

policy forbidding police officers from discussing the need for a promotional exam with the Board does not amount to a matter of public concern, nor does an officer's interest in discussing promotional exams outweigh the Police Department's interest in the efficient functioning of the department under *Pickering* and *NTEU*, we grant defendants' motion for summary judgment on Verri's sixth claim. Fifth, because Verri has failed to make a concrete showing of any harm that he or anyone else has suffered or will suffer as a result of the Police Department's alleged unwritten policy preventing police officers from discussing police business with the Board, we grant defendants' motion for summary judgment on Verri's fifth claim. Lastly, because Verri has failed to state any valid claims under § 1983 against Nanna and thus has failed to state any derivative claims against Elmsford, we grant Elmsford's motion for summary judgment on the issue of municipal liability under § 1983. Since there are no remaining federal claims in this action, we decline to exercise our supplemental jurisdiction over Verri's state claims under 28 U.S.C. § 1367, and dismiss those claims without prejudice. The complaint is thus dismissed in its entirety.

SO ORDERED.



Jonathan TASINI, Mary Kay Blakely, Barbara Garson, Margot Mifflin, Sonia Jaffe Robbins, and David S. Whitford,  
Plaintiffs,

v.

The NEW YORK TIMES CO., Newsday Inc., Time Inc., The Atlantic Monthly Co., Mead Data Central Corp., and University Microfilms Inc., Defendants.

No. 93 Civ. 8678(SS).

United States District Court,  
S.D. New York.

Aug. 13, 1997.

Freelance writers brought action against publishers for copyright infringement. Par-

ties moved for summary judgment. The District Court, Sotomayor, J., held that publishers were entitled to place contents of their periodicals into electronic databases and onto CD-ROMs without securing permission of writers whose contributions were included in publishers' periodicals.

Defendants' motion for summary judgment granted; plaintiffs' motion for summary judgment denied.

#### 1. Federal Civil Procedure ⇨2534

Simply because parties have cross-moved for summary judgment, and therefore have implicitly agreed that no material issues of fact exist, does not mean that court must join in that agreement and grant judgment as a matter of law for one side or the other. Fed.Rules Civ.Proc.Rule 56(c), 28 U.S.C.A.

#### 2. Copyrights and Intellectual Property ⇨45

Terms of any writing purporting to transfer copyright interests, even a one-line pro forma statement, must be clear. 17 U.S.C.A. § 204(a).

#### 3. Copyrights and Intellectual Property ⇨45

Note or memorandum of transfer of copyright ownership can serve to validate prior oral agreement. 17 U.S.C.A. § 204(a).

#### 4. Copyrights and Intellectual Property ⇨45

Legend on check stating that periodical publisher had right to include authors' article in electronic library archives did not unambiguously transfer ownership of electronic rights in articles; publisher sent articles to electronic database before authors received or cashed checks, and reasonable interpretation of "electronic library archives" did not encompass commercial electronic database. 17 U.S.C.A. § 204(a).

#### 5. Copyrights and Intellectual Property ⇨17

Periodical publisher's right "first to publish" author's article did not include right to

republish article in commercial electronic database 45 days after article appeared in periodical.

#### 6. Copyrights and Intellectual Property ⊆38

Copyright in new version of preexisting work covers only material added by later author, and has no effect one way or the other on copyright or public domain status of preexisting material. 17 U.S.C.A. § 103(b).

#### 7. Copyrights and Intellectual Property ⊆59

Any unauthorized use of preexisting protected material by creator of derivative or collective work infringes copyright existing in that preexisting material. 17 U.S.C.A. § 103(b).

#### 8. Copyrights and Intellectual Property ⊆41(3)

Collective work creator's privilege of reproducing and distributing any revision of that collective work is not limited to narrowly circumscribed nonexclusive licenses; creators have full authority over rights that they acquire from individual copyright owners. 17 U.S.C.A. § 201(c, d).

#### 9. Copyrights and Intellectual Property ⊆41(3)

Under Copyright Act, so long as creator of collective work is operating within scope of its privilege to reproduce and distribute individual works in revised versions of creator's collective works, any incidental display of those individual contributions is permissible. 17 U.S.C.A. §§ 106, 201(c).

#### 10. Copyrights and Intellectual Property ⊆41(3)

Under Copyright Act, publishers of collective works have significant leeway to create any revision of their collective works. 17 U.S.C.A. § 201(c).

#### 11. Copyrights and Intellectual Property ⊆12(2)

No author may possess copyright in facts.

#### 12. Copyrights and Intellectual Property ⊆41(3)

Creators of collective works are entitled to rights in those works only to extent that they have demonstrated creativity in selecting and arranging preexisting materials into an original collective whole. 17 U.S.C.A. § 101.

#### 13. Copyrights and Intellectual Property ⊆59

In context of infringement of copyright in compilation, courts begin by determining whether plaintiff's compilation exhibits sufficient originality to merit protection; if there is sufficient originality in either selection or arrangement, it is necessary to determine whether these original elements have been copied into allegedly infringing work.

#### 14. Copyrights and Intellectual Property ⊆59

There is no copyright infringement where defendant copies only component parts of protected compilation.

#### 15. Copyrights and Intellectual Property ⊆36

Under Copyright Act, publishers were entitled to place contents of their periodicals into electronic databases and onto CD-ROMs without first securing permission of freelance writers whose contributions were included in publishers' periodicals. 17 U.S.C.A. § 201(c).

