April 1996

Cases of Note

Anne Jennings
Sinkler & Boyd

Jack G. Montgomery
University of Missouri-Columbia

Follow this and additional works at: <https://docs.lib.purdue.edu/atg>

Part of the [Library and Information Science Commons](#)

Recommended Citation

Jennings, Anne and Montgomery, Jack G. (1996) "Cases of Note," *Against the Grain*: Vol. 8: Iss. 2, Article 18.
DOI: <https://doi.org/10.7771/2380-176X.2024>

This document has been made available through Purdue e-Pubs, a service of the Purdue University Libraries. Please contact epubs@purdue.edu for additional information.

LEGAL ISSUES

Section Editors: Anne Jennings (Sinkler & Boyd) <103145.320@compuserve.com>
Jack Montgomery (University of Missouri, Columbia)
<MONTGOMERY@law.missouri.edu>

Cases of Note

Column Editor: Anne F. Jennings (Sinkler & Boyd) <103145.320@compuserve.com>
[Note change in address.]

There has been much activity in the copyright courts over the past several months. While several new and quite interesting cases have come to our attention, there have also been rulings in cases previously mentioned in this column. Therefore, as promised, we are updating you on those matters we know you have been anxiously longing to hear about.

Princeton University Press, Macmillan, Inc., and St. Martin's Press, Inc., Plaintiffs-Appellees, v. Michigan Document Services, Inc., and James M. Smith, Defendants-Appellants (1996 WL 54741)

We first brought this matter to your attention in February of 1995 (ATG, v.7#1, p.50). It is a case which parrots the 1991 Klinko's decision. In June 1994, the United States District Court for the Eastern District of Michigan awarded plaintiffs \$30,000 in statutory damages plus attorney's fees when it found that the defendant copy shop's duplication of plaintiffs works for "coursepacks" did not constitute fair use under the Copyright Act. The attorney's fees later awarded by the court were \$326,318.52. The defendants appealed and on February 12, 1996, the Sixth Circuit Court of Appeals reversed the opinion of the district court and ordered summary judgment in favor of the defendants on the basis of fair use. Now this you can get excited about, as have many others previously on the CNI-copyright listserv.

The above-named plaintiffs brought this infringement action against Michigan Document Service (MDS) and James Smith, President of MDS, alleging that their copyrights were violated when the defendants made multiple copies of excerpts from materials given them by University of Michigan professors for use in the classroom. MDS compiled the copies in coursepacks and sold them to students for a profit during the Winter 1992 semester.

The 6th Circuit Court of Appeals fo-

cused specifically on six excerpts which MDS assembled into three coursepacks. Those works and the amounts copied were:

Farewell to the Party of Lincoln: Black Politics in the Age of FDR, by Nancy J. Weiss (95 pages or 30% copied).

Public Opinion, by Walter Lippmann (45 pages or 18% copied).

The Nature of Human Values, by Milton Rokeach (77 pages or 18% copied).

Political Ideology: Why the American Common Man Believes What He Does, by Robert E. Lane (78 pages or 16% copied).

Social Psychology, by Roger Brown (52 pages or 8% copied).

Where the Domino Fell: America and Vietnam, 1945-1990, by James S. Olsen and Randy Roberts (17 pages or 5% copied).

Each professor signed a declaration that he did not request copies when he would otherwise have assigned the entire work. MDS did not seek permission from the publishers to make copies of the excerpts nor did they pay any royalties or permission fees.

This matter was heard *de novo*, meaning that they were reviewing the record as if it were the first time, without taking into consideration the reasons for the District Court's opinion. The specific question addressed by the Court of Appeals was "whether the evi-

dence 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."

The publishers argued that they are in direct competition with MDS in that their business is to publish textbooks, anthologies, collections of readings and other works used in the classroom in the hope that professors will assign their publications and that students in turn will buy them. In addition to publishing, the plaintiffs also license copy shops such as MDS to duplicate portions of the works.

