In the early 1980s, companies began compiling periodical articles in electronic databases.¹ These companies licensed newspaper and magazine articles from publishers and marketed the articles to the public. Database owners gradually archived enormous collections of articles spanning many years from hundreds of different periodicals.²

Electronic databases flourished because computers could instantaneously sift through a huge amount of data to find targeted information.³ Users typed in a search and technology delivered dozens of relevant articles. The Internet skyrocketed the availability of, movement of, and access to information.⁴ Databases experienced a corresponding increase in value and market size.⁵

Most periodical articles are written by employees of the magazine or newspaper,⁶ and copyright in these articles vests in the periodical publisher.⁷ Sometimes, though, a publisher hires a freelance writer to pen a

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² See Tasini, 206 F.3d 161, 164 (2d Cir. 2000).
³ See id. at 164 (NEXIS subscribers can “access an almost infinite combination of articles from one or more publishers using the database’s advanced search engine.”).
⁴ See, e.g., Robert Meitus, Interpreting the Copyright Act’s Section 201(c) Revision Privilege with Respect to Electronic Media, 52 FED. COMM. L.J. 749, 750 (2000) (“[T]he United States is in the midst of unprecedented technological change in which our capacity to produce, transmit, and receive information increase daily.”).
⁵ See Matthew Hoff, Tasini v. The New York Times: What the Second Circuit Didn’t Say, 10 ALB. L.J. SCI. & TECH. 125, 163-04 (1999) (“Today, any personal computer user can gain instant access to archives through commercial databases or the Internet.”).
⁶ See Tasini, 972 F. Supp. at 806-07.
⁷ If the writer of the article is employed as a writer by the publication at the time the article was written, then copyright vests initially in the publication. See 17 U.S.C. §§ 101, 201(b) (1994); see also Community for Creative Non-Violence v. Reid, 490 U.S. 730 (1989) (distinguishing employees from independent contractors).
story.Absent a written agreement to the contrary, in such situations the freelance writer retains the copyright in the article.

The process for hiring a freelance writer used to be straightforward: an editor telephoned a freelance writer and verbally contracted for an article; the writer wrote the piece and delivered it to the editor, who published it in the periodical. Publishers sold their newspapers and magazines at newsstands and to subscribers.

Periodical publishers traditionally bargained only for first publication rights because the value in publishing lay almost entirely in being the first to print. The Internet turned that principle on its head by allowing publishers to publish cheaply online, where content remains readily available. Electronic publishing rights suddenly became a valuable commodity. For authors, electronic publication heralded a new and long-lived revenue source. Publishers also sought to exploit this new medium; the right to distribute a freelance writer’s copyrighted article as part of the bundle of articles already owned by the publisher lowered transaction costs and increased the efficiency of the licensing process.

*Tasini v. New York Times Co.*, now pending before the United States Supreme Court, is the first case to interpret the electronic distribution rights of freelance writers who publish in newspapers and magazines. This Note contends that the Second Circuit correctly applied the relevant provisions of the Copyright Act in determining that freelancers retain the electronic distribution rights in their articles. Moreover, giving the rights to the freelancers does not necessarily lead to inefficiency because collective rights organizations can manage negotiations for secondary publication rights.

9. Articles written by freelance writers are not considered works for hire and therefore copyright ownership vests initially in the freelance writer. See 17 U.S.C. §§ 103(b), 201(c) (1994).
11. See *Tasini* v. N.Y. Times Co., 206 F.3d 161, 164 (2d Cir. 2000) (“Publishers’ general practice was to negotiate due-dates, word counts, subject matter and price; no express transfer of rights under the Author’s copyright was sought.”).
12. Hoff, supra note 5, at 162; *Tasini*, 972 F. Supp. at 807-08.
13. Hoff, supra note 5, at 162.
14. See id.
16. Id.
I. BACKGROUND

The U.S. copyright system promotes the creation of original works of authorship for the benefit of the public. The system for achieving this goal is two-fold: grant ownership rights to the authors and afford the public access to the works. Awarding overly expansive property rights to copyright owners may curb access to copyrighted works. On the other hand, granting inadequate property rights results in a lack of motivation for authors to create new works or circulate existing works.

In the case of works composed of contributions by a number of authors, Congress attempted to resolve the competing intellectual property rights of publishers and freelance writers by distinguishing copyright in a collective work from copyright in a contribution to that work. The Copyright Act defines "collective work" as "a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole. . . . The term 'compilation' includes collective works." The copyright in a collective work extends only to the material contributed by the collective work author, and does not imply any exclusive right in the underlying contributions.