#### 16. Copyrights and Intellectual Property ⊆12(3)

Work that copies either the original selection or original arrangement of protected compilation is substantially similar to that compilation for copyright purposes.

Emily M. Bass, Burstein & Bass, New York City, for Plaintiffs.

Bruce P. Keller, Lorin L. Reisner, Thomas H. Prochnow, Debevoise & Plimpton, New York City, for Defendants.

### OPINION AND ORDER

SOTOMAYOR, District Judge.

In this action, the Court is called upon to determine whether publishers are entitled to place the contents of their periodicals into electronic data bases and onto CD-ROMs without first securing the permission of the freelance writers whose contributions are included in those periodicals. According to the Complaint, filed by a group of freelance journalists, this practice infringes the copyright that each writer holds in his or her individual articles. The defendant publishers and electronic service providers respond by invoking the "revision" privilege of the "collective works" provision of the Copyright Act of 1976, 17 U.S.C. § 201(e). Defendants maintain that they have not improperly exploited plaintiffs' individual contributions, but that they have permissibly reproduced plaintiffs' articles as part of electronic revisions of the newspapers and magazines in which those articles first appeared. For the reasons to be discussed, the Court agrees with defendants, and grants summary judgment in their favor.

### BACKGROUND

Plaintiffs are six freelance writers who have sold articles for publication in a variety of popular newspapers and magazines, including *The New York Times*, *Newsday*, and *Sports Illustrated*. The first two of these periodicals, published respectively by defendants *The New York Times Company* and *Newsday, Inc.*, are daily newspapers widely circulated to subscribers and newsstands. *Sports Illustrated*, published by the defendant Time, Inc. ("Time"), is a weekly magazine featuring articles and commentary of particular interest to sports enthusiasts. In addition to circulating hard copy versions of their periodicals, the defendant publishers sell the contents of their publications to the remaining defendants—University Microfilms Inc. (now called UMI Company ("UMI")) and The MEAD Corporation (now called LEXIS/NEXIS ("MEAD"))—for inclusion in assorted electronic data bases.<sup>1</sup>

1. Plaintiffs have settled their claims against the

MEAD owns and operates NEXIS, an on-line, electronic, computer assisted text retrieval system in which articles from a number of leading newspapers, newsletters, magazines, and wire services—including *The New York Times*, *Newsday*, and *Sports Illustrated*—are displayed or printed in response to search requests from subscribers. (Pls.' Mot. Summ. J. Ex. 49 at MO 1464.) UMI produces and distributes two CD-ROM products identified by plaintiffs in their Amended Complaint. One of these products, "The New York Times OnDisc," operates in much the same manner as NEXIS, and is made up of the articles appearing in each issue of *The New York Times*. The remaining CD-ROM, "General Periodicals OnDisc," provides a full image-based reproduction of *The New York Times Book Review* and *Sunday Magazine*.

Plaintiffs move for summary judgment on their claims of copyright infringement contending that the electronic reproductions of their articles are improper under the Copyright Act. Defendants Time and Newsday move for summary judgment on the ground that plaintiffs entered into contracts authorizing these publishers to sell plaintiffs' articles to the electronic defendants. All of the defendants argue that, even in the absence of such agreements, dismissal of this action is warranted because the publisher defendants properly exercised their right, under the Copyright Act, to produce revised versions of their publications.

#### A. The Parties' Relationship

The six plaintiffs claim that defendants infringed their copyrights in a total of 21 articles sold for publication between 1990 and 1993. Twelve of these articles, written by plaintiffs Tasini, Mifflin, and Blakely, appeared in *The New York Times*. Another eight of the articles, by plaintiffs Tasini, Garson, Whitford, and Robbins, were featured in *Newsday*. The remaining article, a piece entitled "Glory Amid Grief" by plaintiff Whitford, appeared in an issue of *Sports Illustrated*. All of the plaintiffs wrote their articles on a freelance basis, and not as employees of the defendant publishers.

defendant Atlantic Monthly

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1. *The New York Times*

As of the time this action was commenced, freelance assignments for *The New York Times* were typically undertaken pursuant to verbal agreements reached between the newspaper and the contributing journalists. A New York Times editor and a selected freelance writer ordinarily agreed upon such matters as the topic and length of a particular piece, the deadline for submission, and the fee to be paid. (Keller Dec. Ex. B7.) These discussions seldom extended into negotiations over rights in the commissioned articles. Indeed, there were no such negotiations between The New York Times and any of the plaintiffs, all of whom submitted their articles for publication by The New York Times without any written agreements.<sup>2</sup> *Id.*

2. *Newsday*

Prior to this action, Newsday solicited its freelance contributions in much the same manner as did The New York Times. Freelance assignments for Newsday were most often undertaken pursuant to discussions between editors and writers and without any written agreements. (Keller Dec. Ex. B2.) However, the checks with which Newsday paid freelance writers for their contributions, including those checks sent to plaintiffs following the publication of their articles, included the following endorsement:

Signature required. Check void if this endorsement altered. This check accepted as full payment for first-time publication rights (or all rights, if agreement is for all rights) to material described on face of check in all editions published by *Newsday* and for the right to include such material in electronic library archives.