To support their claim, the publishers relied on the Classroom Guidelines portion of the United States Copyright Act which provides that nonprofit copying for educational purposes is fair use when "not more than 1000" words are copied and when "the inspiration and decision to use the work and the moment of its use for maximum teaching effectiveness are so close in time that it would be unreasonable to expect a timely reply to a request for permission." The Guidelines "prohibit [] ... [c]opying ... used to create anthologies, compilations or collective works." H.R. REP. NO. 1476 at 68-71, U.S. Code Cong. & Admin. News 1972 at 5659, 5681-5684. The publishers asserted that the defendants use of the excerpts far exceeded the "safe harbor" of protection offered by the Guidelines in that the specific copies were much longer than 1000 words, were copied for profit, were used in compilations and were copied without permission although there was ample time to do so.

The defendant, however, argued that "the public has a right to make fair use of a copyrighted work, and to exercise that right without requesting permission from, or paying any fee to, the copyright holder." MDS stated that the use of coursepacks in the classroom promotes learning and any copying, which was done at the direction of professors, was "therefore authorized as necessary and incidental to

continued on page 39

Cases of Note from page 38

that fair use." They supported their claim by allegations that the particular materials were not central to the courses and, as such, should not require students to purchase the entire original work. By sending the excerpts to MDS for compilation, both the professors and the students were able to save time and money. Further, the professors did not receive a commission or other economic benefit from the reproductions and there was no loss in sales by the publishers in that had they forbidden the reproductions, as they admitted they would have done, the excerpts would not have been assigned.

In making their determination, the Court of Appeals applied the "fair use" doctrine to the facts at hand. Their findings as to each are detailed hereinbelow.

1. As to the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes:

The court separated the first finding into two elements: the transformative value of the coursepacks and the profit or nonprofit characteristics of the use. Quoting the United States Supreme Court in Campbell v. Acuff-Rose, 114 S. Ct. 1164, n. 11 (1994), the court agreed that the "statutory exception to this focus on transformative uses is the straight reproduction of multiple copies for classroom distribution." In the present case, the court decided that the coursepacks were essentially new products which were customized by the professors for use in the classroom and that a similar product was not available for purchase from the publishers.

The court also found that the copying was not commercial but rather "nonprofit educational" because:

- MDS reproduced the copies more efficiently and for less expense than the professors or the students would have been able to do.
- MDS charged a per page fee rather than a fee based on the content and it did not apply additional charges for copyrighted materials (i.e. MDS did not exploit the copyrighted works).
- MDS did not determine the amount of each work to be copied.
- The Copyright Act does not prohibit either the professors or the students from using third parties to make reproductions of works in order to save money.

2. As to the nature of the copyrighted work:

The court agreed that the works at issue were protected by copyright and therefore could only be duplicated "fairly", according to the exceptions allowed by the Copyright Act.

3. As to the amount and substantiality of the portion used in relation to the copyrighted work as a whole:

The court found there was no evidence

that the six excerpts were so substantial so as to supersede the original works. The longest excerpt was 30% and the others ranged from 5% to 18%; however, even the 30% excerpt from the Weiss book on black politics did not extract what could be called the heart of the book. Additionally, as stated above, each professor who sent the works to MDS signed a statement that he would not have assigned the work in any form had the publishers denied permission to copy.

4. As to the effect of the use upon the potential market for or value of the copyrighted work:

The court found there was no evidence in the record which supported a claim that the market for the original works had been adversely affected. The party alleging the infringement has the burden of proof as assigned by the court in Sony Corp. of America v. Universal Studios, Inc., 104 S. Ct. 774 (1984). In the present case, the plaintiffs failed to even attempt a demonstration of a loss of marketability for the original works but rather alleged only lost permission fees. Such a loss does not have a bearing on the market for these books.

In summarizing, the court found that as a result of the statutory factors and the evidence from the district court which strongly implied that the works were not produced for financial gain but rather to elicit recognition among the authors' peers, the district court opinion was reversed and Summary Judgment granted in favor of MDS.

I doubt we have heard the last from this important case. It is likely to be appealed to the Supreme Court in that the ramifications are so significant in light of the Kinko's case, as noted above. Personally, I would love to see a copy of the transcripts from both the district court Summary Judgment hearing and the Court of Appeals arguments. I have a lot of unanswered questions, and I am sure many of you do as well. Let me hear your thoughts. You can email me at the above address or write in care of Sinkler & Boyd, P.O. Box 340, Charleston SC 29402.

