

DOCKET NO. 00-10510-C

IN THE
UNITED STATES COURT OF APPEALS
FOR THE ELEVENTH CIRCUIT

JERRY GREENBERG and IDAZ GREENBERG,
Plaintiffs/Appellants

vs.

NATIONAL GEOGRAPHIC SOCIETY, a District of Columbia corporation,
NATIONAL GEOGRAPHIC ENTERPRISES, INC., a corporation, and
MINDSCAPE, INC., a California corporation,
Defendants/Appellees.

On Appeal From the United States District Court
for the Southern District of Florida

**BRIEF IN OPPOSITION TO INITIAL BRIEF OF JERRY GREENBERG AND
IDAZ GREENBERG ON APPEAL FROM THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

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CD Rom
P. 4-21 (17 pages)
MOVING COVERS
P. 26-44 (18 pages)

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**CERTIFICATE OF INTERESTED PERSONS AND
CORPORATE DISCLOSURE STATEMENT**

Appellees National Geographic Society, National Geographic Enterprises, Inc.
(now named National Geographic Holdings) and Mindscape, Inc. submit this Certificate of
Interested Persons and Corporate Disclosure Statement.

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Lenard, Joan, U.S. District Judge
Mattel, Inc.
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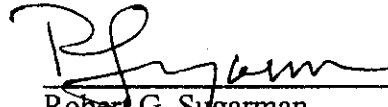
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STATEMENT REGARDING ORAL ARGUMENT

The Appellees request oral argument due to the significant and novel nature of the issues presented to the Court.

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STATEMENT OF JURISDICTION

This Court has jurisdiction pursuant to 28 U.S.C. § 1291. The statute authorizes appeals from all final decisions of a district court.

STATEMENT OF THE ISSUES

- I. MAY APPELLANTS ARGUE ON APPEAL THAT THE SOCIETY'S REASSIGNMENT OF RIGHTS IN INDIVIDUAL PHOTOGRAPHS DEPRIVED THE SOCIETY OF THE RIGHT TO PUBLISH CD-ROM 108, WHEN APPELLANTS DID NOT RAISE THIS ARGUMENT BELOW?
- II. DID THE DISTRICT COURT CORRECTLY CONCLUDE THAT SECTION 201(C) OF THE COPYRIGHT ACT PERMITS THE SOCIETY TO REPRODUCE APPELLANTS' PHOTOGRAPHS AS THEY APPEARED IN THE MAGAZINE IN CD-ROM FORMAT?
- III. IS THE SPLIT-SECOND PORTRAYAL OF A MAGAZINE COVER DISPLAYING, IN PART, ONE OF APPELLANTS' PHOTOGRAPHS A DE MINIMIS USE?
- IV. IS THE SPLIT-SECOND PORTRAYAL OF A MAGAZINE COVER DISPLAYING, IN PART, ONE OF APPELLANTS' PHOTOGRAPHS A FAIR USE?

STATEMENT OF THE CASE

It is undisputed by Appellants that the Society had the right to publish Appellants' photographs in the various issues of the Magazine in which they appeared and that each issue of the Magazine is a collective work under the Copyright Act.

Appellees submit that § 201(c) of the Copyright Act permits the owner of the copyright in the collective work -- here, the Society -- to reproduce contributions -- here, Appellants' photographs -- as part of "that particular collective work, a revision of that collective work, and any later collective work in the same series." 17 U.S.C. § 201(c).

What and all the Society has done is to reproduce Appellants' photographs as part of "that particular collective work" by reproducing the collective works -- the issues in which the photographs appear -- on CD-ROM, just as it has, for years, reproduced the issues of the magazine in bound volumes, microfilm and microfiche. The difference in the medium is immaterial since the Copyright Act is medium-neutral. The fact that multiple issues of the Magazine are included on one CD-ROM disk is immaterial, just as the inclusion of more than one issue of the Magazine in a bound volume or on a roll of microfilm or microfiche is immaterial. The addition of tables of contents, introductions, and advertisements is immaterial, just as the addition of tables of contents and indices in bound volumes, microfilm and microfiche is immaterial.

STATEMENT OF FACTS

The Parties

Appellant Jerry Greenberg is a photographer. Idaz Greenberg, his wife, is an illustrator. (See R1-5-2).

The National Geographic Society is the world's largest nonprofit scientific and educational organization, with approximately 10 million members worldwide. (R1-20-Exh. A). The Society is governed by a board of twenty-four trustees, who are scientists, explorers, educators, former governmental officials, and business executives. (R1-20-Exh. A). Since its founding in January 1888, the Society has been dedicated to "the diffusion of geographic knowledge" in its broadest sense. (R1-20-1). The Society pursues its mission in a variety of ways, including by creating, in 1988, a \$100 million education foundation to promote geography education; issuing over 6,600 grants during its 112-year history for scientific research and exploration from its Committee on Research and Exploration and Expeditions Council; maintaining an acclaimed Explorers-in-Residence program; conducting national and international geography bees with millions of student participants annually; launching initiatives to increase public awareness and knowledge on such topics as Sustainable Seas and Conservation; and publishing and broadcasting a variety of mission-related products, including periodicals, television programs, books, maps and atlases, classroom products, and the like. (R1-20-Exh. A). In 1995, for reasons of exempt organization tax law and pursuant to a letter ruling sought and obtained from the Internal Revenue Service, the Society placed its television, and subsequently its interactive and a portion of its cartography divisions, including National Geographic Enterprises, in a wholly-owned taxable subsidiary. See Priv. Ltr. Rul. 9542045 (July 28, 1995), CCH I.R.S. Letter Rulings Report Number 973, p. 76 (Oct. 25, 1995). All aspects of the organization, including its wholly-owned taxable subsidiary, promote the fulfillment of the Society's historic educational and scientific mission, and any and all revenues generated from Society products and activities,

including all of the taxable subsidiaries, are utilized to further the Society's mission. Id. National Geographic Magazine (the "Magazine") is the monthly official journal of the Society. (R1-20-1, 2). It began publication in 1888, and the Society has continually invested substantial revenues into research, fact-checking, and content in order to produce for publication in-depth articles and photographs in the Magazine which explore the cultural, geographical and organic richness of the world around us. (R1-20-Exh. A)

Mindscape is a computer software publisher and distributor which collaborates with the Society in its efforts to bring its products to the public in the digital environment. (R1-5-2).

CD-ROM 108

There is absolutely no question, and Appellants raise none, that the Society had the right to publish Appellants' photographs in the issues of the Magazine in which they originally appeared. There is also no dispute that monthly issues of the Magazine have been compiled and sold in bound volumes and have been compiled, photographed, and sold on microfilm and microfiche. Compilations in years and multiple years of the Magazine have also been compiled in Braille for distribution to the visually impaired. No one has challenged the Society's right to publish any of these products.

In 1997, the Society produced and began to sell "The Complete National Geographic," a CD-ROM product containing all issues of the Magazine published between 1888 and 1996 (hereinafter "CD-ROM 108"). (R1-20-2).¹ CD-ROM 108

¹ The Society's description of CD-ROM 108 is as precise and exact as possible, in contrast to the description in Appellants' brief to this Court. Since the product at issue is a part of the record, the Society respectfully invites and encourages the Court to review CD-ROM 108 to determine that it is as described herein – an exact reproduction and compilation of each of the monthly issues of the Magazine exactly as each page appeared

reproduces the issues of the Magazine exactly as they appeared in print. (R1-20-2).

There are no changes to the content, format or appearance of the issues of the Magazine reproduced in CD-ROM 108. (Id.). Each page of each issue remains as it was in the print version, including all articles, photographs, graphics, advertising and attributions.

(Id.). The issues of the Magazine appear chronologically, from the earliest at the beginning of the first disk to the latest at the end of the thirtieth disk. (R1-20-Exh. A). In order to find a particular contribution in an issue of the Magazine, one inserts the disk on which the relevant issue of the Magazine appears, finds the particular issue and then goes to the page within that issue – a procedure that replicates, electronically, the process of finding a contributor in a bound volume or on microfilm. There is no capability necessarily to “jump” from the index directly to the contribution.

At the beginning of each disk, there is a 26-second multimedia sequence which displays the Society’s logo; a 30-second promotional message for Kodak, and a ten-second multimedia sequence (the “Moving Cover Sequence”). (R1-20-3). The Moving Cover Sequence depicts, for a split second each, the covers of ten issues of the Magazine, representing the 1,296 covers that appeared on the Magazine over the 108 years contained in the compilation, with each of the ten covers transitioning digitally from one into another. (See id.). The cover of the January 1962 issue, which contains, in part, a photograph taken by Jerry Greenberg (the “Cover”) appears in this sequence for less than one second. (R1-20-3).

on paper from 1888 to 1996. In addition, annexed hereto as Exhibit A are sample printouts from CD-ROM 108 which demonstrate that each page appears exactly as it did in hard copy. The Court will note that the quality of these printouts is inferior to the quality that could be obtained by making a color photocopy of the paper Magazine. This

Prior to the release of CD-ROM 108, the Society sent a letter to each individual who had made a contribution to the Magazine. (R1-20-4 and Exh. B thereto). The letter notified the contributors of the pending release of CD-ROM 108 and explained the Society's belief that its continuing copyrights in the Magazine entitled it to publish CD-ROM 108 without making further payments for the use of individual contributions. (R1-20-4 and Exh. B thereto). All contributors thus had the opportunity to come forward and claim any contractual rights to repayment which they may have had.

Not to
JG, by
their
admission
always claimed
K(©) infringement

Greenberg states that he did not receive this notice, but nonetheless says he contacted the Society in response to it and claimed that the Society had no right to reproduce his photographs in CD-ROM 108 without their consent and stated that they did not consent to such use. (App. Br. at 11). Greenberg did not then state any rationale or basis for this claim, including the assertion now made in this appeal for the first time ever that the Society could not reproduce the photographs because all of the rights to the photographs had been reassigned to him by the Society.

SUMMARY OF ARGUMENT

1. Appellants' argument that a reassignment of rights to the Greenbergs deprived the Society of the right to republish the issues in which Mr. Greenberg's photographs appear was never before raised -- not in their arguments below nor by the Court below. It cannot, therefore, be raised on this appeal.

2. The Society's republication of back issues of the magazine in CD-ROM form exactly as they appeared in the original print version and organized chronologically from the first issue to the latest is nothing more than the reproduction of

is because the scanning process employed by the Society in creating CD-ROM 108 could not reproduce the same high resolution of the original Magazine. (R1-20-3).

Appellants' photographs in "that particular collective work," which is permitted by Section 201(c) of the Copyright Act. Appellants' reliance on Tasini v. New York Times, 1999 U.S. App. LEXIS 36241(2nd Cir. Feb. 25, 2000) (attached hereto as Exhibit B), is misplaced. Tasini is not binding on this Court, the holding in Tasini did not decide this issue, and, the reasoning of Tasini, when applied to these facts, supports the District Court's grant of summary judgment.

3. The addition of a ten-second depiction of ten covers of the Magazine and a 30-second advertisement for Kodak does not affect the Society's right to republish the collective works – the issues of the Magazine. At most, the addition of these elements makes CD-ROM 108 a revision of the collective work, not a new anthology. Appellants' reliance on Tasini is again misplaced. The facts on which the Tasini opinion was based were totally different from the facts of this case; and, with all due respect, the Second Circuit misinterpreted and misapplied §201(c). This Court should make its own independent decision on the application of §201(c) to the facts of this case.

4. The split-second depiction of one cover which includes, in part, one of Mr. Greenberg's photographs is a de minimis or fair use.

ARGUMENT

I. APPELLANTS' NEW CONTRACT THEORY WAS NEVER RAISED BELOW AND CANNOT BE RAISED ON APPEAL.

Appellants, for the first time on this appeal, claim that the Society's reassignment of the copyright in the individual photographs at issue after their first publication in the Magazine deprived the Society of any legal right to reproduce the photographs in CD-ROM 108. (App. Br. at 16). Appellants did not make this argument

below, and it was not raised by the Court below. Appellants did rely on the letter upon which they base their new argument to make another, wholly unrelated, point. (R1-25, Exh. B-2). Obviously, therefore, they were aware of the letter.

The law is well-settled that arguments not raised in the court below are deemed waived, and may not be raised on appeal absent plain error. See Irving v. Mazda Motor Corp., 136 F.3d 764, 769 (11th Cir. 1998) cert. denied, 525 U.S. 1018 (1998), (“we cannot allow Plaintiff to argue a different case from the case she presented to the district court”); United States v. Simpson, 904 F.2d 607, 611 (11th Cir. 1990) (declining to decide issue waived by defendant’s failure to raise it in district court); United States v. Sentovich, 677 F.2d 834, 837 (11th Cir. 1982).

There can be no better illustration of the wisdom of this rule than this case. Since Appellants did not raise this issue below, the Society had no opportunity to respond to it and no opportunity to establish the contractual and factual context in which the letter now cited for this proposition by Appellants was written or the circumstances, including other writings, including those of Mr. Greenberg, which led to it. For example, had the Society had the opportunity below, it could have established that: the Society assigned Mr. Greenberg, a free-lance photographer, to produce photographs for possible publication in connection with articles for the Magazine; the contracts that Greenberg signed in undertaking these assignments provided that the Society would make payments to Greenberg of a day rate for each day on the assignment, and would pay for all costs and expenses associated with the assignments; the Society owned all rights and copyright to the photographs and provided for their publication in the Magazine; the contracts did not state that the Magazine may only be published on paper; at a period of time after first

publication, the Society would assign to Greenberg copyright to the photographs, subject to the Society's right to publish in the Magazine and that further editorial use would be subject to additional payments. The Society could also have demonstrated that Greenberg knew that the reassignment was limited to rights in the individual photographs, and would not affect the Society's right to use the photographs in CD-ROM 108. Appellees refer the Court to their separately filed Motion to Strike Appellants' Arguments Not Raised Below for a fuller discussion of this issue.

Appellants' failure to raise this argument in the District Court bars them from raising it on appeal.

II. **THE COPYRIGHT ACT EXPRESSLY PERMITS THE SOCIETY TO REPRODUCE THE MAGAZINE IN CD-ROM 108.**

- A. The plain language of §201(c) permits the Society to reproduce the Magazine in CD-ROM 108.

Section 201(c) of the Copyright Act provides that:

Copyright 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. In the absence of an express transfer of the copyright or of any rights under it, the owner of the 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.*

17 U.S.C.A. §201(c) (emphasis added).

The plain language of §201(c) controls this case. "When statutory language is plain . . . that is ordinarily 'the end of the matter.'" Amoco Prod. Co. v. Gambell, 480 U.S. 531, 552-53 (1987); see also Bethesda Hosp. Assoc. v. Bowen, 485 U.S. 399, 403 (1988) ("[t]he plain meaning of the statute decides the issue presented").

Here, the plain language of §201(c) gives the Society the right to reproduce Appellants' photographs in CD-ROM 108.

All of the photographs at issue initially were contributions to various issues of the Magazine. (See App. Br. at 10). There is no dispute that the Society had the right to publish the photographs in those issues. There is also no dispute that each of these issues is a collective work. 17 U.S.C.A. §101; see also App. Br. at 20. Appellants did not allege below that there was an "express transfer of copyright" or, indeed, that they entered into any kind of agreement with the Society that limited its rights, under §201(c), to reproduce those collective works. See *supra* at pp. 5-6. Absent such a transfer, §201(c) gives the Society the privilege of reproducing Appellants' photographs in "that collective work" – i.e., the issue of the Magazine in which the photographs originally appeared. That is precisely what the Society has done. It has reproduced Appellants' photographs in "that collective work" – the issues of the Magazine.

For years, the Society has been reproducing collections of back issues of the Magazine, first in bound volumes and then in microfilm and microfiche, without any claim that these activities infringed any copyrights in the photographs in those issues. In CD-ROM 108, the Society reproduces a collection of back issues of the Magazine in electronic format instead of hard copy or microfilm or microfiche. Appellants concede, as they must, that the medium employed is irrelevant to the analysis of §201(c). (See App. Br. at 33; R1-25-8, n. 4).² Thus, the fact that CD-ROM 108 is an electronic product does not change the analysis.

² Congress was well aware in 1976 that works subject to copyright could exist in new media and be infringed in new media, and wrote the 1976 Act with this in mind. See, e.g., H.R. Representatives . No. 94-1476, 94th Cong., 2d Sess. 52. 52(1976), reprinted in

Appellants' disdainful and inaccurate reference to the Society's "grand marketing schemes, involving commercial products like [CD-ROM 108], that are hardly being undertaken for philanthropic purposes" (App. Br. at 15), also does not change the analysis. There is nothing in §201(c) which conditions the rights of a publisher on whether or not its republication produces economic gain. Section 201(c) permits publishers to reproduce contributions to collective works regardless of profitability. If Appellants believe that economic concerns should be a factor in the application of §201(c), they should direct their arguments to Congress, not this Court. In any event, National Geographic Enterprises ("NGE") is wholly-owned by the Society and any profit made through the sale of CD-ROM 108 comes back to the Society for use in furtherance of its mission. (R1-20-Exh. A). Indeed, Appellants admit that NGE was formed "to increase the revenue stream available to the Society." (App. Br. at 5 (emphasis supplied)).

- B. The legislative history of §201(c) confirms that the Society is entitled to reproduce Appellants' photographs in CD-ROM 108.

Where, as here, the plain and ordinary meaning of the statute resolves the legal issue involved, there is no need to look at the legislative history. Amoco, 480 U.S. at 552-3 (cautioning against going behind plain language to search for possibly contrary intent). Should the Court choose to do so, however, it will find that the legislative history of §201(c) supports Appellees' position.

1976 U.S.C.C.A.N. 5659, 5665 ("it makes no difference what the form, manner, or medium [in which a work is fixed]... whether embodied in a physical object in written, printed... magnetic, or any other stable form, and whether it is capable of perception directly or by means of any machine or device 'now known or later developed'"). The Copyright Act applies to "copies" stored in any medium "now known or later developed" and to "literary works" expressed in "words, numbers or other... symbols" on tapes, discs or punch cards. 17 U.S.C. § 101.

Contrary to the implication of *amicus curiae*, see Amicus Br. at 2, Section 201(c) was a compromise. Prior to the enactment of the 1976 Act, authors whose contributions were published in collective works could lose their copyrights in their contributions.³ The first portion of §201(c) made it clear that the “copyright in each separate contribution to a collective work . . . vests initially in the author of the contribution.” The second portion of §201(c) gave publishers of the collective works in which the contributions appeared certain privileges to republish the collective work absent express contract language to the contrary.

The House Report summarized the compromise as follows:

The magazine contributors, while strongly supporting the basic presumption in their favor, suggested that the last clause be deleted as unduly restrictive. However, the committee considers this clause, under which the privilege of republishing the contribution under certain limited circumstances would be presumed, as an essential counterpart of the basic presumption.

H.R. Rep. No. 2237, 89th Cong., 2d Sess. 117 (1966) (later summarized in the final report on the 1976 Act, H.R. Rep. No. 1476, 94th Cong., 2d Sess. 122-23 (1976)).

The Second Circuit’s holding in Tasini, 1999 U.S. App. Lexis 36241 (Feb. 25, 2000), heavily relied on by Appellants, does not decide this issue since the Tasini holding deals only with the “revision” clause of § 201(c). If anything, the discussion in Tasini supports the Society’s position since, in its opinion, the Second Circuit observed: “[t]he first clause sets the floor, so to speak, of the presumptive privilege: the collective

³ Tasini, 1999 U.S. App. LEXIS 36241, at *18 (2d Cir. Feb. 25, 2000) (“Section 201(c) was a key innovation of the Copyright Act of 1976. Because the Copyright Act of 1909 contemplated a single copyright, authors risked losing their rights by allowing an article to be used in a collective work. See 3 Melville Nimmer and Daniel Nimmer, Nimmer on Copyright § 10.01 [A] (1996 ed.) (discussing doctrine of indivisibility...).”).

work author is permitted to reproduce and distribute individual contributions as part of ‘that particular collective work.’ In this context, ‘that particular collective work’ means a specific edition or issue of a periodical. See 17 U.S.C. § 201(c)...” Id. at *14. The Society has done nothing more than reproduce the Greenberg photographs in a specific issue of the Magazine on CD-ROM.

The clear language of §201(c) and its legislative history compel the conclusion that the Society had the right to reproduce back issues of the Magazine, which contained Appellants’ images as part of CD-ROM 108.

III. CD-ROM 108 IS NOT A NEW COLLECTIVE WORK OR NEW ANTHOLOGY WITHIN THE MEANING OF SECTION 201(C).

Appellants have asserted that CD-ROM 108 is not a reproduction of the Magazine, but an entirely new collective work (App. Br. at 18-19), or new anthology (App. Br. at 18). They support their “new collective work” argument by claiming that “no product like [it] existed prior to 1997” and by relying on the selection and arrangement of material included in the work. (App. Br. at 26, 31). They base their “new anthology” argument on one dictionary definition and then misapply that definition.

A. CD-ROM 108 is not “new.”

Appellants’ claim that “no product like [CD-ROM 108] existed prior to 1997” is simply wrong. (App. Br. at 26). CD-ROM 108 is nothing more than a collection, in one place, of prior issues of the Magazine. For years, publishers have sold collections of their publications in bound volumes and on microfilm and microfiche. Libraries around the country, including institutions such as the Library of Congress and the Atlanta Public Library have regularly made available periodicals originally published in print form in these media. Such archival collections serve prodigious research and

historical needs at libraries, schools, homes and universities throughout the world. Thus, although no "such collection of 108 years of the Magazines, by decade, ever existed before," (App. Br. at 32), bound volumes (as well as microfilm and microfiche collections) of the Magazine, by year, exist and have for many years without any objection from Appellants. The only thing "new" about CD-ROM 108 is the medium which, as pointed out above, is irrelevant.

B. The selection and arrangement of CD-ROM 108 are identical to that of the original Magazines.

Unlike the electronic products in Tasini, see *infra*, pp. 22-26, the issues of the Magazine are republished in CD-ROM 108 exactly as they appeared in print. Thus, the selection and arrangement are identical. Moreover, the selection and arrangement of CD-ROM 108 do not approach the level of originality required to make it a new collective work. "In order to qualify for a separate copyright as a derivative or collective work, the additional matter injected in a prior work, or the manner of rearranging or otherwise transforming a prior work, must constitute more than a minimal contribution." 1 Nimmer on Copyright §3.03. This additional matter "must contain some substantial, and not merely trivial, originality." Sherry Mfg. Co., Inc. v. Towel King of Florida, Inc., 753 F.2d 1565, 1568 (11th Cir. 1985); New York Chinese TV Programs, Inc. v. U.E. Enters., Inc., 1989 U.S. Dist. LEXIS 2760 (S.D.N.Y. Mar. 8, 1989) (attached hereto as Exhibit C). CD-ROM 108 does not satisfy this test.