Section 201(c) permits a collective work publisher to reproduce and distribute an underlying contribution as part of that particular collective work, a revision of that collective work, or a later collective work in the same series. This section only applies when the collective work publisher does not also own the copyright in an underlying article. Publishers, therefore, can contract around the default rule by obtaining a freelance

18. See U.S. CONST. art. I, § 8, cl. 8 (giving Congress the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries").
19. See Menell, supra note 17, at 130-34.
20. See Mary Maureen Brown, Robert M. Bryan & John M. Conley, Database Protection in a Digital World, 6 RICH. J.L. & TECH. 2, 8 (1999); Hoff, supra note 5, at 131. But see Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 349 (1991) (the "primary objective of copyright is not to reward the labor of authors"); John Perry Barlow, The Next Economy of Ideas, WIRED, Oct. 2000, at 238 (authors of original works will continue to create regardless of monetary incentive).
22. Id. § 101.
23. Id. § 103(b).
24. Id. § 201(c).
writer’s copyright. Any transfer of copyright ownership, other than by operation of law, must be in writing. Otherwise, a nonexclusive license to use the copyrighted work may be granted orally or implied from the conduct of the parties.

II. CASE SUMMARY

Tasini and five other freelance writers published articles in The New York Times, Newsday, and Sports Illustrated. Each writer registered a copyright in his or her article, and none of the periodical publishers obtained any express transfer of copyright. After publishing the periodical editions containing the writers’ articles, the publishers licensed the contents of their periodicals to at least two electronic database owners per existing agreements. The database owners incorporated the writers’ articles

27. Graham v. James, 144 F.3d 229, 235 (2d Cir. 1998) (citing 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 10.03[A][7], at 10-43); see also Hoff, supra note 5, at 139 (citing Effects Assoc., Inc. v. Cohen, 908 F.2d 555, 558 (9th Cir. 1990)).
29. 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 . . . 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.
30. Newsday attempted to acquire electronic distribution rights from the writers by a notice on the writers’ paychecks. However, the district court found the writing ineffective and Newsday did not appeal. One of the writers, Whitford, had a contract with Sports Illustrated that expressly addressed republication rights. The Court of Appeals analyzed his case separately and granted his motion for summary judgment. Tasini, 206 F.3d at 163-64.
into their databases and made the articles available to the public for purchase.\textsuperscript{32}

One of the database owners, Mead Data Central Corporation ("Mead"), owned NEXIS, an online database containing the full texts of articles appearing in a large number of periodicals.\textsuperscript{33} Mead tags each article in its database with the author's name, the name of the publication, and the page on which the article originally appeared.\textsuperscript{34} Articles on NEXIS, however, appear differently than they do in print; "such things as photographs, advertisements, and the column format of the newspapers are lost."\textsuperscript{35} NEXIS users can "access an almost infinite combination of articles from one or more publishers using the database's advanced search engine."\textsuperscript{36}

The second database owner, University Microfilms International ("UMI"), produced CD-ROMs. Its NY Times OnDisc CD-ROM ("NYTO") contains the full texts of New York Times articles from a limited time period.\textsuperscript{37} NYTO articles are formatted and retrieved exactly like NEXIS articles.\textsuperscript{38} Another UMI CD-ROM, General Periodicals OnDisc ("GPO"), contains selected articles from various periodicals.\textsuperscript{39} UMI scans the printed periodical page directly onto an image-based file, which is abstracted and placed on the CD-ROM.\textsuperscript{40} GPO articles appear just as they do in print, complete with "photographs, captions, and advertisements."\textsuperscript{41}

The writers filed suit against the publishers and database owners, alleging copyright infringement.\textsuperscript{42} The defendants acknowledged the validity of the writers' copyrights in their individual articles but countered that § 201(c) permitted the publishers, as owners of the copyright in the collec-

\textsuperscript{32} \textit{Tasini}, 206 F.3d at 164.
\textsuperscript{33} \textit{Id.}; About Nexis.com, \textit{at} http://www.lexis-nexis.com/business/about.htm (last visited Jan. 30, 2001) (NEXIS maintains "2.8 billion searchable documents [from] 30,000 news, business, and legal information sources.").
\textsuperscript{34} \textit{Tasini}, 972 F. Supp. at 808.
\textsuperscript{35} \textit{Id.}
\textsuperscript{36} \textit{Tasini}, 206 F.3d at 164 ("[A]lthough 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.").
\textsuperscript{37} \textit{Tasini}, 972 F. Supp. at 808.
\textsuperscript{38} \textit{Id.} ("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.").
\textsuperscript{39} \textit{Id.}
\textsuperscript{40} \textit{Id.} at 808-09.
\textsuperscript{41} \textit{Id.}
\textsuperscript{42} \textit{Id.} at 809.
tive works, to create electronic reproductions of the authors' articles and license the collective works to databases.  