(Pls' Mot. Summ. J. Ex. 47.) Plaintiff Tasini crossed out this notation prior to cashing those checks paying him for his two disputed submissions to Newsday. Those plaintiffs who wrote the remaining six *Newsday* articles cashed their checks with the notation intact.

2. The New York Times has recently adopted a policy pursuant to which the paper accepts articles by freelance writers only on the express

3. *Sports Illustrated*

Only plaintiff Whitford submitted an article for publication in *Sports Illustrated*. The relationship between Time and Whitford was decidedly more formal than the arrangements routinely entered into between freelance writers and Newsday or The New York Times. Whitford and *Sports Illustrated* entered into a written contract specifying the content and length of the purchased article, the date due, and the fee to be paid by the magazine. The contract also provided *Sports Illustrated* "the following rights":

(a) the exclusive right first to publish the Story in the Magazine;

(b) the non-exclusive right to license the republication of the Story whether in translation, digest, or abridgement form or otherwise in other publications, provided that the Magazine shall pay to you fifty percent (50%) of all net proceeds it receives for such republication; and

(c) the right to republish the Story or any portions thereof in or in connection with the Magazine or in other publications published by The Time Inc. Magazine Company, its parent, subsidiaries or affiliates, provided that you shall be paid the then prevailing rates of the publication in which the Story is republished.

(Keller Dec. Ex. C7.) Plaintiff Whitford claims that he did not intend, by this language, to grant Time electronic rights in his article. (Pls' Mot. Summ. J. Ex. 14.)

B. *The Technological Reproductions*

Beginning in the early 1980s, the defendant publishers entered into a series of agreements pursuant to which they sold the contents of their periodicals to the electronic defendants. NEXIS has carried the articles appearing in *Sports Illustrated* since 1982, *The New York Times* since 1983, and *Newsday* since 1988. (Keller Dec. Ex. B5 at ¶¶ 3, 4, 8.) UMI has distributed "The New York Times OnDisc" since 1992, and *The New York Times Magazine and Book Review* have been available on the image-based CD-

written condition that the author surrender all rights in his or her creation. (Pls' Mot. Summ. J. Ex. 43.)

ROM since 1990. (Keller Dec. Ex. B6 at ¶¶ 3, 8.)

### 1. NEXIS

The defendant publishers deliver or electronically transmit to NEXIS the full text of all of the articles appearing in each daily or weekly edition of their periodicals. The publishers provide NEXIS with a complete copy of computer text files which the publishers use during the process of producing the hard copy versions of their periodicals. Coded instructions as to page lay out added to these files permit typesetters working for the publishers to produce "mechanicals"—which resemble full pages as they will appear at publication—copies of which are transmitted to printing facilities for mass production. NEXIS does not use the electronic files to create "mechanicals" or to emulate the physical lay out of each periodical issue: such things as photographs, advertisements, and the column format of the newspapers are lost. NEXIS instead uses the electronic files to input the contents of each article on-line along with such information as the author's name, and the publication and page in which each article appeared. The articles appearing in *The New York Times* and *Newsday* are available within twenty-four hours after they first appear in print, and the articles from an issue of *Sports Illustrated* appear on-line within forty-five days of the initial hard copy publication.

Customers enter NEXIS by using a telecommunications package that enables them to access NEXIS' mainframe computers. Once on-line, customers enter "libraries" consisting of the articles from particular publications, or groups of publications. Customers can then conduct a "Boolean search" by inputting desired search terms and connectors from which the system generates a number of "hits." These "hits," the articles in the library corresponding to the selected search terms, can be reviewed either individually or within a citation list. A citation list identifies each article by the publication in which it appeared, by number of words, and by author. When a particular article is selected for full-text review, the entire content of the article appears on screen with a heading

providing the same basic information reported within a citation list. Although articles are reviewed individually, it is possible for a user to input a search that will generate all of the articles—and only those articles—appearing in a particular periodical on a particular day.

### 2. The New York Times OnDisc

"The New York Times OnDisc," the text only CD-ROM product, is created from the same data furnished by The New York Times to NEXIS. Indeed, at the end of each month, pursuant to a three-way agreement among The New York Times, NEXIS and UMI, NEXIS provides UMI with magnetic tapes containing this information. UMI then transfers the content of these tapes to CD-ROM discs and codes the included articles to facilitate Boolean searching.

Not surprisingly, given that the two systems share data, the text-based CD-ROM operates much like NEXIS. Users enter search terms prompting the system to access all corresponding articles. These articles are displayed with headings indicating the author, and the date and page of *The New York Times* issue in which the articles appeared. As with NEXIS, an article selected for review appears alone; there are no photographs or captions or columns of text. Moreover, a search typically retrieves articles which were published on different dates, though it is possible to conduct a search that will retrieve all of the articles making up a single issue of *The New York Times*.

### 3. General Periodicals OnDisc

"General Periodicals OnDisc," an image-based CD-ROM product, does not carry full issues of *The New York Times*, but only the *Sunday Magazine* and *Book Review*. It includes numerous other periodicals, as well, although none of those involved in this litigation. The image-based system differs from the other technologies presently at issue in that it is created by digital scanning. Articles are not inputted into the system individually, but the entire *Sunday Magazine* and *Book Review* are photographed producing complete images of these periodicals. Articles appear precisely as they do in print.

complete with photographs, captions, and advertisements.

