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Cases of Note-Copyright-Implied Licenses

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Copyright Corner from page 63

thing else enters the public domain. When Congress enacted term extension, it made the provision retroactive for all works still under copyright. For example, at the end of 1998, all works from 1923 should have passed into the public domain; instead, they received an additional 20 years of copyright protection.

Many foreign published works which had been within the public domain in the United States have been restored to copyright status due to treaty obligations.² This amendment applies only to works that were not in the public domain in the country of publication. In other words, much of the world had a longer copyright term than did the United States, thus, foreign-published works were treated as having expired terms in this country but not in their country of publication. This amendment contains a number of protections for parties who relied on the public domain status of a work. Further, the restoration lasts only as long as the work would have been protected had it never entered the public domain (i.e., life of the author plus 50 or 70 years for most countries).

There are four large categories of works that are found within the public domain. First, the public domain is made up of works that do not meet the statutory requirements for copyright. Second, all works published in the United States on which the copyright has expired are no longer eligible for copyright protection. This represents the largest category of public domain works.

The third category is comprised of works in which the author never claimed copyright or which were dedicated to the public by being published without copyright notice prior to January 1, 1978. Prior to the current Act, publication without notice was a fatal flaw, and the author lost her rights. Since 1978, however, publication without notice does not destroy copyright protection, and the work is still protected.

United States documents comprise the fourth category. Section 105 of the Copyright Act simply states that works by the federal government are ineligible for copyright protection.³ This used to be an absolute, but around 1978 the National Science Foundation began to award grants to researchers that permitted them to hold personal copyright in works they would produce. These were predominantly NTIS documents. As the government has increasingly contracted with outside vendors to conduct studies, write reports, and the like, there are some government publications that appear with copyright notice – not a claim of government copyright but a claim from the private contractor that produced the work. Despite these anomalies, the huge majority of federal government publications are public domain. Because the Copyright Act

is a federal statute, it is silent as to state government publications. Thus, states are free to claim copyright in their documents if they so choose.

Many publishers and other producers of copyrighted works repackage federal government information and sell it commercially. Is this a problem? No, neither for the publisher/producer nor for the librarian and user of the information. The republisher of the government work does not get a copyright work in the public domain material. Any copyright claimed by such publisher is only for any new material added such as a preface, special index, or the like. Users of these works are free to reproduce the data or text as it appeared in the government document but not to reproduce the copyrighted material added by the republisher. In fact, for works that consist predominantly of federal government works, the notice of copyright should identify those portions of the work that embody works eligible for copyright protection.⁴ In other words, the government documents incorporated are not eligible for protection but any new material added may be, if it meets the requirements of originality and creativity.

Other publishers and producers do more than republish the work. They might prepare an adaptation from the government document. For example, if a publisher prepared a summary or condensation of a government report, that condensation is an adaptation, or if an artist took three government-produced photographs and created an artistic panel of those photographs, that is an adaptation. The adaptation would be eligible for copyright

protection if it meets the requirements for copyright. However, anyone else could still take the original government work and prepare his own adaptation.

Today it is difficult to place a work within the public domain. Since copyright automatically attaches when one creates a fixed, original work of authorship, how can one dedicate a work to the public? In reality, it may not be possible to do so. What one can do, however, is to include a note that appears on the work to the effect that the author makes no claim of copyright and hereby grants all users the right to make any use of the work.

There are several sources to locate various types of public domain works. A recently published work, *The Public Domain: How To Find & Use Copyright-free Writings, Music, Art & More* by **Stephen Fishman** details many of these sources.

Endnotes

1. In 1998, Congress passed the Sonny Bono Term Extension Act. See "Copyright Corner" in *Information Outlook*, January, 1999.
2. 17 U.S.C. § 104A (Supp. 1993).
3. The government may hold copyright in works by gift, bequest or assignment, however.
4. 17 U.S.C. § 403 (1992).

Cases of Note — Copyright - Implied Licenses

by **Bruce Strauch** (the Citadel) <strauchb@earthlink.net>

Website Wars! What happens when that friendly oral contract with the techies breaks down?

Holtzbrinck Publishing Holdings, L.P. v. Vyne Communications, Inc. 97 Civ. 1082 CKTDS; U.S. Dist. Ct. for SDNY, 2000; U.S. Dist. LEXIS 5444; Copy. L. Rep. (CCH) P 28, 081.

Holtzbrinck Publishing is the parent of **Scientific American** which in turn publishes the famous magazine as well as owning **W.H. Freeman**, publisher of college texts. **Vyne Communications** creates sites on the World Wide Web for third parties using content they provide.

