

composite (i.e., collective) work might result in authors transferring more than the Register had intended. Ms. Pilpel was concerned, for example, that by selling an article to a newspaper such as Newsday an author also might transfer to Newsday the right to sell the same article to Times Co. for publication in The New York Times, which is a "similar composite work." See id. at 151-52 (Add-5-6). Based on this concern, the Register agreed to a clarification, i.e., that "similar composite work" meant "that particular composite work" and no other. Id. at 153 (Add-7)

Horace S. Manges, a publishers' representative, questioned whether "that particular . . . work" would be broad enough to cover an edition of an original collective work if it were revised (as is the case with NEXIS and "New York Times On Disc" copies here) to omit various contributions. Id. Predictably, Irwin Karp, another strong pro-author advocate with the Authors League of America, took the position that the Register's language would not cover such revisions and that publishers must be required to obtain such rights with an express contractual agreement

reciting that "the publisher shall have the right to publish revised editions of this composite work, eliminating some of the contributions." Id.

The Register's next revision of the section initially adopted Mr. Karp's approach, and included the following language:

The owner of copyright in the collective work shall, *in the absence of an express transfer of the copyright* or of any exclusive rights under it, be presumed to have acquired only *the privilege of publishing the contribution in that particular collective work.*<sup>29</sup>

Publishers, however, objected to this proposal as too restrictive because it would prevent them from including a freelance contribution in revised versions of their publications. Bella Linden, speaking for textbook publishers, again expressed concern as to whether publishers would have to acquire expressly the right to revise the collective work:

The addition of the word "particular" raises in my mind the question as to whether revisions of that collective

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29. Copyright Law Revision, Part 3, at 15 (emphasis added) (Add-12).

work would be "that particular work" -- whether a *volume containing only half of the material* in "that particular collective work" would therefore be excluded.

Id. at 261 (Add-19) (emphasis added).

The Register agreed that limiting the right to publish to "that particular work" was too restrictive. Accordingly, the next draft of Section 201(c) made clear that, in the absence of an agreement to the contrary, the core rights obtained by publishers would include the right "of reproducing and distributing the contribution as part of that collective work *and any revisions of it.*"<sup>30</sup> Significantly, the Irwin Karp approach, requiring a publisher to contract for the right to republish revised editions, including revisions "eliminating . . . original contributions," was rejected. Instead, the statutory right to make "any revision" permanently became part of the core bundle of presumptive rights automatically acquired by publishers, unless a more restrictive agreement specifies to the contrary.

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30. Copyright Law Revision, Part 5, at 9 (Add-24) (emphasis added).

By rejecting the "revisions by contract only" approach in favor of the expansive, "any revision" language, Section 201(c) makes clear that decisions as to how a collective work may be revised remain with the collective work owner. The significance of this did not escape freelancers. They insisted on a clarification of the meaning of "revisions" to ensure that publishers could not revise individual contributions, as opposed to the format, layout, selection and other contents of the collective work. Harriet Pilpel emphasized that it "should not be the law" that a magazine publisher could revise a freelancer's article without express permission. She acknowledged, however, that if the right to make revisions

*means "any revisions of the collective work" in terms of **changing the contributions, or their order, or including different contributions, obviously the magazine writers and photographers would not object . . .** consequently I suggest that the wording at the end of subsection (c) be changed or eliminated to make that absolutely clear.*

Id. at 152 (Add-25) (emphasis added). The Register adopted that recommendation, and refashioned Section 201(c) to clarify that the "any revision" language authorizes any

changes to the "particular collective work" as a whole, but not to the individual contribution.<sup>31</sup>

The 1966 House Report, summarizing the extensive negotiations over this language, emphasized the fairness of a compromise under which authors are presumed to retain all rights to an article not expressly transferred, except for a

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31. Copyright Law Revision, Part 6, at 69 (Add-28). The result of this debate could not be clearer: "any revisions" include revisions that change the sequence, arrangement and content of collective works. This directly contradicts both Appellants' new anthology analogy, see *infra* pp. 56-65, and the unsupported assertion that an "unillustrated Sports Illustrated" (ASMP Br. at 16-17) would not qualify as any "revision" of Sports Illustrated. If, in Time's editorial judgment, a market might exist for an unillustrated revision of Sports Illustrated in print copies (just as one exists for an electronic one), Time is free to sell such a version to that market. Conversely, a publisher of an originally unillustrated encyclopedia may add pictures and still market the illustrated copy as a "revision" of the original encyclopedia. See H.R. Rep. No. 1476 at 122 (Add-52).

publisher's right to "republish"<sup>32</sup> a contribution in revisions or subsequent editions of a given periodical:

*[U]nless there has been an express transfer of more, the owner of the collective work acquires "only the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series." Although magazine publishers objected to this presumption as discriminatory, the committee believes that it is fully consistent with present law and practice and that it represents a fair balancing of the equities.*

*The magazine contributors, while strongly supporting the basic presumption in their favor, suggested that the last clause be deleted as unduly restrictive. However, the committee considers this clause, under which the privilege of republishing the contribution under certain limited circumstances*

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32. Both the 1966 and 1976 House Reports describe Section 201(c) in broad terms as granting collective works owners the ability to "republish the contribution," H.R. Rep. 1476 at 122 (Add-52); see also 112 Cong. Rec. 24,066 (1966) (Add-39) (Rep. Kastenmeier, Chairman of the Subcommittee drafting the Act, describes the 201(c) rights as "publishing rights"). This further refutes Appellants' assertion that Congress intended somehow to "limit[] collective-work owner's privileges and the formats in which those privileges can be exercised." (Tasini Br. at 17.)

would be presumed, as an essential counterpart of the basic presumption.<sup>33</sup>

