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# COPYRIGHT, CONTRACTS, CREATORS

## New Media, New Rules

Giuseppina D'Agostino

Copyright, Contracts, Creators

*Per la mia famiglia con amore*
*Sergio, Giovanna e Ernest*

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# Preface

Recycling existing works in new media is an age-old recurrence, which continues to challenge copyright law and its future. Each time a new technology is invented there is a new way to re-introduce or recycle an existing work. Across the world, freelance authors of works previously in print dispute publishers' continued exploitation of their works in new media. This book evaluates the efficacy of copyright law to address the copyright contracting of freelance works in the digital era. It argues that the copyright treatment of freelance work on a national and international level is inadequate to resolve ambiguities in the copyright contracting of new uses. The current proliferation of digital technologies expands the publisher's exploitation powers. Historically, authors' works became the property of publishers that would in turn exploit these for all they are worth. It is demonstrated that copyright law has been – and continues to be – a publisher's and not an author's right. But significantly, nineteenth-century British copyright was more sympathetic to authors and had some notable restrictions in place to contain publishers' freedom of contract. This is no longer the case as full freedom of contract prevails. Given the continuing imbalanced bargaining between authors and publishers, and the lack of express and adequate legislation, an equilibrated copyright theory is proposed to justify legislative restrictions such as a pro-author default rule to be codified and applied by the courts. Other judicial interpretive principles and industry mechanisms are also suggested to address the inadequacies of copyright treatment of freelance work.

# Foreword

New technologies have brought us many wonderful things – perhaps not happiness or contentment, but at least computers, the internet, and new ways of creating and delivering information and art. Yet these advances still remain human tools. So while computers can do many useful and sometimes wondrous things, writing books, even with a little help, remains for them a fringe novelty. For it is human authors who create the bulk of the world's thoughts and writings, with computers doing little more than acting as glorified writing, collecting, sorting, calculating, and compiling machines. Copyright law, publishing contracts and the publishing industry itself could exist without computers and the internet. They cannot and could not exist without authors.

In this new book, Giuseppina D'Agostino examines a neglected field of legal academic research of much practical interest and importance: how independent authors – freelancers – have fared under the regime of the new technologies. Her conclusion: not well. For despite the brave new world of blogs and other outlets, professional freelancers still largely depend on middlemen publishers for payment for their literary efforts and to get their work before the public. And therein lies the problem: as publishers exploit and repackage this work in new and old media, the freelancer is marginalized and cut off from the benefits of downstream exploitation. She gets the disadvantages of salaried employment with none of the benefits. Thus freedom of contract combines with a supposedly author-focused copyright law to favour publishers and keep freelancers on Grub Street.

Dr D'Agostino shows how modern 'advances' in copyright and contract theory have made freelancers in many countries legally and economically worse off than they were in earlier days. She chronicles how freelancers have fought back in courts and legislatures, with mixed results. She concludes that new mindsets and new laws are needed to redress a balance that she finds heavily tilted against freelancers. Without a new direction, she fears that the profession of writing will suffer, to the detriment of us all.

Dr D'Agostino has produced an important, carefully documented and courageous study that deserves to be widely read and discussed, and (dare one say?) even to have its message heeded.

David Vaver
Oxford
July 2009

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I have presented a few aspects of this research at conferences and work-

shops, mainly in relation to the Canadian freelancer developments addressed in Chapter 7: G. D'Agostino, 'Copyright in Soundbites: Bidding for or against the Public Interest?' (2008), 43 SCLR (2d) 413; 'Copyright Fight Far from Over', *Masthead*, Jan/Feb 2007; 'A look at the Supreme Court's decision on Robertson', Ontario Bar Assoc – *Entertainment, Media and Communications Newsletter*, **16**(3), March 2007; 'Do Private Interests Override Public Interests in Top Court?' 18 January 2007 *TheCourt.ca*, http://www.thecourt.ca/2007/01/18/do-private-interestsoverride-public-interest-in-top-court/; 'Canada's *Robertson* Ruling: Any Practical Significance for the Copyright Treatment of Freelance Authors?' [2007] 2 EIPR 66; '*En attendant* Robertson: *Définir la possession du droit d'auteur sur les œuvres des pigistes dans les nouveaux médias*' (18)(1) Cahiers de Propriété Intellectuelle (2006) (tr) 'Anticipating *Robertson*: Defining Copyright Ownership of Freelance works in New Media', 163 ; 'Copyright Treatment of Freelance Authors in the Digital Era: Advancing Judicial Tools in Common Law and Civilian Jurisprudence' in S. Kiekergaard (ed.) *Legal, Privacy, and Security Issues in Information Technology*, Vol. 1 (ed.) (Instititutt for rettsinformatikk Oslo 2006) 177; 'Freelance Authors for Free: Globalisation of Publishing, Convergence of Copyright Contracts and Divergence of Judicial Reasoning' in F. Macmillan (ed.) *New Directions in Copyright* (Edward Elgar, Cheltenham, UK and Northampton, MA, USA, 2005); 'Should Freelancers Keep Their Copyrights in the Digital Era?'(2004) 8:4, *Copyright & Media Newsletter* 6; and 'Copyright Treatment of Freelance Work in the Digital Era' (2002) *Santa Clara Computer and High Technology LJ*, **19**(37).

# Abbreviations

| Abbreviation | Full Title |
|---|---|
| AlbLJSci & Tech | Albany Law Journal of Science and Technology |
| ASJA | American Society of Journalists and Authors |
| BUJSci & TechL | Boston University Journal of Science and Technology |
| Columbia-VLAJLA | The Columbia Journal of Law & The Arts |
| CUP | Cambridge University Press |
| NUJ | National Union of Journalists |
| NWU | National Writers' Union of America |
| OCA | Office of Cultural Affairs |
| OIPRC | Oxford Intellectual Property Research Centre |
| PRQ | Publishing Research Quarterly |
| PWAC | Periodical Writers' Association of Canada |
| UPennLRev | University of Pennsylvania Law Review |
| WUC | The Writers' Union of Canada |

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# Table of cases

# 1. Introduction

Without formal petition
Thus stands my condition:
I am closely blocked up in a garret,
Where I scribble and smoke,
And sadly invoke
The powerful assistance of claret…

*The Poet's Condition, Thomas Brown*[1]

More than three centuries ago, Thomas Brown, a graduate of Oxford, wrote about the debt-ridden fate of London hack writers.[2] Patron-less, they wrote for money. As Philip Pinkus details in his elaborate study of the colourful and skilful Grub Street[3] writers, 'there were arid moments when they could not squeeze a shilling from their publisher or an ounce of credit from the tavern-keeper.'[4] Whilst their works have been at times cast as mere 'doggerel' since they were not the Swifts or Popes of the era, the seventeenth-century hacks revealingly display the dire condition of the common writer. Writing in destitute times, these writers deliberately chose subjects which appealed to their readers, from politics to themes like marriage. And although hacks like Thomas Brown led austere lives, they still dared to dream and they aspired for something better.

Today, Thomas Brown is the twenty-first-century freelance writer. In part because they are not the JK Rowlings of our times, freelancers illustrate more generally the current plight of the aspiring writer. They are subject to unfavourable economic, social, and legal conditions as they attempt to earn a living through writing for mainstream newspapers and magazines.[5]

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1 P Pinkus *Grub St Stripped Bare* (Constable and the Company of Orange Street London 1968) 167.

2 Thomas Brown was 'the most renowned of the Grub Street hacks.' Born in 1663, he was educated at Christ Church, Oxford; ibid.

3 Grub Street refers to a particular time and place: London at the turn of the seventeenth century. 'But Grub Street is itself a metaphor, evoking the eternal spirit of the hack writer.' ibid xi.

4 ibid 14.

5 Unless otherwise specified, I will use the terms freelancer, author, freelance

Yet freelance authors are often lost in the mix of public policy discussions in copyright law.[6] Although freelancers' content is the fuel feeding the creative industries, their own interests are not appropriately nourished. In more recent times, creator interests have receded into the background. Take Canada for instance, where user interests have become a growing preoccupation in judicial, policy, academic and popular media circles.[7] Discussions are misguided: polarizing the owners versus users in a 'copyfight'; how owners are shrinking the public domain; how owners' push for technological protection measures is locking up users' otherwise free content; how piracy is sinking the creative industries or, from the user side, how piracy does not really exist and, if it does, its impact is negligible.[8] And when the author has been considered in academic discussions, she has been painted in a vile light; from the early 1990s scholars have laboured on debunking the notion of the 'romantic author construct' in copyright law.[9] While certainly a salutary development to concentrate on user rights (not the least because freelancers are also users),[10] creators still merit attention and, I argue, more than ever before. In this book, I am persuaded by Lionel Bently's appeal that 'copyright law has been right to

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author, writer and freelance writer to mean authors of literary works who write for mainly mainstream magazines and newspapers to earn a living but without being employed by the publication in which their work appears.

6 G D'Agostino 'Not all sides are represented in debate on copyright bill' Toronto Star, 19 June 2008, AA8; G D'Agostino 'Copyright in Soundbites: Bidding for or against the Public Interest?' (2008) 43 SCLR (2d) 413.

7 In Canada, user-centred thinking is apparent in judicial speak: *CCH Canadian Ltd v Law Society of Upper Canada* [2004] 1 SCR 339, 2004 SCC 13; domestic policy-making where the latest copyright reform Bill C-61 *An Act to Amend the Copyright Act*, 2d Sess., 39th Parl., 2008, (first reading 12 June 2008) was supposed to have been tabled in December 2007 and was delayed in large part because of user group protests against government: see Fair Copyright for Canada Groups currently springing up on Facebook http://www.facebook.com/group.php?gid=6315846683 Bill C-61 eventually died on the order paper on 17 September 2008 when Parliament was dissolved due to an election call; academic writing: CJ Craig 'The Changing Face of Fair Dealing in Canadian Copyright Law' in M Geist (ed) *In the Public Interest: The Future of Canadian Copyright Law* (Irwin Law Toronto 2005) 437 and in popular media circles: see polarized reaction to Bill C-61 best captured in M Geist's 'Mapping C-61 Media Coverage' on GoogleMaps created on 24 June 2008.

8 I Tossell 'Copyfight' Precedent (Winter 2008); for a flavour of these polarized types of issues see Geist, ibid.

9 e.g. CJ Craig 'Reconstructing the Author-Self: Some Feminist Lessons for Copyright Law' (2007) 15 American UJ Gender Soc Pol'y & L 207; W Patry 'Metaphors and Moral Panics in Copyright: The Stephen Stewart Memorial Lecture, November 13, 2007' (2008) IPQ 1.

10 As argued in G D'Agostino 'Healing Fair Dealing: A Comparative Copyright Analysis of Canada's Fair Dealing to U.K. Fair Dealing and U.S. Fair Use' (2008) 53 McGill LJ 309.

place the author at the center of its concerns.'[11] In the context of the freelance writing profession, the focus of my study, there is very little romance. With the quickening pace of technology and, as publishers – (acting) more and more like the owners – necessarily reorganize their business models to keep afloat, it is paramount to cast the spotlight on the freelancer, and specifically the freelancer vis-à-vis the publisher. From this perspective, the owners' drive for the expansion of copyright, which users challenge, is a common ground of scrutiny.[12] User concerns to which I shall often refer to and indeed factor into my reform recommendations are significant; they nonetheless merit their own study and as noted increasingly gain due attention, and beyond the scope of my focus, addressing the oft-undermined freelancer perspective. Overall, evolving publishing practices call for a reevaluation of copyright law to benefit all parties.

The current proliferation of digital technologies expands the publisher's powers and puts the supposed objectives of copyright law under strain. Publishers have become global and technologically sophisticated. Increasingly, they exploit freelancers' works not only in print form but also digitally, often by making them available through their own web sites or by selling them to third-party databases.[13] Freelancers argue that they receive no notice, give no consent, and obtain no payment for the exploitation of their works through these new digital uses. As justification, publishing conglomerates point to ambiguous contracts previously made with their freelancers to read in future uses.[14] More recently, publishers have begun the practice of sending standard form letters notifying freelancers that 'freelancers retain copyright' but with conditions, including the newspaper's unlimited and worldwide right to use the work in any publication or service that it owns or

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[11] L Bently 'R v The Author: From Death Penalty to Community Service' (2008) 32 13 Columbia-VLAJLA 1, 2; also citing Oren Bracha 'The Ideology of Authorship Revisited: Authors, Markets, and Liberal Values in Early American Copyright' 118 Yale LJ 186 that 'the ideology of authorship is not so much part of the problem as part of the solution.'

[12] ibid.

[13] I use the term 'exploit' as a general term to denote a right holder's various uses with a particular work (e.g. the owner is said to have certain exploitation rights associated with his/her work in s 3 of the Canada Copyright Act RSC 1985 c C-42 ('CCA') and in s 16 of the UK Copyright, Designs and Patents Act 1988 c 48 as amended ('CDPA'). A question that is central to this book is who owns and controls (and who should own and control) these future exploitation rights.

[14] Many such contracts have been oral, or 'handshake', contracts recording the publishing industry 'custom' but there is evidence that this practice has for the most part changed.

controls, in whatever media.[15] The central issue is whether author–publisher contracts, by which copyright is transferred for publishers to print freelance works, contemplate future exploitation rights. For staff writers, the copyright ownership and control of their works is a moot point,[16] but for freelancers who base their livelihoods on each new contract, the issue is a vital one.

Over the last several years, freelancers have turned to the courts to vindicate their rights. They allege that publishers are liable for copyright infringement and should duly compensate them for new uses of their works. At issue is the period pre-dating electronic publication (before the 1990s) where only key terms were orally agreed such as word count and submission date. This judicial phenomenon can be seen across North America and continental Europe. While the UK has yet to see litigation on the issue of whether freelancers' contracts, which allowed publishers to print their works, contemplated electronic publishing rights,[17] the issue has been very much alive. Indeed, Lionel Bently's work, a representation of a collection of freelance interests (including journalists, photographers and composers) gathered together in the umbrella organization the Creators' Rights Alliance, details the abuses that

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[15] NUJ 'Freelance Briefing Paper' http://media.gn.apc.org/fl/0007grab.html detailing various UK and US publishers that have sent letters to their contributors asking for absolute rights over their works; discussed more fully in ch 2 text to nn 61–82.

[16] While I shall be referring to journalists' copyright ownership occasionally in this book, it is beyond the scope of this discussion to address employed writers who in most jurisdictions fall under the purview of separate legal doctrines; in the UK, the CDPA s 11(2) provides that the copyright in works produced during the course of one's employment prima facie belong to the employer. Pre-1988, s 4(2) of the 1956 Copyright Act had an employee journalist's exception – like that in the current Canadian Copyright Act (stemming from the 1911 UK Copyright Act). Presumably this continues for pre-1989 works. The issue of whether employee journalists should control the copyright to their works was debated in the early 1990s in Australia; see Australian Copyright Council *Inquiry into Journalists' Copyright Submission to Copyright Law Review Committee (CLRC) on Journalists' Copyright* (18 October, 1992). But the final report recommended that s 35(4) of the Australia Copyright Act which allowed for journalists to own additional uses of their copyright material was repealed: CLRC 'Report on Journalists' Copyright 1994' (Attorney-General Department Australia 1994) http://www.clrc.gov.au/www/agd/agd.nsf/Page/Copyright_CopyrightLawReviewCommittee_CLRCReports_ReportonJournalistsCopyright. Historically, in the US, employed journalists similarly owned the copyright in their works: P Jaszi and M Woodmansee 'US Copyright 1880–1940: The Role That Authorship Rhetoric Played in Transforming Doctrine' (Copyright in Europe and North America – Past and Present Queen Mary ESRC Conference) (9 July 2004). But generally mainstream journalists no longer own their copyright in common law jurisdictions.

[17] Updated as at April 2010.

freelancers face 'in the UK media market-place.'[18] And more recently, one of the UK's largest dailies reached a major settlement with its freelancers over these issues, and there is also evidence of other claims having been settled.

This book evaluates the adequacy of copyright law to address the exploitation of freelance authors' works in the digital era; based on these findings, proposes recommendations to attain a more equilibrated copyright law system. I investigate the problem by looking at copyright history and philosophy; legislation; jurisprudence; and current publishing industry practices. I study professional freelance authors, contributors to mainstream newspapers and magazines who attempt to earn a living through their works. While the UK, the fount of copyright in the common law world, is the focus, this book draws on examples from civil law and other common law jurisdictions that have seen this problem erupt in the courts: in Canada, the US and various countries in continental Europe. In essence, the publishing industry is global and its contracting practices are unrestricted in laissez-faire jurisdictions.

I argue that copyright law, which purported to address the needs of the author through protection of works and thus to create incentives to produce and bolster societal well-being, has insufficiently met these objectives. While some of the UK's predecessor copyright statutes, along with the nineteenth-century judiciary, were mindful of the disparities between authors and publishers, this is no longer the case. Copyright laws in the UK and in other common law countries such as Canada and the US do not sufficiently address copyright contract issues, a central concern to freelancers.[19] Rather, these statutes contain few provisions on the alienability of copyright. The logic is that the economic rights of authors may be freely conveyed to third parties without restriction. By comparison, I indicate how continental European countries provide more appropriate statutory copyright mechanisms to deal with this issue but, as I shall suggest, these are not without drawbacks.

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[18] L Bently *Between a Rock and a Hard Place* (The Institute of Employment Rights London 2002).

[19] I use the term copyright contract, copyright transfer and copyright conveyance to refer to both assignments and licences of copyright unless otherwise specified. Copyright law sets out the rights available to freelancers; contract law manages the exercise of these rights. Copyright contract law may indeed constitute a 'considerable and distinct area of law itself.' JAL Sterling *World Copyright Law* (Sweet & Maxwell London 2003) 487–88. Though as I have found in writing this book this issue has been vastly underexplored. Two studies of note, in Europe: L Guibault and B Hugenholtz *Study on the Conditions Applicable to Contracts Relating to Intellectual Property in the European Union – Final Report* (Institute for Information Law Amsterdam May 2002); in Canada: M Hebb and W Sheffer *Towards a Fair Deal Contracts and Canadian Creators' Rights* (prepared for Creators' Copyright Coalition and Creators' Rights Alliance, October 2007).

Internationally and regionally, I argue that legislation does very little to advance authors and their original entitlements. Rather, these initiatives focus predominantly on protecting business exploitation. For instance, the Berne Convention for the Protection of Literary and Artistic Works,[20] which was trumpeted as the author's statute, currently remains no more than a symbol. Much as one would not expect a consumers' protection Act to protect sellers, one would not expect an authors' international protection statute to protect publishers. Instead, throughout its long history, Berne shows a preoccupation for protecting copyright exploiters.

Freelancers fare little better in the courts. While they are usually victorious in the courts, I argue that common law cases inadequately deal with the conveyancing of copyright work since they apply seemingly neutral copyright provisions to resolve the contractual ambiguities of new uses. Rather, these decisions highlight publishers' superior bargaining power. Publishers expect to own the copyright in freelancers' works outright: they fail to seek permission for additional uses and thereby avoid compensating freelancers. Moreover, through private ordering, publishers undermine any victory won by freelancers by digitally purging their articles, blacklisting them or demanding that they forgo compensation. While freelancer lawsuits in continental Europe apply more progressive and specific legislation, and render rulings more favourable to freelancers, some national statutory principles such as the foreseeability principle are still disadvantageous to freelancers and indicate a curious similarity between the two systems. By 'foreseeability principle' I mean a legal test used by the courts to interpret an ambiguous transfer or licence that can be construed to cover a new disputed use; the controlling factor in determining the scope of the licence is whether the use was known and could have been contemplated when the parties entered the agreement.[21] There are many disadvantages to applying the foreseeability principle: these start with defining when the use was known. In practice, freelancers have typically become subject to publishers, the real right holders who benefit through the copyright system.

One of the final objectives of this book is to propose solutions based on these findings for a more equilibrated copyright system where all parties' interests can be addressed. I develop a theoretical framework, starting with a perhaps slightly unconventional investigation of the twin philosophies underpinning western copyright: the natural and economic theories. My premise is that usually each theory is taken to justify the respective rights both of authors

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20 9 Sept 1886 168 Consol TS 185.

21 M Leaffer 'Licensing and New Network Mass Uses' in *Copyright, Related Rights and Media Convergence in the Digital Context* (Association Littéraire et Artistique Internationale 18–20 June 2001) 149, 153.

and copyright exploiters. So the natural law perspective, which purports to champion authors' rights, ought to be most advantageous to freelancers, whereas the economic approach, which seeks to protect investors whilst encouraging freelancers to produce creative works, ought to be more publisher-friendly. Indeed, many pro-author and pro-publisher advocates have relied on natural law and economic-type arguments to support their respective positions.[22] My analysis suggests that neither theory entirely meets its said objective. Each theory is double-edged: it can equally undermine its purported aims. The natural law theory can support a pro-publisher argument, and the economic can support a pro-freelancer perspective. When reconfiguring copyright policy (either in the legislature(s), the judiciary or in academia) relying on theory can be useful, but relying on such double-edged philosophies is unhelpful. As a result, I propose a more transparent theoretical approach.

The merits of natural law theory to freelancers, on the one hand, and the limitations of economic theory to publishers, on the other, may combine to help advance the theoretical concepts essential to a new equilibrated theory. This approach of using both theories supports, in part, Lionel Bently and Brad Sherman's assertion that, when an intellectual property claim is made for works not previously protected, or for the expansion of conferred rights, in lobbying, parties may use several justifications in tandem.[23] I do not however adopt both theories wholesale but shall rather draw key concepts from each.

Since the theories are not only double-edged but also incomplete in that they cannot account for fundamental aspects of the freelancer–publisher relationship, I consider other theories. I draw from key concepts of critical, and contract theory to develop a tailor-made equilibrated perspective. The goal is a more balanced theoretical framework where the interests of freelancers, which have long been neglected in copyright discourse and practice, are brought forward to approximate those of publishers. Equipped with this theory, solutions both within and outside copyright law shall be proposed to reconfigure the copyright treatment of freelance work. Indeed, in the final chapter, I test the proposed solutions by revisiting the examined caselaw and suggest that had such copyright proposals been in place, more favourable decisions would have resulted for freelancers.

I recognize that there are other ways to investigate this problem, for instance, through competition and labour law, but while relevant at certain points in this book, these are beyond the scope of my analysis. Equally, the issue of the continued control of freelance works is not solely an issue of

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[22] e.g. economic stance in *Tasini v New York Times Co* 533 US 483, 121 S Ct 2381 (2001) discussed in ch 7 text to nn 39–52.

[23] L Bently and B Sherman *Intellectual Property Law* (3rd edn Oxford University Press Oxford 2009) 39.

contract law. While contract doctrine is certainly material, as it deals with transfer issues between parties, the question of freelancers' transfer rights necessarily implicates copyright law. Also, simply because this problem can be studied through other legal means is no reason to exclude it from being recognized and studied as a copyright problem. Copyright law requires a management system that should strive to balance the interests of its stakeholders: creators, owners, users, and the general public. Copyright alone may be no panacea for safeguarding freelancers' rights but, with other mechanisms (such as government and industry forces), it can and should be an effective tool of social policy.

The copyright control of future exploitation rights to freelance works similarly concerns copyright law and its future, since the development of new technologies will continue to open up new markets of exploitation and thus pose renewed challenges to copyright law.[24] Also, freelancers, as independent contractors, will continue to be a growing labour law category that will define the nature of future creative work. The vast majority of writers in all genres are freelancers and there is evidence that this number will only increase.[25] As independent contractors, freelancers will continue to be vulnerable to publishers. As a result, they cannot secure their economic position in a free-enterprise world[26] whilst providing the public with worthy works. The UK Department of Trade and Industry, as it then was, now the Department for Business, Enterprise and Regulatory Reform, may encourage freelancers to be traders in a global marketplace,[27] but it is difficult to see how this goal is at all possible with current publishers' practices and legislative apathy.

Such phenomena cannot be viewed as a temporary reflection of market forces. It is unlikely, even given time, that new industry customs will develop to resolve the current uncertainty in copyright conveyancing of new uses.[28]

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[24] DL Spar *Ruling the Waves* (New York Harcourt 2001); SA Rosenzweig 'Don't Put my Article Online: Extending Copyright's New-Use Doctrine to the Electronic Publishing Media and Beyond' (1995) 143 UPennLRev 899–932, 900.

[25] J Storey et al 'Living with Enterprise in an Enterprise Economy: Freelance and Contract Workers in the Media' (2005) 58 Human Relations 1033; A Henniger and K Gottschall 'Freelancers in Germany's Old and New Media Industry: Beyond Standard Patterns of Work and Life?' (2007) 33 Critical Sociology 43; C Stanworth and J Stanworth 'Managing an Externalised Workforce: Freelance Labour – Use in the UK Book Publishing Industry' (1997) 28 Industrial Relations J 43.

[26] M Vessillier-Ressi *The Author's Trade* (Columbia University, Center for Law and the Arts, New York 1993) 8.

[27] See Department for Business Enterprise & Regulatory Reform http://www.berr.gov.uk.

[28] Copyright law has coped despite the past influx of new technologies from the creation of Edison's phonograph (1877) to compact discs (1982): A Murphy 'Queen Anne and the Anarchists: Can Copyright Survive the Digital Age?' Oxford Intellectual

Should such a laissez-faire approach be adopted, publishers, from their more powerful position, will continue to exact disproportionate benefits from their freelancers. This is already seen in caselaw where publishers seize on ambiguous copyright contract language to justify their rights. Publishing is now less a 'public trust' than part of a multimillion-dollar industry where multimedia conglomerates vie for a greater share of the online market.[29] This problem reflects a relationship of historical imbalance exacerbated through these new uses. The right to exploit works in new media has arisen before and in other industries such as film, for example when silent films turned into 'talkies'.[30] Here the question in part becomes whether to allow freedom of contract to govern vulnerable author–publisher relations or to introduce measures to regulate copyright contracting. Publishers do need clarity and safeguards for their investment,[31] but these should be balanced against freelancer safeguards as well, which are currently non-existent (notably in the UK).

Some publishers who benefited from these new uses may not at the onset of electronic publishing have appreciated the extent of their rights, but they are all now well aware. Yet they continue to press on with their digital publishing agenda, or terminate contracts to avoid solutions involving equitable remuneration. Indeed, while copyright laws facilitate advantageous terms for publishers, they do little for authors and, I argue, little for users of such works.[32]

The problem with newspapers and magazine freelancers arises for other categories of freelancers – photographers, musicians, and film industry participants from actors to screen-play writers. Indeed, Fiona Macmillan details how the film industry in particular is also in the process of buying up all future works.[33] The issue is thus not only one of author–publisher but applies more widely to other freelance parties in the copyright industries. For reasons of compactness, while I limit my discussion to freelance authors and publishers of mainstream newspapers and magazines, this book may possibly serve as a template for studies in other industries, as I mention at various junctures within.

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Property Research Centre (OIPRC) Seminar Series 26 February 2002) www.oiprc.ox.ac.uk.

[29] A Schiffrin *The Business of Books* (Verso Press New York 2000).

[30] *Hospital for Sick Children (Board of Governors) v Walt Disney Productions Inc* [1968] Ch 52.

[31] The Royal Society 'Keeping Science Open' Report April 2003 http://royalsociety.org/document.asp?tip=1&id=1374.

[32] e.g. FW Grosheide 'Copyright Law from a User's Perspective: Access Rights for Users' (2001) 23(7) EIPR 321–5, 321.

[33] F Macmillan 'The Cruel ©: Copyright and Film' (2002) 24(10) EIPR 483, 488.

My research confirms that a sizeable body of (mainly American) literature exists dealing with digital technologies and freelancers' digital uses. Commentators who have mainly studied one key US decision[34] have typically neglected to look beyond their domestic system.[35] In Canada and Europe, very little legal commentary exists,[36] and almost no scholars have taken into account the history and theory of publishing practices relating to freelancers.[37] More importantly, there is an insignificant amount of literature that analyses the UK system and its copyright treatment of freelancers in the digital era.[38] This book fills this gap. At the same time, I recognize that there is a burgeoning body of commentary that evaluates the efficacy of copyright to cope with ongoing digitization. At least two scholarly camps have evolved which align themselves with either the 'copyright is dead'[39] or the 'copyright can cope'[40]

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[34] *Tasini* (n 15); e.g. A Terry '*Tasini* Aftermath: The Consequences of the Freelancers' Victory' (2004) 14 DePaul LCA J Art & Ent L 231; M Spink 'Authors Stripped of their Electronic Rights in Tasini v New York Times Co.' (1999) 32 J Marshall LRev 409–36; LA Santelli 'New Battles between Freelance Authors and Publishers in the Aftermath of Tasini v New York Times' (1998) 7 JL & Policy 253–300 and Y Hur 'Tasini v New York Times: Ownership of Electronic Copyrights Rightfully Returned to Authors' (2000) 21 Loyola LA Ent LJ 65.

[35] e.g. IS Ayers 'International Copyright Law and the Electronic Media Rights of Authors and Publishers' (1999) 22 Hastings Comm & Ent LJ 29–63 examines freelancers' caselaw in various countries but does not undertake an international, comparative, historical or theoretical analysis; an exception comparing the US to Germany though ultimately arguing that German law not be followed: M O'Rourke 'Bargaining in the Shadow of Copyright Law after Tasini' (2003) 53 Case Western Reserve LRev 605.

[36] The issue has yet to be explored in the Canadian legal academic community. In Europe, more commentary exists; e.g. B Hugenholtz and A de Kroon 'The Electronic Rights War' (Intl IP L and Policy 8th Annual Conference Fordham U School of L 27–28 April 2000) 1–14 and L Guibault and B Hugenholtz *Study on the Conditions Applicable to Contracts Relating to Intellectual Property In the European Union – Final Report* (Institute for Information Law Amsterdam May 2002).

[37] In the US, WJ Gordon 'Fine-Tuning Tasini: Privileges of Electronic Distribution and Reproduction' (2000) 66 Brooklyn LRev 473–500 has considered some theoretical aspects of the problem.

[38] Bently (n 11) is a notable exception; one law article was found, T Naprawa 'Secondary Use of Articles in Online Databases Under UK Law' (1996) 9 Transnational Lawyer 331–56 providing an overview of applicable UK law with very little commentary.

[39] JP Barlow 'Selling Wine Without Bottles the Economy of the Mind on the Global Net' in http://homes.eff.org/~barlow/EconomyOfIdeas.html; D Nimmer 'The End of Copyright' (1995) 48 Vand LRev 1385–1420 and M Leaffer 'Protecting Author's Rights in a Digital Age' (1995) 27 U Tol L Rev 1–12.

[40] DJ Masson 'Fixation on Fixation: Why Imposing Old Copyright Law on New Technology Will Not Work' (1996) 71 Ind LJ 1049–65.

ethos. I wish to be part of neither. Copyright law can and should cope, but it should by no means do so alone: government, industry players, authors and publishers' groups, and collecting societies must cooperate in reconfiguring the copyright system.

In more recent times, collaborative authorship communities have challenged traditional mainstream publishing. A direct case in point is the uprise of online citizen journalism.[41] Its advocates argue that decentralizing information and power through Internet media can further democratize the public sphere.[42] One of the more recent sites, CitizenNews, has been launched by YouTube, 'to tell stories that might not otherwise be heard' and become a 'go to destination for news on the web.'[43] Training of citizen journalists is now also available.[44] Largely due to easy-to-use software, bloggers generate posts writing as much or as little on a given topic.[45] This blogging is typically done on a volunteer-basis by the 'former audience' and has been, on the most part, unremunerated.[46] The popularization and significance of these citizen-based initiatives is obvious from the proliferating conferences, courses, academic scholarship and blogging on point.[47] While a salutary user-generated phenomena to rival traditional

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[41] But see R Blood 'Weblogs and Journalism: Do They Connect?' 2003 57(3) Nieman Reports 62 stating: '… the vast majority of Weblogs do not provide original reporting – for me, the heart of all journalism.'

[42] D Gilmour *We the Media: Grassroots Journalism by the People, for the People* (O'Reilly Media Inc Sebastopol 2006) and Y Benkler *The Wealth of Networks: How Social Production Transforms Markets and Freedom* (University Press New Haven 2006).

[43] http://www.youtube.com/user/citizennews (launched in May 2008); others include: Open Directory Project – www.dmoz.org; Global Voices – www.globalvoicesonline.org; Now Public – www.nowpublic.com; Indymedia (Independent Media Center) – www.indymedia.org; Slashdot – www.slashdot.org; Open Democracy – www.opendemocracy.net

[44] The Uptake.org is a leading online group that trains citizen journalists.

[45] Four main types of weblogs are: (1) those written by journalists; (2) those written by professionals about their industry; (3) those written by individuals at the scene of a major event; and (4) those that link primarily to news about current events. ibid 61.

[46] A notable exception is CitizenSide.com; see http://www.citizenside.com/Documents/more.aspx where the site has devised some mechanism for citizen journalists to enter into an exclusive three-month licence until their content is purchased at a 75 per cent royalty.

[47] e.g. work at the Center for Citizen Media directed by Dan Gilmour; studies and scholarship proliferate: M Joyce 'The Citizen Journalism Web Site "OhmyNews" and the 2002 South Korean Presidentials Election' (December 2007) Berkman Center Research Publication No. 2007-15 online: available at SSRN: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1077920; R MacKinnon and E Zuckerman 'Gathering Voices to Share with a Worldwide Online Audience' (2006) 60 Nieman Reports 45; JB Singer 'Stepping Back from the Gate: Online Newspaper Editors and

media largely defined by unfriendly content-provider arrangements – the very practices this book takes issue with – it remains important to address directly publishers' and freelancers' practices in the mainstream press, which will continue to prevail. It may be more essential than ever to do so, since mainstream publishers have seized on the new 'must have' features of participatory journalism (for example readers commenting in real time or offering audio podcasts) to bolster their own mainstream online advertising and public appeal (and longevity).[48]

These new citizen sites may indeed mirror traditional publishers, giving little return and freedom to authors or users who provide and use such content. Rosemary Coombe posits that such collaborative authorship communities may be just as romantic as the oft-criticized 'autonomous authorial genius', thereby making the work of creativity appear 'more collective, communal, and comfortable than it actually is.'[49] New participatory mechanisms may reveal 'new forms of labor and exploitation that are emerging.'[50] Dan Gilmour, citizen media expert, argues in particular reference to YouTube's initiative that as the site begins to commercialize content, he would not want it to shun the creators and adopt the business model 'You do all the work and we'll take all the money, thank you very much' and continue to maintain its current restrictive terms of service.[51] Billy Bragg details how in reference to similar initiatives in the music industry creators have been left empty-handed, while so-called user-centred groups are making millions.[52] Until online citizen journalism can become a substitute for mainstream journalism (in an open and fair remunerative fashion for professional freelancers), accompanied by ironically some type of filtered go-to credibility, studying and reforming mainstream

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the Co-Production of Content in Campaign 2004' (2006) 83 Journalism and Mass Communication Quarterly 265.

48 BBC News invites audiences to submit their photographs and videos; comments are invited in 'World Have Your Say: The Daily Interactive Show Where You [the audience] Set the Agenda' The New York Times has a 'Readers' Comments' section including a number of discussion forums/blogs; CITY TV in Toronto advertises to the public to report and provide photos of 'breaking news' in return for posting these at the broadcaster's discretion. Users can comment and read other users' comments following the end of each of the digitally showcased articles on the Globe and Mail web site based in Toronto; users can further share, e-mail, or recommend the article, and can also view the most recommended articles (globeandmail.com).

49 R Coombe 'Immaterial Labour' (Law & Society Conference, Montreal Canada 28 May–1 June).

50 ibid.

51 D Gilmour 'YouTube's CitizenNews' (22 May 2008) http://citmedia.org/blog/2008/05/22/youtubes-citizen-news.

52 B Bragg 'The Royalty Scam' New York Times (22 March 2008).

publishing remains essential.[53] Moreover, the two 'systems' cannot be seen in a vacuum. Studying and reconfiguring the one will inevitably help the other. There is therefore a need to improve the preferred mainstream publishing profession: an immediate credible venue that could allow freelancers the ability to earn a decent living through their works.[54]

This book is divided into 12 chapters. In Chapter 2, I explore freelancers' current imbalance of power vis-à-vis their publishers in the digital milieu and explore this alongside copyright policy objectives. I argue that this problem will not go away since freelancers, as independent contractors, are part of the demographics of future employment. There are fewer employees, let alone employee authors. Today, the vast majority of writers in all genres are freelancers.[55] Across western industries, the number of freelance authors is growing. Increasingly publishers outsource their work for limited contract periods. Rather than employing staff authors and paying benefits, publishers opt for cheaper labour. At the same time, publishers increasingly obtain control of freelancers' works in new media and thereby, I argue, undermine the very objectives of copyright law. As I begin to investigate the adequacy of the legislative and judicial copyright treatment of freelance work, Chapter 3 analyses copyright's historical underpinnings. I argue that while copyright law has often been painted as an author's right, it emerged because of publishers and was largely a publisher's right. In the early days of copyright protection, the author was only figuratively considered as the object of social policy. In Chapter 4, the historical fight over copyright in the UK courts is outlined. While literature proliferates on the history of copyright and on the genesis of the Statute of Anne, only a negligible amount has examined the legal history of copyright contracting between authors and publishers.[56] Studying this

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[53] There are some drawbacks to online citizen journalism, e.g. credibility. But as Dan Gilmour has eloquently put it, discussing sustainability issues does not necessarily mean 'profitable, or long-lasting'. 'I still believe, even now, that traditional media remain in the best position not just to seed these ventures – internally as well as externally – but to make them a linchpin in their own long-term viability.' D Gilmour Sustainability in Citizen Media (blog entry posted 26 March 2008) http://citmedia.org/blog/2008/03/26/sustainability-in-citizen-media/.

[54] J Metzl 'Information Technology and Human Rights'(1996) 18 Human Rights Quarterly 705, 727: 'Despite its frequent superficiality, however, the news media plays a vital societal role in filtering the endless amounts of information which might be presented as news. While news coverage may be biased or unfair, alternative viewpoints still requite alternative filters which the Internet does not adequately provide.'

[55] Professional Writers Association of Canada (PWAC) *Canadian Professional Writers Survey* (May 2006).

[56] While there is no shortage of material on general historical accounts of authors and publishers e.g. N Cross *The Common Writer: Life in Nineteenth Century Grub Street* (Cambrige University Press Cambridge 1985) and J Loewenstein *The*

unexplored area is necessary to understanding the current issue of copyright control over new uses of freelance works, and more generally on the imbalance in contractual relations between authors and publishers. Thus we learn that in that print era 'it [was] seldom worth the while of proprietors to assert the copyright in articles in a newspaper.'[57] So this section begins to tackle this relatively uncharted area. I argue that after the Statute of Anne, early copyright laws placed some restraints on publishers' unlimited rights. For example, a more recent case in the Pretoria High Court on reversion rights applies one of these 'archaic piece[s] of colonial legislation.'[58] Despite these copyright laws, much was left to free bargaining and litigation. Caselaw nevertheless applied a restrictive approach to interpreting contract conveyances mainly to favour authors. By restrictive or strict interpretive approach, I mean that when courts interpret a copyright contract they read in no more terms than necessary to give business efficacy to the contract, such that it is not necessary to imply a term if the contract is effective without it.[59]

Chapters 5 to 8 examine the legislative and judicial copyright treatment from national, regional and international perspectives. In Chapter 5, I analyse the international and regional framework available to freelancers and show how the author remains inconsequential to policy-making. Legislative apathy also prevails at the national level as Chapter 6 examines the predominantly common law jurisdictions of the UK, Canada and the US. While civilian jurisdictions feature more express provisions, drawbacks such as the foreseeability principle remain, inevitably favouring publishers. In Chapters 7 and 8, these legislative mechanisms are found to be reinforced by the judicial treatment of the issue, particularly in North America and continental Europe. In North America, with few express statutes, courts struggle to delineate the differences

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*Author's Due* (University of Chicago Press Chicago 2002) such has not permeated through to works by lawyers and policy makers. Because there are few works on point, I found guidance primarily from nineteenth-century materials. However, current works like EP Skone et al. (eds) *Copinger and Skone James on Copyright* (13th edn Sweet & Maxwell London 1991) were useful on distinct legal aspects of this historical relationship and works such as V Bonham-Carter *Authors by Profession* (The Society of Authors London 1978) were helpful on the socio-economic historical relations between authors and publishers.

57 *Cox v Land and Water Journal Company* (1869) LR 9 Eq 324, 331.

58 South African heirs of the original composer of what is commonly known as 'The Lion Sleeps Tonight', used in Walt Disney's Lion King, sued Disney based on section 5(2) of the 1911 Act and settled based on an undisclosed amount: S LaFraniere, 'In the Jungle, the Unjust Jungle, a Small Victory' The New York Times, Johannesburg Journal (22 March 2006) online: nytimes.com; R Carroll 'Lion Takes on Mouse in Copyright Row' The Guardian (3 July 2004); discussed in ch 4 text to nn 124–9.

59 The same principle is applied in *Robin Ray v Classic FM plc* [1998] ECC 488 (Ch D) in ch 9 text to nn 128–32.

between print and electronic media. In continental Europe, specific rules facilitate decision-making, but again with some drawbacks. Since the UK has no decided case on point, Chapter 9 examines other copyright sectors such as the film industry, relating to conveyancing of copyright, to provide some insight on how courts deal with new uses of freelance works. The result is to show that copyright law insufficiently addresses the problem. While other judicial mechanisms are in place, such as the *contra proferentem* rule, such approaches remain uncertain short of codification.

I then move to explore solutions. Chapter 10 begins to expound a theory to set a bedrock for recommendations based on an equilibrated perspective balancing various interests. Finally, Chapter 11 advances these solutions and tests them against an equilibrated theory to re-craft a balanced copyright treatment of freelance authors in the digital era. Chapter 12 concludes this book.

# 2. Freelancers and copyright in the digital era

In this chapter, I begin to explore the problem freelancers face in digital publishing vis-à-vis the publishers. This strained relationship interrogates the very objectives of copyright law. Publishers are increasingly globalized and technologically sophisticated and exploit freelancers' works in new media through ambiguous transfers or, more recently, through non-negotiable standard form contracts. Consequently, I argue that publishers deprive freelancers of their livelihood (and users of access to these works). I explain freelancers' economic realities and then discuss whether they would be more advantaged if treated as employees rather than as independent contractors under copyright law. I conclude that changing their status is not a viable alternative for freelancers or copyright law and policy generally. It is now more important than ever that freelancers retain copyright control over their future exploitation rights in order to reap the financial rewards from their work.

## 1. DEFINING COPYRIGHT LAW

Before I examine freelancers' legal relationship with their publishers, a preliminary excursion on copyright law is necessary. Copyright is a western invention. It is today classified under the purview of 'intellectual property law', and is consequently distinct from real property.[1] While real property protects *tangible* objects, copyright law protects *intangible* property as the expression of one's ideas.[2] A key objective of copyright is to grant exploitation rights to owners of original works. Thus under the UK Copyright, Designs and Patents Act 1988 (CDPA),[3] copyright initially grants various enumerated

[1] D Vaver *Intellectual Property Law* (Irwin Law Concord 1997) 293.

[2] Of course, for Lord Hailsham, defining the term 'the expression of ideas' depends on what is meant by an 'idea.' See *LB (Plastics) Limited v Swish Products Limited* (1979) RPC 551 (HL) where copyright in production drawings for knock-down furniture drawers prevented one company from copying the commercial furniture produced by a competitor. The idea/expression dichotomy may not be very useful if the concept of idea is not fully understood.

[3] Copyright, Designs and Patents Act 1988 c 48 as amended.

exploitation rights to the 'author' who 'creates' a work.[4] The CDPA grants protection to a number of categories of works. The focus of this book is on original literary works as it is the primary category concerning freelance writers. A literary work is defined in the CDPA as a written work, other than dramatic or musical, that may include computer programs or compilations.[5] Freelance articles are thus literary works whether in print or digital form.

The concept of 'originality' is an important prerequisite to the grant of copyright protection.[6] The test for a work's originality is a matter of degree depending on the amount of skill, judgement, or labour involved in its making.[7] Consequently, not only must creative intellectual activity produce the right kind of work, but 'the author's input must satisfy a certain minimum standard of effort.'[8] The author is an individual who is solely responsible and exclusively deserving of the credit for the creation of a work.[9]

The UK has moved towards a 'mixed system' of copyright law.[10] Typically, the common law tradition, which accepts that both individuals and corporate

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[4] CDPA s 2(1) exploitation rights delineated further in Part II. For comparative purposes to Canada's Copyright Act RSC 1985 c C-42 ('CCA') s 3, copyright means the sole right to reproduce, perform or publish a work and procure any profits therefrom.

[5] CDPA s 3(1).

[6] *University of London Press Ltd v University Tutorial Press Ltd* [1916] 2 Ch 601, 608: 'the Act does not require that the expression must be in an original or novel form, but that the work must not be copied from another work – that it should originate from the author'. Or as J Litman 'The Public Domain' (1990) 39 Emory LJ 965–1023, 1000 states, originality is used for dividing works 'privately-owned from the commons and to draw lines among the various parcels of private ownership.' This is not the time or the place to undertake a detailed analysis of originality. Suffice it to say that there are various views on the subject that elide clear definitions.

[7] WR Cornish and D Llewelyn *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights* (6th edn Sweet & Maxwell London 2007) 417; *CCH v Law Society of Upper Canada* [2004] 1 SCR 339: 'What is required to attract copyright protection in the expression of an idea is an exercise of skill and judgment.' See also *Slumber-Magic Adjustable Bed Co v Sleep-King Adjustable Bed Co and others* (1984) 3 CPR (3d) 81 (BCSC).

[8] Cornish and Llewelyn (n 7) 417; *Ladbroke (Football) Ltd v William Hill (Football) Ltd* [1964] 1 All ER 465 (HL).

[9] M Woodmansee 'The Genius and the Copyright: Economic and Legal Conditions of the Emergence of the "Author"' Eighteenth-Century Studies 425–48, 426. Again, here there is no shortage of debate on who is an author; indeed many are critical of the singular classification of authorship; e.g. CJ Craig 'Locke, Labour and Limiting the Author's Right: A Warning against a Lockean Approach to Copyright Law' (2002) 28 Queen's LJ 1.

[10] Cornish and Llewelyn (n 7) 415–16; D Vaver 'The Copyright Mixture in a Mixed Legal System: Fit for Human Consumption?' (2001) 5(2) Electronic J of Comparative Law http://www.ejcl.org/52/abs52-3.html.

bodies may initially own copyright and even be claimed as 'authors', stands in contrast to the continental European tradition based on the protection of the individual author.[11] William Cornish and David Llewelyn note that the once-distinct mechanism of protecting authors and neighbouring rights in the civilian systems disappeared with the adoption of the CDPA.[12] Moreover, unlike many other European countries, but similar to Canada and the US, the UK allows waiver of moral rights by contract or estoppel.[13] In these respects, even though a number of EC directives increasingly compel the UK to harmonize its laws,[14] the UK system remains more akin to those of the common law tradition, and less to those of the civilian, *droit d'auteur* systems in continental Europe. These differences are reflected in the varying treatment of freelance work in North America and the UK, as compared to that of continental Europe, and shall be discussed later more fully.[15]

## 2. THE GLOBALIZATION OF PUBLISHING AND COPYRIGHT POLICY OBJECTIVES

Various reasons explain why the publishing industry has developed into a rights-buying business.[16] Until the mid-twentieth century, trade in publishing rights was relatively modest. But selling rights improved largely because of: (1) greater interest in foreign works through increased cross-border awareness, for example travel; (2) increased book prices in developed countries; (3) the birth of the mass-market paperback (as demonstrated when Allen Lane published the first ten Penguin books and significant worldwide commercial value attached to publishing; for book publishing, foreign markets provided the greatest revenue from any category of licence);[17] and (4) the desire to gain control of new uses of old works. The last factor was perhaps the greatest contributor to publishing industry growth by providing the greatest number of rights to be sold.[18] Currently, this trend to control new uses of old works

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11 More in ch 6 text to nn 2–5 on the differences between common law and civil law traditions.

12 Cornish and Llewelyn (n 7) 415.

13 CDPA 1988 c 48 s 87; the US allows waiver especially in dealing with worldwide rights even though it has an undeveloped national doctrine of moral rights.

14 e.g. Directive 96/9EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases implemented by the Copyright and Rights in Databases Regulations 1997 (UK); Vaver 2000 (n 10) 101.

15 chs 7 and 8.

16 L Owen *Selling Rights* (5th edn Routledge London 2006) 18–20.

17 ibid 19.

18 ibid 20.

crosses all publishing sectors, especially the newspaper and magazine industries. And as newspaper and magazine publishers attempt to buy up all future uses of freelance works, freelancers increasingly lose control over their copyrights. Thus although the publishing industry has been in the business of buying rights, because of the expanding number of new uses, there are more rights publishers can buy.

Publishing industry expansion has strained copyright law and places in doubt its very objectives. On the one hand, copyright law purports to promote culture and the dissemination of works, 'by providing incentives to authors and artists to produce worthy work and to entrepreneurs to invest in the financing, production, and distribution of such work.'[19] At the same time, copyright law should balance the interests of copyright authors with those of users.[20] Thus, copyright law seeks to promote an equilaterally sided balance of interests between authors, publishers, users and the public.[21] However, current societal developments, like the establishment of entrepreneurial copyright, instil antagonism between authors or users and those who exploit works.[22] Consequently, as Willem Grosheide argues, this phenomenon has led to the demise of copyright's once idealistic 'golden triangle' of interests.[23] The current development of digital recycling of freelance works incites discord between authors, publishers and users.

