Electronic Rights: Going Beyond the Grant of Rights Clause

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Introduction

The "grant of rights" clause in a publishing agreement delineates the scope of rights granted by the author to the publisher. The clause may be extremely broad in that it may include the grant of all exclusive rights and interests in the author's work, it may be very limited so as to only include a specific grant of rights, such as to publish the author's work in one edition of a periodical that may only be distributed in North America, or the clause may include a grant of multiple rights. The significant point is that the publisher may only commercially exploit those rights specifically granted by the author. If the publisher decides to exploit a right that was not granted by the author, the publisher could be found liable for copyright infringement of the author's work.

Publishers and writers have begun to pay greater attention to electronic rights issues with the increasing importance of electronic publishing. Today most contemporary publishing contracts contain a reference to electronic rights, frequently referred to as "e-rights," and a "future technology clause" which grants the publisher the right to exploit a work in "all media now known or hereafter conceived or created." The inclusion of e-rights, hopefully with specificity, and a future technology clause in the publishing agreement are very important for determining the rights of the publisher and author. This is because the meaning and scope of e-rights have not as yet been precisely defined and also because the courts differ on their interpretations of the future technology clause. Courts, if they become involved in electronic rights controversies, will analyze the language of the publishing contract in an attempt to ascertain whether the publisher and/or author fully controls all e-rights, has limited control of specific e-rights, or has no right to exploit any of the e-rights. Thus it is essential that the publishing contract explains as clearly as possible the intent of the parties with regard to the exploitation of e-rights.

In _Tasini v. New York Times Co._ the court looked beyond the grant of rights clause, which has normally been the crucial factor in deciding cases involving the control of particular rights, especially if the case involved future technologies that may not have existed at the time the agreement was executed. Here, instead, the court was asked to decide whether publishers were entitled to place articles written for and published in their print periodicals into electronic databases and onto CD-ROMs without first securing the permission of the freelance writers who wrote the contributions for those periodicals. Therefore, the substantive issue revolved around e-rights that were not specifically granted to the publisher by the writer, and yet were commercially exploited in electronic media by the publisher.

Before this decision, there was much speculation about who actually owned and therefore controlled the e-rights in an article that was written by a freelance writer for a periodical absent an explicit grant of the e-rights to the publisher. Periodical publishers were confident that, even if the decision were unfavorable, freelance writers would eventually yield their e-rights to publishers because publishers were better prepared to distribute them than the writers.

On the other hand, freelance writers were equally confident that a decision would never require them to surrender their e-rights that had not been granted to the publishers and for which they had not been compensated.

Prior to _Tasini_ only a few courts had issued opinions concerning the ownership of e-rights. The _American Society of Journalists and Authors Contracts Watch_ in July, 1997, reported that a writer won a $2100 default judgment against a magazine publisher who failed to appear to defend itself against the writer's claim that the publisher had breached its contract by placing the writer's articles on its Website without the writer's consent. In another 1997 case, the _New York City Court_ in Albany, New York, dismissed a writer's claim that the _Times Union_ newspaper had republished her articles without her consent when they appeared on computer online services. The court stated that the newspaper's placing the writer's articles online was no different than a purchaser of a newspaper remailing an article to a friend, retention of a newspaper in a library, or preservation of that newspaper on microfilm. In short, the court reasoned that the placing of the writer's articles on a computer online service was only another means of archiving the articles.

_Tasini_, however, went far beyond the scope of these decisions as the court conducted a detailed legal analysis that was not based on analogies to similar types of rights or principles of equity. Ultimately the court decided that even though the freelance writers failed to grant the publishers e-rights in their articles, that the publishers were not liable for copyright infringement when they republished these...
and then have the right to also publish the work in other media, such as the online databases and CD-ROMs that were at issue in *Tasini*.

**Step Three: Owners of collective works have the right to revise their collective works and distribute the revised collective works.**

The crucial issue in *Tasini* concerned the rights a publisher possessed as the copyright owner of a collective work with regard to the contributions that were written for inclusion in the particular collective work. Section 201(c) of the Copyright Act states that "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." Therefore, the publisher of a collective work has the right to reproduce and distribute the contributions to the collective work, but only when the contributions remain a part of the collective work as a whole. Furthermore, the publisher of a collective work has the right to revise the particular collective work. When these rights are put together, it means that a periodical publisher cannot distribute articles contributed to the collective work individually, but may distribute individual articles in the periodical as a whole, or in any revision of the periodical as a whole.

**Step Four: The right to revise a collective work is transferable.**

The freelance writers claimed that, even if the publishers had the right to revise their collective works, this right was not transferable to third parties. The writers contended that the publishers should not be able to permit online database or CD-ROM publishers to assume the revision right on behalf of the periodical publisher. However, the court ruled that the revision right was transferable for a collective work as a whole, since the only restriction on this right was that a publisher could not transfer individual contributions to a collective work. Therefore, the court concluded that there were no restrictions on a publisher licensing the right to reproduce a revised collective work as a whole to third parties.