Accordingly, if a freelance writer wishes to carve back on, or completely eliminate, the scope of this Congressionally-created transfer, he or she must do so affirmatively. None of the Appellants did so. They neither imposed specific contractual restrictions, nor took any other steps indicating that their respective publishers should not be "presumed to have acquired" the ability to

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33. H.R. Rep. No. 2237 at 117 (Add-38) (later summarized in the final report on the 1976 Act, H.R. Rep. No. 1476 at 122-23 (Add-52-53) (emphasis added). Each of the drafts of what became Section 201(c), even the later ones that expanded the rights automatically acquired by publishers, consistently were hailed by pro-author representatives. See, e.g., Hearings on H.R. 4347 at 1917 (Add-35) (statement of Prof. W. Albert Noyes, Jr., Chairman, National Academy of Sciences-National Research Council Ad Hoc Committee on Copyright Law Revision) ("regularity and clarity" of Section 201(c) is "particularly favorable for the individual scientific author"); Hearings on S. 597 at 1136 (Add-42) (statement of Harriet F. Pilpel, American Society of Magazine Photographers and the Society of Magazine Writers) (with the passage of Section 201(c), "[m]any of the confusions and ambiguities in the present law will disappear"); *id.* at 1142 (Add-43) (statement of Tom Mahoney, Society of Magazine Writers) (the section represents "a major improvement over existing copyright law" because it clarifies "the rights of contributors to periodical literature").

reproduce and distribute the periodical in any medium. See supra p. 4.

Ignoring virtually all of this, Appellants focus almost exclusively on the non-controversial fact that the legislative history recites that a publisher cannot include the "contribution *itself* . . . in a new anthology or an entirely different magazine or other collective work." H.R. Rep. No. 2237 at 117 (Add-38). (Tasini Br. at 27; ASMP Br. at 27-28.) Their emphasis is misplaced for two reasons. First, as the District Court found, the undisputed facts demonstrate that the periodicals in dispute have been added to the NEXIS computerized library and UMI's CD-ROMs "as a whole." (See JA 452.) Second, as set forth in Section III, infra, neither Section 201(c) nor any other provision in the Act places any restriction on a publisher's right to exploit the collective work "as a whole." The plain language of Section 201(c) and its legislative history thus make clear there has been no infringement of any of Appellants' rights in the "contribution itself."

The NWU, which selected the Appellants and funded this litigation (Ex. C-1 at 94-96; Ex. C-4 at 94; Ex. C-5 at

74), and its Appellants plainly are unhappy that the legislative process did not end by limiting the scope of the 201(c) presumption to a single, "paper only" issue of a periodical. Under Congress' view, however, a "fair balancing of the equities" permits a publisher, in the absence of an agreement to the contrary, to use and reuse a freelance contribution in the collective work to which it was submitted, by including it in subsequent editions revised in "any" manner and reproduced in any medium. There is simply no other way to read either Section 201(c) or the broad reference in the House Report to "republishing" the contribution. Thus, as the District Court properly emphasized, Appellants' dissatisfaction with Section 201(c) should be directed to Congress. Congress, however, has twice refused to alter the "fair balancing" embodied in Section 201(c) since enacting it in 1976.

In 1983, Senator Thad Cochran (R-Miss.), supported by the NWU and its amicus ASMP, introduced a bill that proposed directly to amend Section 201(c) by adding a new section -- Section 201(f) -- to the Copyright Act. S. 2138, 98th Cong. 1st Sess. (Add-59-64); 129 Cong. Rec. 34,442

(1983) (Add-65-67). Section 201(f) would have permitted a freelance author to bring a federal cause of action to "reform or terminate" the automatic transfer of rights under Section 201(c) where the profits received by the publisher of a collective work "are strikingly disproportionate" to the "compensation" received by the author. S. 2138 § 2(3) (Add-63). The proposed cause of action provided that, at any time following a publisher's acquisition of rights under 201(c), a plaintiff could claim that

the terms of the transfer have proven to be unfair or grossly disadvantageous to the author. *The court shall* decide the action in accordance with the principles of equity, and shall have discretion to reform or *terminate the transfer on whatever terms it considers just and reasonable.*

Id.

This bill would have provided a specific federal cause of action for the type of allegations made by Appellants. In fact, one of the equitable factors freelancers suggested for determining if "the terms of the transfer have proven to be unfair" was whether "*changes in business practices or media exploitation*" had proved

"disadvantageous to the author." Hearing on S. 2044 at 45 (Add-58) (supplemental testimony of ASMP and The Graphic Artists Guild) (emphasis added). The bill failed.<sup>34</sup>

That, in 1983 and 1984, ASMP deliberately sought to create another way, in addition to an express agreement, to limit the reproduction and distribution of periodical copies in non-paper media completely undercuts its claims that the District Court's opinion results in a dramatic shift in copyright policy. Instead, the District Court properly held that, having failed in Congress, the NWU and its Appellants should not be permitted to amend Section 201(c) through the back door of this lawsuit.

## II. APPELLANTS' "RIGHTS/PRIVILEGES" DISTINCTION DOES NOT EXIST.

Appellants and their amici argue that because Section 201(c) refers to the "privilege" of reproducing and distributing freelance contributions as part of their

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34. In 1984, an identically worded bill was introduced in the House of Representatives by Rep. Barney Frank (D-Mass.). See H.R. 5911, 98th Cong., 2d Sess.; 130 Cong. Rec. 17,729 (1984) (Add-68). Neither bill ever was reported out of committee, let alone voted on by either House of Congress.

collective works, publishers acquired, at best, authority that cannot be licensed. (Tasini Br. at 28-34, Garson Br. at 24-32, ASMP Br. at 26.) They base this on an incomplete reading of the Act, including demonstrably incorrect statements as to how often, and where, the words "privilege" and "only" appear in the Act.<sup>35</sup> They ignore, however, the plain language of the Act, all of the legislative history that clearly treats a copyright privilege as licensable and established case law recognizing that copyright privileges may be exploited by license.

