databases, lawyers involved in the case said it would almost certainly apply to publication of material on Web sites as well.

"This is an issue of technology outpacing the law of contracts," said Elizabeth McNamara, who specializes in copyright law. "Arguably, each individual freelancer will be able to go to the publisher and say you've got to compensate me."

Opinions on copyright law from the 2nd Circuit, copyright experts say, are given widespread deference around the country since so many copyright cases are litigated here in the unofficial capital of the media industry. Lawyers for the three publishers said Monday that they were studying the decision and had not yet decided whether to appeal.

George Freeman, an assistant general counsel for New York Times Co., said Monday, "Certainly in the case of The New York Times, our complete record is a historical archive. If one takes this decision at its word it would seem to require, absent an agreement with the freelancers, that we delete articles that were part of that historical record."

He added, "This opinion's effect appears to be tampering with the historic record. That is very problematic."

Jonathan Tasini, the president of the National Writers' Union and the lead plaintiff in the case, was jubilant Monday at the panel's decision to overturn the U.S. District Court ruling by Judge Sonia Sotomayor. "Every single data provider now is at risk. We could go into court tomorrow if we wanted and ask to shut down every database."

In letters the writers' union sent to 22 publishers Monday, Tasini argued that the ruling "potentially puts your company at great financial and legal risk." But, the letter added, "we want to emphasize that neither the NWU nor the freelance writing community is seeking to undermine the distribution of magazine and newspaper articles via online networks."

Instead, the letter urged widespread adoption of a licensing system that would allow publishers to obtain electronic rights to works through the Publication Rights Clearinghouse, a group that already handles licensing issues for some writers. The result, Tasini said, would be a system analogous to that operating in the music industry, in which organizations like BMI and ASCAP license the use of music by anything from dance studios to high school musical productions.

Officials of the American Society of Magazine Editors said Monday that they had not had time to review the decision and could not comment on it until they did. And lawyers for the publishers pointed out that the appeals court sent the case back to the

District Court with orders to craft a final order. "Of course as you know we don't have an order yet, so we don't know the precise contours of our obligations," said Robin Bierstedt, the deputy general counsel at Time Inc.

Patricia Felch, the lawyer for Tasini and the other writers, disagreed, saying "the opinion is the opinion," and the order could not modify it, only follow it.

In theory, the lawyers involved in the case said, the decision will give freelancers the ability to negotiate richer contracts. As Rubin pointed out, since the Web knows no geography, electronic rights are tantamount to worldwide rights. "Worldwide rights always cost more than domestic rights," he added.

But in practice, as Rubin and other experts noted, publishers usually can set their own terms. "If, in fact, many writers like to think of themselves as starving, they'll capitulate to the new terms. Important writers won't." Nonetheless, he believes that publishers may well find themselves readjusting their contract scales upward as a result of the decision.

Most publishers started selling their archives to databases like Lexis-Nexis or Dow Jones Interactive in the early 1980s. Lexis and Nexis were owned by Mead Data Central when the lawsuit was filed in 1993, but in 1995 were sold to Reed Elsevier PLC, a British-Dutch conglomerate, which paid $1.5 billion for the electronic legal and news retrieval business.

Tasini said in a telephone interview Monday, "Way back when this first started they should have been smart and come to writers and asked permission. Now it's going to cost them more, because they were arrogant and walked all over us and didn't bother to ask permission."

But several lawyers for the publishers said that the statute of limitations on copyright violation lasts only three years; if the copyright violations were said to have occurred only when the material was first put into a database, in many cases writers would have lost their chance to file a complaint.

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LEGISLATIVE WATCH

STIFFER PENALTIES FOR COPYRIGHT INFRINGEMENT

WASHINGTON, D.C.—Photographers who register their works in a timely manner will soon be eligible for much higher statutory damage awards if their copyrights are infringed, now that Congress has passed new legislation increasing the penalties by 50 percent. President Clinton is expected to sign the legislation into law by the end of the year.

The Digital Theft Deterrence and Copyright Damages Improvement Act of 1999 increases the statutory penalties for non-willful copyright infringement from a minimum of $500 to $750 per infringement and increases the maximum penalties from $20,000 to $30,000 for each instance.

The proposed law also stiffens penalties for willful infringements and repeat offenders. The maximum allowable damages for willful infringements would be increased from $100,000 to $150,000 under this law. In cases of a repeated pattern of infringement, statutory damages could be raised to as much as $250,000 per infringed work.

A legislative aid to California Congressman Joseph Rogan, sponsor of the House bill, told *PDN* that the legislation was not controversial and would in all likelihood be signed into law.

"This law would put more teeth into the enforcement of copyright laws, which is a good thing," says intellectual property attorney Joel Hecker of New York. While noting that the awarding of statutory damages in a successful infringement suit is up to the judge or jury, Hecker adds that "these increases give the court additional weapons for the cases in which the damage awards deserve to be high."

There is a catch, however: statutory damages are available only if copyright for an infringed work is registered prior to the infringement or within three months of first publication, experts warn. Photographers who don't register their images within those time limits are entitled to actual damages only—which can be difficult and costly to prove—if they file an infringement claim.

New York attorney Andrew Berger notes that photographers often don't bother to register their images in a timely manner, because they think registration requires a separate registration form—and fee—for each image. While that is true for published images, unpublished images may be registered as collections for a single fee, he says.

For details about registration, visit the U.S. Copyright Office Web page at <http://lcweb.loc.gov/copyright/>. The "PDN Guide to Registration," including downloadable copyright registration forms, is available at <www.pdn-pix.com/copyright>.

—Eric Rudolph

NEW YORK TIMES ARTICLE ON TASINI CASE REVERSAL.... 9/28/99
(Note - The NY Times was involved in the case and lost)

By FELICITY BARRINGER

[N] EW YORK -- In a copyright decision that establishes the new rules of the electronic road, a federal appeals court in New York has ruled that three major publishers cannot include the work of freelance contributors in electronic databases without the freelancers' permission.

The unanimous ruling by the three-judge panel in the 2nd U.S. Circuit Court of Appeals overturned a lower court ruling that had agreed with the arguments of New York Times Co., Newsday Inc. and Time Inc. Magazine Co. and their co-plaintiffs, University Microfilms International and Mead Data Central Corp., the former owner of the Lexis-Nexis databases.

The publishers had argued that the electronic databases like Nexis were analogous to anthologies or other "collective works" that can be revised without the permission of the individual copyright holders. But the appeals panel held that "the privilege afforded authors of collective works" under existing law "does not permit the publishers to license individually copyright works for inclusion in the electronic databases."

The ruling, issued Friday afternoon and concerning a lawsuit by several freelancers, comes as online publishing is exploding and as many publications are expanding and leaning on freelance contributors to supplement the work of their regular staff. It could force the companies to offer retroactive electronic-rights payments for everything from opinion pieces submitted for op-ed pages to full-length magazine pieces, and for photographs and graphics. Alternatively, it could force the publishers to go into their databases and pull out any freelance work covered by the ruling.

Recent work, however, is less likely to be subject to the ruling, since a number of media companies, including New York Times Co., Newsday and Time Inc., have for several years required freelance writers to sign contracts that allow electronic republication of the work without additional compensation. Other companies -- it is unclear how many -- have not, relying on contracts that make no mention of electronic rights or handshake agreements.

The impact of the decision on media companies could be "devastating," said E. Leonard Rubin, a former general counsel at Playboy Enterprises who now heads the intellectual property section at the Chicago law firm of Gordon & Glickson.

"Publications that have hastened to take advantage of the electronic age, and have an incredibly vast inventory of interesting articles and works of fiction, and wanted to post them on their Web sites and in databases for the sake of researchers, are now going to have to go back to their databases and make adjustments."

"That's going to be incredibly expensive and time-consuming," Rubin said.

Chief Judge Ralph Winter, writing for the three-judge panel that made the ruling, held

that "there is no feature peculiar to the databases at issue in this appeal that would cause us to view them as 'revisions.' Nexis is a database comprising thousands or millions of individually retrievable articles taken from hundreds or thousands of periodicals. It can hardly be deemed a 'revision' of each edition of every periodical that it contains."

While the case refers specifically to publication of material on electronic databases, lawyers involved in the case said it would almost certainly apply to publication of material on Web sites as well.

"This is an issue of technology outpacing the law of contracts," said Elizabeth McNamara, who specializes in copyright law. "Arguably, each individual freelancer will be able to go to the publisher and say you've got to compensate me."

Opinions on copyright law from the 2nd Circuit, copyright experts say, are given widespread deference around the country since so many copyright cases are litigated here in the unofficial capital of the media industry. Lawyers for the three publishers said Monday that they were studying the decision and had not yet decided whether to appeal.

George Freeman, an assistant general counsel for New York Times Co., said Monday, "Certainly in the case of The New York Times, our complete record is a historical archive. If one takes this decision at its word it would seem to require, absent an agreement with the freelancers, that we delete articles that were part of that historical record."

He added, "This opinion's effect appears to be tampering with the historic record. That is very problematic."

Jonathan Tasini, the president of the National Writers' Union and the lead plaintiff in the case, was jubilant Monday at the panel's decision to overturn the U.S. District Court ruling by Judge Sonia Sotomayor. "Every single data provider now is at risk. We could go into court tomorrow if we wanted and ask to shut down every database."

In letters the writers' union sent to 22 publishers Monday, Tasini argued that the ruling "potentially puts your company at great financial and legal risk." But, the letter added, "we want to emphasize that neither the NWU nor the freelance writing community is seeking to undermine the distribution of magazine and newspaper articles via online networks."

Instead, the letter urged widespread adoption of a licensing system that would allow publishers to obtain electronic rights to works through the Publication Rights Clearinghouse, a group that already handles licensing issues for some writers. The result, Tasini said, would be a system analogous to that operating in the music industry, in which organizations like BMI and ASCAP license the use of music by anything from dance studios to high school musical productions.

Officials of the American Society of Magazine Editors said Monday that they had not had time to review the decision and could not comment on it until they did. And lawyers for the publishers pointed out that the appeals court sent the case back to the

District Court with orders to craft a final order. "Of course as you know we don't have an order yet, so we don't know the precise contours of our obligations," said Robin Bierstedt, the deputy general counsel at Time Inc.

Patricia Felch, the lawyer for Tasini and the other writers, disagreed, saying "the opinion is the opinion," and the order could not modify it, only follow it.

In theory, the lawyers involved in the case said, the decision will give freelancers the ability to negotiate richer contracts. As Rubin pointed out, since the Web knows no geography, electronic rights are tantamount to worldwide rights. "Worldwide rights always cost more than domestic rights," he added.

But in practice, as Rubin and other experts noted, publishers usually can set their own terms. "If, in fact, many writers like to think of themselves as starving, they'll capitulate to the new terms. Important writers won't." Nonetheless, he believes that publishers may well find themselves readjusting their contract scales upward as a result of the decision.

Most publishers started selling their archives to databases like Lexis-Nexis or Dow Jones Interactive in the early 1980s. Lexis and Nexis were owned by Mead Data Central when the lawsuit was filed in 1993, but in 1995 were sold to Reed Elsevier PLC, a British-Dutch conglomerate, which paid $1.5 billion for the electronic legal and news retrieval business.

Tasini said in a telephone interview Monday, "Way back when this first started they should have been smart and come to writers and asked permission. Now it's going to cost them more, because they were arrogant and walked all over us and didn't bother to ask permission."

But several lawyers for the publishers said that the statute of limitations on copyright violation lasts only three years; if the copyright violations were said to have occurred only when the material was first put into a database, in many cases writers would have lost their chance to file a complaint.