A. The District Court Decision

The District Court for the Southern District of New York issued three important rulings. The court first held that a publisher of a collective work could use its revision privilege to transfer a collective work from one format to another without infringing a freelance writer's copyright in an underlying article. The court then ruled that the revision privileges were transferable because § 201(c) transmits to publishers some exclusive rights in a freelance writer's copyrighted contribution. Lastly, the court found that NEXIS, NYTO, and GPO qualified as revisions of the collective work.

The writers argued that § 201(c) places a media restriction on the revision privilege, prohibiting the shifting of a collective work from one medium to another. The court, however, determined that the Copyright Act does not limit copyright protection to existing technologies or exclude new media. This holding affirmed the right of the copyright holder in a collective work to produce an electronic version of a printed collective work, for example.

The court then held that when a freelance writer contributes an article to a collective work without a written contract, the publisher acquires not merely a nonexclusive license or nontransferable privilege to use the article, but also some exclusive rights under the copyright. Since exclusive rights are transferable, the publishers could license the writers' copyrighted articles to the database owners as part of the contents of their periodicals.

The court then turned to whether NEXIS, NYTO, or GPO qualified as a revision of a collective work. The court determined that a database could

43. Id. at 806-09.
46. Id. at 815.
47. Id. at 824-26.
48. Id. at 817-18; 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 10.10[b], at 10-11 (stating that the trend in the Second Circuit is to permit licensees to "pursue any uses that may reasonably be said to fall within the medium as described in the license").
49. Tasini, 972 F. Supp. at 815.
50. Id.
be a revision as long as it preserved the characteristics of the collective work that initially earned the work protectable status under copyright law. The selection, coordination, and arrangement of previously existing material qualify a collective work as an original work of authorship. Applying a substantial similarity test, however, the court ruled that a database qualified as a revision if it merely maintained the same selection of articles as the collective work. The court found that each database met this standard. In light of these three rulings, the district court granted summary judgment for the publishers and database owners.

In a motion for reconsideration, the writers disputed the court’s factual finding that the electronic databases were similar enough to the original collective works to qualify for the revision privilege. The court upheld its substantial similarity analysis and responded that “where it is apparent that an entire original selection of materials has been copied into a subsequent work, that work shares a substantial similarity with the work that preceded it, even if the subsequent work includes numerous additional materials, as well.” The court denied the motion for reconsideration and the writers appealed.

B. The Second Circuit Decision

The Second Circuit reversed and remanded the case with instructions to enter summary judgment for the writers. The court stressed that the § 201(c) privileges are exceptions to the general rule that copyright vests initially in the author of the individual contribution to a collective work.

51. Id. at 824-25.
54. Id. at 817, 824-26 (“[S]o long as defendants are operating within the scope of their privilege to ‘reproduce’ and ‘distribute’ [the writers’] articles in ‘revised’ versions of defendants’ collective works, any incidental display of those individual contributions is permissible.”).
55. Id. at 804.
57. Id. at 849 (citing CCC Info. Servs., Inc. v. Maclean Hunter Mkt. Reports, Inc., 44 F.3d 61 (2d Cir. 1994)).
58. Id. at 841; Tasini v. N.Y. Times Co., 206 F.3d. 161, 164 (2d Cir. 2000).
59. Tasini, 206 F.3d at 166 (“Publishers of collective works are not permitted to include individually copyrighted articles [in the bundle of articles licensed to electronic databases] without receiving a license or other express transfer of rights from the author.”).
60. Id. at 168.
The district court recognized that its interpretation of the revision privilege would "cause the exception to swallow the rule."61

Noting that it was undisputed that an electronic database was "neither the original collective work . . . nor a later collective work in the same series,"62 the court rejected the remaining argument that any of the defendant databases constituted a revision of a particular collective work.63 If an electronic database like NEXIS was merely a revision of a collective work, reasoned the court, then the third § 201(c) privilege—"reproducing and distribut[ing] an author's copyrighted article in . . . a later collective work in the same series"—would be superfluous.64 Under ordinary principles of statutory construction, the second clause must be read in the context of the first and third clauses.65 However, no court would ever need to reach the third privilege because any possible revision would be covered under the first and second privileges. This would violate a basic rule of statutory construction requiring that "significance and effect shall, if possible, be accorded to every word."66

