LEGAL ISSUES

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Cases of Note — Copyright – To Exploit or Not to Exploit; That is the Question

Column Editor: Bruce Strauch (The Citadel) <strauchb@citadel.edu>

RIGHTHAVEN LLC V. WAYNE HOEHN,
UNITED STATES COURT OF APPEALS

Righthaven was an LLC formed for the purpose of suing bloggers for posting news articles without authorization. After a targeted blogger posted an article, the newspaper — Las Vegas Review-Journal — would assign copyright to Righthaven subject to rights of reversion. Their Strategic Alliance Agreement (SAA) really only assigned the right to sue.

And here we see the death gasp of the print news industry. The paper could have hired the lawyers to sue. But they must have wanted to conceal their role.

And now we get an attempt at homespun humor. The circuit judge tells the tale of ol' Rail-splitter Abe Lincoln telling the tale of a lawyer trying to establish a calf had five legs by calling the tail a leg. But old Abe sagely observed that calling a tail a leg does not make it so. And thus the 9th Circuit sagely notes that calling someone a copyright owner does not make it so.

Wayne Hoehn and Thomas DiBiase are our defendants in question with their cases consolidated on appeal. The district court found in each case that Righthaven lacked standing to sue as it was not the owner of any of the exclusive rights under copyright law. In the Hoehn case, the judge found that fair use was available as a defense in the alternative.

And whups! We find that DiBiase is a practicing lawyer and was once an assistant U.S. attorney. Not a good candidate for a quick settlement shake-down. He runs a blog about squandered flailing at those pesky bloggers of the new media who are making life so gosh-darned unpleasant for the stuffy, geriatric old media.

You have to look beyond the labels to the substance and effect of the contract. Stephens Media retained “the un fettered and exclusive ability” to exploit the copyright. Righthaven had no right to exploit.

And Righthaven continued to tap dance. Righthaven was given full ownership under the assignment, see? But then the SAA granted Stephens an exclusive license. So they had copyright? Right?

No. Even if they did, in granting the exclusive license to Stephens, Righthaven no longer had the exclusive rights. And only the exclusive licensee can sue for infringement. 3 M. Nimmer & D. Nimmer, Nimmer on Copyright § 12.02[C] (2012).

This whole thing was so in the news there for a while. But stop and think. Is there any real exploitation of Vegas-Journal news articles possible after the day’s issue becomes fish wrap?

So all this time and money were squandered flailing at those pesky bloggers of the new media who are making life so gosh-darned unpleasant for the stuffy, geriatric old media.

Questions & Answers — Copyright Column

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QUESTION: The U.S. Supreme Court decided Kirtsaeng v. John Wiley & Sons on May 19, 2013, in favor of Kirtsaeng who was sued for infringing Wiley’s copyrights when he imported and sold in this country foreign editions of Wiley’s textbooks sent to him by his family from Thailand. The Court held that the first sale doctrine was not limited to within the United States. (See http://www2.bloomberglaw.com/desktop/public/document/Kirtsaeng_v_John_Wiley_Sons_Inc_No_11697_2013_BL_71417_US_Mar_19/1) What is the continued on page 51

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**likely outcome for libraries? For publishers?**

**ANSWER:** Publishers often produce cheaper copies of their works using less expensive paper, binding, etc., and sell them abroad at a reduced price. This was an interesting case because Kirtsaeng made more than $1 million from his resale activities, unlike libraries that sell copies of works that are no longer needed for their collections. The Supreme Court reversed the Second Circuit, U.S. Court of Appeals which held that the first sale doctrine, embodied in section 109(a) of the Copyright Act, did not apply outside of the United States and therefore the publisher could prevent importation of these copies. The first sale doctrine holds that royalties are due to the copyright owner only for the first sale of a work; thus, when books are resold, lent by libraries, etc., no further royalties are paid.

Library associations filed an amicus brief in the case asking the Court to hold that the first sale doctrine applied to copies that were lawfully acquired abroad. Libraries feared that a publisher that wanted to control application of the first sale doctrine, could simply move manufacturing off shore which would eliminate library reliance on the first sale doctrine to lend digital works and sell unwanted ones.

Some writers believed that the Supreme Court would support Wiley’s position, but others called it correctly that the first sale doctrine would trump section 602(a) which says that if the search be only for an unused copy as it did in subsection (c), but it did not. This leads to the conclusion that the library must also search for a used copy for the user before reproducing the work.

Section 108(h)(2)(B) applies only to works in the last 20 years of a work’s term of protection, and it contains a similar provision concerning a search. Also, it does not use the word “unused” and mysteriously substitutes “reasonable price” for “fair price.” So, presumably a library would also have to look on the used copy market before reproducing the work.

**QUESTION:** An instructor for a course titled the History of American Sexualities asks about splicing segments of the film “A Florida Enchantment,” a film originally produced in 1914. The Library of Congress republished the film on videotape in 1993. The Media Resource Center at his institution said that it would not allow him to do this unless the film was available through public domain.

**ANSWER:** If the film is in the public domain, then the instructor may copy even the entire film at will. Based on the date, it does not appear to be in the public domain. Even if the copyright in the film was renewed after the first term of copyright, 56 years is the longest that it could have been protected. Thus, it would have entered the public domain in 1970. The Library of Congress videocassette version would have a new copyright only for any new material added since it was a copy of the original and not really a new version.

Even if the work were still under copyright, the segments might be reproduced and used for teaching purposes. If the course is taught face-to-face and the instructor is showing the film to the class from a spliced DVD, section 110(1) of the Copyright Act applies and likely would permit the reproduction of a fair use portion of the film. If the instructor is using a course management system to show films, or if the course is taught online, then section 110(4) applies and “a reasonable and limited portion” of a video may be performed. The statute even allows copying of the reasonable and limited portions.

**QUESTION:** Does the first sale doctrine apply to digital works? How are companies like ReDigi able to permit the resale of these works?

**ANSWER:** The former Register of Copyrights, Marybeth Peters opined that digital copies were not subject to the first sale doctrine. Her reason is that the doctrine was meant to apply to tangible copies where the actual physical work is transferred to another. In the digital world, however, if one gives another person his e-copy, it is not the same copy that the he had even if he deletes it from his device. The question now is whether this matters or should matter?

For many digital works, the license agreement controls and the first sale doctrine does not even come into play. Both Amazon and Apple have recently obtained patents for the exchange of digital materials which has made publishers extremely nervous. ReDigi, a company that allows the reselling of iTunes songs, has been in the news recently because it has been sued by Capitol Records. ReDigi tried a friendly approach to recording companies by requiring, for example, that any money a consumer made from selling an iTunes song had to be spent on new songs. Similarly, the Amazon and Apple patents allow only one copy of an electronic product to exist at any one moment.

Is the resale of digital works a good idea? Certainly, it is for libraries and consumers. Authors are concerned, however, that resale of digital works will hurt the sale of new books and could even lead to unrestrained reproduction of digital works. Interestingly, a similar concern was expressed with Amazon and began to offer used books for sale. The parade of “horribles” from the online sale of used books has not been realized, though. The judge in the ReDigi case refused to issue a preliminary injunction against ReDigi, and a decision in the case is expected soon.

Hear via the GV that the incredibly awesome Liz Lorbeer is the new (and right now only) librarian for the new medical school at Western Michigan University in Kalamazoo, MI. The school will open in the fall 2014 so Liz will spend the next year building a collection to support the faculty already on board in affiliated hospitals and the like. Exciting!

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