Under an oral contract beginning in 1995, **Vyne** was hired to develop a website for **Freeman**. A year later, **Vyne**

transferred the site and all files to **Freeman's** computer without claiming any interest or ownership.

Also in 1995, **Holtzbrinck** negotiated another site for **Scientific American** to be serviced until it could be transferred in-house. **Vyne** was to do this for \$65,000 plus \$1,000 for the in-house transfer. The site was launched in April, 1996 on **Vyne's** computer. At the prompting of **Scientific American**, a copyright notice in the name of **SA** was put on the site.

The **SA** site became more complicated over time, and the parties decided to reduce the oral agreement to a writing.

That's lawyer talk. As you can imagine, the oral agreement swelled rather than reduced.

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A draft of this written by **Vyne** mind you, described the work and a statement of ownership in **SA's** favor. "**Scientific American** is the sole owner of the existing WWW site and any changes or additions to it that occur in the future. This consists of all HTML files...all unique graphics...all forms and other CGI code...and all content provided by **SA** or developed for **SA** by **Vyne** or its employees."

A second draft, again written by **Vyne** reiterated ownership by **Holtzbrinck (SA)** as well as a "work for hire" provision saying the parties "intend the Work Product ... to be a work made for hire under the Copyright Act."

Holtzbrinck never signed the draft.

Can you believe people are so slack? Of course you can; you work with them. I tell my students over and over that this is a career ending act of sloppiness. You've just created a lawsuit. Win, lose or draw, someone gets fired.

The parties went forward until **Vyne** decided it needed to be paid more for the work and as leverage claimed ownership in the coding, programming and graphics for the **SA** site as well as the right to deny **SA** use of the site.

As the wrangling continued, **SA** downloaded the files from **Vyne** onto its own computer using the **Vyne** password. **Vyne** filed a certificate of copyright registration on the website. **Holtzbrinck (SA)** sought a declaration of its rights and **Vyne** counterclaimed for copyright infringement.

Evidence Requirements - Statute of Frauds

*This takes you into the maze of the Statute of Frauds and its procedural requirement of written evidence of contracts. Copyright law requires a clear writing showing transfer of ownership. 17 U.S.C. § 204. One of the exceptions to the writing requirement is an admission by the party being sued that it meant to transfer copyright. **Vyne** admitted to **SA's** ownership through the draft which **Vyne** signed. This is not, however, the result of the opinion — and as I nag my students - don't rely on the exceptions to the Statute of Frauds. This is procedural and a judge might give you far less than you could have gotten by simply putting a signature to that draft that **Vyne** sent twice.*

The writings and conduct of the parties show that **Vyne** at a bare minimum gave **SA** a nonexclusive license in the programs and files created by **Vyne** and paid for by **SA**. Thus, **SA** would not be in copyright viola-

tion as to those files. As to unpaid work, the license is revocable by **Vyne**.

This applies to rights in the website as well.

Nonexclusive License - what is it?

The nonexclusive license is a safety-net concept used by courts when parties intend to transfer a copyright but don't do it in writing. Thus it can be done orally or implied by the conduct of the parties. See *Graham v. James*, 144 F.3d 229, 235 (2d Cir. 1998).

There is no transfer of ownership, and the license does not fall within copyright law. It merely permits use. It is granted, when (a) the licensee requests a work be created; (b) licensor does the work and delivers it; and (c) licensors intends that the work be copied and distributed.

The parties agreed on the creation of the **SA** website. **Vyne** did the work. **SA** paid for it. The code developed by **Vyne** was designed to display **SA's** content on the site.

Without an implied right of **SA** to use the code developed by **Vyne**, it would be worthless to **SA**. See *Design Options, Inc. v. Bellepointe, Inc.*, 940 F. Supp. 86, 92 (S.D.N.Y. 1996).

Along with the two draft contracts
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Bestsellers on the European Union
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Cooperation and the Poor. St. Martin's/Scholarly 2000 \$65.00 Cloth 0312230540.

Gender and the Labour Market: Econometric Evidence of Obstacles to Achieving Gender Equality; Ed. by Siv S. Gustafsson. St. Martin's/Scholarly 2000 \$69.95 Cloth 0312235674.

Idea of a United Europe: Political, Economic and Cultural Integration Since the Fall of the Berlin Wall; Ed. by Jamal Shatin. St. Martin's/Scholarly 2000 \$59.95 Cloth 0312234848.

Carlberg, Michael. *Economic Policy in a Monetary Union.* Springer-Verlag 2000 \$75.00 Cloth 3540675582.