In placing the contents of a periodical issue on NEXIS, some of the content and most of the arrangement of the original collective work are lost.67 Like NEXIS, GPO includes articles from many periodicals, but GPO uses scanned photo-images instead of text-based files, rendering a nearly identical copy of the collective work.68 NYTO only features articles from one periodical, but utilizes the same article configuration as NEXIS.69 In language that could apply to each database, the court characterized NYTO as "at best a new anthology of innumerable editions of [the periodical], and at worst a new anthology of innumerable articles from these editions"; in any case, "it cannot be said to be a 'revision' of any (or all) particular editions or to be 'a later collective work in the same se-

61. Id.
62. Id. at 166.
63. Id. ("The most natural reading of the 'revision' of 'that collective work' clause is that [s]ection 201(c) protects only later editions of a particular issue of a periodical, such as the final edition of a newspaper."); id. at 168 ("[T]here is no feature peculiar to the databases at issue in this appeal that would cause us to view them as [section 201(c)] 'revisions.'").
64. Id. at 167.
65. See id. at 166 (citing General Elec. Co. v. Occupational Safety & Health Review Comm'n, 583 F.2d 61, 64-65 (2d Cir. 1978)).
66. Id. at 167 (citation omitted).
67. See id. at 169 ("Even if a NEXIS user so desired, he or she would have a hard time recapturing much of the material contributed by the [publisher] of such [collective] work.").
68. Id.
69. Id.
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Therefore, the court held that no defendant database retained enough of the features of the original publication to qualify as a revision.

Since this holding allowed the court to rule against the defendants, it refused to decide whether the revision privileges were transferable. The court did note, however, that § 201(c) "grants collective works authors 'only' a 'privilege,' rather than a 'right.' Each of these terms connotes specialized legal meanings, and they were juxtaposed by Congress in the same sentence of [s]ection 201(c)." The publishers appealed, and the United States Supreme Court granted certiorari on November 6, 2000.

III. DISCUSSION

This Note analyzes the relative rights of freelance authors and publishers of collective works. Part III.A discusses whether inclusion in a database is a revision under the Copyright Act. Part III.B then analyzes the transferability of a publisher’s revision privilege. Finally, Part III.C describes the role collective rights organizations can play in lowering the transaction costs involved in licensing individual authors’ works to electronic databases.

A. 17 U.S.C. § 201(c)—Contributions to Collective Works

The Copyright Act provides that “[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.” When an author grants permission to a publisher to include an article in a collective work, absent an express transfer of copyright, the publisher acquires “only the privilege of reproducing and distributing the contribution as part of that collective work, any revision of that collective work, and any later collective work in the same series.”

The first clause of the privilege affirms the essential right of the publisher to use the contribution in “that collective work.” The House Report offered examples of permissible and impermissible applications of the final two clauses:

70. Id.; see also H.R. REP. NO. 94-1476, at 122-123 (1976), reprinted in 1976 U.S.C.C.A.N. 5737 (declaring that if the republication is in a “new anthology” or “entirely different collective work,” it is not within § 201(c)).
71. Tasini, 206 F.3d at 165 (“We need not, and do not, reach the question whether this privilege is transferable under section 201(d).”).
72. Id. at 168 n.3.
75. Id.
[Section 201(c)], under which the privilege of republishing the contribution under certain limited circumstances would be presumed, is an essential counterpart of the basic presumption [that absent an express grant, the author retains copyright]. Under the language of this clause a publishing company could reprint an article from a 1980 edition of an encyclopedia in a 1990 revision of it; the publisher could not revise the contribution itself or include it in a new anthology or an entirely different magazine or collective work.  

The district court, attempting to determine the scope of the revision privilege, utilized the copyright concept of substantial similarity. Substantial similarity is a term of art courts use to determine whether one work infringes the copyright in another work. Though neither § 201(c) nor the House Report refer to substantial similarity as a test for determining whether a publication is a revision of a collective work, the district court held that

where a [collective work] possesses both an original arrangement and an original selection, a substantial similarity persists even where the original arrangement is sacrificed. Thus, because the electronic data bases [sic] preserve defendants' original selection of articles, those data bases [sic] are 'substantially similar,' as a matter of law, to defendants' periodicals.