The publishing industry has grown increasingly global. Over the past three or four decades, 'publishing has been transformed from an industry dominated by vision to one dominated by financial concerns.'[24] Authors face an ever-competitive capitalist market, wherein publishers are copyright owners vying for increased protection of authors' original copyrights. Yet, the concept of 'author' and 'owner' are more and more mutually exclusive. Copyright is concerned primarily not with 'lonely starving artists' but with companies – ranging from small and not-for-profit concerns to huge multi-million dollar contracts.[25] André Schiffrin's informative critique of the book publishing

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19 Vaver 1997 (n 1) 22.

20 WF Grosheide 'Copyright Law from a User's Perspective: Access Rights for Users' (2001) 23(7) EIPR 321–5, 321.

21 ibid; see also rationale in The Royal Society 'Keeping Science Open: The Effects of Intellectual Property Policy on the Conduct of Science' (UK Report 14 April 2003) http://royalsociety.org/document.asp?tip=1&id=1374 17.

22 Grosheide (n 20) 324.

23 ibid 322; see also J Gurnsey *Copyright Theft* (Aslib Gower New York 1995) 17.

24 J Lichtenberg 'The Studio Model: Should Publishing Follow Hollywood's Approach to the Creative Process?' [1999] PRQ 46.

25 Gurnsey (n 23) 17.

industry is equally applicable to the print industry.[26] Schiffrin provides a glimpse of past and recent developments: the ever-growing 'greed' of publishers that affects and drives author–publisher legal arrangements. He details how five major publishing conglomerates control 80 per cent of American book sales, while independent storeowners enjoy a decreased share in the market from about 15 to 17 per cent.[27] Some studies have confirmed independent storeowners consist of only 1 per cent of the publishing market.[28] To maximize their revenues the major US publishing groups insist on a profit margin of 12 to 15 per cent, compared to the traditional average for the sector at 1 to 4 per cent.[29] The same trend can be seen in the newspaper industry.[30] Indeed, conglomeration also exists in the wider cultural industries. For instance, Fiona Macmillan argues that the impetus for the 'acquisition of copyright based monopolies' has been vital to the creation of the exponential growth of the film industry structure.[31] This conglomeration in publishing and across all cultural industries has been possible both through horizontal mergers (where publishers merge with publishers of similar sectors such as print) and also vertical integration (where publishers merge with dissimilar media companies such as print and television).[32] Through such mergers publishers can achieve economies of scale.[33] Today, around twenty publishing corporations control

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[26] A Schiffrin *The Business of Books* (Verso Press New York 2000). The figures he provides in his book are still current: A Schiffrin Interview with Democracy Now! 28 March 2007: http://www.democracynow.org/2007/3/28/andre_schiffrin_on_50_years_in.

[27] ibid 2; more recent studies suggest this figure to be as low as 9 per cent: 'Independent Bookstore Sales Continue to Soar' *Infinity Publishing* (2 June 2005) online: InfinityPublishing.com http://www.infinitypublishing.com/book-distribution-resources/independent-bookstore-sales-continue-to-soar.html.

[28] OCA 'Cultural Industries in the Latin American Economy: Current Status and Outlook in the Context of Globalization' (OCA Washington 12 March 2004).

[29] ibid.

[30] e.g. 'Taking the Fight for a Free Press to the Hill' The Guild Reporter (3 March 2004).

[31] F Macmillan 'The Cruel ©: Copyright and Film' (2002) 24(10) EIPR 483, 489. Macmillan attributes the widening corporate power to contractual arrangements and other aspects of copyright law, such as strong distribution rights and the long period of copyright protection.

[32] F Macmillan 'Copyright & Culture: A Perspective on Corporate Power' (1998) 10 Media & Arts LRev 71; see also G Ursell 'Television Production: issues of exploitation, commodification and subjectivity in UK television labour markets' (2000) 22 Media, Culture & Society 805.

[33] Economies of scale are a condition of production in which the greater the level of output, the lower the average cost of production. This creates a situation where it is advantageous for a company to grow in size, and produce levels of output at less cost than multiple firms. Thus firms will merge and benefit from reduced average costs

the industry worldwide and most have businesses in magazines, newspapers, television and radio, as well as books and journals. The key multinational publishing conglomerates include a handful from Europe[34] and the US.[35] Globally, the US leads all western cultural industries with *Comcast*, Time Warner, Disney, and Viacom.[36]

The convergence in the structure of publishing from the small to large media conglomerates has affected the type of contractual arrangements between publisher and author and, in turn, the quality and diversity of publishing.[37] Moreover, without agents (and lawyers) representing them, authors are further disadvantaged.[38] Literary agencies have also become more international and have opened up larger offices worldwide.[39] The agent is equally guided by moneymaking and so will only represent a small proportion of freelancers, excluding the majority of run-of-the-mill freelance authors. Only celebrity authors such as J.K. Rowling can maximize revenue for agents and publishers. Yet, without the agents, and the industry supporting them, authors derive little benefit from copyright law. In essence, contractual relationships and other industry elements comprise a vital dimension to the management of

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of production; R Cooter and T Ulen *Law & Economics* (Pearson Addison Wesley Toronto 2008) 35, 82.

[34] Bertelsmann AG (Germany), Lagardere Group and Vivendi Universal (France).

[35] Time Warner was the largest media company prior to selling its cable division earlier this year; Time Warner is currently facing losses in its publishing division from reduced advertising revenue: T Arango 'Time Warner Is Moving Closer to AOL Spin Off' New York Times (29 April 2009) http://www.nytimes.com/2009/04/30/business/media/30warner.html. Similar trends can be seen in South America; OCA (n 28).

[36] Time Warner falls to second largest media company after *ComCast* following the sale of its cable unit: T Arango 'Time Warner Deal That Keeps Going Downhill' New York Times (7 January 2009) http://www.nytimes.com/2009/01/08/business/media/08warner.html?_r=1&scp=7&sq=&st=nyt. In the newspaper industry in particular, companies typically own 10 to 15 newspapers. In Canada, for instance, 14 companies own its 99 dailies. CanWest Publishing owns 13 newspapers across five provinces; Sun Media (Quebecor) owns over 30 newspapers; there are only four independent newspapers in Canada: Canadian Newspaper Association 'About Newspapers: Ownership' (June 2008). Canadian Newspaper Association http://www.cna-acj.ca/en/aboutnewspapers/ownership.

[37] A Diamond 'The Year of the Rat' (1996) Canadian Forum 19–23 detailing Montreal Gazette author Nancy Lyon resigning from her popular column to avoid further exploitation by her publishers.

[38] In Canada, there are only about 30 agents; The Writers' Union of Canada: 'Literary Agents', http://www.writersunion.ca/gp_literaryagents.asp.

[39] JF Baker 'Canada: Reaching Out' (13 June 2005) 252(24) Publishers Weekly S2; 'Literary Agents Go Transatlantic' (Publishing Trends 2003) http://www.publishingtrends.com/copy/03/0310/0310agents.htm.

copyright. Therefore copyright policy objectives cannot be seen in a vacuum, but must necessarily contemplate the publishing industry dynamics that typically undermine authors.

## 3. FREELANCERS AND THE CONVERGENCE OF PUBLISHING PRACTICES

> *… writers are as interchangeable and as abundant and skilled as plankton.*
> Kim Goldberg, 1996[40]

### 3.1 The Freelancer

The globalization of publishing has led to the convergence of publishing practices and affected the legal treatment of freelance authors. A more recent study finds that this media concentration plays 'a major factor in the decline of freelance rates and the growing demand for rights.'[41] Before examining current practices, it is important to understand the freelancers' economic realities. Freelance authors earn a living by selling often specialized and heavily researched articles.[42] Such freelance works are prized commodities since their contribution is often timeless. Obtaining work can be difficult due to the lack of available freelance jobs, and the need for substantial self-promotion and marketing.[43] Without any support staff, freelancers work long hours writing, editing, and researching. Besides freelancers' low rates of pay, many freelancers spend years without any earnings.[44] Many do not enjoy the benefits that their employed counterparts receive, including sick leave and pension. Much of this work is also highly gendered where women attempt to balance freelancing and family obligations.[45] Research also points to a link between

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[40] K Goldberg 'Taking on Newspaper Chains' (1996) 3(3) Media 7, 24.

[41] Professional Writers Association of Canada (PWAC) *Canadian Professional Writers Survey* (Canada Magazine Fund and Department of Canadian Heritage May 2006) 35.

[42] Of course there are freelancers of fashion magazines, for instance, who may not undertake the same calibre of research though their works are still of high commercial value.

[43] LA Santelli 'Notes and Comments: New Battles between Freelancer Authors and Publishers in the Aftermath of Tasini v New York Times' (1998) 7 JL & Policy 253–300, 262. Such low figures are equally the case in the UK: L Bently *Between a Rock and a Hard Place* (The Institute of Employment Rights London 2002) 14.

[44] Santelli (n 43).

[45] This is especially the case with freelance editors: C Cranford et al. *Self-Employed Workers Organize: Law, Unions, Policy* (McGill Queen's University Press Montreal and Kingston 2005) 138; see also PWAC (n 41) 27.

self-employment and low income in later life.[46] It is thus not surprising that freelancers have been commonly cast as the modern-day sweatshop workers.[47] Studies reveal that average freelance earnings in the UK are £16 000 per annum, with 46 per cent earning under £5000.[48] US freelancers earn an average of US$7500 per annum.[49] Only 16 per cent of all full-time freelancers earn US$30 000 or more.[50] In Canada, the Professional Writers Association of Canada (PWAC) found that in 2005, the average annual income for Canadian freelance writers was CDN$24 035 (compared with CDN $25 000 in 1979 and CDN $26 000 in 1996); 38 per cent of freelancers made less than $10 000; 32 per cent made more than CDN $3000.[51] Freelancers are typically paid by the thousand words. Larger UK national newspapers such as The Independent or The Guardian pay about £270 per thousand words for a feature article.[52] Freelancers in Scotland make considerably less: as little as £100 for the same article. So a freelancer who publishes an average of three articles per month – which may be ambitious – would gross about £720 in England or £300 in Scotland per month. In regional and provincial newspapers, freelance rates are much lower. The 'lineage' system (payment per line of text published – usually four words) is typical in provincials, at around £2–3 per ten lines, and 20–30 pence per line thereafter, for both news and features. Such a static means of remuneration is 'a fact that makes individual negotiation all the more important, and which makes positive recommendations impossible.'[53]

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46 Meager et al. 'Self-Employment and the Distribution of Income' in J Hill (ed) *New Inequalities* (Cambridge University Press Cambridge 1996) 229–30.

47 Or as 'economic refugees': D Smeaton 'Self-employed Workers: Calling the Shots or Hesitant Dependents? A Consideration of the Trends' (2003) 17(2) Work, Employment and Society 379, 381.

48 Bently (n 43) citing a study from the Society of Authors conducted in 2000 where 1171 members responded. More recently, see M Kretschmer and P Hardwick 'Authors' Earnings from Copyright and Non-Copyright Sources: A Survey of 25,000 British and German Writers' (CIPPM/ALCS Bournemouth University UK 2007).

49 N DuVergne Smith 'The Composite Writers' Lot' (NWU Survey 1995); The US Bureau of Labor Statistics report on Occupational Employment and Wages (May 2007) http://www.bls.gov/oes/current/oes273043.htm does not consider self-employed workers in its statistics but the US Department of Labor recognizes that 'Many writers are considered freelance writers': 'Writers and Editors' http://www.bls.gov/oco/ocos089.htm.

50 DuVergne Smith (n 49).

51 PWAC (n 41) 27.

52 NUJ 'NUJ Rate for the Job' http://media.gn.apc.org/rates/.

53 B Turner (ed) *The Writer's Handbook 2003* (Macmillan London 2003) 270, 350. Freelance rates for writers of magazine articles vary enormously and are generally contingent on the net worth of per page of advertising. Freelancers of magazines can make up to £450 for magazines like *Hello!* and *New Scientist* to as low as £180 for the *Nursing Times*.

As Bently suggests, when these figures are considered against the backdrop of cultural industries earning £110 billion per annum, and that the national average UK wage is over £20 000 'we can be left in no doubt that, as a society, we are failing to reward the majority of creators anywhere near what they need or deserve.'[54] And when studies reveal that freelancers comprise only a small proportion of the publishing industry's expenses (20 per cent of total labour costs; 5 per cent of total costs) this inadequate treatment becomes all the more unwarranted.[55] The increased consolidation of corporations and the 2008 global economic downturn has depressed freelancers' compensation, and this trend is not expected to improve.[56]

Large daily newspapers and magazines generate revenue through electronic exploitation to which freelancers are typically not entitled. For example, based on freelancers' syndication earnings alone for large daily newspapers, freelancers could earn between £25 and £600 more per article.[57] Payment for use of freelance articles in CD-ROM, third party databases and on-demand e-licensing could add to this revenue stream. Retaining copyright control in their works would considerably improve freelancers' ability to earn a decent living.

### 3.2 Publishing Practices and Digital Recycling

Up to about the 1990s, publishing industry practice was for freelancers to submit articles without an express written contract,[58] typically for one-time print publishing.[59] Because of the quick turn-around time with print deadlines, writers' fees were agreed upon and paid once the articles were published. Besides the additional flat fee received, freelancers customarily obtained additional fees for translations, reprints, and other modifications of the work.[60]

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54 Bently (n 43) 14.

55 *The Economic Contribution of Copyright Industries to the Canadian Economy* (prepared by Wall Communications Inc for the Department of Canadian Heritage Ottawa 2004).

56 ibid. Because of the persisting 2008 global economic downturn freelance jobs are the first to have been cut: R MacMillan 'New York Times Cuts Sections to Save Money' Reuters (16 April 2009) http://www.reuters.com/article/businessNews/idUSTRE53F5AF20090416.

57 Documents from the archives of the Society of Authors London [on file with author]; figures documenting these digital earnings are fairly recent and in fact none have been found before 2000.

58 NUJ 'Freelance Briefing Paper' (15 November 2001), http://media.gn.apc.org/ar/briefing.html indicating increasing attempts to formalize the relationship. Absent fieldwork, it is difficult accurately to gauge the specific types of agreements between authors and publishers.

59 Santelli (n 43).

60 ibid.

Over the last few years, with increased digitization, publishers have begun to use the digital economy as a new avenue to profit from authors' works. After authors' works are published in print, publishers have begun to reproduce such works in their own databases, sell these to third-party databases, or make these works available on web sites or CD-ROM, often under the same pre-existing oral contracts. Bently's work is the first UK work in recent years to document how, through a host of tactics, publishers claim rights in future works even when these are not needed.[61] Similarly, Macmillan's analysis on the wider media conglomerates, and the film industry in particular, is apposite to publishers; in buying future copyrights, publishers are under no obligation to exploit these future rights once they have acquired them, 'but of course no-one can do so without their permission'.[62] It is as if the legal advice to publishers is: 'You have the power. Take everything you can. Collect up the rights. Hoard them. Then if something happens, you will get the windfall.'[63]

More often than not, the new use of freelancers' works occurs without their express permission. For instance, newspaper and magazine publishers such as The Daily Telegraph in the UK instituted the practice of sending letters to their contributors which state 'you will retain copyright'.[64] Through these standard form letter agreements publishers unilaterally impose non-negotiable terms: worldwide unlimited rights to publish the works in any media now known or unknown, without adequate or additional remuneration to freelancers. While publishers are paid through advertising and subscription fees and by third parties for the new uses of such works, and build electronic publishing houses,[65] authors continue to go uncompensated. And so, in the battle for electronic rights, freelancers maintain that their livelihoods depend on whether they can control the copyright in their works.

On the other hand, publishers contend that they have a vested interest in securing their digital rights and to own 'whatever the next technological wave brings in.'[66] For publishers, web sites and databases are mere extensions of the original newspaper or periodical, and not different media mandating additional payment to authors.[67] The strategy of media conglomerates is to produce as much copyright material as possible.[68] Publishers are investing millions in the

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61 Bently (n 43) 6 and Macmillan (n 31) 488 respectively examine the publishing and film industry.

62 Macmillan (n 31) 488.

63 Bently (n 43) 6.

64 For example, see Boxes 2.1 and 2.2 at the end of this chapter.

65 Diamond (n 37) 20.

66 Santelli (n 43) 265.

67 Diamond (n 37).

68 e.g. S Vaidyanathan *Copyrights and Copywrongs: The Rise of Intellectual Property and How It Thwarts Creativity* (New York University Press New York 2001).

use of such new technologies.[69] Because of the Internet's moneymaking potential, many publishers are eager to protect online intellectual property through existing copyright law.[70] Out of the approximately 2000 large daily and weekly newspapers across North America, 1500 have online services.[71] The same figures can be seen in the UK and across continental Europe.[72] And while publishers complain about, *inter alia*,[73] digital piracy, cost savings often outweigh these alleged unauthorized uses.[74] Electronic publishing eliminates the publishing industry middleman – the printer – who accounts for 40 per cent of costs,[75] and existing data can be supplemented with little or no turn-around time at a marginal cost of zero.[76] While publishers save on the cost of printing,[77] they may charge for use of their own digitized newspaper edition on their web sites.[78] And even though some publishers may not (yet) charge users

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[69] J Shillingford 'Internet: Copyright Reservations' The Guardian (8 June 1995) T4.

[70] ibid.

[71] Newspapers American Association 2004 'Facts About Newspapers: A Statistical Summary of the Newspaper Industry' http://www.naa.org/info/facts04/interactive.html. About the readership of newspaper websites, see Newspapers American Association 'Newspaper Footprint: Total Audience in Print and Online' (2007) http://www.naa.org/docs/TrendsandNumbers/NAANewspaperFootprint.pdf.

[72] British Media Online http://www.wrx.zen.co.uk/britnews.htm and Worldwide News in English http://www.thebigproject.co.uk/news/.

[73] Authors' self-publishing leads publishers to complain: authors allegedly supplant publishers' revenue.

[74] C McGeever 'E-Book Piracy Doesn't Frighten Publishers' http://www.computerworld.com/action/article.do?command=viewArticleBasic&articleId=44382.

[75] ibid.

[76] H Ronte 'The Impact of Technology on Publishing' [2001] PRQ 11, 17.

[77] Wellcome Trust Commissioned Report *An Economic Analysis of Scientific Research Publishing* (January 2003) http://www.wellcome.ac.uk/About-us/Publications/Reports/Biomedical-science/WTD003181.htm while analyzing scholarly science publishing, analogies can be drawn in this context due to parallel cost-savings resulting from (1) digitization, and (2) increased subscription fees to libraries and other users whilst publishers keep all the profits.

[78] The New York Times launched NewsStand™ so that electronic editions of newspapers are also 'delivered' to one's personal computer for a fee. Once the edition is downloaded, the electronic edition is available on the user's computer for seven days; see http://www.newsstand.com/index.cfm?fuseaction=main (NewsStand™). Though this trend seemed to have been reversing as the New York Times made about $10 million from its subscriptions, exceeding its expectations, and also made substantial revenue from escalating online advertising. See R Penez-Pera 'Times to Stop Charging for Parts of its Web Site' (18 Sept 2007) http://www.nytimes.com/2007/09/18/business/media/18times.html?pagewanted=all, where the newspaper company recently changed its policy to allow access to most of its articles free of charge. These digital practices are still steadily evolving in the newspaper industry.

for clicking on their web sites,[79] they can still make money. New Scientist, for instance, increased its classified advertising rates by 10 per cent because of its web site.[80] None of this additional revenue goes to freelancers. Publishers traditionally only bargained for the first publication rights since the value of publishing lay almost entirely in being the first to print. The Internet turned this principle on its head by allowing publishers to publish cheaply online, where content remains readily available.[81] As a result, digital (and yet to be defined) publishing rights are valuable commodities and publishers realize that with respect to freelancers they should obtain all such rights, for the best (or lowest) possible price.[82]

### 3.3 The Freelancer's Digital Disadvantages

Newspaper and magazine publishers are in the process of resolving infringement suits lodged against them. The US National Writer's Union (NWU) estimates that the US publishing industry could face up to $600 billion in damages for illegally reproducing freelance work alone.[83] Nonetheless, despite freelancers' mainly successful mobilization through the courts, publishers' continued electronic exploitation of their works exacerbates freelancers' financial condition.[84] Several writers, often the best, have been forced to stop writing and consequently sever relations with publishers.[85] The New York Times has created an internal blacklist that directs its editors not to hire 11 authors who brought a successful action against them.[86] Also, when Montreal-based freelance travel writer Nancy Lyon, learned that The Montreal Gazette had sold

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79 Though many have charged for online use: 'CanWest to Charge for Online Content' Toronto Star (19 Sept 2003) E3.

80 NUJ 'A Few Things You Should Know about Copyright' Freelance Newsletter November 2001 http://media.gn.apc.org/c-basics.html.

81 M Hoff 'Tasini v The New York Times: What the Second Circuit Didn't Say' (1999) 10 AlbLJSci & Tech 125–65, 163–4.

82 Ronte (n 76).

83 S Houpt 'Freelancers Win Pay for Electronic Rights' Globe & Mail (26 June 2001). But many of these disputes never do make their way fully through the courts: See A Driscoll 'Freelancers Confront New Challenges' (2000) 54(3) Nieman Reports 72 discussing the Boston Globe's 'bullying' tactics forcing thousands of its writers to sign one-sided contracts. The case was dismissed in 2002: *Marx v Globe Newspaper Co* 2002 (WL 31662569) 15 MLR 400 (Mass Sup 2002) without resolution and upholding the Globe's new practices.

84 Diamond (n 37) 23.

85 J Carroll 'One Author's Vigilance' (1996) 3(3) Media 8–9.

86 M Williams 'Memo to News Executives re Tasini Plaintiffs' (18 Sept 2001) www.nwu.org referring to *Tasini v New York Times* 533 US 483, 121 S Ct 2381 (2001) ('*Tasini*').

hundreds of her articles without her consent to third-party databases, she refused to sign an uncompromising digital rights contract that sought to insulate the newspaper from a possible infringement suit. As a result, she was forced to forfeit her column.[87] Moreover, even after favourable court rulings, freelancers continue to be vulnerable to publishers who purge authors' works from electronic archives instead of devising payment schemes.[88] One is therefore compelled to question the quality of publishing that eventually filters down to users, when even successful writers, such as Lyon, have difficulties in disseminating their work and, when such works are disseminated, they risk deletion from archives. The losers are also users who experience decreased access to works that otherwise would be electronically available.[89] The curtailed public access contributes to the loss of the intellectual or creative commons[90] or results in widespread 'cultural filtering'.[91] And while many freelancers like Lyon refuse to sell all their rights and are terminated,[92] the vast majority capitulates and signs newer one-sided publishing contracts,[93] often with waiver of moral rights and 'retroactive rights'[94] clauses without any extra

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87 Diamond (n 37) 23.

88 J Martinson 'New Media: David Versus Goliath in the Supreme Court' The Guardian (2 July 2001) 50; publishers removed about 115 000 articles written by 27 000 freelancers between 1980–1998 upon the ruling of *Tasini* (n 86) 2402. The exception may be The Globe and Mail contract amended in 2004 upon the Court of Appeal ruling in *Robertson v Thomson Corp* (2001) 15 CPR 4th 147 (2001) 109 ACWS 3rd 137 (SCJ); (2004) 72 OR 3rd 481, 243 DLR 4th 257 (CA); 2006 SCC 43 [2006] 2 SCR 363, 274 DLR 4th 138 (SCC) which states: '*The Globe will pay you a blended rate for print and certain electronic rights to your works*;' it is unclear how much money if any is going to the authors since the onset of this contractual stipulation.

89 JT Elder 'Legal Update: Supreme Court to Hear Arguments on Electronic Database Copyrights for Freelance Journalists' 7 (2001) Boston Science & Technology LJ 406–12, 411.

90 Macmillan (n 31) 489; J Boyle 'A Politics of Intellectual Property', http://www.law.duke.edu/boylesite/intprop.htm.

91 Macmillan (n 31) 488–9. This type of cultural filtering is seen in the film industry where Disney as the parent company censored Miramax's *Fahrenheit 9/11* for allegedly spreading anti-Bush sentiment. Nonetheless, the documentary won the top Cannes Prize in 2004. J Rutenberg 'Disney Forbidding Distribution of Film That Criticizes Bush' New York Times (5 May 2004); J Dundas 'Moore's Fahrenheit 9/11 Wins Cannes' Top Prize' FT.com (25 May 2004).

92 Various New York Times columnists have been fired because they refused to sign the newer 'digitally-friendly' contracts; Goldberg (n 40) 24.

93 Such 'all rights' contracts ask freelancers to relinquish all future publications rights in applicable works 'in any medium or format, now known or later developed, for no additional fee.' Elder (n 89) 410; or they receive standard form letter agreements e.g. Boxes 2.1 and 2.2 in this chapter.

94 ibid; such contracts absolve the publishers of any copyright liability for past republication of the authors' articles in electronic databases or other media.

compensation. Additionally, although freelancers could create their own web sites of articles (and indeed many do) they make little money from these works and therefore they cannot earn a living as a professional freelancer.[95] As discussed in the introductory chapter, it is possible that with time freelancers' individualized web sites in lieu of traditional publication could become a grass-roots resistance to publishers, but such an approach does not meanwhile justify unrelenting non-negotiable publishing practices.

Freelancers are vulnerable for a number of reasons: they need the money, lack an industry reputation, or simply feel subordinate to publishers in their unstable profession. On the other hand, publishing conglomerates have legal in-house departments with the knowledge and power to bargain and draft agreements favourable to their employer. As a result, writers witness either their freelance opportunities or their potential earnings shrink, while publishers grow more sophisticated and appropriate the use of works for which they would otherwise be required to licence.

Publishers nevertheless feel justified in their current behaviour, which is evident from the caselaw analysed in Chapters 7 and 8. They may not have understood the extent of their rights when they began electronic publishing, but publishers are now very likely advised of their rights yet they pursue digital exploitation without adequate compensation to their freelancers. Possibly, the publishing industry is reacting to its 'competitive advantage … by reallocating intellectual property rights, making cyber-publishers' commercial transactions faster and cheaper by putting the burden of transactional costs on authors instead.'[96] Another perspective is that authors are subsidizing publishers' entry into the 'potentially lucrative electronic world' for very little in return.[97]

The problem of owning and controlling copyright in future works is not unique to the publishing industry. As illustrated in a 2004 case, recording companies also expect to own future copyright uses from commissioned works. In *Lionel Sawkins v Hyperion Records,*[98] Hyperion engaged a well-known musicologist, Sawkins, to revise scores of the baroque composer Lalonde, and create editions to be used for a CD recording. Sawkins spent a

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[95] Unlike Stephen King's self-created web site, these generally do not attract the advertising and readership necessary to generate revenue. Unless specific queries are entered in search engines, nameless freelancers remain undiscovered. Problogger.net is a more recent example of a site which successfully attracts advertising revenue.

[96] IS Ayers 'International Copyright Law and the Electronic Media Rights of Authors and Publishers' (1999) 22 Hastings Comm & Ent LJ 29–63, 56.

[97] Goldberg (n 40) 24.

[98] [2004] EWHC 1530 (Ch D) (Patten J), aff'd [2005] 3 All ER 636 (CA).

considerable amount of time preparing the editions and registered the copyright to these new works. Hyperion used Sawkins's editions to produce a recording, which was released on CD without acknowledging Sawkins as the copyright holder. Sawkins sued for copyright infringement and for violation of his moral rights.[99] Sawkins maintained that he held copyright in the editions, was owed royalties for the sale and distribution of the CD and Hyperion was to obtain permission for any future uses of the editions. Hyperion's main defence was that Sawkins's editions were not original musical works. Hyperion should only pay Sawkins a one-off fee as the recording was comprised of existing works out of copyright. Ruling in favour of Sawkins, Patten J found that he held copyright because in making the editions he expended vast amounts of time into creative research. Hyperion should have obtained a licence for use of Sawkins's new editions.

In analysing the failed attempts to reach an agreement over copyright, the court found Hyperion adamant not to compensate or concede any 'future reproduction rights' to Sawkins,[100] as the company 'has an established policy, *based on its view of the law*...'.[101] For the company, anything beyond a one-off fee was 'totally unacceptable'.[102] Significantly, the court accepted that even before Sawkins asked for royalties, 'he [Sawkins] *expected* events to take what he described as an honourable and decent course, and that a royalty would be agreed to be paid.'[103]

While some of the facts are distinguishable from freelancers, the decision still illustrates that the recording company, like a publisher, makes its own custom and interprets the law as it pleases. Like a publisher, the recording company expected to own and control the copyrights in future works and not pay for these. On the other hand, like Sawkins, freelancers expend vast amounts of time in creative research for their works, only to have publishers take this for granted. Like Sawkins, freelancers never expected to lose copyright control over their works. The same issue came about during the Writers' Guild Strike, which began in California in November 2007 and finally came to a conclusion in February of 2008.[104] During the strike writers grieved for

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99 ibid [11].

100 ibid [81].

101 ibid [49] [emphasis added] Hyperion maintained that it should not pay artists who use works out of copyright.

102 ibid [78].

103 ibid [74] [emphasis added].

104 'The 100-Day Writers' Strike: A Timeline' The New York Times (12 February 2008) http://tvdecoder.blogs.nytimes.com/2008/02/12/the-100-day-writers-strike-a-timeline.

'residual rights' to re-uses of their works in digital formats. This new revenue stream has been estimated to be worth in the millions of dollars and eventually may completely supplant the writers' traditional markets.[105] And so, ensuring a stake in freelancers' residual rights is paramount to sustain the writers' livelihood and profession.

## 4. FREELANCERS AND THE LAW

### 4.1 Freelancers as Independent Contractors or Employees?

An appropriate question at this early juncture is whether a freelancer should be legally treated as an independent contractor or employee. This is a very important distinction for copyright purposes. If freelancers are treated as independent contractors, they can retain copyright over future uses of their works unless an express or implied contract provides otherwise. Conversely, if freelancers are treated as employees, copyright ownership of their future works resides with their employers pursuant to the 'course of employment' doctrine.[106]

Arguably, freelancers could reap more rewards, financial and otherwise, if copyright law treated them as employees because: (1) as employees, freelancers could likely obtain fairer remuneration and benefits resulting in a better standard of living, and (2) as has been argued in relation to patents, even as employees, freelancers could potentially retain copyrights in their creations.

#### 4.1.1 Freelancers as employees?

Socio-labour law studies have been critical of the escalating proportion of self-employment or independent contracting in the industrialized economy.[107]

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[105] B Walters 'Cyberpicketing' (2008) 61(3) Film Quarterly 66.

[106] CDPA s 11(2); in Canada, Copyright Act RSC 1985 c C-42 s 13(3); in the US, Copyright Act 1976 17 USC s 101 'works made for hire'.

[107] Internationally see: OECD 'Partial Renaissance of Self-Employment' *OECD Employment Outlook* (OECD Paris 2000) available at http://www.oecd.org/dataoecd/10/44/2079593.pdf; ILO *Declaration on Fundamental Principles and Rights at Work and Its Follow-up* (ILO Geneva 1998); ILO *Decent Work in the Informal Economy* (Report No 6, 2002) http://www.ilo.org/public/english/standards/relm/ilc/ilc90/pdf/rep-vi.pdf. In Canada: J Fudge et al. 'Employee or Independent Contractor? Charting the Legal Significance of the Distinction in Canada' (Pt 1) (2003) 10 Canadian Labour & Employment LJ 193; J Fudge et al. 'Changing Boundaries in Employment: Developing a New Platform for Labour Law' (Pt 2) (2003) 10 Canadian Labour & Employment LJ 362; and Cranford et al. (n 45); J Fudge 'Fragmenting Work and Fragmenting Organizations: The Contract of Employment and the Scope of Labour Regulation' (2006) 44 Osgoode Hall LJ 609.

Some scholars have even suggested a need to abolish legally the employee versus independent contractor distinction in law.[108] From this research, it could be argued that freelancers should no longer be treated as independent contractors. Rather, they should be treated as employees or as some alternative binary-neutral category. This new alternative category could include all 'workers dependent on the sale of their capacity to work' unless public policy reasons compelled a narrower definition.[109] In this way, all workers would be treated equally, meriting salary and benefits based on their work.

From this admittedly Marxist perspective, there are many reasons why the independent contractor versus employee distinction is at best unnecessary and at worst misleading. First, the nature of self-employment has changed over the course of the last few decades. Self-employment has become a sort of disguised employment[110] as 'firms attempt to shift the risks of productive activity and employment onto workers by categorizing work relationships as commercial arrangements rather than employment.'[111] Firms that outsource their work to the self-employed do not have to pay premiums for mandatory workers' compensation schemes, pension plans and employment insurance.[112] Meanwhile, the self-employed working conditions deteriorate, salaries vary widely, with longer working hours, no benefits, overtime, parental or sick leave.[113] It is therefore not surprising that a publisher would opt for a large volume of freelance work; if employees produced the same volume of work, this would become a greater financial burden on the publisher.

Second, the research suggests that the independent contractor versus employee distinction should be scrapped because judicial and legislative treatment of such categories is highly unpredictable and unnecessary. In Canada, for instance, the courts apply legal tests unevenly to determine the respective category, often treating these categories quite interchangeably.[114] The process is ad hoc and reliant 'on factors that have little to do with public policy and more to do with political power.'[115] Furthermore, some jurisdictions have

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108 Fudge et al. (Pts 1 & 2) (n 107).

109 Fudge et al. (Pt 1) (n 107) 230.

110 OECD (n 107).

111 Fudge et al. (Pt 1) (n 107) 195.

112 ibid 216–20.

113 OECD (n 107); B Delage *Results from the Survey of Self-Employment in Canada* (Human Resources Development Canada Hull 2002) http://dsp-psd.pwgsc.gc.ca/Collection/RH64-12-2001E.pdf

114 There is a vast amount of legal literature detailing the various legal tests used to determine whether a person is an independent contractor or an employee, the main one being the control test; see A Williams 'Employment: A Critical Appraisal of the Criteria Determining Employee Status' (2003) 24(10) Bus LR 239–47.

115 Fudge et al. (Pt 1) (n 107) 226.

made the distinction irrelevant for social justice purposes, as in the case of human rights and occupational health and safety standards.[116]

There is thus support in the socio-labour law literature that freelancers need not be treated as independent contractors, but possibly as employees or as some new legal hybrid. There is however insufficient research, as well as empirical data, to delineate exactly what this new category would be and how it should be defined.

### 4.1.2 If freelancers were treated as employees, who owns the copyright?

If freelancers were treated as employees, or at least no longer as independent contractors, it is uncertain whether they would still own copyright in their works. As noted, the law in the case of copyright is fairly clear in that employed authors would have no copyright in their works, unless otherwise agreed. For patents, however, the law is not as precise, and analogies can be persuasively drawn from that source. First, the 1977 Patent Act UK c 37, provides for the compensation of employees beyond their stipends for exceptional inventions.[117] The underlying philosophy is that this additional remuneration provides incentives to employees to produce worthy works and thereby optimizes innovation. A possible argument could thus be made that employed authors should also have additional compensation for exceptional or widely read works.

Second, freelancers could perhaps more successfully rely on common law arguments to warrant copyright entitlement to their works. At common law, employees may be sometimes entitled to patent their inventions.[118] The works of Robert Merges[119] and Pat Chew[120] show the diverging viewpoints on whether academic employees should retain intellectual property rights to their inventions. Although many employees sign contracts governing ownership of inventions, where there is no explicit contract, default rules govern. In these ambiguous cases one of three common law default rules will apply depending

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116 e.g. Ontario does not define employee or employment in its human rights statute; ibid.

117 s 40 (as amended by Patents Act 2004, clarifying that the outstanding benefit to the employer may be a consequence of the 'invention' as well as the 'patent').

118 RP Merges 'The Law and Economics of Employee Inventions' (1999) 13 Harvard Technology LJ 1, 5–7. In Germany employees already own their patents as a matter of course: *Gesetz über Arbeitnehmererfindungen vom* 25 *Juli* 1957 (German Employee Inventions Act 1957) ss 18–19.

119 ibid.

120 P Chew 'Faculty-Generated Inventions: Who Owns the Golden Egg?' [1992] Wisconsin LRev 259.

on whether: (1) the employee is classified as 'hired to invent', (2) their research was within their job responsibilities, or (3) the employers' resources or time were used to develop the inventions.[121] Adopting an economic approach, Merges maintains that patent rights should vest in the employer for efficiency purposes: transaction costs are lower if employers manage ownership rights and there is no 'holdup' in finding perhaps long-gone employees to obtain licences to exploit their inventions.[122] In Chapter 10, I demonstrate how economic theory is not conclusive in deciding whether intellectual property rights should vest in the author or the employer. At this stage in the book, I merely assert that it is unconvincing to rely on economic justifications to account for employer ownership of patents or copyrights generally.

On the other hand, Chew argues that patent rights should subsist with the employee. He bases his arguments on a key decision on employee-generated inventions, *United States v Dubilier Condenser Corporation*.[123] He contends that (1) the employer owns only the invention the employee was hired to invent,[124] (2) there is a no-assignment presumption in favour of the inventor, and (3) the burden is on the employer to prove that the employee was hired to create a specific invention.[125] Chew's arguments draw from contract principles, to which I return in Chapter 10, since they provide insight in dealing with copyright ownership especially in cases where there is no employment relationship. If these arguments prove compelling in the employee–employer scenario they should be even more so for freelancers, as they are supposed to retain copyright ownership of works not otherwise specified.

## 4.2 Freelancers as the Wave of the Future

Despite the scholarly work on the haphazard legal treatment of the independent contractor versus employee distinction and suggestions for its abolition, the desirability and benefit of this new legal treatment for freelancers remains unclear. While freelancers do not enjoy the regular stipend and the benefits that their employed counterparts do, they still value their freedom. Greater autonomy, along the dimensions of control, pace and duration of work makes their current status appealing.[126] The attractiveness of such independence will

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121 ibid 262–5.

122 Merges (n 118) 12.

123 289 US 178 amended 289 US 706 (1933).

124 This principle may not help freelancers since the employer may direct the freelancer on what subjects he wants him to research and write.

125 Chew (n 118) 264.

126 Delage (n 113) and DuVergne Smith (n 49).

continue to be a value worth preserving for freelancers. Moreover, a significant shortcoming is the lack of empirical data assessing the problem of freelance authors and specifically evaluating whether blurring any independent contractor versus employee distinction would be desirable for them. Presumably if freelancers wanted to be staff writers they would have pursued those opportunities instead. In other words, we do not know, given a freely informed preference and opportunity, how many would rather be employed writers or be considered as some alternative labour law category. Equally uncertain is what this new legal alternative model would entail for freelancers, let alone for copyright law. Additionally, it is unclear whether treating freelancers as either employees or in this new labour law category would be well received within the publishing industry.

What is significant is that independent contractors are part of the demographics of future employment. There are fewer employees, let alone employee authors. Today, the vast majority of writers in all genres are freelancers.[127] Across western industries, the number of freelance authors is growing. Increasingly, conglomerates outsource their work for limited contract periods. According to the Organisation for Economic Co-operation and Development (OECD), there has been a 'partial renaissance' in self-employment, including changes in industrial organization, technology, and efforts to avoid regulation.[128] The OECD reports an increase in self-employment over the past three decades in all of its member countries and especially in Canada, Germany and the UK.[129] In Canada, from 1976 to 2000, the proportion of self-employed workers compared to that of employed workers for both men and women has grown dramatically: from 4 per cent to 9 per cent for women and from 7 per cent to 12 per cent for men.[130] Cultural workers have higher levels of education, higher rates of self-employment, lower rates of unemployment, lower wages, a greater likelihood of working part-time, and a tendency to be concentrated in certain regions of the country.[131] A detailed UK study focusing specifically on the book publishing industry reveals that

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127 DuVergne Smith (n 49).

128 OECD (n 107).

129 ibid. On the escalating nature of freelancing in Germany, see empirical research by A Henninger and K Gottschall 'Freelancers in Germany's Old and New Media Industry: Beyond Standard Patterns of Work and Life?' (2007) 33 Critical Sociology 43.

130 Statistics Canada *Labour Force Study* (Statistics Canada Ottawa 2000). This increase in self-employment is more pronounced in the cultural sector: Cranford and others (n 45) 4–5.

131 Statistics Canada *Labour Market Outcomes for Arts and Cultural Graduates* (Statistics Canada Ottawa 2000).

since the 1980s there has been a steady increase in the number of its freelance workers.[132] Such studies focus on push and pull factors; pull factors would be incentives for freelancers such as the desire for flexibility and independence; and push factors would be factors such as the downsizing and subcontracting in the publishing conglomerates that leaves freelancers no choice but to pursue freelance work.[133] While the OECD report does not causally connect growth in freelance work to any one factor, Celia and John Stanworth's study attributes this increase to push factors such as cost cutting.[134] These changes are very likely to be permanent and irreversible since the lower cost structures have been absorbed and generalized into the industries' operations systems.[135]

Given the evidence showing that independent contracting is a future reality, and due to the substantial limitations in treating freelancers as employees or as some other labour law category, I prefer to treat freelancers as independent contractors. Contracting freelancers for literary services seems destined to remain the model and such prospects require an informed response from copyright law. A proper discussion of freelancers as employees or under some alternative labour law category is outside the scope of this book and is best left to a comprehensive labour law-based study. Consequently, for the remainder of this book, I shall treat freelancers as independent contractors.

## 4.3 Freelancers as Independent Contractors: Assignments and Licences

For freelancers, the central issue is whether authors' contracts, by which copyright is transferred or licensed to publishers for printing freelancers' works, contemplate future exploitation rights. Contract law governs the agreement between freelancer and publisher. To publish a freelance work, the publisher must have an agreement with the author granting her an assignment or licence to publish the work. Freelancers often had a 'handshake' contract with their publishers: this is regarded by custom as an implied non-exclusive licence to publish the work once, in print.[136] It is therefore likely that, in the absence of

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132 C Stanworth and J Stanworth 'Managing an Externalised Workforce: Freelance Labour – Use in the UK Book Publishing Industry' (1997) 28 Industrial Relations J 43, 54.

133 Fudge et al. (Pt 2) (n 107) 373.

134 Stanworth and Stanworth (n 132).

135 ibid; such a trend is not limited to the book publishing industries.

136 WJ Gordon 'Fine-Tuning Tasini: Privileges of Electronic Distribution and Reproduction' (2000) 66 Brooklyn LRev 473–500, 477.

a more specific contract, the only rights a publisher acquires from a freelancer are one-time use rights.[137]

In the UK, the CDPA governs copyright transfers and licences. A licence may be either oral or implied by conduct and may be exclusive or non-exclusive. Similar in scope to assignments,[138] exclusive licences must be in writing authorizing the licensee to exercise a right to the exclusion of all other persons including the licensor.[139] In the case of freelancers, their non-exclusive licences imply that other licensees (publishers) may be appointed to compete with one another and the freelancer.[140] It also means that, in contrast to assignments, which transfer ownership, the freelancers retain the right to exclude everyone other than the licensees from use of their works.[141] Assignments and licences can be partial. For example, freelancers may license only print rights. In the UK, future copyright can be assigned,[142] thereby vesting copyright in the assignee once the future work comes into existence. Moral rights can be waived in writing but cannot be assigned.[143] So if freelancers intend to grant assignments or exclusive licences, these would have to be in writing. As I explore in the caselaw analysis in Chapters 7 and 8, the lack of written terms suggests that freelancers granted publishers only implied non-exclusive licences to use the work once.

## 5. CONCLUSIONS

This chapter outlined the basic definition of copyright law and its policy objectives and placed these within the context of the publishing industry. The industry is increasingly global, technologically sophisticated, and negatively

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137 Though oral transactions may work in equity, thus working against freelancers; e.g. D Vaver *Copyright Law* (Irwin Law Toronto 2000) 95 citing *Allen v Toronto Star Newspapers Ltd* (1997) 142 DLR (4th) 518; ch 4 text to nn 114–15 and ch 6 text to n 159 where I discount this likelihood for freelancers.

138 The distinction between licences and assignments 'is not always so clear-cut'; an exclusive licence of all rights to run until the rights expire is in practical effect like an assignment. And so, 'it is not so much what the contract is called but the effect of the transaction which decides whether there is an assignment or a licence.' H Pearson and C Miller *Commercial Exploitation of Intellectual Property* (Blackstone Press Limited London 1990) 344. In Canada, see also *Euro-Excellence Inc v Kraft Canada Inc* 3 SCR 20, 2007 SCC 37.

139 CDPA s 92(1).

140 Vaver (n 137) 238.

141 Pearson and Miller (n 138) 343.

142 CDPA s 91.

143 CDPA ss 94–5.

affects the contractual relationships with freelance authors, and strains the very objectives of copyright law. In essence, contractual relationships comprise a vital dimension to the management of copyright law. Publishers no longer exploit freelance works solely in print but do so through a host of different media. Freelancers do not receive any additional revenue, let alone grant consent to these new uses. Rather, they make very little from their works and struggle to earn a living. Meanwhile publishers justify their need to appropriate their future copyrights through the courts and, more recently, through unilateral non-negotiable standard terms.

I also explored whether it would be viable to treat freelancers as employees for copyright purposes. As employees or as some other potentially more remunerative category, freelancers might be assured fairer compensation and benefits. There is support for such an argument in socio-labour law research. For the time being however, this classification change does not seem a reasonable option, and is left for further study. It is more reasonable to consider freelancers as independent contractors due to the overwhelming evidence that independent contracting will continue to define future work. International and domestic studies indicate an escalating use of freelance work by western industries. Second, freelancers continue to value their independence as professional writers. Consequently, for the balance of this book, freelancers are treated as independent contractors.

Just as persuasive arguments can be made to grant employees possible patent ownership, so too should these arguments be even more convincing for independent contractors who are intended to retain ownership of their copyrights in law. Here analogies can be drawn to educators who, as against the institutions employing them, are prima facie intended to retain copyright ownership over their lecture notes. Indeed, David Vaver explains that there are compelling public policy reasons to do so.

> Were the copyright the employer's, incentives for the production of worthy work would be reduced; employers would receive a windfall; employee mobility would be reduced, for educators could not effectively deploy their expertise elsewhere once they lost copyright in the course material to the institution; and employers, who typically are responsible for preparing job descriptions, can always bargain for a different result.[144]

These public policy reasons also apply to freelancers and are discussed in greater detail in Chapter 10 on the theories underpinning copyright protection. Rather than giving publishers a windfall over the control of freelancers' future

144 Vaver (n 137) 88.

copyright, it is more justifiable that freelancers retain such rights for creation and mobility reasons. Ultimately, it is more important than ever that freelancers, as independent contractors, retain copyright control of future exploitation rights to their works, to improve their ability to earn a decent living.

## BOX 2.1 SAMPLE STANDARD FORM LETTER FOR UK FREELANCERS

[Newspaper 1 Letterhead]

7 March 2001

From: [Name], Group Executive Editor
To: All Freelance Contributors

I am writing to you, a valued contributor, to advise you of our respective rights when we commission work from you. In common with other national newspapers in the UK, these are our terms and conditions:

- You will retain copyright.
- The [Newspaper 1] has the world-wide right to use your work in any publication or service that we own or control, and in whatever media, eg CD Rom, newspapers, on-line etc.
- The [Newspaper 1] may syndicate your work by any means and in any form and allow others to authorize scanning/photo-copying of cuttings.
- In those cases where your work is syndicated as an individual piece of work, you will be paid 50% of the identifiable sum attributed to the syndication.
- Our respective rights will last indefinitely.

[signature]

## BOX 2.2 SAMPLE STANDARD FORM LETTER FOR UK FREELANCERS

FROM THE MANAGING EDITOR

24 April 2001

Dear [Name of Contributor]

I am writing to you to set out our respective rights in freelance material supplied to the independent titles.

In this letter I record the terms and conditions which have applied to all material you have supplied to the [Newspaper 2]. You should note that all material from freelance contributors is accepted on these terms only.

The important point for you is that you retain copyright in the material, in return for the fee we pay, [Newspaper 2] gets the following rights:

1. the exclusive worldwide right to publish the material in print
2. the right to publish, syndicate and distribute the material in all media and formats, which includes print, electronic, online and others. If your material is syndicated as an individual piece of work, you will receive 50% of the net revenue attributable to that sale.
3. the right to include the material in any on or offline database, archive, library or website in any media
4. reprographic rights

These rights may be exercised by [Newspaper 2] or by others to whom we have licensed our rights.

[Newspaper 2]'s ability to commission material from freelancers has to be dependent on obtaining the necessary rights. Therefore any material you submit to us will be deemed to have been supplied in full knowledge and acceptance of the terms contained in this letter.

Yours sincerely

[signature]

# 3. The history of copyright in relation to the freelancer

As I begin to investigate the adequacy of the legislative and judicial copyright treatment of freelance work, at this early juncture, I discuss the history of copyright law from the system of privileges to the genesis of the Statute of Anne. While copyright has often been understood to be an author's right, it emerged because of publishers and was largely a publisher's right. In these early days of copyright protection, the author was not at all considered as the object of social policy. Rather, the author appeared to be more of a pawn for the booksellers and for the draftsmen.

## 1. EARLY FORMS OF COPYRIGHT

### 1.1 The System of Privileges

In the UK and across other parts of Europe generally,[1] copyright during the early sixteenth and seventeenth century served to control the printing and distribution of books rather than protect authors' rights.[2] Until the eighteenth century, in England, this form of protection took the form of privilege or a monopoly granted by the Crown to certain printers.[3] After the introduction of the printing press, Crown licences were used to regulate the English book trade and to protect printers against pirates.[4] Authorities also used these priv-

[1] In Italy, printing in the first 20 years of the sixteenth century occurred in 49 different places; E Armstrong *Before Copyright* (Cambridge University Press Cambridge 1990) 11.