**Step Five: The right to have a work appear on a computer screen is not a separate right under the Copyright Act.**

Section 201(d)(1) of the Copyright Act states that "the ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law" and Section 201(d)(2) states that "any of the exclusive rights comprising in a copyright, including any subdivision of any rights ... may be transferred ... and owned separately." Therefore, an author can transfer all or any of the "exclusive rights comprised in a copyright" to one or multiple third parties. This doctrine of divisibility explains why it frequently occurs that more than one entity owns specifically enumerated rights in a work, such as the publisher owning the copyright in a novel while a film studio owns the copyright in a movie. In short, a copyright is almost infinitely divisible.

One of the exclusive rights of copyright is the "display right." This right permits the owner of that right to display a particular work. The writers argued that because the publishers did not have display rights to their articles since the writers never explicitly granted these rights to the publishers, that the publishers could not "display" their articles on a computer screen. The court rejected this argument and held that, because the publishers had a right to make copies of their collective works, they also had the right to place those copies on a computer screen.

**Step Six: Placing an article originally published in a print periodical into electronic form is a mere revision of a collective work.**

The court's conclusion that the right to make copies also included the right to put those copies on a computer screen flowed from the often-stated belief that (1) when Congress wrote the 1976 Copyright Act it anticipated all the technological changes that have occurred since 1976; or (2) at continued on page 47
least that Congress was content with the knowledge that the current Copyright Act would successfully be applied to any newly-developed technology or media. Therefore, because Section 201(C) of the Copyright Act, the section dealing with collective works, did not include a media restriction, the court reasoned that a revision of a collective work could include a revision into another media, such as an online database or CD-ROM.

"... the court reasoned that the placing of the writer's articles on a computer online service was only another means of archiving the articles."

The writers further contended that even if the publisher of a collective work was permitted to revise the collective work, the revised collective works that were now incorporated in a new medium, such as the LEXIS online database, did not resemble the original print collective work. However, the court stated that as long as the original collective work could be recognized in the revision that the publishers had not exceeded their revision rights under the Copyright Act. Therefore, since the database revision of the collective work still indicated the source, author, and date of the original contributed article, the court held that such electronic revision was similar enough to the original print collective work and satisfied the revision requirement of the Copyright Act for collective works.

The court appeared to be singularly impressed with the selection process necessary to create a periodical, and seemed to ignore that the arrangement component of the print periodical was lost in the online database medium that the online database contained no pictures, captions or columns.

Finally, the court summarily dismissed the writers' arguments that they were being deprived of the financial benefits from the reproduction of their works in an electronic form, stating that it was up to Congress and not the courts to remedy this situation by amending the Copyright Act. The court went on to say that the writers' predicament was due to a change in the technology of publishing and was not a result of the court's decision.

A Critique

The *Tasini* decision, to say the least, is controversial. There are currently outstanding legal motions that as yet have not been decided, and there is also the likelihood of an appeal by the writers. During the months ahead there will be many detailed critiques of the legal arguments and the decision, especially by those who believe the court's decision went beyond interpreting copyright law and instead developed new policy.

It is not debatable that the publishers' periodicals are collective works or that the writers did not explicitly transfer the e-rights to their articles to the publishers. However, it is questionable that the right of revision for a collective work should include the right to transfer it into an electronic form, especially in light of the fact that the writers did not transfer their e-rights to the publisher. It is also questionable whether publishers should have the right to reformat the articles contained in collective works into an electronic form without the writers' permission just so long as the publishers do not separate the individual articles that comprise the collective work from the original collective work.

There is also the question of whether this decision has weakened the distinction between collective and derivative works especially when the right to "revise" a collective work into an electronic medium also includes the right to transfer this right to a third party. If the decision is correct about the transferability of the right to reproduce articles electronically, then presumably there is nothing to prevent a print publisher of a collective work from transferring the electronic right to a multimedia producer who could then create a CD-ROM that contained the original print collective work. The only restriction on such a transfer would be the requirement that all the articles in the original print collective work would be included in the CD-ROM and were somewhat recognizable in their original form.

Furthermore, is the decision correct in its reasoning that the right to have a work appear on a computer screen is not an exploitation of the display right? Finally, even if one is willing to admit that placing a periodical in its entirety on a CD-ROM is a revision of a collective work as intended by the Copyright Act, it seems to stretch the intent of the Copyright Act once materials that were included in the original print collective work have been deleted from the revised electronic collective work.

**Conclusion**

We have certainly not heard the last of *Tasini* or controversies involving e-rights and future technology classes. Ultimately, the *Tasini* decision may have achieved the right outcome, but the question that now should be asked is has it done so at the expense of the Copyright Act? If freelance writers receive additional compensation for their articles, they may eventually be more willing to grant their e-rights to the publishers since the publishers may be better equipped to distribute their articles to the public. It may be that *Tasini* forced the electronic rights issue into definitions contained in the Copyright Act for which they were not intended and that ultimately this decision could prove detrimental to both authors and publishers.

NB: This article is not legal advice. You should consult an attorney if you have legal questions that relate to your specific publishing issues and projects. **Lloyd L. Rich** is an attorney practicing publishing and intellectual property law. He can be reached at 1163 Vine Street, Denver, CO 80206. Phone: (333) 388-0291; FAX: (303) 388-0477; <rich@csn.net>. Mr. Rich's World Wide Web site may be found at <http://www.publaw.com>. Stop by for a visit. **Jennifer L. Fountain**, a third year student at the University of Denver School of Law, provided the research for this article.

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**Endnotes**

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