Matthew Bender & Company, Inc. & Hyperlaw, Inc. (plaintiff-intervenor) v. West Publishing Company (1995 WL 702389).

Before you get too excited, I must in all fairness explain that the recent ruling in this case did not resolve or even address the citation issue but rather was a ruling by Judge Martin of the United States District Court for the Southern District of New York on a motion filed by Matthew Bender asking the court to allow them to file a second supplemental complaint. Matthew Bender wanted to amend their initial cause against West. I bring it to your attention for several reasons, one being simply to update you on the status of this matter and another to show you the machinations involved in filing an action and ultimately bringing it to resolution, i.e. why and how cases take so long to litigate (as if

you didn't already know after O.J.).

As you may recall, Bender filed an action in February of 1994 seeking a declaratory judgment from the court on its use of West's volume and page numbers in its Search Master CD-ROM products. A declaratory judgment is often filed in anticipation of litigation and seeks a ruling on those issues which would otherwise be likely to be the subject of a lawsuit. Obviously, it is Bender's intent that the court rule that their usage is a "fair use" under the copyright statute, 17 U.S.C. 107. Subsequently, West filed a Motion to Dismiss the complaint, alleging that Matthew Bender had failed to state an actual controversy as required by the Declaratory Judgment Act. The motion was amended by West in June 1995 when West asserted that it had no intention of suing Matthew Bender for any current or future use of its pagination. This motion was argued on September 15, 1995 and is still pending as we go to press.

So now, here we are, with a ruling on Bender's Motion to File a Supplemental Pleading allowing them to add the current version of Search Master to their complaint. West opposed the motion for three reasons:

- West stated that a party cannot revive a moot action by filing a supplemental complaint. This argument anticipated a favorable ruling by the court with regard to the West Motion to Dismiss. The judge described this as a "presupposition" on the part of West that they will succeed in their motion.
- West alleged they would be prejudiced by the addition of an entirely new cause of action after the close of the discovery period.
- West asserted that the second supplemental complaint, like the first, failed to allege an actual controversy as allowed by the Declaratory Judgment Act.

The court ultimately ruled in favor of Matthew Bender, concluding that a second supplemental complaint "will promote the economic and speedy disposition of the controversy between the parties, will not cause undue delay or trial inconvenience, and will not prejudice the rights of West."

This ruling is notable in that it perhaps shows which way the court is leaning in advance of its ruling on the West Motion to Dismiss. Otherwise, it would have seemed to be more economically sound for the court to rule instead on the dismissal. But, who knows!? We will of course advise you as soon as that opinion is handed down.

Pro CD, Inc. v. Matthew Zeidenberg and Silken Mountain Web Services, 908 F.Supp. 640 (1996)

Another matter we brought to your attention last year (ATG, November 1995, v.7#5, p.50) was this claim by Pro CD, the publisher of CD-ROM software which offers electronic access to telephone listings throughout the country. Pro CD initiated suit against the defendants alleging copyright infringement and

continued on page 41

Juris Libris from page 40

concise overviews of the legislative and judicial systems, a description of the documents each produces, and an explanation of how basic legal research works. As Ms. McCallum points out, "Every depository library provides, within the reach of the public and the public librarian, a basic legal collection." Bibliography.

Madison Mosley Jr., "The Authorized Practice of Legal Reference Service," 87 *Law Library Journal* 203-209 (1995). There's a difference between reference service and legal advice, the author points out, and librarians who are acting as librarians in helping patrons to use legal resources are not practicing law.

Joan Pedzich, "Taking the Law into Your Own Hands," *Library Journal* 79-84 (June 1, 1993). An annotated bibliography of legal research guides and the self-help material available in different areas of the law, such as estate planning, domestic issues, real estate and debtors' rights. The author also discusses the importance of keeping legal information current and provides other selection guidelines.

Gail Reinertsen, "Bibliography on Public Access to Legal Materials," 6 *Legal Reference Services Quarterly* 181 (1986). The author discusses the issue of providing legal information to the public and offers an analysis of materials available to do so, both from a theoretical and a practical standpoint.

Gloria Grant Roberson, "Legal Research and the Democratic Process," 40 *Reference Librarian* n63-71 (1993). The author argues effectively that the public's right to know and need to know means nonlaw librarians must play a key role in providing legal/governmental information to all. Bibliography.