[2] H Laddie 'Copyright: Over-strength, Over-regulated, Over-rated' (1996) 5 EIPR 253–60, 253.

[3] In 1529, a parliament of Henry VIII enacted a statute (*Cum privilegio regali ad imprimendum solum*) to control the printing of works by Royal prerogative; these select printers were known as 'King's Printers': EP Skone James et al. (eds) *Copinger and Skone James on Copyright* (13th edn Sweet & Maxwell London 1991).

[4] E Earle 'The Effect of Romanticism on the 19th Century Development of Copyright Law' (1991) 6 IPJ 269–90, 271.

ileges as an instrument of censorship.[5] The chosen printers[6] thus enjoyed an economic advantage, exclusively authorized to print a select work for a prescribed period of time.[7] Since privileges were valid only within the jurisdiction of the granting authority, the area in which the privilege was effective was relatively small.[8] The invention of the printing press, and the possibility to print multiple copies of books cheaply, enabled the public to access manuscripts and books – a privilege previously enjoyed only by society's most affluent.[9] Notably, the printing press made several innovations possible: (1) duplications became easier and more accurate, (2) mass distribution became feasible, and (3) a larger and more literate reading public developed. Accordingly, 'who owned information and profited from printed work became crucial questions as this market developed.'[10]

In order to profit and adapt to these new means of literary exploitation, publishers faced several new issues. A consistent theme present in these early provincial presses was that book production by patronage was no longer viable in the age of the printed book.[11] As John Feather observes, '[t]o produce a single copy of a printed book was a commercial and technological nonsense', but to produce large quantities of books mandated a marketing and distribution system that the patrons did not have.[12] Simultaneously, the expansion of printing and increasing competition among printers led to a situation in all the major European countries in which 'piracy was born, so to speak, with the art itself.'[13] The printers and publishers soon forged powerful guilds and petitioned the authorities for protection against unfair competition.[14] With the

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5 ibid.

6 In this chapter, the terms printer, bookseller, stationer and publisher will be used interchangeably. Much of the canvassed literature on the history of copyright often blurs these terms: P Pinkus *Grub St Stripped Bare* (Constable and the Company of Orange Street London 1968).

7 When William Caxton introduced printing into England in 1476, he sought no privilege as he enjoyed the support of the Yorkist dynasty. His business flourished without the need for protection against competitors on his territory. Caxton is cast as an entrepreneur of his times, by making a profitable business by carefully selecting titles that would sell to a small but well-defined market; J Feather *The History of British Publishing* (Routledge London 1988) 10.

8 Armstrong (n 1) 10–11.

9 G Davies *Copyright and the Public Interest* (IIC Studies Max Planck Institute Munich 1994) 13.

10 D Halbert *Intellectual Property in the Information Age: The Politics of Expanding Ownership Rights* (Quorum Books Westport 1999) 3.

11 Feather (n 7) 15.

12 ibid.

13 Davies (n 9) 16.

14 e.g. M Rose 'The Author as Proprietor: Donaldson v Becket and the

Cromwellian Revolution, a series of Parliamentary ordinances abolished the system of privileges.[15] These ordinances prohibited a book to be printed unless it was first licensed.[16] In 1662, the Licensing Act[17] was passed, which granted perpetual protection to those who registered a work with the Stationers' Company.[18] Any book had to be first licensed and then registered as a copy with the Stationers. The Licensing Act further prescribed regulations on printing books that were hostile to the Church or government and prohibited the import of any work, without the consent of the owner.[19] Under the Stationers' rules, only its members could hold the 'copy' in books. In other words, the Stationers had a virtual monopoly over all printed material. Where did authors fit in? How did they earn a living under these early regimes?

## 1.2 Authors in the Early Days

The literature canvassed for these early times suggests that authors were not considered.[20] Under the early system of privileges, the select printers who were familiar with the taste of their public would commission an author to write certain works.[21] But this arrangement was quickly abused to protect industrial interests. Booksellers had to make more costly investments, revenue came later and less reliably, and competition in the form of counterfeit copies became severe.[22] Many bankruptcies resulted. According to Michèle Vessillier-Ressi, in order to protect the owners of capital, the authority granted privileges and, in doing so, forgot the authors who were 'relegated to the

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Genealogy of Modern Authorship' in B Sherman and A Strowel (eds) *Of Authors and Origins* (Clarendon Press Oxford 1994) 23–55, 25.

15 Davies (n 9) 18.

16 ibid.

17 13 & 14 Car 2 c 33.

18 The Stationers' Company, a descendant of certain craft guilds of printers who had moved to the City of London in the early sixteenth century, was created by Henry VIII and chartered in 1557 by Philip and Mary to create a specific organization through which the Crown could maintain the status quo; Feather (n 7) 13. But see R Deazley *Rethinking Copyright: History, Theory, Language* (Edward Elgar Cheltenham, UK and Northampton MA, USA 2006) ('Deazley 2006') questioning the 'mythology' of the perpetual right.

19 *Copinger* (n 3) [2–11].

20 Here I make no distinction between authors and freelancers, 'partly because the categories overlap, partly because journalism can hardly be identified as a separate profession before, say at least, the 1700s.' V Bonham-Carter *Authors by Profession* (The Society of Authors London 1978) 5. To the extent that specific commentary is available pertinent to freelancers, I shall incorporate accordingly.

21 e.g. almanacs and astrological and medical 'prognostications'.

22 M Vessillier-Ressi *The Author's Trade* (Columbia University, Center for Law and the Arts, New York 1993) 13.

sphere of private agreements and, by the force of economic necessity, to a condition of inferiority in relation to the businessmen.'[23] As a result, authors had no explicit, recognized place in this scheme.[24] Once the system of privileges was abolished, not much changed as authors faced similarly unfavourable circumstances since, '[t]he emergence of copyright endorsed the Stationers' Company right to copy rather than the author's right to own.'[25] Nonetheless, Stationers did acknowledge an obligation to pay authors and obtain permission prior to printing their works.[26] But not all authors were commissioned. Patron-less authors would think up a title and propose the future work to the first bookseller who was willing to pay anything for it.

By the seventeenth century, publishers customarily offered *honoraria* to writers for the works publishers conceded to print.[27] But *honoraria* gave authors a mere acknowledgement. Consequently, writers were not afforded value for their work. Moreover, while the more respectable writers, the gentlemen, supported themselves by some means of patronage (by way of some direct gift or a political sinecure) for which they paid with some fulsome dedications and political loyalty, the vast majority had to supplement their income with other types of employment.[28] Some freelance authors would typically earn two or three shillings per title.[29] The hacks had no patron and depended entirely on their own efforts. Those in Grub Street wrote in a 'highly competitive cut-throat society, dominated by a handful of entrepreneurs….'[30] The system of patronage only ensured a relative degree of independence and security for the author.

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23 ibid.

24 FW Grosheide 'Paradigms in Copyright Law' in *Of Authors and Origins* (Clarendon Press Oxford 1994) 203–33.

25 Halbert (n 10) 4.

26 Often the author would receive a small advance if the title inspired confidence. He could then proceed to produce the manuscript. There were four arrangements possible when a book was written: (1) lump sum payment or free copies (most popular arrangement), (2) publishing by subscription in the case of encyclopaedias; fee determined in advance but only rendered once volumes were delivered, (3) profit share once printing cost recovered (seldom used and certain to substantially disadvantage authors since publishers would 'cook' the books regarding printing expenses) and, (4) self-publishing; Vessillier-Ressi (n 22) 14.

27 M Woodmansee 'The Genius and the Copyright: Economic and Legal Conditions of the Emergence of the "Author"' Eighteenth-Century Studies 425–48, 434.

28 The author received some type of security in the form of a job as a secretary, tutor, chaplain, actor, librarian or political agent; profits from monopolies and property were also possible; Bonham-Carter (n 20) 12.

29 ibid 13. The period's account books indicate that bread was a shilling a loaf and a plain suit £2.14: Pinkus (n 6) 14.

30 Bonham-Carter (n 20) 28.

Mainly because 'patronage was a personal link, it would often end on the death (or disgrace or ruin) of the patron. It was also biased, irregular and unfair: it encouraged flattery as much as talent.'[31]

In the 1690s, for the first time, it seemed possible for hacks to live by their writing: '[i]t was a precarious independence, but it gave them the kind of moral assurance, in that heavy interval between their cups and their whores, to sneer at patron-seekers like Dryden.'[32] This independence was due to a convergence of circumstances. Philip Pinkus highlights four main factors: (1) more readers, (2) less enforcement, (3) a compact market, and (4) powerful political parties who needed writers.[33] But importantly, the hack's independence often landed him in another kind of bondage, to his bookseller-publisher.

> These were the enterprising business-men like the 'unspeakable Curll', who kept stables of writers, slept them three to a bed, according to Amory, advanced them money for work which, it must be confessed, they sometimes had no intention of completing but, finished or not, was never sufficient for expense after they had paid their wine bill. The result was a familiar pattern. They got in debt, they went hungry, they skulked the streets to avoid the bum-bailiffs set on them by their landlord or their tailor, they even went without their wine.[34]

The publisher also took on a different status, becoming less and less the stationer and bookseller and more the publisher competing to protect his property rights as we see today.

The Licensing Act of 1662 had been continued by several Acts of Parliament but expired in 1679.[35] The system had fallen into disrepute since the power of the Stationers' members to claim copyright in perpetuity caused price increases and a lack of availability of books.[36] Two main streams of copyright protection with some key differences were born: the Anglo-American tradition in the UK, following the first British copyright statute in 1710 and the continental European tradition in other parts of Europe, following the French revolutionary laws of 1791 and 1793.[37]

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31 Vessillier-Ressi (n 22) 11.

32 Pinkus (n 6) 15; several factors made this possible including, *inter alia,* the political alliances that writers forged. 'When William III came to the throne the political party, not the court, became the centre of patronage, and the political value of the writer went up. He began to be wooed by the great political leaders. By the beginning of the 18th century all the great writers of the time – Addison, Steele, Swift, Prior, Defoe – were involved in politics, on one side or another of the party war.'

33 ibid 17.

34 ibid.

35 *Copinger* (n 3) [2-12].

36 ibid.

37 C Ubertazzi 'Diritto D'autore' in *Digest Civ IV* C Ubertazzi (ed) (Unione

# 2. THE BIRTH OF MODERN COPYRIGHT LAW

## 2.1 The Genesis of UK Copyright: The Statute of Anne

Since the Licensing Act expired, the Stationers petitioned the House of Commons for further legislation in order to reinstate perpetual protection.[38] In response to these applications, the Act for the Encouragement of Learning, commonly known as the Statute of Anne,[39] officially ended the system of privileges, granted the author copyright protection, aimed to encourage the composition of socially desirable works and prevent the practice of piracy.[40] The Statute limited the term of protection for unpublished works to 14 years with a 14-year renewal term if the author was alive after that period, and for published authors who had not transferred their rights and booksellers who had acquired the copy of any book in order to print them, to 21 years.[41] The publication had to be listed with the Stationers' Company, and nine copies had to be delivered to certain libraries.[42] The Stationers' Company clerk had to issue a certificate verifying registration as required for a 'fee not exceeding sixpence.'[43] Moreover, any person could lodge a complaint on published works they perceived were unreasonably priced and certain individuals (for example the Lord Chancellor) were authorized to 'examine and enquire of the reason of the dearness and inhancement of the price or value of such book…'.[44] Ronan Deazley notes that 'for the first time since the incorporation of the Stationers' Company in 1557, not just the booksellers, but also the author, and indeed anyone else who was sufficiently inclined, was entitled to own and deal in the copies of works.'[45]

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Tipografico-Editrice Torinese Torino 1989) 368; G Sena 'Opere dell'ingegno' in *Digesto delle Discipline Privatistiche*: *Sezione Commerciale*, *Mode-Patri X* (Unione Tipografico-Editrice Torinese Torino 1994) 356, 357. The differences between the two systems are discussed in ch 6 text to nn 2–7.

38 *Copinger* (n 3).

39 8 Anne c 19 (1710) ('the Statute'). As Deazley 2006 (n 18) states at 13 fn 1: 'The Act was passed in April 1710 but, as was the convention at the time, was considered to have effect as if it had been passed at the start of the regnal year, that is in September 1709.' For more on the Statute see 'Copyright @300: Looking Back at the Statute of Anne and Looking Forward to the Challenges of the Future' (Berkeley Center for Law & Technology, University of California, Berkeley, School of Law, April 9 and 10, 2010).

40 Davies (n 9) 23.

41 The Statute ss 1 and 11; see also Earle (n 4) 274.

42 *Copinger* (n 3) [2–15].

43 The Statute s 2.

44 The Statute s 4. R Deazley *On the Origin of the Right to Copy* (Hart Publishing Oxford 2004) ch 3 examines in detail the early cases under this provision lodged in the Court of Chancery.

45 Deazley (n 44) 42.

Indeed, the Statute refers to 'authors or proprietors' and 'authors' and 'his assignee or assigns'.[46] The Statute's bifurcated term (14 years and an additional 14 if the author survived the term), ensured that 'the control of the work would in fact return to the author'; to simply lengthen the term would have meant that control remain with the booksellers.[47] Thus, in many ways, the Stationers had 'a much more restricted form of control than they had been used to.'[48] Indeed, the Statute featured various restrictions: limited duration of protection and regulated registration and pricing of books. It also made protection available to anyone and linked the possibility of renewal to the author's life.[49] The author technically gained the right to control the publishing of his work and protect it against piracy.[50] But in reality, 'an author had to assign the copyright in order to be paid – otherwise, no bookseller would publish the work, and without a printed book there could be no copyright.'[51] Authors often sold their works for a flat fee and gave up rights to publication and any further royalties because booksellers printed works at will.[52]

There are various perspectives advanced as to why, in 1710, the first copyright Act was born. According to a prevailing view, the Statute was 'the result of lobbying by and for established London-based publishers and booksellers seeking new legal weapons against down-market competition spawned by the proliferation of print-technology.'[53] Others argue that copyright grew directly out of the efforts directed at suppression of piracy.[54] Yet others maintain that

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46 The Statute preamble and s 1.

47 Deazley (n 44) 43 observing that given that this was the only section to refer only to the author it was likely meant to benefit only the author.

48 B Sherman and L Bently *The Making of Modern Intellectual Property Law* (Cambridge University Press Cambridge 1999) 12.

49 J Gurnsey *Copyright Theft* (Aslib Gower New York 1995) argues that the author's right began to be emphasized only after the Statute. For instance, the 1814 Copyright Act 54 Geo III c 156 set the copyright term at the author's lifetime, 'so confirming the author of a work as the main focus of copyright.'

50 NN Feltes 'International Copyright: Structuring "The Condition of Modernity" in British Publishing' in M Woodmansee and P Jaszi (eds) *Construction of Authorship* (Duke University Press London 1994) 271.

51 LR Patterson and S Lindberg *The Nature of Copyright* (University of Georgia Press London 1991) 27.

52 Halbert (n 10) 5.

53 L Bently 'R v The Author: from Death Penalty to Community Service' (2008) 32 Columbia J of L & Arts 1, 26; M Rose 'Technology and Copyright in 1735: The Engraver's Act' (2005) 21 Information Society 63; Rose 1994 (n 14) 23–55, 23; M Rose *Authors and Owners* (Harvard University Press London 1993); H Laddie 'Copyright: Over-strength, Over-regulated, Over-rated' (1996) 5 EIPR 253–60, 253; P Jaszi 'On the Author Effect: Contemporary Copyright and Collective Creativity' (1992) 10 Cardozo Arts & Entertainment LJ 293–320, 296.

54 D Lange 'At Play in the Fields of the Word' (1992) 55 L & Contemporary Affairs 127–35, 128.

while the Stationers claimed that the system prevented the publication of seditious works, they were more interested in preserving their monopoly.[55] On the other hand, Parliament's main objective in limiting the term of copyright and, for the first time, in introducing the author into its provisions was, arguably, to restrain the London booksellers' monopoly.[56] Some scholars thus offer that the Statute was not intended as a copyright protection Act, but as a book trade regulation Act.[57] Another view maintains that the Statute was primarily concerned with the continued production of books.[58] My interest here is not to choose the best perspective, but rather to highlight that these viewpoints share the same underlying principle: the Statute was not entirely an author's statute, but more of a publisher's statute. In this period, copyright has traditionally been a publisher's right and not an author's right.[59] Both Parliament and publishers were interested in some type of regulation – whether this was to restrain publishers' competition or to restrain publishers' monopoly is beyond the scope of this discussion.

## 2.2 The Authorship Debate

To understand why copyright became associated with protection of the author, at this juncture I explain the intellectual dimensions of the author–publisher relationship. At the time, publishers deployed the emerging discourse on authorship to advance the publishers' cause for copyright protection. As Ray Patterson offers, 'although the author had never held copyright, his interest was always promoted by the stationers as a means to their end.'[60] In contrast to the fifteenth and sixteenth century, where the author was merely a craftsman or the vehicle relaying the divine, in the eighteenth century, the author became the actual 'genius' innately inspired and thus capable of producing original

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55 Publishers were suffering as a result of unlicensed copyists, in a regime where common law remedies were ineffective: Laddie (n 2). But see Halbert (n 10) 5 stating that the Stationers' Company was not automatically affected by the loss of the Licensing Act because they were a book cartel.

56 LR Patterson *Copyright in Historical Perspective* (Vanderbilt University Press Nashville 1968) 143.

57 Halbert (n 10).

58 Deazley (n 44) 46.

59 Rose 1994 (n 14) 27. J Greene *The Trouble with Ownership: Literary Property and Authorial Liability in England, 1660–1730* (University of Pennsylvania Press Philadelphia 2005) 2–6 writes that the Statute was only 'tangentially designed to address the needs and rights of authors' and, in fact, via the new registry system made authors directly traceable and accountable (and often liable) to claimants in a risky business.

60 Patterson (n 56). Examining the power of rhetoric in moulding history, see Deazley 2006 (n 18).

work.[61] While Mark Rose studied the emergence of the proprietary author in England, Martha Woodmansee focused on Germany. Woodmansee acknowledges the work of Edward Young[62] as he makes 'a writer's ownership of his work the necessary, and even sufficient condition for earning the honorific title of "author" and he makes such ownership contingent upon a work's originality.'[63] This change was partly due to the fact that writers were no longer dependent on patrons for remuneration, as they had an expanding public audience. In addition to a larger and more literate audience, 'writings would get sold not because they were skilful variants, but because they were original.'[64]

However, it is not entirely accurate to paint the need to protect a work solely as an urgency to preserve in perpetuity the romantic notion of 'originality'.[65] Authors still wanted to earn their livelihood through their authorship. Once writers were compensated with a flat sum for any work rendered, they lost their rights to any further profits flowing from the work. As a result, writers found difficulty in 'keeping up the pretence' of a just arrangement, and were no longer content to be inappropriately compensated for their work.[66]

To extend their monopolies, the English booksellers appropriated the concept of authorship as a justification with positive connotations to designate literary activity as socially meritorious.[67] One of their main arguments to reinstate copyright protection was that failure to continue with exclusive printing rights was a disincentive to authors. Barring such protection to encourage

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61 W Wordsworth (1770–1850) championed this aura of originality as intrinsic in the author. In 'The Recluse' Wordsworth celebrated the 'exquisite individual Mind'. W Wordsworth 'The Recluse' in J Stillinger (ed) *Selected Poems and Prefaces* (Houghton Mifflin Boston 1965) 45.

62 E Young spurred German theorists, like Herder, Goethe, Kant and Fichte to claim ownership over the products of their labour in the form of copyright nearly half a century earlier than their English counterparts; E Young 'Conjectures on Original Composition in a Letter to the Author of Sir Charles Grandison' in ED Jones (ed) *English Critical Essay, Sixteenth, Seventeenth and Eighteenth Centuries* (Oxford University Press London 1975).

63 Woodmansee (n 27) 431.

64 T Mallon 'The Origins and Ravages of Plagiarism' (1995) 43 J Copyright Society 37–49, 38.

65 Essentially the view espoused by Earle (n 4).

66 Woodmansee (n 27) 436. Woodmansee and Rose's views on authorship do not stand uncontested. Halbert highlights the eighteenth-century French experience referring to C Hesse 'Enlightenment Epistemology and the Laws of Authorship in Revolutionary France, 1777–1793' (1988) Representations 30, wherein Hesse argues that the French Revolution provided a different starting point for the debate over authorship. On the one hand, there was the notion of the public good and on the other, the notion of the proprietary author – both important to understanding copyright law. 'It is clear that these tensions continue to prevail today.' Halbert (n 10) 10.

67 Jaszi (n 53) 296.

authors, the public interest would be harmed by the decreased flow of books.[68] Several scholars posit that the booksellers co-opted the Lockean discourse of possessive individualism to justify the new literary property market.[69] The author was a proprietor inherently deserving of the fruits of his labour. The author as owner of ideas was likened to an owner of property threatened by trespassers on his land.[70] The literary work began to be seen as a 'form of estate'.[71] Such ideas therefore contributed to a new way of thinking about literature. Although Locke opposed licensing as leading to unreasonable monopolies injurious to learning, in addition to the Stationers' pleas in 1690 he 'demanded a copyright for authors which he justified by the time and effort expended in the writing of the work which should be rewarded like any other work.'[72] And so, all of these developments: the emergence of the mass market of books; the valorization of the original genius; and the development of the Lockean discourse of possessive individualism occurred in the same period as the long legal and commercial struggle over copyright.[73]

### 2.3 The Battle of the Booksellers

Twenty-one years after the Statute was passed, in 1731, the Stationers' monopoly of printing books already in print had expired. Printers in Scotland and other provinces re-issued editions of old books and the London booksellers filed suits to prevent this in a series of cases before the English and Scottish courts.[74] The booksellers argued that at common law authors had a perpetual right to authorize printing, rights which had been assigned to them.[75]

At issue was whether copyright was an inherent form of property arising from the act of creation or a limited right of control or monopoly bestowed by the Statute. This battle again used the developing discourse on authors' rights as its tool.[76]

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68 Patterson (n 56) 142.

69 Rose 1994 (n 14) 31; D Burkitt 'Copyrighting Culture' (2001) 2 IPQ 146–86; *Copinger* (n 3) [2-13].

70 Rose 1993 (n 53) 17.

71 Lange (n 54) 128. 'Indeed, were it not for the press, relentlessly propagating the linear text, intellectual property as we know it simply could not exist.'

72 *Copinger* (n 3) [2-13].

73 Rose 1994 (n 14) 30.

74 Earle (n 4) 272.

75 B Kaplan *An Unhurried View of Copyright* (Columbia University Press 1967) 12. But see R Deazley 2006 (n 18) 13–25 revisiting the historical record and stating that the 'myth' of the nature and extent of the author's pre-existing common law right has been misunderstood and misreported. It was simply a 'right of first publication' subsisting despite the Statute of Anne.

76 Halbert (n 10) 6.

In 1774, *Donaldson v Becket*[77] finally overturned an earlier decision[78] holding that copyright was a statutory right and was to be treated as statutory property. Consequently, the court declared that there never was any common law copyright in published works. And even though future law limited this right, it began with the important assumption that authors had rights invested in their works.[79] Yet, while copyright had been transformed from a publisher's to an author's right, it ultimately benefited the booksellers. According to Patterson:

> The change, however, was less a boon to authors than to publishers, for it meant that copyright was to have another function. Rather than being simply the right of a publisher to be protected against piracy, copyright would henceforth be a concept embracing all rights that an author might have in his published work. And since copyright was still available to the publisher, the change meant also that the publisher as copyright owner would have the same rights as the author.[80]

Thus, although the battle of the booksellers did not result in a perpetual copyright, it helped further advance the legal concepts of proprietary author and literary work underpinning western copyright.[81]

## 2.4 Battling for More Copyright

In the eighteenth and nineteenth century, the idea of literary property, the 'theft' of such property, and the struggle for an international copyright law all took centre stage.[82] From about the 1730s onwards (up until the Napoleonic wars), the UK's economy enjoyed broad expansion and with this, so grew its leisure industry.[83] Feather explains that the growth of a leisure industry (as well as an increased demand for practical books) directly benefited the book trade.[84] The

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77 (1774) 2 Bro PC 129 ('*Donaldson*').

78 *Millar v Taylor* (1769) 98 Eng Rep 201–57 (KB) held in favour of perpetual right by a majority – the Statute did not take the common law right away.

79 Halbert (n 10).

80 Patterson (n 56) 151.

81 Feather notes that *Donaldson* reversed the 'entire tradition of the law of copyright' and moved towards the definition of two key concepts in copyright law: the development of 'intellectual property law' as a creation of the author's intellect, and that of the 'public domain' which terminated the author's ownership, but not his creation. J Feather 'Publishers and Politicians: The Remaking of Copyright in Britain 1774–1842' (1988) 24 Publishing History 49.

82 J Ranta 'Dickinson's "Alone and in a Circumstance" and the Theft of Intellectual Property' (1995) 41 ESQ 65.

83 Feather (n 7) 93–4.

84 ibid.

book trade's response to this increased market demand, was that 'the small printing houses of the sixteenth and seventeenth centuries were displaced by firms which were family owned but which operated with large workforces of paid employees.'[85] In 1724, the first such commercial publishing house was founded in the UK, under the family firm name Longman.[86] Arguably, the first UK publishing house was born when the University of Cambridge received a Royal Charter to print in 1534, followed by the University of Oxford in 1586.[87] There was a real burgeoning of commercial houses in Britain and across the western world. Yet, we can see the ongoing discrepancies of the copyright regime through the lens of the common writer.[88] Paul Gleason notes that the US, which adopted its first copyright law in 1790, commonly reprinted European, mainly English, works 'without either requesting permission or making payment.…'[89] And though this was clearly 'piracy' for the Europeans, as Charles Dickens and Sir Walter Scott publicly condemned, it was completely legal for the US to protect only its national authors.[90] Compelled to protect the products of their intellect, in early 1870, many authors who had works pirated by European publishers publicly supported international copyright law and protection for local artists.[91] Authors were concerned mainly with royalties and moral rights,[92] objecting to publication without consent, false attribution of authorship, and modifications to the text that were harmful to their reputation.[93] The genesis of the modern intellectual property law system was established.

## 3. CONCLUSIONS

Copyright has traditionally been a publisher's, not an author's right. Copyright emerged because of the economic interests of the booksellers. First, they

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85 ibid 94.

86 Feather (n 7) 120; L Owen *Selling Rights* (4th edn Routledge London 2001) 1.

87 Owen (n 86).

88 Emily Dickinson's 'Alone in a Circumstance' (1870) reveals the property-laden ethos filtering her epoch's copyright discourse where copyrightless authors' works were appropriated without remuneration.

89 P Gleason 'Major International Copyright Conventions' (1996) 15 The Acquisition Librarian 5–16, 7.

90 e.g. Feather (n 81) 6, 166–9 and NN Feltes 'International Copyright: Structuring "The Condition of Modernity" in British Publishing' (1992) 10 Cardozo Arts & Entertainment LJ 533–44, 539.

91 Ranta (n 82) 74.

92 Davies (n 9) 17.

93 ibid.

wanted protection, then they wanted it forever, then they settled with what they could get, and then they protected it against any violator. As Halbert observes, a significant outcome of this early copyright regime was that once '… authors transfer their bundles of sticks to the publisher [he] then holds sole proprietary interest over the work and continues to profit with very little going back to the authors.'[94] From the early days, publishers sought to exploit new lucrative technologies, like the press, with very little regard for authors.

It is not surprising, then, that in practice the new 'authors' rights' did not remain with authors for long, as writers continued to sell their works outright for lump sum payments.[95] Whereas before the Statute's enactment, the author had to sell his copyright outright, after the enactment he was 'required to sell only one edition or only for a period of fourteen years – that is, if he was prepared to brave the wrath of the publisher upon whom he depended for his livelihood.'[96] Historically, the author appeared to be both a pawn for the booksellers and for the draftsmen, and less the object of social policy.

94 Halbert (n 10) 18.
95 Bonham-Carter (n 20) 17–25.
96 Pinkus (n 6) 260.

# 4. The history of copyright contract in relation to the freelancer

*… it is much to be regretted that contracts should be framed with such uncertainty when it would have been so easy to make them certain.*
Reade v Bentley[1]

In the previous chapter, I discussed the origins of copyright law from the system of privileges to the birth of the modern intellectual property system. I argued that copyright law emerged as a publisher's and not an author's right. In this chapter, I describe the continuation of the historical fight over copyright in the UK courts. While literature proliferates on the history of copyright and the genesis of the Statute of Anne, only a negligible amount has examined the legal history of copyright contracting between authors and publishers.[2] This is a vital gap to understanding the current issue of copyright control over new uses of freelance works and more generally on the imbalance in contractual relations between authors and publishers. Without considering the way such issues have been treated and evolved historically, assessing potential solutions is difficult. The main sources of this history are the early cases, writings and statutory instruments relevant to copyright contracts. I demonstrate that after the Statute of Anne, early predecessors of the CDPA placed some restraints on publishers' unlimited rights. Despite these restraints, there was much left to free bargaining and where that did not work, litigation. The main cases that review conflicts between authors and publishers featured a restrictive approach, and interpreted copyright conveyances mainly in favour of the author. So while the legislation generally favoured authors, where it was not directly determinative, the caselaw tended to favour them anyway. This was especially the case for freelancers who were left to their own bargaining devices with publishers. But in the event of disputes, freelancers could – if they could afford to litigate – expect to rely on generally sympathetic courts with strong precedents in their favour. These courts seemed to recognize freelancers' bargaining imbalance vis-à-vis publishers.

1 (1858) 4 K & J 656 (*'Reade II'*) 669.
2 As explained in ch 1 n 38.

The cases of interest are typically found in the mid to late nineteenth century and concern independent freelance authors of books, newspapers and magazines. Paralleling the UK's international efforts to valorize authors' rights noted in the previous chapter,[3] UK authors were equally busy at home. Once copyright became a statutory right pursuant to the Statute of Anne, and the discourse of property rights became more widely disseminated, authors and publishers began to exercise their rights in the courts. Many authors and publishers took their claims to Chancery and others to Exchequer.[4] In the earlier cases, litigants were often publishers or receivers arguing with one another[5] and authors were implicated only incidentally.[6] In other cases, it is clear that the author was of a sufficient class position to be able to engage in litigation. By the late nineteenth century a fertile body of jurisprudence had developed, and provided probing accounts into the contractual relations between authors and publishers. Questions arose as to whether publishers and authors had established a 'joint adventure' or whether they were partners.[7] Also many important contemporary themes were litigated: the distinction between an assignment and a licence, certainty of terms, and hardship issues. From this perspective, the copyright contract jurisprudence is sizeable and provides persuasive precedents to be applied to today's freelancer suits that deal with these very issues. With the absence of any strong statutory copyright scheme in place to address these questions, the cases show the pressure on the courts to provide the same benefits.

## 1. STATUTORY BACKGROUND

The relevant legislation dealing with copyright contract issues was more extensive than today's common law statutes (for example CDPA) and also more pro-author.

### 1.1 Collective Works under the 1842 Act

The Copyright Act of 1842[8] continued in a similar fashion as the Statute of

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3 Ch 3 text to n 73.

4 Discussed in more detail in this chapter text to n 95.

5 They were the usual suspects e.g. Bentley was one such litigious publisher; V Bonham-Carter *Authors by Profession* (The Society of Authors London 1978) 90.

6 e.g. because of standing to sue and general contractual issues; EJ MacGillivray *A Digest of the Law of Copyright* (John Murray London 1902) 76; *Colbern v Duncombe* (1838) 9 Sim 151.

7 *Lucas v Moncrieff* (1905) Times LR 683 (Ch D).

8 5 & 6 Vict c 45 ('the 1842 Act'). The bill received royal assent 1 July 1842; (1842) 64 Hansard Parl Debates 858.

Anne in requiring copyright owners to register at Stationers' Hall before any action could be brought against infringers.[9] Many of the early cases disputed the authenticity and formality of these registrations, largely between publishers.[10]

The 1842 Act provided a detailed provision for the protection of contributors to collective works. Section 18 detailed that copyright would vest in the proprietor of the collective work only if (1) there were express or implied terms that the copyright should belong to the proprietor, and (2) the proprietor had paid the author for the work. If these terms were met there would be a prima facie presumption that the copyright should belong to the proprietor.[11] If the work were published before the author was paid, the copyright would vest in the author but pass by operation of law to the proprietor once payment was made.[12] The proprietor's copyright under this section endured for his own life and seven years or for 42 years from the day of first publication, whichever period was longer.[13]

Significantly, section 18 of the 1842 Act provided authors with some copyright control over their works. The proprietor could not, without consent of the author, publish or permit the publication of the author's contribution *separately or otherwise than as part of the periodical as first published*.[14] If the

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[9] There were several rules on formalities under the 1842 Act: s 11 stipulated that a book of registry was to be kept at Stationers' Hall; s 13 provided that the copyright proprietor could make an original entry in the registry book listing the title, date of first publication, name and place of residence of proprietor, according to the forms in schedules 2 and 3; s 12 made a false entry in the book of registry a punishable misdemeanour; s 14 provided that anyone aggrieved by an entry in the registry book could apply for an order for it to be altered or expunged; and s 24 provided that registration was a precondition to an action in court. These provisions were first proposed at an early stage of the bill, when Talfourd read the bill a second time in the House of Commons on 18 May 1837 (1837) 38 Hansard Parl Debates 866, 871. At 872, Talfourd stressed that the main object of the bill was not to reform the registration system but to allow authors a greater amount of time to 'enjoy the direct pecuniary benefit immediately flowing from the sale of their works.' Thus, the 1842 Act did little to change the existing system of registration that had formally descended from the Statute of Anne, 'although the layout of the schedules was formalised.' C Seville *Literary Copyright Reform in Early Victorian England: The Framing of the 1842 Copyright Act* (Cambridge University Press Cambridge 1999) 236.

[10] Though *Hole v Bradbury* (n 58) concerns an author and a publisher.

[11] MacGillivray (n 6) 12–13.

[12] *Trade Auxiliary v Middlesbrough* (1889) 40 Ch D 425, 429.

[13] The 1842 Act s 3.

[14] Some of the cases use the term 'separate Form.' *Mayhew v Maxwell* (1860) 1 John & H 312; *Smith v Johnson* (1863) 4 Giff 632; MacGillivray 1902 (n 6) 14. As I shall illustrate in ch 7 that this provision is similar to the current USCA s 201(c) on the publisher's privilege to reproduce freelance works.

proprietor were to publish without seeking prior consent, the author would be entitled to sue for breach of contract (without making any entry in the Book of Registry at Stationers' Hall).[15] Moreover, after the expiry of 28 years, the author acquired a separate copyright to publish his work. This copyright was concurrent with the proprietor's copyright and meant that the author could publish his contribution as a separate work without the proprietor's consent.[16] Also, the contributing author could contract expressly or impliedly with the proprietor for the right to publish separately before the expiry of 28 years so as to acquire a concurrent copyright from the date of publication.[17]

So pursuant to the 1842 Act while collective work authors did not maintain complete copyright control over their works, they had at least (1) guaranteed payment, (2) the right to refuse consent to additional uses of their works, (3) reversion of copyright after 28 years (concurrent with the proprietor's copyright), and (4) the ability to publish their own work if bargained for. There were therefore some useful restraints preventing the collective copyright owner doing as he pleased.

Long before section 18 of the 1842 Act, proprietors of collective works would seek an injunction in court to restrain publication of articles extracted from their collective work.[18] But in these cases, the courts would deny an injunction if the collective work owner was not able to show that he had actually paid his authors.[19] According to Charles Phillips, making the actual payment 'a condition precedent' to vesting copyright in a contributed article, 'may obviously lead to inconvenient results in the business of every-day literary life.'[20] Nonetheless, it appears that the courts were more interested in ensuring that before the collective work owner could defend his rights, his authors should be remunerated. While there is almost no direct discussion on section 18 in the Parliamentary debates between the years of 1837 and 1842, this pro-author judicial background may have contributed to the eventual enactment of the provision.[21] And in any event, as will be argued later, the general objective of the Act was to reward authors.[22]

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15 *Mayhew* (n 14).

16 The 1842 Act s 18; MacGillivray 1902 (n 6) 14–15.

17 ibid.

18 See *Wyatt v Barnard* (1814) 3 V & B 77 where the plaintiff obtained an injunction to restrain publication of translations; CP Phillips *The Law of Copyright* (W & R Stevens Sons & Haynes London 1863) 175.

19 Phillips (n 18) 176. Wyatt (n 18) was successful in his injunction because he was able to produce an affidavit by the author attesting that the proprietor had paid him.

20 Phillips (n 18) 176.

21 The 1842 Act was formally introduced to the House of Commons in 1837 (five years before it was to receive royal assent, mainly under the leadership of Sergeant Talfourd and later Lord Mahon; see discussion in text after nn 152–63 in this

## 1.2 Collective Works under the 1911 Act

The 1911 Copyright Act[23] repealed the 1842 Act and detailed a new provision on collective works. Section 5 on copyright ownership provided that before the owner of a collective work obtained copyright there must have been (1) the giving or promising of some valuable consideration, and (2) no agreement to the contrary.[24] Such a contrary agreement did not need to be in writing or even expressed in words. If it was inferred from the mutual intention of the parties that the author should retain copyright, 'it ought to be so held.'[25] But MacGillivray maintained that the presumption was in favour of the collective owner, which could be rebutted by evidence of a contrary agreement.[26] The onus of showing an agreement to the contrary was therefore on the contributing author. Nonetheless, as I illustrate in the caselaw discussion, in the case of freelancers, the onus was often on the grantee.

Whether or not the contributors owned their copyright from publication, they were deemed to have a right to restrain the publication of their work, 'otherwise than as part of a newspaper, magazine, or similar periodical.'[27] In other words, the proprietor only acquired the right to the work 'as part of his

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chapter). From 1837 to 1842 there are 33 references in Hansard (vols 37 to 64) on the copyright bill, of which 11 entries feature lengthy debates mainly dealing with the term extension (see n 147); s 18 was only mentioned once by the Attorney-General on 6 June 1838 (1837–8) 63 Hansard Parl Debates 553 in relation to encyclopaedias. He relayed the difficulties that a 'Mr. Black, an eminent bookseller of Edinburgh, … informed him that as one of the clauses was worded, he would suffer much pecuniary damage. Many of the articles were entirely new, and if at the expiration of the twenty years, those articles might be claimed by the authors or their heirs, the whole Encyclopaedia would fall into pieces.' Talfourd conceded that after receiving many complaints from 'eminent publishers' and while still 'adhering to the justice' of the principle to benefit authors, he would propose that the clause 'should take effect only where the author had reserved the whole or part of the interest in the copyright, and that where the author had absolutely parted with his interest the term should cease.' The final s 18 does seem to address publishers' concerns as it resulted in automatic concurrent copyright after 28 years. On this specific provision, legal commentators of the time do not appear to provide much assistance. On s 18, Seville (n 9) 247 explains that Talfourd 'sought to clarify the copyright position with regard to periodical works. He had an extensive knowledge of this subject himself, being a veteran contributor to literary magazines.'

22 see text to nn 148–50 in this chapter.

23 1 & 2 Geo 5 c 46 ('the 1911 Act').

24 Though the first proviso of the 1911 Act s 5(a) only applied to engravings, photographs and portraits.

25 EJ MacGillivray *The Copyright Act 1911 Annotated* (Stevens & Sons London 1912) 55.

26 ibid.

27 The 1911 Act s 5(1)(b).

periodical.'[28] Without the author's consent the collective owner could not publish it separately. The House of Lords inserted this provision at the report stage of the bill.[29] This right also likely existed judicially before the 1911 Act[30] and was personal and of a quasi-contractual nature.[31] If the owner of the collective work assigned the copyright, the restriction would run with the copyright in the hands of third parties. As in the 1842 Act, the author was entitled to reversion after 25 years, at which point the author could freely publish his work separately and this copyright would run concurrent to the publishers' copyright in the work as part of the collective work. Of note is that contributors to collective works were not entitled to the section 5(2) reversion right of 25 years. Commentators of the era speculated that warranting complete reversion to collective works contributors (in addition to what they were entitled to under section 5(1) of the 1911 Act) would have been 'a great hardship to proprietors of collective works, particularly of those permanent in nature, such as encyclopaedias, if they could not have acquired from the author an unfettered right to produce the work at any future time as part of the collective work.'[32] Despite this inability fully to own their copyright in the future, UK authors could restrain publishers from transferring or licensing their work to third parties. For authors, the lack of reversion and guaranteed payment were two of the main differences that existed in the 1842 Act but no longer in the 1911 Act.

Both the 1842 and 1911 Acts placed some restraints on publishers' rights. Essentially the publisher could 'only reproduce "in like manner as theretofore," so that he could not reproduce without payment, an article contributed to the collective work, except as part of that collective work.'[33] As I have begun to explore in Chapter 2 on freelancers and digital publishing and shall more fully address in Chapter 6 on national copyright contract laws, these more robust statutory restraints are no longer in place today in the UK and

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28 MacGillivray 1912 (n 25) 57.

29 ibid 56 (while noting this historical detail, MacGillivray, along with his legal counterparts of the era, does not discuss its reasons). Hansard indicates that the copyright bill was reported on 14 June 1842 but was not subject to debate: (1842) 63 Hansard Parl Debates 1512. Of note is that there were no further debates during the bill's second and third readings prior to it receiving assent. As indicated in n 21 a review of the Hansard vols for the years 1837 to 1842 indicate much debate on the general issue of term extension but not on s 18 specifically.

30 *Mayhew* (n 14); *Smith* (n 14).

31 e.g. restitutionary in kind; *Johnson v Newnes* [1894] 3 Ch 663; MacGillivray 1912 (n 25) 56.

32 MacGillivray 1912 (n 25) 68–9.

33 EP Skone James et al. (ed) *Copinger and Skone James on Copyright* (13th edn Sweet & Maxwell London 1991) [5–72].

were never previously existent in other common law countries (for example Canada) inheriting the more recent UK statutes.[34] Interestingly, while these provisions addressed collective works, they did not clearly distinguish between employees and freelance contributors. MacGillivray speculates that they likely only applied to employed authors who today no longer own the copyright to their works under the CDPA.[35] It was not in dispute that freelancers prima facie retained their copyright unless there was a contract stating otherwise. These early provisions indeed underscore that legislation was more protective of authors (and especially of employed authors) who currently have no such rights.

## 2. EARLY CASELAW ON NEWSPAPERS AND MAGAZINES

### 2.1 Collective Works

Caselaw interpreting the collective works provisions and specifically involving newspapers materialized only in the later part of the nineteenth century and the disputes were largely between publishers attempting to protect their rights. Many more cases that could have come under the ambit of these provisions were dealt with as assignment and licensing issues. The reason for this late-coming jurisprudence may have been that newspapers were not considered to be as socially worthy as books and thus did not merit copyright protection. The evidence is in the early cases and writings speculating on their value to society.[36] Works of a 'permanent interest' such as encyclopaedias were more meritorious.[37] On a scale of collective works meriting copyright protection, magazines and then newspapers were at the bottom. Indeed, there may have been a negative connotation associated with many of the earlier 'shameless

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[34] For works published under the 1911 Act s 5(1) still applies by virtue of s 24(1); and from the 1956 to the current 1988 CDPA various classes of works have to be considered, e.g. works made before 1 July 1912; see *Copinger* (n 33) [5–72] to [5–76]. The 1921 Canada Copyright Act contained the same wording as s 5(1)(b) of the 1911 UK Act (now currently s 13(3) of the Canada Copyright Act RSC 1985 c C-42).

[35] MacGillivray 1912 (n 25) 55. Nonetheless, the view that s 18 only applies to employee authors seems to be contradicted by *Mayhew* (n 14) and *Smith* (n 14) which apply s 18 to freelance authors.

[36] RA MacFie of Dreghorn *Copyright and Patents for Inventions* (T&T Clark Edinburgh 1879) vol 1, 348; *Cox v Land and Water Journal Company* (1869) LR 9 Eq 324 ('*Cox*').

[37] MacFie (n 36) 348.

pamphleteers' which later permeated to periodical writers.[38] For instance, Thomas Brown's *The Auction of Ladies*, 'scandalously' reflected on tradesmen's daughters.[39] Newspapers were not defined as a protected category in the 1842 or 1911 Acts.[40] Indeed, as noted in Chapter 1, it was held that, 'it [was] seldom worth the while of proprietors to assert the copyright in articles in a newspaper.'[41] Moreover, British authors' groups had a slower (and largely unsuccessful) start by contrast to their French counterparts.[42] Also, as mentioned in the previous chapter, the professionalization of journalism was equally slow. In addition, authors mobilized only later in the courts. Patterson and Lindberg note that cases emerging soon after the Statute of Anne were among publishers only: 'no author was represented in these cases, the judges treated the two interests [of author and bookseller] as being the same.'[43] And so, the early negative associations with periodical writing and the absence of a vociferous author's position perhaps contributed to newspapers' lack of legislative and, ultimately, judicial recognition.

The first newspaper/collective copyright suit occurred in 1869.[44] This case discussed the general policy issues for protecting newspapers. In *Cox v Land and Water Company*[45] the owner of the Field brought an action against the defendant publishers for 'piracy' of one of its articles. The defendants argued that because the newspaper was not registered at Stationers' Hall the plaintiff could not sue. For Malins V-C, a newspaper was a 'sheet of letterpress' and of such 'an ephemeral nature' that it did not constitute a 'book', which was the only defined category in section 2 of the 1842 Act. Consequently, proprietors of newspapers had no copyright but could be protected by the existing rules of property which enabled them to prohibit publication of the same article elsewhere.[46] Similarly,

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38 P Pinkus *Grub St Stripped Bare* (Constable and the Company of Orange Street London 1968).

39 ibid 43.

40 MacGillivray 1912 (n 25) 36.

41 *Cox* (n 36) 331.

42 Bonham-Carter (n 5) recounts this disorganized long history starting from the mid-nineteenth century; Dickens and later Besant were key players in attempting to organize UK authors. Dickens is cited at 84 criticizing an early authors' group: 'But having seen the Cockspur Street Society, I am well convinced of its invincible hopelessness as if I saw it written by a Celestial Penman in the book of Fate.'

43 LR Patterson and SW Lindberg *The Nature of Copyright: A Law of User's Rights* (University of Georgia Press London 1991) 113.

44 MacFie (n 36) 97.

45 *Cox* (n 36). For a description of the early cases on the treatment of newspapers see TE Scrutton *The Laws of Copyright* (John Murray London 1883) 165.

46 In *Cox* (n 36) 331 Malins V-C does not explain the existing rules of property. He states that they arise by (1) payment by the newspaper pursuant to s 18 of the 1842 Act, and (2) general rules of property (while he does not clarify, he may have been

in *Mayhew v Maxwell*[47] there had been no registration of the newspapers sued on. The question of copyright was later settled on appeal in *Walter v Howe*,[48] when a newspaper was held to constitute a book within section 2 of the 1842 Act. Importantly, in interpreting the collective works section 18 of the 1842 Act, the court decided that just because a newspaper publisher was a registered proprietor of copyright, it did not follow that he was the proprietor of the copyright in any particular article; this depended on the particular relations of author and publisher in respect of that article.[49] Accordingly, publishers' reuse of authors' works was both restricted by the legislature and the judiciary.

The implications of author–publisher relations and the issue of ownership of an individual author's works was further clarified in *Hall-Brown v Iliffe & Sons Ltd*.[50] This was a case of a well-known 'authoress', a magazine freelance author, who spent months with her publisher discussing the style and nature of some serialized travel articles. Yet, while the publisher would dictate stylistic requirements with which the author would comply, no express agreement was made on terms such as fees and publication date. Nonetheless, the publisher reproduced one work as a self-standing article in its magazine. The author sought an injunction to restrain publication of her work since a series of articles had been contemplated and the article on its own would, in her opinion, reflect poorly on her reputation. No copyright provision was relied upon, according to the recorded judgment. The publisher relied on the author's consent that was either express or implied by custom of trade. Ruling for the author, the court found (1) no consent due to insufficient terms – they were 'never *ad idem*', and (2) custom could not apply where 'the publication of the article or work submitted [was] the subject of discussion and negotiation between the parties and no definite result ha[d] been reached.'[51]

*Hall-Brown* confirmed that only express terms could convey consent. Second, since there were no express terms agreed (as these were pending), the publisher could not read in terms at his convenience. The existing custom was that if an article was submitted without a discussion on terms, it followed that the publisher was entitled to publish without any further authority from the author. The fee would be paid on the scale usually paid by that particular magazine for similar contributions. But in this case, the manner of publication

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referring to trespass laws). It is curious that *Cox* does not grant the newspaper company copyright in the article, yet notes that one of its rights can arise pursuant to the 1842 Act.

47 *Mayhew* (n 14).

48 (1881) 17 Ch D 708.

49 *Petty v Taylor* (1897) 1 Ch 465 dealt with this issue; see TE Scrutton *The Law of Copyright* (4th edn William Cloves & Sons London 1903) 111 discussing this case.

50 (1910–1935) Mac CC 88 Ch D (20 Dec 1929) ('*Hall-Brown*').

51 ibid 99–100.

and the author's fees were discussed but yet to be concluded and therefore there was no consent on these terms. The case did not suggest that the publisher could have implied through custom of the trade any new terms, for example uses in different media. The tenor of the judgment is that even if the author had initiated discussion on these terms, absent any agreement, the author would be found to have given no consent to license these new forms or uses of works.