In Sherry, two towel manufacturers disputed the copyrightability of a towel design depicting three palm trees growing out of the sand, an ocean view with a sailboat in one corner, and clouds on the horizon. Plaintiff Sherry had copyrighted a redesigned version of its towels which contained changes in the dimensions of the beach,

trees and water. Id. The Eleventh Circuit held that the “majority of those distinguishing details are so minor that they are virtually unnoticeable upon a cursory comparison of the two towels.” Id. at 1569. The redesigned towels thus lacked sufficient originality to be copyrightable. Id.

In New York Chinese, the holder of an exclusive license to distribute Mandarin language videotapes in the United States sued various videotape rental stores for obtaining unlicensed copies which were taped directly off the Taiwanese airwaves and distributing them. Id. at *5, 8-10. The licensed and unlicensed tapes differed in a variety of respects, including episode divisions, previews and credits. Id. at *18. The Second Circuit ruled that these differences were “trivial non-programmatic ‘packaging’ changes” which did not confer derivative work status on the licensed tapes. Id. at *18-19.

Appellants argue that “selection most assuredly was involved in creating the product.” (App. Br. at 31). The Society, however, clearly did not engage in any meaningful selection process in choosing the issues of the Magazine to be included in CD-ROM 108.

Appellants first point to the fact that the Society “selected” only English language editions, and did not include each separate regional edition of each issue, in CD-ROM 108. (App. Br. at 31). In “selecting” the one copy of each monthly Magazine published during the Society’s history to be included in CD-ROM 108, the Society simply included those issues which it had on hand. (R1-27-2). It supplemented gaps in its inventory by purchasing issues at used book stores, institutions, and even garage sales. (R1-27-1, 2). The Society did not consciously select certain regional editions (which have no variants as to editorial content and only have some advertising variations from

each other), and exclude others. This is a far cry from the type of creative decision-making required to make CD-ROM 108 a new collective work. Feist Publications, Inc. v. Rural Tel. Serv., 499 U.S. 340 (1991); Warren Publ'g, Inc. v. Microdos Data Corp., 115 F.3d 1509, 1518 (11th Cir. 1997) (finding no selection involved where compiler included "entire relevant universe known to it" in compilation).

Appellants' argument that the Society's selection of the English language edition of the Magazine and not those published in other languages makes CD-ROM 108 a new collective work borders on the frivolous. (App. Br. at 31). Selection of the English language edition, which was the only language in which the Magazine was published prior to 1995 (R1-27-2), can hardly be considered creative.

Appellants also make a variety of arguments not raised below. For example, they claim that the omission of detached supplemental map inserts included with the original magazines is somehow significant. (App. Br. at ___). However, they concede that the maps were merely "inserts that had accompanied individual Magazines." (App. Br. at p. 31). Appellants also point to the inclusion of trademarks, logos and attributions in CD-ROM 108 as indicia of originality. There is, however, nothing particularly creative in including these elements.

Finally, Appellants argue that "the gathering of so many Magazines involved a unique and original arrangement." (App. Br. at 32). The number of Magazines included in CD-ROM 108 was dictated solely by the number of issues which had been published. The arrangement of the Magazines is simply chronological. There is nothing more "unique and original" about a chronological arrangement of every issue than the alphabetical arrangement of names in a telephone book, see Feist, 499 U.S. at

340, and it certainly does not rise to the level of originality required by the Copyright Act. Warren, 115 F.3d at 1518 (inclusion of “entire relevant universe” in compilation did not involve “selection”).

- C. The product as a whole contains minimal added creativity as compared to the content of the original issues of the Magazine.

Appellants also tout the existence of “new and original” material in CD-ROM 108 that did not appear in the Magazines themselves: a 26-second multimedia sequence which displays the Society logo, followed by the Moving Cover Sequence (ten seconds) and a thirty-second advertisement for Kodak. (App. Br. at 32-33). While these new materials are separately copyrightable, they are “trivial” additions to the original 1,200-plus issues of the Magazine, which are all reproduced exactly as they originally appeared. It would be ludicrous to suggest that the Society could use Appellants’ photographs in CD-ROM 108 if it did not contain these additions but cannot do so because they were included. Moreover, the selection or arrangement of these elements does not display the “minimal degree of creativity” which Appellants concede is required by Feist, 499 U.S. at 346 (App. Br. at 31). The Society logo, the Kodak promotional message,⁴ the Moving Cover Sequence and the cover displays are simple labeling and transitional displays; the placement of these displays involved minimal creativity, such as that at issue in Feist.

- D. The 1997 Copyright Notice is Irrelevant to the § 201(c) Analysis.

Appellants argue that the copyright notice evidences CD-ROM 108’s status as a new collective work and devote considerable time to analyzing the copyright

⁴See Paramount Pictures Corp. v. Video Broadcasting Sys., Inc., 724 F. Supp. 808 (D. Kan. 1989), where the court ruled that the addition of a commercial message at the beginning of a videotape did not create an unauthorized derivative work.

registration certificate that the Society filed in connection with CD-ROM 108. (App. Br. at 27-30). The inclusion of a 1997 copyright notice on CD-ROM 108 has no significance. Under the present law, copyright notice is not even required. 2 Nimmer on Copyright §7.02[C][3]. Thus, it does not signify whether CD-ROM 108 is or is not a new collective work for purposes of § 201(c).

Moreover, the 1976 Act is clear that copyright in a compilation does not extend to the preexisting material comprising the compilation. 17 U.S.C.A. §101(b). Copyright in a compilation “does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.” *Id.* Thus, even if CD-ROM 108 were a new collective work, the 1997 copyright would not affect the Society’s privileges under §201(c) with respect to the individual issues of the Magazine.

While the 1997 copyright notice has no effect on the copyrights in the individual Magazines – including privileges under §201(c) -- it does extend protection to any new material contained in the work. Although the small amount of additional material is insufficient to render CD-ROM 108 a new collective work for purposes of § 201(c), elements such as the Kodak advertisement and the Moving Cover Sequence are individually copyrightable. The 1997 copyright notice and subsequent registration of copyright ensure that these elements are protected from potential copyright infringement.

As to the registration certificate, it had not been filed at the time of the District Court’s grant of summary judgment, and was not, therefore, raised below. It is thus impermissible for Appellants to raise this argument on appeal. See p. 8, *supra*. In any event, as indicated above, the addition of the new elements, which are all that are

protected by the registration certificate, is trivial in the context of the exact reproduction of over 1200 issues of the Magazine.

Appellants offer no support for their conclusory assertion that CD-ROM 108 is a new anthology other than the dictionary definition of the word. (App. Br. at 19 n. 8). It is crystal clear, however, that CD-ROM 108 is not a “collection of literary [or photographic] works of varied authorship.” It is merely a reprint, in electronic format, of existing issues of the Magazine.

* * *

CD-ROM 108 thus does not qualify as a new collective work or new anthology for purposes of §201(c) because it does not differ in any material creative respect from paper copies of the Magazine. As a straightforward reprint of the Magazine, the Society is entitled to publish it pursuant to §201(c).

IV. SECTION 201(C) OF THE COPYRIGHT ACT PERMITS THE SOCIETY TO PUBLISH CD-ROM 108 AS A REVISION EVEN IF IT IS A NEW COLLECTIVE WORK, NOTWITHSTANDING THE SECOND CIRCUIT’S OPINION IN TASINI.

Even if the Court were to determine that CD-ROM 108 is a new collective work, that determination would be irrelevant to the outcome of this case.

A. Section 201(c) Authorizes New Collective Works.

Section 201(c) explicitly permits the use of an author’s contribution, initially published in a collective work, in a new collective work. Thus, revisions of a particular collective work and later collective works in the same series – both explicitly authorized by §201(c) – are clearly “new” collective works. For example, a publisher “could reprint an article from a 1970 edition of an encyclopedia in a 1980 revision of it,” H.R. Rep. No. 2237, 89th Cong., 2d Sess. 117 (1966), referenced in the final committee

report on the 1976 Copyright Act, H.R. Rep. No. 1476, 94th Cong., 2d Sess. 122-23 (1976), even though that 1980 revision would obviously be a “new” collective work. If a revision of an encyclopedia, which deletes existing material and adds new material, is permitted by §201(c), then the exact reproduction of previous issues of the Magazine to which a promotional message, a sequence of moving covers and cover displays are added is also permissible. At most, CD-ROM 108 is a “revision” of prior issues of the Magazine.⁵

Conceding explicitly that it is not the electronic medium that is at issue here (App. Br. at 33), Appellants’ position is evidently that, while the Society could reproduce each issue of the Magazine on a separate CD-ROM disk, it cannot reproduce all of its back issues on 30 disks. In other words, the Society could distribute a collection of past issues on approximately 1300 disks, but not on 30 disks. To state the proposition demonstrates its obvious weakness.

Appellants, obviously, do not argue that the Society could not distribute a bound volume in which all of the issues for a particular year were reproduced. Nor do they claim that the distribution of multiple issues of the Magazine on microfiche and microfilm, a historically common practice for libraries, educational institutions and others around the world with respect to virtually every published periodical, is impermissible. Yet, while they concede that “the issue is not the medium used,” (App. Br. at 33), they argue that the Society cannot distribute a collection of 30 compact disks, each of which

⁵ Appellants erroneously contend that the Society never argued below that CD-ROM 108 was a revision. (App. Br. at 21 n. 9, 35). This is simply not true, as a cursory glance at the briefs below reveals. In fact, the Society explicitly argued it on at least two occasions – in support of its motion for summary judgment, and in opposition to Appellants’

contains approximately 43 issues of the Magazine. Not only does this contention defy logic, were it the law, it would undermine the medium neutrality which is the hallmark of the 1976 Act and limit a publisher's privileges under § 201(c) to print reproductions. Different media have different capabilities with respect to the amount of data they can physically store within a given space. A CD-ROM can hold more data than microfiche or microfilm, which, in turn, can store more information in a given space than paper. The medium is irrelevant to the application of § 201(c).

B. Appellants' Reliance on Tasini Is Misplaced

Appellants rely primarily on the Second Circuit's opinion in Tasini v. New York Times for the proposition that § 201(c) does not authorize CD-ROM 108. The opinion of the Second Circuit in Tasini is obviously not binding on the Eleventh Circuit, and, with all due respect to the Second Circuit, reflects a flawed interpretation of § 201(c) even under the very different facts of that case. In any event, the facts in this case are so fundamentally different than the Tasini facts that they provide no basis for this Court to revisit the District Court's grant of summary judgment.⁶

1. The Second Circuit erred in its application of Section 201(c).

With all due respect to the Second Circuit, that court significantly misconstrued Section 201(c), particularly in its application to periodicals. In discussing the "revision" clause, for example the Second Circuit opined that Section 201(c) "protects only later editions of a particular issue of a periodical, such as the final edition

motion in the District Court to vacate its grant of summary judgment. (See R1-28-4 to 6; R1-62-9 to 11).

⁶ Notably, the District Court relied on the Tasini court's reasoning -- not the facts involved in that case -- in granting summary judgment to the Society. (R1-37-7).

of a newspaper.” Tasini, 1999 U.S. App. LEXIS 36241, at *15. There is no basis in the language of the statute or the legislative history for such an interpretation. To the contrary, in construing statutory language, words are to be given their plain and ordinary meaning. See Perrin v. United States, 444 U.S. 37, 42 (1979); In re McCollam, 986 F.2d 436, 437 (11th Cir. 1993); United States v. Ahumado-Avendano, 872 F.2d 367, 371 (11th Cir. 1989). To “revise” something means to “to make a new, amended, improved, or up-to-date version” of it. Webster’s Ninth New Collegiate Dictionary at p. 1010. There is no reason to limit the “revision” language of the statute to the final edition of a newspaper. Indeed, such a construction has no application to weekly or monthly periodicals like magazines or journals.

The Tasini court also erroneously characterized a new edition of a dictionary or encyclopedia as a “later collective work in the same series,” Tasini, 1999 U.S. App. LEXIS 36241, at *14-15, when the legislative history of Section 201(c) clearly states that such works would constitute revisions. H.R. Rep. No. 2237, 89th Cong., 2d Sess. 117 (1966), referenced in the final committee report on the 1976 Copyright Act, H.R. Rep. No. 1476, 94th Cong., 2d Sess. 122-23 (1976) (publisher “could reprint an article from a 1970 edition of an encyclopedia in a 1980 revision of it”).

Thus, not only are the facts of Tasini so different as to render the Second Circuit’s opinion inapplicable to this case, but the Tasini court misapplied Section 201(c).

2. The Tasini Facts Differ Drastically From The Facts at Issue Here.

Tasini involved three different electronic publications: (1) NEXIS, which the Second Circuit described as a “database comprising thousands or millions of individually retrievable articles taken from hundreds or thousands of periodicals,” Tasini,

1999 U.S. App. LEXIS 36241 at *17; (2) New York Times OnDisc (“NYTO”), a CD-ROM containing only the text of some articles that had been published in The New York Times, but neither all articles nor the entirety of the newspaper or any edition, Tasini, U.S. App. LEXIS 36241, at *5-6; and (3) General Periodicals OnDisc (“GPO”), a CD-ROM containing both texts, abstracts and images of some of the articles from numerous periodicals. Tasini, 1999 U.S. App. LEXIS 36241, at *24. Unlike CD-ROM 108, in each of these electronic publications the articles contributed by the plaintiffs appear in a totally different form and context than that in which they appeared in the original publication. Unlike CD-ROM 108, in each of these electronic publications the search engines moreover allow end users to retrieve articles individually and completely out of the context in which they appeared in the original publications. In discussing the publications at issue in Tasini, the Second Circuit first

describe[d] the process by which any issue of a periodical is made available to Mead for inclusion in NEXIS. First, an individual issue of the paper is stripped, electronically, into separate files representing individual articles. In the process, a substantial portion of what appears in that particular issue of the periodical is not made a part of a file transmitted to Mead, including, among other things, formatting decisions, pictures, maps and tables, and obituaries.

Tasini, 1999 U.S. App. LEXIS 36241 at *5-6. The Court went on to observe that

... NEXIS does almost nothing to preserve the copyrightable aspects of the Publishers’ collective works, ‘as distinguished from the preexisting material employed in the work,’ 17 U.S.C. § 103(b). The aspects of a collective work that make it ‘an original work of authorship’ are the selection, coordination and arrangement of the preexisting materials. Id. § 101 (citations omitted). However, as described above, in placing an edition of a periodical such as the August 16, 1999 New York Times in NEXIS, some of the paper’s content, and perhaps most of its arrangement are lost. Even if a NEXIS user so desired, he or she would

have a hard time recapturing much of “the material contributed by the author of such [collective] work,” 17 U.S.C. § 103(b). In this context, it is significant that neither the Publishers nor NEXIS evince any intent to compel or even permit, an end user to retrieve an individual work only in connection with other works from the edition in which it ran. Quite the contrary, The New York Times actually forbids NEXIS from producing ‘facsimile reproductions’ of particular editions. (Citation omitted). What the end user can easily access, of course, are the preexisting materials that belong to the individual author under Sections 201(c) and 103(b).

Tasini, 1999 U.S. App. LEXIS 36241, at *20-23. Based on these facts, the Second Circuit found that the electronic publications at issue did not constitute “revisions” of the original collective works.

None of the factors which led the Second Circuit to rule against the Tasini defendants is present in CD-ROM 108. Indeed, the differences are material and profound. Unlike NEXIS, NYTO and GPO, CD-ROM 108 contains images of the entirety – text, photographs, advertisements, etc. - of only one periodical – National Geographic Magazine. Unlike NEXIS, NYTO and GPO, the only image a user can view in CD-ROM 108 is the exact image in the exact manner in which it appeared in the original issue of the Magazine, including all text, all photographs and all advertisements exactly as they originally appeared on paper. Unlike NEXIS, NYTO or GPO, CD-ROM 108 preserves every copyrightable aspect of every issue of the Magazine – “selection, coordination and arrangement,” see Tasini, 1999 U.S. App. LEXIS 36241, at *20. provides no tools to the user to cut, paste or alter any of its digital pages. (See R1-63-Exh. D-5). Unlike NEXIS, NYTO and GPO, none of the content is lost: CD-ROM 108 is an exact archival reproduction of the original print version of the Magazine. CD-ROM 108 contains exact reproductions of every page of every issue, displayed in two-page

spreads exactly as one would view and read the original print version of the Magazine, as well as the cover of each issue and all of the advertising pages of each issue (even though they do not contain any articles or editorial content).

Moreover, unlike NEXIS, NYTO and GPO, a user of CD-ROM 108 cannot retrieve articles, photographs or any other content individually or out of the context in which it originally appeared. (See R1-63-Exh. D-2 and Exh. A thereto). The text, photographs and other context of each volume are presented, page after page, as in the print version. Thus, a user of CD-ROM 108 cannot use its index to directly access one of Appellant's photographs. Once the user has identified the photographs, he or she must insert the disk on which the issue appears into his or her CD-ROM drive – just as a user would pull the bound volume in which the issue appears - retrieve the issue of the Magazine in which the photograph appeared, then physically (albeit electronically) page through the Magazine to find the photograph. Instead of turning the page on paper, the user clicks the mouse to move from one page to the next, exactly as each page appears on paper. And, when that photograph is found, it will appear, not individually, but in the same form and context, i.e., in the same spot on the same page in the same issue, surrounded by the same material, as it appeared in the print copy of the Magazine.

Finally, unlike NEXIS, NYTO or GPO, CD-ROM 108 searches the Magazine by the same subject-matter index used for the print version of the Magazine and causes the viewer to go back to a particular issue to review an article just as it appeared on paper. There is no text-based search capability. If the viewer turns the page, whether electronically by clicking a mouse or by turning a page on paper, the viewer will find everything on the next page just as it appears in the original publication on paper,

whether it is the continued story, an advertisement or the next article. From the perspective of the Copyright Act, this is no different than viewing the photograph on microfilm or in a bound volume containing all issues of the Magazine from a particular year.

The Second Circuit analysis in Tasini is based on facts so different from those at issue in this case that even if it were binding, it would not provide a basis for any change in the District Court's decision granting summary judgment to Appellees.

* * *

The Society was privileged to reproduce the Appellants' photograph as "part of the particular collective work" or a "revision of that collective work."

V. THE DEFENDANTS' USE OF THE COVER IN THE MOVING COVER SEQUENCE IS DE MINIMIS, AND, THEREFORE, NOT ACTIONABLE.

Appellants claim that the Society infringed their copyright in the photograph that appeared on the Cover by showing the Cover as one of ten cover images, for less than one second as part of the Moving Cover Sequence. However, in order to establish actionable copying, Appellants must demonstrate that the copying exceeds a certain de minimis threshold. Ringgold v. Black Entertainment Television, Inc., 126 F.3d 70 (2nd Cir. 1997). De minimis use does not give rise to copyright liability. Warner Bros. Inc. v. American Broadcasting Cos., Inc., 720 F.2d 231 (2nd Cir. 1983); Amsinck v. Columbia Pictures Indus., Inc., 862 F. Supp. 1044, 1049 (S.D.N.Y. 1994) (citing Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417 (1984)). In Ringgold, the defendant used a poster of the plaintiff's quilt as a background set decoration on a television show. Id. at 73. In analyzing the substantiality of copying involved, Judge Newman emphasized that, in cases involving visual works, "the quantitative component of

substantial similarity also concerns the observability of the copied work -- the length of time the copied work is observable in the allegedly infringing work and such factors as focus, lighting, camera angles, and prominence.” Id. at 75. Judge Newman found that the use of the plaintiff’s poster in various segments of the program totaling between 26 and 27 seconds surpassed the de minimis threshold because the painting component was sufficiently recognizable as the plaintiff’s “colorful, virtually two-dimensional style.” Id. at 77.

In Amsinck, a similar case involving copying of a visual work, the court also emphasized that to establish actionable copying, “[t]here must be some degree of permanence or the maxim ‘de minimis’ applies, requiring a finding of no liability.” 862 F. Supp. 1044, 1047. In Amsinck, the defendant used the plaintiff’s crib mobile as part of the set decoration of a film. Id. at 1046. The mobile appeared in several scenes for periods of time ranging from two to twenty-one seconds, with a total exposure of roughly one minute and thirty-six seconds. Id. at 1046. As in Ringgold, the entire copyrighted work was displayed. Id. However, the court concluded that this did not constitute actionable copying, in part because the mobile “appear[ed] for only seconds at a time and [could] be seen only by viewing a film, [and thus was] fleeting and impermanent.” Id. at 1048.

If the concept of de minimis use has any meaning whatsoever, it must apply to this case. The Cover flashes by in less than one second. (R1-20 at 37; App. Br. at 39). It is virtually impossible for a visual work to appear for a shorter period of time and yet still be capable of perception by the human eye. Indeed, Appellants themselves admit that there is no element of permanence to the Moving Cover Sequence. (R1-5-7)

(images “are electronically and visually manipulated so that they metamorphose from one to another”).

In addition, while Appellants criticize the Society for focusing solely on the quantity of the use to the exclusion of the quality of the use, Appellants’ own *amicus curiae* concedes that the qualitative use of the Cover is minimal, noting that the Moving Cover Sequence flashes by so quickly that it appears to show only three covers rather than ten. (Amicus Br. at 25 n. 6). If the use of the Cover is so qualitatively insubstantial that seventy percent of the images in the sequence are obscured, that use cannot exceed the de minimis threshold. See Fisher v. Dees, 794 F. 2d 432, 434 n. 2 (9th Cir. 1986) (taking is considered de minimis only if it is so meager and fragmentary that average audience would not recognize the appropriation). (App. Br. at 45).

Appellants do not seriously address in their brief the insubstantiality of the Cover’s appearance in the sequence of moving covers, which is the relevant de minimis analysis, engaging instead in overblown rhetoric which vastly exaggerates the significance of the Moving Cover Sequence, and the series of independent covers depicted therein, to CD-ROM 108 as a whole. Appellants also overlook the fact that the Cover was designed by the Society and bears a photograph which the Society commissioned and paid Appellants to take, and published completely appropriately, which Appellants do not contest. There is no question that the Society is entitled to use the Appellants’ photograph on the Cover. Moreover, none of Appellants’ self-congratulatory arguments can change the simple fact that the reproduction of the Cover in the introductory sequence appears only for a split second, is never seen by a customer in any advertising or promotional material, is not depicted on any packaging, and, indeed, is

never seen by a customer before the sale of the product. Thus, it is not a “foreground emblem for the entire 108-year Magazine collection.” (App. Br. at 44).