Under this standard, collective work publishers and database owners would meet § 201(c) criteria even if they abandon the coordination and arrangement of a collective work. The Second Circuit rejected the district court's application of the substantial similarity test, terming the test "inapposite." The House Report states that § 201(c) forbids a revision from appearing in an "entirely different magazine or collective work." This is true regardless of whether the new work is substantially similar to the original collective work. Suppose, for instance, that the Legal Eagle Publishing Company solicited an article from a professor on a freelance basis for in-

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78. See Freeman, supra note 25, at 867-69.
79. Tasini, 972 F. Supp. at 825 (citations omitted).
82. Tasini, 206 F.3d at 169 n.4.
clusion in a collective work titled *California Criminal Procedure*. The professor retains the copyright in the article, limiting the publisher to the § 201(c) privileges. The Legal Eagle Publishing Company then includes the entire content of *California Criminal Procedure*, including the professor's article, in two of its other collective works, *United States Criminal Law* and *Criminal Law for Dummies*. Both collective works would be substantially similar to *California Criminal Procedure* because they incorporate all of the content of *California Criminal Procedure*. They would also be entirely different collective works because the selection and arrangement of articles is different. Section 201(c) does not give Legal Eagle Publishing the right to reuse the professor's article in this way. A new collective work such as a database, thus, needs more than to pass the substantial similarity test to qualify as a revision.

A collective work consists of a number of copyrighted individual works set in a copyrighted collective work. A collective work is "copyrightable only to the extent that it features an original selection, coordination, or arrangement." When one strips away the coordination and arrangement in the collective work, only the selection of the previously existing articles remains.

Electronic databases are convenient archives containing possibly millions of articles from thousands of periodicals. Most databases make it impossible to view a collective work in its collective, copyrightable form at all. Consumers pay for the privilege of searching a large number of periodical articles for information on a specific topic, not for the ability to browse a particular periodical issue.

Merely transferring a collective work to digital format is a legitimate exercise of the revision privilege as long as the publisher transfers the copyrightable aspects of the collective work along with the articles. A noninfringing database must present the whole collective work, not merely the dismantled parts of the whole. The Second Circuit declared:

[Section 201(c)] would not permit a Publisher to sell a hard copy of an Author's article to the public even if the Publisher also offered for individual sale all of the other articles from the particular edition. We see nothing in the revision provision that would

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85. See Hoff, supra note 5, at 164.
allow Publishers to achieve the same goal indirectly through NEXIS.\textsuperscript{86}

In other words, a publisher does not truly license its collective work to a database; it licenses the underlying, pre-existing material in that collective work.

The question remains whether a database like GPO should be considered a revision. GPO displays a replica of the collective work in its original format.\textsuperscript{87} GPO, however, reproduces periodical pages from several different periodicals, thereby creating a new, separately copyrightable collective work.\textsuperscript{88} The House Report states that a collective work publisher "could not revise the contribution itself or include it in a new anthology or an entirely different magazine or collective work."\textsuperscript{89}

A court could find, however, that a database like GPO is not "entirely different" from any of the original collective works. The nature of the GPO database bolsters this interpretation. GPO users must browse the contents of the CD-ROM by abstracts of articles,\textsuperscript{90} reducing the chances that a user is more interested in the individual contributions than she is in the nature of the collective work. Thus, GPO more closely resembles a revision of the original collective work than does NYTO or NEXIS.

\section*{B. Transferability}

The Second Circuit interpreted § 201(c) much more narrowly than the district court, finding that the revision privilege gives collective work publishers, at most, a nonexclusive license.\textsuperscript{91} A nonexclusive license to use a copyrighted work may be granted orally or implied from the conduct of the parties.\textsuperscript{92} This occurs when the licensee requests the creation of a work, the licensor creates the work and delivers it to the licensee who asked for it, and the licensor intends that the licensee copy and distribute the work.\textsuperscript{93} In copyright law, a nonexclusive license is nontransferable.\textsuperscript{94}

\begin{itemize}
\item \textsuperscript{86} Tasini, 206 F.3d at 168.
\item \textsuperscript{87} Tasini v. N.Y. Times Co., 972 F. Supp. 804, 808-09 (S.D.N.Y. 1997).
\item \textsuperscript{88} Tasini, 206 F.3d at 169.
\item \textsuperscript{90} Tasini, 972 F. Supp. at 809 (stating that GPO "does not employ Boolean searching").
\item \textsuperscript{91} Tasini, 206 F.3d at 168.
\item \textsuperscript{92} Graham v. James, 144 F.3d 229, 235 (2d Cir. 1998) (citing 3 \textsc{Melville B. Nimmer & David Nimmer, Nimmer on Copyright} § 10.03[A][7], at 10-43); see also Hoff, \textit{supra} note 5, at 139 (citing Effects Assoc., Inc. v. Cohen, 908 F.2d 555, 558 (9th Cir. 1990)).
\item \textsuperscript{93} Id.
\end{itemize}
The district court ruled that publishers of collective works received some exclusive rights under the freelance writer's copyright by operation of law. 95 This, reasoned the court, is permissible under § 201(d)(1), which allows the transfer of copyright "in whole or in part by any means of conveyance or by operation of law." 96 Next, the court looked to § 201(d)(2), which declares that a transfer may consist of "any of the exclusive rights comprised in a copyright, including any subdivision of any of the [five exclusive rights]." 97 Thus, the district court concluded that § 201(c) transfers to collective work publishers full authority over the "subdivision" of "privileges" enumerated in the section. 98