### 2.2 New Forms of Works

The older case of *Planché v Colburn*[52] clarified some issues on new uses of freelance works. In *Planché*, a freelancer was contracted to write an article, but before submission the magazine shut down. The plaintiff author claimed that he wanted the article published in the magazine as agreed. The defendant publisher alleged that he had a new contract to publish the article as a self-standing work and no longer as part of the magazine. On appeal, Tindal CJ ruled that, '[i]t was part of the contract … that the work be published in a particular shape.'[53] Here the court recognized the importance of publishing the work in a way that was agreed and met the author's expectations. Moreover, abandoning the old form for the new could have meant that the work 'might have been published in a way not consistent with the Plaintiff's reputation, or not at all.'[54] In essence, 'publication in a separate form' meant 'publication in a different form and with a different context from the original issue' of the work.[55]

### 2.3 Conclusions

From these early cases on collective works, it is reasonable to conclude that (1) authors had the right to refuse consent to additional uses of their works; (2) custom could not be used to imply terms, when such terms were discussed generally without agreement; and (3) a publisher could not unilaterally impose new terms on the author as to the publication of a work in a shape or form not conforming to the author's expectations. For freelancers, while it is was unclear if the statutory provisions directly applied to them, the courts nonetheless seemed to rely on the same statutory principle: the author's right to control her work.

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52 (1831) 8 Bingham's Common Pleas 13 ('*Planché*').

53 ibid 13.

54 ibid.

55 TE Scrutton *The Law of Copyright* (2nd edn William Cowes & Sons London 1890) 12.

Specifically in relation to new uses of works, in finding no consent, *Hall-Brown* corroborates the current custom of the trade in freelance publishing: where an author submits a work and there is no express consideration on its publication date or remuneration, the author is deemed to have granted only an implied non-exclusive licence to publish the work once, in print. This decision suggests that even if freelancers engage in discussions with publishers on potential new uses of their works, but no clear terms are agreed upon, no re-use rights pass or are licensed to publishers. Therefore, applying *Hall-Brown* and *Planché* to today's disputes over the control of future uses, would likely result in awarding freelancers continued control over their works.

## 3. INTERPRETATION OF COPYRIGHT CONTRACTS

While the previous section examined some of the collective works jurisprudence, this section studies some of the main judicial preoccupations of the mid to late nineteenth century: the resolution of more general contractual discord between authors and publishers. The issues litigated included what constituted an assignment, the difference between an assignment and a licence, the question of whether the licence bound subsequent assignees for value and without notice, and bankruptcy of the publisher. So although some of these issues may not be directly relevant to today's freelancers (though bankruptcy is becoming an issue with the 2008 global downturn in the economy),[56] I analyse matters where courts could (and did) intervene at the time to protect authors especially where there was no direct statute. And as noted, most of these early issues in

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[56] The economic impact on newspapers has been tremendous; for instance, the American Community Newspapers filed for Chapter 11 bankruptcy protection pursuant to the US Code Title 11[11 USC] citing a severe decline in advertising revenue: Associated Press 'Newspaper Group Files for Bankruptcy Protection' (29 April 2009) http://www.startribune.com/local/43999372.html. Elsewhere, the New York Times plans to eliminate certain of its newspaper sections and reduce freelance spending in order to save millions of dollars: R MacMillan 'New York Times Cuts Sections to Save Money' Reuters (16 April 2009) http://www.reuters.com/article/businessNews/idUSTRE53F5AF20090416. The New York Times recently announced a $61.6 million operating budget loss for the first quarter of 2009 compared to a $6.2 million operating profit from the first quarter of 2008: C Mathis 'The New York Times Company Reports 2009 First-Quarter Results' Press Release The New York Times Company Online http://phx.corporate-ir.net/phoenix.zhtml?c=105317&p=irol-pressArticle&ID=1278647&highlight. In comparing circulation rates for six months ending in March 2009, circulation rates have fallen an average of 7 per cent when comparing daily circulation for the same period ending March 2008: Anonymous 'Top 25 Papers by Daily Circulation in New FAS-FAX' Editor and Publisher (27 April 2009) http://www.editorandpublisher.com/eandp/news/article_display.jsp?vnu_content_id=1003966608.

copyright contracting are still directly relevant today. When these same matters were in dispute, cases suggested a pro-author interpretation.

In terms of copyright contracts, the main requirement was that assignments needed to be signed and in writing or entered in the Book of Registry at Stationers' Hall.[57] Much formality infused the early caselaw. In *Hole v Bradbury*,[58] Fry J asserted that an assignment had to be in writing or, if made by a registered proprietor it had to be proved by an entry in the book kept in Stationers' Hall.[59] Moreover, if a licence to print had to be in writing, an assignment of copyright or a perpetual licence also had to be in writing.[60] Section 5(2) of the 1911 Act reiterated 'the assignment in writing and signed rule' but eliminated the registration requirements that had been in place since the Statute of Anne. Also, as shall be further discussed in this chapter,[61] assignments of a legal interest could not be made orally, but oral assignments could create an equitable interest in the copyright. Besides specifics on formalities,[62] the laws were silent on interpreting assignments and licences, and judicial precedent in the common law and equity courts evolved to address these interpretation issues.

### 3.1 Ambiguity and Restrictive Contract Interpretation

A prominent recurring theme in these early cases was that copyright contracts, and even outright assignments, needed to be very specific to be enforceable.[63] In all these cases, courts adopted a restrictive interpretation of the contracts and were often loath to disadvantage the author. The cases followed the seminal decision of *Stevens v Benning*,[64] which set the test for determining the difference between an assignment and an implied licence. In that case, a lawyer agreed that his well-known work be published by the firm Saunders & Benning and, from time to time, agreed to revise the work for subsequent editions. On the issue of whether the agreement carried the copyright or not, Lord Hatherley V-C affirmed that:

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57 The 1842 Act s 18(3).

58 (1879) LR 12 886 (Ch D)(Fry J)('*Hole*').

59 ibid 894.

60 ibid; based on the Statute of Anne and Act 5 & 6 Vict c 45 (Tithe Act 1842) regulating copyright repealed by the Statute Law (Repeals) Act 1998 c 43.

61 Text to n 94 in this chapter.

62 The 1842 Act s 18(3).

63 The view that rights needed to be express is consistent with the legal commentary of the time; see WA Copinger *The Law of Copyright* (Stevens and Haynes London 1870) 248–66 who devotes an entire chapter (ch 19) to 'Authors and Publishers'.

64 (1855) 1 K & J 168 ('*Stevens*').

> No doubt if an author, in consideration of a sum of money paid to him, agreed that certain persons shall have the sole power of printing, reprinting, and publishing a certain work for all time, that would be parting with the copyright; but if the agreement is that the publishers, performing certain conditions on their part, shall, so long as they do perform such conditions, have the right of printing and publishing the book, that is a very different agreement.[65]

As a result, if 'certain conditions' were imposed between the parties this 'very different agreement' was an implied licence and not an assignment.

Licences to publish were distinguished from full or partial assignments of the copyright. A test was whether the contract showed reliance on the part of the grantor on the personal skill or reputation of the grantee.[66] In *Hole v Bradbury*,[67] where a grant of the 'sole and exclusive right of printing and publishing' was construed to be a licence, the court found that the author had relied on being compensated.[68] Significantly, the burden rested on the party asserting to prove the assignment.[69] Moreover, a licence was prima facie revocable if certain conditions were not in place. For example, the grantee of a licence to reproduce a photograph in an illustrated paper could not allege that he had a vested interest entitling him to reproduce the photograph a second time in a future edition of his paper, only because he had made a plate of the photo from which it could be reproduced.[70] When a licence was granted without express terms as to time or scope, it was 'merely a licence at will which may [have been] revoked at any time.'[71]

In *Re Judes' Musical Compilations*,[72] an author–publisher agreement stipulated that the publisher had the sole and exclusive right of printing the series and agreed that the cost of printing would be his.[73] The court ruled in favour of the author in finding a licence because if the author intended to part with the copyright he would have clearly said so.[74] The publisher did not have a 'right of all time, and under all circumstances' and in relying on *Stevens*, the court found an implied condition to publish the book and to produce a profit.

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65 ibid.

66 MacGillivray 1912 (n 25) 63.

67 *Hole* (n 58).

68 ibid 894; granting an assignment would have been 'so unreasonable' since the publisher would have had the option to publish or not and leave the author uncompensated.

69 ibid.

70 *Bowden Bros v Amalgamated Pictorials Ltd* [1911] 1 Ch 386.

71 MacGillivray 1912 (n 25) 65.

72 [1906] 2 Ch 595 ('*Re Judes*').

73 There would be a royalty of 6d (ie 2.5p) on each copy sold and the publisher should supply copies to the author at 1s 6d per copy as required.

74 *Re Judes'* (n 72) 603.

There would be no profit for the author if copyright were allowed to pass. In short, 'why beat about the bush to find other words … and if the copyright is not assigned in those words, or rather, in that word, there must be a possibility of a latitude construction.'[75]

In *Sweet v Cater*[76] two publishers fought over whether the author had conveyed an assignment or a licence. The plaintiff publisher, Sweet, believed its agreement with the author over the tenth edition of a law text was an assignment. Some months after the publication, a third-party publisher reproduced the same edition with some minor alterations. The defendant publisher claimed that the author had never assigned his copyright to Sweet and that it was still vested in him as the author. The court ruled for Sweet as the contract was an assignment in equity. But significantly, because the agreement lacked a temporal restriction, it was only 'an assign of the copyright *in a limited sense*'.[77] For the court,

> [i]t is most probable that, when Sir E Sugden [the author] drew this agreement, he was looking forward to the time when he might think it right to publish some subsequent edition; and he was taking care to impose an obligation on Sweet to sell.[78]

Consequently, the court ruled in favour of Sweet but limited his right to publish and sell to the tenth edition.[79] While the court called the agreement an assignment, in practice it was more of an exclusive licence to publish the tenth edition only. For the court, the author 'might think it right' to publish future editions of his work with other publishers, thereby necessitating control over his future copyright.

*Reade v Bentley*[80] was a highly publicized case as both author and publisher were well known.[81] *Reade* followed *Sweet* and inferred that an agreement between author and publisher did not amount to a sale of the copyright but only authorized the publisher to fix the selling price and publish one edition of the work (and others with permission). The agreement stipulated that the defendant publisher, Bentley, would assume all risk of publishing and the profits of every edition would be divided equally. A half-profits agreement

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75 ibid.

76 (1841) 11 Sim 572 ('*Sweet*').

77 ibid 579 [emphasis added].

78 ibid 578.

79 ibid 574; the contract stated that the publisher was, 'desirous of purchasing same [the tenth edition] in consideration of specified instalments.' It was agreed that 2,500 copies should be sold.

80 (1857) 3 K & J 271 ('*Reade*').

81 Bonham-Carter (n 5) 11.

was generally the practice at the time.[82] As one author commented, 'the publisher had a free hand to adulterate the accounts with secret and disloyal profits on the paper, the printing, and the advertisements.'[83] The court expressed its greatest reservations on the imprecision of terms:[84]

> I cannot suppose that authors and publishers are so unaware of the importance and value of that right as not clearly to express their intention when they mean the copyright to pass. I have no hesitation in coming to the conclusion that this agreement is not, and was never intended by either party to be, a contract for the sale of or purchase of the copyright.[85]

The court disapproved of the contract's silence on who was to fix the price of the work. If the publisher intended to fix the price, it was 'scarcely possible to conceive that he should have allowed a term so important to be omitted from the agreement.'[86] Nonetheless, the court ruled in favour of the publisher since he was in the best position to set this amount, as it was 'necessarily incident to his duty' of balancing his expenses and profits to set the selling price.[87]

But on appeal, *Reade II*[88] reversed the lower court and did not entitle the publisher to publish any more editions without prior permission. Like *Sweet*, *Reade II* suggests that the publisher needed to secure prior permission from the author even in contexts where one would perhaps not expect the need (for example publishing additional book editions). As a result, the court strictly interpreted the agreement in favour of the author. Page Wood V-C suggested that (1) the proper custom of trade was to obtain consent with express terms (the custom of the trade was to obtain further payment on subsequent publication in volume form),[89] and (2) economic reasons such as price-fixing are no reason to invalidate authors' rights.

Accordingly, *Reade II* was aware of the author's weaker position vis-à-vis publishers and attuned to the author's potential hardship in dealing with publishers.

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82 Other terms were also agreed, e.g. remainder sales at a lower figure than the normal trade price was left 'to the judgement and discretion of the said Richard Bentley.' ibid 92.

83 Besant cited in Bonham-Carter (n 5) 92.

84 *Reade* (n 80) 274 'It is unfortunate that publishers and authors should frame their agreements with so little precision.'

85 ibid 274.

86 ibid 275.

87 ibid 276.

88 *Reade II* (n 1).

89 Bonham-Carter (n 5) 62–3.

> The Plaintiff [author] has no reciprocal power. He could never compel the Defendant to publish more than a single edition of the work. His powers are limited to what the contract gives him; and, according to the contract, when the Defendant has published a single edition the contract on his part is fulfilled. That is a position of considerable hardship for an author, and one which ought to be clearly shewn upon the face of a contract to have been contemplated by the parties who entered it.[90]

If the defendant publisher were allowed to fix the price this would be of greater hardship to the author.[91] If such a term was intended the contract should have said so. Moreover, the court speculated that if the publisher were allowed to fix the time and mode of publication, and unfavourable publishing conditions were to arise in the publishing of a further edition, the publisher,

> would decline indefinitely to publish, but without resigning the contract. The author might be of a contrary opinion, and yet for months or even years he might be kept in suspense, and prevented from publishing on his own account until his publisher should be of opinion that the time had come for the revival of the public interest in his work. That is *a position of difficulty and hardship* to which an author *ought not to* be reduced*, unless the contract is express and clear* upon the subject.[92]

While the court recognized that there was a balance of interests in interpreting the contract, it reasoned that ruling against the author in an ambiguous scenario would place the author in the greater position of difficulty and hardship. As a result, the court placed the onus formally on the publisher to prove his rights. It decided against an assignment in favour of possibly a 'joint venture'[93] or an implied licence.

### 3.1.1 Conclusions and judicial interpretive aids

*Reade II,* along with the other examined cases on ambiguous contracts, were reluctant to deduce an assignment from an ambiguous contract. These courts consistently censured such ambiguity. The remedy was simple: use precise language. Consequently, when 'an author assigns his copyright, the transaction is one which every person understands, and which leaves no room for uncertainty as to the rights of the parties.'[94] A summary of the principles of interpretation applied might be that courts:

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90 *Reade II* (n 1) 664–5.

91 ibid 665.

92 ibid [emphasis added].

93 *Abrahams v Herbert Reiach Ltd* [1921] 1 KB 477 (CA) following *Reade II* (n 1) finding a possible partnership at will where either party could with reasonable notice quit the venture.

94 *Reade II* (n 1) 661.

- Strictly interpreted ambiguous language in reading in no more rights than necessary to give effect to the transfer or licence (*all cases*)
- Weighed the intention of the parties to transfer or licence the works (*Re Judes'*)
- Required that parties use express terms, for example specify time, scope (*Stevens, Hole, Sweet, Reade II*)
- Defaulted in favour of the author absent express terms (*Reade II)*
- Found no transfer where there was no use of the copyright (*Hole, Re Judes'*)
- Weighed the grantor's reliance interest on the personal skill or reputation of the grantee (*Hole*, *Reade II*)
- Weighed the author's hardship (*Reade II*)
- Applying s 18, separate publication of works was not allowed except 'as part as' (*Mayhew, Smith*)
- Ruled that future editions needed separate permission and payment (*Sweet*)
- Found that custom of trade was not a defence without express terms (*Reade II*)
- Found that economic factors were no reason to undermine authors' rights (*Reade II*); and
- Placed the onus on the grantee (*Hole, Reade II*).

The courts therefore appeared to favour authors where contracts were unclear or ambiguous, and developed a variety of factors to decide cases involving equivocal grants of rights.

While it is difficult to be conclusive, this pro-author stance was perhaps due to some combination of the following factors. First, in the cases in which there was a litigant from the middle or upper classes, the courts seemed attuned to correcting the bargaining imbalance between the parties. For instance, one wonders whether in *Hall-Brown* the court was concerned in protecting the vulnerable authoress unaccustomed to publisher dealings, and engaging in the *belles lettres* rather than a struggling copy writer for the gutter press. Or as in *Sweet*, the court may have protected Sir E. Sugden, a respectable scholar writing a treatise, from being manipulated by his publisher. Perhaps the court was of the view that men of business should not be allowed to prey on men of letters. Second, as the jurisprudence noted at times, it only seemed fair that publishers, who controlled the pricing, ought to know how to write an express and decent balanced contract. Third, courts seemed to extract certain policy principles from the statutes, for example authors had the right to control their works and get paid for them (as at least present in the 1842 Act), which were not unfamiliar to courts in that they were principles of property law. In other words, the courts were able to find a way to use property law norms, at times,

to inform their decisions. Fourth, as I discuss at the end of this chapter, courts may have been vigilant of general public policy reasons in balancing the interests of authors, publishers and users, and were supplementing the statutory scheme with 'purposive' decisions that tended to make strict and formal findings against publishers and find presumptions in favour of authors. Further, as I illustrate in Chapter 10, in relation to nineteenth-century contract law and the decline of the concept of freedom of contract, this laissez-faire period eventually resulted in legislative and judicial intervention to soften the harshness of the market. This distributive concept of justice may have also been echoed in copyright.

The conditions between freelancers then and now are of course different; however, certain systemic similarities remain. As discussed in Chapter 2, the imbalance of bargaining power has reasserted itself with the proliferation of technology, the general globalization of publishers and working conditions, and the decline in the efficacy of labour law regimes. Publishers continue to set the terms of most contracts. There is perhaps a similar struggle within the author community between works worthy of protection (say, literary works) and works on the edges of social approval (say, blogs or even newspaper articles). As I discuss in Chapters 6 and 9, the statutory copyright protections in the UK have been eroded over the twentieth century, and so there is room once again for pressure on judicial decision-making to protect authors' rights, and these precedents are entirely relevant to those conditions. These reasons may thus endorse a similar pro-author stance in today's copyright contract interpretation.

## 3.2 Equity

English courts resorted to equitable principles and at times used these to circumvent written formalities and treat failed attempts at legal assignments as oral contracts to assign. Any suit that could be brought in Chancery between the mid-seventeenth century to 1841 could equally be brought in Exchequer.[95] Exchequer was abolished in 1841 and equity lawsuits were regularly held in Chancery, although only limited steps were taken towards a fusion of common law and equity.[96] Since the Supreme Court of Judicature Acts, courts applied

[95] J Milhous and RD Hume 'Eighteenth-century Equity Lawsuits in the Court of Exchequer as a Source for Historical Research' (1997) 70(172) Historical Research 231–46, 231.

[96] The Common Law Procedure Act 1854 gave to the common law courts a certain power to give equitable remedies; the Chancery Amendment Act 1858 (known as Lord Cairns' Act) gave Chancery the power 'to award damages in addition to, or in substitution for, an injunction or a degree of specific performance'; JE Martin *Modern Equity* (15th edn Sweet & Maxwell London 1997) 14–15.

common law and equitable principles concurrently, and in the event of any conflicts equitable rules prevailed.[97] In equity, and still very much the case today, parties who agreed to transfer future rights were treated as promising to assign the future copyright once the work was created.[98] The promisee became the equitable assignee or beneficial title holder and the promisor was the equitable assignor with a bare legal title.[99] But it was clear that after publication, a legal assignment had to be put in writing and signed by the assignor or his agent.[100]

The first case that recognized that an author's right could not be assigned without writing in due form was *Jeffreys v Boosey.*[101] In a later case, a valid assignment was presumed from 'a long course of dealing without actual evidence of an assignment in writing.'[102] In *Sims v Marryat*[103] the court found an equitable assignment in favour of a third-party assignee. The defendant, Marryat, without knowing that his deceased father had assigned the copyright in all his works to a third party (the assignment was in writing but unsigned) exclusively licensed his father's works to the plaintiff publisher. Before the plaintiff publisher published the book, the third-party publishers served him with notice that they owned copyright to the work. The plaintiff publisher abandoned publication and sued Marryat to determine whether it had a valid title to publish or whether the third party had an equitable interest. The court found that the plaintiff publisher had an express warranty to use the works in law, but that the third party held an equitable interest in the copyright. An express agreement could not override a previous interest granted in equity.

The same issue was resolved in favour of the publishers in *Erskine MacDonald v Eyles.*[104] In that case, publishers sued an authoress, Eyles, who had granted an option to acquire an interest in the copyright for her 'next three books.' When the next novel was sent to rival publishers, they sued the author for breach of the agreement and were granted an injunction against publication

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97 Supreme Court of Judicature Act 1873 (36 & 37 Vict c 66) and Supreme Court of Judicature Act 1875 (38 & 9 Vict c 77), both acts were designed to fuse the administration of the courts of equity and common law. For commentary see J Beatson *Anson's Law of Contract* (28th edn Oxford University Press Oxford 2002) 276.

98 D Vaver *Copyright Law* (Irwin Law Toronto 2000) 243.

99 The assignee then perfects its interest through a court order compelling the assignor to put the assignment in writing; ibid; L Bently and B Sherman *Intellectual Property Law* (3rd edn Oxford University Press Oxford 2009) 263.

100 The 1842 Act s 15; the 1911 Act s 5(1).

101 (1854) 4 HLC 815.

102 See also *Denison v Ashdown* (1897) 13 TLR 226 presuming a licence from a 'long course of dealing.'

103 (1851) 17 QB 279 ('*Sims*').

104 [1921] 1 Ch 631 ('*Erskine*').

of the next novel. The court reasoned that during the legal term of the copyright the publishers had the exclusive right of producing and publishing the work.[105] By sending the next novel to a rival publisher, the author breached these terms. For the court, the publishers who had an 'inchoate right of printing and producing the work' successfully demonstrated that they were intended to have the copyright in the work and were entitled to go to court for protection.[106]

*Erskine* also discussed future rights. In obiter dicta, Peterson J explained that the plaintiff could have taken an assignment of future rights in the author's next three books thereby acquiring a good legal title on future works.[107] And where damages would be insufficient relief, the court was willing to enforce specific performance of a contract.[108] The court adopted a property-rights-based discourse, as there was 'no difference in principle between this contract and a contract to transfer all future patents or improvements on an invention or a contract by a farmer for the sale of a future crop.'[109] In short, the authoress signed a contract 'to sell the products of [her] labour and industry.'[110] While equity worked against the author, a clause in the agreement provided that the author had a reversionary interest in the copyright after three years from the date of publication.[111] Also, *Erskine* was proven wrong in *Performing Right Society v London Theatre of Varieties*,[112] where the House of Lords granted the plaintiff union an equitable interest but not a perpetual injunction to defend exclusively the copyright.[113]

In the final analysis, while publishers seized on equity to treat failed attempts at legal assignments as oral contracts to assign, when one applies these facts to those pertaining to freelancers today, they can be distinguished. To reiterate, the examined equity cases circumvented written formalities; equity simply stepped in to do the rubber-stamping. For instance, in *Sims*, the deceased father had assigned copyright in a writing that lacked a signature. In *Erskine*, the contract was very specific as the publisher was entitled to the next three books and in dispute was whether the new book belonged to the former or the third-party publisher. Moreover, the court found that the publishers proved the authoress' clear intention to convey. But in the freelancers' cases

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105 ibid 639.
106 ibid 636.
107 Relying on *Ward Lock & Co v Long* (1918) 34 Times LR 351 overruled in *Performing Right Society v London Theatre of Varieties* [1924] AC 1 (HL).
108 Relying on *Falcke v Gray* (1859) 4 Drew 651.
109 Relying on *Ward* (n 107) 637.
110 *Erskine* (n 104) 637.
111 ibid 632.
112 [1924] AC 1 (HL).
113 The legal owners of the copyright had to be joined in the action.

there has seldom been any almost complete agreement and certainly evidence is at best inconclusive as to intent to convey freelancers' future copyright.[114] Also, the current standardized letters have not been the subject of any negotiation or discussion among the parties. To validate an oral agreement in law, three certainties are required: identity of contracting party, subject matter and price – or some mechanism for fixing each. In applying these early equity cases to freelancers, uncertainty in remuneration may not allow publishers to circumvent written formalities.

The point is that equity only interceded where there was a concluded, albeit informal, agreement. So equity cases may not really be at issue to the central question in this book of what uses are permitted where the agreement does not amount to an assignment. Equity helped publishers on the different question of whether an assignment could be enforceable despite non-compliance with formalities.[115]

### 3.3 Reversion and Remuneration

To mitigate the potential hardship of section 5(2) of the 1911 Act, copyright reverted to the author's estate after the expiry of 25 years and the publisher was entitled to reproduce the author's work on payment of a 10 per cent royalty.[116] In this way, the income stream to the families of the author could be secured as well as the continued exploitation and dissemination of works. But the payment for an author's work used as part of another work was unclear. It was suggested that the payment would be calculated at 10 per cent of the published price of the whole work.[117] Nonetheless, before the onset of this provision, royalties were typically agreed upon between the parties.

In *Neufeld v Chapman Hall*,[118] the publisher had agreed to pay the author royalties for all copies sold including serialized and foreign copies. In the same written agreement, the author had assigned his copyright with the exclusive right to publish the work in serial or book form in Britain or elsewhere. Once the publishers reproduced the work in volume form in Britain, they sold their serial rights to a third-party magazine publisher and sold their copyright

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114 e.g. *Robertson v Thomson Corp* (2001) 15 CPR 4th 147 (2001) 109 ACWS 3rd 137 (SCJ); (2004) 72 OR 3rd 481, 243 DLR 4th 257 (CA); 2006 SCC 43 [2006] 2 SCR 363, 274 DLR 4th 138 (SCC) discussed in ch 7 text to n 79.

115 The classic *Walsh v Lonsdale* (1881) 21 Ch 9 doctrine that an informal agreement can create rights in equity.

116 MacGillivray 1912 (n 25) 68, this did not apply to collective works.

117 FE Skone James (ed) *Copinger and Skone James on the Law of Copyright* (8th edn Sweet & Maxwell London 1948) 92 citing *Osbourne v Dent* [1925] 1 Ch 369.

118 (1901) The Times (31 Oct 1901).

to a German firm who published it in Germany. The publishers maintained that they owed royalties only for the British copies sold. But ruling in favour of the author, the court held that royalties were not limited to British copies sold but extended to all other uses of the work in other countries. More specifically, '[t]the published price of the copies sold in serial form was to be estimated by taking a part of the published price of the magazine proportionate to the space occupied by the plaintiff's work.'[119] The publishers therefore unsuccessfully attempted to pay the least amount of royalties, even when these were required by the written agreement. But in *Nichols v The Amalgamated Press*,[120] the Court of Appeal ruled that once a work was assigned to the publisher, the publisher was not bound to exploit or sell the work and could license such work to third parties without affording the author any royalties for this work. The author was only entitled to royalties on copies that were sold directly by the publisher. MacGillivray noted that while this case was recorded as a 'startling decision' upon the rights of an author under a royalty agreement, it was found to be 'consonant with sound principles of legal construction.'[121]

On another royalties case,[122] the court ruled in favour of the publisher since the author had no claim for a royalty on the sale of remainder copies. The agreement had specified a retail sales price with a royalty that did not extend to a lower price for remainder sales. As a result, when the publisher sold most of the books on remainder at a lower price, the author received royalties only on the agreed sale price.

In terms of remuneration, today authors must similarly bargain individually with publishers for royalties flowing from their works, beyond the initial lump sum. Indeed these decisions are for the most part consistent with current practice in common law countries, but not with continental European laws where a variety of provisions are available to avoid this hardship for freelancers. Also, *Neufeld* did suggest a payment calculation scheme for serialized copies where the article would be paid according to space occupied in the magazine. Significantly, this practice no longer exists today, where publishers' policy is to remunerate authors for 50 per cent of spot sales but not for serialization or syndication.[123] These practices certainly run contrary to this early precedent.

In the Pretoria High Court, lawyers representing a South African family used section 5(2) of the 1911 Act to sue Disney and three other corporations. A 1939 composition 'Mbube', by migrant worker Solomon Linda, formed the basis for two songs, 'Wimoweh' and 'The Lion Sleeps Tonight', used in

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119 ibid 15.
120 (1908) Mac CC 166 ('*Nichols*').
121 (1905–1910) Mac CC viii notes.
122 *Farmer v Grant Richards* (1904) Mac CC 78; The Times (27 Feb 1904).
123 Ch 9 text to n 4.

Disney's Lion King movies.[124] Linda's descendants sued for £1.6 million in royalty payments for the song, which became an international hit. The song has earned an estimated US$15 million in royalties since it was written.[125] Pursuant to section 5(2) of the 1911 Act, the rights to the song reverted to Linda's estate in 1987, 25 years after his death. Linda originally sold the worldwide copyright to his song to a local recording studio. His descendants were poorly educated and did not know how to obtain royalty payments.[126] In February 2006, the case settled for an undisclosed amount. The settlement involved back payment of royalties from 1987 and the right to receive future payments for worldwide use.[127] Before the settlement, the family had received only US$15 000 from Disney. It was in Disney's interest to settle, given that legal action may also have been launched against Disney and other companies in the UK and Australia, where the UK law would have applied.[128]

The case shows how section 5(2) served (and still serves for some) important purposes: to allow the author and estate to benefit directly from the copyright and to protect them from an improvident bargain.[129] Unfortunately, the CDPA no longer contains such a provision. Thus works created after 1956, when section 5(2) was repealed, are no longer privy to reversion. As a result, authors' often-impoverished estates are deprived from reaping any reward. Significantly, freelancers do not have a reversionary option, which makes the issue of control of their future exploitation rights all the more important.

### 3.4 Bankruptcy

Bankruptcy of publishers highlighted problems of royalties, contract construction, and privity between parties. The cases were particularly harsh to authors. In *Re Grant Richards*,[130] the assignee publisher became bankrupt and the

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124 R Carroll 'Lion Takes on Mouse in Copyright Row' The Guardian (3 July 2004), the Zulu lyrics were mispronounced by Pete Seeger and Mbube became Wimoweh. The song was adapted by over 170 artists. For a comprehensive history of the hit song see R Malin 'In the Jungle' Rolling Stone (25 May 2000) 54.

125 ABC News Online 'African heirs sue Disney over "Lion Sleeps Tonight"' (5 July 2004) http://www.abc.net.au/news/newsitems/200407/s1146596.htm.

126 Carroll (n 124).

127 S LaFraniere 'In the Jungle, the Unjust Jungle, a Small Victory' The New York Times, Johannesburg Journal (22 March 2006) online: nytimes.com: 'In February, Abilene agreed to pay Mr. Linda's family royalties from 1987 onward, ending the suit. No amount has been disclosed, but the family's lawyers say their clients should be quite comfortable.' See also, O Dean 'The Return of the Lion' (2006) 2 World Intellectual Property Organization Magazine 8.

128 ABC News Online (n 125).

129 *Chappell & Co Ltd v Redwood Music Ltd* [1981] RPC 337.

130 [1907] 2 KB 33.

court held that the trustee in bankruptcy did not need to pay the author royalties. The sale of copyright was like a sale of goods with prices varying; once the buyer went bankrupt, the trustee could do with the copyright 'what he pleased.'[131] The author's remedy was in damages for breach of contract, which would inevitably fail to compensate, given the bankruptcy. *Barker v Stickney*[132] revealed a similar result where the plaintiff author had assigned copyright to a company in return for a royalty. The company became bankrupt and the copyright was sold to the defendant third party. The court held that the defendant was not bound to pay the royalties to the plaintiff. Specifically, in distinguishing itself from a line of cases allowing recovery of assets from third parties,[133] the court ruled that the royalties were not the purchase money as, 'the consideration for the sale of copyright was not the payment of royalties, which were not then due, and might never become due.'[134] The court was particularly loath to interfere in author–publisher affairs. Since copyright was like personal property, authors should have appealed to the Bankruptcy Act for protection.[135]

But according to some commentators the manifest injustice in these results is still widespread.[136] As noted in Chapter 2, publishers insist on outright assignments. Many often become liquidated or change ownership resulting in copyrights being sold to large multinational companies. In consequence, many authors have lost their right to payment. It is now clear that a vendor's lien for the purchase price arises by operation of law, and it is not dependent on the intention of the parties.[137] To this end, *Barker*, which only examined evidence of intention to create a charge or encumbrance, 'appears to be wrong.'[138] But because *Barker* has stood so long, legislation may be necessary to allow recovery of royalties from third parties.

A fairer result seems endorsed by *Lucas v Moncrieff.*[139] In this case, the

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131 ibid 35.

132 [1919] 1 KB 121 ('*Barker*').

133 e.g. *Haywood v Brunswick Building Society* (1881) 8 QBD 403; *Dansk Rekylriffel Syndikat Aktieselskab v Snell* [1908] 2 Ch 127.

134 *Barker* (n 132) 129–30.

135 Bankruptcy Act 1914, 4 & 5 Geo 5 c 59 s 60.

136 JN Adams 'Barker v Stickney Revisited' (1998) 1 IPQ 113–15, 113.

137 *Barclays Bank v Estates & Commercial Ltd* [1997] 1 WLR 425.

138 Adams (n 136) 115; *Barker* was not followed in the US: *In Re Waterson, Berlin and Snyder Co* 48 F 2dn 704 (1931) (Hand J) 707 where the court, applying other English and US authority, did not follow the 'rigorous' English doctrine as 'it deprives the author of any substantial remedy, though the consideration he was to receive for parting with his compositions was to depend on royalties accruing from a business during a long period of years.'

139 (1905) Times LR 683 (Ch D)('*Lucas*').

plaintiff author agreed to act as a reader and literary adviser to the defendant publisher. Subsequently, the author wrote a book to be published by the defendant with profits to be shared equally. Several editions of the book were reproduced and subsequently the publisher became bankrupt. The author applied for an interim injunction to restrain the defendant Moncrieff (the trustee in bankruptcy for the publisher Grant Richards) from publishing his book to which he claimed copyright. At issue was copyright ownership. The trustee in bankruptcy on behalf of the publisher argued copyright entitlement since the publisher had instructed the author in writing. Nonetheless, the court ruled that so long as the profits were shared with the author, the defendant publisher did not have the exclusive right to reprint the book. The contract was a personal one and the bankruptcy of the publisher terminated the joint adventure and 'left it open to the plaintiff to employ another publisher so long as he did not interfere with the sale of what was left of the current edition of the book.'[140] This case favoured the author by not burdening him with his publisher's changing corporate affairs.[141]

In sum, it seems that bankruptcy schemes were not well suited in dealing with copyright law matters. As they became available to publishers who reorganized, authors could not rely upon them for a fair result. Just as labour relations schemes may apply to relieve pressure on copyright law to protect the benefits of employed authors, the development of bankruptcy schemes can also shed an indirect light on these same pressures. In this case, freelancers who had been subject to publishers' reorganizing could not rely on bankruptcy law to deal with their unpaid royalties. Today, the same may be the case. Though given that freelancers are seldom privy to royalties, the inability to recover them may not be an issue. Still, such is no reason to overlook possible statutory schemes for freelancers (to both receive and then protect their royalties).

### 3.5 Balancing Copyright Policy

Earlier I noted five main policy reasons that could explain courts' pro-author findings: (1) authors' imbalance vis-à-vis publishers; (2) publishers were the more knowledgeable contracting party; (3) property norms of the time justified authors' control and payment for their works; (4) distributive justice principles

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140 ibid 684.

141 *Griffith v Tower Publishing Ltd* [1897] 1 Ch 21 is another case which follows *Stevens* (n 64) line of reasoning. In *Griffith* the publisher became bankrupt, appointed a receiver and converted into a limited company. It unsuccessfully claimed that since the contract was no longer of a personal nature due to its change in status the author should no longer be entitled to collect its royalties. Thus, a publisher's limited company status was irrelevant for finding non-assignability in favour of the author.

from contract law may have echoed in copyright law; and (5) collectively, these early copyright cases indicated a balancing of interests: those of authors, publishers and users. Courts weighed authors' interests against publishers' interests by examining hardship between the two. As a result, courts adopted a strict interpretation often ruling in favour of authors. Frequently, the cases were morally charged: in *Hole*, the court allowed the author to recover the wooden blocks used for printing the drawings since the author 'had traced them with his own hand,' and 'never parted with the property in them.'[142] Additionally, even though the publishers had transferred them from wood to the paper, Fry J compared the small value of wood to that of the author's drawings. Also, more generally, courts were loath to find an assignment where the language was ambiguous because it would deprive authors of control over their works. Moreover, while the Chancery court afforded the author an injunction as the publisher reproduced the author's works without permission, mindful of user rights, it was 'anxious' not to imply that 'Reviews, Magazines and other works of this species may not be multiplied.'[143] Consequently, from the beginning, courts seemed aware of the varying interests in copyright law and their duty to ensure a balance between competing policies and interests.

## 4. CONCLUSIONS: A HISTORY LESSON

This chapter canvassed the early copyright contract legislation between authors and publishers and examined the early cases on point. Both the legislature and judiciary were mindful of the disparities between authors and publishers: early forms of copyright regulation were far more explicit and cases featured restrictive contract interpretation methods. Together, the courts and legislature attempted to restrain publishers from obtaining authors' copyrights outright.

Collectively, both the 1842 and 1911 Acts placed some restraints on publishers' rights that are no longer in place today in the common law countries. The publisher could only reproduce new works as part of a collective work and needed consent for additional uses. As well, the 1842 Act specifically obliged publishers to compensate authors for the use of their works and each subsequent use.

In some ways the 1842 Act was a 'blip' in copyright statutory history. Indeed, its predecessor statutes, starting with the Statute of Anne, were hardly supportive of authors. And those that followed were less supportive of authors

142 *Hole* (n 58) 898.
143 *Hogg v Kirby* (1803) 43 Geo III; 8 Ves 215, 226.

(for example in the 1911 Act there was no longer guaranteed payment for authors and reversion for collective work authors). And today, the Copyright, Designs and Patents Act 1988 (CDPA) offers authors far less.

Without a comprehensive study of the period, beyond the present scope, it may be useful to offer some observations to explain this blip. One clue arises in Phillips's work where, as earlier noted, long before the enactment of the 1842 Act, courts made the actual payment to authors 'a condition precedent' to vesting copyright in a contributed article in injunction suits.[144] Here it may be that this pro-author judicial background in part contributed to the eventual enactment of section 18. While the Parliamentary debates of the era do not confirm this proposition, they do contain very detailed discussions on authors' rights, these mainly dealing with extending the copyright term.[145] There appears to be no comprehensive discussion on section 18, for instance, as the bill made its way through Parliament.[146] Nonetheless, in the Parliamentary debates it is clear that from the outset, the overriding objective of the 1842 Act was to improve the pecuniary condition of authors through domestic copyright law:

> I do not, indeed, disguise that the main and direct object of the bill is to insure to authors of the highest and most enduring merit a larger share in the fruits of their own industry and genius than our law now accords to them; and whatever fate may attend the endeavour, I feel with satisfaction that it is the first which has been made substantially for the benefit of authors, and sustained by no interest except that which the appeal on their behalf to the gratitude of those whose minds they have enriched, and whose lives they gladdened, has enkindled.[147]

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144 Phillips (n 18) 174.

145 Mahon's speech during a House committee meeting (1842) 62 Hansard Parl Debates 1348. The then term was 28 years and the bill proposed extending it to 60 years.

146 See nn 22–30 on this point. Interestingly, clause 15 of the bill, what would have been the UK's first fair-dealing provision was debated 'allowing extracts for purposes of "criticism", "judgement" or "argument"' during a House Committee meeting prior to the reporting stage of the bill' (18 April 1842) (1842) 62 Hansard Parl Debates 890–1. Mahon explained that 'it was necessary to adopt some measure for the prevention of the artifices which are constantly resorted to in order to profit from extracts from popular works.' Curtailing piracy and allowing the author to have a remedy were advanced as reasons for allowing the provision. Though it was eventually deleted in the House of Lords for it would impede the 'general diffusion of literature' (Dr Bowring). The only other clause in dispute during the final stages of the bill was 'clause 24' dealing with empowering 'any of the judges either of the courts of equity or common law… to grant injunctions in cases of piracy.' While clause 24 was eventually omitted, the remaining clauses were agreed to and the bill was to be reported (18 April 1842) (1842) 62 Hansard Parl Debates 890–1.

147 Talfourd during a successful motion for the second reading of the bill (25

The bill's 'main and direct object' that sought to restore justice and fairness (along with addressing the public interest) may help explain why the 1842 Act resulted in favourable pro-author provisions.[148]

Second, as noted, and as will be discussed in the next chapter, during the mid-nineteenth century, publishers and authors became aware of the need for international copyright protection.[149] This property-laden copyright discourse heightened the need for stronger domestic copyright legislation.[150] Domestically, Scrutton explains that 'the position of authors whose pen was their living became more honourable, and it was felt that the Statute of Anne gave too short a term of remuneration.'[151] But after the 1842 Act, as labour protection standards were introduced, there may have no longer been a need or pressure to protect authors through copyright (at least in the case of employed authors). And third, as suggested in Chapter 2, by the late nineteenth century publishers increasingly grew more global and naturally lobbied for fewer restrictions. Fourth, more generally, Catherine Seville, who studied the framing of the 1842 Act, offers that the nineteenth century repeatedly

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April 1837) (1837–8) 42 Hansard Parl Debates 555, 556 (this session received one of Talfourd's strongest majorities with 116 to 64 votes in favour of the motion). This pro-author objective is stressed in each of the Parliamentary debates and most emphatically during Mahon's speech in a House Committee meeting (1842) 61 Hansard Parl Debates 1348.

148 Alongside the repeated pledges in favour of the author is the belief that the bill would be equally in the public interest: '… the public in general had a deep interest in the welfare of literary men.' Mahon (25 April 1837) (1837–8) Hansard Parl Debates 555, 591. '… a just system would benefit the public generally and the authors in particular…' (9 May 1837) (1837–8) 42 Hansard Parl Debates 1056, 1065 'Authors did not claim any exclusive privilege over the community: they did not demand a right to tax the public … It was brought forward for the purpose of protecting the rights of a respectable and deserving class, and the public would be equally benefitted.' (Talfourd at 1068). This argument is portentous since it anticipates one of the biggest attacks from Macaulay on taxing the public to come some years later; see text to n 162 in this chapter.

149 This is certainly true from the authors' own writings e.g. Wordsworth's letters; see M Moorman *William Wordsworth: A Biography – The Later Years 1803–1850* (Clarendon Press Oxford 1965) 938. Wordsworth was a staunch ally to both Talfourd and Mahon and a very vocal proponent of increased copyright protection.

150 Bonham-Carter (n 5) 75.

151 TE Scrutton *The Law of Copyright* (4th edn William Clowes & Sons London 1903) 42, noting that the matter for lengthening the term to improve authors' remuneration, 'was at last taken in hand purely in the interests of authors' during the fight for the 1842 Act. Scrutton asserts that the 1814 Act (which for the first time had extended the term of protection to the author's life) was 'a bribe to outweigh the disadvantages of an increased supply of copies to public libraries, rendered obligatory by other clauses of the Act, than a disinterested recognition of the claims of literature.'

embraced a vision of reform as the 'spirit of the age', with 'conscious emphasis on utility, efficiency and humanitarianism.'[152]

Fifth, by examining the direct history to the 1842 Act, one learns that a year prior to its enactment, Talfourd, the author, barrister and Member of Parliament for Reading, had made some forceful proposals for a new Act, which alienated both the book trade and authors (he briefed only a handful of authors, and then at too late a stage).[153] Seville explains that the 1842 Act was the subject of five years of heated public and parliamentary debate,[154] largely because Talfourd proposed that copyright protection be extended to 60 years and that after 28 years (the then current term) all rights should revert to authors.[155] Most publishers objected to this excessive length of copyright protection, as they had to 'pay twice for the purchase of the copyright.'[156] And so, 'his proposals were swamped by a plethora of petitions from publishers, printers and others – even up to his final attempt when the Bill floundered very early in the 1841 session.'[157] By contrast, the 1842 Act was eventually brought in by Mahon, president of the Royal Literary Fund.[158] He was a 'clever tactician' who secured the significant support of the John Murrays and Longmans.[159] Mahon supplied them with early versions of the bill and they

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[152] Seville (n 9) 3.

[153] Talfourd's bill was first read in the House of Commons on 29 January 1841 (1841) 56 Hansard Parl Debates 146; in his speech he recounts the antagonistic history of the bill. See also Bonham-Carter (n 5) 73.

[154] Seville (n 9) 6.

[155] See n 145 in this chapter. In the debates, Dr Johnson, was often cited as a 'wandering homeless' author as an example for the need of term extension (6 April 1842) (1842) 61 Hansard Parl Debates 1348, 1350. Though in Talfourd's motion for a second reading of the bill he maintained that, 'He had always taken every pains to let it be understood that he was not by any means wedded to that term, but that a less term would satisfy him.' (5 February 1841) (1841) 56 Hansard Parl Debates 342.

[156] Bonham-Carter (n 5) 73; Seville (n 9) 33 states that 500 petitions were presented against the bill in the House of Commons between 1838 and 1840, amounting to over 30 000 signatures.

[157] Bonham-Carter (n 5) 73; Seville (n 9) 8, In 29 February 1841, on Talfourd's first reading of the bill, he recapitulated the history of the bill and said that 'on five different occasions, moved for leave to bring in that bill, and it had been so frequently opposed …' and had 'been the subject of numerous petitions from both sides of the House.' (1841) 56 Hansard Parl Debates 146. A motion for a second reading of the bill prompted Macaulay's famous speech (344–57) attacking Talfourd's bill; the bill ultimately failed with 39 to 45 votes against; (1841) 56 Hansard Parl Debates 342, 360.

[158] Mahon moved that the bill be read a second time on 16 March 1842; (1842) 61 Hansard Parl Debates 694.

[159] Bonham-Carter (n 5) 73–4; Seville (n 9) 122 indicates that Longman became 'one of those lobbying most actively for the revised 1842 bill – without the retrospective clause.'

commented on its drafting.[160] He also managed to gain more sympathy from Macaulay who had vehemently opposed Talfourd in the House of Commons.[161] In attacking Talfourd's 1841 bill, Macaulay echoed the publishers' stance and argued that copyright was a monopoly: extending the term of protection beyond the authors' death would not necessarily yield a greater bounty to authors but rather lead to a greater tax on readers and to the potential suppression of works.[162] But Seville notes that on the morning of the second reading of the bill, the newspapers condemned the trade opposition as 'unappointed advocates for the public,' interested only to grasp a monopoly for themselves.[163] Remunerating authors remained a central theme in these debates and ultimately the need for some longer period of protection was conceded. The 1842 Act thus appears to be a compromise between Talfourd's forceful pro-author demands and publishers' interests. Indeed, '[i]t took five years for the balancing process to reach a conclusion which was arguably arbitrary, and certainly calculated with an eye to political and parliamentary expediency.'[164] Perhaps the 1842 Act was also the result of the classic case where one aims high to obtain what they want. Today, there is something to learn from this early blip in copyright history. Freelancers should not shy away from making legislative demands but, at the same time, need capable leaders to secure publishers' support.

The cases on collective rights favoured authors. It is reasonable to conclude that (1) authors had the right to refuse consent to additional uses of their works, (2) custom could not be used to imply terms which were discussed generally without agreement, and (3) a publisher could not unilaterally impose new terms on the author as to the publication of a work in a shape or form not conforming to the author's expectations.

For freelancers today, these decisions suggest that where a freelancer submits a work without any express terms, the freelancer is deemed to have granted only an implied non-exclusive licence to publish the work once, in print. In terms of recycling freelance works in new media, even if freelancers

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160 Seville (n 9) 173.

161 On Mahon's successful motion that the bill be read a second time, Macaulay stated that 'The measure as it now stood was a great improvement on that of last year …' (16 March 1842) (1842) 61 Hansard Parl Debates 696.

162 (5 February 1841) (1841) 56 Hansard Parl Debates 350, 354; Macaulay believed that extending the copyright term would allow authors' family members who had works bequeathed to them, curtail public circulation of such works for any number of reasons, e.g. he cites Richardson's grandson who was a clergyman and would have thought his grandfather's works 'sinful'.

163 Seville (n 9) 143.

164 ibid 214.

engage in discussions with publishers on potential uses to their works, but no clear terms are agreed upon, no such rights pass to the publishers.

Additionally, the vast majority of cases centred on the interpretation of copyright transfers between authors and publishers: was it an assignment or an implied licence? For the most part, these cases favoured authors and dealt with the imbalanced contractual bargaining between the parties. Judicial interpretive tools were various. Courts considered factors such as the intention of the grantor, the use of express terms, reliance on the part of the grantor, and hardship. Typically in cases where there were no express terms, courts would rule in favour of the author and place the onus on the grantee. Moreover, courts decided against custom of trade as a defence where there were no express terms and found economic factors no reason to undermine authors' rights.

Based on this historical analysis, current freelancer disputes, which highlight the continued disparities between authors and publishers, could and should be resolved in favour of authors. Significantly, these cases have not been overruled and should continue to be followed today.

Other copyright contract issues such as equity and reversion were also examined. In terms of reversion, today, common law countries like the UK have limited such rights.[165] In the UK, it has become widespread practice since the introduction of the 1956 Act for publishers and other interested parties to obtain additional confirmation from authors or their estates, transferring the benefit of any reversionary right created by the 1911 Act.[166] With respect to equity, while some publishers used this doctrine to circumvent written formalities, these authors were still somewhat protected by the 1911 Act section 5(2) reversion. Nonetheless, these early equity cases should not validate publishers' entitlement to freelancers' copyright today: terms remain uncertain and there is inconclusive intent to convey. Regarding royalties, freelancers had to, and on the most part, continue to, bargain individually with publishers. Both equity and reversion cases underscore the need for freelancers to have continued control over (and earnings from) their future exploitation rights. Bankruptcy cases showed mixed results as courts were loath to interfere in the affairs of publishers and authors and, in fact, equated

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[165] See Singapore *Copyright Act* c. 63 s 237 (4) – reproduces s 239 of the Australian Act, 1968 *Copyright Act* 1968 s 239 (4) – the reversion clause only applies to materials licensed between the commencement of the 1911 Copyright Act and 10 April 1987.