A. The Plain Language.

As the District Court correctly observed, read in its entirety, Section 201 does not support the rights/

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35. The Tasini Appellants, for example, claim that a copyright privilege is non-transferable on the mistaken assertion that the term "privilege" appears only three times in the Act. (Tasini Br. at 29.) This ignores a number of other places in the Act where it appears, including the "privilege" of the owner of a derivative work to continue to license that work after a grant has terminated, 17 U.S.C. §§ 203(b)(1) and 304(c)(6)(A). Even when Appellants focus just on Section 201(c), they still misread it, suggesting that the word "only" restricts Section 201(c) privileges to the initial collective work owner. (Tasini Br. at 30.) That is not what Section 201(c) says.

created under a non-transferable reproduction "privilege."  
(Tasini Br. at 30, Garson Br. at 24-34.) Similarly, a non-transferable distribution "privilege" renders Time, for example, an infringer whenever it licenses third parties to help distribute Sports Illustrated and requires it, along with all other periodical publishers, to operate their own newsstands. The plain language of the Act simply does not support such bizarre results.

B. The Legislative History.

The legislative history of Section 201(c) reflects that its drafters viewed the terms "rights" and "privileges" as indistinguishable. For example, the 201(c) "privilege" was described as a "right" in the 1961 draft.<sup>37</sup> Although Appellants make the unsupported assertion that the subsequent use of "privilege" suggests that Congress wanted to prohibit publishers from licensing their authority under Section 201(c) (Tasini Br. at 31), the legislative record demonstrates that even after the term "privilege" was adopted, the Section 201(c) privilege continually was

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37. Copyright Law Revision, Part 1, at 87-88 (Add-2-3).

referred to by participants in the drafting process as establishing "rights" for publishers. E.g., Copyright Law Revision, Part 3, at 267 (Add-20) (statement of E. Gabriel Perle of Time) (under Section 201(c) publishers would "be presumed to have acquired the *right* to publish" articles in connection with collective works) (emphasis added); *id.* at 258 (Add-16) (statement of Abe A. Goldman, of the Copyright Office legal staff, later Acting Register) ("the copyright owner of the collective work would have acquired only the *privilege* of publishing the contribution . . . . The only *other rights* he would acquire would be . . . transferred to him expressly") (emphasis added); 112 Cong. Rec. 24,066 (1966) (Add-39) (statement of Rep. Kastenmeier, later Chairman of the Subcommittee of the House Judiciary Committee responsible for the copyright laws) (Section 201(c) transfers to the publisher "certain publishing *rights*") (emphasis added).

It is not surprising, therefore, that when the hearing record of the Act was presented to the House Judiciary Committee in 1975, all understood that under

201(c), "the owner of the collective work obtains only certain limited *rights* with respect to each contribution."<sup>38</sup>

In short, the legislative history confirms that Appellants' rights/privileges distinction does not exist. As the District Court correctly observed, the "aim of Section 201(c)" would not be served by equating "privileges" with non-exclusive licenses because Section 201(c) was not enacted to prevent "publishers [from] enlist[ing] the help of outside entities to produce versions of their collective works," but to preclude publishers of collective works from "usurp[ing] all rights in individual articles."

It simply would not have advanced its goal for Congress to have constrained publishers in their efforts to generate and distribute their permitted revisions and reproductions. Such an approach . . . would serve only to undermine the competing goal of ensuring that collective works be marketed and distributed to the public.

(JA 432-433.)

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38. Hearings on H.R. 2223 at 2077 (Add-48) (emphasis added).

C. Mills Music Precludes Appellants' Distinction.

This Court and the Supreme Court also have refused to interpret "privileges" conferred by the Copyright Act as non-licensable. Harry Fox Agency, Inc. v. Mills Music, Inc., 543 F. Supp. 844 (S.D.N.Y. 1982), rev'd, 720 F.2d 733 (2d Cir. 1983), rev'd sub nom. Mills Music, Inc. v. Snyder, 469 U.S. 153 (1985), further exposes the invalidity of Appellants' position. In Mills Music, the issue before each court was whether the derivative works exception, set forth in both 17 U.S.C. § 304(c)(6)(A) and § 203(b)(1), entitled a publisher to continue to receive a share of royalties from a pre-termination grant, or whether, post-termination, all royalties reverted to an author. Both provisions expressly state that the right to continue to exploit a derivative work<sup>39</sup> under Section 106(2) is non-terminable, except that

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39. A "derivative work" refers to the variety of ways in which a "work may be recast, transformed or adapted" including "editorial revisions . . . or other modifications" provided the changes result in an original work of authorship. 17 U.S.C. § 101. The "any revisions" language of Section 201(c) is broader because the revisions it authorizes do not need to amount to "an original work of authorship." For instance, an abridgement of a collective work that  
(continued...)

"this *privilege*" extends only to such works created prior to the termination. 17 U.S.C. §§ 203(b)(1); 304(c)(6)(A).

To decide whether the "privilege" exception protected a publisher's right to continue to receive licensing revenues, Judge Weinfeld, this Court and the Supreme Court all turned to the legislative history of Section 203(b). Each noted that the relevant history established that the "privilege" was a "right" that could be "licensed." 720 F.2d at 741. See also 543 F. Supp. at 854-55; 469 U.S. at 174-75 n.42. Although this Court ultimately disagreed with Judge Weinfeld's "characteristically thorough opinion," 720 F.2d at 734, that disagreement had nothing to do with whether the publishers' privilege could be licensed.

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39. (...continued)  
omits some material would qualify as a revision, Copyright Law Revision, Part 3, at 261 (Add-48), yet would not be copyrightable as a derivative work, for which "more selectivity is required." Compendium of Copyright Practices § 306.02(e) (1984). The Tasini Appellants are thus wrong to argue that the "any revision" language of Section 201(c) precludes the creation of a derivative work. (Tasini Br. at 21-23.) The House Report itself contains an example of a revision that constitutes a derivative work: the 1990 edition of the 1980 encyclopedia that includes new, copyrightable entries. H.R. Rep. No 1476 at 122 (Add-52).