"General Periodicals OnDisc" does not employ Boolean searching. Image based discs are sold alongside text-based discs, which are searchable, and which provide abstracts of articles. By searching these abstracts, users can identify articles that are of interest to them. Users can then return to the image-based system in order to retrieve those articles. Drawing upon this interplay between discs, plaintiffs propose that the image-based CD-ROMs are better characterized as part-text/part-image based CD-ROMs.

### C. *The Parties' Dispute*

All of the parties recognize that the defendant publications constitute "collective works" under the terms of the Copyright Act of 1976. A collective work is one "in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole." 17 U.S.C. § 101. The rights which exist in such works are delineated in 17 U.S.C. § 201(c):

Copyright in each separate contribution to a collective work is distinct from copyright in the collective work as a whole, and vests initially in the author of the contribution. In the absence of an express transfer of the copyright or of any rights under it, the owner of copyright in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution as part of that particular collective work, any revision of that collective work, and any later collective work in the same series.

Plaintiffs maintain that the publisher defendants have exceeded their narrow "priv-

3. Plaintiffs complain that the electronic reproductions of their articles, on NEXIS and on disc, directly infringe their copyrights. They seek to hold defendants contributorily liable only to the extent that defendants have cooperated with one another in creating these allegedly infringing works. Plaintiffs do not advance the distinct claim that defendants are contributorily liable for potential copyright infringement by users of the disputed electronic services. (12/10/96 Tr. at 34 ("This is not a case in which we have accused the defendants . . . of manufacturing or distributing machines or equipment that can be used by third parties in an infringing way.")) To prevail with

illeges" under this provision by selling plaintiffs' articles for reproduction by the electronic defendants. In particular, plaintiffs complain that the disputed technologies do not revise the publisher defendants' collective works, but instead exploit plaintiffs' individual articles.<sup>3</sup>

Defendants Time and Newsday argue that they are not limited to those privileges set out at the conclusion of Section 201(c), because plaintiffs have "expressly transferred" the electronic rights in their articles. Newsday relies upon the check legends authorizing the publisher to include plaintiffs' articles "in electronic library archives." Time relies upon the "right first to publish" secured in its written contract with plaintiff Whitford. Plaintiffs insist that neither of these provisions contemplate the sort of electronic reproductions presently at issue.

Even without an express transfer of rights, all of the defendants maintain that the practice of electronically reproducing plaintiffs' articles is authorized under Section 201(c) of the Copyright Act. Defendants argue that the disputed technologies merely generate "revisions of [the defendant publishers'] collective work[s]," and therefore do not usurp plaintiffs' rights in their individual articles. 17 U.S.C. § 201(c). Plaintiffs counter that Section 201(c) was not intended to permit electronic revisions of collective works, and that, in any event, the technologies presently at issue are incapable of creating such revisions.

## DISCUSSION

### I. INTRODUCTION

Summary judgment is required when "there is no genuine issue as to any material

such a claim, which would be governed by *Sony Corp. v. Universal City Studios*, 464 U.S. 417, 442, 104 S.Ct. 774, 789, 78 L.Ed.2d 574 (1984), defendants would merely have to demonstrate that the disputed technologies can be put to "substantial noninfringing uses." See generally Ariel B. Taitz, *Removing Road Blocks Along The Information Superhighway: Facilitating The Dissemination of New Technology v. By Changing The Law Of Contributory Copyright Infringement*, 64 Geo. Wash. L.Rev. 133 (1995) (proposing "non-trivial infringing use doctrine" as alternative approach to claims of contributory infringement).

fact and . . . the moving party is entitled to a judgment as a matter of law." Fed.R.Civ.P. 56(e). "The moving party has the initial burden of 'informing the district court of the basis for its motion' and identifying the matter 'it believes demonstrate[s] the absence of a genuine issue of material fact.'" *Leibovitz v. Paramount Pictures Corp.*, 948 F.Supp. 1214, 1217 (S.D.N.Y.1996) (quoting *Celotex Corp. v. Catrett*, 477 U.S. 317, 323, 106 S.Ct. 2548, 2553, 91 L.Ed.2d 265 (1986)). Once the movant satisfies its initial burden, the non-moving party must identify "specific facts showing that there is a genuine issue for trial." Fed.R.Civ.P. 56(e). In assessing the parties' competing claims, the Court must resolve any factual ambiguities in favor of the nonmovant. See *McNeil v. Aguilos*, 831 F.Supp. 1079, 1082 (S.D.N.Y.1993). It is within this framework that the Court must finally determine "whether the evidence presents a sufficient disagreement to require submission to a jury or whether it is so one-sided that one party must prevail as a matter of law." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 251-52, 106 S.Ct. 2505, 2512, 91 L.Ed.2d 202 (1986).

[1] Where there are cross motions for summary judgment, as there are here, "the standard is the same as that for individual motions for summary judgment and the court must consider each motion independent of the other. . . . Simply because the parties have cross-moved, and therefore have implicitly agreed that no material issues of fact exist, does not mean that the court must join in that agreement and grant judgment as a matter of law for one side or the other." *Aviall, Inc. v. Ryder System, Inc.*, 913 F.Supp. 826, 828 (S.D.N.Y.1996) (citing *Heublein, Inc. v. United States*, 996 F.2d 1455, 1461 (2d Cir.1993)), *aff'd*, 110 F.3d 892 (2d Cir.1997).