Since the exclusive rights supposedly conveyed to collective work publishers would be transferable, the publishers could license the freelance writers' articles to third party databases. 99 Even without a nominative transfer of some exclusive rights under a copyright, the district court believed that "to the extent that the electronic reproductions qualify as revisions under [s]ection 201(c), the defendant publishers were entitled to authorize the [database owners] to create those revisions." 100

Courts look to § 201(c) in the absence of an express transfer of copyright in order to give a collective work publisher some minimal privileges, not to give a publisher exclusive rights under a copyright for which it did not bargain. The only other case to interpret § 201(c), Ryan v. Carl Corp., 101 determined that

94. 17 U.S.C. § 101 (1994); H.R. REP. No. 94-1476, at 122-123 (1976), reprinted in 1976 U.S.C.C.A.N. 5737 ("The term 'transfer of copyright ownership' is defined in section 101 . . . to cover any 'conveyance, alienation, or hypothecation,' including assignments, mortgages, and exclusive licenses, but not including nonexclusive licenses.").
95. Tasini, 972 F. Supp. at 815-16.
98. Tasini, 972 F. Supp at 815-16.
99. See Hoff, supra note 5, at 127-28; see also 17 U.S.C. § 201(d)(2) (1994) (stating that the owner of any part of an exclusive right in the copyright is entitled "to all of the protections and remedies accorded to the copyright owner").
100. Tasini, 972 F. Supp at 816.
101. 23 F. Supp. 2d 1146 (N.D. Cal. 1998). This decision was issued before the appellate court opinion in Tasini. In Ryan, four freelance writers sued UnCover, a company that maintained an Internet database with the titles of more than eight million articles from seventeen thousand periodicals. Id. When a customer requested an article, UnCover copied the article from a library and sent a copy to the customer and a copyright payment to the periodical publisher. As long as the publisher did not complain, UnCover continued to copy articles printed by that publisher. UnCover never contacted or compensated the individual authors of the articles, even if the author owned the copyright in the article. Id.
Congress enacted the section in response to the doctrine of copyright indivisibility ... to enlarge the rights of authors ... Both the language and the legislative history of section 201(c) suggest that when in doubt, courts should construe the rights of publishers narrowly rather than broadly in relation to those of authors.\textsuperscript{102}

The Second Circuit rightly characterized the \$ 201(c) privileges as more closely resembling nonexclusive licenses than broad, transferable rights: “Were the permissible uses under [s]ection 201(c) as broad and as transferable as appellees contend, it is not clear that the rights retained by the Authors could be considered ‘exclusive’ in any meaningful sense.”\textsuperscript{103}

C. Collective Rights Organizations

The defendants argued that, regardless of the court’s \$ 201(c) analysis, they were the best party to further the policy goal of providing public access to the copyrighted articles in their periodicals.\textsuperscript{104} They claimed that the burden of obtaining permission from every freelance writer before including their articles in electronic databases would force database owners to drop the articles from their databases.\textsuperscript{105} The district court echoed these fears, worrying that not allowing publishers to electronically distribute writers’ copyrighted articles would undermine the policy goal of “ensuring that collective works be marketed and distributed to the public.”\textsuperscript{106}

From the standpoint of societal efficiency, it makes sense to allocate the right of electronic distribution to publishers.\textsuperscript{107} The efficiency argument, however, failed to persuade the Second Circuit. The Ryan court also made it clear that a court “is not free to construe statutes in the manner most efficient. Instead, it must follow the intent of Congress as expressed in the terms of the statute.”\textsuperscript{108}

The possibility exists, however, that authors can control the electronic distribution of their articles and maintain an efficient licensing scheme to distribute the articles to the public, via a collective rights organization (“CRO”). Commercial copyright transactions require negotiation, monitoring, and enforcement that can be prohibitively costly for individuals but

\textsuperscript{102} Id. at 1150.
\textsuperscript{103} Tasini v. N.Y. Times Co., 206 F.3d 161, 168 (2d Cir. 2000).
\textsuperscript{104} See Meitus, supra note 4, at 772.
\textsuperscript{105} Id. at 772-73.
\textsuperscript{107} Id.; Meitus, supra note 4, at 772.
feasible for a CRO. CROs, which flourish in the presence of new forms of media, devise general rules that replicate contracting terms between two parties and substantially lower transaction costs. The transactional bottleneck that would likely occur between publishers and individual freelance writers could be alleviated by a CRO.