To the contrary, both opinions quoted extensively from legislative history supporting the proposition that the Section 203(b) privilege permitted a "film made from a play . . . [to] continue to be *licensed*" and that the purpose of the privilege was to "'preserve the *right* of the owner of a derivative work to exploit it.'" *Id.* at 741 & n.15 (quoting testimony of Barbara Ringer, Register of Copyrights, Copyright Law Revision, Part 4, at 39) (emphasis added); 543 F. Supp. at 853-862.<sup>40</sup>

None of the opinions in Mills Music, all of which exhaustively comb the legislative history, suggest any intent by Congress to treat "privileges" granted under the

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40. Similarly, when the Supreme Court affirmed the judgment of this Court, it made clear that the privilege was a "right" that could be "licensed." 469 U.S. at 174 n.42. Appellants' argument also ignores another decision, involving Section 201(c) itself, in which "rights" and "privileges" were characterized as interchangeable concepts. Playboy Enters. v. Dumas, 831 F. Supp. 295, 304 (S.D.N.Y. 1993), aff'd in part, 53 F.3d 549 (2d Cir.), cert. denied, 116 S. Ct. 567 (1995). ("These *rights* included the *privilege* of reproducing and distributing the contribution as part of the collective work . . . . These *rights* were codified as the *rights* available to publishers of collected works under 17 U.S.C. § 201(c)") (emphasis added).

Copyright Act as distinct from "rights" by making the former non-licensable. It is, therefore, impossible to conclude that a copyright privilege that plainly is licensable under Section 203(b) becomes non-licensable in Section 201(c). See Mills Music, 469 U.S. at 165 n.31 ("'legislative body generally uses a particular word with a consistent meaning in a given context'") (citation omitted).

### III. APPELLANTS' "ANTHOLOGY" ARGUMENTS ARE INCORRECT.

The argument pressed most vigorously by Appellants and their amici is that Appellees have reproduced and distributed their contributions not as part of "that particular collective work," "any revision" of the collective work, or any "later collective work in the same series," but as part of a completely different work. Although each makes the argument in its own way, all contend that the copies of the periodicals included in the NEXIS library and the CD-ROMs at issue are not authorized under Section 201(c) because the NEXIS library and CD-ROMs constitute completely different works, in which the contents

of each collective work are "commingled into vast repositories of articles." (Tasini Br. at 18.)<sup>41</sup>

This argument mischaracterizes the digital copies in dispute and fails for three reasons: First, it is completely at odds with the undisputed facts as to how the electronic copies of the periodicals in dispute are placed into the NEXIS library and onto UMI's CD-ROMs. Second, by directly attacking the inherent characteristics of copies reproduced in a digital medium, it cannot be reconciled with either the plain language of the Act authorizing such copies or the legislative history recognizing that machine readable copies in databases are covered by the Act. Third, it obliterates the distinction between the copyright of a freelance author, which is limited to his or her own contribution itself, and the copyright of the owner of the entire collective work that entitles it to disseminate its work.

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41. See also Garson Br. at 43-60; ASMP Br. at 14-17.

A. The Undisputed Facts Show That NEXIS And UMI's CD-ROMs Are The Electronic Equivalent Of Microfilm.

None of Appellants' contributions were added to the NEXIS library and CD-ROMs in dispute on an article-by-article basis. Instead, they were added "as part of" entire digital copies of The New York Times, Newsday or Sports Illustrated. The undisputed facts established that NEXIS receives, on an issue-by-issue basis (daily for The New York Times and Newsday; weekly for Sports Illustrated), a copy of the same computer files the publishers use to create the print version of the periodicals. The same is true of the material delivered to UMI to assemble issues of The New York Times appearing on Times OnDisc CD-ROMs. Moreover, the General Periodicals OnDisc CD-ROMs are scanned directly from the paper issues of the periodicals, of which Appellants' contributions also are a "part." In all cases, copies are added on a periodical-by-periodical basis, not, as Appellants would have it, as a random transmission of individual articles. See supra pp. 7-9.

It is no surprise, therefore, that both the NEXIS computerized library and UMI's CD-ROMs are marketed in the

same way they are created: as repositories of complete periodicals. NEXIS, for instance, is described as "the world's most comprehensive collection," not of articles, but of "international, national and regional publications, such as The New York Times, Associated Press, Reuters, Financial Times (of London), Le Monde and the Financial Post, along with other trade publications, newspapers, [and] reference data" found in "hard copy libraries." (Bass. Aff. Ex. 49 at M003220.)<sup>42</sup> Similarly, UMI markets General Periodicals OnDisc as featuring "cover-to-cover reproduction of approximately 200 of the most requested general-interest periodicals." (Bass Aff. Ex. 50 at U001454.)

Notwithstanding these undisputed facts, Appellants claim that the paper copies of the original periodicals have been deconstructed into "single articles" (Garson Br. at 24, 39), leaving no "vestiges" of them in the digital versions. (Tasini Br. at 19.) That is false. As even Appellants are forced to admit, the record shows that "[a]ll of the

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42. "Bass. Aff." cites refer to exhibits to the Bass Affidavit, originally submitted in support of plaintiffs' motion for summary judgment and part of the record below.

articles that appeared in each day's issue" are sent to NEXIS (JA 413-414, Garson Br. at 8), that all the articles are identified by "the page, section and date of the issue" (JA 393-95, Garson Br. at 9), and that the entire textual contents can be retrieved on an issue-by-issue basis. (JA 393-95, 452, Tasini Br. at 8.)<sup>43</sup>

This undisputed record led the District Court to conclude that Appellants' contributions are presented as part of "a particular identified periodical, or . . . periodicals" (JA 453), just as is true, for example, of microfilm or hard copies stored on the shelves of library stacks.<sup>44</sup> There simply is no factual support for

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43. The only differences Appellants can identify are those necessitated by the change in medium, e.g., replacement of typesetting commands with electronic markers (Garson Br. at 9), loss of the original layout, columnization and page-breaks, if any (Tasini Br. at 19), and the omission of certain print-specific visuals such as ads, charts and photographs. (*Id.*)

44. The District Court also correctly found that Appellees' periodicals retain and make evident, through "numerous steps," all of each publisher's "complete original 'selection' of articles," thus qualifying them as revised copies within the scope of Section 201(c). This "selection alone reflects sufficient originality to merit copyright protection." (JA 451-453.) The Act  
(continued...)