## II. THE ALLEGED TRANSFER OF RIGHTS PURSUANT TO CONTRACT

Two of the publisher defendants, *Newsday* and *Time*, claim that plaintiffs "expressly transferred" electronic rights in their articles, and that it is therefore unnecessary to determine whether the electronic data bases

produce revisions of these defendants' collective works. The Court disagrees.

### A. *Newsday*

[2] According to Section 204(a) of the 1976 Act, "[a] transfer of copyright ownership . . . is not valid unless an instrument or conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner's duly authorized agent." 17 U.S.C. § 204(a). "[A] writing memorializing the assignment of copyright interests 'doesn't have to be the Magna Carta; a one-line pro forma statement will do.' However, the terms of any writing purporting to transfer copyright interests, even a one-line pro forma statement, must be clear." *Papa's-June Music, Inc. v. McLean*, 921 F.Supp. 1154, 1158-59 (S.D.N.Y.1996) (citing *Effects Associates, Inc. v. Cohen*, 908 F.2d 555, 557 (9th Cir.1990)).

The only writing that *Newsday* points to in support of the transfer of electronic rights appears on the back of the checks it issued to plaintiffs in payment for their articles. In particular, the publisher relies upon the language providing that *Newsday* has the "right to include [plaintiffs' articles] in electronic library archives." By the time *Newsday* sent plaintiffs' articles to NEXIS, however, plaintiffs had not yet received or cashed these checks. Plaintiffs therefore contend that any transfer of rights that might have been effected by the check legends occurred too late to excuse defendants' alleged infringement. See *R & R Recreation Products, Inc. v. Joan Cook Inc.*, 1992 WL 88171, \* 4 (S.D.N.Y. 1992) ("R & R's assignment of the cat and mouse copyright to DMV does not preclude suit by R & R for infringement occurring prior to the assignment. ").

[3, 4] *Newsday* responds by arguing that a "note or memorandum" of transfer can serve to validate a prior oral agreement. See *Eden Toys, Inc. v. Florelee Undergarment Co. Inc.*, 697 F.2d 27, 36 (2d Cir.1982) ("the 'note or memorandum of the transfer' need not be made at the time when the license is initiated; the requirement is satisfied by the copyright owner's later execution of a writing which confirms the agreement."); see also *Imperial Residential Design Inc. v. Palmis*

Cite as 972 F.Supp. 804 (S.D.N.Y. 1997)

*Development Group, Inc.*, 70 F.3d 96, 99 (11th Cir.1995) ("a copyright owner's later execution of a writing which confirms an earlier oral agreement validates the transfer ab initio."). *Newsday* is correct as to the law, but finds no support in the facts.

*Newsday* concedes that there is no evidence of any prior agreements concerning electronic rights in plaintiffs' articles. (Def. *Newsday's Res.* PLS' Rule 3(g) stmt No. 25 ("DEFENDANTS' RESPONSE: Other than the check endorsement . . . there is no evidence of any express agreement, written or oral, between any of the plaintiffs and *Newsday* with respect to the articles at issue.")) The most *Newsday* claims is that the check legends confirmed "its understanding" that there had been a transfer of electronic rights in plaintiffs' articles. (Defs' Memo. Supp. Mot. Summ. J. at 14 n. 2.) This is not enough: the record reveals no basis for concluding that *Newsday's* purported "understanding" was shared by plaintiffs, all of whom deny that they ever intended to authorize the use of their articles on-line. Thus, *Newsday* cannot now rely upon its check legends to give retroactive effect to supposed unspoken agreements concerning electronic rights in plaintiffs' articles.

The check legends themselves, moreover, are ambiguous and cannot be taken to reflect an express transfer of electronic rights in plaintiffs' articles. See *Playboy Enterprises, Inc. v. Dumas*, 53 F.3d 549, 564 (2d Cir.) (finding that check legend providing for the "assignment . . . of all right, title, and interest" was ambiguous, and did not effectively transfer copyright in certain paintings), cert. denied, — U.S. —, 116 S.Ct. 567, 133 L.Ed.2d 491 (1995); see also *Papa's-June*, 921 F.Supp. at 1159 ("neither the royalty checks nor the attached royalty statements mention a transfer of copyright ownership."); *Museum Boutique Intercontinental, Ltd. v. Picasso*, 880 F.Supp. 153, 162 n. 11 (S.D.N.Y. 1995) ("the checks submitted by MBI, which

do not contain any explanatory notations besides 'Picasso royalties,' are not convincing proof, to say the least, of the alleged oral agreement."). Plaintiffs argue persuasively that the most reasonable interpretation of "electronic library archives" does not encompass NEXIS. Plaintiffs provide affidavits from experts who opine that an archive and a commercial data base contain different types of material and serve different purposes. (Pls' Mot. Summ. J. Ex. 17.); cf. *American Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 919, 921 (2d Cir.1995) (photocopying of articles from scientific journal was characterized as "archival" where copies were kept in researcher's files for later reference and were not used for any "direct or immediate commercial advantage"). Plaintiffs also note, and *Newsday* admits, that *Newsday* maintains its own "electronic library archives," a computerized in-house storage system that serves no commercial purpose. (Pls' Mot. Summ. J. Ex. 35 at 26.) It is at least plausible—and would have been reasonable for plaintiffs to conclude—that *Newsday* was simply referring to such "archives" in its check legends. In any event, there is no evidence that plaintiffs understood, or should have understood, that the check legends implicated rights extending as far as NEXIS.