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lable,
Z and U heads!



Stone. "I have to go to an agency that has a big file behind it, and The Stock Market has that . . . I've always loved The Stock Market because they're photographer-oriented."

PUBLISHING NEWS

PACA Protests Geographic CDs

NORTHFIELD, Minnesota—The Picture Agency Council of America (PACA) has protested the National Geographic Society's plan to re-issue on CD-ROM the contents of the first 108 years of the magazine without paying additional license fees to photographers.

PACA sent a letter to the Society on August 21 saying that it "most strongly object[s] to the Society's position. . . . National Geographic will be selling this product as a separate and distinct collection of the magazines [and] it will be marketed and distributed as a collection of works distinct from any other. Therefore, we believe that the production of this CD-ROM is an additional editorial use of the imagery."

The Geographic has taken the position that the CDs amount to a reprinting of the magazine, not a new use. Comments Mary Jeanne Jacobsen, director of public affairs for National Geographic, "[Our] interpretation of assignment contracts with freelance photographers is reasonable, ethical, and has been validated by the federal court's Tasini decision." That decision, handed down in August, held that publishers have limited rights to re-issue their publications in electronic form without further compensation to contributors.

Gamma Liaison Settles With Benson, *Life*

NEW YORK—Gamma Liaison has paid a $30,000 settlement to *Life* magazine and Harry Benson for distributing an exclusive photograph of Elizabeth Taylor without permission, according to Benson. Liaison president Michel Bernard says his agency's actions were unintentional.

fyi

Court Upholds $1 Million Infringement Award

Even if it's delayed, justice is still sweet. That's what Mark Payden, a former custom screen printer/embroiderer, learned after nearly a decade of pursuing a copyright infringement case.

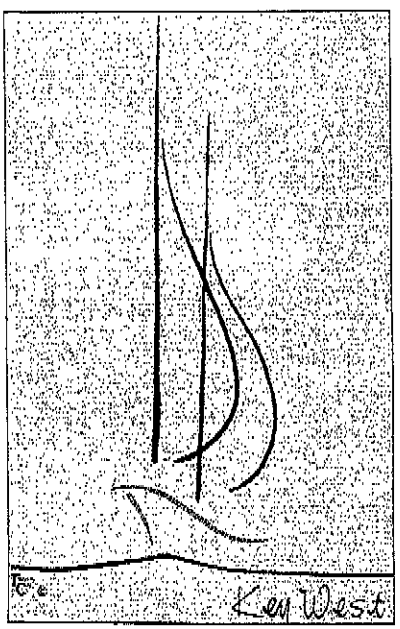
Payden, the former owner of Rhode Island-based Two's Company, embarked on a legal odyssey in the spring of 1990 when, following an investigation and subsequent raid of several stores in Key West, Fla., he discovered his copyrighted sailboat transfer design was being counterfeited. This past September, after Payden initially settled with the defendants, then went after one of them for contempt of court, the 11th Circuit Court of Appeals upheld a district court's 1997 decision awarding Payden $936,000 for damages, plus attorneys' fees.

The defendant, L&L Wings, filed for a rehearing in the 11th Circuit in October, but if denied the next step would be the U.S. Supreme Court—and, since this is not a constitutional matter, that is highly unlikely. In the meantime, the judgment accumulates roughly $5,200 in interest monthly.

"They never took me seriously," Payden says of his courtroom adversaries. "They thought I was going to go away, but I didn't."

Payden, who sold his business a couple of years ago, says he regrets agreeing to an out-of-court settlement in the original case, but felt pressured by all sides to do so. "Back in '90, the courts really didn't want to deal with a copyright infringement case. At one point, the judge stated in court that this case was the bane of his existence."

When he discovered in April 1995 that Wings was still selling the design, Payden filed suit alleging contempt of court and resolved to pursue it to the end. In October of that year, a federal judge ruled in Payden's favor, but the hearing on sanctions didn't occur until more than a year later, following an unsuccessful appeal by Wings.



Mark Payden says the sailboat design was "a lesson in creativity." He asked his artist to practice his brush strokes, then asked him to design a sailboat using his seven best strokes. "This is what we came up with," Payden says.

Still, the legal atmosphere in the mid-1990s was more receptive to this kind of litigation, Payden found. "There are more of these cases in our industry and other industries now, and the courts are more familiar with them. The courts are realizing that, when products are counterfeited, it costs jobs."

Payden, now working in sales for Cyrk, Gloucester, Mass., was adamant about pursuing justice in this case because the sailboat design was—and still is—so successful. "When I sold the business, we had more than 600 designs in our repertoire. Very seldom do you get one that's so hot. There was a time when I was selling 100,000 transfers a year in Key West alone."

The design itself is simple, he says. "It's a brush-stroke design, seven lines representing a sailboat. The staying power of this design is unbelievable. Most designs last one or two tourist seasons and that's it." But the sailboat design remains popular after 13 years on the market.

Payden says the decision may give bootleggers reason to think twice about copyright infringement. He also hopes it will encourage small decorators whose work is being counterfeited. "We wanted to make the statement, 'You may be next because we'll go after you,'" Payden says. "If it's a big enough infringement, it's worth going after. Maybe counterfeiters will be a little more cautious, with the possibility of a huge damage award. A $1 million judgment could put some companies out of business."

(Jerry, this is just in from Reuters about the Tasini reversal. If you or Norman wants to talk with me this afternoon during your session, call me at 301-983-1990.)

Freelancers win reproduction rights from publishers

By Gail Appleson, Law Correspondent

NEW YORK (Reuters) - Publishers may have to pay freelance writers, photographers and artists an extra fee for work reproduced in electronic databases or face the daunting task of deleting the material, under a new U.S. federal appeals court ruling.

The U.S. Second Circuit Court of Appeals held that publishers must get freelancers' permission before placing their work in databases. The decision is a blow to a variety of publishers who believed that the reproductions were actually "revisions" that were not protected by federal copyright laws.

The timing of the ruling, which was dated Friday, is particularly tough on publishers since it comes as an increasing amount of information is being placed on the Internet.

Under the decision, publishers could be forced to pay freelance authors retroactively for reproduced work or be forced to remove the material from their databases.

Although the ruling by the appeals court is only binding in the federal circuit made up of New York, Connecticut and Vermont, it has a broad impact because many book, magazine and other types of publishers are based or have operations in New York. For example, defendants in the suit include the New York Times Co Times Mirror Co's Newsday, and Time Warner's Time Inc. Other defendants are Mead Data Central Corp., which had owned the Lexis-Nexis data bases, and University Microfilms Inc. Defense lawyers have not yet decided whether to appeal.

RULING EXPECTED TO INFLUENCE OTHER COURTS

The ruling is also important because the Second Circuit is highly respected in the area of intellectual property and its findings are expected to influence other federal courts.

"I don't think the U.S. Supreme Court will take an appeal. I think the New York law will be the law," said Martin Garbus, a prominent First Amendment lawyer and author.

"It's a wonderful ruling. I think it's just and fair," he said.

"I think the decision is correct," said Thomas Smart, an intellectual property specialist at one of Manhattan's top law firms, Kaye, Scholer, Fierman, Hays & Handler.

The appeals ruling stems from a 1993 lawsuit brought by the National Writers Union and a group of freelancers who alleged that the publishers had infringed on their copyrights by reproducing work online without permission.

The defendants argued that such work constituted revised versions of originals and did not have copyright protection. A trial judge ruled for the publishers in 1997.

However, the Second Circuit disagreed.

"There is no feature peculiar to the databases at issue in this appeal that would cause us to view them as 'revisions,'" wrote Chief Judge Ralph Winter in the appeals court's opinion.

ECONOMIC IMPACT OF RULING REMAINS UNCLEAR

The extent of the economic impact on publishers is far from clear. Some publishers have contracts with freelancers specifying that no extra fees will be paid for reproduction of works in databases, while other publishers have no such protection.

For example, George Freeman, in-house counsel for the New York Times, said he did not think the ruling would have much financial effect on the paper because it has been requiring freelancers to sign such contracts over the last four or five years.

However, Jonathan Tasini, president of the National Writers Union, said his group, which represents some 5,400 freelance writers, as well as numerous other types of freelancers, is poised to hit publishers with thousands of claims.

"We're in the driver's seat now, but we are open to listening," he said.

In fact, Tasini sent a letter to major publishers Monday proposing a licensing system that would end the litigation. "Ultimately, they (publishers) will negotiate with the writers and it won't mean that much economically to the publishers because writers don't have that much leverage," Garbus said. "It will mean some extra money for writers but not that much."

Smart agreed: "If you're a writer and you want the contract, they've got the power."

Reuters/Variety

21:06 09-28-99

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How Freelancers Should Negotiate in the Wake of the Ruling

Q. How does the ruling affect my negotiations with an editor?
A. Publishers will continue to pressure writers to sign away electronic rights for no additional compensation. We must continue the fight against all-rights and work-for-hire contracts. We demonstrate our collective strength by individually refusing to give away these rights.

The NWU recommends the following negotiating strategy:

1. Continue trying to negotiate contracts that give publishers nothing more than First North American Print Rights, or that provide for additional compensation for other uses. Continue using the NWU's Standard Journalism Contract.

2. If you can't retain the electronic rights and you can't get the editor to provide extra compensation explicitly tied to database use, argue for a higher print fee since the article is now worth more to the publisher.

3. Be especially careful to license different types of electronic rights separately. Lexis-Nexis rights are separate and distinct from Dialog rights; the right to include the article on the publisher's own website is separate and distinct from the right to include it on third party web sites. License only non-exclusive rights and try to limit the license to one year.

4. Please let the NWU know how your negotiations with editors change in the wake of the lawsuit ruling. Send copies of contracts and short summaries of your negotiating experiences to the National Office East by fax [212- 254-0673] or by e-mail .

Back to the Lawsuit Home Page Publication Rights Clearinghouse Back to the NWU Home Page Copyright © 1999 by National Writers Union. Last Modified: September 26, 1999. (Labor donated)

Subject: Fwd: Geographic Guilty of Copyright Infringement
Date: Mon, 21 Jun 1999 10:23:43 -0600
From: "Howard M. Paul" <hmpaul@ecentral.com>
To: STOCKPHOTO@PEACH.EASE.LSOFT.COM
Newsgroups: bit.listproc.stockphoto

Forwarded with permission of Jim Pickerell. My thanks to Jim -- on behalf of all subscribers -- for allowing me to forward this, which originally appeared in his Selling Stock newsletter.