Appellants' argument that the immersion of copies of a periodical into a larger database causes the original collective works to lose their identity such that they are no longer separately copyrighted works. (JA 446-47; Tasini Br. at 18-20.)<sup>45</sup>

The District Court also rejected the argument that different works have been created because of the removal of photographs, paid death notices, column formats and other elements that are included in the collective work copyright that publishers (not freelancers) enjoy in their printed

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44. (...continued)  
expressly provides protection for materials "that are **selected**, coordinated, or arranged [to] constitute[ ] an original work of authorship." 17 U.S.C. § 101.
45. Rejecting this point as inconsistent with the Act and the inherent nature of digital copies, the District Court emphasized, as Judge Leval did in CCC Info. Service Inc. v. Maclean Hunter Mkt. Reports, Inc., 44 F.3d 61, 68 n.8 (2d Cir. 1994), cert. denied, 516 U.S. 817 (1995), that copyrightable aspects of even a compilation, let alone a collective work, are retained when the selections of data comprising the compilation are "included" even without other identifying information, "in a more extensive data base." Here, because of the extensive efforts made to connect the digital copy to its print counterpart, those copyrightable editorial selections are even more apparent.

periodicals. After noting the breadth of the plain meaning of the "any revision" language and the context as to how such broad language was adopted (JA 442), the Court applied an even more rigorous standard to assess whether the electronic copies qualified as revisions: It analogized to the "substantial similarity" test used to determine copyright infringement. Using that approach, the Court found it undisputed that a "defining original characteristic" -- the "complete selection" of articles in each periodical -- survives in the electronic edition "in such a way as to preserve the 'basic character' of those periodicals." (JA 458, 480-81.)

Appellants attempt to divert attention from the periodicals themselves, and emphasize that any constituent article published in them can be read individually, without the rest of the collective work. Nothing in the record, however, indicates that, apart from articles accessed by Appellants themselves as part of this litigation, any third parties ever have independently accessed any of Appellants' "single articles." To the contrary, the record shows only that the databases at issue are used exactly as a researcher

would use the Reader's Guide to Periodical Literature ("Reader's Guide") -- i.e., to identify articles pertinent to his or her research and to access them on-line or on CD-ROM the same way they would be accessed from periodicals on shelves in a library's stacks. (JA 351, 481 n.6.) Because these electronic copies are accessed and used like print and microfilm and because the entire issue always is available, they are the electronic equivalent of microfilm. (JA 433-34 n.7.)<sup>46</sup>

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46. Appellants make numerous irrelevant arguments as to how their individual contributions might be accessed (Garson Br. at 8-11), but have introduced no evidence whatsoever to support them. Moreover, the status of a work under copyright law does not change depending on how it might be used. Even if Appellants' hypotheticals are intended to substitute for an unpled and unproven contributory infringement claim (because they never have alleged that the use of NEXIS or UMI CD-ROMs by third parties is infringing), that is yet another irrelevancy. Where, as here, the NEXIS library and UMI CD-ROM discs are "**capable** of substantial non-infringing uses," there can be no vicarious or contributory infringement based on possible improper uses by third parties. Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 442 (1984) (emphasis added). The undisputed record shows not only that the entirety of a periodical's contents can be accessed using the NEXIS computerized library and UMI CD-ROM products, but also that these forms of electronic publication actually are used for, let alone capable (continued...)

B. The "New Anthology" Analogy Is A Direct Attack On Media-Neutrality.

The implications of Appellants' arguments are staggering. If adopted, all of the efforts undertaken in the past twenty years to create digital libraries and archives of collective works will be at risk because countless contributors to collective works suddenly will have infringement claims against publishers and libraries and archives. This result, a direct consequence of adopting Appellants' "new anthology" analogy, requires the unwarranted assumption that Congress intended to restrict periodicals and other collective works from being included in a larger database. (E.g., Tasini Br. at 15, Garson Br. at 36, 39-41, ASMP Br. at 6, 24-28.) The legislative history, however, conclusively disproves that assumption: those involved in drafting the Act, consistent with the media-neutral approach, were well aware of the vast storage capacity of the digital medium and analogized such digital copies, not to new anthologies, but to electronic libraries.

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46. (...continued)  
of, non-infringing purposes. (JA 344-45, 350-51.)

In fact, in 1975, as the Act was taking its final form, the Congressional committee that was drafting the Act received direct testimony confirming that computer databases would be used as vast libraries in which complete books and periodicals could be stored and accessed in exactly the way the NEXIS database and UMI CD-ROMs are used today. Hearings on H.R. 2223 at 338 (Add-47) (testimony of Paul G. Zurkowski, President, Information Industry Association) (under the Act, collective works such as encyclopedias and periodicals would be input, and through computer equivalents of the Reader's Guide, located to access individual contributions). See Hearings on H.R. 4347 at 68 (Add-34) (testimony of Lee Deighton, American Textbook Publishers Institute) (database is an "electronic information center" equivalent to "a duplicating rather than a circulating library").<sup>47</sup> See also Copyright Law Revision, Part 3, at

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47. The ASMP brief argues that the decision below virtually destroys the subsequent licensing value of freelance contributions by making them "widely available to the public . . . without any payment." (ASMP Br. at 4.) The same argument can be made based on the wide availability of printed and microfilm periodicals available "to the public . . . without any payment" in public  
(continued...)