In short, there is no basis for holding that the *Newsday* check legends effected an unambiguous and timely transfer of any significant electronic rights in plaintiffs' articles.

#### B. *Sports Illustrated*

[5] In support of its Motion for Summary Judgment, defendant *Time* invokes Section 10(a) of its contract with *Whitford*. Pursuant to this provision, *Sports Illustrated* acquired the right "first to publish" *Whitford's* article. Arguing that this language includes no "media-based limitation," *Time* contends that its "first publication" rights must be interpreted to extend to NEXIS.<sup>4</sup> See *Bartsch v. Metro-*

4. By focusing upon Section 10(a) of its contract with *Whitford*, *Time* conspicuously avoids directly relying upon Sections 10(b) and 10(c). (Def.'s Memo. Supp. Mot. Summ. J. at 38 ("It is undisputed that *Sports Illustrated* acquired the right 'first to publish' *Whitford's* article, and that the agreement nowhere expressly delineated or limit-

ed the media in which such publication would be permissible. The issue, then, is to determine how to interpret the contract's scope in light of its silence on the issue of format.") Each of these other provisions broadly authorizes *Time* to republish *Whitford's* story provided that the publisher compensates *Whitford* for the republica-

*Goldwyn-Mayer, Inc.*, 391 F.2d 150, 154-55 (2d Cir.) (holding that the right to "exhibit" motion picture included the right to exhibit movie on television). *cert. denied*, 393 U.S. 826, 89 S.Ct. 86, 21 L.Ed.2d 96 (1968); see also *Bourne v. Walt Disney Co.*, 68 F.3d 621, 629 (2d Cir.1995) ("motion picture" rights did not "unambiguously exclude" videocassette rights). *cert. denied*, — U.S. —, 116 S.Ct. 1890, 135 L.Ed.2d 184 (1996); *L.C. Page & Co. v. Fox Film Corp.*, 83 F.2d 196, 199 (2d Cir.1936) ("exclusive moving picture rights" included "talkies" as well as silent films); *Rooney v. Columbia Pictures Indus., Inc.*, 538 F.Supp. 211 (S.D.N.Y.) (exhibit "by any present or future method or means" included videocassette rights), *aff'd*, 714 F.2d 117 (2d Cir.1982), *cert. denied*, 460 U.S. 1084, 103 S.Ct. 1774, 76 L.Ed.2d 346 (1983).

Time's reliance upon the *Bartsch* line of authority is misplaced. *Bartsch* and its progeny stand for the proposition that when contract terms are broad enough to cover a new technological use, "the burden of framing and negotiating an exception should fall on the grantor." *Bartsch*, 391 F.2d at 155. None of these cases, however, involved a contract (like the one before the Court) that imposed specific temporal limitations such as "first publication rights." The right to publish an article "first" cannot reasonably be stretched into a right to be the first to publish an article in any and all mediums. *Cf. Harper & Row, Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 564, 105 S.Ct. 2218, 2232, 85 L.Ed.2d 588 (1985) ("The right of first publication encompasses not only the choice whether to publish at all, but also the choices of when, where, and in what form first to publish a work.") (emphasis added). Because Whitford's article was "first" published in print, the electronic republication of that article some 45 days later simply cannot have been "first."

### III. COLLECTIVE WORKS UNDER THE COPYRIGHT ACT OF 1976

Because the Court cannot find that any of the plaintiffs expressly transferred electronic

tion. Whitford also does not rely upon these provisions, and does not advance any contract

rights in their articles, the numerous arguments and voluminous record in this case devolve to whether the electronic defendants produced "revisions," authorized under Section 201(e) of the Copyright Act, of the publisher defendants' collective works. The issue is narrow, but its resolution is not simple: there is virtually no case law parsing the terms of Section 201(e), and certainly no precedent elucidating the relationship between that provision and modern electronic technologies. Further complicating matters, the Copyright Act of 1976 was crafted through a unique and lengthy process involving the input of numerous experts from assorted interest groups and industries. See Barbara Ringer, *First Thoughts On The Copyright Act Of 1976*, 22 N.Y.L. Sch. L.Rev. 477 (1977). As a result, the pertinent legislative history is notoriously impenetrable. See generally Jessica D. Litman, *Copyright Compromise, and Legislative History*, 72 Cornell L.Rev. 857 (1987).

Despite the numerous challenges, there are several considerations which allow a principled approach to analyzing Section 201(e). Most importantly, the provision cannot be understood in isolation, but must be considered alongside other sections of the Act.

#### A. Collective Works And Derivative Works Under Section 103(b)

"Both collective works and derivative works are based upon preexisting works that are in themselves capable of copyright." 1 M. Nimmer & D. Nimmer, *Nimmer on Copyright* § 3.02, at 3-8 (1996 ed.). A derivative work "transforms" one or more such preexisting works into a new creation. See 17 U.S.C. § 101. A collective work, on the other hand, consists of numerous original contributions which are not altered, but which are assembled into an original collective whole. *Id.* In both instances, the copyright law accounts for the fact that the larger work—although it is entitled to copyright protection—consists of independent original contributions which are themselves protected.

claim against Time.