Howard

>The following is a story I posted last week on my Selling Stock site,
>Jerry Greenberg want to be sure that you saw it. The case number is
>97-3924-CIV-Lenard/Turnoff if you would like more information and the
>decision was filed on June 8th.
>
>Jim Pickerell
>
>GEOGRAPHIC GUILTY OF COPYRIGHT INFRINGEMENT
>
>Judge Joan A. Lenard has found that National Geographic Society infringed
>the copyright of underwater publishers Jerry and Idaz Greenberg when they
>used the Greenberg's copyrighted images as reference materials for two
>projects without permission or compensation. The case was heard in Federal
>Court in the Southern District of Florida in Miami.
>
>The case has been referred to Magistrate Judge William C. Turnoff for the
>purposes of holding a settlement conference to determine the amount
>National Geographic will be required to pay to the Greenbergs.
>
>This is the first time National Geographic has been found guilty of
>copyright infringement of a photographer's work. The case may open the
>door for legal action by other photographers against the Society.
>
>In a review of the facts of the case it was shown that Walter Cutler, the
>work-for-hire illustrator hired by the Society to produce illustrations for
>an educational GeoPack project, improperly used books produced by the
>Greenbergs as reference for his illustrations.
>
>On his working drawings Cutler noted the page references referring to the
>photographs he had copied so the Society editors could verify that the
>illustrations were accurate. This clearly laid the responsibility on the
>Society editors because they were fully aware of what had been done and
>were responsible to obtain proper permissions and deal with compensation
>issues.
>
>
>Cutler's illustrations also met the test of "substantial similarity"
>according to Judge Lenard. The Greenbergs had produced overlays from their
>books that clearly showed the illustrations were almost exact matches of
>the Greenberg's photos.
>
>In challenging the Greenbergs' motion for Summary Judgement on Liability,
>lawyers for National Geographic Society argued that the newly created
>illustration did not violate the Greenbergs' copyright, and "that even if
>these images reflect copyrighted material, this use constitutes "fair use".
>
>Judge Lenard found that the illustrations "improperly infringed the

>photographs at issue, and that the doctrine of fair use is not applicable
>to these facts."
>
>The court took into consideration the four nonexclusive factors to be
>considered when determining whether the fair use doctrine applies and
>concluded, "that neither the GeoPack product nor the Jason Project poster
>qualify as fair use."
>
>The four factors are:
>1 - the purpose and character of the use, including whether such use is of
>a commercial nature or is for nonprofit educational purposes;
>2 - the nature of the copyrighted work;
>3 - the amount and substantiality of the portion used in relation to the
>copyrighted work as a whole; and
>4 - the effect of the use upon the potential market for or value of the
>copyrighted work.
>
>The courts detailed presentation of the facts related to each of these
>points should be useful to others faced with a "fair use" claim by any
>organization, and particularly National Geographic.
>
>Counts three and four in the Greenberg's case are not a part of this
>decision and dealt with the use of the Greenbergs copyrighted images in the
>"108 Years of National Geographic on CD-ROM". Earlier in the proceedings
>lawyers for National Geographic argued that the "Tasini" cecision in the
>Southern District of New York confirmed their right to make uses in the
>"108 Years" project without compensating photographers in any way. The
>Greenberg's argued that "Tasini" should have no bearing on their case
>bacause that decision was being appealed.
>
>On this point the judge agreed with National Geographic and issued a
>partial summary judgment on the two counts. Thus, the arguments relating
>to the use of the Greenberg's images in the "108 Years" project were never
>heard. The Greenbergs have the option to appeal that decision of the judge.
>
>Oral arguments for the appeal of the "Tasini" decision have been heard in
>the New York Appeals court and all parties are presently waiting for the
>judge's ruling in that case. The results of that case could affect the
>Greenberg's ultimate decision.
>
>Jim Pickerell
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You And The Law

CUSTOM AND USAGE RULED NOT A DEFENSE TO COPYRIGHT INFRINGEMENT

It is surely not a good sign for a defendant accused of copyright infringement when the Federal District Court, in evaluating a defense that "everybody does it" and that use without consent is the prevailing custom and usage of the trade, makes a factual finding that the defendant "deliberately sailed in harm's way."

That is the predicament Similar Entertainment, Inc. found itself in after Judge Kaplan in the Southern District Court in New York issued an injunction on March 9, 1999 against them, and in favor of Cherry River Music Co. for copyright infringement.

The case involves the creation and distribution of a Compact Disc of musical themes of popular WWF wrestlers, called Slammin' Wrestling Hits, without obtaining the appropriate copyright permissions.

The impact of the decision is applicable to photography as well.

The defendant apparently believed it had completed the necessary requirements to obtain a compulsory license which permits use of musical compositions through payment of a license fee.

However, after the defendant knew, or reasonably should have known, that such a license had not been obtained, the defendant still failed to apply for it. Then, after the copyright owner commenced the copyright infringement action, the defendant delayed a hearing on the injunction application while continuing to manufacture and distribute the goods in an obvious attempt to circumvent any prohibition on such distribution.

The defendant argued that music companies [read publishers of photographs!] routinely, as part of a custom and usage in the industry, publish music before obtaining such licenses. The Court ruled otherwise, holding there were no prior dealings between the parties which might establish such a practice, and that the defendant failed to meet the test of establishing such a custom which includes "numerous purchases over a period of time."

The Court issued an injunction and ordered a modified recall of the CD's shipped, at considerable expense to the defendant.

The lesson is clear for users of photographs. Publication of photographs in magazines or elsewhere without the prior consent of the copyright owner, which use is then followed by a "proposed" contract or license containing terms unacceptable to the photographer, will not, under the guidelines of this case, be a successful defense to copyright infringement!

Attorney Joel L. Hecker lectures and writes extensively on issues of concern to the photography industry. His office is located at Russo & Burke, 600 Third Ave, New York NY 10016. Phone: 1 212 557-9600.

CONTRACTS WATCH

GEOGRAPHIC PHOTOGS BALK (AGAIN)

WASHINGTON, D.C.—New contract talks between the National Geographic Society and its photographers were marred in February by festering disagreements over terms—and a *New York Times* article that infuriated NGS management.

The NGS and its photographers have disagreed for several years over payments for re-use of assignment images. The society has been demanding a widening range of re-use rights at below-market rates in order to help it recoup the high costs of producing NGS stories. Even so, the society insists that photographers are better off because the publisher is creating new revenue streams for them.

But photographers—particularly those who do a lot of their own secondary marketing—say the Geographic is stripping them of tens of thousands of dollars of annual income. They say the latest contract proposal will cut their incomes even further, and may force some photographers to quit shooting for the Geographic.

The NGS recently proposed revamping a much-hated fee cap for foreign editions, which gives photographers 25 percent of the U.S. page rate (currently $500), up to a maximum of 100 percent. Under the new terms, photographers would be compensated for all foreign editions on a three-tiered rate system. French, German, Spanish and Japanese editions would pay 20 percent; Italian, Greek and Portuguese editions, 15 percent; and Hebrew and Polish editions, 10 percent.

But photographers say it's still a lousy deal because they could make more money selling a story in a single country such as Germany than the NGS is offering to pay for re-use in all eight of its foreign editions. And they complain that they're losing more and more money as the list of foreign editions grows.

On February 1 *The New York Times* published a story about the dispute based on interviews with unnamed photographers. *National Geographic* director of photography Kent Kobersteen responded by accusing photographers of instigating a story "that seriously attempts to injure an ongoing and...constructive dialogue" in a staff memo he released to *PDN*.

Two days later, photographers offered both an olive branch and a counter proposal to *Geographic* management. "We regard the recent *New York Times* article as regrettably inflammatory," said a letter signed by 51 photographers. "Certainly our goal is not to inflame management."

They went on to ask the Society to raise the three-tiered percentages for foreign editions from 20-15-10 to 25-20-15, raise the U.S. page rate to $900, and require that foreign editions exercise their rights within 90 days or lose them.

"We arrived at that [$900 rate] by looking at the amount that Time-Life Picture Collection, NGS Image Collection and FotoQuote would charge" for the uses in question, the photographers explained.

Photographers also asked the Society to account for all other uses of their images in *National Geographic* products, and pay 50 percent of market rate for each use. That request resulted from lump sum payments for such uses that NGS imposed two years ago. The payments, made in advance, were based upon each photographer's past history of secondary use.

The NGS had not proposed any changes to those terms. But now that it is marketing its name and products aggressively, photographers told the Society that "these uses go far beyond previous promises to base lump sum payments on past re-use surveys."

By February 12 the *Geographic* had not responded to the photographers' counterproposal. "We're studying it," said spokesperson M. J. Jacobsen.

Kobersteen declined a request for an interview.

Neither side could predict when the issues might be settled.

MAY 1997

(90)

DAN KRASEMANN

DRK

1-520-284-9808

NGI

FAX: 1-520-284-9096

BILL TO NGS / PENDING /

TASINI / FED CASE

STOCK PHOTOS / PACA

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FAX

Cyrk
1845 Post Road
Warwick, RI 02886
Phone: 401-739-8822
Fax: 401-738-7799

To: Ms Greenburg
From: Mark A. Payden
Date: 3/10
Number of Pages: 2
(Includes cover page)

NOTE:

Please feel free to give me a call if there are any questions or if I can be of any help.

Mark

Tasini v New York Times Ruling What Does it Mean for Writers?

* Press Release on Lawsuit Victory
* How Freelancers Should Negotiate in the Wake of the Ruling
* What We Need to Do Collectively
* Full Text of Ruling, September 24, 1999.

(Posted on Touro Law Center site.)

On September 24, 1999, the Second Circuit Court of Appeals reversed a federal district court decision against the plaintiffs in Tasini et al. v. New York Times et al. The appeals court ruled that the reuse of freelance work on databases and CD-ROMs without the authors' express permission constitutes copyright infringement.

This is a major victory for all independent creators. The purpose of this document is to explain the ruling and to suggest what writers should do next?both collectively and in our individual contract negotiations.

WHAT THE DECISION SAYS

Q. In a nutshell, what did the ruling say?
A. The judges ruled that, even when there is no contract relating to electronic rights, a print publisher may not put the writings of freelancers on databases (such as Nexis) and CD-ROMs that include the entire textual content of the print publication.

Q. Does this mean that freelancers automatically retain electronic rights to their printed work?
A. Yes, under the Copyright Act of 1976, the writer, in the absence of a written contract, transfers only First North American Serial Rights and retains all other rights. The right to electronically reproduce freelance articles is not included in the transfer of First North American Serial Rights. The judges also affirmed the lower court's ruling on publishers' efforts to acquire rights by stamping a statement on the back of checks. Writers do not transfer rights to an article by simply endorsing such a check.

Q. Why did the district court rule in favor of the publishers?
A. Judge Sotomayor based her conclusion on an interpretation of Section 201(c) of the Copyright Act of 1976, which deals with the copyright in "collective works." She focused on the language in Section 201(c) that gives the holder of the copyright in the collective work the limited privilege of reproducing and distributing revisions of the compilation. The judge came to the bizarre conclusion that certain kinds of electronic databases amount to nothing more than a "revision." As the appeals court pointed out, reading "revision" that broadly causes "the exception to swallow the rule."

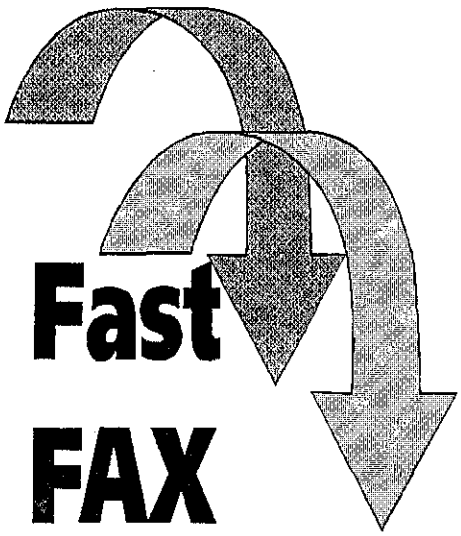
Q. How do my individual electronic rights in an article relate to the publisher's collective electronic rights in all of the articles it has published?
A. If you have not expressly transferred to the publisher the right to reproduce your work electronically, the publisher cannot legally license your articles to databases. The publisher only has the right to license database rights to articles that were written by employees and articles written under contracts that transfer electronic rights.

Q. What about other kinds of electronic rights?
A. This decision reaffirms the NWU's position on websites. Publishers do not automatically have the right to put your work on their own website. Web rights are separate from print rights and must be licensed separately. See the NWU Web-rights Policy.