Nor does Appellants’ reliance on the qualitative artistic merit of the Cover carry any legal weight in the de minimis analysis. In Ringgold v. Black Entertainment Television, Inc., 126 F.3d 70 (2nd Cir. 1997) and Sandoval v. New Line Cinema Corp., 973 F. Supp. 409 (S.D.N.Y. 1997), the courts did not consider whether the allegedly infringed work had artistic merit. Indeed, it was recognized in Ringgold that the plaintiff’s work was used because it had artistic merit. The analysis in those cases concerned how and for how long the admittedly valuable work was displayed, Ringgold, and the value of the material used in relation to the whole work, Sandoval. Here, the visual quality of the images in the sequence of moving covers is fleeting and inferior to that of paper copies of the Magazine. (R1-20-3). And, the material used is inconsequential in relation to the whole work. Qualitatively as well as quantitatively, the sequence of moving covers constitutes de minimis use of the Cover.

Appellants’ attempt to find support in Ringgold is unavailing. The Society does not contend that no visually significant aspect of the Cover is discernible. Rather, the brevity of the Cover’s display in the Moving Cover Sequence of moving covers, coupled with the inferior quality of the digitally scanned image, does not cross the de minimis threshold. Significantly, the Ringgold image was displayed for a period twenty-six times longer than the Cover appears in the sequence of moving covers. Ringgold, 126 F.3d at 77; (R1-20-3). The Society is not, as Appellants suggest, trying to “diminish the importance of a photograph they deemed well-suited for inclusion in a highly-select group of photographs chosen to represent the history of the magazine.” (App. Br. at 43).

The Society recognizes the Cover's appearance in the Moving Cover Sequence for exactly what it is worth -- a split-second flash reproduction in a product containing hundreds of thousands of images and over a thousand covers over the 108 years.⁷

Finally, Appellants' claim that the appearance of the entire Cover in the Moving Cover Sequence precludes a finding of de minimis use is flatly contradicted by the holdings in Amsinck and in Ringgold. In Amsinck, the court found that the use of the plaintiff's crib mobile in the defendant's set decoration was de minimis despite the fact that the entire work was portrayed. Amsinck, 862 F. Supp. at 1048. In Ringgold, while the court found that the use exceeded the de minimis threshold, it reached that conclusion based on the duration and significance of the use, not on the fact that the entire image was used. Ringgold, 126 F.3d at 77. Similarly, courts have found fair use of photographs where the entire work was used. See Sandoval, 973 F. Supp. 409 (finding fair use of ten photographs displayed in film); Haberman v. Hustler Magazine, Inc., 626 F. Supp. 201 (D. Mass. 1986) (finding fair use of two photographs reproduced substantially in full in magazine). Clearly, the fact that the defendants used the entire Cover in the sequence of moving covers does not preclude a finding of de minimis use.

⁷ The use of the Cover here is far less significant than the uses involved in Education Testing Servs. v. Katzman, 793 F.2d 533, 542 (3rd Cir. 1986) and Elsmere Music, Inc. v. National Broadcasting Co., 482 F. Supp. 7412, 744 (S.D.N.Y. 1980). In Katzman, the defendants copied actual questions from the Scholastic Aptitude Test and the Achievement Tests, which is maintained and administered under highly confidential circumstances. Katzman, 793 F.2d at 536, 543. In Elsmere, the defendants used the most significant and recognizable portion of the song "I Love New York" in a parody. Elsmere, 482 F. Supp. at 744. In contrast, the Society here has made fleeting and insubstantial use of the Cover on which Appellants' photograph appears and Appellants do not contest that the Society obtained the right to publish the photograph in the Magazine.

Thus, the Moving Cover Sequence, and especially the use of the one Cover which includes Appellants' photograph, is unquestionably a de minimis use.

VI. THE APPELLEES' USE OF THE COVER IN THE MOVING COVER SEQUENCE CONSTITUTES FAIR USE.

The 1976 Copyright Act codifies the judicial doctrine of fair use, an "equitable rule of reason" which "permits courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster." Stewart v. Abend, 495 U.S. 207, 236 (1990) (citations omitted).

Section 107 permits:

the fair use of a copyrighted work . . . for purposes such as criticism, comment, news reporting, teaching . . . scholarship, or research. . . . In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include: (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes; (2) the nature of the copyrighted work; (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and (4) the effect of the use upon the potential market for or value of the copyrighted work.

17 U.S.C.A. §107.

A. The purpose and character of the use: CD-ROM 108 is educational and does not seek to exploit the Cover for commercial gain.

1. The Magazine is an educational periodical.

The preamble of §107 lists six examples of the type of use which may give rise to a successful fair use defense: criticism, comment, news reporting, teaching, scholarship and research. 17 U.S.C.A. §107. The list is nonexclusive and is meant to provide "general guidance about the sorts of copying that courts and Congress most commonly had found to be fair uses." Campbell, 510 U.S. at 577 (parody); see also

Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539, 560 (1985) (news reporting); New Era Publications Int'l v. Carol Publishing Group, 904 F.2d 152, 155 (2nd Cir. 1990) (critical biography); Salinger v. Random House, Inc., 811 F.2d 90, 96 (2nd Cir. 1987) (biography).

Generally, fair uses are those which contribute in some way to the public welfare. Pacific and Southern Co., Inc. v. Duncan, 744 F.2d 1490 (11th Cir. 1984). A use which falls within the ambit of the preamble to §107 gives rise to a strong presumption of fair use. Arica Institute v. Palmer, 970 F.2d 1067, 1077 (2nd Cir. 1992) (psychologist's book on "intuition training" fell within preamble to §107); Wright v. Warner Books, Inc., 953 F.2d 731, 736 (2nd Cir. 1991) (scholarly biography fit within categories of uses that Congress indicated may be fair).

Appellant casually states, with no support in logic or in fact, that the "teaching" category has "no meaning in a sequence of moving covers that was brief and was obviously intended for decorative or iconic purposes only." (App. Br. at 50). To the contrary, the Moving Cover Sequence appears in connection with a collection of works that indisputably has significant educational value. The Magazine's mission is to educate its readership about the cultural, geographical and organic richness of the world around us. (R1-20-2). The collection of 1,200-plus issues of the Magazine, spanning 108 years, is a remarkable educational resource which reflects the unique history of our world in this century. Articles such as "Making Friends with Mountain Gorillas" (January 1970); "New Map Interweaves History with Geography" (January 1970); "Lebanon, Little Bible Land in the Crossfire of History" (February 1970); and "Starfish Threaten Pacific Reefs" (March 1970) enrich the reader's knowledge of the incredibly varied and complex world

around us. The Magazine “contributes to the public welfare,” see Pacific & Southern Co., 744 F.2d at 1496, because it increases our cultural knowledge of and appreciation for the symbiotic relationship between humans and the plant and animal life which surrounds us. Thus, the Magazine’s pervasively recognized status as an educational publication weighs in favor of the defendants.

Nor does the fact that the Magazine, the Society’s official journal to its membership, has a “wide, public subscription base” or the fact that it is sold commercially detract from its educational value. (App. Br. at 51). The issue of commercial sale is a separate element of the first factor and is discussed further below at p. 35-37.

2. CD-ROM 108 makes “transformative” use of the Cover, which weighs in favor of finding fair use.

The Supreme Court’s most recent pronouncement on the fair use defense emphasizes that the “central purpose” of the first fair use factor is to determine whether the new work merely replaces the original, or whether it makes “transformative” use of the original by adding further creative expression or meaning to it. Campbell, 510 U.S. at 579 (citations omitted). See also Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539, 562 (1985) (no fair use of verbatim excerpts of former President Ford’s memoirs); Dr. Seuss Enters., L.P. v. Penguin Books USA, Inc., 109 F.3d 1394, 1400 (9th Cir. 1997) (nontransformative use of elements of Dr. Seuss character cut against fair use); Pacific & Southern Co., Inc. v. Duncan, 744 F.2d 1490, 1496 (11th Cir. 1984) (no fair use where television news service copied and sold entire news feature); Jartech, Inc. v. Clancy, 666 F.2d 403, 407 (9th Cir. 1982) (upholding jury finding of fair use because use was not the “same intrinsic use [from] which the copyright holders expected protection”).

The key to transformative use is that it builds upon elements of the original work in creating an entirely new work which conveys a different message and serves a different function than that of the original. Campbell, 510 U.S. at 580. A finding of transformative use will diminish the significance of other considerations, such as commerciality, which might otherwise weigh against the defendant. Id. at 579. This is consistent with the Copyright Act's goal of encouraging creative endeavors in science and the arts. Id.

Appellants concede, albeit in derogatory terms, that the Appellees' use of the Cover of the Magazine in the Moving Cover Sequence is transformative. (R1-5-17) ("the Cover Photograph has been altered and deformed for utilization in the Moving Cover Sequence"). The Cover of the Magazine is portrayed exactly as it actually appears in the Magazine for a moment, but the position of one element in the photograph, the figure of the female diver, is then altered to facilitate the visual effect of the Cover transitioning into the next cover in the sequence. (R1-20-3). It is one piece of a moving digital mosaic which evokes the variety and richness of the natural world which is the subject of the Magazine and the scope and breadth of over a thousand covers over the 108 years.

Appellant also suggests the Society cannot make transformative use of the Cover without creating an unauthorized derivative work. (App. Br. at 51-52). Were that the rule, however, transformative use would not be a factor which weighed in favor of the fair use defense.

The transformative nature of the Moving Cover Sequence weighs in favor of the Appellees.

3. Appellees do not exploit the Cover for commercial gain in the Moving Cover Sequence.

While the Supreme Court has stated that copying which serves a commercial or profit-making activity is presumptively unfair, Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417, 448-9 (1984), it has emphasized that this is not a “hard evidentiary presumption,” but merely one element of the inquiry into the first factor which should not be given dispositive weight. Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 583-4 (1994); see also Maxtone-Graham v. Burtchaell, 803 F.2nd 1253, 1262 (2nd Cir. 1986) (in analyzing commerciality, court need not “make a clear-cut choice between two polar characterizations, ‘commercial’ and ‘non-profit’). Indeed, if commerciality alone were determinative of fair use, “the presumption would swallow nearly all of the illustrative uses listed in the preamble paragraph of §107, including news reporting, comment, criticism, teaching, scholarship, and research, since these activities ‘are generally conducted for profit in this country.’” Campbell, 510 U.S. at 584 (quoting Harper & Row, 471 U.S. at 592 (Brennan, J., dissenting)); see also American Geophysical Union v. Texaco, Inc., 60 F.3d 913, 921 (2nd Cir. 1994) (since most secondary users seek some measure of commercial gain from use, unduly emphasizing commercial motivation leads to overly restrictive view of fair use).

Applying the same reasoning, the Fifth Circuit, in Triangle Publications, 626 F.2d 1171 (5th Cir. 1980), found that purely commercial use could constitute fair use. In that case, the Miami Herald displayed the cover of TV Guide Magazine in an advertisement for its own competing television guide. Id. at 1172-3. The District Court ruled against the Miami Herald on the sole ground that the use of the TV Guide cover was to obtain commercial advantage. Id. at 1175. The Fifth Circuit reversed, rejecting

the lower court's "per se rule that commercial motive destroys the defense of fair use." Id. The court found that the circumstances of the use undercut its commercial nature. Id. at 1175-6. The TV Guide cover was used in a truthful comparative advertisement, and the court took note of the public interest in disseminating "important information to consumers [which] assists them in making rational purchase decisions." Id. at 1176 n. 13 (quoting 16 C.F.R. §14.15(c) (1980)). Thus, even though the Miami Herald used the TV Guide cover expressly for the purpose of gaining a competitive advantage in the market for television guides, the manner in which it did so constituted fair use. Id. at 1176.

Moreover, the inquiry into commerciality specifically focuses on whether the alleged infringer stands to gain from "exploitation of the copyrighted material," Harper & Row, 471 U.S. at 562, not whether the new work, as a whole, is commercial in nature. See Penelope v. Brown, 792 F. Supp. 132, 137 (D. Mass. 1992); Haberman, 626 F. Supp. at 210 (citing Harper & Row, 471 U.S. at 562). In analyzing the first fair use factor, the Haberman court emphasized that "[t]he fact that Hustler magazine is offered for sale . . . does not dictate a finding that the reproduction of Haberman's [two photographs] was a commercial use." Id. at 210. Haberman's photographs were displayed inside the magazine and were not advertised on the cover or otherwise made evident to prospective purchasers. Id. at 211. Thus, the court ruled that the manner of Hustler's use was "not a strong factor militating against a finding of fair use." Id.

Finally, the fair use defense is broader with respect to works which, though intended to be profitable, aspire to serve broader public purposes. Twin Peaks Prods., Inc. v. Publications Int'l, Ltd., 996 F.2d 1366, 1375 (2nd Cir. 1993); Sega Enters.

Ltd. v. Accolade, Inc., 977 F.2d 1510, 1523 (9th Cir. 1993). This public benefit need not be direct or tangible in order to claim fair use. Sega, 977 F.2d at 1523.

The Society does not contest that CD-ROM 108 is sold for a profit. However, that fact does not affect the core educational purpose of the Society's mission to further the diffusion of geographic knowledge or its use of any revenues produced by any of its products to further that mission. The Society's primary motivation in republishing the Magazine in CD-ROM 108 was to bring digital archiving and the rich history of 108 years of educational content to educators, librarians, students and families in ways that are convenient to use and handle with far greater reach and ease than bound volumes or microfilm or microfiche, also ameliorating for the inevitable disintegration of print on paper. (See R1-20-and Exh. B thereto). In light of the significant educational value of the Magazine and other public policies served, the fact that CD-ROM 108 is offered for sale carries no negative weight in the first factor analysis.

Moreover, the Society's use of the Cover in the Moving Cover Sequence is not the source of whatever commercial gain the Society might realize as a result of CD-ROM 108. Indeed, potential purchasers of CD-ROM 108 are not even aware of the Moving Cover Sequence, since it is not referenced on the outside packaging and has not been highlighted in any advertising for the product. (R1-20-3). Thus, the Cover is not "exploited expressly for the purpose of enhancing and making attractive each disk in the CD-ROM product," as Appellants contend. (App. Br. at 53).

4. The Society has acted in good faith.

The conduct of the allegedly infringing user is also relevant to the first fair use factor because "[f]air use presupposes 'good faith' and 'fair dealing.'" Harper &

Row, 471 U.S. at 562 (citations omitted); see also Weissman v. Freeman, 868 F.2d 1313, 1323 (2nd Cir. 1989). Consequently, the deliberate exploitation of a copyrighted work for one's own personal gain weighs heavily against a finding of fair use. Harper & Row, 471 U.S. at 563 (The Nation's "knowing[] exploitation [of] a purloined manuscript" in an effort to "scoop" Time Magazine militated strongly against a finding of fair use); Los Angeles News Serv. v. KCAL-TV Channel 9, 108 F.3d 1119 (9th Cir. 1997) (no fair use where television station broadcast competing station's videotape of Reginald Denny beating and did not attribute tape to competitor); Rogers v. Koons, 960 F.2d 301, 309 (2nd Cir. 1992) (no fair use where artist deliberately removed copyright notice from photograph before unauthorized copying).

The Society acted in the utmost good faith with respect to CD-ROM 108. The Society sent a letter to all contributors to the Magazine informing them of the pending release of CD-ROM 108, describing the product and explaining that §201(c) authorized the Society to republish the Magazine in CD-ROM format. (R1-20-4). While Appellant Greenberg says he did not receive the letter, he obviously learned of the letter since he notified the Society of his objection to publication of CD-ROM 108. It is significant, however, that in his letter he did not mention the purported reassignment on which he now relies to claim that the Society acted in bad faith. The Society's good faith weighs in its favor.

Because the Magazine (and consequently CD-ROM 108) is primarily educational rather than commercial, because the use is transformative, because the Society does not seek to gain any profit directly from the use of the Cover, and because Appellees have acted in good faith, the first fair use factor weighs in the Society's favor.

B. The Cover has already been published.

The second fair use factor assesses “the nature of the copyrighted work.” 17 U.S.C.A. §201(c). Whether a copyrighted work has already been published is a critical element of this factor. Harper & Row, 471 U.S. at 564. The scope of the fair use defense is broader with respect to works that have already been published. Id.; Arica Institute, Inc. v. Palmer, 970 F.2d 1067 (2nd Cir. 1992) (finding fair use by psychiatrist of published ego fixation model in book); Salinger v. Random House, Inc., 811 F.2d 90, 96 (2nd Cir. 1987); (biographer’s use of subject’s unpublished works weighed against fair use); Haberman v. Hustler Magazine, Inc., 626 F. Supp. 201, 212 (D. Mass. 1986) (fact that photographs had been published undercut weight of creativity and originality in examination of second fair use factor). This is because the creator of the original work has an interest in controlling its first publication. Harper & Row, 471 U.S. at 564; Wright, 953 F.2d at 737; Haberman, 626 F. Supp. at 212.

The photograph at issue here, like the photographs in Haberman, has already been published: it appeared on the cover of the January 1962 issue of the Magazine. Therefore, Appellants’ interest in controlling its first publication is not at stake here as it was in Harper & Row. This factor thus favors the Society’s claim of fair use.

C. The Cover’s fleeting appearance in the Moving Cover Sequence is not a substantial use.

The third fair use factor considers “the amount and substantiality of the portion used in relation to the copyrighted work as a whole.” 17 U.S.C.A. §201(c). It has been conclusively established that copying an entire work does not preclude a fair use defense. See Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417 (1984); Triangle

Publications, Inc. v. Knight-Ridder Publications, Inc., 626 F.2d 1171 (5th Cir. 1980) (finding fair use of entire cover of TV guide in advertisement for competing television programming guide); Ringgold v. Black Entertainment Television, 126 F.3d 70 (2nd Cir. 1997) (third fair use factor weighed in favor of defendants where poster, used as set decoration, appeared in television show for less than 27 seconds); Sandoval v. New Line Cinema Corp., 973 F. Supp. 409 (S.D.N.Y. 1997) (finding fair use of photographs which were displayed for approximately 90 seconds in motion picture).

As in Ringgold and Sandoval, while Appellees used the entire Cover in the Moving Cover Sequence, it appears for a split second as one of a series of ten images of other Magazine covers. (R1-20-3). Appellants cannot seriously contend that such a fleeting and ephemeral use of the Cover captures its “essence or value,” see Sandoval, 973 F. Supp. at 413, or its “heart,” see also Harper & Row, 471 U.S. at 564; Wright, 953 F.2d at 738; Triangle Publications, 626 F.2d at 1177. Indeed, *amicus curiae* emphasizes in its brief that the sequence occurs so quickly that it appears to display only three covers – not ten. (Amicus Br. at 25 n. 6). The Cover is barely discernable or identifiable as it is momentarily shown before transitioning into the next image. Moreover, a user can skip the Moving Cover Sequence by mouse-clicking on it once after his or her initial use of CD-ROM 108. (R1-20-3). This factor weighs in favor of the Society.

D. The Moving Cover Sequence has no effect on the potential market for the photograph appearing in the Cover.

The fourth fair use factor examines “the effect of the use upon the potential market for or value of the copyrighted work.” 17 U.S.C.A. §201(c). The Supreme Court in Campbell rejected the Court of Appeals’ presumption, stemming from the Supreme Court’s earlier decision in Sony, that any finding of commercial use under

the first factor dictates a finding of market harm under the fourth factor. Campbell, 510 U.S. at 590-1. The Supreme Court limited the Sony presumption of market harm to cases involving exact copying for purely commercial purposes. Id. Thus, one who duplicates a work exactly and then makes a profit by distributing the copy to the same market as that of the original work cannot claim fair use. Pacific & Southern Co., Inc. 744 F.2d at 1496 (under fourth factor, “court can measure the success of the original purpose and single out those purposes that most directly threaten the incentives for creativity which the copyright tries to protect”).

It is difficult to imagine how the Moving Cover Sequence could displace market demand for the photograph appearing in the Cover, since the size and quality of the images in the sequence are inferior to the original Magazine. (R1-20-37).⁸ A potential purchaser of a poster or a postcard depicting the Cover photograph would not buy CD-ROM 108 instead and use the Cover as it appeared in the Moving Cover Sequence as a substitute. Notably, Appellants advance no such argument. As a result, the fourth factor weighs heavily in favor of the Appellees.

VII. THE DISTRICT COURT POSSESSED SUFFICIENT FACTS FOR IT TO RULE ON THE FAIR USE DEFENSE.

Appellants complain vociferously that they were denied discovery into the Society’s fair use defense. The granting of summary judgment motions before discovery, however, is quite permissible. See Harbert Int’l, Inc. v. James, 157 F.3d 1271, 1280 (11th Cir. 1998) (affirming dismissal of summary judgment entered after denial of Rule 56(f) motion, where discovery was unlikely to uncover genuine factual issues); Reflectone, Inc. v. Farrand Optical Co., Inc., 862 F.2d 841, 844 (11th Cir. 1989); Fund

⁸ See supra note 1.

for Animals, Inc. v. Rice, 85 F.3d 535, 548 (11th Cir. 1996) (order denying plaintiffs' discovery requests, entered before grant of summary judgment in favor of defendant, must stand absent abuse of discretion). Appellants have presented no evidence tending to demonstrate that the District Court abused its discretion in granting summary judgment absent discovery.

Nor can they. As the Society demonstrated to the District Court, none of the discovery sought by Appellants had any bearing whatsoever on the fair use defense. Indeed, Appellants' counsel conceded below that the issue was whether Appellees "seek to exploit the Moving Covers Sequence for commercial gain," (R1-25-2), not whether CD-ROM 108 was sold for commercial gain. Bearing this critical fact in mind, it is clear that the District Court had before it all the facts it needed to determine the fair use question.

It is well established that where a district court possesses sufficient facts to permit it to evaluate each of the four fair use factors, it may determine the fair use issue as a matter of law. Harper & Row Publishers, 471 U.S. 539 (finding no fair use); Pacific and Southern Co., Inc., 744 F.2d 1490. "The mere fact that a determination of the fair use question requires an examination of the specific facts of each case does not necessarily mean that in each case involving fair use there are factual issues to be tried." Amsinck, 862 F. Supp. at 1046 (citations omitted). Because the Court possessed all the facts it needs to determine fair use, and because there was no genuine dispute of material fact, the Court was able to decide the issue.