Cite as 972 F.Supp. 804 (S.D.N.Y. 1997)

16] The 1976 Act addresses the competing copyright interests apparent in both derivative works and collective works in Section 103(b). Pursuant to this provision:

The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.<sup>5</sup>

17 U.S.C. § 103(b). Section 103(b) does not represent an innovation under the 1976 Act, but is intended merely to clarify a point "commonly misunderstood" under Section 7 of the 1909 Act.<sup>6</sup> H.R. Report No. 94-1476, at 57 (1976), U.S.Code Cong. & Admin.News 1976, pp. 5659, 5670. Specifically, "copyright in a 'new version' covers only the material added by the later author, and has no effect one way or the other on the copyright or public domain status of the preexisting material." *Id.*

The "misunderstanding" regarding copyright protection in "new versions" and in "preexisting materials" developed largely in connection with derivative works, and grew out of the "new property rights" approach espoused, most prominently, by Judge Friendly of the Second Circuit. See *Rohauer v. Killiam Shows, Inc.*, 551 F.2d 484 (2d Cir.) (holding that film producer retained rights in underlying story despite fact that novelist, who authorized initial use of story, died before granting producer renewal rights), *cert. denied*, 431 U.S. 949, 97 S.Ct. 2666, 53 L.Ed.2d 266 (1977). According to this view, "once a derivative work is created pursuant

to a valid license to use the underlying material, a new property right springs into existence with respect to the entire derivative work, so that even if the license is thereafter terminated, the proprietor of the derivative work may nevertheless continue to use the material from the underlying work as contained in the derivative work." Nimmer, § 3.07[A][1], at 3-34.9. Numerous authorities on copyright law, including Professor Nimmer, assailed the reasoning in *Rohauer*, deriding the "new property rights" approach as "neither warranted by any express provision of the Copyright Act, nor by the rationale as to the scope of protection achieved in a derivative work." *Id.*

Prior to its holding in *Rohauer*, and contrary to the "new property rights" approach, the Second Circuit had upheld several claims of infringement based upon the unauthorized reuse—by the owner of a valid copyright in a derivative work—of the protected preexisting material. See, e.g., *Gilliam v. American Broadcasting Companies, Inc.*, 538 F.2d 14 (2d Cir.1976); *G. Ricordi & Co. v. Paramount Pictures Inc.*, 189 F.2d 469 (2d Cir.) (prohibiting plaintiff, in declaratory judgment action, from making a motion picture version of an opera that had been created with the permission of the author of the underlying work), *cert. denied*, 342 U.S. 849, 72 S.Ct. 77, 96 L.Ed. 641 (1951); see also *Russell v. Price*, 612 F.2d 1123, 1128 (9th Cir.1979) ("since exhibition of the film 'Pygmalion' necessarily involves exhibition of parts of Shaw's play, which is still copyrighted, plaintiffs here may prevent defendants from renting the film for exhibition without their authorization."), *cert. denied*, 446 U.S. 952, 100 S.Ct. 2919, 64 L.Ed.2d 809 (1980). In *Gilliam*, for instance, the Court granted an injunction in favor of plaintiffs, the members

5. Collective works are "compilations" which are composed of protected "preexisting material." See Section 11B3, *infra*. Accordingly, Section 103(b) speaks directly to the copyright status of collective works. See Nimmer, § 3.07[A][1], at 3-34.9 n. 1.

6. Section 7 of the 1909 Act provided as follows: Compilations or abridgements, adaptations, arrangements, dramatizations, translations, or other versions of works in the public domain or of copyrighted works when produced with the consent of the proprietor of the copyright

in such works, or works republished with new matter, shall be regarded as new works subject to copyright . . . but the publication of any such new works shall not effect the force or validity of any subsisting copyright upon the matter employed or any part thereof, or be construed to imply an exclusive right to such use of the original works, or to secure or extend copyright in such original works.

17 U.S.C. § 7 (1976 ed.) (repealed by Copyright Act of 1976).

of a British comedy troop, who claimed that the BBC infringed their copyright in certain scripts. Plaintiffs had authorized the BBC to broadcast television programs based upon these scripts, but took exception when the BBC subsequently sold the programs to the defendant, an American television network which edited the programs prior to airing them in the United States. In support of its decision to enjoin the defendant from airing those edited versions for a second time, the Second Circuit reasoned that, under Section 7 of the 1909 Act, "any ownership by BBC of the copyright in the recorded program would not affect the scope or ownership of the copyright in the underlying script." *Gilliam*, 538 F.2d at 20. The use of that script without plaintiffs' consent would therefore constitute infringement, "even with the permission of the proprietor of [a] derivative work [based upon that script]." *Id.*

Upholding a Ninth Circuit opinion which rejected *Rohauer* in favor of the Second Circuit's earlier approach in *Gilliam* the Supreme Court finally and firmly settled the "new property rights" controversy. See *Stewart v. Abend*, 495 U.S. 207, 110 S.Ct. 1750, 109 L.Ed.2d 184 (1990). In *Abend*, the author of a fictional story agreed to assign the rights in his renewal copyright term to the owner of a movie version of that story, but died before the commencement of the renewal period. Because the assignment never occurred, the Court held that defendant infringed the copyright of the successor owner of the story by continuing to distribute the film during the renewal term of the preexisting work.