Clearinghouse

LISP's clearinghouse contains a large variety of sample materials submitted by AALL committees, law libraries and other organizations interested in making legal information more available to all. Included are bibliographies, such as "Self-Help Law Sampler 1986-1991," by Madeline Hebert and Helgard Bloemeke Baier; program and workshop handouts; library guides; and books. Much of the material is available on a loan basis. For a copy of the clearinghouse annotated bibliography, write to Elizabeth K. Schneider, Texas Tech University Law Library, 1802 Hartford, Lubbock, Tex. 79409-0004.

LISP Newsletter

The quarterly publication of the Legal Information Service to the Public Special Interest Section of AALL publicizes activities of LISP, other AALL units and individual libraries in getting legal information to the public. The newsletter contains bibliographies, research guides and reports on effective programs and outreach. Subscription is free for those who are members of LISP; the cost is now only \$5 a year (but subject to change) for others. Write to Franklin A. Weston, LISP Newsletter Editor, University of San Diego Legal Research Center, 5998 Alcala Park, San Diego, Calif. 92110.

Web Sites

A selection of sites that provide legal information for the general public (although many also have sections meant for attorneys).

ABA Legal Help Center <<http://grover.abanet.org/public/home.html>> This site maintained by the American Bar Association Division for Legal Services offers a directory of programs for those who can't or don't want to use traditional legal assistance and a catalog of legal-education materials in laypeople's language. There is also information on finding a lawyer.

LawInfo <<http://LawInfo.com/self.help.html>> The Self-Help Forum here has a FAQ (frequently-asked-questions site) of general legal questions and a section providing information on selected legal topics.

The 'lectric Law Library <<http://www.lectlaw.com/>> This site has an informal approach to legal information, with sections such as the Reference Room (primary law), the News Room (current governmental and legal issues), and the Forms Room. The Laypeople's Law Lounge includes information on consumer, employment, investment and other legal issues, as well as government benefits.

Legal dot Net: Dear Esquire <<http://www.legal.net/esquire.htm>> This is a forum where people can ask attorneys questions about general legal options (not specifics). However, "The response to Dear Esquire has been so overwhelming that it has become impossible for the small staff of attorneys ... to handle the volume." Dear Esquire is recruiting more attorneys, however.

Nolo Press Self-Help Law Center <<http://www.gnn.com/gnn/bus/nolo/index.html>> Nolo Press is the leading publisher of self-help law books in the country. The Nolo Press homepage includes articles about legal issues such as landlord/tenant, small claims court, immigration and intellectual property.

Seamless Web <<http://seamless.com/>> For attorneys and laypeople. "The Commons" contains writings on law-related topics, and "The Shingle" features homepages of lawyers (who often provide useful introductory information) and legal service providers.

Cases of Note from page 39

violation of shrinkwrap license as a result of their downloading the listings featured on the Pro CD product and then placing the data onto the Internet. Both parties filed **Motions for Summary Judgment** and Chief District Court Judge Crabb of the Western District of Wisconsin ruled in favor of the defendants, finding that:

1. The defendants did not infringe on the copyrighted software when they downloaded the data to their own hard drive for the purpose of making that data available on the Internet in that the telephone listings are

"uncopyrightable." This ruling was based not on the idea that all telephone numbers are uncopyrightable but that plaintiff's arrangement of the listings lacked "the minimal creativity necessary to garner copyright protection."

2. The users were not bound by the "shrinkwrap license" included with the software because the defendants were not allowed to bargain or dispute the user agreement, much less review the same before purchase, as it is **INSIDE** (emphasis added) the package box. Therefore, they were not able to assent to the terms of the license.

3. The State of Wisconsin breach of contract and misappropriation claims alleged by the plaintiff were preempted by the Copy-

right Act.

4. The Wisconsin State Computer Crimes Act claim as to the defendants was also preempted by the Copyright Act.

These latter two claims were preempted for identical reasons, i.e. because telephone listings fall under the subject matter of copyright and because plaintiff's actual purpose in making such claims was to prohibit the copying and distribution that it could not prevent under federal law.

Another interesting opinion. Your thoughts? I wonder if in the future we will all have to actually read and sign a "shrinkwrap license" before purchasing new software.