Moreover, a nonmoving party's request for a continuance to allow it to conduct further discovery with respect to the pending motion must be reasonably

calculated to uncover facts which will help the party oppose the motion. Witter v. Abell-Howe Co., 765 F. Supp. 1144, 1150 (W.D.N.Y. 1991). Appellants did not meet this burden.

Appellants claimed below that they required information regarding “[t]he nature of for-profit corporate affiliates created by the National Geographic Society to produce, market and distribute the ‘Complete Geographic’ product, and the financial goals and expectations of the affiliates,” (R1-25, Exh. D-2), and the expectations of the Society and Mindscape to reap economic gain from CD-ROM 108. (R1-25, Exh. D-3). However, these requests fall far wide of the fair use mark. The fair use inquiry into commerciality focuses on whether the alleged infringer stands to gain from “exploitation of the copyrighted material,” Harper & Row, 471 U.S. at 562, not whether the new work, as a whole, is commercial in nature. See Penelope v. Brown, 792 F. Supp. 132, 137 (D. Mass 1992); Haberman v. Hustler Magazine, Inc., 626 F. Supp. 201, 210 (D. Mass. 1986) (citing Harper & Row, 471 U.S. at 562). The Society does not dispute that CD-ROM 108 is sold for a profit by a legal entity which is a taxable subsidiary, albeit one which is wholly-owned by the Society and whose products and revenue support the mission of the Society. (R1-19-13). That, however, as Appellants have conceded, is not the issue. The proper inquiry in this case is whether the inclusion of the Cover in the Moving Cover Sequence alone is designed to reap economic benefit, not whether the Society expects to earn a profit from the sale of CD-ROM 108 as a whole. The discovery Appellants sought could shed no light on the relevant aspects of the fair use issue or “the financial goals and expectations of the ‘affiliates.’” (R1-25, Exh. D-2).

Finally, Appellants requested information regarding the roles that the respective Appellants played in various aspects of the production and sale of CD-ROM 108. (R1-25 Exh. D at 8(d)). This, too, is entirely unnecessary for a ruling on fair use. The activities of the Appellees in developing, marketing and selling CD-ROM 108 have no bearing on any of the four fair use factors. The minutiae of Interactive's methodology in digitally scanning each issue of the Magazine and Mindscape's efforts to distribute CD-ROM 108 could not have illuminated the District Court's analysis of the four factors. Tellingly, Appellants did not below, and do not now, not provide any rationale for their need to discover these facts. "A 'bare assertion' that the evidence supporting a plaintiff's allegation is in the hands of the defendant is insufficient to justify a denial of a motion for summary judgment under Rule 56(f)." Contemporary Mission, Inc. v. U.S. Postal Serv., 648 F.2d 97, 107 (2nd Cir. 1981).

CONCLUSION

For all the reasons stated, Appellees respectfully request that the order of the District Court be affirmed.

Dated: April 18, 2000

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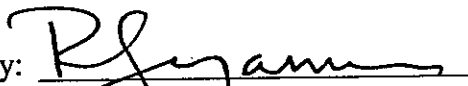
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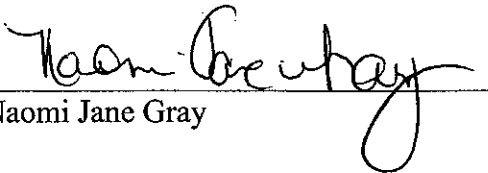
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CERTIFICATE OF COMPLIANCE

I hereby certify that this brief complies with the type-volume limitation set forth in Federal Rule of Appellate Procedure 32(a)(7). The brief utilizes proportional spacing and consists of approximately 12,948 words.



Naomi Jane Gray



The Following Pages Are Poor Quality

INTERNATIONAL NEWS

Berlin

ON BOTH SIDES OF THE WALL

ARTICLE BY PHOENIX
HOWARD SOCHERLES

IN THE 1950s, Berlin was a city of stark contrasts. The city was divided into two halves by the Berlin Wall, which was built in 1961. The East was a city of poverty and oppression, while the West was a city of prosperity and freedom.

But now, the wall has fallen, and the city is being reunited. The East is becoming a city of opportunity and growth, while the West is becoming a city of tradition and stability.

The reunification of Berlin is a historic event, and it is a testament to the power of human will. The people of Berlin have shown that they are capable of overcoming the most difficult of challenges. They have shown that they are capable of creating a better future for themselves and for their children.

The reunification of Berlin is also a testament to the power of democracy. The people of Berlin have shown that they are capable of making their own choices and of taking responsibility for their own actions. They have shown that they are capable of creating a better future for themselves and for their children.

As the city of Berlin is reunited, it is also becoming a city of hope. The people of Berlin are looking forward to a future of peace and prosperity. They are looking forward to a future in which they can all live together in harmony and in unity.

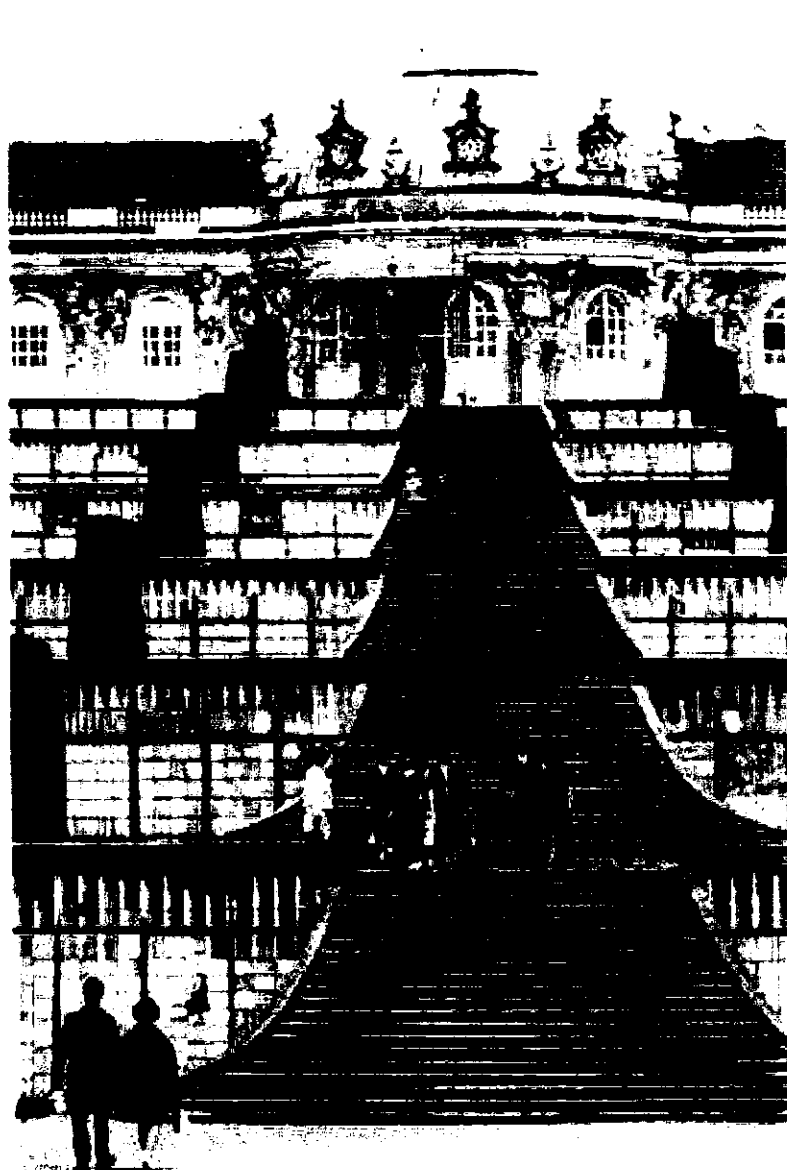
But the reunification of Berlin is not without its challenges. There are many people who are still opposed to the reunification of the city. They believe that the East should remain a separate entity, and that it should not be merged with the West.

But the people of Berlin are not listening to these voices. They are determined to reunite their city, and they are determined to create a better future for themselves and for their children. They are determined to show the world that they are capable of overcoming the most difficult of challenges.

The reunification of Berlin is a historic event, and it is a testament to the power of human will. The people of Berlin have shown that they are capable of creating a better future for themselves and for their children. They have shown that they are capable of overcoming the most difficult of challenges.

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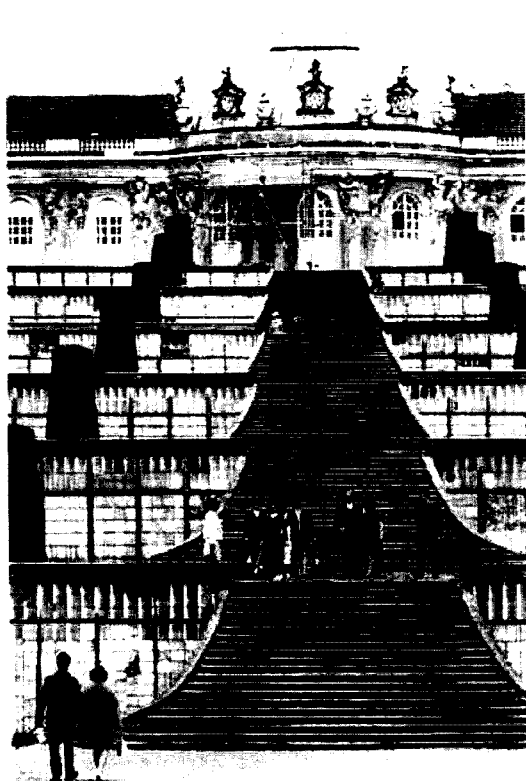
Summer retreat of a Prussian ruler. The building is the residence of the Prussian king, the Kaiser, in Potsdam. The building is the residence of the Prussian king, the Kaiser, in Potsdam. The building is the residence of the Prussian king, the Kaiser, in Potsdam.

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The Prussian king, the Kaiser, in Potsdam. The building is the residence of the Prussian king, the Kaiser, in Potsdam. The building is the residence of the Prussian king, the Kaiser, in Potsdam.



Left: The facade of the National Assembly in Paris. Right: Summer retreat of a Prussian ruler. The Prussian king, Frederick William IV, is seen in the foreground of the photograph on the right. The photograph on the left shows the facade of the National Assembly in Paris.

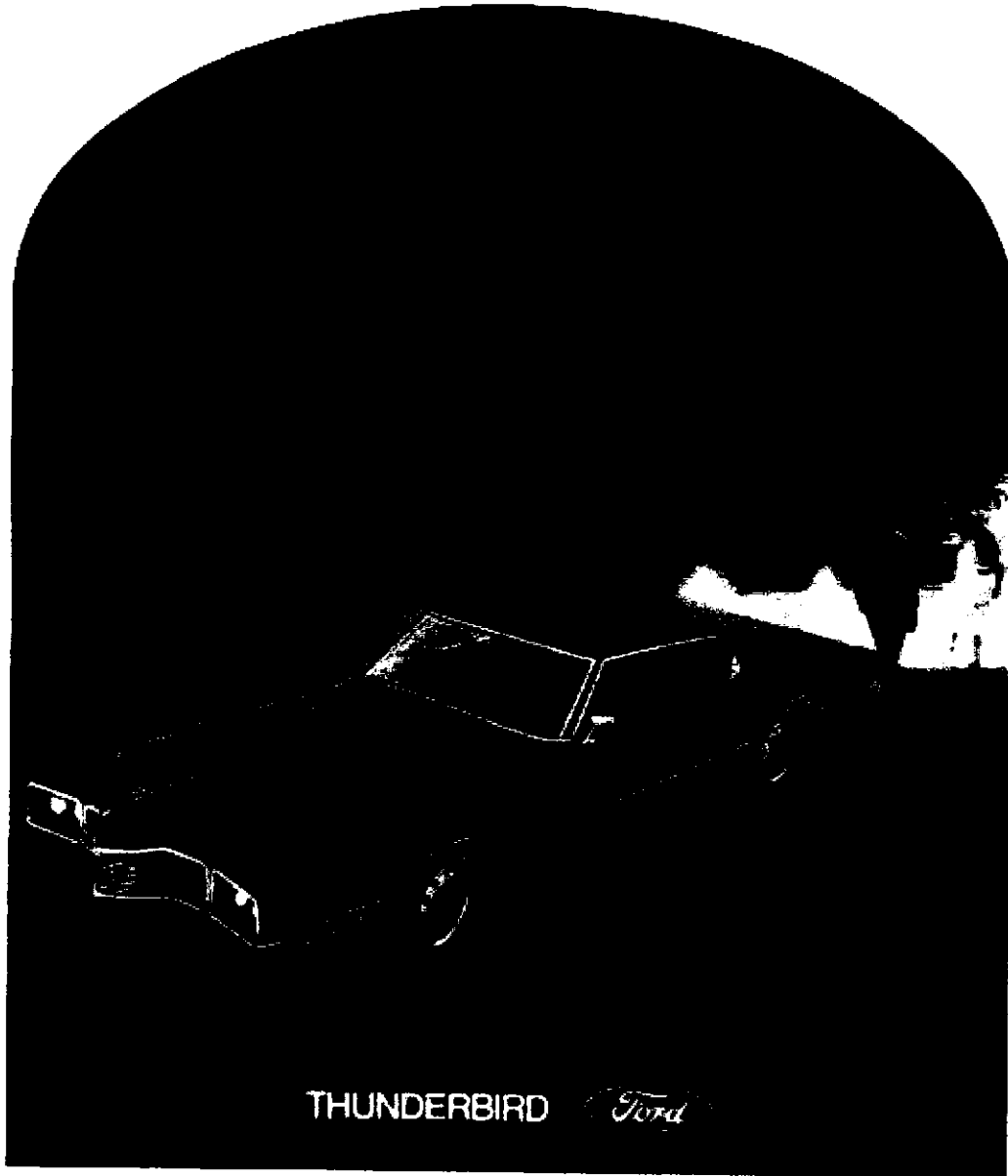
The Prussian king, Frederick William IV, is seen in the foreground of the photograph on the right. The photograph on the left shows the facade of the National Assembly in Paris.

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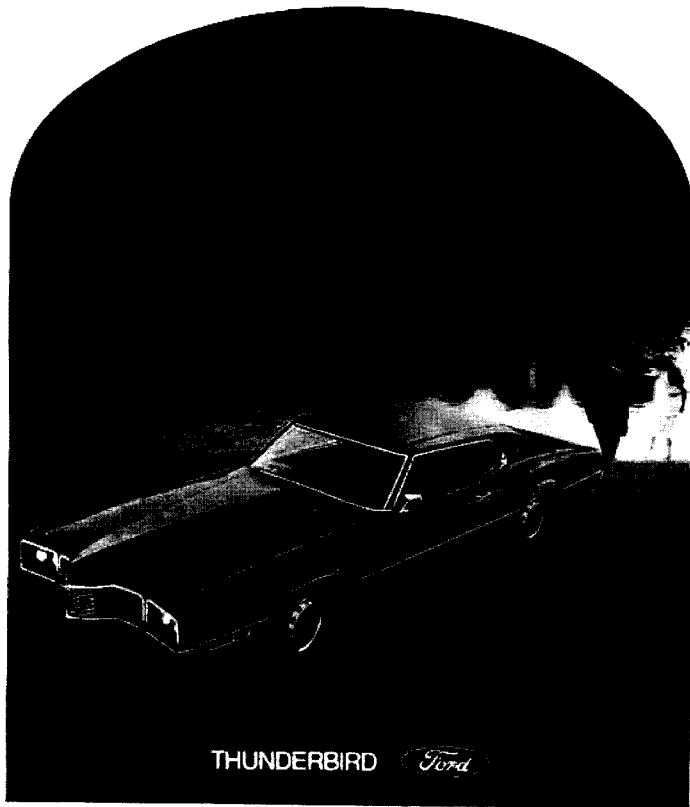
The Prussian king, Frederick William IV, is seen in the foreground of the photograph on the right. The photograph on the left shows the facade of the National Assembly in Paris.

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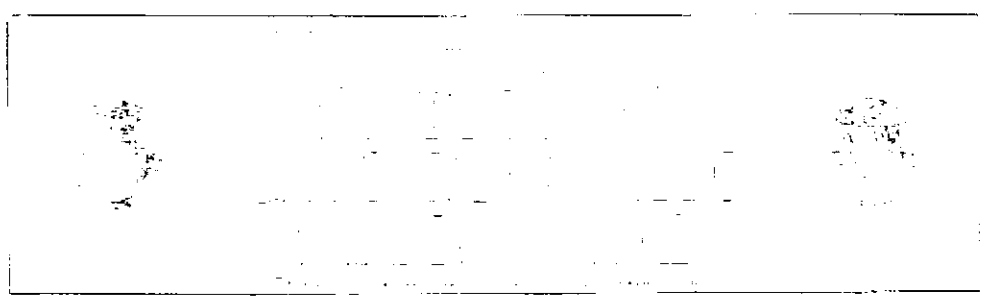


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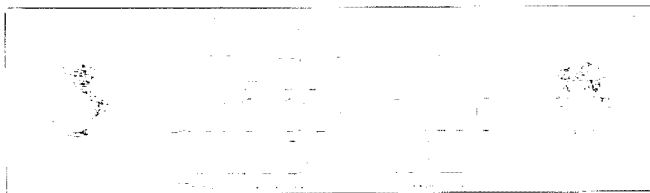
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THE LAST ISRAELI BLOOD SACRIFICE
 How the American Settlers Celebrate the Loss of
 the Second Intifada

By **David W. Thayer**

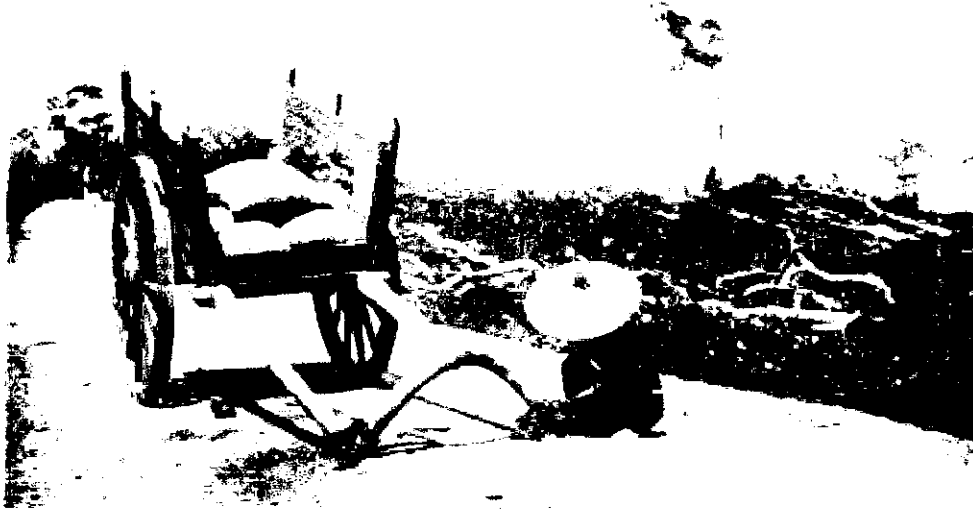
SOME OF THE MOST DEVOTED AMERICAN ISRAELI SETTLERS IN THE WEST BANK are celebrating the end of the second intifada as a triumph. They are holding a "blood sacrifice" ceremony to mark the occasion. The ceremony, held in a settlement in the West Bank, was a solemn affair. It took place in a room that had been converted into a makeshift synagogue. The settlers, many of whom are young and idealistic, gathered around a table laden with food and drink. They were dressed in traditional Jewish attire, including kippot and tallitot. The atmosphere was one of reverence and solemnity. The settlers were engaged in a meal, a traditional Jewish practice of celebrating significant events. The ceremony was a testament to their faith and their commitment to the land. It was a moment of shared joy and triumph for a community that has faced many challenges and hardships. The settlers were proud of their achievements and their resilience. They were determined to build a better future for themselves and for their children. The ceremony was a powerful symbol of their faith and their hope. It was a reminder of the sacrifices that had been made and the progress that had been achieved. The settlers were confident that they would continue to build a strong and prosperous community. They were determined to overcome all obstacles and to achieve their goals. The ceremony was a testament to their strength and their courage. It was a moment of shared triumph and a sign of hope for the future.

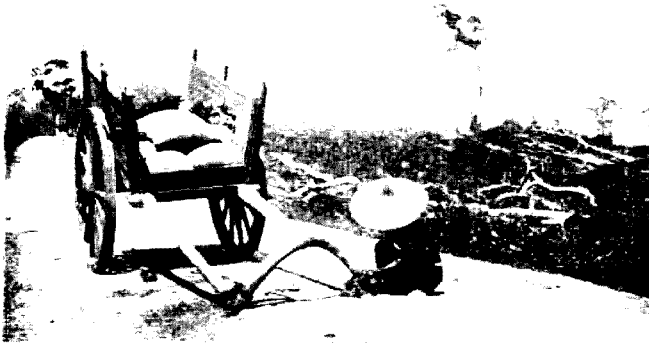


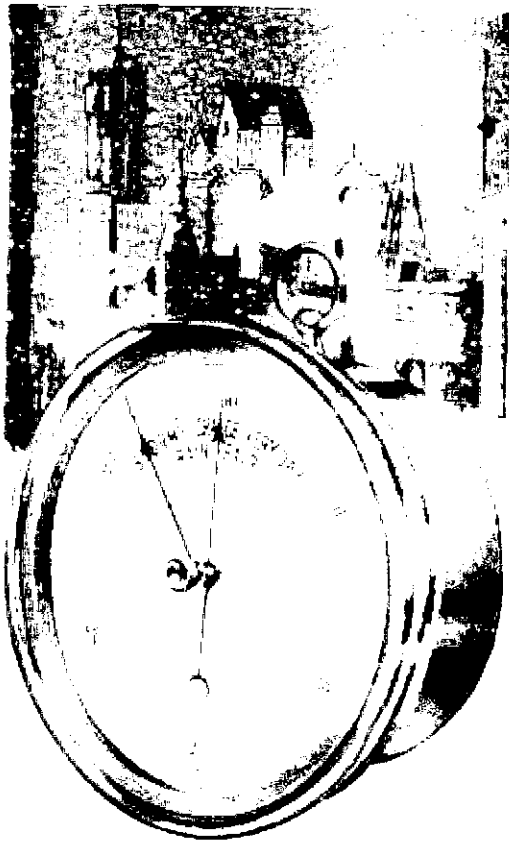
THE LAST ISRAELI BLOOD SACRIFICE
 How the American-Soviet-Collaborating Plot
 to Slay King George

By J. P. G. W.