Q. What does the ruling mean for the NWU's Publication Rights Clearinghouse (PRC)?
A. It means that publishers now have more reason than ever before to negotiate collective licensing agreements with the PRC. As long as writers stand together and refuse to sign electronic rights over to publishers in their individual contracts, the PRC will be in a strong position to negotiate additional fees for these rights. And that means that writers will be able to share in the revenue generated by the use of their work in new media.

Back to the Lawsuit Home Page Publication Rights Clearinghouse Back to the NWU Home Page Copyright © 1999 by National Writers Union. Last Modified: September 26, 1999. (Labor donated)

Emergency!Stock



To: Jerry Greenberg
Company:
At: 305667-3572

From: Howard M. Paul
Company: Emergency!Stock
Voice: (303) 829-5678

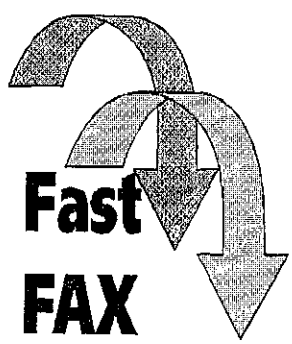
Date: 2/20/98
Time: 11:34PM
Pages Including Cover: 1

MEMO

Notes: Hello, Jerry. I am an editorial and stock shooter in Denver. I have asked the president of the ASPP to file a friend-of-the-court brief on your behalf in your case. The ASPP has done this in a recent copyright case, "Tasini v. the New York Times."

Please contact ASPP President Richard Pasley <rpasley@javanet.com> at his office address, 90 Hamilton St, Cambridge, MA 02139 (Phone: 617-864-8386, Fax: 617-876-9233), if you are interested in such support at this time.

Best of luck.
Howard



Created using PROCOMM PLUS for Windows 2.

FOR IMMEDIATE RELEASE Contact: Jonathan Tasini: 212-254-0279 September 27, 1999

Freelance Writers Win Landmark Electronic Rights

Lawsuit; Appeals Court Ruling Opens Door for Massive Claims Against Media Industry.

NEW YORK: The National Writers Union (UAW Local 1981) announced today that a federal appeals court had ruled in favor of freelance writers in a landmark lawsuit that protects their intellectual property and extends standard principles of copyright law to electronic publishing. The September 24th ruling in Tasini vs. The New York Times is expected to send shock waves throughout the media industry, which now faces the direct financial threat of widespread copyright infringement actions.

Jonathan Tasini, the lead plaintiff in the case and the NWU's president, called upon leaders of the publishing industry to avoid further costly and disruptive litigation by entering into immediate negotiations with the National Writers Union to establish a fair method of compensation for the electronic sale and re-sale of copyrighted works. "This ruling is a major victory for the 5,400 free-lance writers who are members of our union, and for creative workers around the world," said Tasini. "As of this moment, a federal court has supported our view that copyrighted material is being illegally sold every day by media companies. We hope companies everywhere will come to us to negotiate a fair deal for writers rather than face a costly legal tsunami."

He cited the union's simple solution: the Publications Rights Clearinghouse (PRC), the first-ever, transaction-based licensing system for freelance writers. "We're already sending money to writers from legal copyright usage so we can do so easily in this case," he said. He noted the PRC's expanding relationship with the Copyright Clearance Center, which can handle the technical processing of thousands of daily transactions. "Writers, scholars and creators will now be able to earn a fair share of revenue from the sale and re-sale of their works in cyberspace," he said. He also thanked the other plaintiffs in the case: Mary Kay Blakely, Margot Mifflin, David Whitford, Barbara Garson and Sonia Jaffe Robbins.

In a ruling released late Friday, September 24th, a three-judge panel of the U.S. Court of Appeals, Second Circuit, ruled that the New York Times, Lexis-Nexis, and other publishers cannot re- sell freelance newspaper and magazine articles by means of electronic databases unless they have the authors' express permission. The ruling overturns an earlier opinion in the case issued by former Federal District Court Judge Sonia Sotomayor. In that ruling, according to the Court of Appeals, Sotomayor erroneously interpreted the Copyright Act in finding that publishers were simply creating a "revision" of a print article when they sold the articles to electronic databases and other media. The decision sets a precedent that will apply to thousands of other writers, photographers and other creators whose copyrighted work has been sold and re-sold without their permission. In announcing the legal victory, Tasini credited Patsy Felch, the lawyer for the majority of the plaintiffs, and the United Auto Workers-parent union of the NWU-which provided critical legal and financial support. "We're proud to stand with the members of the Writers Union as they assert their rights in cyberspace," said UAW Vice President Elizabeth Bunn, who heads the union's 100,000-member Technical, Office and Professional department. "This ruling will require that the publishing industry deliver fair compensation to the people who make their profits possible in the first place."

According to award-winning NWU member Gerald Posner, the "Court of Appeals has stated a simple but powerful legal principle-publishers can't sell what they don't own. I'm not a conglomerate. I don't have any divisions or subsidiaries. The words I write are my principle asset. By affirming that I own what I have created, the court has increased the economic value of my work, and eased the path to independent writing, research, and scholarship." Databases

such as Lexis Nexis, websites and other new media contain thousands of articles written by freelance contributors, which originally appeared in the New York Times and many other publications. The Appeals Court decision means publishers will now have to share that revenue with freelance writers-or face potential litigation.

In the absence of successful negotiations, Tasini said, publishers could be exposed to years of litigation and uncertain financial liability, impacting the operations of thousands of databases, web sites, and other electronic publishing formats. "We don't think continued litigation is in anyone's best interests," said Tasini. "But make no mistake about it. We fought this suit for six years, and we intend to pursue this matter until all writers involved are treated fairly. It's up to the industry to decide whether we work together at the negotiating table, or whether we continue to fight in court." "The longer this cyber-piracy continues, the more liabilities for past infringement there will be," said Tasini.

---------- Back to the Lawsuit Home Page Publication Rights Clearinghouse Back to the NWU Home Page Copyright © 1999 by National Writers Union. Last Modified: September 26, 1999. (Labor donated)

PACA WEEKLY UPDATE

Prepared for and Distributed to the Members of the Picture Agency Council of America - No.59

Monday, August 18, 1997

NATIONAL GEOGRAPHIC CD-ROM

As many of you are well aware, National Geographic Interactive plans to release a set of CDs (distributed by Mindscape, Inc.) which consist of all the contents of the National Geographic Magazine's entire 108 year publishing history. NGI has taken the position that "because the CD-ROM archive consists of an exact image of every page as it was originally published, this reissuance (or reprint) is not a 'further editorial use' of material such as requires additional payment to the photographers whose contracts commit the Society to payment under those circumstances." After it was made aware of the situation by several of our members (and a letter specifically requesting action from Larry Minden), the Executive Committee consulted with Robert Cavallo, PACA attorney, and prepared the following response to be sent to Tom Stanton at NGI.

Dear Mr. Stanton,

We are writing on behalf of the 107 members of the Picture Agency Council of America (the current membership roster is included with this letter.) As the Executive Committee, we must publicly state our disagreement with the philosophy and questionable actions regarding creation and distribution of your current CD-ROM project, The Complete National Geographic: 108 Years of National Geographic Magazine on CD-ROM, to be distributed by Mindscape, Inc.

We understand it is the position of National Geographic that no additional licensing fees will be paid to photographers whose work is included in the project. We most strongly object to this decision.

Our concerns include but are not limited to the fact that National Geographic will be selling this product as a separate and distinct collection of the magazines in existence, that it will be re-using all of the imagery included in any single publication and that it will be marketed and distributed as a collection of works distinct from any other. Therefore, we believe that the production of this CD-ROM is an additional editorial use of the imagery in the magazines included on the CD-ROM. That you should decide to ignore this is most disappointing, especially in light of the important role professional, high quality photography plays in all of your products and publications and in light of The National Geographic Society Image Collection's Provisional Membership in PACA.

In the PACA Code of Ethics, signed by each member in each membership category annually, it states that PACA members will(among other things):

Be ethical in dealing with photographers...

Be mindful of the trust placed in them by photographers and always endeavor to promote the interest of the photographers they represent in tandem with their own.

Clearly your actions do not promote the interest of the photographers whose work appears in the CD-ROM project.

We respectfully request your reconsideration of this action. Thank you for your immediate attention to this matter.

Sincerely,
The Executive Committee
The Picture Agency Council of America

PACA PUBLIC RELATIONS

The PACA Executive Committee and public relations consultant, Lynn Nelson, have decided to discontinue our current agreement as of July 29, 1997. Our needs for more immediate service and additional administrative support combined with an exciting opportunity Lynn received with the Star Tribune in Minneapolis were the primary factors involved in the decision. The Public Relations Committee will proceed with the plan developed for the year which includes the creation of a printed piece for all members to use with clients as well as a new logo and tag line. Lonnie is also creating an extensive media list begun earlier this summer.

for publication remains with the Society, the Society would make additional appropriate payment to the photographer if one of those images were put to a further use, such as an other editorial use. Our position is that this archival CD-ROM is not a further editorial use but is a re-issuance (a reprint) of the magazine issues themselves; and, as such, it does not call for an additional payment from the Society under these contracts.

You are very clear in your articulation of PACA's position that this CD-ROM product "is an additional editorial use of the imagery in the magazines included on the CD-ROM." In asserting its position that this CD-ROM archive is not an additional editorial use, however, National Geographic has not acted recklessly. We have relied on advice of legal counsel, as your letter indicates that PACA has in formulating its policy position. The timing of your letter does make me wonder if perhaps your policy position was formulated and your letter drafted before you and your counsel had an opportunity to read Judge Sonia Sotomayor's opinion handed down on August 13th in Federal district court in Manhattan in the case of Tasini [National Writers' Union] v. New York Times.' In that decision, Judge Sotomayor found that putting newspaper and magazine stories on-line was not an improper exploitation of freelancers' works, even without prior written agreements with the writers.

It would be fair to say that the Tasini case was primarily concerned with NEXIS versions of newspapers and magazines, in that the plaintiff writers emphasized that, in NEXIS, all photographs, advertisements, page layouts, and other visuals of the original publication are removed. However, the Court held that, even in authorizing the "stripped down" NEXIS versions of articles (with no prior written agreements with the freelance contributors), the publishers had operated within their "collective work copyright" rights to create "revisions." We would note again, in contrast, that *108 Years of National Geographic on CD-ROM* was created by digital scanning, producing complete images of each page of each issue of the magazine. Every issue appears precisely as it does in print, complete with photographs, captions, and advertisements. We have added only a search engine.

In discussing reproduction in electronic media as within the publisher's rights, Judge Sotomayor stated her perception that "electronic systems ... permit users to consult defendants' periodicals in new ways and with new efficiency, but for the same purposes that they might otherwise review the hard copy versions of those periodicals.'" In a footnote, she opined further on this point:

"...Plaintiffs propose that people read newspapers to get the day's news, whereas they consult data bases and CD-ROMs for research purposes. A newspaper does not cease to be a newspaper, however, in the event that it comes to be used primarily for research purposes. Once included in the stacks of a library, for instance, a complete issue of *The New York Times* is undoubtedly still an issue of *The New York Times* despite the fact that it would likely be consulted only for particular articles identified by researchers in periodical indices. In this sense, NEXIS and the CD-ROMs do not fail to reproduce versions of defendants' periodicals, they simply store those versions within something akin to an electronic research library."