418 (Add-21) (statement of George Schiffer, National Community Television Ass'n) (computer databases were "kinds of *libraries* as yet uninvented . . . when a manuscript will be fed into a computer and ordered as needed") (emphasis added).

Analogizing databases to libraries rather than "new anthologies" also is supported by the fundamental principle under the Act that there is no change in the copyright status of a work when converted to a digital medium.<sup>48</sup> It is for that reason that the Copyright Office

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47. (...continued)  
libraries. See supra p. 4. Far from violating any copyrights, such widespread availability is entirely consistent with the Act's "goal of ensuring that collective works be marketed and distributed to the *public*." (JA 433) (emphasis added). Moreover, in sharp contrast to ASMP's hypothetical concern, the record in this case is that not one Appellant could identify a single instance in which the availability of their contributions in digital copies or microfilm adversely affected their ability to resell their individual contribution. E.g., Ex. C-1 at 225-26 (Appellant Tasini was "[n]ot . . . aware of" any instance in which microfilm or electronic copies interfered with such "a sale"); see also Ex. C-2 at 81, Ex. C-3 at 125, Ex. C-4 at 96-97.

48. See supra pp. 20-26. The District Court adopted the same analogy. (JA 480-81 n.6.)

refuses to register automated databases "where the collection and arrangement" consists solely "of transferring data from hard copy to computer storage." Circular 65, Copyright Registration for Automated Databases 2 (U.S. Copyright Office 1992). In other words, the medium of a digital database is simply the container for content such as periodicals. Its physical or structural characteristics alone should not affect the substantive copyright status of the underlying collective work any more than does an entire year's worth of law reviews bound together in hard cover form and stored on a library shelf. Any other result would subvert the purpose of the Copyright Act's insistence on media-neutrality.<sup>49</sup>

The degree to which Appellants' arguments compel results that are inexplicable under the literal terms of the Act and its legislative history is clear. By Appellants' reasoning, although Congress specifically intended, among

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49. The ASMP actually makes this point when it pronounces that a bookshelf is not a revision simply because it holds one. (ASMP Br. at 3.) That is correct and under the Act, a CD-ROM containing many books is not a revision simply because it holds many.

other things, for a publisher of a volume of "a 1980 edition of an encyclopedia" to be able to "reprint an article" from that edition "in a 1990 revision," H.R. Rep. No. 1476 at 122 (Add-52), the same publisher could not, in order to make that encyclopedia easier to use, publish the revised 1990 copy on a CD-ROM with copies of other volumes comprising the rest of the encyclopedia. Such a revision would constitute a new and infringing collective work, by Appellants' reasoning, because the original contributions in each volume would have been "commingled" in the single CD-ROM. (Tasini Br. at 18.)<sup>50</sup>

These results are inimical to the entire purpose of the Act: not to reward copyright owners as an end in

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50. Given that in the nine years since the first CD-ROM encyclopedia appeared "it has become by far the dominant format and has made encyclopedias far more available," such a result is untenable. Matthew L. Wald, Reference Disks Speak Volumes, N.Y. Times, Feb. 26, 1998, at G12. Moreover, the risk to publishers and the public posed by Appellants' theories are far from theoretical. National Geographic already has been sued by freelance contributors for having reissued all of its prior paper copies on 30 CD-ROM discs entitled "The Complete National Geographic 108 Years of National Geographic Magazine on CD-ROM." See Faulkner v. National Geographic Soc'y, No. 97 Civ. 9361 (S.D.N.Y. filed Dec. 19, 1997).

itself, but "to stimulate artistic creativity" for the purpose of promoting "the general public good." Twentieth Century Music Corp. v. Aiken, 422 U.S. 151, 156 (1975).

Because reward to the author is only a "secondary consideration," United States v. Paramount Pictures, Inc., 334 U.S. 131, 158 (1948), it is wrong to claim, as Appellants do, that the Act was designed only to provide greater benefits for authors. Although that was among the objectives, Congress sought to balance and accommodate varied interests. The Register of Copyrights, Abraham L.

Kaminstein, made this clear as early as 1965, when he testified before the Senate Subcommittee on Patents,

Trademarks and Copyrights:

I regard the bill as a genuine improvement over the present law, and one of its strengths is that *it is neither an "author's bill" nor a "users' bill."* A number of its provisions represent carefully worked-out compromises which . . . have proved a satisfactory way of balancing the interests.

Hearings on S. 1006 at 66 (Add-30) (emphasis added).

Because they mistakenly believe that reward to authors was the sole objective of Congress, Appellants

consistently ignore that the true purpose of the Act is to encourage the broad dissemination of creative works. As Congress and the courts have recognized,

users, such as . . . *publishers* . . . contribute a great deal themselves to *the success of a work* and assume considerable economic risks and losses which the author does not . . .

Mills Music, 720 F.2d at 741 n.15 (quoting Copyright Law Revision, Part 3, at 227) (emphasis added). See also Mills Music, 543 F. Supp. at 862 ("*Copyright protection, in addition to encouraging authors, also induces publishers . . . to invest their resources in bringing creative works to the public . . .*") (emphasis added).

Recognizing the role publishers play in making works available, Congress specifically ensured that publishers of collective works would benefit from the Act as much as any other copyright owner. Appellants' refusal to acknowledge this is particularly troubling given that their individual contributions represent but a small fraction of the complete collective works in dispute and, as the District Court recognized, whether in hard copy or electronic form, "an article's association with a particular

periodical plainly enhances" its value because it "is instantly imbued with a certain degree of credibility." (JA at 453 n.14.) Adoption of Appellants' new anthology/collective work arguments requires a distinction to be drawn that relegates collective work publishers to second-class status for copyright ownership purposes, a result that is completely inconsistent with the plain language of the Act and Congress' intent to encourage the broad dissemination of collective works by publishers.