SOME OF THE most interesting and important events in the history of the world have been the result of the actions of a few individuals. The American-Soviet-Collaborating Plot to Slay King George is no exception. This plot, which was the result of the actions of a few individuals, was the most important event in the history of the world since the death of King George. The plot was the result of the actions of a few individuals, and it was the most important event in the history of the world since the death of King George. The plot was the result of the actions of a few individuals, and it was the most important event in the history of the world since the death of King George.







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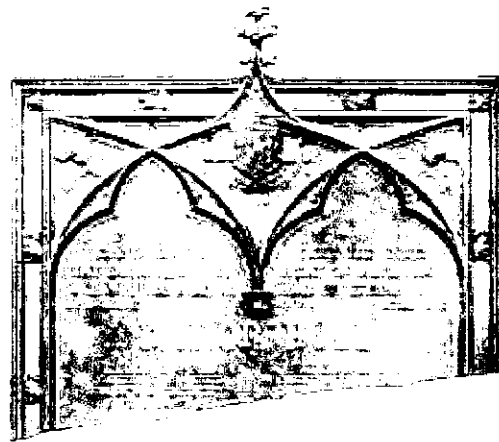
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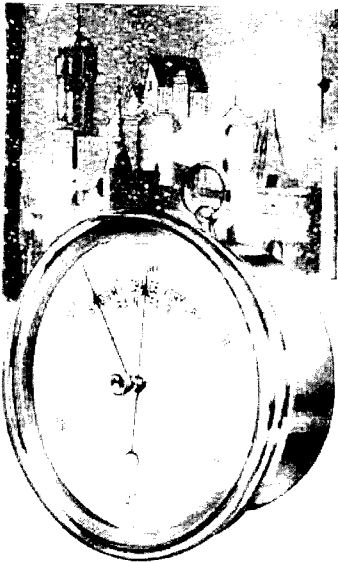
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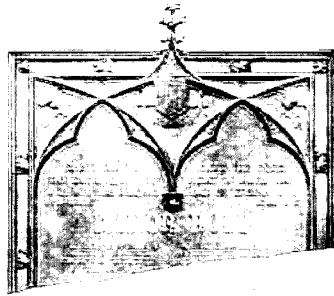
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1999 U.S. App. LEXIS 36241 printed in FULL format.

JONATHAN TASINI; MARY KAY BLAKELY; BARBARA GARSON; MARGOT MIFFLIN; SONIA JAFFE ROBBINS and DAVID S. WHITFORD, Plaintiffs-Appellants, BARBARA BELEJACK; DANIEL LAZARE; JOAN OLECK and LINDSY VAN GELDER, Plaintiffs, v. THE NEW YORK TIMES COMPANY, INC.; NEWSDAY, INC.; THE TIME INCORPORATED MAGAZINE COMPANY; MEAD DATA CENTRAL CORP. and UNIVERSITY MICROFILMS INTERNATIONAL, Defendants-Appellees. THE ATLANTIC MONTHLY COMPANY, Defendant.

Docket Nos. 97-9181, 97-9650

UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

1999 U.S. App. LEXIS 36241; 54 U.S.P.Q.2D (BNA) 1032

April 26, 1999, Argued

September 24, 1999, Decided

SUBSEQUENT HISTORY: [*1] As Amended February 25, 2000.

PRIOR HISTORY: Appeal from a grant of summary judgment entered in the United States District Court for the Southern District of New York (Sotomayor, J.). Appellants are authors who own copyrights to individual articles previously published in periodicals. They claim infringement by appellee publishers and owners of electronic databases who made the articles available on the electronic databases. The district court held that appellees are protected by the privilege afforded the publishers of "collective works" under Section 201(c) of the Copyright Act. We reverse and remand with instructions to enter judgment for appellants.

Original Opinion Previously Reported at: 1999 U.S. App. LEXIS 23360.

DISPOSITION: Reversed and remanded with instructions to enter judgment for appellants.

CORE TERMS: publisher, database, periodical, edition, revision, license, electronic, individually, copyrighted, infringement, anthology, magazine, inclusion, republication, presumed, summary judgment, preexisting, reproduction, collective-work, encyclopedia, newspaper, freelance, licensing, licensed, exclusive right, transferrable, unauthorized, image-based, retrieved, Copyright Act

COUNSEL: EMILY M. BASS, Gaynor & Bass, New York, New York (Linda A. Backiel, Michael J. Gaynor,

Nicole M. Zeiss, Joanna Kyd, Gaynor & Bass, on the brief; Alice Haemmerli, Columbia University School of Law, New York, New York, of counsel), for Plaintiffs-Appellants Barbara Garson and Sonia Jaffe Robbins.

PATRICIA A. FELCH, Peterson & Ross, Chicago, Illinois [*2] (Anthony L. Abboud, Joshua L. Smith, Peterson & Ross, of counsel; Jordan Rossen, Detroit, Michigan, of counsel), for Plaintiffs-Appellants Jonathan Tasini, Mary Kay Blakely, Margot Mifflin and David S. Whitford.

BRUCE P. KELLER, Debevoise & Plimpton, New York, New York, (Lorin L. Reisner, Peter Johnson, of counsel), for Defendants-Appellees.

Stanley Rothenberg, Moses & Singer, New York, New York (David Rabinowitz, Eric P. Bergner, Elizabeth A. Corrandino, Moses & Singer, on the brief; Jerry S. Birenz, Sabin, Bermant & Gould, New York, New York, of counsel), for Amici Curiae in Support of Defendants-Appellees.

Victor S. Perlman, Princeton Junction, New Jersey, for Amici Curiae American Society of Media Photographers, Inc. et al.

JUDGES: Before: WINTER, Chief Judge, MINER, and POOLER, Circuit Judges.

OPINIONBY: WINTER

OPINION:

WINTER, Chief Judge:

Six freelance writers appeal from a grant of summary judgment dismissing their complaint. The complaint alleged that appellees had infringed appellants' various copyrights by putting individual articles previously published in periodicals on electronic databases available to the public. On cross motions for summary judgment, the [*3] United States District Court for the Southern District of New York held that appellees' use of the articles was protected by the "privilege" afforded to publishers of "collective works" under Section 201(c) of the Copyright Act of 1976 ("Act" or "1976 Act"), 17 U.S.C. § 201(c). We reverse and remand with instructions to enter judgment for appellants.

BACKGROUND

Appellants are freelance writers (individually, "Author" and collectively, "Authors") who write articles for publication in periodicals. Their complaint alleged that certain articles were original works written for first publication by one of the appellee publishers between 1990 and 1993. None of the articles was written at a time when its Author was employed by the particular periodical; nor was any such article written pursuant to a work-for-hire contract. The Authors registered a copyright in each of the articles.

The appellee newspaper and magazine publishers (collectively, "Publishers") are periodical publishers who regularly create "collective works," see 17 U.S.C. § 101, that contain articles by free lance authors as well as works created for-hire or by [*4] employees. With respect to the free lance articles pertinent to this appeal, the 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. n1 As to one article alleged in the complaint, however, authored by appellant David S. Whitford for Sports Illustrated, a publication of appellee The Time Incorporated Magazine Company ("Time"), a written contract expressly addressed republication rights. We address Whitford's claim separately below.

n1 Newsday contended in the district court that a legend on the checks it used to pay for freelance pieces made those checks, once endorsed, express transfers of copyright pursuant to Section 204(a) of the Act. The district court rejected this argument, relying on reasoning with which we substantially agree. See *Tasini v. New York Times Co.*, 972 F. Supp. 804, 810-811 (S.D.N.Y. 1997). In any event, Newsday does not cross-appeal.

We note also that The New York Times has since

updated its policy to require freelance writers to execute an express transfer of their copyrights. See *id.* at 807 n.2.

[*5]

Appellee Mead Data Central Corp. owns and operates the NEXIS electronic database. NEXIS is a massive database that includes the full texts of articles appearing in literally hundreds of newspapers and periodicals spanning many years. Mead has entered into licensing agreements with each of the Publishers. Pursuant to these agreements, the Publishers provide Mead with much of the content of their periodicals, in digital form, for inclusion in NEXIS. Subscribers to NEXIS are able to access an almost infinite combination of articles from one or more publishers by using the database's advanced search engine. The articles may be retrieved individually or, for example, together with others on like topics. Such retrieval makes the article available without any material from the rest of the periodical in which it first appeared.

We briefly describe the process by which an issue of a periodical is made available to Mead for inclusion in NEXIS. First, an individual issue of the paper is stripped, electronically, into separate files representing individual articles. In the process, a substantial portion of what appears in that particular issue of the periodical is not made part of a file transmitted [*6] to Mead, including, among other things, formatting decisions, pictures, maps and tables, and obituaries. Moreover, although the individual articles are "tagged" with data indicating the section and page on which the article initially appeared, certain information relating to the initial page layout is lost, such as placement above or below the fold in the case of The New York Times. After Mead further codes the individual files, the pieces are incorporated into the NEXIS database.

Appellee University Microfilms International ("UMI") markets, inter alia, CD-ROM database products. Pursuant to an agreement with The New York Times and Mead, UMI produces and markets the "NY Times OnDisc" ("NYTO") CD-ROM, which contains the full texts of articles from The New York Times. It also produces and markets a "General Periodicals OnDisc" ("GPO") CD-ROM, which contains selected New York Times articles and thousands of other articles. Pursuant to its agreement with Mead and The New York Times, UMI incorporates the files containing Times articles into its NYTO database. UMI uses a somewhat different methodology to incorporate articles from the NY Times Sunday book-review and magazine sections [*7] onto its GPO CD-ROM. As to these

pieces, UMI scans them directly onto "image-based" files. The image-based files are also abstracted and included on the text-based CD-ROM; the abstracts facilitate access to the image-based disk.

The gist of the Authors' claim is that the copyright each owns in his or her individual articles was infringed when the Publishers provided them to the electronic databases. Appellees do not dispute that the Authors own the copyright in their individual works. Rather, they argue that the Publishers own the copyright in the "collective works" that they produce and are afforded the privilege, under Section 201(c) of the Act, of "reproducing and distributing" the individual works in "any revision of that collective work." 17 U.S.C. § 201(c). The crux of the dispute is, therefore, whether one or more of the pertinent electronic databases may be considered a "revision" of the individual periodical issues from which the articles were taken. The district court held that making the articles available on the databases constitutes a revision of the individual periodicals and that appellees' licensing arrangements were protected under Section 201(c). [*8] See *Tasini v. New York Times Co.*, 972 F. Supp. 804 (S.D.N.Y. 1997) ["Tasini I"]. It therefore granted appellees' motion for summary judgment. After a motion for reconsideration was denied, see *Tasini v. New York Times Co.*, 981 F. Supp. 841 (S.D.N.Y. 1997) ["Tasini II"], appellants brought this appeal.

DISCUSSION

We review de novo the grant or denial of summary judgment and view the evidence in the light most favorable to the non-moving party. See *Turner v. General Motors Acceptance Corp.*, 180 F.3d 451, 453-54 (2d Cir. 1999). Summary judgment is appropriate only if the pleadings and evidentiary submissions demonstrate the absence of any genuine issue of material fact and that the moving party is entitled to judgment as a matter of law. See *id.* at 453.

The unauthorized reproduction and distribution of a copyrighted work generally infringes the copyright unless such use is specifically protected by the Act. To reiterate, each Author owns the copyright in an individual work and, save for Whitford, see *infra*, has neither licensed nor otherwise transferred any rights under it to a Publisher or electronic database. [*9] These works were published with the Authors' consent, however, in particular editions of the periodicals owned by the Publishers. The Publishers then licensed much of the content of these periodicals, including the Authors' works, to one or more of the electronic database providers. As a result, the Authors' works are now available to the public on one or more electronic databases and may be retrieved

individually or in combination with other pieces originally published in different editions of the periodical or in different periodicals.

In support of their claim, the Authors advance two principal arguments: first, Section 201(c) protects only the Publishers' initial inclusion of individually copyrighted works in their collective works does not permit the inclusion of individually copyrighted works in one or more of the electronic databases; and, second, any privilege the Publishers have under Section 201(c) is not a transferrable "right" within the meaning of Section 201(d) and hence may not be invoked by the electronic database providers. The district court rejected both arguments, reasoning that the "privilege" under Section 201(c) is a "subdivision" of a right that is transferrable [*10] under Section 201(d)(2), 972 F. Supp. at 815, and that the scope of the "privilege" was broad enough to permit the inclusion of the Authors' pieces in the various databases, see *id.* at 824-25. We hold that Section 201(c) does not permit the Publishers to license individually copyrighted works for inclusion in the electronic databases. We need not, and do not, reach the question whether this privilege is transferrable under Section 201(d). n2

n2 We also do not consider the issue of assignability. Rather, we assume for purposes of this decision only, that the Publishers had the right to assign the articles in question to Mead and UMI.

a) The Section 201(c) Presumption (or, simply, "Section 201(c)")

Section 201 of the Act provides, *inter alia*, that as to contributions to collective works, the "copyright in each separate contribution . . . is distinct from copyright in the collective work as a whole, and vests initially in the author of the contribution." [*11] 17 U.S.C. § 201(c). Correspondingly, Section 103, which governs copyright in compilations and derivative works, provides in pertinent part that:

The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material.

17 U.S.C. § 103(b). Section 101 states that "the term 'compilation' includes collective works." 17 U.S.C. § 101. It further 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." Id.

Publishers of collective works are not permitted to include individually copyrighted articles without receiving a license or other express transfer of rights from the author. However, Section 201(c) creates a presumptive privilege to authors of collective works. Section 201(c) creates a presumption that when the author of an article gives the publisher [*12] the author's permission to include the article in a collective work, as here, the author also gives a non-assignable, non-exclusive privilege to use the article as identified in the statute. It provides in pertinent part that:

In the absence of an express transfer of the copyright or of any rights under it, 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.

17 U.S.C. § 201(c).

Under this statutory framework, the author of an individual contribution to a collective work owns the copyright to that contribution, absent an express agreement setting other terms. See *id.* The rights of the author of a collective work are limited to "the material contributed by the [collective-work] author" and do not include "any exclusive right in the preexisting material." *17 U.S.C. § 103(b)*. Moreover, the presumptive privilege granted to a collective-work author to use individually copyrighted contributions is limited [*13] to the reproduction and distribution of the individual contribution as part of: (i) "that particular [i.e., the original] collective work"; (ii) "any revision of that collective work"; or (iii) "any later collective work in the same series." *17 U.S.C. § 201(c)*. Because it is undisputed that the electronic databases are neither the original collective work -- the particular edition of the periodical -- in which the Authors' articles were published nor a later collective work in the same series, appellees rely entirely on the argument that each database constitutes a "revision" of the particular collective work in which each Author's individual contribution first appeared. We reject that argument.

We begin, as we must, with the language of the statute. See *Lewis v. United States*, 445 U.S. 55, 60, 63 L. Ed. 2d 198, 100 S. Ct. 915 (1980). The parameters of Section 201(c) are set forth in the three clauses just noted. Under ordinary principles of statutory con-

struction, the second clause must be read in the context of the first and third clauses. See *General Elec. Co. v. Occupational Safety & Health Review Comm'n*, 583 F.2d 61, 64-65 (2d Cir. 1978) [*14] ("the meaning of one term may be determined by reference to the terms it is associated with" (citing 2A Sutherland, *Statutory Construction* §§ 47.16 (Noscitur a sociis), 47.17 (Ejusdem generis) (4th ed. 1973)); see also *Securities & Exch. Comm'n v. National Sec., Inc.*, 393 U.S. 453, 466, 89 S. Ct. 564, 21 L. Ed. 2d 668 (1969) ("The meaning of particular phrases must be determined in context.") (citation omitted). The first clause sets the floor, so to speak, of the presumptive privilege: the collective-work author is permitted to reproduce and distribute individual contributions as part of "that particular collective work." In this context, "that particular collective work" means a specific edition or issue of a periodical. See *17 U.S.C. § 201(c)*. The second clause expands on this, to permit the reproduction and distribution of the individual contribution as part of a "revision" of "that collective work," i.e., a revision of a particular edition of a specific periodical. Finally, the third clause sets the outer limit or ceiling on what the Publisher may do; it permits the reproduction and distribution of the individual contribution as part of a "later collective [*15] work in the same series," such as a new edition of a dictionary or encyclopedia.

The most natural reading of the "revision" of "that collective work" clause is that Section 201(c) protects only later editions of a particular issue of a periodical, such as the final edition of a newspaper. Because later editions are not identical to earlier editions, use of the individual contributions in the later editions might not be protected under the preceding clause. Given the context provided by the surrounding clauses, this interpretation makes perfect sense. It protects the use of an individual contribution in a collective work that is somewhat altered from the original in which the copyrighted article was first published, but that is not in any ordinary sense of language a "later" work in the "same series."

In this regard, we note that the statutory definition of "collective work" lists as examples "a periodical issue, anthology, or encyclopedia." *17 U.S.C. § 101*. The use of these particular kinds of collective works as examples supports our reading of the revision clause. Issues of periodicals, as noted, are often updated by revised editions, while anthologies and [*16] encyclopedias are altered every so often through the release of a new version, a "later collective work in the same series." Perhaps because the "same series" clause might be construed broadly, the House Report on the Act noted that the "revision" clause in Section 201(c) was not intended to permit the inclusion of previously published freelance contributions "in

a new anthology or an entirely different magazine or other collective work," i.e., in later collective works not in the same series. H.R. Rep. No. 94-1476, at 122-23 (1976), reprinted in 1976 U.S.C.A.A.N. 5659, 5738.

Moreover, Publishers' contention that the electronic databases are revised, digital copies of collective works cannot be squared with basic canons of statutory construction. First, if the contents of an electronic database are merely a "revision" of a particular "collective work," e.g., the August 16, 1999 edition of The New York Times, then the third clause of Section 201(c) -- permitting the reproduction and distribution of an individually copyrighted work as part of "a later collective work in the same series" -- would be superfluous. See *Regions Hosp. v. Shalala*, 522 U.S. 448, 118 S. Ct. 909, 920, 139 L. Ed. 2d 895 (1998) [*17] (Scalia, J., dissenting) ("It is a cardinal rule of statutory construction that significance and effect shall, if possible, be accorded to every word. As early as in Bacon's Abridgment, sect. 2, it was said that 'a statute ought, upon the whole, to be so construed that, if it can be prevented, no clause, sentence, or word shall be superfluous, void, or insignificant.'") (quoting *Market Co. v. Hoffman*, 101 U.S. 112, 115-16, 25 L. Ed. 782 (1879)). An electronic database can contain hundreds or thousands of editions of hundreds or thousands of periodicals, including newspapers, magazines, anthologies, and encyclopedias. To view the contents of databases as revisions would eliminate any need for a privilege for "a later collective work in the same series."

Second, the permitted uses set forth in Section 201(c) are an exception to the general rule that copyright vests initially in the author of the individual contribution. Reading "revision of that collective work" as broadly as appellees suggest would cause the exception to swallow the rule. See *Commissioner v. Clark*, 489 U.S. 726, 739, 103 L. Ed. 2d 753, 109 S. Ct. 1455 (1989) (when a statute sets forth [*18] exceptions to a general rule, we generally construe the exceptions "narrowly in order to preserve the primary operation of the [provision]"). Under Publishers' theory of Section 201(c), the question of whether an electronic database infringes upon an individual author's article would essentially turn upon whether the rest of the articles from the particular edition in which the individual article was published could also be retrieved individually. However, Section 201(c) would not permit a Publisher to sell a hard copy of an Author's article directly 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 allow the Publishers to achieve the same goal indirectly through NEXIS.

Appellees' reading is also in considerable tension with the overall statutory framework. Section 201(c) was a key innovation of the Copyright Act of 1976. Because the Copyright Act of 1909 contemplated a single copyright, authors risked losing their rights by allowing an article to be used in a collective work. See 3 Melville Nimmer & David Nimmer, *Nimmer on Copyright* § 10.01[A] (1996 [*19] ed.) (discussing doctrine of indivisibility). To address this concern, the 1976 Act expressly permitted the transfer of less than the entire copyright, see 17 U.S.C. § 201(d), in effect replacing the notion of a single "copyright" with that of "exclusive rights" under a copyright. *Id.* §§ 106, 103(b). Section 201(d), which governs the transfer of copyright ownership, provides:

(1) The ownership of a copyright may be transferred in whole or in part

(2) Any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 106, may be transferred as provided by clause (1) and owned separately. The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this title.

Id. § 201(d) (emphasis added); see also *id.* § 204 (executions of transfers of copyright ownership). Similarly, Section 501, which sets forth the remedies for infringement of copyright, provides in pertinent part that "anyone who violates any of the exclusive rights of the copyright owner . . . [*20] . . . is an infringer." *Id.* § 501(a) (emphasis added).ⁿ³ Were the permissible uses under Section 201(c) as broad and as transferrable as appellees contend, it is not clear that the rights retained by the Authors could be considered "exclusive" in any meaningful sense.

ⁿ³ It is worth noting that Section 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 Section 201(c).

In light of this discussion, there is no feature peculiar to the databases at issue in this appeal that would cause us to view them as "revisions." NEXIS is a database comprising thousands or millions of individually retrievable articles taken from hundreds or thousands of periodicals. It can hardly be deemed a "revision" of each edition of every periodical that it contains.

Moreover, NEXIS does almost nothing to preserve the copyrightable aspects of the Publishers' collective works, "as distinguished [*21] from the preexisting material employed in the work." 17 U.S.C. § 103(b). The aspects of a collective work that make it "an original work of authorship" are the selection, coordination, and arrangement of the preexisting materials. *Id.* § 101; see also *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 349, 113 L. Ed. 2d 358, 111 S. Ct. 1282 (1991) (discussing factual compilations). n4 However, as described above, in placing an edition of a periodical such as the August 16, 1999 New York Times, in NEXIS, some of the paper's content, and perhaps most of its arrangement are lost. Even if a NEXIS user so desired, he or she would have a hard time recapturing much of "the material contributed by the author of such [collective] work." 17 U.S.C. § 103(b). In this context, it is significant that neither the Publishers nor NEXIS evince any intent to compel, or even to permit, an end user to retrieve an individual work only in connection with other works from the edition in which it ran. Quite the contrary, The New York Times actually forbids NEXIS from producing "facsimile reproductions" of particular editions. [*22] See *Tasini I*, 972 F. Supp. at 826 n.17. What the end user can easily access, of course, are the preexisting materials that belong to the individual author under Sections 201(c) and 103(b).

n4 In arguing that NEXIS is a "revision," an analogy might perhaps be made to cases involving factual compilations and applying a "substantial similarity" test. *Tasini I*, 972 F. Supp. at 825 n.15 (analogizing to factual compilation cases). Although the "selection and arrangement" analysis of factual compilation cases is clearly relevant to this case, "substantial similarity" analysis is inapposite. In factual compilation cases, an infringement action is brought by one compilation author against another compilation author. Because neither author -- indeed, no one -- owns a copyright in the underlying factual material comprising each collective work, the inquiry in such cases is whether the latter compilation is "substantially similar" in selection or arrangement to the former; no claim exists as to unauthorized use of the facts. See *id.* at 821-22. Here, by contrast, the compilations are "collective works" that contain individually copyrighted material, and the infringement action is brought by the author of the individual work. Because Sections 103(b) and 201(c) make clear that the author of the individual contribution retains all rights in his or her piece, the author clearly may bring an infringement action for unauthorized republication of the work. This is so, moreover,

even if the author of the collective work in which the individual contribution was published might also have an infringement action against the person who republished the contribution.