The fledgling Publication Rights Clearinghouse ("PRC") is a CRO designed to license and enforce the copyrights of freelance writers. The PRC was created by the National Writers Union ("NWU") and the Copyright Clearance Center ("CCC"). Although, as ASCAP and BMI manage the licensing and royalty business for composers, songwriters, lyricists, and music publishers, the PRC plans to administer the licensing business for freelance writers. Writers assign the PRC the right to act

110. See id. at 1296, 1327, and 1334 (reporting that the rise of earlier CROs paralleled the growth of radio and television).
111. See id. at 1295.
113. The NWU is the trade union for freelance writers who work for American publishers. The NWU has approximately 6500 members in seventeen local chapters and is affiliated with the United Automobile Workers and, through them, the AFL-CIO. See National Writers Union, About the National Writers Union, at http://www.nwu.org/nwuinfl.htm (last modified Sept. 11, 2000).
114. The CCC, the largest licensor of text reproduction rights in the world, was formed in 1978 to facilitate compliance with U.S. copyright law. The CCC provides licensing systems for the reproduction and distribution of copyrighted materials in print and electronic formats throughout the world. See Copyright Clearance Center, Creating Copyright Solutions, at http://www.copyright.com/About/default.html (last visited Jan. 30, 2001); see also National Writers Union, PRC and Copyright Clearance Center, at http://www.nwu.org/prc/prcccc.htm (last modified July 29, 1999).
115. Merges, supra note 109, at 1329.

ASCAP, the American Society of Composers, Authors, and Publishers, which was formed in 1914, is one of the largest performing rights societies. Like the other institutions of its kind, ASCAP acts as a central depository that allows members to control public performances of their works. ASCAP issues "blanket licenses" covering the relevant copyrights of all members of the Society to radio and television stations and other entertainment outlets. It then monitors the songs played and divides up the total receipts among all members on the basis of a complex pro rata formula. Monitoring and enforcement activities with respect to licensees and infringers are also an important part of ASCAP's function. A rival organization, Broadcast Music Incorporated (BMI), which was founded in 1941 expressly to compete with ASCAP, operates similarly.

Id. (citations omitted).
as their agent in licensing the nonexclusive secondary rights to their previously published copyrighted articles. The PRC offers publishers and databases the nonexclusive right to use the work of PRC members in exchange for a licensing fee. When the PRC licenses an author's work to a database or other secondary user, it collects the copyright fees from that user and distributes the royalties to the author. PRC enrollees get from 75 percent to 90 percent of the fees.

The PRC has the potential to efficiently allocate royalties to freelance writers while keeping databases operational. In order to succeed, the PRC must enroll as many freelance writers as possible and persuade publishers and databases to comply with its licensing scheme. Many potential CRO members join "because they realize that without joint action no compensation would be forthcoming at all." The PRC has already signed a deal with one large online database, Contentville. Whether other purveyors of copyrighted material will abide by the PRC licensing scheme largely depends upon how the Supreme Court rules in Tasini.

Unfortunately for freelance writers, publishers can circumvent § 201(c) by acquiring the freelance writer's copyright. Because the section only applies to collective work publishers that do not also hold the copyright in an underlying contribution, publishers can contract around the default rule by insisting that freelance writers transfer their copyright as a condition of publication. If publishers succeed in inducing freelance writers to relinquish their copyrights, publishers will be able to avoid having to obtain permission from and compensate freelance writers for the electronic distribution of their articles, and Tasini will have little practical effect on future contributions to collective works. Several commentators have concluded that future freelance writers will be unable to retain their

118. Id.
119. Id.
120. See Meitus, supra note 4, at 774-76.
121. Merges, supra note 109, at 1338.
123. Freeman, supra note 25, at 876 (reporting that the periodical publishing industry now widely requires express transfers of copyright from freelance writers).
electronic distribution rights due to the lopsided power dynamic between authors and publishers.124