The Tasini decision is not, of course, "the final word" on electronic publication and may well be appealed and even possibly overturned, in whole or in part. It does contain, however, a long, thoughtful discussion of a publisher's rights of electronic re-publication of issues of a magazine or newspaper and clearly accepts an archival CD-ROM as within a publisher's rights stemming from its "collective work" copyrights in the issues.

We believe that National Geographic's interpretation of its assignment contracts with freelance photographers is both reasonable and ethical, and that its position is validated by the federal court's Tasini decision. Although there is much disagreement in the publishing community generally on electronic re-use of materials originally created for print, I hope that you and the photographers you represent can come to accept that all we are talking about here is how publication rights to a unique archival magazine CD-ROM product are affected by long-standing contractual language. The photographers who work for National Geographic are the best in the world. It has been, and will continue to be, the Society's position to compensate them fairly.

There are, in fact, only two paragraphs before our warning, not the "several" you refer to. And the second paragraph refers to the many Web image archives filled with FREE "buttons, icons, and images," not to images protected by copyright. We also point members to our own images that they can take. And the term "free distribution" that you *quote* from our article does NOT appear anywhere in the article.

So, it seems that the first paragraph is the problem. Granted, putting a copyright warning first would give the warning more emphasis. But that, from my perspective, gives it UNDUE emphasis. If the whole of the Image Is Everything article was about downloading images, perhaps the small box we used for Picture Perfect would have been all about copyright issues. But I don't, however, think that we are wrong in that small sidebar about finding and saving images to devote three sentences to warning/asking members to do the right thing/not do the wrong thing.

As a transition from what was a difficult tutorial for our members, we chose to first report a simple fact: that people DO in fact borrow images and explain how easy it is to save images (news to most of our members). That we then immediately warn about the possible legal consequences and ethical consequences, I think, is not remiss. We did discuss this issue within the editorial staff (which includes artists whose work is on the Web) and came to the conclusion our position against unauthorized use was clear without it reading like a lengthy legalistic warning (like the much more detailed 10 Copyright Commandments you sent). We read and reread this and all the other articles and thought that it clearly raised all the issues in an appropriate manner given the space and the overall focus of the article.

I understand that because your group is rightfully sensitive to the problem of copyright infringement you would wish that we made that the main focus of our article or that we would have given it a more threatening, legalistic tone. But that very sensitivity has lead you to misread or misinterpret the "overall message" of the article sidebar in question.

But that we did not say it HOW you would have liked us to say it does not mean that we showed callous disregard for the issue or were misinformed or unaware of the issue, nor does it justify your MISQUOTING the article and mischaracterizing it as evidence that our company is "encouraging the kind of activity which violates copyright." I repeat, we have not and do nothing of the sort.

While I do not agree with your conclusions, I DO take the issue seriously, and I see no reason not to link to your site, your 10 Commandments, or other references about the copyright issue from the article (which is online now), so that there are no misunderstandings about EarthLink's position.

Sincerely,
Thomas Sullivan

NATIONAL GEOGRAPHIC RESPONDS

A letter written by PACA's Executive Committee regarding the CD-ROM project was published in the August 18th Update. The letter was sent to National Geographic prior to its appearance in the Update. Friday, September 12, we received the following response:

Good People:

This is in response to your recent communication to me concerning the National Geographic's intended manufacture and distribution of *The Complete NATIONAL GEOGRAPHIC. 108 Years of National Geographic Magazine on CD-ROM.* Prior to your letter's arrival, I already had seen its contents through its prior publication in your PACA Newsletter. I regret that your letter and my response could not be published simultaneously.

On May 21, I wrote to about 2,500 writers and photographers whose works had appeared in National Geographic, attempting to explain why we believe that, in coming out with this CD-ROM archive, the Society does not owe them further payment under their commissioning contracts (even those that called for assignment of copyright(s) to them after initial publication). For photographic images that were shot on assignment and selected from the respective shoots for the magazine's coverage, the standard contract for many years provided that, while copyright in the images selected

Thomas J. Stanton
Director, CD-ROM Product Management

FROM THE LEGAL COMMITTEE

Editor's Note: Jane Kinne, Legal Committee Chair, wrote this article prior to our receipt of the letter from Thomas Stanton. We will keep all PACA members posted on any developments in the Tasini case which we anticipate will be appealed.

From the recent Updates, you have been informed of the decision in the Tasini copyright case that for the present indicates that periodicals rendered on CD-ROM may include the photos that appeared with the original articles without any further payment of fees.

Last week our counselor, Robert Cavallo, pointed out that the recommended PACA Terms of Delivery and Terms of use have for well over 15 years contained a statement indicating specifically that "No Electronic Rights" were being transferred.

Since then I have received a number of calls from members who have indicated that clients are already quoting the Tasini decision in refusing re-use or extended use fees in connection with transfer of printed publications or electronic products.

What you need to understand (provided your memos and invoices contained the specific electronic prohibition – the phrase "all other rights reserved" won't do it) is that you should firmly advise such clients that the basis of the extra charges you claim is not a matter of copyright but of the contract they entered into when they accepted and paid your original bill.

Finally, it was obvious in our spring review that many of you had not heeded the suggested change. Please look at your terms once again. Publishers will continue to invoke the Tasini decision until such time as the ruling is successfully appealed or the copyright law is amended to cover this issue. Your ability to collect these fees depends entirely on the careful construction of your paperwork.

DATES TO REMEMBER

OCTOBER 30 - NOVEMBER 1 *PHOTO PLUS IN NEW YORK*
NOVEMBER 1 *ANNUAL PACA DINNER*
NOVEMBER 2 *PACA INTERNATIONAL CONFERENCE/NEW YORK*

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Volume 48
Number 10
November 1999

ASJA newsletter

American Society of Journalists and Authors, Inc.

Freelancers Get Their E-rights Back

Tasini Decision Overturned

In an upset for the publishing industry, a federal appeals court has ruled that publishers cannot sell a freelancer's contributions online without negotiating an agreement with the freelancer. The decision in *Tasini* v. *New York Times* could open up the publishing industry to major claims by writers whose works have been available in databases for years.

The case originated in 1993 when National Writer's Union President Jonathan Tasini, along with nine co-plaintiffs, sued *The New York Times, Newsday, Time*, Mead Data (at the time, the owners of Lexis/Nexis), University Microfilms and the *Atlantic Monthly*. (The *Atlantic Monthly* has since settled its part in the suit and now pays writers for online use.)

> The decision could force publishers to offer settlements to thousands of freelancers.

The publishers had argued that placing the stories online constituted a "revision" of the original publication which is allowed under the *Copyright Act*. But speaking for a unanimous three-judge panel, Chief Judge Ralph Winter said that the revision rule "...is an exception to the general rule that copyright vests initially in the author of the individual contribution. Reading 'revision of that collective work' as broadly as appellees suggest would cause the exception to swallow the rule."

"For too long," said ASJA President Samuel Greengard, "some publishers have been serial infringers. This appeals court ruling is common sense recognition of the strict and explicit requirements that govern the use of a freelance writers' work. I salute Jonathan Tasini, his fellow plaintiffs, and the National Writers Union for pursuing this case."



Gary Schaffer

Jonathan Tasini

The long-term effects of the decision remain to be seen. At deadline, the defendants had not even decided whether they would appeal the decision. But, according to ASJA vice president (contracts) Norman Schreiber, we shouldn't expect it to make life any easier. "Freelance writers can expect tougher contracts, hairier negotiations and more artful career maneuvering," says Schreiber. "Whatever our individual motives for writing–to put nice words together, make much money, run a nice little business–we'll have to discover and refine the inner resources that make each of us special, not because we are (although we are)

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ASJA calendar

Events are open to the public unless otherwise specified.

Wednesday, November 10–New York City

Need an "Angel"? How the Right Agent Can Help Your Career Grow and Prosper

Who besides your mother, your mate or your kids takes a proprietary interest in your career? If the first person who comes to mind is your agent, you're in luck. If not, it is time to consider what kind of mutually beneficial partnership you can build with your agent. We're talking here about agents who can see beyond the next book advance or paperback sale to help you plot the trajectory of your career and make the leap to bigger and better books that will command bigger and better advances. This month's ASJA panel is composed of seven top agents who consider it their mission to build and nurture their authors' careers. They'll let you in on the tricks of their trade. We expect it to be a frank and lively discussion of the molding and shaping of writing careers. The panelists include:

- **Vicky Bijur**, Vicky Bijur Literary Agency
- **Maria Carvainis**, Maria Carvainis Agency, Inc.
- **Doris S. Michaels**, Doris S. Michaels Literary Agency, Inc.
- **Peter Ruble Perkins**, Ruble & Associates, literary agents
- **Katharine Sands**, The Sarah Jane Freymann Literary Agency

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ASJA newsletter

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Freelancers Get Their E-rights Back

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but because being a name brand gives each of us an edge in negotiating and capitalizing on opportunities. The law of supply and demand can work in our favor. Faith in business as usual harms us."

The *Tasini* decision could force publishers to offer settlements to thousands of freelancers who have written for them over the years and whose works now appear in databases and on CD-ROMs. According to G. Leonard Rubin, former general counsel at Playboy Enterprises and now an intellectual property lawyer at the Chicago law firm of Gordon & Glickson, the impact could be "devastating" for media companies. "Publications that have hastened to take advantage of the electronic age and have an incredibly vast inventory of interesting articles and works of fiction and wanted to post them on their Web sites and in databases for the sake of researchers are now going to have to go back to their databases and make adjustments," he said. "That's going to be incredibly expensive and time-consuming."

> Efforts by publishers to force freelancers into signing all-rights contracts will now accelerate.

Copyright lawyer Elizabeth McNamara says, "Arguably, each individual freelancer will be able to go to the publisher and say you've got to compensate me."

California Internet lawyer Maureen Dorney said the decision should serve as a warning to publishers to nail their contracts down. "Silence is not golden here," she said. "If your agreement is silent or you have no agreement, you should not assume you have the right to reuse content in new ways."

Dorney noted that the issue is not really a new one but just involves a new medium. She pointed out that similar disputes arose when movies began being transferred to videotape. "I tell all my clients in the Internet context to be careful in using preexisting material," she said. "[G]o back and see what terms they got to use that material."

New York lawyer Emily Bass, one of the two lawyers for the plaintiffs in *Tasini*, pointed out that the court was interpreting a provision of the *Copyright Act* that applied only when there was no negotiated license agreement. "The parties can always negotiate around that default provision," she said. "In other words, they can sit down and decide explicitly what rights the authors are giving the publisher and what compensation the author will get in letting his work be reused in any medium or format."

But Bruce Keller, lawyer for *The New York Times*, sees things differently. Keller says the ruling flies in the face of previous court rulings and laws passed by Congress that, he says, automatically give publishers the electronic rights to freelance materials. He says the ruling could affect electronic archives of newspapers and magazines that use freelancers' stories and photographs. Publishers may have to seek permission to use any freelance material stored in electronic archives going back several decades. "It is impractical to suggest we go back and acquire these rights by contract," Keller said.

The NWU's Jonathan Tasini was, understandably, thrilled by the decision. In a letter sent to 22 major publishers, Tasini urged the publishers to begin working with the Publication Rights Clearinghouse to adopt a licensing system that will allow publishers to obtain electronic rights to works they wish to publish. If they don't, Tasini told the publishers, the ruling "potentially puts your company at great financial and legal risk." But he added, "We want to emphasize that neither the NWU nor the freelance writing community is seeking to undermine the distribution of magazine and newspaper articles via online networks."