[166] M Henry Rental and Duration Directives: Issues Arising from Current EC Reforms (1993) 15(12) EI.PR 15(12) 437–40); K Krozser 'Simon & Schuster Changes The Rules: Goodbye Reversion of Rights!' Booksquare www.booksquare.com (19 May 2007) http://booksquare.com/simon-schuster-changes-the-rules-goodbye-reversion-of-rights/.

chattels with copyright. But on balance it seems that publishers could not and should not burden the author with their 'failed' corporate affairs or even rearrangements. Finally, the bankruptcy cases provided some additional lessons. To avoid the hardship of losing royalties to bankrupt publishers, *Barker* gave the advice: 'let them [authors] keep the copyright themselves, and assign no more than a right to publish conditional upon royalties being paid.'[167] About a hundred years later, one can certainly agree, but it is easier said than done.

[167] Barker (n 132) 133–34.

# 5. International and regional copyright legislation

In the previous two chapters, I examined the legal and judicial framework historically existing for authors from the origins of copyright. I argued that the Statute of Anne was not an author's statute but a publisher's statute and that later, while much was left to private bargaining, copyright mechanisms provided a few notable restrictions on the publishers' modus operandi. And where the legislation was not directly determinative, the caselaw tended to favour authors anyway. In the next two chapters, I sequentially examine the adequacy of current legal and judicial treatment of freelance authors. This present chapter canvasses the various copyright instruments available internationally and assesses the extent to which these address freelancers' interests. In particular, does international law address freelancer copyright contracting issues? The most important copyright instruments are the Berne Convention for the Protection of Literary and Artistic works, the Agreement on Trade Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods (TRIPS) and to a lesser extent the Universal Copyright Convention (UCC). The North American Free Trade Agreement (NAFTA) is also briefly considered in its application to the copyright systems of the US and Canada. Other mechanisms developed to usher copyright law into the digital era, such as the World Intellectual Property Organization (WIPO) Copyright Treaty, at an international level, and the EU Copyright Directive, at a regional level, also merit consideration. I show that authors are once again shunned by legislation and in many ways they are internationally worse off than they were under the Statute of Anne.

## 1. INTERNATIONAL COPYRIGHT LEGISLATION

### 1.1 Casting the Author

While the author featured in the limelight of international authors' rights starting with the Berne Convention, lurking in the shadows was the publisher. Berne offers very little protection to authors and essentially legitimates the publishers' protagonist role: publishers' ownership and control of authors'

copyright material through private bargains. To show this skewed perspective, it is important to begin with the history of the movement towards international authors' rights and Berne.

From the history of Berne, and specifically in the proceedings of the various revision conferences, the status of the author came to be more and more undermined. Despite Berne's purported pro-author provisions, it was always understood that alongside the author, were the 'pencilled in' rights of his/her successors and assigns and that they enjoyed the same benefits.[1] In other words, as seen historically in Chapters 3 and 4, publishers are the assignees, legitimately taking away the copyright of the author. The essence of Berne was finally uncovered in its 1948 revision due to British insistence for greater statutory clarity of the term 'author'. At this juncture in Berne history, assignees' rights, and therefore the unfettered domain of publishers' freedom of contract, become etched in ink. Berne is not an 'author's statute' but an 'assigns of author's' statute. The UCC does nothing to alter this status quo. And later TRIPS, with its bold introduction of the term 'right holder', seals the author's fate. NAFTA moreover provides an express provision sanctioning free bargaining and trade of copyright material. In this brave new international stage, there is no longer the rhetoric of protection of the author, but it is clear that international copyright mandates the exploiters' freedom of intellectual property trade and freedom of contract.

## 1.2 The International Protection of Authors' Rights and the Berne Convention

In the mid-nineteenth century, united under the leadership of authors, various creators' groups called for changes in their social position on an international legal scale, which eventually led to the establishment of the Berne Convention.[2] Signed in 1886, the Berne Convention for the Protection of Literary and Artistic Works[3] was the culmination of numerous efforts to establish a multilateral arrangement for the protection of authors' rights that would replace the previous incomplete network of bilateral agreements.[4] The chairman of the final conference, Numa Droz, called the occasion: 'the spectacular affirmation of the awakening of the universal conscience in favour of

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1 Text to nn 40–1 in this chapter.

2 FW Grosheide 'Paradigms in Copyright Law' in B Sherman and A Strowel (eds) *Of Authors and Origins* (Clarendon Press Oxford 1994) 203–33, 215.

3 9 Sept 1886 168 Consol TS 185 ('Berne' or 'Berne Convention').

4 S Ricketson 'The Boundaries of Copyright: Its Proper Limitations and Exceptions: International Conventions and Treaties' [1999] IPQ 57, 61.

authors.'[5] Of course Berne did not at its inception contemplate digital uses of authors' works, but it has nonetheless become applicable to many online activities.[6]

### 1.2.1 History of the international protection of authors' rights and the Berne Convention

The history of Berne has been characterized by conflict between two diverging perspectives: the universalist/absolutist view of countries of the *droit d'auteur* tradition and the national pragmatic view of common law countries. Sam Ricketson details how on the one hand, France and the French-speaking countries represented the 'author's natural right of property in his works' faction, while Britain and the common law countries, stood for the 'author's rights in economic terms' camp.[7] This tension is evident from the series of meetings leading up to the most current Berne Convention.[8] As I indicate, the *droit d'auteur* camp served a rhetorical purpose to represent the author throughout the various conferences and resulting resolutions, while the common law faction discreetly assured the protection of copyright exploiters' economic rights.

The movement for international copyright protection spans several decades starting from the mid-nineteenth century. There was international support for a universal law of copyright to prevent transnational reprinting of books without permission of the owners.[9] As noted in Chapter 3, such 'piracy' practices were widespread as the Irish, Scottish and Americans copied English works, the Dutch, Belgian and Swiss copied French publications and there was illicit copying in the German territorial states.[10]

The first assembly on copyright to attempt to tackle these issues was held in 1858 in Brussels and the discussions projected great promise for authors. According to David Saunders, 'the idea of such a Convention must have seemed utopian' given the existing widespread 'piracy' at the time and need for resolution.[11] Significantly, the Committee of Organisation – comprised of

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[5] V de Sanctis 'International Confirmation of Copyright' (1974) 79 Revue Internationale du Droit D'Auteur 231.

[6] P Sampson 'Copyright and Electronic Publishing' (1997) 75 Copyright World 22–6.

[7] S Ricketson *The Berne Convention for the Protection of Literary and Artistic Works: 1886–1986* (Kluwer London 1987) 40–1.

[8] Paris Convention 1971, as amended 1979.

[9] Ricketson (n 7) 17–19; D Saunders *Authorship and Copyright* (Routledge London 1992) 168.

[10] Saunders (n 9) 171. Such illegal copying dates back to the 1600s; see J Feather *Publishing, Piracy and Politics* (Mansell London 1994).

[11] Saunders (n 9) 171.

Belgian authors, artists, civil servants and representatives of cultural organisations – set the questions to be debated under various categories: property in literary, artistic, dramatic and musical works, and economic and international questions.[12] The resolutions in response that were finally passed by the congress (comprised of publishers, economists and lawyers) were positive. These included the recognition of authors' rights in their works across all nations irrespective of reciprocity, a limited copyright term of 50 years in addition to the author's life, no formalities in obtaining copyright protection, and the abolition or reduction of customs duties on books and works of art.[13] Significantly, from this early conference, while it was not expressly stated in any resolution, it was understood that once an author was eligible for protection under Berne, this protection would also be enjoyed by successors in title such as assignees and beneficiaries.[14] These resolutions largely foreshadowed many of the provisions that over the next three decades came to be incorporated in national laws and bilateral conventions and, finally, in the Berne Convention itself. Indeed, the 1858 draft served as the basis for discussion during the 1861 Antwerp Artistic Congress. This congress gave support to the resolutions of 1858 and put forth the need for governments to negotiate between themselves for the protection of artistic property.[15]

While there were some important meetings between France and Germany, it was not until 1877 that copyright and authors' rights, were again raised at an international forum under the presidency of Victor Hugo.[16] Resolutions were again passed and while these reiterated similar principles as in the initial 1858 conference, these resolutions were more absolutist on authors' rights. The author was to be granted perpetual copyright protection.[17] Particularly, 'the right of the author in his work constituted, not a concession by the law, but one of the forms of property which the legislature must protect.'[18] Critical to this meeting was also the establishing of *L'Association Littéraire et Artistique Internationale* (ALAI).[19] ALAI's objectives were to protect principles of literary property, initiate activities to promote this, and facilitate relations between literary societies and writers of all countries.[20] For authors, the establishment

12 Ricketson (n 7) 42.
13 ibid 42–5.
14 ibid 173.
15 ibid 45.
16 ibid 45.
17 ibid 47.
18 ibid; Saunders (n 9) 171.
19 Formerly, the International Literary Association (1878) expanded in 1883 to include artists.
20 Ricketson (n 7) 47.

of ALAI was another victory inspired by the global movement for international copyright protection of authors' rights.

The foundation of ALAI was crucial in spurring a campaign for governmental action on the international protection of literary property. Over the course of the next six years, various other congresses were held,[21] but it was not until the 1883 ALAI Conference that yearly meetings were set in Berne leading to the ultimate 1886 Diplomatic Conference, where the Berne Convention was established and came into force in 1887. Twelve countries were represented at the 1886 Conference: Switzerland, Germany, France, Italy, Belgium, Spain, Tunisia, Liberia, Haiti, and the UK with the US and Japan as observers.[22] Berne was an appropriate location largely because it stood on neutral ground and had been the venue of various important international organizations. Indeed, by the mid-nineteenth century, international cooperation had become quite common[23] and various international conferences took place, giving rise to such offices as the Telegraph and Postal Unions, and the International Red Cross.[24]

The Berne Convention was to be largely based on ten articles first drafted at the 1883 ALAI conference. These articles received a more universalist formulation in 1884, and were reworked in a more balanced compromise in 1885 pursuant to strong UK influence and polished in 1886.[25] Since the 1886 Berne Convention, Berne has had several more periodic conferences of revision, the latest in Paris in 1971 as amended in 1979 and has currently blossomed to 38 articles. Many changes have occurred again reflecting the tensions of the *droit d'auteur* and common law traditions. The UK's copyright law, which is said to have a mixed system,[26] has been that of Berne since 1887, while the US common law system acceded to Berne only in 1989.[27]

For authors, the final establishment of Berne meant that they had an international copyright mechanism representing their interests. Indeed, the purpose

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21 Lisbon 1880, Vienna 1881, Rome 1882.

22 Berne Convention texts WIPO 1975.

23 Ricketson (n 7) 42.

24 ibid 45.

25 Saunders (n 9) 175.

26 D Vaver 'The Copyright Mixture in a Mixed Legal System: Fit for Human Consumption?' (2001) 5(2) Electronic Journal of Comparative Law, http://www.ejcl.org/52/abs52-3.html.

27 The US did not accede to Berne due to its 'manufacturing clause' (17 USC s 601), which was a piece of protectionist legislation that for about 100 years required first publication in either the US or Canada for the copyright owner to qualify for copyright protection under US law: R Bettig *Copyrighting Culture – The Political Economy of Intellectual Property* (Westview Press Oxford 1996) 221.

of Berne was said to be the international protection of authors' rights.[28] And, as briefly seen, the history of Berne showed how, irrespective of false starts,[29] the various conferences 'serve as a reminder that only through such organisations, with their committees, agendas and resolutions do ideas acquire social existence and become actionable.'[30] It takes time to be inclusive in the decision-making process. There are therefore a few lessons to draw from Berne's history when one looks at the freelancer–publisher relationship and possible ways to address its imbalance. The history of the movement of international authors' rights that led up to Berne indicates how authors' voices were heard as they mobilized in groups like ALAI that spearheaded many of the ensuing Berne conferences. From this perspective, Berne was a triumph for authors.

But importantly, the publishers were also in attendance at the various conference resolutions, applying indirect pressure and ensuring that their interests were also represented.[31] For instance, Jane Ginsburg and John Kernochan note how lobbying from the US copyright industries, including certain portions of the publishing industry, 'made the difference' in US Berne adherence.[32] While this is an instance of US industry influencing its own country's policies, US adherence also meant that ultimately international authors' rights became subject to (US) commercial interests.[33] Moreover, the general illegal copying of books also harmed publishers and it was equally in their interest to establish Berne. One could argue that such copying harmed publishers more than it did authors given that the former were generally the owners of copyright. From this standpoint, strengthening 'authors' rights' came to be the indirect strengthening of *publishers*' rights.

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28 de Sanctis (n 5).

29 Saunders (n 9) 174.

30 ibid 175.

31 Though this was not to reach the level of influence exerted in TRIPS. See text after n 83 in this chapter. Ricketson (n 7) 72 notes that the delegates at the 1885 Diplomatic Conference were chiefly diplomats or high-ranking officials with a 'sprinkling of expert advisers, either from the universities or the literary and artistic communities.' Of note is that the UK (with a strong publishing industry at the time) would not have attended the conference but for the nudging from UK authors' groups and the announcement that the US was attending.

32 Some of the industries included: Elsevier Science Publishing Co Inc, John Wiley & Sons Inc Publishers, and Hudson Hill Press Inc. US ratification of Berne finally occurred 102 years after the establishment of Berne in 1896 largely due to the switch from the US as user and importer to producer and leading exporter of intellectual property. GC Ginsburg and JM Kernochan 'One Hundred and Two Years Later: The US Joins the Berne Convention' (1988) 13 Columbia-VLAJLA 1, 2, 6–7.

33 e.g. Berne-minus clause; see text to nn 91–4.

### 1.2.2 Authors and their assigns

The preoccupation with the protection of authors *and* their assigns was a long-standing, tedious theme in Berne. This concern was evident not only from the 'appearing and disappearing act' of the term 'successors and assigns' in the legislation, but also from the various conference proceedings throughout Berne's history. Indeed, it is interesting to note how conference delegates were consumed over a few words for so many years. As noted, as early as the 1858 conference, while not expressly stated, successors and assigns were contemplated as warranting protection.[34] Ricketson details the numerous references made to successors in title[35] in the conference proceedings during the years anticipating the Berne Convention of 1886. Such recurrences underscored the persisting preoccupation with the protection of assignees and especially how this theme was perceived by the various contracting states of different philosophical persuasions, long before any official Berne text took shape.

The rights of successors and assigns alongside those of the author were codified in the original Berne Convention of 1886 where in article 2 reference was made to 'successors in title' (*les ayants cause*). It was also clear that the nationality of the successors was 'irrelevant'.[36] But while there was no discussion of this term for some years,[37] this notation was significantly deleted in the Berlin Revision of 1908 since it was clear that, 'the author's right was not an exclusively personal right, but might be disposed of to third parties.'[38] As a result any express reference to successors in title was 'superfluous'.[39]

Twenty years following the 1908 Berlin deletion, during the Rome Conference of 1928, there was renewed speculation on the subject. Did article 2 on author's rights also contemplate his/her successors and assigns? From the proceedings, it was again made clear that 'pencilled in' alongside the protection of the 'author' were his/her heirs and assigns. There was no need to make this express one more time. Literally in between the lines was the idea that

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[34] *Deuxième Conférence Internationale pour la Protection des oeuvres littéraires et artistiques – Rapport de la Commission* (7–18 Sept 1858 Berne) 42.

[35] e.g. in art 5 of the 1884 draft text, 78 references had been made to the personal representatives of the authors ('les mandataires légaux').

[36] *Prémier Convention concernant la Création d'une Union Internationale pour la Protection des oeuvres littéraires et artistiques* Réceuils des Conventions et Traités concernant *L'Union Internationale pour la Protection des oeuvres littéraires et artistiques* (1904) 4.

[37] *Deuxième Rapport Présenté au nom de la Commission par la Délégation Française* (1896) Conference de Paris (April–May 1896) 160 where several pages discussed art 2 without noting any problems with the term *les ayants cause*.

[38] *Troisième Séance – Rapport Présenté à la Conference* (13 Nov 1908) 236 trans in Ricketson (n 7) 174.

[39] Ricketson (n 7) 174 (Actes 1908) 236 (report of the commission).

codifying successors and assigns would cast a negative light on to Berne and certainly undermine the universalist ideals for which it had become celebrated.

But the national pragmatists could not rely on the implicit. From the Brussels Conference of 1948 article 2(4) expressly stated:

> The works mentioned in this Article shall enjoy protection in all countries of the Union. This protection shall operate for the benefit of the author and his *legal representatives and assignees*.[40]

The infamous words 'legal representatives and assignees' were added due to UK insistence. From 1948, there was therefore no longer a mystery as to whether assignees were also protected under Berne and the issue has no longer been a matter of tedious argument of insidious intent.[41]

Consequently, even before evaluating Berne's provisions one cannot help but become suspicious and query the purpose of the Convention. Plainly, in assessing the benefits of the provisions for authors, the word 'author' could reasonably be replaced with 'his/her assigns'. The author is clearly a proxy for the would-be owner of copyright material. And in light of the current problems with freelancers, who are not entirely owners of the copyright in their works, as they are forced into assignments or exclusive licences of their copyright, such a reality is all the more alarming.

### 1.2.3 The body of the Berne Convention[42]

Berne has three key obligations. First, it prohibits member states from requiring procedural formalities as a prerequisite for national treatment of copyrighted works.[43] Second, Berne's 'national treatment' or assimilation principle grants the same copyright protection for foreign nationals as that given to works of national origin.[44] This provision is based on the author's nationality and place of publication.[45] It eliminates the need for a formal reciprocity

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40 Emphasis added.

41 The author could not resist drawing from TS Eliot.

42 All references unless otherwise stated are to the 1971 Paris revision, 1979 as amended.

43 Berne (n 3) art 5(2).

44 C Karpe 'Towards a Unifying Law: international copyright conventions, the GATT TRIPs Agreement and related EC regulations' (1996) 5(2) Information & Communications Technology L 95–109, 97.

45 Berne (n 3) art 3; art 3(1)(b) provides that Berne protects 'authors who are not nationals of one of the countries of the Union, for the works first published in one of those countries, or simultaneously in a country outside the Union and in a country of the Union.' According to art 3(2) authors who are not nationals of one of the Berne countries but 'who have their habitual residence in one of them shall … be assimilated to nationals of that country.' For criticism on the national treatment principle and

inquiry, and overcomes many of the historical imbalances of copyright protection.[46] Third, Berne adopts certain minimum standards of protection for foreign authors. Article 5 provides that foreign authors shall enjoy the rights that their respective laws grant to their nationals in addition to the rights granted under Berne. Article 6 stipulates that, '[w]here any country outside of the Union fails to protect in an adequate manner the works of authors who are nationals,' the authors' country may restrict protection of works of national authors of the other country outside of the Union. Marshall Leaffer offers that Berne's minimum rights principle provides a 'common denominator' of legal protection to all authors of member countries and helps harmonize international laws.[47] Interestingly, 'no special requirements as to the nationality of the successor in title apply: once the initial entitlement to protection arises under the Convention, the identity of the person who succeeds to those rights is irrelevant.'[48] As such, publishers that constitute proper assignees are clearly protected irrespective of their jurisdiction of incorporation or place of doing business or headquarters.

Moreover, Berne imposes certain obligations on its members in relation to the stated subject matter of the Convention: the international protection of authors' rights. Pursuant to article 36(1) each member 'undertakes to adopt, in accordance with its constitution, the measures necessary to ensure application of the Convention.' Article 36(2) similarly provides for the acceding country's domestic laws to be in place at the time of ratification. As a result, these provisions are quite neutral and leave much freedom to members' fulfilment of obligations, taking into account the varying constitutional requirements of the contracting states. But for authors, this flexibility and general lack of enforceability comes with some drawbacks.

### 1.2.4 Authors under Berne

The protection of authors' rights is said to underpin Berne. Ricketson argues that this author's bias is the *Grundnorm* of Berne.[49] From the very first draft proceedings, the idea that authors should enjoy special rights was put forth.[50]

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specifically on the need for the last criterion on the author's place of residence in light of the compromising effects of the internet, see JC Ginsburg 'Berne Without Borders: Geographic Indiscretion and Digital Communications' (2002) 2 IPQ 111, 121.

[46] This principle applies to both substantive and procedural areas of law and consequently simplifies international relations as countries no longer have to negotiate and maintain bilateral arrangements; M Leaffer *International Treaties on Intellectual Property* (2nd edn The Bureau of National Affairs Washington 1997) 6.

[47] ibid 7.

[48] Ricketson (n 7) 174.

[49] Ricketson 1999 (n 4) 93.

[50] Ricketson (n 7) 42.

As noted, the extent of their rights shifted according to the prevailing perspective in the international congresses on authors' rights. For instance, at the 1880 ALAI congress it was argued successfully that Berne should not only be a union based on authors, but one based on the views of publishers and booksellers as well.[51] Nonetheless, publishers seem to have gained predominant leverage under Berne. And so, irrespective of Berne's core pro-author objective, it offers lukewarm practical benefits to authors. I have already illustrated how, as assignees, publishers may enjoy the same benefits as authors.

The importance of the exercise and protection of authors' rights was only recognized during the Berlin revision in 1908. Yet in application of the principle of freedom of contract[52] Berne has not extended beyond the regulation of usual questions regarding the enjoyment of authors' rights.[53] An author's exploitation rights under Berne include the right to translate, reproduce, perform, recite, and communicate literary works to the public.[54] While 'work' and 'author' are undefined terms,[55] and subject (within broad limits) to the law of the contracting state, an author is a natural person and, as discussed, also includes his/her corporate legal representatives and assigns.[56] There are only two provisions currently contemplating any reference to transferability of rights; these include article 6*bis* dealing with moral rights[57] and article 14*bis*(2)(b) relating to cinematographic works.[58] Collectively these provisions do little to address the transferability of an author's economic rights. If Berne was truly an author's statute there would have been some more robust provision in place on the copyright contract issues vital to authors.

Equally problematic is whether due to new technologies, Berne captures new classes of works. For Jane Ginsburg, digital technology poses problems

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51 ibid 48.

52 Discussed in ch 10 text to nn 275–9.

53 L Guibault and B Hugenholtz *Study on the Conditions Applicable to Contracts Relating to Intellectual Property In the European Union – Final Report* (Institute for Information Law Amsterdam May 2002) 6.

54 Berne's rights include art 8 (translation), art 9 (reproduction), art 10 and 10bis (certain free uses of works such as quotation), art 11 (dramatic and musical works), art 11bis (broadcasting and related rights), art 11ter (certain rights in literary works such as right of public recitation and of communication of a public recitation), and art 12 (right of adaptation, arrangement and other alteration).

55 This lack of precision is due to the differences that existed between the signatories on these points; namely, those of the continental European, *droit d'auteur* tradition and those of the Anglo-American tradition; Grosheide (n 2) 218.

56 Ricketson (n 7) 43; D Vaver 'Copyright in Foreign Works: Canada's International Obligations' 66 (1987) Canadian Bar Rev 76, 103.

57 'Independently of the author's economic rights, and even after the transfer of the said rights, the author shall have the right to retain her moral rights'.

58 Guibault and Hugenholtz (n 53) 6.

for Berne.[59] She notes how it is increasingly difficult to determine when a work is published under article 3(3) defining 'published works'.[60] However, Vaver suggests that such uncertainty is typical in the initial stages of a new technology; with time, once the legal system's lawyers, courts, bureaucrats, interested parties and public grapple with the problem, this ambiguity is likely to dissipate.[61] What is perhaps more troubling is that in relation to the author's requirement of consent to publication, Berne remains silent on whether such consent must be express, or whether it may be implied from the circumstances.[62] The need for the author's consent was not inserted until the 1967 revision. Ricketson argues that while determining the author's consent remains a matter of national legislation, it is reasonable to say that, 'the interpretation most favourable to the interests of the author in each particular case should be adopted.'[63] This purposive approach would rely on the spirit of Berne: the protection of authors' rights. Still the fact that this solution is beholden to individual nations does not give the author the necessary comfort especially in light of the recent developments with freelancer caselaw, in which several decisions turn on the uncertain nature of the author's consent.[64]

Moreover, while Berne protects an author's *droit moral*, it was not until the Rome revision of 1928 that moral rights were internationally established.[65] In particular, Ronald Bettig argues that the US did not accede until 1989 because of its film industry and its desire to use creators' works as it pleased.[66] Eventually the industry concerns with the moral rights clauses were 'easily outweighed by the need to protect the film entertainment copyrights in the face of new communications technologies.'[67] According to Willem Grosheide,

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59 Ginsburg (n 45).

60 ibid 116–17.

61 Vaver 1987 (n 56) 105.

62 Ricketson (n 7) 179.

63 ibid.

64 e.g. as seen in the lower court decision *Robertson v Thomson Corp* (2001) 15 CPR 4th 147 (2001) 109 ACWS 3rd 137 (SCJ); (2004) 72 OR 3rd 481, 243 DLR 4th 257 (CA); 2006 SCC 43 [2006] 2 SCR 363, 274 DLR 4th 138 (SCC); this case is discussed in ch 7 text to n 79.

65 Grosheide (n 2) 216.

66 R Bettig *Copyrighting Culture* (Westview Press London 1996) 222.

67 Such as satellite, cable television and the VCR; ibid. Ginsburg and Kernochan (n 32) 2–4 identify various factors why Berne adherence became necessary including (1) the noted need expressed by intellectual property industries as Berne became a producer and leading exporter of intellectual property products; (2) the inconvenience of using other less efficient international avenues of protection e.g. 'back door' Berne protection by simultaneously publishing in a Berne country (typically Canada) or through the UCC; these mechanisms led to 'considerable resentment, and threats of retaliation' from EEC Berne members; and (3) the lack of a US role in the

Berne only protected the pecuniary interests of authors as it took various conferences from 1886 before such a right was delineated.[68] This diverging level of protection over authors' rights is perhaps due to the various compromises made to accommodate the varying common law and *droit d'auteur* traditions.

Another dubious pro-author statutory feature which remains from the 1883 ALAI conference is Berne's provision for the establishment of 'a central, international office to act as a depository for copies of all copyright laws (present and future) of the contracting states, and to publish a regular review.' As Ricketson asserts, 'from the point of view of the development of international co-operation and co-ordination on copyright matters, this last proposal was perhaps the most significant.'[69] Still, the extent to which this provision has had practical application for authors remains doubtful. There has been no international review to date on freelance copyright issues. These inadequacies become more pronounced as other treaties arguably upstage Berne.[70]

### 1.2.5 Conclusions

Berne, which proclaimed to protect authors' rights, in practice does not convincingly yield this outcome. Berne's long-drawn out history shows a persistent preoccupation in ensuring authors' freedom to contract. While ultimately an author was understood to include successors and assigns, no further transfer-type provision was agreed to, let alone discussed. Indeed, Berne's provisions are not sufficiently specific as they lack any discussion on authors' contract management issues (for example remuneration terms) that for freelancers remain pressing issues. Indeed, Berne, like the Statute of Anne, is only of great symbolic significance for authors since once they assign their copyright, they lose any entitlement or dues from their work. And so, despite the typical view that the Berne Convention emerged from a motley of governmental and non-governmental initiatives and was full of compromises and concessions,[71] Berne does not do much to advance authors' interests. Authors remain subject to publishers who through private bargains become their legitimate legal representatives and assignees.

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international intellectual property system and general embarrassment resulting from nonmembership for US trade negotiators 'seeking to encourage greater respect for US copyrights abroad.'

68 Grosheide (n 2) 216.

69 Ricketson (n 7) 51.

70 More later in this chapter text to n 141 on Berne qua Berne and Berne in TRIPS.

71 Saunders (n 9) 181.

### 1.3 Universal Copyright Convention

In 1952, following World War II, the United Nations Education, Scientific, and Cultural Organization (UNESCO) established the Universal Copyright Convention (UCC). Its aim was to broaden the scope of international cooperation relating to copyright in order to attract membership of a wider base of nations (most notably perhaps by attracting membership of the US).[72] The UK did not accede to the UCC until 1957, while the US acceded at its inception in 1952 and for the first time gave formal recognition to the copyright works of other member states.[73] The UCC contains a provision to allow for formal procedures such as registration, and a provision that every work will be regarded as complying with registration formalities if it carries the UCC copyright symbol ©, the name of the copyright owner and the year of first publication.[74] Like the Berne Convention, the UCC provides for national treatment of copyright protection, but limits protection to 25 years after the author's death.[75] Unlike Berne, the UCC does not provide for moral rights.

Moreover, against Berne, which simply uses the term 'author' but eventually denotes that beneficiaries and assigns may enjoy the same protection, the UCC uses the term 'author and other copyright proprietors'.[76] As such, it leaves the subject sufficiently vague to encompass other artists, as well as copyright owners, beneficiaries and assignees, such as publishers. Commentators seem to corroborate this view: those who acquire the rights of the author 'are in the same position as the author himself'; 'author' has different meanings in the various copyright laws and so it is unwise to have the author as the exclusive subject.[77]

Under the UCC, the author's rights include the 'exclusive right to authorise reproduction by any means, public performance and broadcasting.'[78] Yet this right can be restricted by domestic legislation. Unlike Berne, the UCC does not enumerate a list of specific minimum rights that must be protected by its members. Rather, the UCC merely delineates that contracting states provide 'adequate and effective' protection for the rights of copyright owners. Without specific parameters, member states are allowed to carve out exceptions from

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72 B Rowland et al. 'Breaking Down the Borders: International Copyright Conventions and Jurisdiction' in D McClean and K Schubert (eds) *Dear Images* (Ridinghouse London 2002) 88.

73 L Owen *Selling Rights* (5th edn Routledge London 2006) 5.

74 art 3(1). e.g. © G D'Agostino 2010.

75 art 4(2)(a).

76 art 2 and 3.

77 A Bogsch *The Law of Copyright Under the Universal Convention* (3rd edn RR Bowker New York 1968) 7.

78 art 4bis(1).

copyright protection that 'do not conflict with the spirit and provisions' of the UCC.[79]

Also it is unclear whether the UCC covers digital protection. While the author's right to authorize reproduction in whatever means may contemplate digital uses,[80] the definition of 'publication' is limited to tangible form.[81] Moreover, in terms of copyright contracting issues, the UCC provides detailed provisions for translation rights[82] but does not do so for other means of exploitation. For freelancers, it is unclear whether there is any improvement from Berne. In sum, authors and their assigns have the same rights, contracting states continue to have broad exception clauses, digital coverage is dubious, and copyright contract provisions are lacking. All in all, there appear to be only a few nuanced differences, which do not amount to a tangible benefit to freelancers.

## 1.4 TRIPS

The Uruguay Round (1986–1994) of the General Agreement of Tariffs and Trade (GATT) negotiations concluded with the addition of broad initiatives in intellectual property rights as embodied in the section 'Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods' (TRIPS).[83] By contrast to the history of Berne, which took many years to establish and included the participation of a diverse group of stakeholders often spearheaded by authors, TRIPS was negotiated quickly by 92 nation representatives and was lobbied forcefully and heavily attended by representatives of the largest western intellectual property conglomerates.[84] Bettig explains that with the decline of US competitiveness in manufacturing sectors, the importance of service and intellectual property trade increased. Indeed, '[t]he participation of the corporate and governmental elite throughout the Uruguay Round of negotiations underscored the revisions of big capital.'[85] Arguably, since TRIPS was most beneficial to the US – the largest exporter of copyright material in the world – US foreign policy makers took the helm to bring services and intellectual property under the auspices of the WTO.[86] In

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79 art 4bis(2).

80 art 4bis(1).

81 art 6.

82 art 5.

83 (15 Apr 1994) Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments – Results of the Uruguay Round vols 31–33 ILM 1197 ('TRIPS').

84 Bettig (n 66) 223.

85 ibid.

86 Of interest is that developing nations like India and Brazil were especially critical and excluded from the process.

this way, decision-makers sought to establish minimum standards of protection and devise a dispute settlement mechanism lacking in Berne.

In many ways, TRIPS shares the reasons for Berne's establishment; TRIPS was intended as a comprehensive plan to strengthen and harmonize standards of international intellectual property protection and to tackle growing multi-billion dollar piracy problems. Further, in stipulating minimum standards of protection, TRIPS, like Berne, gives leeway to member nations to implement more extensive legal protection. But TRIPS is novel since it links intellectual property to trade. TRIPS is a trade-related agreement whose economic rationale is effective intellectual property protection to 'reduce distortions and impediments to international trade.'[87] TRIPS was intended to facilitate and encourage the trade of products and services involving copyright works.[88]

By contrast to Berne, TRIPS offers aggressive measures to suppress copyright infringers, including trade sanctions, injunctions, and seizure of infringing goods.[89] Consequently, many pro-business commentators have favoured TRIPS mainly because of its robust enforcement powers,[90] a clear advantage over Berne.

While TRIPS mirrors the Berne provisions and specifically requires signatories to comply with Berne's appendix and articles 1–21, it does less for authors. Authors' moral rights are expressly excluded from TRIPS.[91] TRIPS is thus said to adopt a Berne-minus clause.[92] Various commentators speculate this concession was to appease US demands.[93] TRIPS may facilitate exploitation by publishers who are not obliged fully to respect the author. The exclusion of moral rights demonstrates that its primary function was to protect the rights of copyright owners. Indeed, not only does TRIPS not define the foundational concept of 'author' but it also uses the term 'right holder'. In a sense, Berne also could have used the term right holder instead of skirting around the issue for years. From this perspective, TRIPS was honest: it was a bold, pragmatic approach to international copyright protection. In the common law world, copyright is thought to protect investments of time, effort, and capital

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87 TRIPS (n 83) Preamble.

88 Karpe (n 44) 96.

89 TRIPS (n 83) art 44 providing that domestic courts can order the closure of any operation to bar infringing goods from market entry.

90 C Levy 'The United States Perspective on Intellectual Property and the GATT' in G Smith (ed) *Global Piracy & Intellectual Property* (The Institute for Research & Public Policy Halifax 1991) 167.

91 TRIPS (n 83) art 9(1).

92 A Caviedes 'International Copyright Law: Should the European Union Dictate its Development' (1998) 16 Boston U Intl LJ 165, 199.

93 C Correa 'Harmonization of Intellectual Property Rights in Latin America: Is there still room for differentiation?' (1996–7) 29 Intl L and Politics 109, 129.

in the creation of a work, whether individual authors or corporations make these, whereas in *droit d'auteur* jurisdictions, copyright is often seen as protecting authors' inherent entitlements.[94] As Bently and Sherman maintain, while there is a growing corpus of works disputing the accuracy of this distinction, 'nonetheless these caricatures have had and undoubtedly will continue to have an impact on the way the law develops.'[95] In TRIPS, and as seen more discreetly in Berne, it would appear that the common law tradition has triumphed over any *droit d'auteur* tradition.

Lastly, TRIPS offers no tenable provision on the transfer or exercise of copyright. Article 40 regulates the control of anti-competitive practices in contractual licences. Freelancers could potentially argue that their agreements with publishers result in restricted competition or an abuse of publishers' market share. But this argument, untested to date, would be quite remote especially since the spirit of the provision is more to protect tangible products and technology rather than works of authorship. Daniel Gervais observes that there had been a copyright contract provision proposed in the TRIPS Draft of 23 July 1990 which failed to reach any consensus.[96] But even this provision would not have added much in elucidating the unregulated statutes of copyright contracts.[97] There are, however, other agreements that are regionally based and similar in scope to TRIPS, which feature express transfer clauses.

## 1.5 NAFTA

The North American Free Trade Agreement,[98] to which Canada, the US and Mexico are parties, was signed in 1994 to create a timetable for the removal of barriers to the provision of transportation services for carriage of international cargo and of passengers. While scholarly works seldom note NAFTA in an international discussion of copyright law, NAFTA contains Chapter 17 on copyright law and, more specifically, an express transfer clause dealing with copyright. Article 1705 states:

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94 L Bently and B Sherman *Intellectual Property Law* (3rd edn Oxford University Press Oxford 2009) 32; Correa (n 90) 127–8.

95 Bently and Sherman (n 94) 32.

96 D Gervais *The TRIPS Agreement: Drafting History and Analysis* (Sweet & Maxwell London 1998) 102. The provision stated: 'Protected rights shall be freely and separately exploitable and transferable.'

97 Guibault and Hugentholz (n 53) 8.

98 North American Free Trade Agreement Between the Government of Canada, the Government of Mexico and the Government of the United States, 17 December 1992 Can TS 1994 No 2, 32 ILM 289 (entered into force 1 January 1994)('NAFTA').

3. Each Party shall provide that for copyright and related rights:
   (a) any person acquiring or holding economic rights may freely and separately transfer such rights by contract for purposes of their exploitation and enjoyment by the transferee;

In this fashion, the regionally based NAFTA, spearheaded largely by top industry players in the US and Canada, is perhaps even more honest in its approach than TRIPS: unfettered contracting makes for sound business. Indeed, both mechanisms allow for the freedom to contract over copyright material; there is no restriction or preoccupation with issues of inequality of bargaining power between the parties or the deleterious effects on the user communities. NAFTA expressly permits this bargaining, while such is certainly implied in TRIPS. And while both treaties must at a minimum give effect to Berne, they share the same fundamental nature and scope of obligations: provide adequate and effective protection and enforcement of intellectual property, 'while ensuring that measures to enforce intellectual property rights do not themselves become barriers to legitimate trade.'[99] Finally, in NAFTA, as in TRIPS, there is no purported interest in the author per se. Rather, in delineating the scope of exploitation rights, NAFTA mentions 'authors and their successors in interest'[100] 'right holders'[101] and 'any person'.[102] Legitimate trade of copyright material is what matters, and the statutory protection of the author is inconsequential.

## 2. DIGITAL COPYRIGHT LEGISLATION

### 2.1 WIPO Copyright Treaty

As a result of WIPO's December 1996 diplomatic conference in Geneva, the WIPO Copyright Treaty (WCT)[103] was instituted to supplement Berne and usher copyright law into the digital era. Following a number of meetings of the Committees of Experts on the Berne Protocol and New Instrument, 160 countries

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99 art 1701.
100 art 1701(2).
101 art 1701(2)(d).
102 art 1701(3).
103 WIPO Copyright Treaty, Doc CRNR/DC/89 (20 December 1996) ('WCT'). The WIPO Performances and Phonograms Treaty DocCRNR/DC/90 was negotiated to bring 'neighbouring rights' in the digital era. Together these treaties are commonly referred to as the 'Internet Treaties.' International Intellectual Property Alliance at http://www.iipa.com/wipo_treaties.html. As at 7 May 2009, 70 countries have ratified the WCT, formerly referred to as the Berne Protocol, 68 have ratified the WPPT.

convened at the conference. Representatives from the intellectual property industries, creative organizations and hardware manufacturers and 'passive carriers' such as the telecommunications industries attended.[104] While this latter group of well-known technologists were present, WIPO did not include them in the conference programme, as they feared they might be unduly sceptical about WIPO's digital agenda.[105] Rather,

> WIPO salted the speaker list with representatives of major copyright industry groups and other well-known high protectionists who could be counted on to answer questions posed by the conference organisers as to whether copyright law could meet the challenges posed by digital technology with a resounding yes.[106]

To implement the WCT, countries have to upgrade their copyright laws. The WCT confirms Berne and provides added digital obligations on subscribing countries. Copyright holders are explicitly given control over putting material online or making it available.[107] Further, states must include sanctions against: (1) persons who engage in activities related to the circumvention of technological measures that inhibit infringement (for example, encryption), and (2) deliberate interference with electronic rights management information (for example, digital watermarking).[108] WCT is thus said to facilitate authors' calculation and collection of royalties.[109]

In relation to authors' moral rights, the WCT does not require more moral rights obligations than what Berne sets as minimum.[110] Also, article 6 on the

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104 Owen (n 73) 7.

105 P Samuelson 'Challenges for the World Intellectual Property Organisation and the Trade-Related Aspects of Intellectual Property Rights Council in Regulating Intellectual Property Rights in the Information Age' (1999) 21(11) EIPR 578–9, 538.

106 ibid 538–9. On the general corporate lobbying efforts to internationalize copyright see C May *A Global Political Economy of Intellectual Property* (Routledge London 2000); S Sell *Private Power, Public Law: The Globalization of Intellectual Property Rights* (Cambridge University Press Cambridge 2003).

107 WCT (n 103) art 8.

108 That is, encoding content with identifiers such as a name code in order to trace it; Industry Canada 'Consultation Paper on Digital Copyright Issues' http://www.ic.gc.ca/eic/site/crp-prda.nsf/eng/rp01099.html.

109 Sampson (n 6) 23. There exists a sparse body of literature confirming whether the facilitation of authors' royalties has to date occurred and, from some accounts, seems far off: M Boyer 'Efficiency Considerations in Copyright Protection' (2004) 1(2) Review of Economic Research on Copyright Issues 11, 2 (arguing that there exists significant lack of empirical research on the general microeconomic effects of the treaties).

110 D Vaver 'Internationalizing Copyright Law: Implementing the WIPO Treaties' WP 01/99 Oxford Electronic Journal of Intellectual Property Rights http://www.oiprc.ox.ac.uk/EJWP0199.html.

'right of distribution' empowers neighbouring rights or distributors of copyright materials such as publishers, to prevent copying of the distributed form of the work. These powers are not applicable to authors. Additionally, in article 10, the WCT adopts Berne's article 9 on the right of reproduction and equally permits contracting states to provide limitations and exceptions as long as these do not conflict with the normal exploitation of the work and prejudice the legitimate interests of the author.

While some commentators reason that the WCT provides a 'measured and balanced response to the digital age,'[111] others argue that the WCT's basic purpose was to strengthen the rights of the copyright industries in the digital age.[112] For Pamela Samuelson, the WIPO digital agenda resulted largely from US influence to promote its national interest in protecting its burgeoning exports of copyrights.[113] From this perspective, the WCT offers very little consideration to authors since,

> WIPO officials do not seem to have noticed that copyright industries have lately been posturing themselves in the international intellectual property policy arena as though their interests and the interests of authors coincide when, in fact, they diverge in some significant respects.[114]

The WCT's legislative focus generally concerns issues that are more suited to right holders, such as the appropriate treatment for automatically-made transient copies and infringement-enabling technologies which undercut their potential revenue.[115] Some argue that such measures are antithetical to copyright policy, let alone authors' interests.[116] It is thus somewhat of a challenge to analyse the WCT and its contemplation of authors' rights because it does not directly concern authors. But the fact that WIPO officials have ignored authors does not mean that contracting states should. Yet, states have a vested interest to support substantive technical protection measures since these are seen to strengthen a commercial agenda. Of course, were authors able to retain ownership and control over their work and use such measures to monetize their work more directly, or even absent such control, reap some financial reward from this new form of monetization, then such technical measures could prove useful.

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111 TC Vinje 'The New WIPO Copyright Treaty: A Happy Result in Geneva' (1997) 19(5) EIPR 230–6, 230.

112 Vaver (n 110).

113 Samuelson (n 105) 536.

114 ibid.

115 Vinje (n 111).

116 These measures may add new layers of protection via copyright law and copyright law may not be the best instrument to address such a problem; Industry Canada (n 108).

Shira Perlmutter highlights the many silences in the WCT which, while explicitly not part of the WIPO mandate, may merit contemplation in light of freelancers' digital copyright contracting issues.[117] Functional systems for online licensing are still matters to be resolved within the contracting states since the WCT no more than sets the stage for their adoption and implementation.[118] Consequently, issues of relevance to authors, such as the divergence of national decisions on freelancers' digital rights that may pose legal problems for international trade in copyrighted works,[119] or the online transfer of copyrights, are not addressed. Indeed, given that transfer issues have extensively been discussed during more than five years in WIPO Committees to no avail, the possibilities for including any such measures seem to have been exhausted for the present time.[120] From this standpoint, the WCT is no better than Berne, TRIPS, UCC or NAFTA.

Irrespective of the merits of the WCT's added rights, in order for freelancers to benefit from the exploitation of their works through new technologies, they must necessarily hold the copyrights in these works or, at the very least, have adequate remuneration schemes. And in the absence of concise and fairer copyright transfer agreements in the digital environment, it is more likely that the right holder is the publisher, amassing the revenue.

Some commentators reflect on the ill-consideration for the users of copyrighted materials undermining important public policy objectives.[121] WCT shuns any mention of educational institutions, libraries, museums, and archives,[122] all of which freelancers rely heavily on for creating their works. Finally, it should not go unmentioned that like Berne the WCT lacks enforcement power.[123] Essentially, legislation that purportedly supplemented Berne and was in an ideal position to address authors' digital copyright contract issues does not provide much assistance.

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117 S Perlmutter 'Convergence and the Future of Copyright' (2001) 2 EIPR 111–17, 114.

118 ibid.

119 IS Ayers 'International Copyright Law and the Electronic Media Rights of Authors and Publishers' (1999) 22 Hastings Comm & Ent LJ 29–63, 29 discussing the private international law aspects of enforcing authors' rights.

120 Guibault and Hugenholtz (n 53) 8, detailing how a provision on the need to strike a balance between performers' international legal rights and exploiters' distribution rights was the 'deal breaker' for the adoption of the Treaty on the Protection of Audiovisual Performances.

121 Industry Canada (n 108); Owen (n 73) 7.

122 ibid.

123 'The International Court of Justice was supposed to adjudicate disputes, but in practice it never has – mainly because of the cumbersome nature of proceedings and because of practical difficulties in enforcing its orders.' Vaver (n 110).

## 2.2 The EU Copyright Directive

The intention of the EU Copyright Directive[124] is two-fold: (1) to implement the WIPO 'Internet Treaties' and (2) harmonize certain aspects of substantive copyright law.[125] It has been suggested that the EU has worked with WIPO to make WIPO's copyright agenda reflect that of the EU.[126] In this light, it is not surprising that the Directive does not offer significant ameliorations to the WCT. Some argue that authors' heightened need for protection in the digital world cloaks the underlying need to protect right holders all at the expense of users of such works.[127] Similar to the WCT, the Directive leaves the most important copyright problems of the digital environment unresolved. According to Bernt Hugenholtz, the Directive 'does not do much for authors at all.'[128] It is mainly geared to the 'main players' in the information industry and not to the authors. While it is commendable that there are several references to the conclusion of contractual agreements between parties, the Directive does not provide authors adequate comfort. Significantly, the Directive fails to protect authors against publishers imposing standard form 'all rights' buy-out contracts.[129] Rather, recital 30 and article 9 emphasize that the Directive does not affect the law of contract. Article 9 also indicates the Directive's failure to address the interface between contract and copyright exemptions.[130] Moreover, relating to rights management provisions instituted by the WCT, 'the Directive assumes that right holders will always employ

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124 Council Directive (EC) 01/29 on the harmonization of certain aspects of copyright and related rights in the information society [2001] OJ L 167 ('the Directive').

125 The Directive was adopted on 22 May 2001 and had to be implemented by 22 December 2002. The UK complied with its obligation on 31 October 2003: The Copyright and Related Rights Regulations 2003, SI 2003/2498. France was the last to introduce implementing legislation in August 2006. See IViR *Study on the Implementation and Effect in Member States' Laws of Directive 2001/29EC on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society* (prepared for the European Commission's Internal Market Directorate-General Amsterdam February 2007) http://ec.europa.eu/internal_market/copyright/docs/studies/infosoc-study_en.pdf.

126 D Vaver 'Copyright in the Digital Age: The Recent European Directives' in Netanel and Elkin Coren (eds) *The Commodification of Information* (Kluwer London 2002).

127 M Wing and E Kirk 'European/US Copyright Law Reform: Is a Balance Being Achieved?' (2000) 2 IPQ 139–64, 139.

128 B Hugenholtz 'Why the Copyright Directive Is Unimportant, and Possibly Invalid' (2000) 11 EIPR 499–505, 499, 501.

129 ibid.

130 ibid.

rights management systems for legitimate purposes.'[131] These systems may be deployed in ways that do not comply with EU privacy laws, or to track distributors who lawfully use material but whom right holders aim to dissuade. Again, how the Directive advances authors' rights here is not entirely clear.

## 3. INTERNATIONAL FRAMEWORK FOR AUTHORS

I have thus far argued that individually each copyright instrument does not fully consider the author especially in terms of copyright contract issues. And so the question becomes, what international legal framework is available to authors? One way to answer this question is to examine the interaction between these instruments. Ricketson explains that Berne, WIPO and TRIPS contain explicit exceptions and limitations for member nations to weigh against the very objectives of the treaties when devising domestic policies.[132] Indeed, the treaties directly acknowledge the need for member nations to limit the protection of authors' rights because of competing interests.[133] And so, 'what latitude is allowed by the present international framework governing the protection of authors' rights to take account of these other interests?'[134] And, 'to what extent may authors' rights be made subject to exceptions and limitations?'[135] To address these questions, Ricketson analyses the exception and limitation provisions in the treaties. For example, Berne's article 9(2) allows nations to carve out exceptions and limitations to authors' reproduction rights in certain special cases provided that the reproduction 'does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interest of the author.'[136] On the other hand, while TRIPS incorporates the substantive provisions of Berne, it maintains that its limitations and exceptions are not to prejudice the interests of the right holder.[137] To this end, it would appear that for authors TRIPS is more limiting than Berne in using the term right holder.[138] The underlying premise is that the more allowable

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131 e.g. to track the source of potentially infringing copies; Vaver (n 110).