While collective work publishers may succeed in acquiring the copyright from many freelance writers, writers with enough clout and legal savvy should be able to continue to publish in collective works without surrendering their copyrights. Electronic distribution profits represent a far greater proportion of potential income for freelance writers than for publishers, and freelance writers may be willing to give up some initial income in exchange for electronic distribution royalties. In addition, the NWU may be able to collectively bargain on behalf of freelance writers to preserve their electronic distribution rights.125

IV. CONCLUSION

The free flow of information and tremendous distribution power, hallmarks of the digital economy, "challenge some of the foundational premises of intellectual property protection" and complicate a determination of the appropriate scope of intellectual property rights.126 The advent of electronic media has altered the publishing landscape by creating a lasting, lucrative online market for periodical articles.127 Periodical publishers own the copyright in the majority of articles they publish, entitling them to the

124. See, e.g., Dixon, supra note 10, at 154-55; Hoff, supra note 5, at 165; Meitus, supra note 4, at 752; Forhan, supra note 84, at 884 ("[M]ost writers will 'bargain' away their rights out of necessity in order to be published."); see also Freeman, supra note 25, at 876 (citing Williams v. Walker-Thomas Furniture Co., 350 F.2d 445, 449 (D.C. Cir. 1965) (stating that unequal bargaining power between parties can result in unconscionable contracts and contracts of adhesion)).

125. This depends largely upon the bargaining strength of the NWU, which is untested. Note, however, that the Screen Actors Guild ("SAG") and the American Federation of Television and Radio Artists ("AFTRA") recently bargained successfully for individual actors to retain residual payments from television commercials. See Screen Actors Guild, SAG and AFTRA Members Approve New Commercials Contract, at http://www.sag.org/pressreleases/pr-la001201.html (last visited Jan. 30, 2001).


profits of electronic distribution, except where a freelance writer has retained the copyright in her article.

*Tasini v. New York Times Co.* is the first case to resolve the competing rights of collective work publishers and freelance writers who publish in collective works. A collective work is “copyrightable only to the extent that it features an original selection, coordination, or arrangement.” If a database destroys the elements that make a collective work an original work of authorship, only the previously existing articles remain. Such a database operates merely as an electronic delivery system for individually copyrighted articles.

In the absence of an express transfer of copyright, § 201(c) gives the collective work copyright owner the privilege of reproducing and distributing a contribution to the work as part of that particular collective work, a revision of that collective work, or a later collective work in the same series. Any revision of a collective work should necessarily maintain a similar selection, coordination, and arrangement of preexisting material. The revision privilege allows a collective work publisher to electronically publish its collective work or beam it to wireless devices or email it to subscribers only so long as the publisher includes the copyrightable aspects of its collective work along with the underlying articles. This is a narrow but important distinction, and one intended by Congress.

The Copyright Act does not transfer to a collective work publisher any exclusive rights in the underlying material. Copyright in each separate contribution to a collective work is distinct from copyright in the collective work itself. Copyright in the collective work “does not imply any exclusive right in the preexisting material.” Congress intended to en-

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128. If the writer of the article is employed as a writer by the publication at the time the article was written, then copyright vests initially in the publication. See 17 U.S.C. § 101 (1994); 17 U.S.C. §201(b) (1994); see also Community for Creative Non-Violence v. Reid, 490 U.S. 730 (1989) (distinguishing employees from independent contractors).

129. Articles written by freelance writers are not considered works for hire and copyright ownership vests initially in the freelance writer. See 17 U.S.C. §§ 103(b), 201(c) (1994).


133. 17 U.S.C. § 103 (1994) (“The copyright in [a collective work] is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.”); 17 U.S.C. 201(c) (1994).


courage authors to contribute articles to collective works by ensuring that authors could retain the exclusive copyright in their articles: "one of the most significant aims of [section 201(c)] is to clarify and improve the present confused and frequently unfair legal situation with respect to rights in contributions."  

As the Second Circuit recognized, § 201(c) does not grant collective work publishers any exclusive rights under a copyright for which they did not bargain.

When a collective work publisher does not hold the copyright in an underlying contribution, § 201(c) grants the publisher only three minimal, nontransferable privileges. These privileges should not allow a collective work publisher to license a freelance writer's copyrighted article to an electronic database without the writer's permission.

If the Supreme Court rules in favor of collective work publishers, they will be able to exclude freelance writers from reaping the profits of the electronic distribution of their articles. If freelance writers prevail, collective work publishers and database owners will need permission from freelance writers to include their articles in databases, and freelance writers will profit from the sale of their articles to the public.