The New York Times, of course, sees itself as different. "[O]ur complete record is a historical archive," said George Freeman, assistant general counsel for the *Times*. "If one takes this decision at its word, it would seem to require, absent an agreement with the freelancers, that we delete articles that were part of that historical record. ... That is very problematic."

It is clear that the efforts by publishers to force freelancers into signing all rights contracts will now accelerate. In practice, lawyer Rubin said, publishers can usually set their own terms. "If, in fact, many writers like to think of themselves as starving, they'll capitulate to the new terms," Rubin said. "Important writers won't."

The judgment in the Tasini *case is available online at http://www.tourolaw.edu/2ndCircuit/September99/97-9181.html*

About ASJA
News Releases
Members Only
Member Books
Member Web Sites

ASJA, Authors Guild laud Tasini reversal

September 26, 1999 - NEW YORK -- Thanks to a decision of the United States Second Circuit Court of Appeals issued last Friday, the publishing world has been turned rightside up, according to the American Society of Journalists and Authors (ASJA) and the Authors Guild. Reversing a lower court's decision in the case known as Tasini, et al. v. The New York Times, et al., the appellate court reaffirmed freelance writers' full copyright ownership of their work. It struck down the practice by many publishers of licensing work that had appeared in their publications to Mead Data Central's Lexis/Nexis database and University Microfilms International's CD ROMs without the writers' permission.

The court based its decision on two factors. First, the databases containing the articles were not, as the publishers claimed, "revisions" of the original publications in which the articles appeared but were impermissible re-uses. And second, there were no written agreements between the individual authors and publishers that permitted the transfer to the electronic databases.

"This decision is wonderful news for freelance writers, because it reaffirms our right to reap our fair share of the financial benefits from electronic uses of our works," said Letty Cottin Pogrebin, president of the Authors Guild and a freelance contributor to numerous publications. "From now on, when negotiating their contracts, writers must make sure to protect all rights stemming from the new technologies so that such disputes do not arise in the future."

"For too long," said ASJA President Samuel Greengard, "some publishers have been serial infringers. This Appeals Court ruling is common sense recognition of the strict and explicit requirements that govern the use of a freelance writer's work. I salute Jonathan Tasini, his fellow plaintiffs and the National Writers Union for pursuing this case."

The Tasini suit primarily affects work published after 1978 and before the mid-1990s, when many publishers began issuing contracts asking authors to grant electronic rights. Since then, authors' organizations have been waging a vigorous "rights campaign" to empower writers to negotiate fair contract terms and encourage publishers to issue fair contracts. One of the most effective tools in the campaign is the Authors Registry, a non-profit organization established by the Authors Guild, ASJA and other organizations. The Registry has enabled parties to efficiently and easily disburse re-use fees due to any of the 30,000 authors listed in the Registry database. From May 1995 to the present, the Registry has distributed to individual authors over one million dollars in revenues.

With the Tasini decision firmly asserting freelance authors' rights, ASJA and the Authors Guild call on all segments of the publishing industry to affirm the importance of sharing the benefits of electronic uses of published works with the authors who create them.

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(212) 997-0947
execdir@asja.org

Contracts Watch
Search
Enter a topic, publisher or magazine as a keyword.
CW Main Menu
Old CW Page
(1994-1996 articles)
Events Calendar
Writer Resources
Tip Sheets
ASJA Application
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Legal Technology Exchange
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Citing Supreme Court Precedent, 11th Circuit Reverses Major Copyright Ruling

R. Robin McDonald
Fulton County Daily Report
06-21-2007

In a decision called "curious" by an intellectual property expert, a federal appellate panel in Atlanta has reversed its circuit's 6-year-old opinion in a major copyright case, declaring the ruling's mandate on behalf of freelance photographers to be "moot."



In doing so, the three-judge panel of the 11th U.S. Circuit Court of Appeals interpreted a landmark U.S. Supreme Court decision that expanded freelance writers' copyrights in a way that limited the copyright claims of freelance photographers.

The panel's June 13 ruling in *Greenberg v. National Geographic Society II*, 97-03924-CV, reversed a separate panel's 2001 opinion, *Greenberg v. National Geographic Society I*, 244F.3d1267. That decision had been authored by 11th Circuit Judge Stanley F. Birch Jr., a noted copyright expert whose formal 11th Circuit portrait depicts him holding a copy of "Nimmer on Copyright," the definitive work on copyright law. Judges Gerald B. Tjoflat and R. Lanier Anderson III joined Birch in the 2001 ruling.



In reversing *Greenberg I*, the second appellate panel sidestepped a precedent which binds panels to an earlier circuit decision addressing the same issue of law unless it has been overturned either by the entire 11th Circuit or by the U.S. Supreme Court.

By declaring *Greenberg I* moot, the new panel -- Judge Rosemary Barkett, Senior Judge Phyllis A. Kravitch and David G. Trager, a visiting U.S. district judge from the 2nd Circuit in New York -- also resolved a long-standing conflict with the 2nd Circuit created by the Birch opinion. Trager wrote the *Greenberg II* opinion for the new panel.

Both cases deal with The National Geographic Society's placement of its entire magazine library on CD-ROM and selling it as "The Complete National Geographic."

In the 2001 case, Birch found that National Geographic infringed the copyright of Florida freelance photographer Jerry Greenberg. Sixty-four of Greenberg's photos had appeared in issues of the *National Geographic*. One of those published photos also was included in an animated photo montage designed exclusively for the CD-ROM.

But in nearly identical cases in New York that were brought against National Geographic by other freelance writers and photographers, 2nd Circuit judges have taken the opposite tack.

In *Greenberg II*, Trager asserted that the new 11th Circuit panel on which he sat had authority to overturn *Greenberg I* if an intervening Supreme Court case overruled a prior panel decision, or if "the rationale the Supreme Court uses in an intervening case directly contradicts the analysis this court has used in a related area, and establishes that this Court's current rule is wrong."

The intervening ruling on which Trager rested *Greenberg II* was the Supreme Court's 2001 opinion in *New York Times v. Tasini*, 533 U.S. 233.

In *Tasini*, the high court found that the *Times*' sales of its published news articles to online databases such as Lexis and Westlaw infringed the copyrights of its freelance writers whose contracts had never contemplated the advent of digital databases.

This week, Lawrence Nodine, a partner at intellectual property boutique Needle & Rosenberg, called the *Greenberg II* ruling "curious" for several reasons.

"Leave out for a second, the sitting 2nd Circuit judge," he said. "The rule is that you are bound by previous panel decisions of the circuit that should only be reversed en banc."

While an appellate panel would have authority to reverse a previous panel if there were a Supreme Court decision "on point," Nodine suggested that *Tasini* was based on a different set of facts.

And dicta -- any explanatory commentary included in the high court opinion that does not directly address the facts of the case under review -- "ought not entitle the panel [in *Greenberg II*] to disregard the previous decision," Nodine said.

"Whether or not the [*Greenberg II*] panel could reverse without an en banc [hearing] is a very interesting question."

For a decade, the *Greenberg* and *Tasini* cases have pitted publishers against freelance photographers and writers -- all of them seeking to define copyright law in the digital age. At stake are royalties and fees that publishers could be forced to share with freelancers whenever they reproduce and sell those freelancers' previously published works in merchandise designed for computer access.

As Birch noted in 2001 during oral argument in *Greenberg I*, "All this is about who gets the money, whether you [publishers] can get the money or have to share it with some author."

Florida lawyer Norman Davis of the Miami firm Squire, Sanders & Dempsey, who represents Greenberg, insisted that *Tasini* "has no relevance whatsoever to *Greenberg I*" and was not a proper basis for reconsidering and then mooting the Birch opinion.

Davis added that his client has not decided whether to ask the 11th Circuit to reconsider *Greenberg II* en banc.

In an appellate brief in *Greenberg II*, Davis suggested that the 2nd Circuit's rulings in other National Geographic cases "set up a conflict" with Birch's 2001 opinion "through the misapplication of *Tasini*" and argued that "any resolution of the conflict between the two circuits should be left to the Supreme Court."

National Geographic Society executive vice president Terrence B. Adamson -- a former Atlanta attorney who was a key assistant to then-Attorney General Griffin B. Bell and remains President Carter's longtime personal lawyer -- said he was "pleased and quite delighted" by *Greenberg II*.

"This is a very important case," he said. "It wasn't that we were selling a lot of product, but it is our archive. There are now almost 120 years of *National Geographic*. It's our whole history and archive of what this organization has been about."

The CD set, Adamson asserted, is not a new use of formerly published issues. "It's the same use. ... because the practice had been for 40 to 50 years to do microfilm and microfiche, which everyone understood" and which required no additional royalty payments to freelancers. "It's the same result if you put it on CD-ROM, or DVD."

The *Tasini* case was one of the most widely watched copyright cases to reach the Supreme Court in years. Freelance authors of articles previously published in newspapers and magazines, led by Jonathan Tasini, brought claims of copyright infringement against publishers and owners of electronic databases that had made the articles widely available via the Internet.

A federal district court found for the defendant publishers but was reversed by the 2nd Circuit, which ruled in favor of the writers. In a 7-2 opinion issued June 25, 2001, the high court affirmed the 2nd Circuit's appellate ruling.

Writing for the majority, Justice Ruth Bader Ginsburg determined that electronic and CD-ROM databases containing individual articles from multiple editions of magazines, newspapers and other periodicals could not be considered "revisions" or revised editions of the previously published issues.

"[T]he Databases reproduce and distribute articles standing alone and not in context, not 'as part of that particular collective work' to which the author contributed, 'as part of ... any revision' thereof or 'as part of ... any later collective work in the same series,'" she wrote, citing federal copyright law.

Under the terms of Section 201(c) of the 1976 revisions to the Copyright Act of 1909, Ginsburg wrote, "A publisher could reprint a contribution from one issue in a later issue of its magazine, and could reprint an article from one edition of an encyclopedia in a later revision of it, but could not revise the contribution itself or include it in a new anthology or an entirely different collective work. ...

"If there is 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," she noted.

"It would scarcely preserve the author's copyright in a contribution as contemplated by Congress," Ginsburg concluded, "if a print publisher, without the author's permission, could reproduce or distribute discrete copies of the contribution in isolation or within new collective works. The publishers' view that inclusion of the articles in the databases lies within the 'privilege of reproducing and distributing the [articles] as part of ... [a] revision of that collective work,' is unacceptable."

The majority in *Tasini* also dismissed an analogy offered by publishers that digital databases were akin to microfilm and microfiche reprints, which have not prompted copyright infringement claims.

Ginsburg noted that databases "do not perceptibly reproduce articles as part of the collective work to which the author contributed or as part of any 'revision' thereof. ... We would reach the same conclusion if the *Times* sent intact newspapers to the electronic publishers."

The *Greenberg* cases stem from The National Geographic Society's creation of "The Complete National Geographic" -- a 30-disc CD-ROM set containing complete reproductions of every issue of *National Geographic* published in the magazine's history. Four of those issues included photos by Greenberg, who had reclaimed his copyrights from the National Geographic Society after publication.

"The Complete National Geographic" was powered by copyrighted software programs and included -- in addition to the magazine reproductions -- an animated montage of photos set to music and a Kodak commercial. The National Geographic registered a separate, and new, copyright for the CD-ROM set in 1997.

In *Greenberg I*, Birch -- writing for the panel -- stated that "common-sense copyright analysis compels the conclusion" that the National Geographic, in collaboration with a software company, has created "a new product ... in a new medium, for a new market that far transcends any privilege of revision or other mere reproduction" envisioned by federal copyright law.