[7] In reaching its result, the *Abend* Court rejected defendants' view, based on *Rohauer* that the "creation of the 'new,' i.e., derivative, work extinguishes any right the owner of rights in the preexisting work might have had to sue for infringement . . ." *Id.* at 222, 110 S.Ct. at 1761. Citing *Nimmer*, the Court concluded that such an approach runs counter to the terms of both Section 7 of the 1909 Act and Section 103(b) of the 1976 Act, each of which advances the same fundamental formula:

The aspects of a derivative work added by the derivative author are that author's

property, but the element drawn from the pre-existing work remains on grant from the owner of the pre-existing work. So long as the pre-existing work remains out of the public domain, its use is infringing if one who employs the work does not have a valid license or assignment for use of the preexisting work. It is irrelevant whether the preexisting work is inseparably intertwined with the derivative work.

*Abend*, 495 U.S. at 223, 110 S.Ct. at 1761 (citations omitted). Thus, Section 103(b) of the 1976 Act—like Section 7 of the 1909 Act before it—stands as a rejection of the new property rights theory. *Id.*; see also *Nimmer*, § 3.07, at 3-34.9 n. 3. (describing Section 103(b) as "hardly consistent with the new property right theory"). Under Section 103(b), any unauthorized use of preexisting protected material by the creator of a derivative or a collective work infringes the copyright existing in that preexisting material.

#### B. Defendants' "Privileges" Under Section 201(e)

The first sentence of Section 201(e)—providing that the "[c]opyright 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"—essentially reiterates the substance of Section 103(b). If the provision ended with its first sentence, plaintiffs would prevail in this action. With no "new property right" in the articles making up their collective works, the publisher defendants would not be at liberty to reuse plaintiffs' individual contributions even in new versions of their own periodicals. See *Abend*, 495 U.S. 207, 110 S.Ct. 1750; see also *Gilliam*, 538 F.2d 14. In its second sentence, however, Section 201(e) expands upon the baseline established in Section 103(b) by extending to the creators of collective works "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." 17 U.S.C. § 201(e). The determinative issue here, then, is the precise scope of these "privileges."

## 1. Privileges As Transferrable Rights

[8] Plaintiffs liken the "privileges" which Section 201(c) extends to "the owner of copyright in the collective work" to narrowly circumscribed nonexclusive licenses. Unlike assignments or exclusive licenses or most other conveyances under copyright law, such limited grants are not transferrable. See 17 U.S.C. § 101 (defining "transfer of copyright ownership"). Because the publisher defendants own the copyrights in their collective works, plaintiffs reason that the electronic defendants are guilty of infringement even in the event that they are creating revisions—authorized by the publisher defendants—of the disputed periodicals. (Pls' Memo. Supp. Mot. Summ. J. at 16, n. 15; Pls' Memo. Opp. Def.s' Cross-Mot. Summ. J. at 19-23.)

Plaintiffs arrive at their understanding of the term "privileges" by juxtaposing Section 201(c) with Section 201(d). The first clause of the latter section provides that "[t]he ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law . . ." 17 U.S.C. § 201(d)(1). According to Section 201(d)(2):

Any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred as provided by clause (1) and owned separately. The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title.

In plaintiffs' view, the fact that Section 201(d)(2) provides for the transfer of "rights" can only be taken to mean that the "privileges" identified in the preceding section of the Act are nontransferable. This approach distorts the relationship between Section 201(c) and Section 201(d).

Section 201(d)(2) does not speak only of "rights," but also of any "subdivision" of rights. The potential for such a subdivision of rights is created in the preceding section, 201(d)(1), which permits the transfer of copyright, "in whole or in part," either by conveyance or by "operation of law." This recognition of the potential for a partial transfer of copyright "by operation of law" follows from the fact that exactly such a transfer is effect-

ed in the preceding Section of the Act, Section 201(c), which extends certain enumerated "privileges" to publishers. In other words, the three provisions operate in tandem: Section 201(c) transfers plaintiffs' copyrights, "in part," to defendants—a permissible exercise under Section 201(d)(1)—and therefore, under Section 201(d)(2), defendants are left with full authority over the "subdivision" of rights they acquire.

When Sections 201(c) and 201(d) are placed into historical context, the weakness in plaintiffs' position is all the more apparent. The 1976 Act, in significant part, amounts to a repudiation of the concept of copyright indivisibility, a principle pursuant to which the assorted rights comprising a copyright could not be assigned in parts, *i.e.* subdivided. See Nimmer, § 10.01[A], at 10-5. Under this former regime, individual authors were at risk of inadvertently surrendering all rights in a contribution to a collective work either to the publisher of that work, or to the public. *Id.* Under Sections 201(c) and (d) of the 1976 Act, that threat is gone. Authors are no longer at risk of losing all rights in their articles merely because they surrender a small "subdivision" of those rights—either by operation of Section 201(c) or by express transfer—to the publishers of collective works.

The aim of Section 201(c)—to avoid the "unfair[ness]" of indivisibility—would not be further served by equating "privileges" with nonexclusive licenses. H.R. Report No. 94-1476, at 122 (1976), U.S. Code Cong. & Admin. News 1976, p. 5738. As explained, Congress was not responding to any perceived problem associated with the ability of publishers to enlist the help of outside entities to produce versions of their collective works, but rather to the risk that publishers of collective works might usurp 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 not prevent the exploitation of individual contributions, but would serve only to undermine the competing goal of ensuring that collective works be marketed and distributed