C. Appellants Confuse The Scope Of Their Individual Copyrights With Those Enjoyed By The Collective Work Owner.

Appellants ignore the copyright ownership that Times Co., Newsday and Time enjoy in copies of The New York Times, Newsday and Sports Illustrated and do not address the consequences of that ownership. Under Sections 103(b) and 201(c) owners of collective works are entitled -- exclusively -- to exploit those collective works "as a whole."<sup>51</sup> The balance struck by Section 201(c) must be

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51. This is because as the owner of the copyright in the collective work, the publishers have the complete right to do, or to authorize, any of the activities set forth  
(continued...)

viewed consistently with these rights because, as Congress emphasized, Section 201(c) was not intended "to change the rights of the owner of copyright in a collective work under the present law." H.R. Rep. No. 1476 at 122 (Add-52.) Therefore, an interpretation of Section 201(c) that allows contributors to restrict or control the manner in which publishers exercise those rights cannot be correct.

For this reason, Appellants' objections to NEXIS and CD-ROMs as constituting new anthologies, compilations or collective works focus on the wrong issue. Simply put, the "as part of" language relied on so heavily by Appellants requires only that a sufficient amount of an original collective work be present so that the individual contribution is not exploited alone. It does not restrict the owner of Section 106 rights in the collective work -- "as a whole" -- from combining it with other collective works. The question of whether the combined work also results in a new collective work is irrelevant as long as it

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51. (...continued)  
in 17 U.S.C. § 106 and "enjoy all the protection [of a] copyright owner" to those exclusive rights pursuant to 17 U.S.C. § 201(d).

is not the individual contribution itself that has been combined with another work.<sup>52</sup>

IV. WHITFORD STANDS IN EXACTLY THE SAME POSITION AS THE OTHER APPELLANTS.

The District Court held that Whitford was in the same position as the rest of the Appellants because he had failed to demonstrate either (i) that the written agreement between Time and Whitford limited any of Time's Section 201(c) rights or (ii) that Time exceeded its rights under the agreement. (JA 473-477.)

Whitford makes two arguments on appeal. First, he argues that the District Court mistakenly interpreted Section 201(c) as applying "regardless of whether express transfers exist." (Tasini Br. at 35.) Second, advancing a reading of his agreement with Time that directly contradicts the interpretation he urged below, Whitford now argues that his contract did in fact authorize Time to include his

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52. This Court also need not reach the question of whether NEXIS and UMI CD ROMs are new works for two additional reasons: (i) not only did Appellants not make that argument below, but (ii) they adduced no evidence sufficient to decide it. (JA 452 n.13.)

article as part of the copy of Sports Illustrated added to the NEXIS computerized library, but only in exchange for a separate royalty payment. (Id. at 36-37.) He claims that by failing to make such a payment, Time infringed his copyright. (Id. at 37.) Neither of these arguments has merit.

A. The District Court Properly Analyzed Section 201(c).

The District Court carefully explained that Section 201(c) creates a "statutory presumption," which may be defeated by "demonstrating" the existence of "an express transfer" that limits the rights otherwise acquired by a publisher under Section 201(c). (JA 475.)

Whitford failed to defeat that presumption. He repeatedly admitted that he never, at any time, attempted to restrict Time's rights to reproduce copies of the issue of Sports Illustrated in which his article appeared, and he never offered any evidence to support an interpretation of the contract that differed from Time's understanding. Accordingly, by his own choice, Whitford, "did not make th[e] required showing" (JA 476) and the District Court

correctly applied the statutory presumption in determining that Time could include Whitford's article in the electronic copy of Sports Illustrated in NEXIS.<sup>53</sup>

In light of his failure of proof below, Whitford has changed his story on appeal. He now argues that electronic publication was covered in the Time agreement and that Time was required by contract to pay him for including his article as part of the Sports Illustrated issue added to NEXIS. (Tasini Br. at 36-37.) This new argument, belied by Whitford's previous admissions (JA 405), also conflicts with

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53. Whitford suggests that the District Court misinterpreted the intent of Congress when it analyzed Section 201(c) as controlling in the absence of an express transfer of "more". (Tasini Br. at 35.) That, however, is exactly what Congress said in the 1976 House Report. See H.R. Rep. No. 1476 at 122-123 (Add-52-53) ("unless there has been an express transfer of more, the owner of the collective work acquires" only Section 201(c) rights), reprinted in 17 U.S.C. § 201 (1994) Historical and Revision Notes (Add-70). See also supra p. 35. Elsewhere, Appellants accept the House Report as gospel. E.g., Garson Br. at 21 n.17 ("House Report 94-1476 [is] the single most important pronouncement on the meaning" of the Act); ASMP Br. at 27 ("generally viewed as the single most useful source of legislative intent underlying the 1976 Act"). It is clear, therefore, that the District Court's characterization of Section 201(c) as providing a presumptive "floor" of rights is entirely correct. (JA 474.)

Time's uncontradicted (i) understanding of its agreement and (ii) longstanding practice of routinely making Sports Illustrated available in a variety of formats, including paper, microfilm, microfiche, CD-ROM and in the NEXIS computerized library of periodicals. (JA 326.) It is thus clear that, even accepting Whitford's new interpretation for purposes of this appeal, there was no "meeting of the minds" on the issue of NEXIS publication. Gupta v. University of Rochester, 395 N.Y.S.2d 566, 567 (4th Dep't 1977) (no agreement where offeror "reasonably means one thing and the offeree reasonably understands differently"). Accordingly, in the absence of any agreement between Whitford and Time on the scope of Time's rights, the allocation of rights established by Section 201(c) still controls because, as the District Court explained, there is nothing in the record to show that the parties agreed to "displace the Section 201(c) presumption" (JA 476).