Birch specifically dismissed arguments offered by National Geographic lawyers that the CD-ROM sets were merely a republication of a pre-existing work no different from converting the magazines to microfilm.

"[T]he critical difference, from a copyright perspective, is that the computer, as opposed to the machines used for viewing microfilm and microfiche, requires the interaction of a computer program in order to accomplish the useful reproduction involved with the new medium," Birch wrote. "These computer programs are themselves the subject matter of copyright, and may constitute original works of authorship, and thus present an additional dimension in the copyright analysis."

On remand, a district judge in Florida, using *Greenberg I* as a guide, awarded Greenberg $400,000 in 2004, three years after *Tasini*.

After the *Tasini* ruling, National Geographic again appealed, resulting in last week's ruling.

In *Greenberg II*, Trager, joined by Kravitch and Barkett, sided with his home circuit, which since *Tasini* has rejected claims against National Geographic by other freelance writers and photographers.

Like the 2nd Circuit, Trager acknowledged that *Tasini* had not addressed the issue directly. But he suggested that the high court had given "tacit approval" to microfilm and microfiche as non-infringing.

"Under the *Tasini* framework, the relevant question is whether the original context of the collective work has been preserved in the revision," Trager wrote. "Clearly, the replica portion of the ["Complete National Geographic"] preserves the original context of the magazines, because it comprises the exact images of each page of the original magazines."

But in direct contrast to *Greenberg I*, the Trager opinion asserted that software programs embedded in the CD-ROM did not alter "the original context of the magazine contents."

L. Donald Prutzman, a partner at Tannenbaum Helpern Syracuse & Hirschtritt in New York who submitted an amicus brief in *Tasini* for the American Society of Media Photographers, called *Greenberg II* "a reaction to the 2nd Circuit's decision -- on behalf of another photographer with respect to the same product -- which declined to follow *Greenberg* [I]."

Prutzman said the 2nd Circuit, in *Faulkner v. National Geographic Enterprises*, 409F.3d26, determined that *Tasini* would allow publishers to reproduce previously published articles in digital format as long as they were presented as part of an entire issue. On the other hand, "The National Geographic product added a number of bells and whistles," he said. "There was a basis for a holding that it was a new product, not just an alternative form of the magazine."

Post-*Tasini* appellate court opinions suggest that, "As long as you reproduce the publication in the same form it was published you haven't infringed," Prutzman continued. "But if you disaggregate it into separate articles and make them separately available, then you have infringed."

Leon Friedman, a professor of copyright law at Hofstra Law School, who filed an amicus brief on behalf of The Authors Guild in *Tasini*, suggested that, contrary to the *Greenberg II* opinion, "I don't think *Tasini* dealt directly with this issue. ... I think people are reading a little too much into *Tasini*."

To reach the conclusion opined in *Greenberg II*, "You have to read a lot between the lines ... I don't think *Tasini* compels the result in this case." Because of that, Friedman said he suspects that the U.S. Supreme Court "would take

that case" on writ of certiorari. After issuing *Tasini*, the high court denied cert in *Greenberg I*, which the Birch panel had published six days before *Tasini* was argued.

But New York attorney Charles S. Sims -- who filed an amicus brief in *Tasini* for The Association of American Publishers in support of *The New York Times* -- said, "The 11th Circuit was wrong in 2001 and corrected itself in 2007. The analysis that the *Tasini* Court used was one of the reasons why it was so clear the 11th Circuit was wrong. It's certainly useful that they have corrected their error and brought themselves in line with the 2nd Circuit Court of Appeals."

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June 21, 2007

Echos of Tasini in a "Curious Case"

Posted by **Alan Wexelblat**

The source for this is a very detailed column written by R. Robin McDonald for the Fulton County Daily Report and published on law.com. I'm simplifying somewhat here for readers and for my own attempted understanding.

Back in 2001, the US Supreme Court issued a decision in a case called *New York Times v. Tasini*. In this decision the Court ruled on rights of freelance photographers such as Tasini to control or be compensated for works (photos) that were sold for one purpose, such as print, and ended up in an archive later to be used for another purpose such as CD ROM publication.

Now of course the Times wasn't the only entity doing that. Prominently the *National Geographic* published a CD ROM archive and promptly got itself sued by several people who felt their works had been used in unauthorized and/or uncompensated ways. Because of the locations of these suits a couple ended up being settled in different US Circuits. For this discussion consider the Second and Sixth Circuits

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Now comes the curious case: earlier this month in an opinion informally called Greenberg II (formally *Greenberg v. National Geographic Society II*, 97-03924-CV) a different panel of the Sixth reversed the earlier panel, pretty much to everyone's surprise. "Curious" is polite lawyerspeak for what you and I might dub "WTF"? WTFF?

First off, the new panel of the Sixth includes a visiting judge from the Second, who wrote the new decision. That's a bit odd.

Second, the rules of the game as it's generally played are that one panel of a Circuit is bound to abide by (and certainly not overtly reverse) previous panels' opinions unless the full Circuit or SCOTUS has something to say on the matter.

Which brings us back around to Tasini. According to McDonald's column (I haven't read the original opinions) the new panel claims to be relying on SCOTUS's reasoning in the Tasini case. If they're right, that case gives them grounds to overturn Greenberg I. But here's where it gets more curious. McDonald quotes several intellectual property lawyers as saying that Tasini really isn't on point here. It's dealing with a separate set of facts. And to make matters even more curious the judge in Greenberg II appears to be relying not on the formal decision of Tasini itself but on explanatory comments (called 'dicta') that the Greenberg II judge feels give "tacit

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June 25, 2007

Microsoft, Virtualization, and... DRM?

Posted by **Alan Wexelblat**

Why won't Microsoft allow home/end-user versions of Vista to be virtualized (run in a simulator such as EMC's VMware)? Mostly this is a theoretical argument not related to Copyfight, but on Sunday Eric Lai published a column for *Computerworld* in which he suggests that the reason is that virtual environments may permit people to circumvent Vista's DRM.

You may recall that Vista contains the first commercial incarnation of MSFT's built-in control facility for restricting what programs and data can be installed and run on PCs. Virtual machines can unintentionally fool, block, or thwart various of the checks that DRM software uses. Lai references unnamed "analysts" to suggest that concerns over DRM circumvention were behind Microsoft's sudden change of heart. Apparently they were about to relax the prohibition on virtualizing Vista Home editions then suddenly stopped.

Not so fast, says Ken Fisher over at ars technica. He lists a couple of reasons why he doesn't believe Lai's theory, not least of which is that there's no technical reason blocking virtualization now. It's purely a license-terms issue.

Fisher thinks it's a step in the Microsoft-Apple war, with MSFT trying to defend its OS revenue

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June 25, 2007

Microsoft, Virtualization, and... DRM?

Posted by **Alan Wexelblat**

Why won't Microsoft allow home/end-user versions of Vista to be virtualized (run in a simulator such as EMC's VMware)? Mostly this is a theoretical argument not related to Copyfight, but on Sunday Eric Lai published a column for *Computerworld* in which he suggests that the reason is that virtual environments may permit people to circumvent Vista's DRM.

You may recall that Vista contains the first commercial incarnation of MSFT's built-in control facility for restricting what programs and data can be installed and run on PCs. Virtual machines can unintentionally fool, block, or thwart various of the checks that DRM software uses. Lai references unnamed "analysts" to suggest that concerns over DRM circumvention were behind Microsoft's sudden change of heart. Apparently they were about to relax the prohibition on virtualizing Vista Home editions then suddenly stopped.

Not so fast, says Ken Fisher over at ars technica. He lists a couple of reasons why he doesn't believe Lai's theory, not least of which is that there's no technical reason blocking virtualization now. It's purely a license-terms issue.

Fisher thinks it's a step in the Microsoft-Apple war, with MSFT trying to defend its OS revenue

Check out IdeaFlow by Renee Hopkins Callahan for the latest on innovation trends and practices. On her radar screen: the creativity of bipolar children, Democrats' call for an "Innovation Agenda", grocery store innovations, creating a culture of business experimentation, and more.

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June 21, 2007

Echos of Tasini in a "Curious Case"

Posted by **Alan Wexelblat**

The source for this is a very detailed column written by R. Robin McDonald for the Fulton County Daily Report and published on law.com. I'm simplifying somewhat here for readers and for my own attempted understanding.

Back in 2001, the US Supreme Court issued a decision in a case called *New York Times v. Tasini*. In this decision the Court ruled on rights of freelance photographers such as Tasini to control or be compensated for works (photos) that were sold for one purpose, such as print, and ended up in an archive later to be used for another purpose such as CD ROM publication.

Now of course the Times wasn't the only entity doing that. Prominently the *National Geographic* published a CD ROM archive and promptly got itself sued by several people who felt their works had been used in unauthorized and/or uncompensated ways. Because of the locations of these suits a couple ended up being settled in different US Circuits. For this discussion consider the Second and Sixth Circuits

In a 2001 decision known colloquially as Greenberg I (formally as *Greenberg v. National Geographic Society I*, 244F.3d1267) a panel of the Sixth ruled in favor of photographer Greenberg, holding that the Geographic's archive violated his rights. However, the Second had ruled the opposite way in other cases against the Geographic, basically saying that what the magazine had done was legal and no further compensation was due.

In the normal course of things rulings at the Circuit level stand, even when they're in conflict, until SCOTUS issues an opinion that resolves the differences. In fact, conflicting Circuit opinions are a major factor in the decision to grant review of cases that are appealed to SCOTUS. It's also possible for a full Circuit court to reverse one of its own panels, potentially resolving the difference. The Sixth has not done so, possibly because the judge who wrote the Greenberg I opinion is regarded as something of an expert on copyright law. So far so good.

Now comes the curious case: earlier this month in an opinion informally called Greenberg II (formally *Greenberg v. National Geographic Society II*, 97-03924-CV) a different panel of the Sixth reversed the earlier panel, pretty much to everyone's surprise. "Curious" is polite lawyerspeak for what you and I might dub "WTF"? WTFF?

First off, the new panel of the Sixth includes a visiting judge from the Second, who wrote the new decision. That's a bit odd.

Second, the rules of the game as it's generally played are that one panel of a Circuit is bound to abide by (and certainly not overtly reverse) previous panels' opinions unless the full Circuit or SCOTUS has something to say on the matter.

Which brings us back around to Tasini. According to McDonald's column (I haven't read the original opinions) the new panel claims to be relying on SCOTUS's reasoning in the Tasini case. If they're right, that case gives them grounds to overturn Greenberg I. But here's where it gets more curious. McDonald quotes several intellectual property lawyers as saying that Tasini really isn't on point here. It's dealing with a separate set of facts. And to make matters even more curious the judge in Greenberg II appears to be relying not on the formal decision of Tasini itself but on explanatory comments (called 'dicta') that the Greenberg II judge feels give "tacit approval" to deciding the case in favor of Geographic.

So what happens now? Well, Greenberg could throw in the towel. It's six years on and he hasn't seen a dime - a 2004 judgement of $400,000 led to the appeal that was decided in Greenberg II. I hate to think how big his legal bills are by now. If he soldiers on there's an obvious appeal to an en banc Sixth and who knows how that will turn out. If it goes against Geographic it seems likely they'd ask SCOTUS for a ruling that would presumably clarify the disparate Circuit views. However, the Court denied certiorari on Greenberg I so they might not take this one, either.

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Citing Supreme Court Precedent, 11th Circuit Reverses Major Copyright Ruling

R. Robin McDonald
Fulton County Daily Report
06-21-2007

In a decision called "curious" by an intellectual property expert, a federal appellate panel in Atlanta has reversed its circuit's 6-year-old opinion in a major copyright case, declaring the ruling's mandate on behalf of freelance photographers to be "moot."



