

MEMORANDUM

TO: Amici

FROM: Nancy A. Kopans

DATE: March 8th, 2005

RE: Second Circuit Opinion in Faulkner v. National Geographic Society Legal Case

On March 4th, the Second Circuit issued an opinion in the case Faulkner v. National Geographic Society affirming the opinion of Judge Kaplan of the Southern District of New York, Faulkner v. National Geographic Society, 294 F. Supp. 2d. 523 (S.D.N.Y. 2003). The case presents the question, arising under copyright law, of whether a publisher can convert print versions of periodicals into digital format and distribute them, using software for indexing and enhanced searchability, without obtaining separate authorizations from each freelancer who had contributed to such periodicals. You may recall that, given the significance of the issues presented by the case, JSTOR submitted an amicus curiae brief; thirty other organizations signed on to the JSTOR brief, including scholarly societies, libraries, and universities and their presses.

Like Judge Kaplan's opinion, the Second Circuit's opinion is very favorable for the scholarly community. The essence of the Court's opinion is, "because the original context of the [National Geographic] Magazines is omnipresent in [the Complete National Geographic ("CNG")] and because it is a new version of the Magazine, the CNG is a privileged revision" under section 201(c) of the Copyright Act. As with the Supreme Court's opinion in New York Times Co., Inc. v. Tasini, 533 U.S. 433 (2001) ("Tasini"), the Second Circuit focuses on how the materials are "presented to, and perceptible by, the user of the CNG." The Court states, "the CNG uses the almost identical 'selection, coordination, and arrangement' of the underlying works as used in the original collective works" and "presents an electronic replica of the pages of the Magazine."¹ But, whereas Tasini came out in favor of underlying contributors to collective works because the databases at issue in that case did not preserve the context of the collective works as a whole, in the present case the Court has come out in favor of the publisher, since the context of the

¹ Moreover, the Court notes that, in Tasini, the Supreme Court "gave tacit approval to microfilm and microfiche as permissible Section 201(c) revisions, by contrasting that method of reproduction with the databases [at issue in that case]." States the Second Circuit, the Supreme Court asserted that " 'unlike microforms, the Databases do not perceptibly reproduce articles as part of the collective work to which the author contributed or as part of any 'revision' thereof.' ...[M]icroforms 'represent a mere conversion of intact periodicals (or revisions of periodicals) from one medium to another,' whereas the Databases offered users articles in isolation absent their context in intact collective works."

collective work has been preserved. Thus, it can be suggested that whereas Tasini set the bar for what is *not* allowable under 201(c), the present case describes what *is* allowable.²

The opinion begins with a history of Tasini and Greenberg v. National Geographic Society, 244 F.3d 1267 (11th Cir. 2001) (“Greenberg”). You may recall that Greenberg was the case that came out of the Eleventh Circuit (the Circuit court encompassing Alabama, Florida, and Georgia) and drew a different conclusion from the same set of facts presented in the current case (that is, that the CNG is NOT an allowable “revision” under Section 201(c) of the Copyright Act). The Greenberg case was decided immediately before the Supreme Court heard arguments in Tasini. And, whereas the Greenberg court focused on how the product was stitched together (e.g., containing separately copyrightable components, such as a moving image introduction, the digital replica of the magazines and software for search capabilities), in Tasini, as noted above, the Supreme Court looked to how the digitized material appeared to the end user.

In addition to the central question of whether the CNG is an allowable revision of print versions of National Geographic Magazine, there were a number of related issues, all of which the Court interprets favorably:

1. Was National Geographic precluded from asserting its position in the Faulkner case because in the Greenberg case National Geographic lost on this very same issue to another party? No. The Second Circuit states that the Supreme Court’s approach in Tasini, focusing on how the product is perceptible to the end user rather than how the product is stitched together, “so substantially departs from the Greenberg analysis that it represents an intervening change in law” allowing National Geographic to relitigate an issue previously litigated and lost to another party.
2. Could the CNG be considered an allowable revision even though some photographs found in the original version of the magazine are blacked out and it contains additional elements, such as the “Moving Cover Sequence”? Yes. The Court states, “these changes do not substantially alter the original context which, unlike that of the works at issue in Tasini, is immediately recognizable.” It will be interesting to see how the standard set by the court, (e.g., changes that “do not substantially alter the original context”) is applied going forward.
3. Was National Geographic allowed to transfer the right to create the CNG to its subsidiary and another third party? Yes. The photographers argued that the revision privilege was available only to the National Geographic Society, as owner of the copyright in the original collective work, and that the National Geographic Society could not transfer this privilege to its subsidiary. In its opinion, the Second Circuit refers to section 201(d) of the Copyright Act, stating that that provision “allows for a transfer of a copyright ‘in whole or in part,’ ” which when read in conjunction with section 201(c) allows publishers to transfer any subdivision of a copyright they acquire, including the 201(c) privilege.

² Notably, the present opinion is written by Judge Winter, who wrote the opinion in Tasini v. New York Times Co., 206 F.3d 161 (2nd Cir. 2000), the Second Circuit’s view on the matter prior to when the case was appealed to the Supreme Court. On appeal, the Supreme Court endorsed Winter’s opinion, including the way in which the Second Circuit focused on the failure of the Lexis/Nexis database to present journal articles within the context of a journal issue as a whole.

4. Is the revision privilege applicable to pre-1978 works (that is, works existing before the effective date of the 1976 Copyright Act, which first included the revision privilege)?
Yes. The revision privilege applies regardless of when the works were published.

Next steps: You also may recall some discussion that an opinion affirming the lower court's opinion would result in a "Circuit split." That is, in Greenberg, the Eleventh Circuit, dealing with virtually the same facts, ruled that the CNG was not an allowable revision under section 201(c) of the Copyright Act, whereas the Second Circuit has now drawn a different conclusion. Thus, two Circuits now have different positions on an issue, making it difficult for individuals and organizations trying to grapple with the issue to have clear guidance. As a result, should the plaintiffs in this case seek to appeal the decision, the U.S. Supreme Court is likely to take the case. The plaintiffs have 90 days to petition the U.S. Supreme Court for review. Should the case be accepted by the Supreme Court, our assistance through an amicus brief would again be of great importance given the potential ramifications of this case for JSTOR and the scholarly community in general. I will keep you informed about further developments.

Please feel free to contact me if you have any questions or if you would like a copy of the opinion.

N.A.K.