Tietmeyer, Hans. *Social Market Economy and Monetary Stability.* Economica 1999 \$26.95 Cloth 190228206x.

At the Heart of the Union: Studies of the European Commission; Ed. by Neill Nugent. St. Martin's/Scholarly 2000 \$22.95 Paper 0312232330.

Arnall, Anthony. *European Union and its Court of Justice.* Oxford Univ Press 1999 \$130.00 Cloth 0198258984.

Roberts, Ivor, 1938-. *Social Policy in the European Union: Between Harmonization and National Autonomy.* Lynne Rienner 2001 \$49.95 Cloth 1555879772.

Levy, David A. *Europe's Digital Revolution: Broadcasting Regulation, the EU and the Nation State.* Routledge 1999 \$90.00 Cloth 0415171962.

Euro as a Stabilizer in the International Economic System; Ed. by Robert A. Mundell. Kluwer Academic 2000 \$120.00 Cloth 0792377559.

EU and Human Rights; Ed. by Philip Alston. Oxford Univ Press 1999 \$135.00 Cloth 0198298064.

Gender Policies in the European Union; Ed. by Mariagrazia Rossilli. Peter Lang 2000 \$35.95 Paper 0820445088.

Verdun, Amy, 1968-. *European Responses to Globalization and Financial Market Integration: Perceptions of Economic and Monetary Union in Britain, France and Germany.* St. Martin's/Scholarly 2000 \$79.95 Cloth 0312229135.

Zito, Anthony R., 1966-. *Creating Environmental Policy in the European Union.* St. Martin's/Scholarly 2000 \$65.00 Cloth 0312225547.

Voluntary Approach to Environmental Policy: Joint Environmental Policy-Making in Europe; Ed. by Arthur Mol. Oxford Univ Press 2000 \$70.00 Cloth 0199241163.

Why Europe?: Problems of Culture and Identity: V. 2: Media, Film, Gender, Youth and Education; Ed. by Joe Andrew. St. Martin's/Scholarly 2000 \$65.00 Cloth 0312227949.

Lansford, Tom. *Evolution and Devolution: The Dynamics of Sovereignty and Security in Post Cold-War Europe.* Ashgate 2000 \$69.95 Cloth 0754612554.

European Economies in Transition: In Search of a New Growth Path; Ed. by Oliver Fabel. St. Martin's/Scholarly 2000 \$79.95 Cloth 0312232241.

Constructing Europe's Identity: The External Dimension; Ed. by Lars-erik Cederman. Lynne Rienner 2001 \$55.00 Cloth 1555878725.

Schoutte, Philippe De, 1932-. *Case for Europe: Unity, Diversity, and Democracy in the European Union;* Trans. by Andrew Butler. Lynne Rienner 2000 \$39.95 Cloth 1555878989.

Into the Margins: Migration and Exclusion in Southern Europe; Ed. by Floya Anthias. Ashgate 1999 \$64.95 Cloth 1840141166.

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signed by **Vyne**, letters from **Vyne** stated it would "have no problem with the idea that SA owns all files created for this project." **Vyne** allowed SA password access to the site and placed copyright notice of SA's ownership on the site.

For a discussion of industry standard on website creators having no expectation of ownership, see Rinaldo Del Gall, III, Who Owns the Web Site?: the Ultimate Question when a Hiring Party has a Falling-Out with the Web Site Designer, 16 *J. Marshall J. Computer & Info.* 857, 884 (Summer 1998).

That Last Desperate Scrabbly Defense - Agency Law

I see this as **Vyne** grasping at straws, but it could be a serious issue for any small business where the owners don't agree on clear lines of authority. **Vyne** is owned by two shareholders - A & Z. A did all the negotia-

tions with **Scientific American**, but Z says under their corporate agreement, A had no authority to do so.

Under agency law, the firm - **Vyne** - is bound by contracts made by A with either actual or apparent authority. If Z had told A to make the contract, you've got actual authority.

A would have apparent authority if Z led **Scientific American** to believe that A had the authority to act and **Scientific American** reasonably believed A had the authority. *Doxsee Sea Clam Co. v. Brown*, 13 F.3d 550, 553 (2d Cir. 1994).

A did most of the meeting with SA. The few meetings which Z attended, A was allowed by Z to do all the talking. Z never told anyone at SA about any limitation on A's authority. It's a two-techie firm. **Scientific American** had no reason to believe that A lacked the authority to negotiate the contract. Any corporate agreement A & Z had between them limiting A's authority was hidden from **Scientific American**.

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