132 For example, while the Berne Convention's preamble articulates the need to protect the rights of authors in their literary works, a member state may restrict these rights according to its nation's competing public interests (e.g. free use of works in education). Ricketson (n 7) 61–2.

133 e.g. the public interest (WIPO preamble) and developmental and technological objectives (TRIPS preamble).

134 Ricketson (n 7) 62.

135 ibid.

136 Berne s 9(2) [emphasis added]; correspondingly, WIPO s 10(1).

137 TRIPS, art 13.

138 Ricketson (n 7) 80.

exceptions and limitations impinging on authors' rights the less protection for authors internationally. In the final analysis, Ricketson concludes that there does not appear to be a grave effect on authors' rights because the exceptions and limitations are imprecise.[139] The international framework is therefore far from complete in its prescriptions. The treaties afford national legislators a 'reasonable degree of flexibility.'[140] Yet, significantly, each treaty sets broad parameters from which no nation can deviate without some 'principled justification.'[141]

Samuelson differs from this view especially when comparing Berne and TRIPS. She distinguishes between Berne qua Berne (the treaty in and of itself) and Berne in TRIPS (Berne norms incorporated by reference in TRIPS). She states that TRIPS and Berne have different objectives, aside from different vocabularies.[142] Berne is meant to protect the rights of authors, while TRIPS is intended to facilitate trade and is 'largely indifferent to authors'.[143] And so, when competing obligations arise between trade and authors, Berne in TRIPS may be more pro-industry and less pro-author. Samuelson contends that these competing obligations may arise especially in relation to article 9(2) of Berne and, correspondingly, article 13 of TRIPS. As noted, these provisions allow for nations to carve out exceptions and limitations to authors' reproduction rights (and others, in TRIPS) in certain special cases provided that the reproduction 'does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interest of the *author*.'[144] Interestingly, Berne and WIPO use the term author, while TRIPS uses the term *right holder*. For Samuelson, article 13 of TRIPS broadens the principle of article 9(2) and would allow more exceptions and limitations to undermine potentially authors' rights.[145] For instance, US publishers may argue that fair use is not limited to certain special cases and 'often deprives publishers of revenues they regard as interfering with normal exploitations of protected works.'[146] It therefore remains to be seen how these issues will be resolved in WTO disputes. Thus far it is safe to assume that while ranking of the existing treaties is debatable, the one applied may be the legislation that grants the copyright *owner* the greatest protection, as this would ironically be consistent with the spirit of

139 Ricketson (n 7) 93.
140 ibid.
141 Ricketson (n 7) 1.
142 Samuelson (n 105) 532.
143 ibid.
144 Berne s 9(2) [emphasis added]; correspondingly, WIPO s 10(1).
145 Samuelson (n 105) 532.
146 ibid.

Berne[147] and certainly with that of TRIPS and WIPO. In this fashion, existing international treaties are meant to protect rights of owners, not authors.

And certainly from the perspective of users, where authors are also users, use and access issues and adequate consideration of fair dealing and fair use practices must also be considered in tandem. A recent report makes the case for conceiving an international instrument on limitations and exceptions to copyright.[148] Until then, there is 'wiggle room' within the existing international framework to ensure that member states engage in a liberal, holistic and dynamic balancing of the various interests, not limited to rights holders.[149]

Finally, there are broader lessons contained in the reviewed international lawmaking process. Some scholars contend that such a process is generally undemocratic in nature.[150] Peter Gerhart maintains that one can see the skewed influence of copyright producer interests, like those of the US in making the global intellectual property system more efficient: rights are easier to acquire and enforce.[151] He argues that for international lawmaking to be more balanced and inclusive, negotiation time, organization, and enforcement are necessary.[152] Thus far, Berne is the commendable result of vast amounts of negotiation time and organizing, but lacks an enforcement mechanism and does not ultimately advance authors' interests. TRIPS features strong enforcement, but its negotiation history does not include the creative and user communities. WIPO, features less negotiation time and less representation from various stakeholders and, at the same time, offers no enforcement. As a result, aside from the obvious shortcomings in the substantive aspects of such legal instruments, the making of such instruments is equally important especially if devising future legislation to address freelancers' imbalance vis-à-vis publishers. For now, the results cannot but be disappointing.

## 4. CONCLUSIONS

I have shown how legislation on an international and regional level does very little to advance authors and original entitlements. Rather, these initiatives

147 Rowland et al. (n 72) 91.

148 B Hugenholtz and R Okediji 'Conceiving an International Instrument on Limitations and Exceptions to Copyright' (for the Open Society Institute, 6 March 2008).

149 ibid 25.

150 P Gerhart 'Why Law-Making for Global Intellectual Property Is Unbalanced' (2000) 7 EIPR 309, 311.

151 ibid.

152 ibid.

proceed from promising, at first, to deflating in their focus on facilitating and protecting business exploitation. Berne, which was trumpeted as the author's statute, currently remains no more than a symbol. Indeed, as noted in Chapter 1, much as one would not expect a consumers' protection Act to protect sellers, presumably, an authors' international protection statute should not protect publishers. Instead, from its long history, Berne shows a preoccupation for also protecting exploiters. Berne makes it clear that beneficiaries and assignees, often publishers, enjoy the author's benefits. The UCC does the same. If either had been an authors' statute perhaps there would have been a provision for the protection of improvident bargains: some means to ensure that the author, having got her rights, could not be marginalized immediately by transferring her rights.[153] TRIPS, perhaps most skewed to advancing owner interests, shuns any recognition of moral rights and features a host of remedies to help right holders. To its credit, TRIPS is possibly the most honest in delineating its objectives. NAFTA advances similar business interests on a regional level. The WCT is no improvement to its predecessors. Meant to usher copyright into the digital era, it does so primarily for industry by providing a framework for states to enact digital and technical protection measures. The EU Directive is again geared to the main actors in the information industry and thus explicitly denounces copyright contracting restrictions – which remain a pressing issue for freelancers. Importantly, such legislative instruments offer little or no protection to authors regarding the exploitation of contracts, nor do they contain any rule on the formation, execution, and interpretation of contracts. As Lucie Guibault and Bernt Hugenholtz observe, '[t]hey merely imply, without more, that the economic rights of authors … may be freely transferred to third parties.'[154] So long as freelancers retain copyright, the treaties protect them. But given that this seldom occurs, one wonders if this protection is merely theoretical empowerment. In sum, all treaties are 'assigns of authors' statutes,' only some are more forthright than others in saying so.

Given that international law abdicates any responsibility for protecting the author as it (1) implies, and in some cases expresses, that free bargaining prevails, (2) allows contracting states much leeway to implement their obligations, and (3) does not cover any substantive provisions on copyright contract issues, freelancers' particular interests must be examined at a national level. It is to the national regulation of this copyright contracting issue to which I now turn.

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[153] Indeed, the UK had this with its 1911 Act on reversion; explored in ch 4 text to n 116.

[154] Guibault and Hugenholtz (n 53).

# 6. National copyright contract legislation and judicial principles

In the previous chapter, I argued that international copyright law, and specifically its regulation of copyright contracts, was unavailable and indifferent to freelancers. In this chapter, I examine the copyright contract framework at a national level governing freelancer–publisher legal arrangements. Specifically, I outline key features in the statutes of the UK, Canada, the US and continental Europe that regulate copyright contract issues relevant to freelancers. The differences are numerous and point to the inadequacies of common law jurisdictions to deal with the predicament of freelance authors. I suggest that judicial contract principles (for example good faith) could remedy such inadequacies in the courts and thus could serve as one possible avenue of judicial redress for the common law. However, these judicial alternatives remain insufficient by contrast to precise copyright contract provisions found in civilian jurisdictions. Also, by way of freelancer redress, what the common law countries achieve through the judiciary, continental European governments similarly achieve through legislation. Finally, this chapter highlights potential problems that may arise due to conflicts of laws as freelancer disputes may continue to erupt and intersect several jurisdictions, thereby underscoring the need for legislative intervention.

## 1. COMMON LAW v CIVIL LAW TRADITION

Before outlining national legislative mechanisms, it is important to note the main differences between the common law Anglo-American and civilian continental European systems of copyright. Continental Europe is based on the *droit d'auteur* or author's right tradition where protecting the author in respect of her moral and economic rights in her creative works is central. In contrast, the so-called pure copyright system of Anglo-America grants rights of an economic nature.[1] The rights in continental copyright turn on the relationship between authors and their work. This relationship is based on *gius-*

[1] JAL Sterling *World Copyright Law* (Sweet & Maxwell London 2003) 587.

*naturalistiche laiche*, a concept derived from the celebrated dictum of Le Chapelier, who stated: 'la plus sacrée, la plus personelle de toutes les propriétès est l'ouvrage, fruit de la pensée d'un écrivain.'[2] Common law systems tend to distinguish between different sets of right holders; civilian systems clearly differentiate between authors' rights and those of 'neighbouring rights' or *diritti connessi*.[3] Publishers in civilian countries are said not to have copyright, but related rights. The civilian system celebrates authors' moral rights and theoretically does not allow them to be waived. Moreover, the civilian system does not recognize the possibility of original works coming from sources other than the individual author.[4] In terms of copyright contract legislation to be discussed, these differences become more apparent.[5] For example, at common law, freedom of contract prevails and typically the party with the greater economic power is able to bargain more effectively, unregulated by statute. Indeed, the 'principle of unlimited alienability' requires that authors be free to assign, license, and waive each of their exploitation rights.[6] While this is to some extent true in civilian jurisdictions, statutory restrictions regulate vulnerable groups such as authors. Interestingly, Canada's dual common law and civil law jurisdictions reflect these diverging approaches. Also, as I demonstrate, continental European countries continue to prioritize the rights of the author; the 2002 German amendments for instance sought to 'clarify and strengthen the position of the author in respect of equitable

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[2] Cited in C Ubertazzi 'Diritto D'Autore' in C Ubertazzi (ed) *Digest Civ IV* (Unione Tipografico-Editrice Torinese Torino 1989) 368.

[3] e.g. common law systems tend to distinguish 'performers' rights' from 'copyright'. Before the UK Copyright Act 1911 the meaning of copyright related to copying and printing (but not performance); this is evident from the caselaw stemming from *Millar v Taylor* (1769) 4 Burr 2303 where copyright was the sole right of printing, publishing and selling. The CDPA (Part II) s 180 granted performers statutory protection backed by civil sanctions; see Sterling (n 1) for a discussion on these differences. On the civilian systems see: Titolo II of the *Legge* 22 April 1941 no 633 (Italian Copyright Act) which followed the Austrian precedent Law on Author's Right in Works of Literature and Art and in Related Protection Rights (9 April 1936) BGBl No 111 as amended in 2000.

[4] G Davies *Copyright and the Public Interest* (IIC Studies Max Planck Institute Munich 1994) 13.

[5] See G Boytha 'The Development of Legislative Provisions on Authors Contracts' (1987) 133 Revue International du Droit D'Auteur 41 on the differences between the civilian and common law traditions and their respective treatment of authors' contracts.

[6] N Netanel 'Alienability Restrictions and the Enhancement of Author Autonomy in United States and Continental Europe' (1994) 12 Cardozo Arts & Ent LJ 1 examining Continental copyright alienability limitations and the extent to which they may be compatible with American legal norms.

remuneration for his work.'[7] And, while the common law countries are not completely indifferent to authors' copyright contract concerns, they can certainly do more whilst keeping within their copyright tradition. Certainly, common law copyright was traditionally more concerned with authors than it is today.

## 2. LEGISLATION IN COMMON LAW JURISDICTIONS

Copyright law statutes in common law jurisdictions contain very basic rules on transfers and reversion rights – which collectively do not say much about addressing, let alone strengthening, the author's contractual position vis-à-vis publishers. In Canada and the US, collective bargaining measures have in more recent times been introduced but these do not apply to all freelancers and are still in their infancy. Common law governments thus seem more deferential to publishers and indifferent to authors.

### 2.1 Assignments and Licences

In the UK, Canada and the US, assignments of copyright need to be in writing and signed by the copyright owner or her authorized agent.[8] This concept of mandatory written transfers is also contained in various copyright provisions of the respective copyright law instruments. For instance, as I shall discuss in relation to a leading US decision in the next chapter, *Tasini v New York Times Co,*[9] section 201(c) of the US Copyright Act (USCA) provides that as collective work owners, and 'in the absence of an express transfer of the copyright,' publishers are 'presumed to have acquired only the privilege of reproducing or distributing the contribution.'[10] As a result, the provision mandates that if authors intend to transfer their copyright, or indeed, anything more than a one-time publication right of their contribution, such must be in writing. Otherwise, in the case of any ambiguity a presumption in favour of the author exists. As the *Tasini* majority holds, doing otherwise would indirectly ascribe

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7 Sterling (n 1) 489. See also, Reto M Hilty and A Peukert '"Equitable Remuneration" in Copyright Law: the amended German Copyright Act as a trap for the entertainment industry in the U.S.?' (2004–5) 22 Cardozo Arts and Entertainment LJ 401; A Peukert 'Protection of Authors and Performing Artists in International Law – Considering the Example of Claims for Equitable Remuneration under German and Italian Copyright Law' (2004) 35 International Review of Intellectual Property and Competition Law 900.

8 In the UK CDPA s 92(1), in Canada CA s 13(4) and in the US, USCA s 201.

9 533 US 483, 121 S Ct 2381 (2001) ('*Tasini*').

10 Copyright Act 1976 17 USC ('USCA').

ownership rights to publishers away from those of authors.[11] As examined in Chapter 4 such a provision is similar in principle to the UK's old copyright clauses in the 1842 and 1911 Acts which are no longer in force today.

Similar in scope to assignments,[12] exclusive licences must be in writing authorizing the licensee the power to exercise a right to the exclusion of all other persons, including the licensor.[13] A licence may be either oral or implied by conduct and may be exclusive or non-exclusive. In the case of freelancers, their non-exclusive licences imply that other licensees (publishers) may be appointed to compete with one another and the freelancer.[14] It also means that in contrast to assignments wherein there is a transfer of ownership, the freelancers should retain ownership – the right to exclude everyone other than the licensees from use of their works.[15] Assignments and licences can be partial. For example, freelancers may license only print rights and not digital rights. In the UK, future copyright or works not yet in existence at the time of contracting can be assigned,[16] thereby vesting copyright in the assignee once the future work comes into existence. In Canada, one cannot assign copyright in works not yet created.[17] Moral rights can be waived in writing but cannot be assigned.[18] An assignee can freely transfer rights to third parties, while a licensee needs to obtain consent from the author and a non-exclusive licensee has no transfer rights. It can be argued that had freelancers granted assignments or exclusive licences, such would likely have been in writing and the contemplation of secondary uses may have been more easily discernible. It is important to note that while an oral or future assignment is ineffective at law, it may be treated as an oral contract to assign the interest in equity.[19] This equitable assignment could potentially undermine freelancers.[20] But in the US, an oral contract to assign becomes an implied non-exclusive licence.[21] So while

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11 *Tasini* (n 9).

12 H Pearson and C Miller *Commercial Exploitation of Intellectual Property* (Blackstone Press London 1990) 344.

13 CDPA s 92(1).

14 D Vaver *Copyright Law* (Irwin Law Concord 2000) 238.

15 Pearson and Miller (n 12) 343.

16 CDPA s 91(1) (reversing *PRS v London Theatre of Varieties* [1924] AC 1).

17 Vaver (n 14) 243; but this assignment may be valid in equity.

18 CDPA ss 94–5.

19 L Bently and B Sherman *Intellectual Property Law* (3rd edn Oxford University Press Oxford 2009) 263.

20 Though as discussed in ch 4 text to nn 95–115 and will be discussed in this chapter text to n 154 such is unlikely. Also 'it seems that the assignment of future copyright only operates where the agreement is for valuable consideration ...' Bently and Sherman (n 19).

21 *Effect Associates v Cohen* 908 F2d 555 (USCA 9th Cir) (1990), where a horror filmmaker claimed that the writing requirement rule of s 204 of the USCA did

there are some minor differences between the systems, for example the Canadian and US models perhaps being slightly more author protectionist than the UK in their treatment of future works, they remain inadequate.

Given the absence of express copyright contract laws, let alone any on transfers of futures uses, freelancers are left to rely on industry custom (and eventually the courts) to validate or, more accurately, retain control of their rights. Typically, where most of the agreements have been oral, or 'handshake deals' between authors and publishers, such has been regarded by industry custom as non-exclusive licences for publishers to use the work once.[22] Custom will be elaborated more fully below[23] for it relates to common law contract means to address freelancer–publisher new use clauses.

## 2.2 Reversion Rights

Reversion rights indicate a concern for authors' rights in common law countries. As first highlighted in Chapter 4, a reversion right is a way of limiting duration of copyright in order to enable the estate of authors to benefit directly from copyright and to avail the estate of any improvident bargains.[24] Reversion rights usefully address the problem that stems from 'the unequal bargaining position of authors and from the impossibility of determining the value of a work until it has been exploited.'[25] Earlier in this book, when considering the 1911 Act, it was noted that any grant of interest in copyright would vest in the grantee only for 25 years after the author's death. For the remaining 25 years the rights reverted to the author's estate. Importantly, this rule applied despite any agreement to the contrary, such that any disposition of the rights beyond the 25 years was null and void.[26] The CDPA no longer contains such a rule, to the detriment of authors who want their estates to continue to benefit from their lifetime of work.[27] The UK's copyright history shows that it was not antithetical to authors' interests.

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not apply to his oral contract with the freelance special effects company; 'movie makers do lunch, and not contracts.'(555) While not granting an assignment, the court ruled that the freelancer had impliedly granted a limited non-exclusive licence to the filmmaker (558–9). The court relied on the fact that the commissioned work was delivered for the purpose of enhancing the movie.

22 LA Santelli 'New Battles Between Freelance Authors and Publishers in the Aftermath of Tasini v New York Times' (1998) 7 JL & Policy 253–300.

23 Text to n 144.

24 Vaver (n 14) 110.

25 House of Representatives and Senate reports as cited in J Black 'The Regulation of Copyright Contracts: A Comparative View' [1980] EIPR 385, 387.

26 The 1911 Act s 5(2).

27 While this provision was ended by the 1956 Act, the reversionary right applies in all cases where assignments or licences were made before 1 July 1957.

Canada and the US have retained such a reversion rule. The USCA contains a similar provision aimed at protecting authors against unremunerative transfers.[28] While the US provisions are more complicated, they essentially provide that any transferred copyrights may be terminated by the author or by her heirs at the end of 35 years.[29] At this point, the rights revert to the author or her family. Imported from the 1911 Act, Canada also provides a reversion right wherein any grant by an author automatically ends 25 years after her death.[30] Interestingly, reversion was originally introduced in Canada in 1924 to complement the new, longer 50-year term also enacted at that time.[31] The logic was to benefit the author's surviving family. Moreover, it was presumed that exploiters who had kept decent relations with authors 'would have little fear from reversion' as the estate would wish to maintain the established rapport.[32]

Nonetheless, reversion has been criticized for inappropriately interfering with freedom of contract. A legislator at the time when the UK reversionary provision was debated rejected it as, 'a new species of entail … putting authors in leading strings, and treating them as persons who cannot take care of their own interests.'[33] The problem with this criticism is that it is *ad hominem*. Irrespective of whether the piece of legislation is socially useful or not, it will inevitably be seen as interfering with freedom of contract. But as Vaver argues, such criticisms may be bolstered by NAFTA, which as noted in Chapter 5, provides for the free transferability of economic rights. It is possible that a complaint could be referred to a NAFTA trade panel, and could direct both Canada and the US to repeal its reversion provisions.[34] While this may eliminate administrative complexity, it would certainly undermine the legitimacy of the copyright term based on the objective of benefiting the authors' estates[35] and the public interest.[36]

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28 Black (n 25).

29 e.g. the 35-year rule in the US 'applies only to grants made by the author after January 1, 1978.' The copyright assignment can be terminated within the five years following the 35th year after the grant was made. Notice of intention to terminate in the US must also be received between 10 and 2 years prior to the intended termination date: LJ Jassin 'Copyright Termination: how authors (and their heirs) can recapture their pre-1978 copyrights' (2002) Copylaw.com http://www.copylaw.com/new_articles/copyterm.html.

30 CCA s 14(1)(2); assignment cannot trump reversion.

31 Previously, copyright ran for 42 years, with a 14-year renewal term to be exercised by the author or her estate. Vaver (n 14) 110.

32 There are some notable exceptions to reversion, e.g. collective work authors have no reversion; ibid 113–16.

33 (14 Nov 1911) 31 Hansard Parl Debates 158.

34 Vaver (n 14) 111.

35 ibid.

36 D de Freitas 'Authors' Contracts and the Public Interest' in HC Jehoram (ed)

## 2.3 Collective Bargaining

In 1992, Canada became the first common law jurisdiction in the world to enact a framework designed to provide collective bargaining rights to independent contractors.[37] The Status of the Artist Act[38] recognizes the contribution of creators of artistic, literary, dramatic, or musical works to 'the cultural and socio-economic enrichment of Canada' and the need to compensate them.[39] The Status of the Artist Act guarantees creators' freedom of association.[40] It establishes a separate independent agency, the Canadian Artists and Producers Professional Relations Tribunal,[41] to certify artists' associations as exclusive bargaining agents.[42] Once certified, such artists' associations have the exclusive authority to bargain on behalf of artists of their sector and to

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*Copyright Contracts* (Sijthoff, Alphen aan den Rijn Amsterdam 1977) 29, 30 '… if an author's dependants were left inadequately provided for as a result of his irresponsible alienation of his rights during his lifetime there would be a risk that those dependants might become a charge on public funds.'

[37] E MacPherson 'Collective Bargaining for Independent Contractors: is the Status of the Artist Act a model for other industrial sectors?' (1999) 7 Canadian Labour & Employment LJ 356, Cultural Human Resources Council 'Submission by the Cultural Human Resources Council to the Federal Labour Standards Review' (October 2005) http://www.hrsdc.gc.ca/eng/labour/employment_standards/fls/submissions/formal_briefs/brief57.shtml; G Neil 'Update on initiatives to improve the socio-economic status of Canadian artists' (prepared for the Canadian Conference of the Arts 9 February 2007) http://www.ccarts.ca/en/documents/statusofstatus_neilcraig_120407.pdf.

[38] SC 1992 c 33 ('the Status of the Artist Act'); the Status of the Artist Act received royal assent on 23 June 1992 and was brought into force in stages till 9 May 1995 when it became fully in force. For discussion see: C Matteau and E Lefebvre 'Les décisions du Tribunal canadien des relations professionelles artistes – producteurs visant le droit d'auteur' 10 CPI (1998) 461; E Lefebvre '*Les rapports collectives en milieu artistique et la production multimedia*' Barreau du Québec vol 192 (2003) 173; E Lefebvre '*Du droit d'auteur au status de l'artistes: étude comparative des législations applicable dans un context de droit civil et examen comparatif des pouvoirs de leur forum décisionnel*' Institutions administrative du droit d'auteur, (2002) 161; JA Francais 'Eléments de protection canadienne de l'activité créatrice des artistes-interprètes du domaine sonore' (Etude pour le ministère du Patrimoine canadien 23 mars 2006).

[39] The Status of the Artist Act s 2.

[40] The Status of the Artist Act s 7.

[41] MacPherson (n 37) 361. See Canadian Artists and Producers Professional Relations Tribunal (CAPPRT): http://www.capprt-tcrpap.gc.ca/eic/site/capprt-tcrpap.nsf/eng/home.

[42] Certification is based on common interests of the artists, the history of professional relations and any relevant geographic or linguistic criteria; s 26 of the Status of the Artist Act.

form scale agreements with minimum terms for protecting artists.[43] Prior to the Status of the Artist Act, freelancers had one of three options: self-management, collective administration,[44] or contractual bargaining via guilds.[45] The Status of the Artist Act effectively provides a fourth option to enable certified artists' associations or authors themselves to negotiate with producers based on the terms of the scale agreement setting the floor for the negotiations.[46] With scale agreements, freelancers could be more effective negotiators with publishers over the continued ownership and control of their works in new media.[47]

Significantly, however, the Status of the Artist Act only applies to freelancers of federal institutions (such as museums) and to broadcasters under the jurisdiction of the Canadian Radio-Television and Telecommunications Commission (CRTC).[48] As a result, freelancers of private companies, such as newspapers and magazines, cannot benefit from the Status of the Artist Act.[49] By contrast, Québec, which I examine in the next section, remains the only province to regulate government *and* private content producers of freelance works.[50]

While the Status of the Artist Act can provide valuable negotiation clout for freelancers, it cannot do so for newspaper and magazine freelancers in common law Canada. Also, the effects of the Status of the Artist Act are generally too

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[43] e.g. *Re Writer's Union of Canada Certification Application* (1998) 84 CPR (3d) 329 where various government departments intervened unsuccessfully to prevent artists from assigning or granting licences under the Canadian Copyright Act.

[44] For collective administration, authors may assign their copyright to a collective society and no longer have control over the use of their work and the ability to negotiate fees. The collective society manages the copyright on behalf of the author, sets the tariff for use of the works and collects and remits payment to the author. More in ch 9 text after n 93.

[45] M Bouchard 'An Essay on Monetizing Copyright over the Internet' (Law Society of Upper Canada: Entertainment, Advertising & Media Law Symposium 2009, 17–18 April 2009 Toronto Canada) I-44-5.

[46] *Re Writers' Union* (n 43) 347–9.

[47] Freelancers are certified under various authors' groups like PWAC; see the Tribunal web site for registered certifications: http://www.capprt-tcrpap.gc.ca/eic/site/capprt-tcrpap.nsf/eng/h_tn00047.html.

[48] The Status of the Artist Act s 6(2)(a).

[49] Interview with Francois Auger, Legal Counsel, Canadian Artists and Producers Professional Relations Tribunal (20 July 2004); as the Internet is a form of broadcast, digitized freelance works would be covered.

[50] Notably, The Ontario *Status of the Artist Act* SO 2007 c 7 sched 39 and the Saskatchewan *Status of the Artist Act*, SS 2002 c S-58.1 provide mere declarations of principle; Neil (n 37); M Hebb and W Sheffer 'Towards a Fair Deal: Contracts and Canadian Creators' Rights' (prepared for the Creators' Copyright Coalition and Creators' Rights Alliance) (October 2007).

early to determine since the legislation is relatively new and has only been seen in action in Québec, where several certified local associations are in the process of reaching scale agreements.[51] For some commentators, it will be 'a number of years before we can say with any certainty that the fruits of collective bargaining under this Act have improved the economic situation of Canadian artists.'[52]

In 2002, the US introduced The Freelance Writers and Artists Protection Act in Congress for approval.[53] The bill was intended to ameliorate the bargaining imbalance between authors and publishers by affording freelancers an anti-trust exemption to permit them to bargain collectively.[54] The legislation would have applied to freelancers in the same manner as collective bargaining applied to employees and would have been regulated by the National Labour Relations Act.[55] But the bill was opposed by various authors' groups and eventually defeated.[56] One of the main opposing arguments was that freelancers would be treated as employees for the purposes of copyright

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[51] The process on this front has been relatively slow and some key aspects of the certifications have been subject to challenge. For instance, the National Gallery of Canada is challenging the conclusion in a decision to certify the Writers' Union of Canada *In the matter of an application for certification filed by the Writers' Union of Canada and the League of Canadian Poets* (17 November 1998) at www.capprt-tcrpap.gc.ca/eic/site/capprt-tcrpap.nsf/eng/tn00080.html that a bargaining agent can deal with existing copyright [61–2]. It appears that this case is currently in mediation: M Hebb (electronic communication, 14 May 2009).

[52] MacPherson (n 37) 389. See also, C Cranford *Self-Employed Workers Organize: Law, Unions, Policy* (McGill Queen's University Press Montreal & Kingston 2005) outlining the various challenges associated with the Status of the Artist Act, these starting with the conception of the artist (138). *Writers Guild of Canada v Canadian Broadcasting Corporation* [2006] OJ No 2979 is the only case to date that has considered the Status of the Artist Act but on a jurisdictional point.

[53] S HR 4643 107th Cong (2nd Sess 2002) available at http://thomas.loc.gov/ ('Freelance Writers and Artists Protection Act') as at 7 May 2009. Drafted by a United Auto Workers (UAW) lobbyist, the bill did not succeed beyond the Committee of Judiciary where it was under review; J Defoore 'Consensus Emerges on New Collective Bargaining Bill' Photo District News (11 December 2002) http://www.allbusiness.com/retail-trade/miscellaneous-retail-retail-stores-not/4450356-1.html.

[54] ibid s 3.

[55] ibid s 2.

[56] The American Society of Media Photographers (ASMP), Illustrators Partnership of America (IPA) and The Society of Photographers and Artists Representatives (SPAR) actively opposed the bill. See Brad Holland 'Print Symposium: Contract Options for Individual Artists: first things about secondary rights' (2006) 29 Columbia-VLAJLA 295 ('ASMO/SPAR'); Illustrators Partnership of America 'Illustrator's Partnership of America: Founding History of the 1st Collecting Society for Illustrators' (28 January 2003) http://www.illustratorspartnership.org/downloads/founding.pdf.

and therefore end up property-less.[57] Earlier commentators also speculated that the bill would not succeed because past experience among freelancers in the US had shown reluctance to engage in joint activities.[58] And even if they would have joined, the benefits would have been few.[59]

In sum, the available common law legislation to resolve ambiguities and clarify copyright transfers remains deficient. While there have been some initiatives in Canada and the US, by way of collective bargaining, the potential advantages to freelancers are to date largely non-existent. As a result, freelancers remain subject to publishers' superior bargaining power.

## 3. CIVIL LAW JURISDICTIONS

In contrast to common law jurisdictions, while the approaches vary, civil jurisdictions feature several author protection measures and, more specifically, copyright contract provisions to address ambiguous transfers between authors and publishers. From this perspective, civilian jurisdictions are less deferential to publishers and more pro-author though still contain some setbacks.

### 3.1 Québec

In contrast to the Status of the Artist Act in Canada, at the provincial level, Québec predates the federal legislation. Québec enacted more comprehensive laws to protect all categories of freelancers, not limited to those of federal institutions. Two statutes: An Act Respecting the Professional Status and Conditions of Engagement of Performing, Recording and Film Artists (1987) and An Act Respecting the Professional Status of Artists in the Visual Arts, Arts and Crafts and Literature, and Their Contracts with Promoters (1988)[60]

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[57] As discussed by SPAR attorney Eric Vaughn-Flam at the Parsons School of Design on 14 November 2002 in ASMO/SPAR (n 56) 306–7.

[58] e.g. M O'Rourke 'Bargaining in the Shadow of Copyright Law after Tasini' (2003) 53 Case Western Reserve LR 605, 627–8.

[59] ibid 628–9. Because freelancers are a diverse group for the collective to be successful, there needs to be 'at least some individuals whose reputations provide them with bargaining power in negotiations with publishers. Whether they would be willing to join such a group is an open question.' Moreover, the Freelance Protection Act did not permit writers to form a union protected by US labour legislation, therefore perhaps leading to publishers' refusal to bargain with freelancer collectives or 'blacklist' its members.

[60] An Act Respecting the Professional Status and Conditions of Engagement of Performing, Recording and Film Artists (1987) RSQ c S-32.1; An Act Respecting the Professional Status of Artists in the Visual Arts, Arts and Crafts and Literature, and

first established a collective bargaining regime in the province. Chapter 3 of the Professional Status of Artists Act regulates the form and content of artist–promoter, or in this case, author–publisher, contracts and provides that these must stipulate the: (1) scope, term, and territorial application of the assignment or licence, (2) (non)transferability to third parties, (3) remuneration due to the artist, intervals and conditions of payment, and (4) frequency with which the promoter shall report to the artist on the transactions made and for which monetary consideration remains owing after the contract is signed.[61] Future copyright assigned to the promoter can be terminated and revert back to the artist.[62] Any scale agreement or model contract cannot last more than three years. Unless otherwise agreed, every contract in dispute under the Professional Status of Artists Act is to be resolved by an arbitrator.[63] Consequently, Québec provides provisions on copyright contract matters in contrast to its common law counterparts in the rest of Canada. As expressed by a Québec minister contrasting its civil law tradition to the common law's, 'nous choisissons d'aider les plus démunis, ceux et celles laissés à eux-mêmes et qui créent, sans autre initiative que la leur…'.[64] In this vein, Québec provides a model that recognizes freelancers' disadvantaged predicament.

## 3.2 Continental Europe

Continental Europe's civil law tradition provides equally detailed legislation on copyright contracts entrenched in its copyright statutes. These include: express provisions on transfers of economic and moral rights, transfers of future rights, reversion, contract formation and interpretation rules, special provisions and collective licensing.

### 3.2.1 Transfers of economic and moral rights

Assignment or licences are equally permissible under the laws of many civilian jurisdictions and must be in writing and signed by the grantor.[65] There are

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Their Contracts with Promoters ('Professional Status of Performing Artists Act') and RSQ c S-32.01 ('Professional Status of Artists Act').

61 ibid s 31.

62 s 34.

63 s 37.

64 'We choose to help the more impoverished, those left to their own means and yet, create, without any incentive but their own will' cited in C Brunet 'Le Statut de l'Artiste: Une Nouvelle réalité dans les relations auteurs/éditeurs' (24e Congrès de l'UIE, Delhi 29 January 1992) 4.

65 L Guibault and B Hugenholtz *Study on the Conditions Applicable to Contracts Relating to Intellectual Property In the European Union – Final Report* (Institute for Information Law Amsterdam May 2002) 148.

however some restrictions to these transfers and notable exceptions.[66] Assignments, whether in writing, oral or implicit, are impossible under German and Austrian law, only exclusive or non-exclusive licences are allowed.[67] Assignments are only allowed by testamentary disposition.[68] This results from the monist theory of German and Austrian law where economic and moral rights are so interwoven that they cannot be separated.[69] In countries where transfers are permitted these are equally divisible.[70] Licensing of rights is also on an exclusive or non-exclusive basis and governed by contract.[71] Moreover, in 2002, significant amendments were made to the German Author's Rights and Related Rights Law 1965[72] (GCA) to strengthen the contractual position of authors and performers, and relevant provisions are discussed below.

### 3.2.2 Transfers of future rights

Unlike common law countries that generally place no restrictions on transfers of future works not yet created at contract formation,[73] France and Spain do

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66 Code de la Propriété Intellectuelle No 92-597 of 1 July 1992 as last amended by Loi 2003-706 of 1 August 2003 (France) ('CPI') art L 122-7; Copyright Act of 30 June 1994, 27 Moniteur Belge 1994 (Belgium) as amended by the Act of 4 December 2006, implementing Directive 2001/84/EC of 27 September 2001, Moniteur Belge of 23 January 2007 ('BCA') art 3(1).

67 German Copyright Act of 9 September 1965 I p 1273 No 51 trans (1965) 1 Copyright 251 as amended in 2008 BGBl IS 2349 ('GCA') art 29; and amended more recently in 2007: *Zweites Gesetz zur Regelung des Urheberrechts in der Informationsgesellschaft vom 26. Oktober 2007, Bundesgesetzblatt Jahrgang 2007 Teil I Nr. 54, 31. Oktober 2007* ('GCA 2007'); Austrian Copyright Act 1936 BGBl No 111 as amended in 2006 BGBl. I No 81/2006 art 23(3) and 67(2). In Germany, art 29(1) states that copyright may be transferred in execution of a testamentary disposition or to co-heirs as part of the partition of an estate. The same applies in Austrian copyright law, see art 23(1). For general commentary see A Rahmantian 'Non-assignability of Authors Rights in Austria and Germany and its Relation to the Concept of Creativity in Civil Law Jurisdictions Generally: a comparison with UK copyright law' [2000] Ent LR 95; B Hugenholtz 'Electronic Rights and Wrongs in Germany and the Netherlands' (1998) 22 Columbia-VLAJLA 151, 152.

68 Guibault and Hugenholtz (n 65) 152.

69 L Bently *Between a Rock and a Hard Place* (The Institute of Employment Rights London 2002) 27; Austria and Nordic countries do not require written assignments.

70 Sterling (n 1) 486.

71 ibid 487.

72 Amendments to GCA (n 67) came into force 1 July 2002 and published in BGBl.I No 21 (28 March 2002) 1155.

73 Canada is a notable exception. Though the matter is far from clear with respect to the operation of collecting societies attempting to derive a benefit from future works: *Canadian Performing Right Society Ltd v Famous Players Canadian*

not allow such total transfers and declare such contracts null and void.[74] Some countries like the Netherlands make no mention of whether future rights can be transferred. As such, some scholars posit that they could likely take place without restriction.[75] But in Belgium, transfers of economic rights in future works have a temporal restriction and are contingent on specifying the type of works involved as well as the author sharing profits generated by such exploitation.[76]

### 3.2.3 Reversion

Against the non-existent reversion rights in the UK, continental European countries have a variety of such provisions. For instance, the more recent German copyright amendments include a right of termination that can be exercised five years after the agreement's conclusion.[77] Other reversionary provisions are typically featured in special rules for publishing agreements. The Belgian Copyright Act (BCA) [78] provides that if the publisher fails to publish within the agreed time, rights can revert to the author.[79]

### 3.2.4 Contract formation and interpretation rules

*Specifics expressed – use, scope and duration* There are various types of restrictions on copyright transfers across continental Europe. In the Netherlands, rights must be expressly mentioned and only rights that can be implied from the nature and purpose of the transaction are valid.[80] The BCA states that the contract must stipulate each mode of exploitation, the author's remuneration and the extent and duration of the transfer. Both the French Code de Propriété Intellectuelle (CPI) and Spanish Copyright Act provide that each conveyed transfer must be expressly delineated, including use, extent, scope,

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*Corp* (1927) 60 OR 280 (Ont SC) 287 where works had been created prior to assignment although the assignments in question referred to future works. It appears that an agreement to assign future works could be binding as between the parties and thus could be enforced outside of the CCA as an equitable assignment subject to equitable defences: *Performing Right Society v London Theatre of Varieties Performing Right Society v London Theatre of Varieties* [1924] AC 1 (HL) here the legal owners of the copyright had to be joined in the action. See discussion in JS McKeown *Fox Canadian Law of Copyright and Industrial Designs* (3rd edn Carswell Scarborough 2000) 374–6.

74 e.g. CPI art L 131-1.

75 Guibault and Hugenholtz (n 65) 149.

76 BCA art 3(2).

77 GCA art 40(1).

78 BCA (n 66).

79 BCA art 26.

80 Copyright Act of 23 September 1912 Staatsblad 308 trans (1973) 9 Copyright 181 ('DCA').

territory and duration.[81] In France, the reproduction of writers' works in a new publication requires their express authorization.[82] In contrast to France, which invalidates non-specific contracts, the GCA states that uses must be enumerated or rights will be construed narrowly to give effect to the purpose of the grant.

*Purpose of grant* Complementing the specifics rule is the purpose of grant rule. In France, Germany, Greece and Spain in interpreting ambiguous transfers of copyrights, only those rights necessary to fulfil the purpose of the contract will be covered, or risk contract invalidity.[83] According to the purpose of grant rule, whenever the contract terms do not specifically identify the uses for which rights are granted, the author is deemed to have granted no more rights than are required by the purpose of the contract. This rule of interpretation expresses the notion that copyright tends to remain with authors as far as is possible so that they can enjoy a *reasonable participation* in the profits from their work.[84] The parliamentary history of this clause, 'demonstrates that its primary aim is to prevent the "young and inexperienced" authors in their dealings with "cunning" publishers from "rashly" giving away their copyrights.'[85] As I shall discuss in Chapter 8 on continental European freelancer jurisprudence, this principle enjoys broad applicability. Courts recognize the need to have authors retain reasonable control over their works.

*Strict interpretation – pro-author default rule* in dubio pro auctore Another provision complementing the operation of the specifics and purpose of grant rules is a default-type rule mandating that courts strictly interpret ambiguous copyright contract clauses.[86] According to the BCA, both the scope of the grant and the means of exploitation need to be identified and interpreted narrowly in favour of the author. The CPI requires a restrictive interpretation and to read in no rights that are not expressly conveyed.[87] This law therefore favours a pro-author interpretation and in some ways operates as a pro-author default rule in cases of ambiguity in construing the disputed right: *in dubio pro*

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81 CPI art L 131-3; Copyright Act of 12 April 1996, Real Decreto Legislativo 1/1996, as amended 7 July 2006, 23/2006 ('Spain CA').

82 CPI art L 131-6.

83 Law No 2121/1993 of 3 March 1993, as amended in January 2007, Law 3524/2007 ('Greece CA') art 15(1–4) ; Spain CA art 61.

84 *Freelens* (5 July 2001) No I ZR 311/98 Federal Supreme Court (Bundesgerichtshof) tr (2003) 34 IIC 227, 228 applying the purpose of grant rule.

85 B Hugenholtz 'The Great Copyright Robbery' (A Free Information Ecology in a Digital Environment New York School of Law 31 March–2 April 2000).

86 Guibault and Hugenholtz (n 65) 150.

87 BCA art 3(1); e.g. CPI art L 131-1 to 131-8.

*auctore*. In a similar fashion, some countries, such as Greece, presume licences to be non-exclusive unless otherwise expressed.[88] As a result, such strict interpretive approaches function to resolve ambiguities in favour of the author.

### 3.2.5 Future forms of exploitation: foreseeability

Belgium, Greece, Italy and Spain prohibit transfers of rights that are unknown or unforeseeable at the time of the contract and declare these void.[89] It is uncertain as to when a method of use becomes known. For instance, it has been suggested that the relevant period for online databases is 1982–4, followed by CD-ROM in 1988 and multimedia in the early 1990s.[90] In France, authors can convey rights in future media even though the technology is unforeseen at the time of contracting provided that the contract denotes 'correlative participation in profits of exploitation.'[91] While Austria and the Netherlands do not restrict such transfers, courts can invalidate these based on the general rules of contract law. For instance, the *imprévision* rule of article 6:258 of the Dutch Civil Code allows for 'dissolution of a contract if unforeseen circumstances no longer justify the contract to continue under its original terms.'[92] In Germany, article 31(4) of the GCA used to declare void any obligation relating to uses that were unknown at the time the licence was granted but was repealed in the 'second basket' of German copyright amendments.[93] As is more fully explored in Chapter 8, applying this foreseeability principle has many shortcomings for authors and presents a notable drawback to the continental provisions.

### 3.2.6 Remuneration clauses

Several countries (France, Germany, Greece and Spain) provide that transfers must entitle authors to proportional remuneration.[94] The more recent German

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88 Greece CA art 13(1–4).

89 BCA art 3(1); CPI L 131-1; Greece CA art 13(5). Of note is that GCA art 31(4) provided for this but was repealed in the 2007 'second basket' of copyright amendments: GCA 2007 (n 67); GCA art 31a most closely resembles the previous art 31(4), art 31a allows for greater ease of exploitation of future uses GCA (n 67).

90 T Dreier 'Adjustment of Copyright Law to the Requirements of the Information Society' (1998) 29(6) IIC 623, 638.

91 CPI art 131–6.

92 B Hugenholtz 'Electronic Rights and Wrongs in Germany and the Netherlands' (1998) 22 Columbia-VLAJLA 151, 157.

93 GCA 2007 (n 67); N Lamprecht-Weibernborn 'Second Basket of Copyright Reform Approved' http://merlin.obs.coe.int/iris/2007/10/article15.en.html. Discussed ch 8 text to n 55.

94 e.g. Greece CA art 32, Spain CA art 46.

amendments state that if the rate of remuneration is unsettled during contract formation or, if authors wish to alter a contractually agreed remuneration, they can change this to ensure equitable remuneration.[95] An equitable remuneration is determined by a 'common remuneration standard' which can be reached through associations of authors and users of works, or individual users of works, and may be set by a mediation panel.[96] The French CPI provides that transfers must entitle authors to 'proportional remuneration'[97] in the event of an adaptation or different use of a work.[98] Indeed, each country contains its own version of exceptions on remuneration. The French CPI sets more specific requirements in regards to calculating the remuneration; for instance, royalty percentage is left to the parties. The idea is that 'the intent was to protect authors who might otherwise be tempted to alienate valuable rights for the illusory bait of lump sum payments.'[99] By requiring a link to receipts, lump sum payments are discouraged, as are high thresholds.[100] Some disadvantages are that lump sum payments are allowed in certain instances and may risk to nullify the applicability of the rule.[101]

### 3.2.7 Best-seller or success clause

Also dealing with remuneration issues is the best-seller or success clause. In Germany and Spain, in the event that a work results in grossly disproportionate profits to publishers, authors can demand revision of the agreement.[102] In Belgium, the same applies to book publishing contracts where if the profit is *manifestement disproportionée* to the agreed lump sum, the publisher must agree to adjust the remuneration in order to grant the author a share of the profit.[103]

### 3.2.8 Duty to exploit and termination of contract

Most continental European countries provide a duty to exploit or a non-use of rights clause. Under German copyright law, an author has the right to revoke the exploitation right if the holder does not exercise the right or exercises it insufficiently. The condition is that non-use causes serious injury to the

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95 K Gutsche 'New Copyright Contract Legislation in Germany: rules on equitable remuneration provide "just rewards" to authors and performers' (2003) 25(8) EIPR 366–72.

96 GCA arts 32(2)(3), 36, 36a.

97 CPI art L 131–4.

98 CPI art L 131–3.

99 Bently (n 69) 63–74.

100 ibid.

101 CPI art L 131–4.

102 GCA art 32a; Spain CA art 47.

103 BCA art 26(2).

author's legitimate interests and is not due to circumstances that the author can remedy.[104] The author may exercise this right after three months for newspaper contributions. For periodicals (appearing monthly or less) the period is six months.[105] The BCA provides that the transferee is under a duty to exploit the work pursuant to honest professional practices.[106] In Greece, the duty to exploit is pursuant to a reasonable period of time.[107] This provision is particularly useful for freelancers especially when they are forced to give up their copyrights based on publishers' 'existential insecurities' where publishers may not be doing anything with these rights but want to possess them 'just in case'.[108] This clause is equally beneficial to users and the general public to allow the increase in diversity and access of freelance works.

### 3.2.9 Special provisions

France, Belgium, Germany, Spain, Italy and Greece provide special provisions on publishing contracts. These are meant to be author-protective and include rights of publishers to exploit the work, not to alter it, pay royalties and provide accounts.[109]

### 3.2.10 Collective licensing

Collective licensing allows single bodies to administer rights for authors and users. Collective societies may allow authors to retain control over their copyrights, while obtaining returns from those exploiting their works. As Bently and Sherman argue, while there are clear advantages in allowing copyright owners a mechanism to exploit their works and users to access these, there are also disadvantages.[110] One of the drawbacks is the imposition of restrictive practices as authors have little choice but to join the society and users but to take a licence from the society, on its terms.[111]

## 3.3 Conclusions

While there are many differences between the copyright contract rules among

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104 GCA art 41(1).

105 GCA 41(2); art 41(3) stipulates notice to holder and adequate time to remedy prior to revocation; art 41(4)(6) deals with indemnifying the holder and no waiver of this right.

106 BCA art 3(1).

107 Greece CA art 15(5).

108 Hugenholtz (n 92).

109 Albeit these mainly apply to book publication; Bently (n 69) 64.

110 Bently and Sherman (n 19) 297.

111 ibid. More on collective licensing in ch 11 text after n 93.

the continental European countries (and they are by no means perfect)[112] each offers its own mechanism of dealing with freelancers' copyright contract issues. And so, when such issues arise, especially in the UK and North America, it is tempting to compare jurisdictions. On the whole, continental Europe offers more robust and express provisions for copyright contract formation and interpretation. Albeit a patchwork of copyright transfer laws for authors, continental Europe has more of everything and consistently much of the same of everything: clauses on limits of scope, time and place, future forms of exploitation, future works, remuneration, contract interpretation standards and termination of contracts. In countries like Canada, the US and the UK, freelancers and publishers are on their own free to determine these crucial questions. What this really means is that freelancers are subject to publishers' muscle power and the general rules of the common law.

## 4. JUDICIAL PRINCIPLES IN COMMON LAW AND CIVIL LAW JURISDICTIONS

I have thus far shown the substantial discrepancy between common law and civilian regulation of copyright contracts, and of author–publisher legal arrangements more generally. The result is that civilian jurisdictions are generally more adept at dealing with freelancer copyright contract issues. Next, I examine the general principles of contract law as these complement copyright legislation; they affect the management of rights transfers, formation, execution and interpretation of copyright contracts. Consequently, they could provide another avenue for freelancer redress. I focus on principles of good faith, imprecision, fairness and equity,[113] and foreseeability for both sets of jurisdictions. These principles could allow courts to interpret or revise contractual terms that might be deemed unfair to the freelancer. I argue that while there are various principles for freelancers, these are too uncertain and premature to rely upon. Nonetheless, these principles (except for foreseeability) are valuable supplements to the gaps in copyright contract law, especially for the common law. Moreover, it appears that what the common law jurisdictions attempt to achieve through the courts, continental European jurisdictions achieve through statute. This difference again underscores the civilian jurisdictions' more robust mechanisms for dealing with copyright contract matters affecting freelancers.

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[112] There are many uncertainties. For instance, it remains to be seen how the German amendments will be accepted as fair and tested in practice.

[113] I draw here from the study of Guibault and Hugenholtz (n 65) 12. Mechanisms specific to the UK like the doctrine of restraint of trade will be examined in ch 9 text after n 24.