[*23]

The UMI databases involved in this appeal present a slightly more difficult issue than does NEXIS. One, NYTO, is distinguishable from NEXIS in that it contains articles from only one publisher; the other, GPO, is distinguishable because it includes some image-based, rather than text-based, files. Nevertheless, we also conclude that the Publishers' licensing of Authors' works to UMI for inclusion in these databases is not within the Section 201(c) revision provision.

The NYTO database operates very much like NEXIS; it contains many articles that may be retrieved according to criteria unrelated to the particular edition in which the articles first appeared. Moreover, because the files it contains are provided by Mead pursuant to an agreement between UMI, Mead, and The New York Times, no more of the Times' original selection and arrangement is evident or retained in NYTO than is retained in NEXIS. In every respect save its being limited to The New York Times, then, NYTO is essentially the same as NEXIS. That limitation, however, is not material for present purposes. The relevant inquiry under Section 201(c), is, as discussed above, whether the republication or redistribution of the [*24] copyrighted piece is as part of a collective work that constitutes a "revision" of the previous collective work, or even a "later collective work in the same series." If the republication is a "new anthology" or a different collective work, it is not within Section 201(c). H.R. Rep. No. 94-1476, at 122-23 (1976), reprinted in 1976 U.S.C.A.A.N. 5659, 5738. Because NYTO is for present purposes at best a new anthology of innumerable editions of the Times, and at worst a new anthology of innumerable articles from these editions, it cannot be said to be a "revision" of any (or all) particular editions or to be a "later collective work in the same series."

For the same reason, GPO is not protected by Section 201(c). Although this database contains scanned photographs of editions of The New York Times Sunday book review and magazine, it also contains articles from numerous other periodicals. In this respect, then, it is also substantially similar to NEXIS, and it, too, is at best a new anthology.

We emphasize that the only issue we address is whether, in the absence of a transfer of copyright or any rights thereunder, collective-work authors may relicense individual works in which [*25] they own no

rights. Because there has by definition been no express transfer of rights in such cases, our decision turns entirely on the default allocation and presumption of rights provided by the Act. Publishers and authors are free to contract around the statutory framework. Indeed, both the Publishers and Mead were aware of the fact that Section 201(c) might not protect their licensing agreements, and at least one of the Publishers has already instituted a policy of expressly contracting for electronic re-licensing rights. See note 1, *supra*.

b) Whitford

As noted, Whitford entered into an express licensing agreement with Time. That agreement granted, in pertinent part, to Time:

- (a) the exclusive right first to publish the Story in the Magazine;
- (b) the non-exclusive right to license the republication of the Story . . . provided that the Magazine shall pay to [him] fifty percent [] of all net proceeds it receives for such republication; and
- (c) the right to republish the Story or any portions thereof in or in connection with the Magazine or in other publications published by [Time], provided that [he] shall be paid the then prevailing rates of [*26] the publication in which the Story is republished.

Time subsequently licensed Whitford's article to Mead without notifying, obtaining authorization from, or compensating, him.

In response to Whitford's infringement action, Time contended that its "first publication" rights under clause (a) permitted it to license Whitford's article to Mead. The district court rejected this argument. See *Tasini I*, 972 F. Supp. at 811-12. Nevertheless, it granted summary judgment in favor of Time on this claim. Upon appellants' motion for reconsideration, the district court explained that because Whitford's contract appeared to grant republication rights broad enough to cover Time's agreement with Mead, his remedy under the circumstances was a breach of contract claim against Time. See *Tasini II*, 981 F. Supp. at 845. Such a contract claim would be based on the fact that Time had licensed Whitford's piece to Mead without compensating Whitford pursuant to their agreement. Whitford's failure to raise such a claim, in the court's view, undermined his infringement claim. See *id.* The court also explained that the privilege afforded collective-works authors under [*27] Section 201(c) operates as a "'presumed' baseline." See *id.*, 981 F. Supp. at 846. Because Whitford's agreement failed to limit Time's rights to less than those otherwise afforded under Section 201(c), Time was pre-

sumed to have rights to Whitford's piece to the full extent of Section 201(c). See *id.* Having already determined that Section 201(c) protected the defendant newspapers' license agreements with Mead, the district court held that Time, too, was protected.

However, the fact that a party has licensed certain rights to its copyright to another party does not prohibit the licensor from bringing an infringement action where it believes the license is exceeded or the agreement breached. See *Schoenberg v. Shapolsky Publishers, Inc.*, 971 F.2d 926, 932 (2d Cir. 1992) ("If a breach of a condition is alleged, then the district court has subject matter jurisdiction."). Rather, where an author brings an infringement action against a purported licensee, the license may be raised as a defense. See *Bourne v. Walt Disney Co.*, 68 F.3d 621, 631 (2d Cir. 1995). Where the dispute turns on whether there is a license at all, the burden is on [*28] the alleged infringer to prove the existence of the license. See *id.* Where the dispute is only over the scope of the license, by contrast, "the copyright owner bears the burden of proving that the defendant's copying was unauthorized." *Id.* In either case, however, an infringement claim may be brought to remedy unauthorized uses of copyrighted material. See *id.* Whitford did not, therefore, have the burden of pleading a contract claim against Time. n5

n5 Time did not raise paragraphs (b) or (c) of its license agreement with Whitford as a defense to his infringement claim. Instead, Time contended that the "first publication" rights it received in paragraph (a) covered its subsequent license to Mead and that it did not therefore have to further compensate Whitford for permitting Mead to place his piece in NEXIS. Time took this position, of course, because it did not compensate Whitford pursuant to the agreement and could not, therefore, convincingly invoke the conditional license granted in paragraphs (b) and (c) thereof.

[*29]

With respect to express transfers of rights under Section 201(c), that provision provides in pertinent part that "in the absence of an express transfer of the copyright or of any rights under it, the owner of copyright in the collective work is presumed to have acquired only the privilege of reproducing and distributing the contribution [in limited circumstances]." 17 U.S.C. § 201(c). Whitford contends that this provision, by its plain terms, does not apply where there is "an express transfer of copyright or of any rights under it," and that his license

agreement with Time constitutes just such an express transfer. Therefore, he contends, the court erred in applying the privilege at all.

As noted, the district court rejected this argument, observing that "Section 201(c) does not provide that the specified privileges apply 'only' in the absence of an express transfer of rights," but rather that "in the absence of an express transfer of rights, publishers are presumed to acquire 'only' the delineated privileges." *Tasini II*, 981 F. Supp. at 845. The district court went on to hold that "the specified privileges represent a floor -- i.e., [*30] a minimum level of protection which, if unenhanced by express agreement, publishers are generally presumed to possess. In other words, . . . in the absence of an express transfer of 'more,' a publisher is presumed to acquire, at a minimum [], the delineated privileges." *Id.* at 845-46.

Under the district court's reasoning, therefore, unless Time's agreement with Whitford explicitly narrowed its "privilege" under Section 201(c), the privilege accorded by that Section would continue to exist concurrently with any other rights obtained under the agreement. Given the district court's previously expressed broad view of the Section 201(c) privilege, Time prevailed,

not because the agreement authorized the licensing of Whitford's article to Mead but because the agreement did not forbid it.

The district court is mistaken. As discussed above, Section 201(c) creates only a presumption by the parties as to what an author means to convey by giving consent to inclusion of an article in a collective work. Section 201(c) does not permit a collective-work author in Time's shoes to license to Mead an individually-copyrighted work such as Whitford's article. Time's rights to license [*31] the article to Mead must, therefore, be derived from its agreement with Whitford. However, we agree with the district court that paragraph (a) of that agreement does not authorize such a license, and the record is clear that Time cannot invoke the conditional license provided in paragraphs (b) and (c). See Note 4, supra. There being no other basis for Time to license Whitford's article to Mead, summary judgment should have been granted in favor of Whitford on his claim.

CONCLUSION

We therefore reverse and remand with instructions to enter judgment for appellants.

⊗

1989 U.S. Dist. LEXIS 2760 printed in FULL format.

NEW YORK CHINESE TV PROGRAMS, INC., Plaintiff, v. U.E. ENTERPRISES, INC., FLUSHING STAR, INC., CHAN'S VIDEO & TRADING, INC., GONG PICTURES, INC., QUEENS VIDEO LTD., DANG'S VIDEO, INC., PO YUEN, AND JOHN DOES NOS. 1-50, Defendants

No. 88 Civ. 4170 (JMW) (KAR)

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK

1989 U.S. Dist. LEXIS 2760; Copy. L. Rep. (CCH) P26,398

March 8, 1989, Decided

CORE TERMS: tape, treaty, episode, derivative, videotape, infringement, annexed, preliminary injunction, broadcast, edited, television, copied, Copyright Act, registration, memorandum, champertous, mastertape, registered, minutes, unedited, license agreement, diplomatic relations, edited version, territory, copying, defendants contend, derecognition, mainland, station, copyright infringement

COUNSEL: [*1]

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Francis S. L. Wang, Esq., WANG & WANG-USA, Amicus Curiae, San Francisco, California

OPINIONBY: ROBERTS, [*2] Magistrate

OPINION: OPINION & ORDER

KATHLEEN A. ROBERTS, UNITED STATES MAGISTRATE

This action for copyright infringement, violations of Section 43(a) of the Lanham Act, unfair competition and interference with contractual relations was filed on June 16, 1988. n1 Plaintiff seeks damages and an order enjoining defendants from infringing plaintiff's copyrights and other proprietary rights in and to certain Chinese language television programs produced by three Taiwanese television companies. On June 17, 1988, Judge Walker issued an ex parte temporary restraining order, which the parties subsequently agreed would remain in effect pending the court's decision on plaintiff's request for a preliminary injunction. Judge Walker referred the case to me on August 2, 1988, to conduct a hearing on plaintiff's application for a preliminary injunction. The parties thereafter agreed that I would conduct all proceedings in this matter, pursuant to 28 U.S.C. § 636(c) (1968 and Supplement 1988).

n1 An Amended Complaint, adding defendants Po Yuen and Dang's Video, Inc., was served on October 31, 1988, and filed on November 10, 1988.

Defendants opposed plaintiff's motion for a preliminary injunction [*3] on many grounds, asserting, inter alia, that the Taiwan Relations Act, 22 U.S.C. § 3301 et seq. (1979) (the "TRA"), is unconstitutional to the extent the TRA seeks to confer copyright protection on Taiwanese nationals pursuant to the Treaty of Friendship, Commerce and Navigation (the "FCN Treaty"). Because defendants raised an issue regarding the constitutionality of a federal statute, I invited a response from the Department of Justice, pursuant to 28 U.S.C. § 517 (1968), which submitted a Statement of

Interest of the United States ("Statement of Interest") on September 27, 1988. The Court also received an brief ("Amicus Brief") on September 29, 1988, from Wang & Wang-USA, a California law firm specializing in intellectual property right enforcement between the United States and Taiwan. n2

n2 Amicus Wang & Wang contends that defendants' challenge to the validity of the FCN Treaty "threaten[s] the very cornerstone of U. S. policy and trade relations with Taiwan." Mr. Wang points out that the FCN Treaty currently serves as "the legal framework through which a host of essential agreements are negotiated with Taiwan, and brought to fruition includ[ing] trade navigation, and tariff agreements as well as agreements to cooperate in educational and cultural matters." Amicus Brief at 1. The reciprocal rights and privileges currently protected by the FCN Treaty are detailed on pages 13-20 of the Amicus Brief.

[*4]

On October 11, 1988, I held oral argument on the legal issues pertaining to the application and constitutionality of the TRA. At the same time the parties and I worked to identify and narrow the disputed facts regarding other issues that would require an evidentiary hearing on plaintiff's application for a preliminary injunction. Based upon the success of these efforts and the extensive briefing of all legal issues pertaining to plaintiff's infringement claims, I ordered that the hearing on plaintiff's application for a preliminary injunction be consolidated with the trial of the action on the merits pursuant to Fed. R. Civ. P. 65(a)(2). In addition, as set forth in greater detail below, the parties agreed to submit all issues for decision without an evidentiary hearing, based upon motions for summary judgment dismissing the complaint or trial on stipulated testimony and exhibits.

This Opinion therefore constitutes my decision on the motions and my findings of fact and conclusions of law pursuant to Fed. R. Civ. P. 52(a) with respect to plaintiff's claim of copyright infringement. By agreement, plaintiff's other claims, plaintiff's damages and defendants' counterclaims will be tried [*5] separately. n3

n3 Plaintiff's other claims involve alleged Lanham Act violations, unfair competition and interference with contractual relations. At the hearing before me on November 9, 1988, defendants reserved a possible antitrust counterclaim, as well as potential cross-claims. In addition, defendant Po Yuen reserved his right to answer and further contest the issue of his personal liability for any infringement this court may find by the corporate defendants. See Transcript of

November 9, 1988 conference at 25-27.

BACKGROUND

Plaintiff New York Chinese TV Programs, Inc. ("New York Chinese") is a New York corporation engaged in the distribution of Mandarin language videotapes to its authorized sub-licensee retail outlets for rental purposes. Defendants U.E. Enterprises, Inc. ("UE"), Flushing Star, Inc. ("Star Video"), Chan's Video and Trading, Inc. ("Chan's Video"), Gong Pictures, Inc. ("Gong Pictures"), and Queens Video, Ltd. ("Queens Video"), are New York corporations engaged primarily in selling and renting Chinese language videotapes. Defendant Dang's Video, Inc. ("Dang's Video"), is a subsidiary of UE. Defendant Po Yuen is the President and owner of UE and Dang's Video, [*6] and an attorney admitted to practice in New York.

New York Chinese is a licensee of International Audio-Visual Corporation ("IAVC"), a California corporation that is the exclusive authorized distributor in the United States and Canada of Mandarin language television programs ("the Programs") produced by three Taiwanese television companies. n4 The Programs are delivered to IAVC in Taiwan and sent to IAVC's California headquarters where they are edited and copied for distribution in North America with IAVC's copyright notice. Copies of the edited version of each Program have been registered with the United States Copyright Office. n5

n4 Those companies are Taiwan Television Enterprises, Ltd., China Television Company, and Chinese Television System. IAVC and the Taiwan television companies have agreed to be bound by the decision of this court. The Taiwan television companies have assigned the copyrights to the Programs in the United States to IAVC, and IAVC has duly recorded the assignment of copyright from each of the Taiwan television companies in the United States Copyright Office. Copies of IAVC's agreements with the Taiwan television companies are annexed to the Amended Complaint as Exhibit A. Copies of the assignments of copyright recorded with the Copyright Office are annexed to the Amended Complaint as Exhibit B.

[*7]

n5 IAVC has previously obtained orders restraining unauthorized distribution of the Programs. Int'l Audio-Visual Communications, Inc. v. Chen, CV. 84-2328-DWW (MCX) (C.D. Cal. 1984) (copy of order granting preliminary injunction annexed to Plaintiff's Reply Memo as Exhibit A); Int'l Audio-Visual Communications, Inc. v. Michael Wu, et al., No. 85-521 (C.D. Cal. 1985) (copies of TRO

and preliminary injunction annexed to Affidavit of Laurence I. Fox, dated June 15, 1988, as Exhibit A). See also Affidavit of Eva Young, dated July 22, 1988 paras. 8-15.

On April 20, 1988, IAVC granted plaintiff an exclusive license in New York and New Jersey to distribute and rent videotapes of the Programs to the general public or to selected sub-licensee retail outlets. A copy of the License Agreement is annexed to the Amended Complaint as Exhibit C. By written assignment executed contemporaneously with the License Agreement, and recorded in the United States Copyright Office on or about June 10, 1988, IAVC assigned to New York Chinese: (i) the right, title, and interest in and to the copyrights in New York and New Jersey of programs created on or after March 1, 1988, and the right to [*8] commence and maintain actions for infringement of the copyrights in such programs; (ii) the right to commence and maintain actions for infringement of programs created on or before February 29, 1988; and (iii) all proceeds from judgments obtained with respect to any infringement of the copyrights in New York and New Jersey. A copy of the Assignment is annexed to the Amended Complaint as Exhibit B. See also License Agreement para. 19. New York Chinese and IAVC subsequently placed numerous advertisements in Chinese language newspapers and on Chinese language radio stations identifying New York Chinese as the only authorized distributor of the Programs in New York and New Jersey. n6

n6 Copies of the print advertisements are annexed to the Affidavit of Dick Ying, dated June 13, 1988, as Exhibits D-G.

On or about May 3, 1988, plaintiff determined that defendants UE, Flushing Star, Chan's Video, Gong Pictures, and Queens Video (none of which is an authorized sub-licensee of New York Chinese) were renting videotapes of the Programs to the public. n7 Plaintiff filed this action on June 16, 1988, alleging that defendants' activities violate the United States copyright laws, 17 U.S.C. [*9] § 101 et seq. (1979) (the "Copyright Act"), the Lanham Act, 15 U.S.C. § 1125(a) (1982), N.Y. General Business Law § 350 (McKinney 1988), and constitute common law unfair competition and interference with contractual relations.

n7 See Affidavit and Supplemental Affidavit of Joy Chen Yu Lewis, dated May 26, 1988 and June 15, 1988, respectively.

Through the course of expedited discovery, it was revealed that the videotapes of the Programs distributed by defendants had been copied by a "source" in Taiwan directly off the Taiwanese airwaves (deleting commer-

cial), and shipped to the United States in boxes marked "gift," to Dang's Video, which in turn supplied the tapes to UE for copying and distribution to the other defendants and to the public. UE, Dang's, Yuen and Queens Video admit importing, copying and/or distributing copies of the Programs with knowledge of plaintiff's claim to ownership of the copyright. n8 The other defendants acknowledge distributing the Dang's/UE tapes.

n8 See Affidavit of Laurence I. Fox, dated July 22, 1988, pp. 2-8 (summarizing and annexing deposition testimony of UE owners and officers Manching Ng and Jack Ho); Affidavit of Sui-Ti-Feng (annexed to Queens Video Memo of Law); Affidavit and Supplemental Affidavit of Po Yuen, dated July 12 and July 27, 1988, respectively.

[*10]

Defendants, however, challenge plaintiff's claim of copyright infringement on several legal grounds. n9

n9 These defenses have been formally raised and briefed in affidavits and memoranda submitted by defendant UE, which have been joined in by all other defendants.

First, defendants contend that because certain differences exist between the Programs as aired on Taiwanese television and the videotapes marketed by New York Chinese, plaintiff at best holds a copyright on a "derivative work." See 17 U.S.C. § 103. Defendants argue that because they copied the Programs directly off the Taiwanese airwaves and not from the "edited" version prepared by IAVC in California, they have not infringed plaintiff's copyright on the "derivative" work. Defendants contend that, because IAVC has not registered its copyright on the "underlying work," i.e., the unedited version aired in Taiwan, plaintiff cannot prove that defendants have copied a registered work.

Second, defendants contend that even if the videotapes copyrighted by IAVC are not "derivative works," IAVC does not hold valid U. S. copyrights on the Programs. There are two grounds for this contention: 1) the Programs were "first [*11] published" in Taiwan and there is no valid treaty in effect between the United States and Taiwan extending copyright protection to works by Taiwanese nationals that are first published in Taiwan; and 2) even if a valid copyright treaty exists between the United States and Taiwan, IAVC's copyrights are invalid because IAVC made material misrepresentations to the U. S. Copyright Office.

Finally, defendants argue that the "sole purpose" of the License Agreement between IAVC and plaintiff is the assignment of the right to litigate disputes over copyright infringement, and that the Agreement is therefore

"champertous" and should not be enforced by this Court.
n10

n10 Defendants' previously asserted opposition to the application for a preliminary injunction on grounds of delay is moot in light of the consolidation of that application with trial on the merits of the infringement action.

DEFENDANTS DERIVATIVE WORK DEFENSE

In order to establish copyright infringement plaintiff "must show ownership of a valid copyright and copying by the defendant. *Eckes v. Card Prices Update*, 736 F.2d 859, 861 (2d Cir. 1984) (quoting *Novelty Textile Mills, Inc. v. Joan Fabric Corp.*, 558 F.2d [*12] 1090, 1092 (2d Cir. 1977)).

A timely obtained certificate of registration "constitute[s] prima facie evidence of the validity of the copyright * * *," 17 U.S.C. § 401(c), but "a certificate of registration creates no irrebutable presumption of validity." *Durham Industries Inc. v. Tomy Corp.*, 630 F.2d 905, 908 (2d Cir. 1980). Plaintiff has offered prima facie evidence of a valid copyright by submitting timely obtained certificates of registration for the Programs, which were issued by the Copyright Office to plaintiff's assignor, IAVC. See Affidavit of Eva Young, dated May 27, 1988, Exhibit H; see also Affidavit of Dick Ying, dated June 13, 1988, Exhibit A. Defendants' challenges to the validity of plaintiff's copyright are addressed infra, pages 16-44. I turn first to defendants' assertion that they have not copied the works registered by IAVC.

Defendants concede that they have copied and distributed the Programs as they are broadcast by Taiwan TV (except for commercials). They contend, however, that they have not copied the works registered by IAVC, which are "edited" versions of the Programs. Defendants argue that by submitting to the Copyright Office only the edited [*13] version of the Programs, IAVC (and therefore plaintiff) obtained a copyright on a "derivative work," or "compilation" leaving the unedited version unprotected and subject to legal copying by defendants.

Section 103 of the Copyright Act provides that copyright protection may be obtained for "derivative works," or "compilations." 17 U.S.C. § 103(a). The Act defines a derivative work as:

a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, an-

notations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a "derivative work".