B. Accepting Whitford's New Theory Means He Has No Standing To Bring An Infringement Claim.

If, despite his contentions below, Whitford now believes that his agreement does cover NEXIS, his only claim is for breach of contract -- a claim that he has waived by failing to assert it below.<sup>54</sup> He cannot sue for copyright infringement based on this theory.

A "lawful owner of a copyright is incapable of infringing a copyright interest that is owned by him."

Cortner v. Israel, 732 F.2d 267, 271 (2d Cir. 1984). Time,

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54. Whitford's suggestion on appeal (Tasini Br. at 36 n.7) that he now should be permitted to pursue a breach of contract claim he never asserted (JA 9-78, 471-73) is plainly incorrect. After years of discovery and cross-motions for summary judgment, no new claims can be added. Cresswell v. Sullivan & Cromwell, 922 F.2d 60, 72 (2d Cir. 1990) (affirming denial of plaintiffs' motion to amend complaint, made more than one month after responding to defendants' motion for summary judgment); Ansam Assocs., Inc. v. Cola Petroleum, Ltd., 760 F.2d 442, 446 (2d Cir. 1985) (permitting second amendment to add a new fraud claim "would have been especially prejudicial given . . . [that defendant] had already filed a motion for summary judgment"). See also Schlacter-Jones v. General Tel. of California, 936 F.2d 435, 443 (9th Cir. 1991) ("leave to amend is not a vehicle to circumvent summary judgment") (citations omitted); Strauss v. Hearst Corp., No. 85 Civ. 10017 (CSH), 1988 WL 18932, at \*9 (S.D.N.Y. 1988) (denying leave to amend complaint in copyright infringement action to assert breach of contract claim).

as the owner of, inter alia, "the right to republish the Story" in other publications (JA 295, 405), cannot be found to have infringed these rights. Any purported failure to make additional payments results only in a cause of action for breach of contract, not copyright infringement. Id. at 271-72 (affirming dismissal of infringement claim and noting that only potentially available remedy was a state law contract action); U.S. Naval Inst. v. Charter Communications, Inc., 936 F.2d 692, 695 (2d Cir. 1991) (although licensee "is capable of breaching the contractual obligations imposed on it by the license, [it] cannot be liable for infringing the copyright rights conveyed to it"). See also, Schoenberg v. Shapolsky Publ., Inc., 971 F.2d 926 (2d Cir. 1992) (establishing test for distinguishing breach of license claims from infringement claims); Robinson v. Princeton Review, Inc., 41 U.S.P.Q.2d 1008, 1012 (S.D.N.Y. 1996) ("lack of any effort" either to terminate license or return payments suggests suit is one for enforcement of license, not infringement). Moreover, given Whitford's tactical decision below to adopt an "all or nothing stance" that no breach existed because electronic rights were left

unaddressed by the contract (JA 473), he cannot now appeal on his new theory. See Lytle v. Household Mfg., Inc., 494 U.S. 545, 551-52 n.3 (1990) (refusing appellate review "without the benefit of a full record or lower court determination[]").

Whitford's new breach of contract theory would fail in any event, making futile any effort to pursue it. His contract with Time plainly grants Time the exclusive right to publish his contribution "in the Magazine" (JA 295) without any limitation on medium. Whitford admitted he was aware by 1990 of the existence of "on-line services" and "that copies of *some* articles from *some* publications were available on them." (Ex. D-6 at 15.) He also admitted that by the summer of 1991, he actually had access to and had used such online services. (Ex. C-6 at 23-25, 56.) Those facts alone are sufficient, under the well-established law in this Circuit, to require him expressly to have carved out any rights he sought to reserve in addition to those he specifically negotiated. See Bourne v. Walt Disney Co., 68 F.3d 621 (2d Cir. 1995) (1976 Act), cert. denied, 116 S. Ct. 1890 (1996); Bartsch v. Metro-Goldwyn-Mayer, Inc., 391 F.2d

150 (2d Cir.) (1909 Act), cert. denied, 393 U.S. 826 (1968).<sup>55</sup> For example, in Bartsch, this Court adopted an approach consistent with both the Copyright Act generally, and Section 201(c) in particular, holding that where the words of a contractual grant of rights "are broad enough to cover the new use . . . the burden of framing and negotiating an exception should fall on the grantor." Bartsch, 391 F.2d at 155 (emphasis added). Thus, whether Whitford styles his claim as breach of contract or as one for infringement, Time's reproduction and distribution of digital copies of the Sports Illustrated issue including his contribution remains lawful.

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55. See also ABKCO Music, Inc. v. Westminster Music, Ltd., 838 F. Supp. 153, 156-57 (S.D.N.Y. 1993) (Sand, J.) (summarizing Bartsch rule as requiring grantor to be bound by "natural implications" of the contractual language unless (i) the parties "could not know" of the new use at issue and (ii) the new use "could not possibly have formed part of the bargain . . . ." (quoting Rey v. Lafferty, 990 F.2d 1379, 1388 (1st Cir.), cert. denied, 510 U.S. 828 (1993)), aff'd, 41 F.3d 1502 (2d Cir. 1994).

CONCLUSION AND STATEMENT  
OF RELIEF SOUGHT

For the foregoing reasons, the judgment of the District Court dismissing the Complaint should be affirmed in its entirety.

Dated: March 17, 1998  
New York, New York

Respectfully submitted,

DEBEVOISE & PLIMPTON

By: Bruce P. Keller

Attorneys for Appellees  
The New York Times Company, Time  
Inc., Newsday, Inc., LEXIS/NEXIS  
and University Microfilms, Inc.

Of Counsel:

Bruce P. Keller  
Lorin L. Reisner  
Peter Johnson