### 4.1 Good Faith

For freelancers, relying on a doctrine of good faith would be useful especially given their contentious relations with publishers. In common law and civilian jurisdictions, parties are free to enter into a contract and to determine its contents subject to the requirements of good faith and fair dealing. Good faith is synonymous with sincerity, candour and loyalty.[114] A duty of good faith is wider in breadth than a duty of disclosure because it is not confined to pre-contractual behaviour but can extend to the manner in which parties behave from contract negotiation to its termination.[115]

In the UK, consistent with the principles of freedom of contract there is no developed doctrine of good faith.[116] As Ewan McKendrick maintains, while there has been traditional hostility to the concept,[117] this view may be 'abating'.[118] Generally, there are express references to good faith in the Commercial Agents (Council Directive) Regulations 1993 and the Unfair Terms in Consumer Contracts Regulation 1999.[119] In a 2000 case, the court ruled that good faith was not to be construed 'in the English law sense of absence of dishonesty but rather in the continental civil law sense.'[120] This case went on to the House of Lords and has become a leading case on Unfair Terms in Consumer Contracts Regulations 1999. The House of Lords decision was the first time the unfairness of a contractual term was considered under the Unfair Terms in Consumer Contracts Regulations 1994. This decision marked a step in 'further integrating the concept of good faith into English Law'.[121] Also, while UK law does not recognize a duty of good faith, uncertainty in defining its scope being the main cited problem,[122] it is 'harsh' in its treatment of bad faith.[123] Some examples of bad faith that constitute grounds upon which a contract can be set aside are: telling lies, using illegitimate pressure, exploiting the weakness of others and abusing positions of confidence.[124]

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114 ibid.

115 E McKendrick *Contract Law* (4th edn Palgrave London 2000) 259.

116 ibid 260.

117 *Walford v Miles* [1992] 2 AC 128.

118 McKendrick (n 115) 259.

119 ibid.

120 ibid citing *Director General of Fair Trading v First National Bank plc* [2000] 1 WLR 98, 109, on appeal [2000] QB 672, on appeal to House of Lords [2001] UKHL 52.

121 M Dean 'Unfair Terms in Consumer Contracts – Crystal Ball Gazing? *Director General of Fair Trading v First National Bank plc*' (2002) 65(5) MLR 773.

122 McKendrick (n 115) 264.

123 ibid 261.

124 ibid.

Various aspects of UK law such as contract interpretation rules and implied terms could all be rationalized in terms of good faith especially those which protect the weaker party.[125] For instance, UK courts have refused to enforce assignments of copyright because of the doctrine of restraint of trade and principles of unconscionability.[126] As a result, the copyright contract 'difference may be more one of technique than result.'[127] The common law countries generate and apply such principles in the courts, while continental European cases apply these already codified (for example the best-seller clause).[128] In Chapter 9 on the UK's copyright system, I discuss these concepts in more detail. For the scope of this chapter, it is sufficient to recognize that while the UK does not have a mature doctrine, it is 'influenced' and 'shaped' by notions of good faith.[129] There may be compelling reasons for the UK to develop a good faith doctrine especially since it would bring it in line with other jurisdictions in continental Europe and enable it to accede to international conventions.[130]

Like the UK, Canada offers no comprehensive approach to good faith. And while there has been a doctrine of good faith in Canadian contract law under steady construction for a number of years,[131] it plays a very limited role in Canada's Copyright Act and copyright disputes.[132] In the US, the principle of good faith is broadly recognized especially in the performance and enforcement of commercial contracts.[133] Terms like good faith and duty to inform pervade US state legislation, for example the Uniform Commercial Code. Some courts have used the principle of good faith to imply terms.[134] The USCA also contains various provisions containing good faith principles.[135]

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125 English law has also developed the doctrine of frustration.

126 *Clifford Davis v WEA Records* [1975] 1 All ER 237.

127 McKendrick (n 115) 261.

128 Text to n 102 in this chapter.

129 McKendrick (n 115) 263.

130 e.g. Vienna Convention on Contracts for the International Sale of Goods mandates 'observance of good faith in international trade.'

131 The history of good faith jurisprudence in Canada is one of confusion between two standards: a general duty based on judicial interpretations of community standards, reasonableness, and fair play and one that prohibits conduct contrary to the contractual regime and the reasonable expectations arising from it; D Stack 'The Two Standards of Good Faith in Canadian Contract Law' (1999) 62 Saskatchewan LR 201 [1].

132 Good faith is only mentioned twice in CCA: (1) in relation to moral rights if 'steps taken in good faith' to restore the work: s 28.2(3); and (2) defendant's conduct 'good or bad faith' in awarding statutory damages s 38.1(5).

133 A Farnsworth 'The Concept of Good Faith in American Law' http://w3.uniroma1.it/idc/centro/publications/10farnsworth.pdf (7 May 2009).

134 *Tymshare v Covell* 727 F2d 1145 (DC Cir)(1984).

135 e.g. USCA s 113 on scope of 'good faith' effort to notify artist of removal of work; USCA s 119 on good faith negotiation for payment of fees by carriers.

In contrast to the UK, Canada and the US, good faith is a well-established principle in continental Europe and there are direct references in its nations' civil codes and copyright instruments. In Germany and the Netherlands, good faith is an instrument to interpret, correct and supplement the parties' contractual obligations.[136] In France, where 'contracts must be performed in good faith', the Cour de Cassation, in a case against a copyright collecting society, relied on the principle of good faith to hold that the collection of payments from foreign subsidiaries for 'technical assistance' did not amount to a tangible service from the publisher; the publisher had failed to execute its publishing contract in good faith.[137] Recognizing that there is a general principle of good faith and standards of good contractual practice, the legislator and the courts often define the degree of imposed loyalty and cooperation among the parties.

Applying principles of good faith to freelancer disputes could show that publishers may not have been acting in good faith when they contracted with third parties and failed to notify freelancers. Moreover, UK courts could find publishers' behaviour legally objectionable because of their bad faith conduct: publishers exercised illegitimate pressure and exploited the weaker freelancers when they published authors only upon assignment of their copyrights. Though because such an argument has been untested to date and its applicability is still uncertain, applying good faith principles in potential common law freelancer suits would not be a viable (or at least should not be the exclusive) option.

### 4.2 Imprecision

Freelancers' often ambiguous contracts could benefit from judicial interpretive tools used to clarify imprecise agreements. In common law and civil law jurisdictions, the mutual intention of the parties governs contract interpretation even if this differs from the literal meaning of the words.[138] The Principles on European Contract Law set out various factors that may be taken into account when establishing the common intention of the parties or the meaning that reasonable persons might give to the contract: preliminary obligations, subsequent conduct of the parties and commercial practices and usages.[139] Nonetheless, a clear and precise contract cannot be disregarded in favour of an interpretation that would bring about a more reasonable result.[140]

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136 Guibault and Hugenholtz (n 65) 13.

137 ibid citing *Dargaud v Uderzo and SNE* (11 January 2000) Case No Y 98-20-446 [unpublished].

138 Principles of European Contract Law 1998, prepared by the Commission on European Contract Law art 5:101(1).

139 ibid art 5:102.

140 In France, '*les clauses claires et précises*.' Guibault and Hugenholtz (n 65) 14.

### 4.2.1 *Contra proferentem*

When doubt exists about a term that has not been individually negotiated (such as a standard term) a court can apply an interpretation against the drafter and in favour of the party to whom the contract was presented.[141] The *contra proferentem* principle is widely adopted in both civil and common law traditions and the UK's endorsement of the rule is further discussed in Chapter 9. The logic of the rule is that the drafter is assumed to have looked after his own interests, 'so that if the words leave room for doubt about whether he is intended to have a particular benefit, there is reason to suppose that he is not.'[142] In many ways, *contra proferentem* is an interpretive tool akin to the copyright default-like rules codified in continental European courts. This rule was also first explored in Chapter 4, where courts often used this principle to protect authors' interests. Here again, it appears that what the common law countries achieve through the courts, continental European governments also achieve through statute.

While I discuss this interpretive principle in more detail in Chapter 9, its benefits to freelancers cannot be underestimated. The current freelance litigation is due to ambiguous and standard form contracts drafted by publishers (and that continue to be drafted by publishers). By invoking *contra proferentem,* unclear terms on future uses of technologies would likely be interpreted restrictively against publishers.

### 4.2.2 Custom

To make an ambiguous contract more specific, terms may be implied by custom.[143] The custom 'must be strictly proved' and is implied by 'the custom of a locality or by the usage of a particular trade.'[144] This high standard requires that the custom is (1) notorious, (2) as certain as a written contract, and (3) reasonable.[145] In other words, 'an outsider making inquiries could not fail to discover it.'[146] A custom that satisfies these requirements binds both parties, whether they knew of it or not.[147] But attempts to imply a term have failed where one of the parties 'did not know the terms which was alleged must be implied.'[148]

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141 Principles of European Contract Law art 5:103.

142 *Tam v Bank of Credit and Commerce Hong Kong Ltd* [1996] 2 Butterworths Company L Cases 69, 77.

143 There are three ways to imply terms by statute, custom and at common law; McKendrick (n 115) 202–3. The latter is noted in ch 9 text to n 22.

144 J Beatson *Anson's Law of Contract* (28th edn Oxford University Press Oxford 2002) 151.

145 ibid 151.

146 McKendrick (n 115) 203.

147 ibid.

148 McKendrick (n 115) citing *Spring v NASDS* [1956] 1 WLR 585.

While freelancers have not (yet) used good faith to substantiate their claims, freelancers and publishers have used custom.[149] Freelancers argue that their 'handshake' deals with publishers have been treated by custom as implied non-exclusive licences to use the work only once in print; this custom has only recently been undermined by publishers' digitization of works. On the other hand, publishers argue that custom of the trade allows them to exploit freelance works in any media. Therefore new use terms could be appropriately implied. While there is no direct caselaw to date dealing with custom as an issue, the North American caselaw that will be examined in Chapter 7 alludes to it.[150] Traditionally, courts have eschewed custom because it would undermine authors' rights to control copyright in their works. According to the legal tests, it may be more difficult for publishers than for freelancers to rely on custom; publishers' custom is fairly recent and unknown to many members of the industry including other publishers.[151] Indeed, 'that some publishers are willing to pay for electronic rights casts doubt on whether or not a custom really does exist.'[152] But even admitting that the custom to use freelancers' works electronically without payment exists, freelancers' unawareness of this custom may be sufficient not to imply such a term. Freelancers were in the past typically consulted and remunerated for additional uses of their works.[153] This practice would thus suggest that custom imply only print-use rights. Without any determinative ruling on this issue, predicting which terms may be implied by custom is speculative. Moreover, as will be seen in the caselaw analysis in the next three chapters, relying on custom may be problematic because the tests lead to indeterminacy in imputing a party's level of awareness of the proposed custom. If UK historical precedent were to be applied, no new terms would be likely implied.

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149 e.g. *Robertson v Thomson Corp* (2001) 15 CPR 4th 147 (2001) 109 ACWS 3rd 137 (SCJ); (2004) 72 OR 3rd 481, 243 DLR 4th 257 (CA); 2006 SCC 43 [2006] 2 SCR 363, 274 DLR 4th 138 (SCC) ('*Robertson*'); discussed in ch 7 text to n 79.

150 ibid; also in *Allen v Toronto Star Newspapers Ltd* (1997) 152 DLR (4th) 518 (Div Ct) a freelance photographer sued a newspaper publisher for copyright infringement for reproducing a Saturday Night magazine cover which contained a photo he took on commission; while testimony from both sides on custom of the industry resulted in divided views (524) the court ultimately ruled that the photographer only held copyright in the photo and not in the cover which was created by the magazine (the magazine did not object to reuse of its cover and, in any event, the court found the fair dealing defence applied). This ruling would be consistent with the liberal interpretation of fair dealing in *CCH Canadian Ltd v Law Society of Upper Canada* [2004] 1 SCR 339, 2004 SCC 13.

151 The fact that publishers up to the early 2000s had diverging practices (and many still do) supports this.

152 O'Rourke (n 58) 614.

153 e.g. Santelli (n 22).

### 4.3 Fairness and Equity

Despite the principle of freedom of contract which sees the market as self-correcting,[154] courts across the common and civil law have at times resorted to fairness and equity principles to (1) intervene in unfairly reached contracts or, (2) as seen in Chapter 4, circumvent written formalities and treat failed attempts at legal assignments as oral contracts to assign. Since oral transactions may work in equity, equity could possibly work against freelancers in treating informal agreements with publishers (at least those reached prior to the new wave standard form contracts)[155] as oral contracts to assign. While transferring future copyright is impermissible in some countries,[156] to reiterate, in equity, parties who agree to convey such rights are treated as promising to assign the future copyright once the work is created.[157] The promisee becomes the equitable assignee or beneficial title holder and the promisor is the equitable assignor with a bare legal title.[158]

Yet, there are various problems associated with an equitable title, as it is still less than a legal one. The legal owner may divest the equitable owner's interest by selling to a bona fide buyer without notice.[159] As discussed, it is unclear whether publishers could successfully use equity to circumvent written formalities, since failed contracts must at least be close to completion and show intent to convey. As will be examined in the caselaw discussion, freelancers' oral contracts were ambiguous and lacked this intent.[160]

On the other hand, freelancers could use equity principles in their favour. In Chapter 9, in relation to the UK, I discuss the equitable doctrine of undue

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154 Guibault and Hugenholtz (n 65) 15.

155 These standard contracts were discussed in ch 2 text to nn 61–82.

156 e.g. Canada and in various civilian jurisdictions.

157 Vaver (n 14) 243.

158 The assignee can then perfect its interest through a court order compelling the assignor to put the assignment in writing: Vaver (n 14) 243; Bently and Sherman (n 19) 263.

159 Vaver (n 14) 243.

160 e.g. *Robertson* (n 149). But in *Griggs Group Ltd v Evans* (No 1) [2005] EWCA Civ 11. the court found that while the freelance designer owned the legal interest in the copyright of the 'Dr Martens/AirWair' logo, the UK shoe company that commissioned the design owned an equitable interest. Without an equitable interest the UK company could not exclude competitors in the industry (e.g. one of the co-defendants was an Australian company 'Raben' that claimed to have a legal assignment granted by the designer). The case seems to grant an equitable interest to protect the UK shoe company from foreign competitors despite the fact that the court found that the designer had no intent to transfer his copyright in the logo to the UK company. Also, there was never discussion on ownership of copyright between the parties.

influence, and principles of unconscionability and inequality of bargaining power that could be used to challenge the validity of publisher contracts.

Fairness and equity principles may also play a potential role in the interpretation of standard form contracts imposed on freelancers. In relation to standard terms, where the circumstances indicate that the party could not and did not fully understand the meaning of the contract, principles of fairness and equity could be argued. Guibault and Hugenholtz maintain that the use of standard form contracts have been under regulation and judicial review in Germany and the Netherlands.[161] For instance, the respective civil codes contain two lists: 'a "black list" of terms that are always invalid as they are considered to be unreasonably onerous to the party and a "grey list" of terms that, unless proven otherwise, are presumed to be unreasonably onerous.'[162] In order to apply these provisions to freelancers, one would have to assess whether the disputed clause touches on the main obligations of the contract and whether that obligation is unreasonably onerous on the party.[163] For freelancers, it can be argued that use clauses are the main contractual obligations for publishing and that uncovering their very meaning has a direct influence on the earning potential of freelancers.[164]

Moreover, while the EU Directive on unfair terms applies only to consumers and would likely not include professional freelancers,[165] the Principles of European Contract Law could be relevant to the interpretation of standard form contracts (at least in continental Europe). Modelled on the German and Dutch provisions, the Principles provide that a contract can be invalidated when (1) it is not jointly negotiated, (2) is contrary to the requirements of good faith and fair dealing, and (3) causes a significant imbalance in the parties' rights and obligations.[166] So to the extent that parties choose to be governed by such terms, then the Principles may give continental courts

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161 Guibault and Hugenholtz (n 65) 16.

162 Dutch Civil Code 1987: The Netherlands Civil Code, Book 6, *The Law of Obligations, Draft Text and Commentary* (ed) The Netherlands Ministry of Justice (AW Sijthoff Leyden 1977)(unofficial translation) art 6.236–7; German Civil Code ss 10–11 cited in Guibault and Hugenholtz (n 61) 16. But these provisions do not apply to individuals bound by a collective bargaining agreement.

163 Guibault and Hugenholtz (n 65) 17.

164 As discussed in ch 2, most revenue resides in controlling the copyright of future electronic uses.

165 Directive on Unfair Terms in Consumer Contracts 93/13/EEC (5 April 1993) OJL 95/29; to date there is no ruling on point.

166 Principles of European Contract Law ch 4 art 4:101–19 deal with contract validity. For commentary see: L Antoniolli and A Veneziano (eds) *Principles of European Contract Law and Italian Law* (Kluwer Law International 2005) 220; D Busch et al. *Principles of European Contract Law and Dutch Law* (Kluwer Law International Law 2006) 214.

substantial leeway to review standard form contracts. It is however premature to assess how these courts would rule on such issues and whether the UK would even consider them, let alone apply them to potential freelancer disputes.

### 4.4 Purpose of Grant and Foreseeability

Although the discussed foreseeability and purpose of grant principles are codified in various civilian countries, they are sometimes invoked in general contract interpretation in common law countries. Since I have already discussed these and further elaborate at various points in Chapters 7 to 9, I will simply note the following on foreseeability.

The UK, Canada and US courts apply a foreseeability principle.[167] When a licence contains an ambiguous grant which can be construed to cover a new disputed use, the controlling factor in determining the scope of the licence is whether the use was known and could have been contemplated when the parties entered the agreement.[168] If the use was known there is a valid grant. There are numerous problems with this principle, which I discuss in Chapter 8, these start with defining when the use was known. To do so, is the correct question when the technology was invented? When it became in commercial use? When the general public, including the freelancers, became aware of this technology? What level of knowledge is required? In today's world of rapid technological developments, new uses will by definition almost always be foreseeable, thereby making foreseeability endemic. Consequently, freelancers will continue to be the disadvantaged party. As Marshall Leaffer maintains, the party with the greater bargaining power will be best able to secure such rights.[169] As a result, because freelancers hold inferior bargaining know-how compared with publishers, they will seldom be able to secure control over their future uses.

### 4.5 Conclusions

While the above contract principles may be useful to supplement legislative gaps especially in common law jurisdictions, they remain uncertain. Also,

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[167] e.g. UK: *Hospital for Sick Children (Board of Governors) v Walt Disney Productions Inc* [1968] Ch 52; Canada: *Robertson* (n 149); US: *Bourne Co v Walt Disney Co* 68 F 3d 21 (2d Cir 1995 cert denied 116 SCt 1890, 1996) 'if the disputed use was not invented when the parties signed the agreement, that use is not permitted under the contract'.

[168] M Leaffer 'Licensing and New Network Mass Uses' in *Copyright, Related Rights and Media Convergence in the Digital Context* (Association Littéraire et Artistique Internationale 18–20 June 2001) 149, 153.

[169] Leaffer (n 168) 154.

relying on such concepts necessitates litigation, where time and money are at least two of the main deterrents for freelancers. Authors rarely have the resources to litigate. This is in part the reason why publishers were the first to litigate in the UK courts on behalf of authors' rights. Litigation is uncertain, inefficient and unsatisfactory for both parties. Bright line rules are necessary to avoid litigation of difficult terms and provide some administrative efficiency and overcome access to justice issues. However, the current copyright contract provisions for common law jurisdictions remain unsatisfactory for freelancers. And while civilian countries contain more useful express copyright law provisions for freelancers, the foreseeability principle remains a setback. Nonetheless, even when express laws are adequately in place, conflicts of law or private international law problems may result.

## 5. PRIVATE INTERNATIONAL LAW

As examined, in continental Europe national copyright contract laws vary. The European Commission affirms that these differences lead to obstacles in 'agreeing, interpreting and applying contracts in cross-border trade.'[170] When this legislative patchwork is seen against the UK and North American laws, there is even a greater gulf. For freelancers, this leads to difficulties in deciding applicable rights. For instance, assume that a Canadian author, who publishes an article with a British publisher, gives an exclusive licence for the work to be published in print and in 'any form' throughout the world. The author is paid a lump sum and later finds that her work is published in CD-ROM and sold in the Netherlands.[171] Under Canadian law the author can likely do nothing.[172] Under UK law freelance authors face the same dismal prospects. Under Dutch law, however, because CD-ROM exploitation was not expressly delineated, the author would likely be entitled to stop such distribution. If the work was exploited by CD-ROM in France, the author could avoid the contract due to its lack of specificity, and if unsuccessful, the author could be entitled to claim further remuneration. Given these varying results, the issue of which law would be applicable to the dispute is unclear.[173] One would

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170 COM (2001) 398 final, 11 July 2001 [26].

171 This example is adapted from Bently (n 69) 33–5.

172 This is perhaps more true because of the more recent *Robertson* decision (n 149) where the Supreme Court of Canada found that the publishers were allowed to make CD-ROM copies. Canada stands alone on this front as no other court carved out CD-ROM rights. See SCC discussion in ch 7 text to n 99.

173 The law applicable to most non-contractual copyright issues would be the law of the protecting country. J Fawcett and P Torremans *Intellectual Property and Private International Law* (Oxford University Press Oxford 1997) 548.

need to refer to private international law to examine the rules contained in the national law of the relevant court where protection is sought, and this is not an easy task.[174] Once a court is seized of jurisdiction, the second task is whether the matter is a contract or copyright issue in light of the respective rules.[175] This exercise is equally complex since it may not at all be apparent whether the transfer of unknown media is a copyright or contracts issue.[176] Third, even after deciding the appropriate subject matter, the next issue is which law to apply. If the contract specifies the applicable law then it could be a moot point. But if it does not, then the Rome Convention on the Law Applicable to Contractual Obligations,[177] which indicates that the governing law is where the contract will be performed and thus where that party is most closely connected, would apply.[178] On both grounds, it would appear that the applicable law would be the publisher's.[179] As a result, in this example, the Canadian author would likely be able to obtain no additional remuneration in the UK. Authors will therefore be at a disadvantage in international disputes since the applicable law may likely be that most convenient for, and stipulated by, publishers who draft the contracts. The current legislative differences thus provide a serious incentive to forum shopping for publishers – which is what

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174 Bently (n 69) 34 details the options available pursuant to the Brussels Convention.

175 P Geller *International Copyright Law and Practice* (Bender New York 2001) [6.2].

176 Bently (n 69) 33.

177 80/934/EEC (Rome Contracts Convention).

178 ibid art 4; there are also some exceptions e.g. if the contract stipulated the applicable law. E Ulmer *Intellectual Property Rights and the Conflict of Laws* (Kluwer & Commission of the European Communities 1978) 48–54 explains that the characteristic performance in a contract where there is an obligation to exploit is that of the exploiter of the work; see also MM Walter 'Contractual Freedom in the Field of Copyright and Conflict of Laws' in HC Jehoram (ed) *Copyright Contracts* (Sijthoff, Alphen aan den Rijn Amsterdam 1977) 223–4 arguing that comparative literature and caselaw demonstrates a remarkable bias to apply the legislation of the headquarters or habitual residence of the transferee. In *Griggs* (see n 160) a freelance designer was a co-defendant in an action against a UK shoe company that claimed to be the rightful owner to the freelancer's logo design. The freelancer argued that he legitimately assigned the copyright to his logo design to an Australian footwear company. The freelancer believed that his logo design was only to be used within the UK, and was not for worldwide use. By ruling in favour of the claimed UK company, the freelancer's interests were decided subject to UK law (the jurisdiction in which the UK company chose to enforce its rights). In turn, the Australian company's enforcement of its potential copyrights may be affected by this UK court ruling [13].

179 Fawcett and Torremans (n 173) 515–16 state that in deciding the applicable law for the transferability of rights (eg pecuniary rights and moral rights or pecuniary rights only) it is not desirable for the law of contract to apply since it would 'allow the parties to choose a law which allows the transfer of the right at their convenience.'

private international law seeks to avoid. Consequently, addressing authors' rights on an international scale by endorsing international standards, or at least clear rules to apply in certain respects, is necessary to tackle these private international law problems.

## 6. CONCLUSIONS

This chapter has sought to investigate national copyright contract law in various common and civilian jurisdictions. I have demonstrated that there are significant differences between these systems. The common law adopts a more laissez-faire approach to regulating copyright contracts and thus offers little to regulate ambiguous new use transfers. The civilian (albeit it offered a patchwork of laws with some setbacks and uncertainty) features more robust and express legislation to regulate copyright transfers and resolve ambiguities. According to Netanel, continental legislation provides 'for a measure of continuing author sovereignty over creative works, and a correlative restriction on transferees' free exploitation and disposition of such work…'.[180]

In an effort to fill the legislative gaps, I examined contract principles available to complement the reviewed legislation. While these are useful (but also more sparsely used in the common law) they are collectively unreliable to resolve ambiguous transfers between freelancers and publishers. Also, common law countries incorporate some of the codified continental European provisions through their creation and application by the judiciary. And so, what the common law countries achieve through the judiciary, continental Europe achieves both through legislation *and* the judiciary (for example *contra proferentem* in the common law and pro-author interpretation in the BCA). From this perspective, when investigating solutions for freelancers, common law countries could consider codifying some of their existing practices. Short of codification, outcomes remain uncertain. Moreover, problems in private international law underscore that the applicable law in a freelancer dispute could likely be that most advantageous to publishers. Freelancers therefore need more appropriate legislative copyright contract mechanisms, nationally and also internationally. It is to the judiciary's treatment of freelancers' issues that I now turn.

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Rather the issue of transferability should be governed by the law governing the creation and the scope of the right and thus should result in the application of the law of the protecting country.

[180] Netanel (n 6) 7.

# 7. Judicial treatment of freelance authors in North America

In the previous two chapters, I argued that legislation at an international and national level inadequately addressed freelancers' copyright transfer issues (primarily for common law countries). In the next two chapters, I evaluate the adequacy of the judicial treatment of such issues for both the common law and civilian jurisdictions. Across North America and continental Europe, freelancers of articles previously published in print have launched copyright infringement actions against publishers and owners of electronic databases after their articles were made available online. At issue is the period pre-dating electronic publication where basic terms were agreed upon orally, such as word count and submission date. But while the jurisprudence proliferates across North America and continental Europe, there is no clear approach to resolve these cases. As I first discuss in this chapter, in relation to North America, courts apply vague and 'neutral' copyright law provisions, and vainly focus on copyright infringement issues by examining differences between print and digital versions of freelance work.

## 1. THE US: *TASINI*

The case that has received the most publicity and invited the most commentary is the US decision of *Tasini v New York Times Co.*[1] As Sidney Rosenzweig has argued, while both freelancer and publisher sides have diametrically opposed views on the dispute, both agree on one point: 'this issue will have wide ranging consequences for the publishing industry no matter which side prevails.'[2]

In *Tasini,* six freelance writers, led by Jonathan Tasini,[3] launched an action

[1] 533 US 483, 121 S Ct 2381 (2001)('*Tasini*').

[2] R Resnick 'Writers, Data Bases Do Battle' NLJ (7 March 1998) 1, 28; SA Rosenzweig 'Don't Put My Article Online: Extending Copyright's New-Use Doctrine to the Electronic Publishing Media and Beyond' (1995) 143 UPennLRev 899–932, 908.

[3] NWU President from 1990 to 2003 and long-standing labour and economics freelance author.

against three print publishers: The New York Times Company, Newsday Inc and Time Inc. The dispute centred on 21 articles written by the freelancers between 1990 and 1993, in which they had registered copyright. The publishers registered collective works copyrights in each edition in which the articles originally appeared. They engaged the authors as independent contractors under contracts that 'in no instance secured consent from an Author to placement of an Article in an electronic database.'[4] However, the publishers, under separate licensing agreements with database and CD-ROM companies, (LEXIS/NEXIS and University Microfilms International respectively), and without the consent of their freelancers, permitted copies of the freelancers' articles to appear in electronic media. Granted a writ of certiorari to the US Supreme Court, the respondent publishers contested a Second Circuit ruling that had reversed a District Court decision stating that the publishers had infringed the freelancers' copyright in their individual works.

At issue was whether the reproduced articles were collective works and, specifically, 'revisions' of the original newspaper in which the articles first appeared. Ginsburg J, speaking for the majority in a 7–2 decision, held that section 201(c) of the US Copyright Act of 1976,[5] on the privilege of reproduction and distribution of collective works, did not authorize the copying at issue.[6] The publishers were 'not sheltered by section 201(c) because the databases reproduce and distribute articles standing alone and not in context.'[7]

### 1.1 The Publisher's Privilege under Section 201(c)

The Supreme Court's analysis focused on the interpretation of section 201(c) of the USCA which reads:

> 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.[8]

According to the court, section 201(c) both describes and circumscribes the 'privilege' that a publisher acquires when an author contributes to a collective work.[9] Absent a contract stating otherwise, a publisher is privileged to repro-

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4 *Tasini* (n 1) 484; 2382.
5 Copyright Act 1976 17 USC ('USCA').
6 *Tasini* (n 1) 487; 2384.
7 ibid 487; 2384–5.
8 ibid 488; 2384 [emphasis in case].
9 ibid 496; 2389.

duce or distribute a freelancer's contributed article, only 'as part of' any (or all) of the three enumerated categories of collective works. However, 'a publisher could not revise the contribution itself or include it in a new anthology or an entirely different magazine or other collective work.'[10] This provision finds its ancestor in the earlier copyright acts described in Chapter 4. *Tasini* ruled that the reproduced works were not 'revisions' but that the publishers indirectly achieved the result of 'selling' copies of the articles to the public by 'providing multitudes of "individually retrievable" articles.'[11] To rule otherwise would 'diminish' the authors' 'exclusive rights' in the articles.[12] Importantly, both the majority and dissent failed to consider whether the section 201(c) privilege was transferable to third parties.[13]

The majority adopted a purposive reading of the legislation by analysing the legal meaning of section 201(c) in light of its history. While copyright in the initial contribution vests in the author, copyright in the collective work vests in the collective author or newspaper company, extending only to its contributed creative material and not to the 'pre-existing material employed in the work.'[14] The court explained that prior to the 1976 revision of the USCA, authors risked losing their rights when they placed an article in a collective work, since 'publishers, exercising their superior bargaining power over authors, declined to print notices in each contributor's name…'.[15] The court stated that Congress sought to 'clarify and improve [this] confused and frequently unfair legal situation with respect to the rights in contributions.'[16] As such, the court suggests that Congress aimed to remedy the historical author–publisher imbalance.

Stevens J's dissent also considered the history of section 201(c) but held that the publishers possessed the privilege to reprint the subject works since: (1) such a finding did not affect the copyright of the freelancers' individual contributions as the publishers neither modified the articles nor published them in a 'new anthology or an entirely different magazine or other collective work',[17] and (2) according to its history, the provision was intended to

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10 ibid 496; 2389 citing HR Rep No 94-1476, 122 (1976) US Code Congress & Admin News 1976, 5696, 5738.

11 ibid 492; 2387.

12 ibid 498; 2390.

13 ibid fn 4, 511; 2396; see s 201(d) of the USCA. Also, not discussed is the application of s 103(b) of the USCA equally stipulating the distinction between copyright of collective work from copyright in independent contributions.

14 USCA s 103(b).

15 *Tasini* (n 1) 495; 2388.

16 ibid citing US Code (n 10).

17 ibid 511; 2396.

preserve authors' rights in a contribution; it did not justify that its objective could only be honoured by a pro-freelancer finding.[18]

As a result, the majority's ruling appears to be pro-freelancer, while the dissent's, pro-publisher. Based on the court division, the next section analyses three opposing arguments underpinning the freelancer–publisher debate.[19] The court's focus is mainly on the issue of digital reproduction amounting to copyright infringement.

## 1.2 *Tasini* Reasoning

### 1.2.1 Argument 1: print to electronic media

Both the majority and the dissent disagree on how to define the revised electronic nature of the freelancers' print articles for the purpose of section 201(c).[20] The dissent claims that the correct focus should be on how the articles are stored and made available to the databases, whereas the majority emphasizes the users' perception of the articles that are stored and made available to the public.[21] According to the majority, when the user conducts the required search to find a given article, each article appears as a separate item within the search result – without the graphic, formatting or other articles with which the article was initially published.[22] Conversely, for the dissent, the electronic versions of the articles are part of a collection of text files of a particular edition of the newspaper, and appear online cross-referenced to that edition.

Yet the majority and the dissent lack a sophisticated understanding of the implications of revising freelancers' articles from print to electronic media. While the electronic articles may have references to the complete collection of that day's print edition of The New York Times, the original elements that distinguish a newspaper and qualify that paper as a revision of a collective work are not necessarily preserved. Both judgments ignore that the newspaper's opinion section and the editorial content of that day's edition (which as the dissent points out is the most important creative element that the collective author can contribute)[23] do not accompany the individual article in the electronic database. And so, the most important creative contribution of the news-

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18 ibid.

19 I have formulated the following argument categories for analytical purposes.

20 While for the dissent these articles are part of a collection of articles from a single edition of the New York Times, and thus a simple 'revision', for the majority, these constitute individual works and not part of a collection.

21 *Tasini* (n 1) 498; 2390.

22 ibid 517; 2391.

23 ibid 515; 2399.

paper can only be accessed with a specific search, or not at all. Therefore this lack of contribution can be an additional ground as to why the publishers contravened the freelancers' copyright. Moreover, additional creative elements, like editorials and advertisements,[24] distinguish the publication's ideologies,[25] often projecting a certain political perspective perceived by its readers and, ultimately, its contributors. As a result, the presence of these elements or perhaps the existence of others,[26] may instil in authors a fear of being tainted and likely being less credible as they become associated with online fora with which they desire no alliance.

### 1.2.2 Argument 2: media neutrality

The majority challenges the dissent's endorsement of the publishers' media neutrality argument. Media neutrality is the notion that the transfer of a work between media does not change the character of that work for copyright purposes.[27] For the dissent, the concept of media neutrality is preserved since the publishers' decision to convert a single edition of a newspaper, or a collective work, into a collection of individual files can be explained 'as little more than a decision that reflects the different nature of the electronic medium.'[28] The New York Times argued that it has the right to reprint issues in Braille, in a foreign language, or in microform (even though such versions may look and feel quite different from the original), therefore it should have the right to reproduce these electronically.[29]

Still, analogizing digital exploitation to past publishing practices is somewhat far-reaching. Before, freelancers were paid additional fees for certain uses and their works were not exposed to the volatility of the digital world where there is greater potential for alteration or infringement by third parties.[30] The publishers' and dissent's analogy in likening the long-standing practice of freelancers tacitly consenting to microfilm versions of periodicals to the natural technological evolution of electronic storage is erroneous. Besides the noted differences in medium,[31] microfilm does not yield the

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[24] M Spink 'Comment: Authors Stripped of their Electronic Rights in Tasini v New York Times Co.' (1999) 32 J Marshall LRev 409–36, 432.

[25] e.g. newspapers may be known to support certain political parties either through their editorials or advertising.

[26] e.g. tasteless advertising on a web site containing an author's work.

[27] *Tasini* (n 1) 502; 2392.

[28] ibid 512–13; 2397.

[29] ibid.

[30] A Vahrenwald 'The Publishing Industry Faces Technological Change' (1996) 7(2) Ent LR 50–61, 50.

[31] e.g. unlike the digital version, the microfilm article appears in context; *Tasini* (n 1) 517; 2391.

profits that digitized articles do.[32] Irene Ayers comments that while freelancers receive no further compensation for their works, hard-copy publishers sell these works to electronic publishers for large sums of money, which in turn make greater profits from user fees.[33] As noted earlier, while publishers save on the cost of printing, they charge for use of their own digitized newspaper edition on their web sites and in addition receive money through advertising.[34] For the most part, this additional revenue does not go to freelancers yet could be regulated through micro-payments of tallied number of downloads per article, as just one alternative.[35] As will be discussed in chapter 11, such micro-payment solutions (which are effectively on-demand licences) are slowly being introduced in the mainstream press though it remains problematic what share, if any, of the revenue freelancers receive.[36] As a result, it is not so easy to endorse the publishers' argument in *Tasini* that freelancers have implicitly waived their rights since they did not object to microfiche reproduction. Hugenholtz puts it best: '[i]n a multimedia environment analogies are dangerous animals.'[37] Equating hard-copies or microfilm to CD-ROM or electronic mechanisms suggests that there is 'very little understanding of the ongoing media revolution.'[38] In an era where the printed word is becoming more a relic of the past, determining freelancers' stake in the digital media market is critical.

### 1.2.3 Argument 3: policy considerations

The dissent argues from a utilitarian perspective that copyright is 'a tax on readers for the purpose of giving a bounty to writers.'[39] The tax restricts the dissemination of works, but only insofar as necessary to encourage their production. Put differently, 'the primary objective of copyright is not to reward

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32 IS Ayers 'International Copyright Law and the Electronic Media Rights of Authors and Publishers' (1999) 22 Hastings Comm & Ent LJ 29–63, 43.

33 ibid.

34 e.g. NewsStand™ in ch 2 n 78.

35 WR Cornish 'The Author as Risk Sharer' (OIPRC Seminar Series, Oxford 10 February 2004) http://www.oiprc.ox.ac.uk/EJWP0304.html.

36 In Canada, The Globe & Mail, The Toronto Star and Canadian Press are implementing the use of icopyright.com via Access Copyright (the copyright collective organization that has the exclusive rights in Canada for iCopyright licensing); though the process has been needlessly slow given the problematic ownership question of who owns what article that is licensed. Interview with Rob Weisberg, Manager, Corporate and Government Licensing, Access Copyright (6 May 2009).

37 B Hugenholtz 'Electronic Rights and Wrongs in Germany and the Netherlands' (1998) 22 Columbia-VLAJLA 151–9, 158.

38 ibid.

39 *Tasini* (n 1) 519; 2401 citing T Macaulay 56 Parl Deb (3d Ser) (1841) 341, 350 (Lord Macaulay); full speech at http://yarchive.net/macaulay/copyright.html.

the author, but to secure the general benefits derived by the public from the labors of authors.'[40] Rather than narrowly focusing on authors' rights as does the majority, the dissent purports to favour the public of users in order to promote the 'broad public availability of literature, music, and the other arts.'[41] For Stevens J, publishers will have difficulties in locating individual freelancers and the potential for statutory damages will likely force electronic archives to purge works from their databases.[42] As publishers and many commentators also argue, this effect would eliminate a section of world history by outlawing all digitally archived copies of freelancers' works.[43]

While it is laudable that the dissent uses policy reasons for resolving ambiguities in the USCA, the majority points out the shortcomings of this perspective. The majority observes: 'speculation about future harms is no basis for the Court to shrink authorial rights Congress established in section 201(c).'[44] The court acknowledges that the parties 'may enter into an agreement allowing continued electronic reproduction of the [a]uthor's works.'[45] Furthermore, although it may be sensible to allocate the right of distribution to publishers since they can best handle the task from an efficiency perspective, as the appellate court also pointed out,[46] a court 'is not free to construe statutes in the manner most efficient. Instead, the court must follow the intent of Congress as expressed in the term of the statute.'[47] As Josh May indicates, authors may still retain control of electronic distribution of their works, for instance, through collecting rights organizations.[48] While commercial copyright transactions can be prohibitively expensive for individuals, this is not so for collecting societies.[49] Indeed, 'if necessary the courts and Congress may draw on numerous models for distributing copyrighted works and remunerating authors for

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40 ibid.

41 ibid citing *Twentieth Century Music Corp v Aiken* 422 US 151, 95 S Ct 2040 (1975).

42 ibid.

43 JT Elder 'Legal Update: Supreme Court to Hear Arguments on Electronic Database Copyrights for Freelance Journalists' (2001) 7 BUJSci & TechL 406–12.

44 *Tasini* (n 1) 505–6; 2394.

45 ibid 505; 2393.

46 *Tasini v New York Times Co* 206 F3d 161 (US Ct of Apps (2nd Cir), 1999) ('*Tasini* Apps'); *Tasini* 184 F 2d 350 (NYSD Ct 2001) also adopted a utilitarian perspective.

47 *Ryan v Carl Corp* 23 F 2d 1146, 1151 (ND Cal 1998) relied on in *Tasini* Apps (n 46).

48 J May 'Intellectual Property: Copyright Acquisition and Ownership Tasini v New York Times Co' (2001) 16 Berkeley Technology LJ 1331, 26; this option is discussed in ch 11 text to nn 93–104.

49 ibid.

their distribution.'[50] To this effect, the dissent acknowledges that government should study the nature and scope of the problem and devise an appropriate licensing remedy.[51]

Should these issues remain in the judicial arena, in light of the majority's pro-freelancer decision, it is arguable that future freelancers' disputes may be resolved in their favour.[52] And, while it is commendable that the majority also focuses on users interests, on the whole, it remains worrying that *Tasini* does not provide a comprehensive understanding of the current digital conundrum authors face.

### 1.3 *Tasini* and the Copyright Contract Conundrum

Although *Tasini's* Supreme Court decision is arguably a triumph for authors and does highlight the current digital issues plaguing freelancers vis-à-vis publishers, the case does not properly address the copyright management problems that first underpinned the legal relationship between the parties. By the time the case made its way to the Supreme Court, the contractual claims, which were argued at the District[53] and Appeals[54] courts, were no longer an issue. While all the writers who submitted their articles for publication to The New York Times did not have any written agreements, at the District Court, Newsday and Time contended that their freelancers had 'expressly transferred' the electronic rights in their articles[55] and thus were not limited to those privileges set out in section 201(c). By way of defence, Newsday unsuccessfully relied upon cheque legends issued to authors. It claimed that these authorized

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50 *Tasini* (n 1) 505; 2393.

51 ibid 520; 2402 fn 18.

52 But see *Greenberg v National Geographic Society* 488 F3d 1331 (2007) and 497 F3d 1213 (2007) overruling and vacating 244 F3d 1267 (11th Cir 2001). En banc rehearing held on 30 June 2008, in the US Court of Appeal No 05-16964 2008 WL 2571333, (11th Cir 2008) ruling in favour of the National Geographic as the freelance photographs were not reproduced as standing alone but in context According to the attorney for the National Press Photographers Association (NPPA) for this case publishers are now allowed to 'create and sell electronic archives of their previously published works without infringing on the copyrights of the contributors to those works'; Anonymous 'Greenberg v. National Geographic Comes to An End; Supreme Court Refuses to Hear Appeal' NPA Online (10 December 2008) http://www.nppa.org/news_and_events/news/2008/12/greenberg.html.

53 *Tasini v New York Times Co* 972 F Supp 804 (NYSD Ct 1997) ('*Tasini* Dt') ruling for summary judgment in favour of the defendant publishers and *Tasini v New York Times Co* 981 F Supp 841 (NYSD Ct 2001) denying authors' motion for reconsideration.

54 *Tasini* Apps (n 46) reversing judgment and ruling in favour of freelancers.

55 *Tasini* Dt (n 53) 809.

it to include the plaintiff's articles 'in electronic library archives.'[56] Time, on the other hand, unsuccessfully relied upon the 'first right to publish' secured in its written contract with one of the plaintiffs.

Since written contracts have rarely featured in the freelancer–publisher relationship up to this time, it is useful to examine briefly one of the *Tasini* plaintiffs' written agreements with Time. Time's argument was based on section 10(a) of its written agreement with the plaintiff Whitford.[57] Relying on a motion picture decision,[58] Time argued that this language included no 'media-based limitation' and consequently that its first publication rights must be interpreted to extend to NEXIS.[59] While the District Court ruled in Time's favour (but was reversed on appeal), in *obiter* the court wondered why Time did not enforce its rights pursuant to clauses (b) and (c) of the Whitford Contract in order to validate its electronic rights and to defend itself against the infringement allegation.[60] On appeal, the court answered the question: Time's enforcement would have meant that it had to abide by its licence and compensate Whitford for new uses of his works. As the Appeals Court intuited, 'Time took this position, of course, because it did not compensate Whitford pursuant to the agreement and could not, therefore, convincingly invoke the conditional licence granted in paragraphs (b) and (c) thereof.'[61] This outcome suggests that publishers like Time will enforce existing

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[56] ibid. 807; the District Court considered the US CA 17 USC (1976) s 204(a) stating that any valid transfer of copyright must be in writing.

[57] Whitford and Sports Illustrated (owned by Time) entered into a written contract specifying the content and length of the purchased article, the date due, and the fee to be paid by the magazine ('Whitford Contract'). The contract also provided Sports Illustrated the following rights:

> 10. (a) the exclusive right first to publish the Story in the Magazine;
> (b) the non-exclusive right to license the republication of the Story whether in translation, digest, or abridgement form or otherwise in other publications, provided that the Magazine shall pay to you fifty percent (50%) 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 The Time Inc. Magazine Company, its parent, subsidiaries or affiliates, provided that you shall be paid the then prevailing rates of the publication in which the Story is republished.

[58] *Bartsch v Metro-Goldwyn-Mayer Inc* 391 F2d 150, 154–5 (2d Cir) cert denied 393 US 826, 89 S Ct 86 (1968) holding that the right to 'exhibit' motion picture included the right to exhibit movies on television.

[59] *Tasini* Dt (n 53) 811.

[60] Recall that Time alleged only 'first publication' rights pursuant to Whitford Contract clause 10(a).

[61] *Tasini* Apps (n 46) 171.

contracts at their convenience and expect to own the copyright in freelancers' works as a matter of course. They fail to seek permission for additional uses and, when they do, they avoid compensating freelancers.

### 1.4 Conclusions: Freelancers as the Triumphant Party? Evaluating *Tasini*

The US Supreme Court summed up the copyright transfer issue in a footnote, since neither of the publishers pressed the claim.[62] Apparently, the publishers could not win or, as seen in Whitford's case, did not wish to win by enforcing potential electronic rights clauses in the Whitford Contract. Instead, they relied on the privilege conferred by section 201(c) in the alternative. Thus it appears that publishers will rely on existing contractual language only when it is to their advantage, and may not respect comprehensive electronic rights clauses if these mean that they will owe freelancers monetary consideration for honouring their bargains. Or, as seen with the endorsed cheques, publishers will put forward any semblance of an agreement to prove freelancers' consent in contracting with them for electronic rights. To this end, against the expansive reading of the District Court, both the Appeals and Supreme Court decisions were sensible to construe section 201(c) of the USCA narrowly. Doing otherwise would have indirectly ascribed transfer of ownership rights from freelancers to publishers. This result would have been at odds with authors' exclusive rights under the USCA. Therefore *Tasini*'s contractual analysis, in the first instance, indicates that agreements purporting to transfer electronic rights must be clear, utilizing plain language and identifying each transferred right.[63]

While *Tasini* exposed a variety of issues underpinning the freelancer–publisher relationship, it did not come without its oversights. *Tasini* did not account for contractual imbalances, or for the ideological and political dimensions obscured by digital reproduction. One wonders why the freelancers did not also advance moral rights violations since, *inter alia,* issues of accurate attribution of their works were in question.[64] On a more fundamental level,

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[62] Newsday waived its defence, Time's argument was rejected on its merits; *Tasini* (n 1) 121; 2385.

[63] LA Santelli 'New Battles between Freelance Authors and Publishers in the Aftermath of Tasini v New York Times' (1998) 7 JL & Policy 253–300, 277.

[64] D Vaver 'Authors' Moral Rights and the Copyright Law Review Committee Report: W(h)ither Such Rights Now?' (1988) 14 Monash U LRev 284 citing the successful moral rights claim of *Gilliam v American Broadcasting Co* (1976) 538 F 2d 14 (CA 2nd Cir) ('Monty Python' case) for affirmation that 'moral rights can be, and indeed have been, successfully integrated into a common law system.' But a more recent US case has held that a freelancer could not use the Lanham Act 15 USC s

Wendy Gordon questions *Tasini*'s interpretation of section 201(c) because, '[r]egardless of whether the making of a digital collection infringes a freelancer's right of reproduction, the publisher and his database licensee clearly infringe the *right of distribution* when they make the article available for individual downloads.'[65] Accordingly, infringement can still occur in the US because freelancers not only have a reproduction right, but also an exclusive right of distribution, which is a separately recognizable right. Yet given that the inquiry did not completely capitalize on delineating authors' rights, Gordon's point on judicial oversight is not surprising. In light of these shortcomings, to deem freelancers as the triumphant party in *Tasini* as many commentators have done is questionable.[66]

### 1.5 *Tasini* Aftermath and *Tasini No. 2*

After the Supreme Court decision, The New York Times adopted a new policy to accept only freelance works for which authors expressly surrendered all of their copyright. Further, the publisher blacklisted the *Tasini* plaintiffs from ever publishing with them.[67] The publishing house also posted a notice on its web site stating that any freelancers' work affected by *Tasini* would be removed from the electronic databases unless the writer executed a release of all claims arising out of The New York Times' infringement in connection with that work.[68] Consequently, following the ruling, The New York Times threatened to purge approximately 115,000 affected articles from its databases.[69] Pursuant to this 'Hobson's choice,' the newspaper company forced freelancers to choose between two options: (1) to press for compensation, or (2) to forgo

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1125(a) to vindicate her moral rights: *Zyla v Wadsworth* 360 F 3d 243 (Mass 1st Cir) (2004).

[65] W Gordon 'Fine-Tuning Tasini: Privileges of Electronic Distribution and Reproduction' (2000) 66 Brooklyn LRev 473–500, 475 [emphasis added].

[66] Y Hur 'Tasini v New York Times: Ownership of Electronic Copyrights Rightfully Returned to Authors' (2000) 21 Loyola LA Ent LJ 65.

[67] See ch 2 text to n 88.

[68] Tasini went on to challenge The New York Times regarding a release agreement asking freelance writers to release their compensation claims. The New York Times notified freelancers about the release agreement through ads in its daily newspaper; *Tasini v New York Times* 184 F 2d 350 (NY D Ct 2002) 352, 353. The court ultimately dismissed this case for lack of standing. See A Terry '*Tasini* Aftermath: The Consequences of the Freelancers' Victory' (2004) 14 DePaul-LCA J of Art and Entertainment Law 231.