17 U.S.C. § 101. A compilation is defined as

a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship. The term "compilation" includes collective works.

Id.

In the typical derivative [*14] work case, the person accused of infringement contends that the alleged infringing work is independently copyrightable as an original work of authorship. See, e.g., *Durham*, 630 F.2d at 909-911; *L. Batlin & Son, Inc. v. Snyder*, 536 F.2d 486 (2d Cir.) (en banc), cert. denied, 429 U.S. 857 (1976).

Defendants offer an unusual variation on the classic derivative work defense. Defendants contend that if IAVC's edited version is independently copyrightable as a derivative work, it is by definition a "different work" than the unedited version, and the registration of the edited version does not protect the unedited version. Conversely, if the edited version is not sufficiently "different" to constitute a derivative work, it is the same work as the unedited version and defendants have therefore copied a registered work. n11

n11 Defendants concede that if IAVC registered its copyright on the Programs as they were broadcast in Taiwan, defendants' derivative work defense would be of no avail.

Without accepting the validity of this approach to the issue, n12 I find that the edited version does not qualify as a derivative work.

n12 Plaintiff argues that even if the "edited" version is a derivative work, the distinction is irrelevant where the same individual owns the copyrights in both a derivative work and the original. See *Rexnord, Inc. v. Modern Handling Systems, Inc.*, 379 F. Supp. 1190, 1198-1199 (D. Del. 1974) (plaintiff acquired a valid copyright in the 1968 version of catalogue when it was published with notice of copyright, and plaintiff's copyright in the 1970 catalogue therefore protected plaintiff from copying of the 1968 material from the 1970 catalogue); see also 2 M. and D. Nimmer, *Nimmer on Copyright*, § 7.16[B][2] at 7-120.1 - 121. Because I find that defendants' argument is meritless by their own proposed standard, it is not necessary to decide whether

a rule more favorable to plaintiff should be applied. [*15]

The "one pervading element prerequisite to copyright protection" * * * is originality," *Batlin*, 536 F.2d at 489-90 (quoting 1 M. Nimmer, *Nimmer on Copyright*, § 10 at 32 (1975)). Although the requirement of originality has been described as "modest," "mimimal," and as establishing a "low threshold," see *Durham*, 630 F.2d at 910, the original aspects of the work must be "more than trivial." *Id.* at 909. As the court noted in *Batlin*, "[t]o extend copyright-ability to minuscule variations would simply put a weapon for harassment in the hands of mischievous copiers * * * ." *Batlin*, 536 F.2d at 492. see also *Gaste v. Kaiserman*, 863 F.2d 1061, 1066 (2d Cir. 1988) ("slavish copying involving no artistic skill whatsoever does not qualify" for copyright protection).

The parties have agreed that I may determine whether the edited versions of the Programs are derivative works by viewing both versions of representative episodes of a Program entitled "The Kidnapped Pearl."

I have reviewed the videotapes in their entirety n13 and make the following findings of fact regarding the similarities and differences between the IAVC version and the Dang's/UE version:

1. The dramatization [*16] of the story "The Kidnapped Pearl," including dialogue, universal Chinese subtitles, characters, action settings, costumes and music, is identical in both versions.

2. Both versions delete commercials.

3. Each tape contains two episodes.

4. The first episode on the IAVC tape is preceded by a thirty-second display of the IAVC logo and a United States copyright warning, a thirty-second preview of a different IAVC title, and 2-1/2 minutes of opening credits for "The Kidnapped Pearl." The first episode on Dang's/UE tape is preceded only by the opening credits, which are identical to those shown by IAVC.

5. The Taiwan TV logo appears periodically at identical points in the action in both versions in the upper right hand corner of the screen.

6. The end of the first episode on the IAVC tape is followed by a picture of bamboo with the message "please watch the next episode" in Chinese. This does not appear on the Dang's UE tape. The end of the first episode of the Dang's/UE version is followed by 2-1/2 minutes of end credits and highlights from prior and future episodes.

7. The second episode in the IAVC version is preceded only by a short title (the name of the program in raised

stone [*17] letters with falling leaves) and a brief replay of the last scene in the first IAVC episode. The second episode of the Dang's/UE tape is preceded by 2-1/2 minutes of opening credits (identical to episode one in the IAVC and Dang's/UE versions).

8. The end of the second IAVC episode is followed by the "please watch the next episode" message; the end of the second episode on the Dang's/UE tape is followed by 2-1/2 minutes of end credits and highlights from prior and future episodes; a time-of-day display appears periodically during the end credits.

9. With the exception of the beginning of episode one, the beginnings and endings of each episode occur at different points in the action in the two versions. Episode one of the Dang's/UE version ends at a point approximately five minutes further into the story than the IAVC version; episode two of the Dang's/UE version ends approximately ten minutes further into the story than the IAVC version. n14

n13 The presentation of these tapes to the court was somewhat confused. I received two IAVC tapes containing two episodes each. I received one Dang's/UE tape, which defense counsel represented contained four episodes. In fact, the Dang's/UE tape contains only two episodes, which cover the program content of IAVC episodes one and two, and approximately ten minutes of IAVC episode three. Accordingly, my comparison is limited to the first two episodes of each version. I find, however, that this is a sufficient sample for purposes of determining the derivative work issue raised by defendants.

[*18]

n14 Defendants incorrectly assert that the Dang's/UE tapes contains dialogue not Pound in the IAVC version and that the Dang's/UE tapes contain certain parts of scenes that are not present on the IAVC tapes. UE Letter, October 26, 1988, p.2, para. 3; Affidavit of Po Yuen dated July 12, 1988 at para. 12. The program content is in fact identical.

Although defendants refer to a number of the differences detailed above, the only original or creative effort identified by defendants is the "creative selection of dramatic endpoints." Defendants argue that this creative effort is "beyond the bare minimum necessary to constitute a derivative work." UE October 26, 1988 Letter at 2. I find this argument meritless, if not frivolous.

I find that the mere relocation of a few minutes of the program from the end of one to the beginning of the next does not constitute the kind of creative effort and originality required to qualify the IAVC version as an independent derivative work. Rather, I find that IAVC's

episode divisions and other additions or deletions of previews and credits are trivial non-programmatic "packaging" changes. See *Rohauer v. Killiam Shows Inc.*, 551 F.2d 484, 494-495 n.12 [*19] (videotape of silent film "The Son of the Shiek" starring Rudolph Valentino with addition of a few new subtitles and newly incorporated music not sufficient to make it a new work). Under defendants' theory of the necessary quantum of creative effort, the mere serialization of a motion picture preceded by previews of future motion pictures would be independently copyrightable as a derivative work. Such a result would render the "modest" originality requirement meaningless. Accordingly, I find that the defendants have copied and distributed registered works.

COPYRIGHT PROTECTION FOR TAIWANESE WORKS

The parties agree that there are no disputed material issues of fact with respect to this issue and that it may be decided as a matter of law. The submissions of the parties on this question, including Local Rule 3(g) statements, have therefore been considered by me as a motion by defendants for summary judgment dismissing the complaint.

Section 104(b) of the Copyright Act of 1978 governs whether videotapes of the Taiwanese broadcasts at issue here enjoy copyright protection. Section 104(b)(1) grants copyright protection to works authored by citizens or domiciliaries of a "foreign nation [*20] that is a party to a copyright treaty to which the United States is also a party." Section 104(b)(2) grants copyright protection if "the work is first published in the United States or in a foreign nation that, on the date of first publication, is a party to the Universal Copyright Convention."

Plaintiff offers two alternative grounds for copyright protection. First, plaintiff argues that its works were "first published" in the United States and are therefore protected under § 104(b)(2). n15 See, e.g., Reply Memorandum of Law in Support of Plaintiff's Motion for a Preliminary Injunction ("Plaintiff's Reply Memo"), at 16-18. Second, plaintiff contends that, even assuming arguendo that Taiwan is the place of first publication, the works are protected under § 104(b)(1) because Taiwan is a party to a copyright treaty with the United States, i.e., the FCN Treaty signed by the United States and the Republic of China ("ROC") in 1946 and entered into force on November 30, 1948. n16 Article IX of the FCN Treaty provides that each country shall make copyright privileges available to the nationals of the other country on the same basis as to its own citizens. Following the derecognition [*21] of the ROC, the FCN Treaty was extended to Taiwan pursuant to the TRA, which continued in force all treaties "entered into

by the United States and the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979 and in force between them on December 31, 1978 * * * ." 22 U.S.C. § 3303(c) (Supplement 1988).

n15 It is conceded that neither the People's Republic of China nor the governing authorities on Taiwan has ever been a party to the U.C.C. See treaty/convention table following 17 U.S.C.A. § 104 (Supp. 1988).

n16 A copy of the FCN Treaty is annexed to Plaintiff's Reply Memo as Exhibit B.

Defendants concede that the FCN Treaty is a "copyright treaty" within the meaning of the copyright laws. n17 Defendants contend, however, that plaintiff does not hold valid United States copyrights on the Programs because the works were first published in Taiwan and because the TRA does not and cannot constitutionally be interpreted to extend copyright protection under the FCN Treaty to Taiwanese nationals.

n17 The FCN Treaty is listed on the treaty/convention table following 17 U.S.C. § 104 (Supplement 1988).

For the reasons set [*22] forth below, I find that the TRA does and may constitutionally be interpreted to provide copyright protection to Taiwanese nationals. I therefore find that the Programs are protected under 17 U.S.C. § 104(b)(1), and do not reach the issue of whether the works were first published in Taiwan or the United States.

Historical Context

In order to understand defendants' statutory and constitutional claims, it is necessary to provide a brief historical overview of the United States' changing relationship with the ROC and the People's Republic of China ("PRC"), as well as the facts surrounding the FCN Treaty, the derecognition of the ROC, and the enactment of the TRA.

Japan assumed control of the island of Taiwan following Japan's victory over China in 1895 in the first Sino-Japanese war, and pursuant to the Treaty of Shimonoseki. The ROC renounced the Treaty of Shimonoseki on December 9, 1941, when the ROC formally declared war on Japan. Taiwan remained in Japanese control until it was restored to the ROC following Japan's surrender and acceptance of the Potsdam Declaration on September 2, 1945.

The ROC entered into the FCN Treaty with the United States in 1946, ensuring reciprocal protection [*23] for

intellectual property, and solidifying important trade relations. Within two years of the signing of the FCN Treaty, however, the leaders of the ROC, including Chiang Kai-Shek, had relocated on Taiwan, following their overthrow by the Communists and the establishment of the PRC.

The United States continued to honor all commitments it had made with the ROC before relocation, but simply confined the scope of the agreements to the island of Taiwan. The United States did not have any formal relations with the PRC, and asserted that the ROC, temporarily exiled on Taiwan, was the legitimate ruler of all of China.

The passage of several decades eventually led to an opening of relations with the PRC. Visits to the mainland by Secretary of State Henry Kissinger (the so-called "secret trip to Peking") in 1971, followed by President Nixon's trip in early 1972, and the pledge in the Shanghai Communique to normalize relations, culminated in President Carter's Memorandum of December 30, 1978, terminating diplomatic relations with the ROC and recognizing the PRC as "the sole legal government of China." Memorandum of December 30, 1978, ("Memorandum") reprinted in U. S. Code Cong. & Ad. News (96th [*24] Cong. 1st session 1979) at p. 75. n18

n18 This Memorandum was issued pursuant to the President's constitutional authority to recognize and derecognize nations. See *National Petrochemical Co. of Iran v. The M/T Stolt Sheaf*, 860 F.2d 551 (2d Cir. 1988); *Chang v. Northwestern Memorial Hospital*, 506 F. Supp. 975, 977 (N.D. Ill. 1980).

At the same time, however, President Carter took steps to assure the Taiwanese that they were not being abandoned by the United States. In a communique dated December 15, 1978, President Carter reserved the right to sell "defensive" arms to Taiwan in the event the PRC and Taiwan remained hostile to one another. See Senate Report No. 96-7 at p. 6, reprinted in U. S. Code Cong. & Ad. News (96th Cong. 1st session 1979) at p. 41 (hereinafter "Senate Report"). Congress explicitly adopted this policy in the TRA. 22 U.S.C. § 3302(a). President Carter also declared in his December 30 Memorandum that "the American people will maintain commercial, cultural and other relations with the people of Taiwan without official government representation and without diplomatic relations." Memorandum (first full paragraph). Specifically, President Carter directed [*25] that existing international agreements between the United States and Taiwan continue in force. Id. para.(B)

The Senate, and particularly the Senate Committee on Foreign Relations and the Senate Committee on Finance, became integrally involved in determining how to structure and conduct post-derecognition relations with Taiwan. The Senate passed a bill (S.245) establishing a detailed structure for the conduct of post-derecognition relations. The House of Representatives also passed a bill to "promote extensive, close and friendly relations" with the people of Taiwan. See House Conference Report No. 96-71, reprinted in U. S. Code Cong. & Ad. News (96th Congress, 1st Session, 1979). The House bill (H.R. 2479) integrated much of the text of the Senate bill, and the House bill became the TRA (P.L. 96-8) when it was passed by both houses and approved by President Carter on April 10, 1979. The TRA was retroactively effective as of January 1, 1979, the date President Carter's Memorandum became effective. The TRA contains several provisions relevant to the disposition of this case.

First, the TRA provides that "[t]he absence of diplomatic relations or recognition shall not affect the [*26] application of the laws of the United States with respect to Taiwan, and the laws of the United States shall apply with respect to Taiwan in the manner that the laws of the United States applied with respect to Taiwan prior to January 1, 1979." 22 U.S.C. § 3303(a).

The TRA reiterates the provision of President Carter's Memorandum that "[w]herever the laws of the United States refer or relate to foreign countries * * * those laws shall apply with respect to Taiwan," 22 U.S.C. § 3303(b)(1), and provides that "[t]he absence of diplomatic relations and recognition with respect to Taiwan shall not abrogate, infringe, modify, deny, or otherwise affect in any way any rights or obligations * * * heretofore or hereafter acquired by or with respect to Taiwan." 22 U.S.C. § 3303 (b)(3)(A).

The TRA further provides that "[n]o requirement, whether expressed or implied, under the laws of the United States with respect to maintenance of diplomatic relations or recognition shall be applicable with respect to Taiwan." 22 U.S.C. § 3303(b)(8). Finally, and most importantly for purposes of this case, the TRA provides that "[f]or all purposes, including actions in any court in the United States, the Congress [*27] approves the continuation in force of all treaties and other international agreements, including multilateral conventions, entered into by the United States and the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979, and in force between them on December 31, 1978, unless and until terminated in accordance with law." 22 U.S.C. § 3303(c).

The TRA defines Taiwan as "the islands of Taiwan and the Pescadores, the people on those islands, corporations and other entities and associations created or organized under the laws applied on those islands, and the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979, and any successor governing authorities * * * ." U.S.C. § 3314(2).

The FCN Treaty is listed as a treaty in force between the United States and "China (Taiwan)" in the State Department publication, "Treaties in Force: A List of Treaties and other International Agreements of the United States in Force on January 1, 1987" (excerpt annexed as Exhibit C to Plaintiff's Memorandum in Response to UE Supplementary Memorandum of Law) ("Pl. Resp. Memo")

Validity of the [*28] FCN Treaty Prior to 1979

Defendants initially asserted that at the time the FCN Treaty was negotiated and became effective, Taiwan was still under Japanese control and that the ROC governed only what is known as "mainland" China. Defendants therefore argued that because the FCN Treaty was made in the context of an "expressly territorial relationship between the United States and the mainland," the Nationalist Government did not succeed to the FCN Treaty following its defeat by Communist forces in 1949 and subsequent flight to Taiwan. See UE Supplementary Memorandum of Law ("UE Supp. Memo") at 13-16, 18-19. Defendants asserted that "[p]ursuant to the normal principles of international law, and absent special, affirmative action by the United States, the [People's Republic of China] would have succeeded to the treaties that were in force at the time the Nationalists were routed * * * ." *Id.* at 17-18.

Defendants substantially retreated from this position after amicus Wang and Wang demonstrated that Taiwan was in fact under ROC control when the FCN Treaty was signed and that references in that FCN Treaty to the "territories of the ROC" therefore included the territory of Taiwan. [*29] See Amicus Brief at 5-10. See also Declaration of Dr. Tao-Tai Hsia, (Amicus Brief, Exhibit A) at 1-3. In addition, the Government's Statement of Interest demonstrated that wholly apart from the question of the ROC's control of Taiwan in 1946, or its lack of control over the mainland after 1949, the determination that a government is a party to a treaty covering a particular territory is exclusively the function of the executive branch, pursuant to its power to recognize and derecognize governments. See Statement of Interest at 8-9.

In their reply brief defendants concede that

in determining who is a party to a particular treaty covering a certain territory, a court must first look to who the President recognizes as legitimate government of that territory, and it does not matter whether that government actually controls the territory. Thus, the FCN Treaty was perhaps preserved from 1949 to 1979, with the Republic of China as the party to it, even though that government did not control the territory covered by the FCN Treaty—or at best * * * controlled only a small portion of it.

Memorandum of law in Reply to the Three Briefs Opposing its Supplementary Memorandum [*30] of Law ("UE Reply Memo") at 8 n.8.

Post-Derecognition Validity of FCN Treaty

Defendants now focus their argument on the asserted invalidity of the FCN Treaty following derecognition of the ROC in 1979. Defendants acknowledge that the TRA expressly approves "the continuation in force of all treaties and other international agreements * * * entered into by the United States and the governing authorities on Taiwan recognized by the United States as the Republic of China prior to January 1, 1979, and in force between them on December 31, 1978 * * * ." 22 U.S.C. § 3303(c). They argue, however, that because the TRA refers to treaties entered into by the United States and "the governing authorities on Taiwan," the TRA applies only to treaties entered into with the Taiwan authorities while they were on Taiwan. UE Supp. Memo at 27; UE Reply Memo at 15. Defendants' theory is essentially that the words "on Taiwan" in § 3303(c) are meant to draw a distinction according to where the governing authorities were when the treaty was entered into—"on Taiwan" or "on the Chinese mainland." Because the FCN Treaty was entered into with the governing authorities while they were on the mainland [*31] in 1946, defendants conclude that the FCN Treaty is not covered by the TRA.

This interpretation of the TRA is contrary to both its language and legislative history, which demonstrate that Congress intended the TRA to apply to all treaties and international agreements that were in force between the United States and the Republic of China as of December 31, 1978, and not only those concluded after the governing authorities moved to Taiwan.

The language of the TRA makes clear that "governing authorities on Taiwan" refers to the government recognized by the United States as the Republic of China until January 1, 1979. Indeed, § 3304(c) makes the term "governing authorities on Taiwan" the functional equivalent of the term "Republic of China." The use of the qualifying phrase "recognized by the United States as the

Republic of China prior to January 1, 1979" clearly indicates that the phrase "governing authorities on Taiwan" was meant to refer to the governing authorities formerly recognized as the Republic of China. n19

n19 These governing authorities are consistently referred to throughout the TRA as the "governing authorities on Taiwan." See 22 U.S.C. §§ 3301(a), 3303(b)(3)(B), 3309(b), 3311(b)(1), 3314(2).

[*32]

The legislative history of § 3303(c) makes this even clearer:

This section was added by the Committee to remove any doubt concerning the validity of the international agreements in force between the United States and the entity recognized as the Republic of China prior to the normalization of relations with the People's Republic of China. Its effect is to make clear that these agreements have not "lapsed" and that they continue in effect between the United States and the people on Taiwan. The reference to all courts "in" the United States expresses the Committee's intent that this rule of substantive Federal law be applied by both Federal and State courts.

Senate Report at p. 30.

The Senate Report similarly describes the Senate version of this provision as:

added by the [Foreign Relations] Committee to remove any doubt concerning the validity of the international agreements in force between the United States and the entity recognized as the Republic of China prior to the normalization of relations with the People's Republic of China.

Senate Report at p. 25.

In addition, the legislative history specifically mentions the FCN Treaty as an example of a treaty covered by the TRA. [*33] The House Report states that the House version of the legislation is:

designed to make clear that all treaties and international agreements between the United States and the Republic of China which were in force before derecognition will continue to be in force. For example, the U.S. ROC Treaty of Friendship, Commerce and Navigation, which provides a legal foundation for commercial relations between the United States and Taiwan, will continue without interruption. No United States-Republic of China treaty or international agreement would be terminated except that which is terminated under its terms or otherwise, pursuant to U.S. law.

House Report, H.R. Rep. No. 26, "House Report together with Additional Views", accompanying H.R. 2479 (printed pamphlet) (96th Cong., 1st Sess. 1979) at pp. 10-11.

The final bill, as described in the Conference Report,

combines both the general House provisions and the more specific Senate provisions without weakening or narrowing the applicability of any of the provisions adopted. * * * The conference substitute further provides that the Congress approves the continuation in force of all treaties and other international agreements, including multilateral [*34] conventions, between the United States and Taiwan which were in force prior to January 1, 1979, * * * with regard to the issue of conditioning the right to sue and be sued on reciprocity, the Committee of Conference noted that the Treaty of Friendship, Commerce, and Navigation between the United States and the Republic of China continues in force.

Conference Report, H.R. Report 7, reprinted in U. S. Code Cong. & Ad. News (96th Cong. 1st Sess. 1979) at p. 99.

Finally, consistent testimony by Executive Branch witnesses supports this reading of § 3303(c). See e.g., Implementation of Taiwan relations Act: Issues and Concerns, Hearings Before the Subcomm. on Asian and Pacific Affairs of the House Comm. on Foreign Affairs, 96th Cong., 1st Sess. 12 (1979) (statement of Assistant Secretary of State Richard Holbrooke, noting that international agreements with Taiwan remain in force, with specific mention of the FCN Treaty); Taiwan. Hearings Before the Senate Comm. on Foreign Relations, 96th Cong., 1st Sess. 74, 77 (1979) (State Department responses to questions by Senator Stone note that all international agreements (except the Mutual Defense Treaty and other related agreements), [*35] including the FCN Treaty, remain in force); id. at 106 (response by State Department Legal Adviser Hansell to question by Senator Percy notes that TRA provides for continuation in force of the FCN Treaty).