In doing so, the three-judge panel of the 11th U.S. Circuit Court of Appeals interpreted a landmark U.S. Supreme Court decision that expanded freelance writers' copyrights in a way that limited the copyright claims of freelance photographers.

The panel's June 13 ruling in *Greenberg v. National Geographic Society II*, 97-03924-CV, reversed a separate panel's 2001 opinion, *Greenberg v. National Geographic Society I*, 244F.3d1267. That decision had been authored by 11th Circuit Judge Stanley F. Birch Jr., a noted copyright expert whose formal 11th Circuit portrait depicts him holding a copy of "Nimmer on Copyright," the definitive work on copyright law. Judges Gerald B. Tjoflat and R. Lanier Anderson III joined Birch in the 2001 ruling.



In reversing *Greenberg I*, the second appellate panel sidestepped a precedent which binds panels to an earlier circuit decision addressing the same issue of law unless it has been overturned either by the entire 11th Circuit or by the U.S. Supreme Court.

By declaring *Greenberg I* moot, the new panel -- Judge Rosemary Barkett, Senior Judge Phyllis A. Kravitch and David G. Trager, a visiting U.S. district judge from the 2nd Circuit in New York -- also resolved a long-standing conflict with the 2nd Circuit created by the Birch opinion. Trager wrote the *Greenberg II* opinion for the new panel.

Both cases deal with The National Geographic Society's placement of its entire magazine library on CD-ROM and selling it as "The Complete National Geographic."

In the 2001 case, Birch found that National Geographic infringed the copyright of Florida freelance photographer Jerry Greenberg. Sixty-four of Greenberg's photos had appeared in issues of the *National Geographic*. One of those published photos also was included in an animated photo montage designed exclusively for the CD-ROM.

But in nearly identical cases in New York that were brought against National Geographic by other freelance writers and photographers, 2nd Circuit judges have taken the opposite tack.

In *Greenberg II*, Trager asserted that the new 11th Circuit panel on which he sat had authority to overturn *Greenberg I* if an intervening Supreme Court case overruled a prior panel decision, or if "the rationale the Supreme Court uses in an intervening case directly contradicts the analysis this court has used in a related area, and establishes that this Court's current rule is wrong."

The intervening ruling on which Trager rested *Greenberg II* was the Supreme Court's 2001 opinion in *New York Times v. Tasini*, 533 U.S. 233.

In *Tasini*, the high court found that the *Times*' sales of its published news articles to online databases such as Lexis and Westlaw infringed the copyrights of its freelance writers whose contracts had never contemplated the advent of digital databases.

This week, Lawrence Nodine, a partner at intellectual property boutique Needle & Rosenberg, called the *Greenberg II* ruling "curious" for several reasons.

"Leave out for a second, the sitting 2nd Circuit judge," he said. "The rule is that you are bound by previous panel decisions of the circuit that should only be reversed en banc."

While an appellate panel would have authority to reverse a previous panel if there were a Supreme Court decision "on point," Nodine suggested that *Tasini* was based on a different set of facts.

And dicta -- any explanatory commentary included in the high court opinion that does not directly address the facts of the case under review -- "ought not entitle the panel [in *Greenberg II*] to disregard the previous decision," Nodine said.

"Whether or not the [*Greenberg II*] panel could reverse without an en banc [hearing] is a very interesting question."

For a decade, the *Greenberg* and *Tasini* cases have pitted publishers against freelance photographers and writers -- all of them seeking to define copyright law in the digital age. At stake are royalties and fees that publishers could be forced to share with freelancers whenever they reproduce and sell those freelancers' previously published works in merchandise designed for computer access.

As Birch noted in 2001 during oral argument in *Greenberg I*, "All this is about who gets the money, whether you [publishers] can get the money or have to share it with some author."

Florida lawyer Norman Davis of the Miami firm Squire, Sanders & Dempsey, who represents Greenberg, insisted that *Tasini* "has no relevance whatsoever to *Greenberg I*" and was not a proper basis for reconsidering and then mooting the Birch opinion.

Davis added that his client has not decided whether to ask the 11th Circuit to reconsider *Greenberg II* en banc.

In an appellate brief in *Greenberg II*, Davis suggested that the 2nd Circuit's rulings in other National Geographic cases "set up a conflict" with Birch's 2001 opinion "through the misapplication of *Tasini*" and argued that "any resolution of the conflict between the two circuits should be left to the Supreme Court."

National Geographic Society executive vice president Terrence B. Adamson -- a former Atlanta attorney who was a key assistant to then-Attorney General Griffin B. Bell and remains President Carter's longtime personal lawyer -- said he was "pleased and quite delighted" by *Greenberg II*.

"This is a very important case," he said. "It wasn't that we were selling a lot of product, but it is our archive. There are now almost 120 years of *National Geographic*. It's our whole history and archive of what this organization has been about."

The CD set, Adamson asserted, is not a new use of formerly published issues. "It's the same use. ... because the practice had been for 40 to 50 years to do microfilm and microfiche, which everyone understood" and which required no additional royalty payments to freelancers. "It's the same result if you put it on CD-ROM, or DVD."

The *Tasini* case was one of the most widely watched copyright cases to reach the Supreme Court in years. Freelance authors of articles previously published in newspapers and magazines, led by Jonathan Tasini, brought claims of copyright infringement against publishers and owners of electronic databases that had made the articles widely available via the Internet.

A federal district court found for the defendant publishers but was reversed by the 2nd Circuit, which ruled in favor of the writers. In a 7-2 opinion issued June 25, 2001, the high court affirmed the 2nd Circuit's appellate ruling.

Writing for the majority, Justice Ruth Bader Ginsburg determined that electronic and CD-ROM databases containing individual articles from multiple editions of magazines, newspapers and other periodicals could not be considered "revisions" or revised editions of the previously published issues.

"[T]he Databases reproduce and distribute articles standing alone and not in context, not 'as part of that particular collective work' to which the author contributed, 'as part of ... any revision' thereof or 'as part of ... any later collective work in the same series,'" she wrote, citing federal copyright law.

Under the terms of Section 201(c) of the 1976 revisions to the Copyright Act of 1909, Ginsburg wrote, "A publisher could reprint a contribution from one issue in a later issue of its magazine, and could reprint an article from one edition of an encyclopedia in a later revision of it, but could not revise the contribution itself or include it in a new anthology or an entirely different collective work. ...

"If there is 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," she noted.

"It would scarcely preserve the author's copyright in a contribution as contemplated by Congress," Ginsburg concluded, "if a print publisher, without the author's permission, could reproduce or distribute discrete copies of the contribution in isolation or within new collective works. The publishers' view that inclusion of the articles in the databases lies within the 'privilege of reproducing and distributing the [articles] as part of ... [a] revision of that collective work,' is unacceptable."

The majority in *Tasini* also dismissed an analogy offered by publishers that digital databases were akin to microfilm and microfiche reprints, which have not prompted copyright infringement claims.

Ginsburg noted that databases "do not perceptibly reproduce articles as part of the collective work to which the author contributed or as part of any 'revision' thereof. ... We would reach the same conclusion if the *Times* sent intact newspapers to the electronic publishers."

The *Greenberg* cases stem from The National Geographic Society's creation of "The Complete National Geographic" -- a 30-disc CD-ROM set containing complete reproductions of every issue of *National Geographic* published in the magazine's history. Four of those issues included photos by Greenberg, who had reclaimed his copyrights from the National Geographic Society after publication.

"The Complete National Geographic" was powered by copyrighted software programs and included -- in addition to the magazine reproductions -- an animated montage of photos set to music and a Kodak commercial. The National Geographic registered a separate, and new, copyright for the CD-ROM set in 1997.

In *Greenberg I*, Birch -- writing for the panel -- stated that "common-sense copyright analysis compels the conclusion" that the National Geographic, in collaboration with a software company, has created "a new product ... in a new medium, for a new market that far transcends any privilege of revision or other mere reproduction" envisioned by federal copyright law.

Birch specifically dismissed arguments offered by National Geographic lawyers that the CD-ROM sets were merely a republication of a pre-existing work no different from converting the magazines to microfilm.

"[T]he critical difference, from a copyright perspective, is that the computer, as opposed to the machines used for viewing microfilm and microfiche, requires the interaction of a computer program in order to accomplish the useful reproduction involved with the new medium," Birch wrote. "These computer programs are themselves the subject matter of copyright, and may constitute original works of authorship, and thus present an additional dimension in the copyright analysis."

On remand, a district judge in Florida, using *Greenberg I* as a guide, awarded Greenberg $400,000 in 2004, three years after *Tasini*.

After the *Tasini* ruling, National Geographic again appealed, resulting in last week's ruling.

In *Greenberg II*, Trager, joined by Kravitch and Barkett, sided with his home circuit, which since *Tasini* has rejected claims against National Geographic by other freelance writers and photographers.

Like the 2nd Circuit, Trager acknowledged that *Tasini* had not addressed the issue directly. But he suggested that the high court had given "tacit approval" to microfilm and microfiche as non-infringing.

"Under the *Tasini* framework, the relevant question is whether the original context of the collective work has been preserved in the revision," Trager wrote. "Clearly, the replica portion of the ["Complete National Geographic"] preserves the original context of the magazines, because it comprises the exact images of each page of the original magazines."

But in direct contrast to *Greenberg I*, the Trager opinion asserted that software programs embedded in the CD-ROM did not alter "the original context of the magazine contents."

L. Donald Prutzman, a partner at Tannenbaum Helpern Syracuse & Hirschtritt in New York who submitted an amicus brief in *Tasini* for the American Society of Media Photographers, called *Greenberg II* "a reaction to the 2nd Circuit's decision -- on behalf of another photographer with respect to the same product -- which declined to follow *Greenberg* [I]."

Prutzman said the 2nd Circuit, in *Faulkner v. National Geographic Enterprises*, 409F.3d26, determined that *Tasini* would allow publishers to reproduce previously published articles in digital format as long as they were presented as part of an entire issue. On the other hand, "The National Geographic product added a number of bells and whistles," he said. "There was a basis for a holding that it was a new product, not just an alternative form of the magazine."

Post-*Tasini* appellate court opinions suggest that, "As long as you reproduce the publication in the same form it was published you haven't infringed," Prutzman continued. "But if you disaggregate it into separate articles and make them separately available, then you have infringed."

Leon Friedman, a professor of copyright law at Hofstra Law School, who filed an amicus brief on behalf of The Authors Guild in *Tasini*, suggested that, contrary to the *Greenberg II* opinion, "I don't think *Tasini* dealt directly with this issue. ... I think people are reading a little too much into *Tasini*."

To reach the conclusion opined in *Greenberg II*, "You have to read a lot between the lines ... I don't think *Tasini* compels the result in this case." Because of that, Friedman said he suspects that the U.S. Supreme Court "would take

that case" on writ of certiorari. After issuing *Tasini*, the high court denied cert in *Greenberg I*, which the Birch panel had published six days before *Tasini* was argued.

But New York attorney Charles S. Sims -- who filed an amicus brief in *Tasini* for The Association of American Publishers in support of *The New York Times* -- said, "The 11th Circuit was wrong in 2001 and corrected itself in 2007. The analysis that the *Tasini* Court used was one of the reasons why it was so clear the 11th Circuit was wrong. It's certainly useful that they have corrected their error and brought themselves in line with the 2nd Circuit Court of Appeals."