There can therefore be no doubt that Congress intended the TRA to continue the provisions of the FCN Treaty in force between the United States and Taiwan. n20

n20 At least two other courts have reached this conclusion. See Int'l Audio-Visual Audio-Visual Communications v. Chen, supra, n.5; *Chang 506 F. Supp. at 978.*

Defendants next argue that if the TRA purports to extend the provisions of the FCN Treaty to Taiwan, as I find it does, Congress has unlawfully "amended" the FCN Treaty 1) by changing the other "High Contracting Party" from the ROC to "the governing authorities on Taiwan" and 2) by eliminating those provisions of the FCN Treaty that may be read to require the existence of official diplomatic relations between the contracting parties. Such "amendments," defendants contend, are unconstitutional because under the Treaty Clause, only the President, with the advice and consent of the Senate, may make or amend a treaty. n21 See UE Supp. Memo at 25-26; UE [*36] Reply Memo at 11.

n21 Article II, § 2 cl. 2 provides: "He [the President] shall have Power, by and with the advice and Consent of the Senate, to make Treaties, provided two thirds of the Senators present concur * * *"

Plaintiff argues that the TRA does not constitute an "amendment" of the FCN Treaty because "the governing authorities on Taiwan" are the same "High Contracting Party" that entered into the FCN Treaty in 1948, i.e., the nationalist government that previously ruled the ROC. Moreover, as the Government also points out, a change in the name of one of the parties to a treaty, as a result of succession or modification of states, a government's renaming of a state, or changes in recognition, is not normally considered an "amendment" requiring further Senate action. Statement of Interest at 11 n.4. See, e.g., *Arnbjornsdottir-Mendler v. United States*, 721 F.2d 679 (9th Cir. 1983) (treaty between United States and Denmark remained in force vis-a-vis Iceland after Iceland declared its independence from Denmark). Rather, such matters fall within the recognition power of the Executive Branch. Accordingly, because the Executive Branch has consistently maintained [*37] since the derecognition of the ROC that the FCN Treaty remains in force with the governing authorities on Taiwan, and because Congress has concurred in that view, the FCN Treaty may constitutionally continue in force with Taiwan.

The Government also persuasively argues that even if the TRA were construed as an "amendment" of the FCN Treaty, or, for that matter, as an attempt to make an entirely new international agreement with Taiwan, there is no constitutional impediment to such action, because Congress and the President may constitutionally enter into "legislative-executive agreements" that are as binding in United States law as treaties. Statement of Interest at 11 n.4. See, e.g., *Weinberger v. Rossi*, 456 U.S. 25, 32 (1982) (equating Military Base Labor Agreement with the Republic of the Phillipines, autho-

riized by statute, with "treaty" for purposes of United States law); *Star-Kist Foods Inc. v. United States*, 169 F. Supp. 268 (Cust. Ct. 1958), aff'd, 275 F.2d 472 (C.C.P.A. 1959) (Congress has authority to authorize the President to enter into executive agreements). See also *Treaties and Other International Agreements: The Role of the United States Senate*. [*38] A Study Prepared for the Senate Comm. on Foreign Relations, 98th Cong., 2d Sess. 71-77 (1984); M. McDougal and A. Lans, "Treaties and Congressional-Executive Agreements: Interchangeable Instruments of National Policy", 54 *Yale L.J.* 181, 216-218 (1945); Restatement (Third) of the Foreign Relations Law of the United States §§ 302(2) and 303 (1987). Indeed, the author of defendants' brief on this issue, Professor Laurence Tribe, acknowledges in his treatise on American Constitutional law that such congressional-executive agreements are "coextensive with the treaty power." L. Tribe, *American Constitutional Law* (1979) at p. 170 n.18. Accord L. Henkin, *Foreign Affairs and the Constitution* (1972) at p. 173 n.1.

Defendants counter that even if a congressional-executive agreement had been created, it would not satisfy § 104(b)(1) of the copyright Act, which requires a treaty entered into pursuant to Article II. UE Reply Memo at 5 n.4, 17-18. I disagree. Nothing in the Copyright Act suggests such a rigid requirement and defendants cite no authority for this assertion. In any event, the TRA clearly eliminated any such requirement with respect to Taiwan.

Finally, as defendants [*39] concede, Congress could at any time constitutionally pass a law that would grant Taiwanese nationals copyright protection equivalent to that existing for the ROC prior to January 1, 1979. UE Reply Memo at 14, 19. Thus, the constitutional issues defendants seek to raise may properly be avoided by considering the TRA not as an amendment of a treaty or a "hybrid" international agreement, but as a domestic law extending to Taiwan the provisions of the FCN Treaty pertaining to copyright protection despite derecognition and the cessation of formal diplomatic relations. See Statement of Interest at 3, 10-14 (Congress, in the TRA, could constitutionally consider the FCN Treaty to be in force for purposes of the Copyright Act, irrespective of the TRA's effect on the international obligations of the United States). See also *Chang V Northwestern Memorial Hospital*, 506 F. Supp. 975 (N.D. Ill. 1980); *Int'l Audio-Visual Communications, Inc. V Chen*, No. CV 84-2328-DWW (MCX) (C.D. Cal. 1984) (opinion annexed as appendix A to Plaintiff's Reply Memo).

For all of the above reasons, I find that the TRA consti-

tionally continues in force those provisions of the FCN Treaty providing reciprocal [*40] copyright protection to Taiwanese nationals and deny defendants' motion to dismiss the complaint on this ground.

CHAMPERTY

Although defendants acknowledge that the question of whether an agreement is champertous is normally a question of fact, see UE Memo at 12, defendants have restricted their challenge to the IAVC-- New York Chinese License Agreement to the face of the document, n22 which they argue is champertous as a matter of law, and therefore void. n23

n22 Because defendants have chosen to limit their attack to the face of the agreement, I do not address the assertions contained in their submissions regarding the subjective motives of plaintiff's President, Dick Ying.

n23 "Champerty is a bargain between a stranger and a party to a lawsuit by which the stranger pursues the party's claim in consideration of receiving part of any judgment proceeds. It is one type of 'maintenance,' the more general term, which refers to maintaining, supporting, or promoting another person's litigation." *Alexander v. Unification Church of America*, 634 F.2d 673, 677 n.5 (2d Cir. 1980). Champerty is a viable defense to another's claim to the extent it is outlawed by statute. Sedgwick against Stanton, 14 N.Y. 289, 294-95 (1856); see also *Irvin v. Curie*, 171 N.Y. 409, 411 (1902). A champertous assignment is null and void. See *Koro Co., Inc. v. Bristol-Myers Co.*, 568 F. Supp. 280, 288 (D.D.C. 1983) (applying New York's champerty law to invalidate a contract); *Lost Lots Associates, Ltd. v. Bruyn*, 415 N.Y.S.2d 99 (3rd Dep't 1979); see also *Alexander*, 634 F.2d at 677 n.6.

[*41]

In support of their argument that the Agreement is champertous on its face, defendants point to the following provisions:

1) As part of the "consideration" for the assignment, New York Chinese agrees to commence and maintain "such actions with respect to any infringements or imitations of the licensed tapes as it deems advisable for the protection of its rights * * * ." Agreement para. 10(a). n24

n24 The Agreement is annexed to the Amended Complaint as part of Exhibit C.

2) Plaintiff is not required to pay IAVC the yearly license fee of \$ 360,000 until 30 days after plaintiff obtains its first preliminary injunction in an infringement

action. Agreement para. 3(a).

3) IAVC may terminate the agreement at the end of one year if plaintiff has been unable to obtain a preliminary injunction. Agreement para. 11(a)(iv).

4) IAVC specifically conveys to New York Chinese the right to sue for infringements which occurred prior to the Agreement and the right to retain "all monetary judgments obtained as a result of such actions." Agreement para. 10(b).

5) IAVC agrees to permit plaintiff's \$ 40,000 security deposit to be placed in escrow with plaintiff's attorneys, and to be applied to plaintiff's [*42] legal fees in prosecuting infringement actions. Agreement para. 10(c).

Defendants' assertion that the assignment of IAVC's copyright to plaintiff is champertous, and therefore invalid, rests upon Section 489 of the New York Judiciary Law (McKinney 1983 and Supplement 1989) n25 The landmark case interpreting the New York champerty statute is *Moses v. McDivitt*, 88 N.Y. 62 (1882). In *Moses* the court held that the statute "prohibits the purchase by attorneys * * * of choses in action 'with the intent and for the purpose' of bringing a suit thereon." *Moses*, 88 N.Y. at 65 (emphasis original) (quoting predecessor statute). The purpose of the statute is to prevent trafficking and speculation in lawsuits. *Koro Co., Inc. v. Bristol-Myers Co.*, 568 F. Supp. 280, 288 (D.D.C. 1983) (applying New York law); see also *Fairchild Hiller Corp. v. McDonnell Douglas Corp.*, 28 N.Y.2d 325, 321 N.Y.S.2d 857, 860 (1971) (section 489 is designed to prevent the "strife, discord, and harassment which could result from permitting attorneys and corporations to purchase claims for the purpose of bringing actions thereon")

n25 section 489 of the New York Judiciary Law provides in pertinent part as follows: No * * * corporation or association, directly or indirectly, itself or by or through its officers, agents or employees, shall solicit, buy or take an assignment of a * * * thing in action, or any claim or demand, with the intent and for the purpose of bringing an action or proceeding thereon; * * *. Any corporation or association violating the provisions of this section shall be liable to a fine of not more than five thousand dollars * * *.

[*43]

It is well-established that a violation of § 489 is established only when the purchase is made for the purpose of bringing a lawsuit, to the "exclusion of any other purpose," and that an assignment is lawful where the intent to bring a suit is merely "incidental and contingent" to other rights conveyed. *Moses*, 88 N.Y. at

65; see also *Syigma Photo News, Inc. v. Globe Int'l. Inc.*, 616 F. Supp. 1153, 1157 (S.D.N.Y. 1985); *Koro*, 568 F. Supp. at 286-287; *Welch v. Corp. Inc.*, 97 F. Supp. 185, 186 (S.D.N.Y. 1951); *Fairchild*, 28 N.Y.2d at 330, 321 N.Y.S. 860; *Sprung v. Jaffe*, 3 N.Y.2d 539, 544, 169 N.Y.S.2d 456, 460 (1959); *Realty Corp. v. USwiss Realty Holding, Inc.*, 492 N.Y.S.2d 754, 755-756 (1st Dep't 1985); 1015 *Gerard Realty Corp. v. A & S Improvements Corp.*, 457 N.Y.S.2d 821 (1st Dep't 1983); *Prudential Oil Corp. v. Phillips Petroleum Co.*, 415 N.Y.S.2d 217, 218 (1st Dep't 1979); *American Express Co. v. Control Data Corp.*, 376 N.Y.S.2d 153, 154 (1st Dep't 1975) (per curiam).

Applying these legal principles to the facts of this case, I find that the License Agreement and Assignment between IAVC and New York Chinese is not champertous. The Assignment [*44] conveys actual and valuable rights, namely, the exclusive right to distribute the Mandarin language tapes in New Jersey and New York, as well as the right to enter into sub-license agreements with retailers. See License Agreement, § 3(b). The License Agreement spells out the details of the parties' ongoing business relationship, including, inter alia, the minimum number of program hours annually that plaintiff will receive from IAVC, how delivery of the tapes is to be effected, and the continuing advertising rights and obligations of IAVC. At the same time, IAVC and plaintiff were clearly aware that infringement of the Mandarin language tapes had taken place in the New York area, and that it would undoubtedly continue if not prosecuted. Accordingly, the provisions regarding prosecution of infringement reflect one of the realities of copyright ownership: the continuing battle to stem infringement that threatens to diminish the value of the copyright. Indeed, because of this reality, an assignee generally owes an affirmative duty to its assignor to sue for infringements the assignee learns of, and the failure to do so could potentially lead to an action for rescission, and possibly [*45] damages, against the assignee. See 3 M. and D. Nimmer, *Nimmer on Copyright* ("Nimmer") (1988) § 12.02, at 12-27 - 12-28.

I find that the "right to sue" provisions of the Assignment are not champertous, but "incidental and contingent" to the assignment of valuable distribution rights in New York and New Jersey, and that the license agreement and assignment are therefore fully enforceable. Defendants' motion to dismiss the complaint on this ground is therefore denied.

FRAUD ON THE COPYRIGHT OFFICE

Defendants contend that IAVC's copyright is invalid and unenforceable by plaintiff because IAVC knowingly misrepresented or failed to present to the U. S.

Copyright Office material facts regarding the Programs. Defendants assert that if the correct information had been provided to the Copyright Office, IAVC's applications would have been rejected. See *Russ Berrie & Co., Inc. v. Jerry Elsner Co., Inc.*, 482 F. Supp. 980, 988 (S.D.N.Y. 1980) (court may declare a copyright invalid and deny enforcement on the ground of unclean hands if it finds that the applicant knowingly failed to advise the Copyright Office of facts which might have occasioned a rejection of the application); see [*46] also 3 Nimmer § 13.09(b) at 13-142 - 13-148; 2 Nimmer § 7.20 at 7-147.

Following discovery, defendants waived an evidentiary hearing on this issue and agreed that the court could make findings of fact and conclusions of law on the merits of their claim of fraud on the Copyright Office based upon documentary evidence and the deposition testimony of Julia Baker Huff (a Copyright Examiner in 1984 and currently Head of the Performing Arts Section of the United States Copyright Office); Eva Young (the treasurer of IAVC); and Ronald L. Yin, Esq. (the attorney for IAVC who represented IAVC in connection with its applications to the Copyright Office for these Programs).

The following facts are undisputed: each of the Programs is broadcast once over the Taiwanese airways. Following this broadcast, a 3/4" "mastertape" is delivered to IAVC's office in Taipei, Taiwan, where the quality of the mastertape is reviewed. IAVC then sends the mastertape (uncopied and unedited) to its home office in Brisbane, California, where the Program is edited, copied onto a 1/2" videotape and distributed for rental to the public. The Taiwanese television stations are paid by IAVC's office in Taipei. For several [*47] years prior to 1984, IAVC submitted to the Copyright Office a registration application for each Program, accompanied by a 1/2" tape of the version edited by IAVC in California. IAVC did not submit the 3/4" mastertape and did not include in its applications any reference to the fact that the 3/4" tape had been sent to IAVC's Taipei office for review prior to shipment to the United States, or to the fact that the 1/2" tape is an edited version of the Program as broadcast in Taiwan. The applications did state, however, that the Programs were "first published" in Taiwan, because Mr. Yin mistakenly believed that the broadcast in Taiwan constituted publication under the Copyright Act. The Copyright Office at no time questioned the application of the Copyright Act to works first published in Taiwan.

On March 21, 1984, Mr. Yin was contacted by Copyright Examiner Julia Huff. Ms. Huff told Mr. Yin that she believed IAVC should be submitting the 3/4" mastertape as the "best edition" of the work as first

published in Taiwan. Ms. Huff's memorandum to the file regarding this conversation reads as follows:

I questioned best edition as first published. He said that works first aired and then a [*48] 3/4 inch tape sent to U.S. where 1/2 inch tapes made and distributed. We discussed publication . . . definition in law and possibility that were published by a network or station authorized copies to made (sic) at time of airing and these copies to be used for later airdates or further distribution. He will discuss publication with client. And he will discuss best edition. We may have to register under special relief.

Exhibit #1, Exhibits to Deposition of Julia Baker Huff ("Huff Dep. Exh."). With respect to this conversation, Ms. Huff testified that it was the practice of the Copyright Office to inquire as to what was the best edition as first published when it received 1/2" videotapes (apparently because videotapes are generally originally produced on 3/4" tapes). Huff Tr. 8-9. n26 She recalled that she and Mr. Yin discussed "the general meaning of publication," and that she probably read him the legal definition. n27 Huff Tr. 11-12, 31. She advised Mr. Yin that the mere broadcast of the Program did not constitute a publication, but only a performance. Huff Tr. 16-17, 32; Huff Dep. Exh. #4 (letter from Mr. Yin recounting their discussion); Huff Dep. Exh. #5 (letter from Ms. Huff [*49] to Mr. Yin). They also discussed "an extension of the understanding of publication in the video industry, that it might have been possible that copies were * * * authorized to have been made from the airing of the Program. And then those copies might have been used at a later date somewhere else, either for distribution or for later air dates [by other stations or the same station]." Huff Tr. 33. They did not discuss the distribution of a 3/4" videotape to IAVC in Taiwan; nor did they discuss the fact that the 1/2" tapes were "edited" versions of the 3/4" tape. Huff Tr. 11-12. Mr. Yin's testimony, as well as his handwritten notes and a March 29, 1984 letter to IAVC regarding this conversation, are essentially consistent with Ms. Huff's memorandum and testimony regarding the March 21 discussion. Yin Tr. 7, 9-14, 16, 25-27; Exhibit #2 to Exhibits to Deposition of Ronald L. Yin and Eva C. Young ("Yin Dep. Exh.") (3/19/84 letter); Yin Dep. Exh. #9 and #10 (Mr. Yin's handwritten notes).

n26 References to "Huff Tr. " refer to transcript pages of her deposition testimony. References to "Yin Tr. " similarly refer to transcript pages of his deposition testimony.

n27 The Copyright Act is somewhat ambiguous about what constitutes "first publication." 17 U.S.C. § 101 defines "first publication" as the "distribution

of copies * * * of a work to the public by sale * * * or by rental, lease or lending. The offering to distribute copies or phonorecords to a group of persons for purposes of further distribution * * * constitutes publication." Professor Nimmer notes that "broadcasting per se" does not constitute a publication. 1 Nimmer § 4.11[B] at 4-55.

[*50]

In a letter to Mr. Yin dated April 13, 1984, Ms. Huff again questioned the submission of a 1/2 inch videotape, stating

For registration of a work first published outside the United States, we need a complete copy of the work as first published. If the 1/2 inch copies are the copies as first published in Taiwan, please give us your written confirmation. Otherwise, you should send a copy of each as first published. Or, if this is not possible, you may request special relief from the deposit requirements. Such a request should be made in writing to the Chief of the Examining Division and should explain why your client is unable or unwilling to deposit the copies as first published in Taiwan and should explain what copies they have sent instead.

Yin Dep. Exh. #3 (emphasis original).

Mr. Yin subsequently determined from IAVC that the local Taiwan TV stations did not have the authority to tape and rebroadcast the programs. n28 Accordingly, Mr. Yin wrote to Ms. Huff on May 9, 1984:

I am returning all of the attached Form PA in accordance with your letter of April 13, 1984. Please note that the publication dates have all been changed, and that the nation of publication has also [*51] been changed. This is pursuant to our discussion that merely airing of the TV programs in Taiwan constitutes only the performance of the work--not the publication. In the U.S., the applicant, International Audio-Visual Communication Inc., sells the works in 1/2 inch tape cassettes, copy of which were previously submitted. Thus, the copies previously submitted were the copies first published. n29

Yin Dep. Exh. #4.

n28 Mr. Yin does not recall if he was ever informed that a 3/4" tape was transferred from the Taiwan TV Station to IAVC in Taiwan, or if he was told that IAVC edits the 3/4" tape in California. Tr. 7.

n29 Notwithstanding this letter, IAVC continued to submit applications stating Taiwan as the nation of first publication, prompting further correspondence

between Mr. Yin and Ms. Huff. See Ms. Huff's letter to Mr. Yin dated June 1, 1984 and Ms. Huff's letter to IAVC dated July 20, 1984 (annexed as exhibits to Ms. Huff's telephonic deposition taken on November 8, 1988).

Ms. Huff testified that following receipt of this letter she allowed the applications. Huff Tr. 17. IAVC never requested "special relief" from depositing the 3/4" tape.

Defendants' first contention is that [*52] Mr. Yin's decision to change the place of first publication was not based upon his learning that the broadcast in Taiwan did not constitute publication. Rather, defendants assert that Mr. Yin knew that the delivery of the 3/4" mastertape to IAVC's Taipei office was itself a publication and that Mr. Yin changed the place of first publication from Taiwan to the United States because he knew that the validity of the FCN Treaty was being challenged in litigation in California, n30 and was concerned that IAVC's entitlement to copyright protection for works first published in Taiwan was threatened. Defendants therefore conclude that Mr. Yin knowingly and deliberately failed to advise the Copyright Office of the delivery of the 3/4" master to IAVC in Taiwan and falsely represented the place of first publication to be the United States. See Defendants' Post-Trial Brief at 13-14, 21-27.

n30 Int'l Audio-Visual Communications v. Chen, supra n.20 and n.5.

I find absolutely no evidence in the record before me to support this allegation.

First, Mr. Yin knew that the Copyright Office had already granted registration to hundreds of tapes that were stated to be first published in Taiwan. [*53] Second, it is undisputed that Ms. Huff at no time suggested that the place of publication had any bearing on the acceptance of IAVC's applications. Indeed, but for Ms. Huff's inquiry regarding "best edition," there can be no doubt that Mr. Yin would have continued to submit IAVC applications stating Taiwan as the place of first publication, based upon his erroneous belief that broadcast constituted publication. Moreover, apart from the lack of any showing of fraudulent intent, defendants cannot show that presentation of the full facts, i.e., advising the Copyright Office of the delivery of the 3/4" mastertape to IAVC in Taiwan "might have occasioned a rejection of the application." There is no evidence that the

Copyright Office would consider delivery of the 3/4" tape to IAVC in Taiwan to be a publication. Moreover, since the Copyright Office considers the Copyright Act applicable to works first published in Taiwan, the worst possible consequence for IAVC would have been that the Copyright Office would insist on the submission of the 3/4" mastertape or an application for special relief. IAVC clearly had no reason whatsoever to fear denial of registration on the basis of the [*54] first publication in Taiwan.

Defendants' second contention is that IAVC fraudulently failed to advise the Copyright Office of "the scope of its monopoly." Defendants' Post-Trial Brief at 26. This contention pertains to IAVC's failure to inform the Copyright Office that the programs IAVC sent for registration were edited versions of the programs as broadcast in Taiwan. Here again, defendants have failed to show that the submission of this information would have resulted in rejection of IAVC's applications. Assuming, arguendo, that the Copyright Office would consider the edited version a "derivative work," IAVC would at worst be required to register both the edited and unedited versions.

I therefore find that the enforceability of the copyright assigned to plaintiff is not barred by any fraud on the Copyright Office.

CONCLUSION

For the reasons set forth above I find that plaintiff has demonstrated that defendants have infringed plaintiff's valid copyright in the Programs as assignee of IAVC and that defendants' challenges to the validity of the copyright are meritless. I therefore find that plaintiff is entitled to a permanent injunction prohibiting the copying, sale, rental [*55] or other distribution of the Programs by defendants. Plaintiff is directed to submit a proposed judgment and permanent injunction on 5 days' notice no later than March 20, 1989. The parties are directed to appear for a status conference on March 27, 1989 at 10:00 a.m. in Courtroom 631 of the United States Courthouse.

SO ORDERED.

DATED: New York, New York
March 8, 1989