[69] *Tasini* (n 1); articles published between 1978 and the 1990s are affected. While users will have no access to these archives, they can find such purged articles through searching the inverted file index, though they will not be able to access digital versions of the articles; A Naini 'Copyright Protection for Freelance Authors' (2002) 17 Berkeley Technology LJ 19.

compensation in favour of keeping their articles in the electronic databases at a time when these writers had limited information, since the damage awards from the Supreme Court decision were not yet determined.[70] The subtext was that if freelancers chose the first option their articles would be purged from the databases. More significantly, they would appear as the uncooperative authors and thereby unwelcome to contract with publishers. The New York Times justified that it was 'obliged' to purge the freelancers' articles and, as somewhat of a 'peace offering', posted a self-administered 'Request for Restoration' notice to freelancers.[71] If freelancers decided to 'restore' their works in the archives and decline any recompense, they may also have affected their rights in new pending claims.[72] Facing this predicament, thousands of freelance writers agreed to keep their content on the database without compensation.[73]

After *Tasini*, various freelancers responded by posting their own advertisements, demonstrating in front of the headquarters of The New York Times and filing another lawsuit, claiming that The New York Times forced authors to sign waivers by threatening to withhold future freelance assignments.[74] The New York Times has required express transfer of all of its freelancers' electronic rights since 1995. Hence, while the author–publisher imbalance, on a symbolic level, appears to be equalized as *Tasini* adopted a purposive reading of section 201(c) of the USCA, the aftermath may undermine justice for freelancers. Rather than working out compensation schemes, The New York Times, as the dominant party, executed retributive payment schemes. As several commentators have concluded, future freelancers may be unable to retain their electronic rights due to the 'lopsided power dynamic between

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70 *Tasini* (n 1).

71 The New York Times 'Restoration Request Site http://survey.nytimes.com/survey/restore/ (5 August 2004) the notice reads in part:

> Because of a recent decision by the United States Supreme Court, The Times is obliged to remove from electronic archives, such as Nexis, the work of freelance writers that appeared from 1980 through 1995. If you wrote for the Times during that period and you would like to give The Times permission to restore your work to electronic archives, you may do so below ...

72 The Restoration Request Site states: 'By executing this agreement, you may affect your rights in a pending class action lawsuit brought by the Authors Guild. For information about the class action, you may contact the Authors Guild at http://www.authorsguild.org/nytclassaction.html.'

73 See transcript of discussion among Jonathan Tasini, George Freeman, Ray Dowd 'What Now? Copyrights in the Wake of the Tasini Decision' (2 July 2001) MediaBistro.com http://www.mediabistro.com/spotlight/archives/01/07/26/.

74 Naini (n 69).

authors and publishers.'[75] Indeed, The New York Times' post-1995 express transfers do not preclude a future phase of litigation; freelancers may launch additional claims asking for copyright control and remuneration for future uses that may be exploited under these new contracts.

There are a number of more recent class actions launched by the Authors Guild, the American Society of Journalists and Authors (ASJA) and several freelancers against LEXIS/NEXIS, Dow Jones Interactive and other publishers. These lawsuits, also known as *Tasini No 2*, claim copyright infringement for works dating back to 1978 were joined and more recently ordered into mandatory mediation and settled.[76] Unfortunately, the settlement valued at US$18 million has not yet been successfully distributed; further litigation continues over the eligibility for the pay-out to claimants with unregistered copyrighted works.[77] Ultimately, in Yuri Hur's words, what the *Tasini* disputes highlight is the 'continuing struggle between freelance writers and publishers over compensation for the electronic publication of copyrighted material.'[78]

## 2. CANADA: *ROBERTSON*

*Robertson v Thomson Corp*[79] is Canada's version of *Tasini* that displays a similar decision-making approach and has also fuelled ongoing litigation. Before discussing the appellate and Supreme Court of Canada decisions, I examine the first instance decision, as it more appropriately introduces the issues, especially those concerning the copyright licences between the parties.

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75 R Dixon 'Profits in Cyberspace: Should Newspaper and Magazine Publishers Pay Freelance Writers for Digital Content?' (1998) 4 Mich Telecomm Tech LRev 127, 150.

76 *Reed Elsevier and others v Muchnick and others* (US Ct of Appeals 2nd Ct, docket 08-203); The Author's Guild 'Press Release 2004' http://www.authorsguild.org/ (29 April 2004).

77 *In re Literary Works in Electronic Databases Copyright Litigation* MDL 1379; F 3d 2007 WL 4197413 (2d Ct 2007). The Supreme Court granted the case a hearing on 2 March 2009 in order to decide whether the USCA s 411(a) restricts the subject matter jurisdiction of the federal courts over copyright infringement: The Author's Guild 'Freelance Class-Action Settlement Going to Supreme Court' Author's Guild Online (2 March 2009) http://authorsguild.org/advocacy/articles/freelance-class-action-settlement-going-to-supreme.html and Anonymous 'In Re Literary Works in Electronic Databases Copyright Litigation' Copyright Class Action Online Press Release (2 March 2009) http://www.copyrightclassaction.com/index.php3.

78 Hur (n 66).

79 *Robertson v Thomson Corp* (2001) 15 CPR 4th 147 (2001) 109 ACWS 3rd 137 (SCJ); (2004) 72 OR 3rd 481, 243 DLR 4th 257 (CA); 2006 SCC 43 [2006] 2 SCR 363, 274 DLR 4th 138 (SCC) ('*Robertson*') (also known as '*Robertson No 1*').

Like *Tasini*, *Robertson* is a copyright infringement case dealing with the issues of: (1) whether electronic reproduction violates the individual copyright of the owner or whether such reproduction falls within the copyright of the collective author and, in the alternative, (2) although the newspaper company may have infringed the plaintiff's copyright, whether it may have an implied licence or implied term defence.[80] However, unlike *Tasini*, where there were individual joined plaintiffs, in *Robertson*, Heather Robertson headed a class of plaintiffs.[81] Robertson is a well-known Canadian writer who contributed two individual works to the newsprint edition of The Globe & Mail (The Globe). These works were subsequently stored electronically and made available to the public for a fee by various electronic media, including CD-ROM and Internet databases.[82] Similar to the publishers in *Tasini*, Thomson Corporation is a large multimedia company with various subsidiaries in the business of publishing newspapers such as The Globe.

In contrast to *Tasini* where there were no written agreements except for the plaintiff Whitford's, in *Robertson*, The Globe entered into a letter agreement with Robertson's publisher McClelland & Stewart in August 1995 for one-time usage of one of her works for a fee, which made no reference to electronic rights. Beginning in February 1996, The Globe entered into a written contract with numerous freelancers, which it revised in December 1996 in order to expand the electronic rights clause, which read:

> for perpetual inclusion in the internal and commercially available databases and other storage media (electronic and otherwise) of The Globe or its assignees and products (electronic and otherwise) derived therefrom.[83]

Since the copyright infringement claim essentially adopts the analysis employed in *Tasini*, I shall mostly limit my comments to the licensing issues. While the Ontario court also found copyright infringement, as the reproductions constituted copies of the freelancers' individual works in which Robertson alone had copyright, the licensing issues were problematic. Based on the complexity of the licensing facts, the court found a genuine issue for trial and did not grant Robertson summary judgement.

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80 ibid [2]; against *Robertson SCJ, Tasini* argued the statutory action of copyright infringement in the alternative.

81 According to the Statement of Claim, the class has been defined as: 'anyone who created literary or artistic work published in Canada in the print media and which has been reproduced through computer databases since April 24, 1979 (the date InfoGlobe was launched).' T Down 'Suing Thomson: It's a Classic David and Goliath Story' (1999) 5(4) Media 14–15.

82 *Robertson* (n 79) [2].

83 ibid [22].

### 2.1 Transfer of Copyright by Implied Terms and Implied Licence

Although the court did not ultimately rule on the transfer or licensing of copyright, it spent some time articulating its stance on these issues. Section 13(4) of the Canadian Copyright Act (CCA)[84] is accepted to apply to assignments and proprietary licences, and states that these can be made in whole or in part and must be in writing.[85] It is clear that a mere licence, which does not grant an interest in the copyright, need not be in writing.[86] In *Robertson*, The Globe alleged that it had a licence, either through implied terms in the contract or through an implied licence.[87] The Globe claimed that it was entitled to a 'continuing right in perpetuity to reproduce the plaintiff's freelance articles throughout the world through electronic on-line databases via the Internet.'[88] In response, the plaintiff freelancer argued that such a grant connoted 'an assignment or license in the nature of the grant of a *proprietary interest* in the freelancer's copyright.'[89] As a result, the plaintiff freelancer contended that the defendant must comply with section 13(4) of the CCA in order for the licence to be valid. Nonetheless, the court ruled that the licence did not need to be in writing because it did not convey a proprietary interest. The Globe's licence was 'arguably nonexclusive' since the freelancer 'retains the rights to publish and re-sell the individual work.'[90]

While the court could not confer a proprietary interest in the copyright, the court left open the question of whether there was in fact a licence between the parties and, more specifically, of what type. The decision, for instance, did not preclude the possibility that the defendant could be entitled to a licence in the new electronic uses of the works. Conflicting evidence regarding the licence did not allow the court to make a determinative ruling and consequently the court side-stepped a final decision.

Moreover, the court found considerable evidence regarding The Globe's new electronic publishing practices. The court noted that the freelancers were possibly aware of the existence of the database InfoGlobeOnline, which

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84 Copyright Act RSC 1985 c C-42 ('CCA').

85 CCA ss 13(4)(7) on assignments and proprietary licences, respectively; s 13(4) also applies to proprietary licences, but not to nonexclusive or implied licences; JS McKeown *Fox Canadian Law of Copyright and Industrial Designs* (3rd edn Carswell Scarborough 2000).

86 McKeown (n 85) 388.

87 The Globe's alternative defences were of consent, acquiescence, the applicable limitation period and latches; *Robertson* (n 79) [135].

88 ibid [168].

89 ibid [169] [emphasis added].

90 ibid [77].

featured online versions of freelance articles long before 1996.[91] The court thus suggests that in 1996 The Globe merely codified the existing practice of electronically publishing freelancers' works in its new standard contract. Hence, the court speculates that if the freelancers wanted to protect their rights, they were obliged to do so expressly.[92] But again given the nature of the conflicting evidence (as the freelancers testified to only granting one-time print rights), the court could not make a definitive ruling.

### 2.2 Conclusions: Freelancers as Less Triumphant? Evaluating *Robertson*

Cumming J suggested that given the complexity, uncertainty, and importance of the copyright issue in *Robertson,* The Globe could have contracted expressly with freelancers from the very inception of its electronic database in 1977.[93] This oversight was peculiar given The Globe's practice to accept only freelance articles that could be distributed electronically[94] and that, as a media giant, it was in the best position to contract for electronic rights. It was therefore ironic that The Globe used its customs and practices to validate its electronic business activity but overlooked the practice of properly codifying this new custom. Gordon challenges publishers' reliance on custom. She asserts that the 'so-called custom is unilateral'[95] and does not logically result in payment to freelancers or acknowledgement that they lack any input in establishing the custom. In this case, The Globe may have simply assumed that it was entitled to all future uses of its freelancers' printed works. This stance is not unusual given that the same was likely assumed in *Tasini,* and as seen in Chapter 4, over one hundred years ago in the UK. Historically, publishers have unsuccessfully relied on custom of the trade as a defence to copyright infringement.[96]

While *Robertson* and *Tasini* did not squarely address the publisher–author contractual imbalance, both courts alluded to it. Cumming J found it unusual that The Globe argued for a mere implied licence yet desired a proprietary interest. And in *Tasini,* the court found Time not to have enforced its written electronic rights provisions. As examined in *Tasini*, publishing giants expect

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91 ibid [160].

92 'A freelancer who knows the uses to be made of a work and expresses no limitations can arguably be said to impliedly license the publisher to make use of the work within those contemplated uses.' ibid [164–5].

93 ibid [23].

94 ibid [23–4].

95 Gordon (n 65).

96 Ch 4 text after n 51.

freelancers' works as a matter of course since they will either (1) not contract for these expressly as required by law, or (2) if these are contracted for, avoid enforcement to the extent compensating freelancers is necessary. Lastly, *Robertson*, like *Tasini,* did not consider any ideological or political implications associated with the new uses of freelancers' works and, consequently, yet again obscured the various facets of the author–publisher digital dilemma. In this way, both decisions show a similar approach to framing and resolving the issue.

### 2.3 *Robertson* on Appeal: More of the Same

On 6 October 2004 the Ontario Court of Appeal dismissed Robertson's appeal on the implied licence issue and The Globe's cross-appeal regarding copyright infringement. The appellate court held that Robertson granted The Globe a valid oral licence: it was non-proprietary and did not need to be in writing. Nonetheless, the court did not clarify the full extent of The Globe's licence. It maintained that since Robertson admitted to allowing The Globe to publish her articles in print and to archive them on microfiche and microfilm, it 'had a valid oral licence at least for these purposes.' Despite Robertson's continued objection to having also licensed her database rights, it remains uncertain whether the oral licence would extend to this new media.

As a result, the Court of Appeal, which was in an ideal position to clarify the licensing issues, chose to turn a blind eye. *Robertson* was indeed expected to make a determinative ruling on the implied licence issue alongside the defences of laches and acquiescence.[97] Instead, much like *Tasini*, it continued to dwell on delineating the differences between the media on the question of copyright infringement (although it purported not to be following a US approach).[98]

### 2.4 *Robertson* Supreme Court Ruling 'Of Less Practical Significance'[99]

The Supreme Court of Canada did not settle the licensing issue.[100] Rather, the court focused once again on delineating the differences between the media.

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97 W Matheson, *Robertson* Defence Counsel, Phone Interview (18 July 2002).

98 In making the argument that Canada followed a US approach even though it claimed not to do so, see G D'Agostino 'Anticipating *Robertson*: Defining Copyright Ownership of Freelance works in New Media' (18)(1) Cahiers de Propriété Intellectuelle 2006 (tr) '*En attendant* Robertson: *Définir la possession du droit d'auteur sur les œuvres des pigistes dans les nouveaux médias*' 166.

99 *Robertson* SCC (n 79) [58].

100 ibid.

Finding for Robertson on the copyright infringement claim, the court ruled that the databases were not infringing. This time directly considering *Tasini*, it adopted a 'decontextualization' test. The articles reproduced in the databases had lost their 'intimate connection' with the newspaper and were no longer represented in its context.[101] On the other hand, in a unique twist, and distinguishable from *Tasini*'s holding where all media were found to be infringing, the CD-ROM articles were allowable reproductions as these remained 'faithful' to the newspaper.[102] Here the court's interpretation of the decontextualization test is technology-dependent and, if applied in future cases, will likely lead to unclear consequences as technology evolves.[103]

Significantly, licensing issues remain triable issues. The Supreme Court merely agreed with the appellate court that an exclusive license need not be in writing.[104] The court, however, did affirm that the looming trial, and not its own decision, is the linchpin for resolving such issues. For the court, 'this decision, will of course, be of less practical significance. Parties are, have been, and will continue to be free, to alter by contract the rights established by the Copyright Act.'[105] This is a strong pronouncement on the persisting power of freedom of contract to trump any statutory-based right. Via contract, publishers have already standardized 'all rights' contracts where they own *all* digital rights. And so, this decision is only relevant for the pre-electronic publication period where there were no written contracts and no mention of digital rights. But even for this pre-electronic period, it may be that because of verbal contracts, publishers may also own freelancers' database rights (found to be infringing by the Supreme Court). Freelancers may therefore end up with no rights.

And so the majority opinion, seemingly more sympathetic to freelancers, acknowledges that it has not even begun to scratch the surface of the real issue: had freelancers implied a wish to give away their digital rights in the first place? Who owns the digital rights for that pre-electronic time period remains a live issue.

But freedom of contract does not always have the last word. The court is only more or less accurate. At least in the UK, whose copyright statutes provided Canada with its models, publishers' freedom to contract has been

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101 *Robertson* SCC (n 79) [41].

102 ibid [52].

103 Others argue that this poses an 'extra' hurdle for right holders to prove in a copyright infringement suit, thereby changing the scope of the reproduction right: B Sookman 'Reading, Writing, *Robertson*' (OBA Conference, Toronto 23 November 2006).

104 *Robertson* SCC (n 79) [56].

105 ibid [58].

restricted when dealing with parties with weaker bargaining power, such as freelancers.[106] And where the law failed, courts would often step in and level the playing field by giving publishers fewer rights in the contracts.[107] Even today, equity has been applied in the music industry to break lucrative, one-sided contracts unfairly reached by producers with inexperienced musicians.[108] If such precedents had been considered in *Robertson*, the contract issues would have been likely solved in the authors' favour. Publishers, aware of these restrictive laws, may now have had the incentive to contract precise terms for each of their digital rights.

Nor does the court's decision stop the Canadian Parliament – the final adjudicator on copyright policy – from enacting laws to address copyright contract issues (for example more specific provisions on licensing). Such issues were flagged in Parliament's *Section 92 Report on Supporting Culture and Innovation* (October 2002) but ultimately have not made governments' priority lists. It is still not too late. This problem will not go away any time soon.

As discussed in Chapter 2, freelancers are a growing category of cultural workers. More and more work is being outsourced. New means of technology continue to be invented and open up new markets of exploitation and new challenges to today's standardized contracts and publishing practices. Allowing full freedom of contract will mean that publishers, with their greater bargaining power, will take the greater share of the fruits of new technology markets, at the expense of authors.

For the *Robertson* dissent, this last result would seem just fine. The dissenting opinion seems to go even further than the majority in allowing publishers' free rein. It also considers *Tasini*, where the publishers lost and in retaliation purged authors' works from their online databases.[109] The New York Times has purged approximately 115 000 affected articles. To avoid the same purging happening in Canada that would go against the 'public interest', the dissent ruled for publishers as there is a great 'public interest' purpose in archived newspapers: 'these materials are a primary resource for teachers, students, writers, reporters, and researchers.'[110] But no-one disputes that publishers can copy their newspapers: they just cannot use individual freelance articles elsewhere, either without asking or for free (or violate authors' moral rights – an issue not raised in the case). Nor does anyone dispute that archived newspapers serve the

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106 See ch 4 text to n 8 discussing the UK 1842 Copyright Act 5 & 6 Vict c 45.

107 ibid discussing cases such as *Hall-Brown v Iliffe & Sons Ltd* (1910–35) Mac CC 88 Ch D (20 Dec 1929) in ch 4 text to n 50.

108 *Schroeder v McCauley* [1974] 1 WLR 1308 (HL); *O'Sullivan v Management Agency and Music Ltd* [1985] 3 All ER 351.

109 See text to n 69.

110 *Robertson* SCC (n 79) [70].

public interest. But this does not mean that publishers always prioritize what is in the public interest over what is in their shareholders' interests. The New York Times proved this by punishing authors and the public by its policy of purging. The dissent also implies that rewarding authors is against the public interest. This falsely pits authors against the public. In nourishing the public interest, one cannot rely solely on private interests. At least *Tasini*'s dissent deferred to the US government and said that these issues merit further study. What the *Robertson* court left the parties with is a copyright test that is a 'question of degree' and will lead to much future guesswork.

This guesswork will continue for some years to come, especially since *Robertson* very recently settled, resulting in no new pronouncement on the law. Under the proposed settlement the defendants owe CDN$11 million inclusive of legal and settlement administration fees.[111] Similar to the *Tasini* damage award, class members have the option to either (1) file claims to prove the compensation owed or (2) ask for their works that appeared in The Globe to be taken down. Importantly, the settlement also provides for CDN$25 000 to each of the Professional Writers' Association of Canada, The Writers' Union of Canada and the Canadian Association of Photographers and Illustrators, for the general benefit of all creators. The court has given notice of a settlement approval hearing for 16 June 2009, after which point class members will have a further opportunity to opt out of the proposed settlement. Both sides have indicated their approval of the proposal as a 'fair' one.[112]

Significantly, the proposal does not legally affect the *Robertson No 2* case expected to go to trial in Fall 2010 discussed below.[113] Still it might incentivize the defendants to consider compensating their freelance contributors through some form of settlement in order to pre-empt any long-drawn-out litigation. Litigation is the least preferred mechanism to resolve these issues; access to justice issues present obvious roadblocks, coupled with the confusing precedents that are set (for example the decontextualization test in *Robertson*). Putting off a settlement also means that business practices and, more particularly, contractual relations among publishers and authors, and among publishers themselves, remain uncertain and prone to fighting over future uses of copyrighted works.

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111 *Robertson v Thomson and others* (Order, Ont SCJ, Toronto 4 May 2009) [on file with author].

112 R Blackwell 'Globe settles freelancer lawsuit' Globe & Mail (5 May 2009); H Robertson interviewed in CBC Radio One Morning Show, 4 May 2009.

113 *Robertson No 2* (n 114). Interview with K Baert, Counsel to Heather Robertson in *Robertson No 2*, 4 May 2009.

### 2.5 New and Improved Claims

There is a new class action, again headed by Heather Robertson in Ontario, which has started to make its way in the courts.[114] This time, in *Robertson No 2*, a host of new defendants are joined parties, including some of the largest multimedia publishers in North America such as Proquest Information, Toronto Star Newspapers Limited, Rogers Media Inc, and Canwest Publications Inc. The lawsuit claims close to CDN$1 million in damages and unlike *Robertson*, alleges statutory damages and moral rights violations.[115] As seen with *Tasini,* this new claim indicates that freelancer suits may be litigated for some years to come in the belief that publishers are knowingly violating their rights for monetary gain and may be liable for punitive damages (available in Canada for copyright and moral rights infringements). In the plaintiff's pleading,

> [t]he plaintiff states that the infringement of copyright by the Defendant Class members occurred as a result of the Defendant Class members' high-handed and arrogant conduct and their wanton and callous disregard for the rights of the Plaintiff Class members. For reasons of monetary gain, the Defendant Class members knowingly violated the rights of the Plaintiff Class members and attempted to appropriate to themselves the proprietary rights of the Plaintiff Class members in the Works.[116]

This action is growing more complicated as the defendant, Proquest, who owns and operates various electronic databases, has decided to add a very large number of third- and fourth-party defendants to the proceedings pursuant to its indemnity clauses in contracts with these parties.[117] Such parties are also publishers and include the Aboriginal Multi-media Society, the Pearson Peacekeeping Centre, Pegasus Publishing Inc, and The Canadian Society of Respiratory Therapists. This litigation move will no doubt complicate and lengthen the process and may go beyond the scope of the initial class-action certification.[118]

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[114] *Robertson v The Gale Group Inc* (Statement of Claim, Ont SCJ, Toronto 24 July 2003) [on file with author] now *Robertson v Proquest Information Limited and Learning Company and others*, Ct File No 03-CV-252945CPOB/OC/OD/A2 ('*Robertson No 2*').

[115] Statutory damages were not yet enacted in the Canada *Copyright Act*, when *Robertson* commenced in 1996.

[116] *Robertson* (n 111).

[117] Third Party Claim of Proquest Information and Learning LLC filed April 14, 2009 relating to *Robertson No 2* (n 114).

[118] B Sookman Counsel for the Third Party defendants is in the process of working to gather together as many third and fourth party claimants in order 'to ensure that

Similarly, a series of class actions are being fought in Québec for copyright infringement by unauthorized reproduction of freelancers' works in electronic media.[119] While the cases have not yet gone to trial, from some of the preliminary motions, the cases appear likely to be hotly contested. In *AGIQ,*[120] an authors' association presented a motion to dispense with an order for releasing a list of its class members. The association successfully argued that its members would likely suffer economic retaliation at the hands of the various defendants. Recalling *Tasini*'s aftermath, this is not an unreasonable argument. More recently, the Québec Superior Court certified the CDN$33.3 million class action.[121]

Given Québec's civil law tradition, it will be interesting to see what freelancer decisions will be handed down. The Québec court could consider continental European caselaw. As noted in the previous chapter, Québec shares similar rules with the continental European countries on the formation and interpretation of contracts. The jurisprudence in continental Europe is more developed than that of the rest of Canada and will be discussed in the next chapter.

## 3. CONCLUSIONS

In this chapter I analysed the judicial treatment of freelance work in North America. In both *Tasini* and *Robertson*, courts apply vague and seemingly neutral copyright law provisions to resolve the contractual ambiguities of new uses. In these cases, publishers appear to be testing the limits of their contracts. They wish to read in as many unlimited rights as possible. But on the most part, courts suggested that publishers cannot just rely on similarities between the media, to read in additional exploitation rights, but must reduce these to writing. While both cases held copyright infringement against the publishers, and *Tasini* adopted a strong pro-freelancer stance, these decisions did not discuss in any detail the contractual imbalances, or the ideological and political issues in digital copies. These oversights become more apparent in the next chapter on continental European caselaw. Lastly, in *Tasini*, through private

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their interests are represented in a full-fledged, consistent and cost-effective manner.' Letter from McCarthy Tétrault LLP to Third and Fourth Party defendants dated 22 April 2009 [copy on file with author].

[119] *Association des Journalistes Indépendants du Québec (AJIQ) c Cedrom-SNI* [1999] RJQ 2753, JQ no 4609 (QSC); *Electronic Rights Defence Committee (ERDC) c Southam Inc* [1999] JQ no 349 (QBC).

[120] ibid.

[121] A Québec Superior Court Judge has approved the $33.3 million class action suit: *Electronic Rights Defence Committee (ERDC) c Southam Inc* 2009 QCCS 1473.

ordering, publishers soured any victory by either purging works and blacklisting authors or asking them to forgo compensation. *Robertson No 2,* on the other hand, continues to show how freelancers are left unprotected by inadequate copyright laws.

# 8. Judicial treatment of freelance authors in continental Europe

Across continental Europe, freelancer caselaw features similar arguments to those discussed in the previous chapter on North American jurisprudence. Publishers claim copyrights in new electronic uses, while freelancers contend that they merely contract for one-time print rights and never intend or consent to grant assignments or licences for new modes of exploitation. In all these cases, agreements are oral and terms on new-use rights are vague, if not absent. Importantly, however, the judicial approach in resolving these claims differs significantly. In continental Europe, rather than applying 'neutral' copyright law provisions, courts apply express legislation. Consequently, in continental Europe various unifying interpretive tools can be gleaned from the judiciary's reading of the specific enactments. Yet, while continental European countries feature more progressive and specific legislation, and render freelance rulings more attuned to freelancers' disadvantages, I argue that some national provisions, such as the foreseeability principle, are still disadvantageous to freelancers and indeed indicate a curious similarity between the two systems. So when examining how best to resolve new-use issues in the courts, continental Europe offers, with some exceptions, some useful precedents worth considering.

## 1. JUDICIAL INTERPRETATION PRINCIPLES

### 1.1 Foreseeability Principle

As discussed in Chapter 6, the foreseeability principle is a judicial interpretive tool codified in various national laws. Pursuant to French law,[1] the reproduction of writers' works in a new publication requires their express authorization. This permission can only be conveyed if at the time of contracting the technology was foreseeable, the contract expressly covered the new modes of

[1] Code de la Propriété Intellectuelle No 92-597 of 1 July 1992 as last amended by Loi 2003-706 of 1 August 2003 ('CPI').

exploitation, and there was a royalty provision for authors in the event of a new exploitation.[2] In *Union of French Journalists and National Syndicate of Journalists v SDV Plurimédia*[3] several French journalists and their trade unions launched a copyright infringement suit not against their publisher, but against a third party, the online service provider, Plurimédia. At issue was the online dissemination of articles licensed by Dernières Nouvelles d'Alsace[4] to Plurimédia. The court ruled in favour of the authors, holding that the collective agreement was concluded in 1983 when online technology was unforeseeable.

In the Netherlands, the Netherlands Association of Journalists filed a suit against one of the largest Dutch newspapers, De Volkskrant, also relying on the codified foreseeability principle.[5] Article 2(2) of the Dutch Copyright Act (DCA)[6] limits the scope of the transfer to rights specifically enumerated or necessarily implied by the nature or purpose of the agreement. But the *imprévision* rule of article 6:258 of the Dutch Civil Code allows for 'dissolution of a contract if unforeseen circumstances no longer justify the contract to continue under its original terms.'[7] The Association had been unsuccessfully negotiating with various publishers over additional remuneration for the electronic reuse of journalistic works.[8] De Volkskrant had been reusing the plaintiffs'

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2 ibid.

3 (3 February 1998) (Tribunal de Grande Instance de Strasbourg – Ordonnance de Référé Commercial) (tr) (1998) 22 Columbia-VLAJLA 199 (*'Plurimédia').* While the case exclusively concerned employed writers, and applied both intellectual property and labour law it is still worth noting that, as found with the journalists, the court would have also held the freelancers to have granted only limited rights to first publication pursuant to the CPI on the basis of foreseeability. More recent caselaw from the highest court in France supports this finding: *Rillon c Sté Capital Méda Cour de cassation (1 chambre civile) 12 juin 2001*, see discussion in A Blocman 'Court of Cassation Gives Ruling on Journalists' Copyright' IRIS 2001-8:15/33 http://merlin.obs.coe.int/iris/2001/8/article33.en.html (30 April 2009). On foreseeability, see also *Chavanel c Plurimédia et France 3* Tgi Strasbourg (2 ch com), 16 novembre 2001 Snj where broadcasters were found to be infringing the journalists' copyright particularly because the contract had been made in 1983 before the onset of internet publication; discussion in M de Rocquigny 'Copyright Protection for Journalists and the Broadcasting of their Work' IRIS 2002-1:14/31 http://merlin.obs.coe.int/ iris/2002/1/article31.en.html (30 April 2009).

4 News items from programmes broadcast by channel FR3 were also at issue.

5 *De Volkskrant* No D 3.1294 (24 September 1997) (DCt of Amsterdam) (tr) (1998) 22 Columbia-VLAJLA 181.

6 Copyright Act of 23 September 1912 Staatsblad 308 tr (1973) 9 Copyright 181('DCA').

7 B Hugenholtz 'Electronic Rights and Wrongs in Germany and the Netherlands' (1998) 22 Columbia-VLAJLA 151–9, 157.

8 ibid 155.

contributions on its web site and CD-ROM. The Amsterdam District Court held for the plaintiffs, finding copyright and moral rights infringement[9] because CD-ROMs and web sites constituted independent means of communication. The court also applied article 2(2) of the DCA because in the 1980s, when the licences were granted, the plaintiffs could not have foreseen that their contributions would be included in electronic media.[10]

But the foreseeability factor does not always favour freelancers. In Germany, the Publishing Act of 1901[11] supplements the more modern German Copyright Act (GCA)[12] and features specific rules on publishing agreements.[13] Transfers, whether in writing, oral or implicit, are impossible under German law, only exclusive or non-exclusive licences are allowed.[14] As explained in Chapter 6, this results from the monist theory of German law where economic and moral rights are so interwoven that they cannot be separated.[15] Up until recently, article 31(4) of the GCA declared void any obligation relating to uses that were unknown at the time the licence was granted. Importantly, this principle was recently repealed in Germany and will be addressed shortly, but suffice it to say that a number of cases wrestled with applying this problematic provision. Under this principle, the moment of the party's knowledge of a new use is vital in determining the scope of the licence.[16] In a decision before the Regional Court of Hamburg,[17] Freelens, an association of about 70 freelance news photographers, sued the magazine Der

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[9] The DCA expressly allows for the transfer of copyright in writing, either in full or in part, and irrespective of a complete transfer, authors retain moral rights pursuant to its *droit d'auteur* tradition; DCA arts 2 and 25.

[10] *De Volkskrant* (n 5) 187.

[11] Publishing Act (*Verlagsgesetz*) of 19 June 1901 as last amended on 22 March 2002 BGBl. I 2002 S. 1155.

[12] Copyright Act of 9 September 1965 I p 1273 no 51 tr (1965) 1 Copyright 251 as last amended on 7 December 2008 BGBl. I S. 2349 ('GCA').

[13] But as Hugenholtz points out its rules are not mandatory, may be overridden by contract and are largely outdated; in practice the Publishing Act of 1901 'no longer plays an important role.' Hugenholtz (n 7).

[14] ibid 152.

[15] L Bently *Between a Rock and a Hard Place* (The Institute of Employment Rights London 2002) 27.

[16] B Hugenholtz and A de Kroon 'The Electronic Rights War' (Intl IP L and Policy 8th Annual Conference Fordham U School of L 27–28 April 2000) 1–14, 7.

[17] *Freelens* (1997) No 308 O 284/96 (Regional Ct of Hamburg) (tr) (1998) 22 Columbia-VLAJLA 178 ('*Freelens* RCt'). In BGH vom 10. Oktober 2002 - I ZR 180/00; BGH vom 19. Mai 2005 - I ZR 285/02 (the plaintiff was a set designer); Hanseatisches Oberlandesgericht Hamburg vom 24. Februar 2005 – 5 U 62/04 art 31(4) was held not to apply to performance rights. However, as noted art 31(4) of the GCA was repealed. See discussion in text to nn 55–58.

Spiegel for copyright and moral rights infringement.[18] Between 1989 and 1993, the freelancers had sold photographs to Der Spiegel, which were subsequently available on CD-ROM from 1993. Der Spiegel alleged that since CD-ROMs were a well-known use in 1989, when the original print licences were granted, the freelancers had implicitly licensed this form of use. Agreeing with the publishers, the court held that when the licences were granted (in 1989 or later) CD-ROM was a known use despite the lack of market success at the time.[19] Therefore, the freelancers could not invoke article 31(4) of the GCA since the uses were known. The court reasoned that: (1) the freelancers had never previously objected to republication of their works in microfilm, and (2) the digital medium was, as publishers have argued elsewhere, a mere substitute for microfilm or print. On appeal before the Federal Supreme Court of Germany, *Freelens* ruled in favour of the authors and no longer relied on the foreseeability principle.[20] Instead, the Supreme Court relied almost exclusively on the purpose of grant rule.[21]

### 1.2 Purpose of Grant Rule

According to the purpose of grant rule, whenever the contract terms do not specifically identify the uses for which rights are granted, the author is deemed to have granted no more rights than are required by the purpose of the contract. The *Freelens* Federal Supreme Court noted that, in the former proceedings, an assumption was made as to when CD-ROM was a known use 'to the benefit of the defendant.'[22] Instead, the Federal Supreme Court found it more useful to focus on whether the contracting parties 'individually refer[red] to CD-ROM rights' in the contract.[23] The court found that they had not, and ruling otherwise would go beyond the purpose of the contract. According to the court,

> This [purpose of grant] rule of interpretation expresses the notion that the copyright powers tend to remain with the author as far as is possible so that he can enjoy a *reasonable participation* in the profits from his work.[24]

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18 Hugenholtz (n 7).

19 The court did not determine whether re-use on CD-ROM constituted a new independent use for the purposes of GCA art 31(4); *Freelens* RCt (n 17) 179.

20 *Freelens* (5 July 2001) No I ZR 311/98 Federal Supreme Court (Bundesgerichtshof) tr (2003) 34 IIC 227, 229 thereby upholding the appeals court decision which reversed the first instance judgement in fn 17.

21 While the Regional Court of Hamburg in *Freelens* relied heavily on the foreseeabililty rule, the court still noted the purpose of grant rule as a second author-friendly provision; Hugenholtz and de Kroon (n 16) 7.

22 *Freelens* (n 20) 229.

23 ibid 228.

24 ibid 228 [emphasis added].

The court recognized the need and desire to have authors retain reasonable control over their works. As noted in Chapter 6, the parliamentary history of this clause 'demonstrates that its primary aim is to prevent the "young and inexperienced" authors in their dealings with "cunning" publishers from "rashly" giving away their copyrights.'[25] Consequently, the court explained that to give further effect to the spirit of this rule, it must not solely weigh whether the use in question 'is an independent type of use.'[26] By contrast, in the North American courts, independence of use, such as the difference between media (for example print and CD-ROM), is crucial to a finding of copyright infringement. For the German court, independence of use can be *one of several* other factors, not limited to the weighing of the individual circumstances of the case.[27] Therefore such an approach is more comprehensive on dealing with freelancers' predicament in retaining control over their digital rights.

Several other countries, including the Netherlands and France, provide a purpose of grant rule.[28] In France, while the CPI stipulates the need to assess the foreseeability of the technology and to provide a royalty provision for a valid transfer, it also maintains that the modes of exploitation be expressly delineated.[29] In the Netherlands, article 2(2) of the DCA limits the scope of the transfer to rights specifically enumerated or implied by the agreement's purpose.[30] According to Hugenholtz, the Dutch courts have by analogy applied this transfer rule to licences.[31] Consequently, licences are strictly interpreted, and in the case of freelancers often mean non-exclusive, one-time print rights.[32]

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[25] Hugenholtz (n 7).

[26] Indeed this position is in contrast to the appeals court decision where the German court reversed the lower court decision since CD-ROM was a new independent and very different means of exploitation. Of interest is the German Court's pronouncement that through electronic reproduction 'there is no loss of quality, with obvious negative consequences to the rights of authors.' Hugenholtz and de Kroon (n 16) 7–8.

[27] *Freelens* (n 20) 229.

[28] Also featured in Spain Copyright Act of 12 April 1996, as amended 7 July 2006, 23/2006) art 43(2) and Greece Law No 2121/1993 of 3 March 1993, as amended in January 2007 (Law 3524/2007) art 15(4).

[29] CPI art L 131–6.

[30] 'Do print licenses imply a right of electronic re-use?' is the question; Hugenholtz (n 7) 157.

[31] It is unclear whether the purpose of grant rule prevalent in Germany has effectively been codified in the DCA. Irrespective, it is clear that DCA art 2(2) warrants a restrictive interpretation on copyright transfers; Hugenholtz (n 7) 157.

[32] But unlike Belgium and Germany, the Netherlands has no special provision on publishing agreements or copyright contracts in general. To this end, the DCA does not contain the equivalent of the 'revision' rule seen in *Tasini*.

### 1.3 Pro-Author Interpretation

Some European courts have applied legislation that expressly favours the author. Section 3(1) of the Belgian Copyright Act (BCA)[33] regulates the transfer of economic rights and mandates a written transfer contract. Importantly, it provides that both the scope of the grant and the means of exploitation need to be identified and interpreted narrowly in favour of the author. In *General Association of Professional Journalists v Central Station*,[34] freelancers and employed journalists represented by the Belgian Union of Journalists sued ten publishers who had founded a consortium, Central Station. Since 1996, Central Station operated a web site containing a cross-section of various articles for fee-paying users to access.[35] The Brussels Court held that the publishers needed the freelancers' written consent pursuant to section 3(1) of the BCA.

In some respects, even the German Federal Supreme Court implicitly adopted this approach as it recognized the author's unique position. In obiter dicta, the court found it important to discuss the nature of authorship in freelance writing. Academic authors may often be interested in a maximum distribution of their work and only secondarily interested in a fee, but freelancers generally depend on their fees.[36] Indeed,

> in the case of self-employed journalists it must be assumed that they will want to negotiate separately on a use that promises its own commercial return in order to ensure that they enjoy a reasonable participation in this additional commercial exploitation of their achievement.[37]

In some ways, the court is true to Germany's *droit d'auteur* tradition to find that authors deserve to control the fruits of their labour through all or any means. At the same time, the court is cognizant of publishing industry practices and

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[33] Copyright Act of 30 June 1994, 27 Moniteur Belge 1994 (Belgium) as amended by the Act of December 4, 2006, implementing Directive 2001/84/EC of 27 September 2001, Moniteur Belge of 23 January 2007 ('BCA').

[34] [1988] ECC 40 (High Ct of Brussels) ('*Central Station*'). A more recent challenge indicating the ongoing copyright struggles of journalists is the *Copiepresse v Google* case: Décision du Tribunal de première instance de Bruxelles du 13 février 2007, n 06/10.928/C where Google News and the use of the Google cache, were found to have reproduced journalists' articles without permission thereby violating copyright. This decision is in the process of being appealed, and for the time being, the two sides have postponed the next steps in the court dispute to consider tangible ways to collaborate in the long term.

[35] ibid.

[36] ibid 229.

[37] ibid.

accepts that there may be other stakeholders in this contracting; it notes once again that authors deserve also to participate in the contracting and publishing outcome. Ultimately, the court strives to balance the interests of authors and publishers: no share in the profits would unreasonably prejudice authors and tip the scales disproportionately in favour of publishers. In short, authors require a reasonable participation in the future control of the exploitation of their works. In many respects, this case echoes several of the nineteenth-century pro-author UK decisions where courts had similar concerns over hardship between the parties and authors' control of their copyright and payment from their works. These similarities underscore once again the value of these early precedents.

## 2. OTHER UNIFYING PRINCIPLES

### 2.1 Print to Electronic Media

In analysing copyright infringement, European courts do not solely focus on the technical differences between print and electronic media as done in North America. In *Central Station*, the court stated that reproduced articles are 'destined for the specific public of a particular periodical, not for the largest possible public that might be interested.'[38] Hence authors are deemed to have granted publishers only those licensing rights to bring their articles to the newspapers' specific public audience.[39] Similarly, the Federal Supreme Court in *Freelens* recognized that while CD-ROM and microform are initially 'apparently comparable,' the former has a 'complete different market potential despite its restricted use as compared with other digital data storage media.'[40] Indeed, 'the [CD-ROM] subscribers would be an additional circle of potential purchasers.'[41] The court suggested that there would be more consumers purchasing the digital annual volumes than there would be buying the printed edition.[42] As a result, the court observed the increased monetary returns obtained from digital media not otherwise possible through print media. The European courts therefore recognize some of the oversights noted earlier in *Tasini* and *Robertson*: audience, market potential, and monetary returns are all factors which vary from the print to digital world.

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38 JC Ginsburg 'Electronic Rights in Belgium and France' (1998) 22 Columbia-VLAJLA 163.

39 ibid.

40 *Freelens* (n 20) 229.

41 ibid; the Dutch courts also examined the digital reproduction of articles as distinct to print to find against the publishers: *De Volkskrant* (n 5) 187.

42 *Freelens* (n 20) 229.

### 2.2 Settlement

Against *Tasini*'s outcome, parties appear more willing to settle both prior and post litigation. *De Volkskrant* indicated for the first time that a publisher was forthcoming in working out a compensation scheme prior to the dispute. But while the publisher was willing to compensate the plaintiffs for digital reuse of their works, it asked for a three-year freeze on making any payment since 'the operation of the electronic media [was] still in an experimental stage.'[43] Thus the publisher justified not compensating its authors by referring to its risky investment in the digital world. But the Dutch court did not find the publisher's 'proposal' to withhold compensation plausible and substantiated its ruling by finding that the defendant had in principle acknowledged rewarding the freelancers for new uses.[44] Settlement also occurred in *Central Station*, where the Belgian publishers agreed that they would no longer electronically distribute freelance articles in the consortium without the freelancers' consent.[45] Moreover, in response to the freelancers' moral right of attribution claim, the publishers committed themselves to 'stop the online distribution of the works without crediting the byline originally appearing in the publication of the articles.'[46] In *Plurimédia*, the parties also reached an agreement after the ruling, and the appeal only dealt with the reuse issue of televised news items.

## 3. COMPARING NORTH AMERICAN AND CONTINENTAL EUROPEAN CASE LAW

### 3.1 Progressive Legislation

According to Jane Ginsburg, a comparison of the decisions and national laws on freelancers to date indicates that European courts are more author-friendly than American courts, which tend to protect publishers.[47] While her article does not detail the reason for this attitude, from an analysis of the examined caselaw the answer seems simple. Although European courts may perhaps be pro-author because of their *droit d'auteur* tradition, they also have clearly drafted legislation. With the exception of the Netherlands, where courts nonetheless applied the assignment transfer rule to licences, these European enactments are, in contrast to the Canadian and US statutes, better able to clarify new-use clause

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43 *De Volkskrant* (n 5) 182.
44 ibid 187.
45 *Central Station* (n 34) 43.
46 ibid 43.
47 Ginsburg (n 38) 164.

ambiguities. The Belgian statute endorsed a strict pro-author interpretation when rights were not clearly delineated.[48] The French copyright provision precisely addressed royalty payments to authors to the extent that new uses were exploited.[49] The German and Dutch acts allowed the reading of no more rights than necessary to give effect to the contract's purpose.[50] In other words, courts did not appear to struggle with substantive copyright infringement questions but applied the appropriate statute.

The more conciliatory pro-author European environment indicates a publishing culture that is not only author-friendly in its tradition, but also seeks reasonable resolution of disputes with authors. As some commentators have argued, this scenario bodes well for common law countries, 'demonstrating that authors and publishers are capable of reaching agreement in the management of electronic rights.'[51] Albeit imperfect, settlement contracts still persuasively foster or, at least, establish decent relations among publishers and authors. Furthermore, European advocates appear more attuned to authors' interests in raising moral rights violations in their pleadings. Canadian courts never heard such claims, which as stated could have been sensibly grounded based on the available evidence.[52] Lastly, the conciliatory nature of the European social climate may be due to publishers' knowledge of these laws and their perceived risk of contesting freelancers' claims in court acting as a strong deterrent.[53]

### 3.2 Drawbacks: Foreseeable Fixation

It is nonetheless disconcerting that judicial reasoning in the examined jurisdictions features a fixation on the foreseeability of the new medium of exploitation. Courts decide based on either when the medium was developed or when the technology became commercially available in order to interpret ambiguous new use clauses in contracts.[54]

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48 BCA (n 33) art 3(1).

49 CPI art L 131-6.

50 PA Dubois and C Chien 'Tasini: Moving towards a Global Model for the Use of Journalists' Works?' [2001] Copyright World 12–14, 12.

51 ibid 14.

52 Save for the *Robertson No 2* class action which was recently certified; ch 7 text to n 114. In the US, it could be more difficult as there is no moral rights statute; e.g. ch 7 n 64.

53 The lack of empirical evidence and scholarship makes such motivating factors speculative. The publishers' motivation could perhaps be ascertained with some fieldwork, beyond the present scope. Nonetheless, as I shall explore theoretically in ch 10, there are persuasive economic arguments to support this perspective.

54 See also *Wiener Gruppe*, Austrian Supreme Court (*österreichische Oberste Gerichtshof*) 12 August 1998, Multimedia und Recht 1999, 275; while not discussed as

Germany repealed the foreseeability principle previously entrenched in article 31(4) of the GCA in its 2007 'second basket' of copyright reform.[55] As a result, the granting of use rights still unknown at the time of contracting will be allowed going forward. Importantly, the author is still entitled to a separate remuneration. Also, the author has the possibility to object to any retro-active enforcement of the provision.[56] Repealing this provision is a move in the right direction for, as seen, its application was replete with indeterminacy and litigation.[57] And as the explanatory notes for the German copyright reform bill confirm, Article 31(4) undermined the public interest.[58]

While at least one country in Europe has addressed foreseeability, this principle remains very much alive in North America. Even the Canadian court at first instance in *Robertson* alluded to some sort of foreseeability principle in discussing the inception of InfoGlobeOnline's practice and freelancers' imputed knowledge of this new custom. In the US, a series of new-use cases in other industries also frequently focus on finding foreseeability.[59] Scholars

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not concerning freelance works, the case also applied the foreseeability principle between two publishers – holding for the grantor as in 1984 (at the time of contracting) internet and CD-ROM were either unknown media, or uses which could not have been foreseen for their economic impact.

55 *Zweites Gesetz zur Regelung des Urheberrechts in der Informationsgesellschaft vom 26. Oktober 2007, Bundesgesetzblatt Jahrgang 2007 Teil I Nr. 54, 31. Oktober 2007.*

56 N Lamprecht-Weibernborn 'Second Basket of Copyright Reform Approved' IRIS 2007-10:9/15 http://merlin.obs.coe.int/iris/2007/10/article15.en.html.

57 More caselaw wrestled with the foreseeability principle in Germany before it was repealed. For instance, the Federal Supreme Court in 2005 in a decision concerning film rights attempted to more clearly delineate art 31(4) on foreseeability in favour of the reproduction company as the court held that DVD reproduction did not represent an economically independent form of exploitation that would have replaced video reproduction. In order for a new type of use to remain with the freelancer the use must be financially independent: *Urteil des Bundesgerichtshofs (BGH) vom 19. Mai 2005, Az. I ZR 285/02*; see discussion K Berger 'Federal Supreme Court on DVD Reproduction Rights' in IRIS 2005-6:9/16 http://merlin.obs.coe.int/iris/2005/6/article16.en.html; another case, however in the context of a succession of agreements as between a freelance photographer and a magazine publisher ruled in the freelancer's favour on the basis that the digital uses were unknown at the time of the first contract in 1986 which remained decisive: *Yacht-Archiv* Hanseatisches Oberlandesgericht Hamburg vom 24 February 2005 – 5 U 62/04 http://www.jurpc.de/rechtspr/20050121.htm http://www.jurpc.de/rechtspr/20050121.htm.

58 Government Bill Modernising Copyright Law: http://www.kopienbrauchen-originale.de/media/archive/139.pdf 42–3; see also, K Berger 'Federal Government Adopts Copyright Bill' IRIS 2006-5:11/17 http://merlin.obs.coe.int/iris/2006/5/article17.en.html.

59 e.g. *Bartsch v Metro-Goldwyn-Mayer Inc* 391 F 2d 150, 154–5 (2d Cir) cert denied 393 US 826, 89 SCt 86 (1968); *Bourne Co v Walt Disney Co* 68 F 3d 621 (2d Cir 1995 cert denied 116 SCt 1890, 1996).

like Sidney Rosenzweig argue that absent clear intent or a finding of unconscionability in a contract, courts should examine the foreseeability of the new medium.[60] The logic is that if the technology was unforeseeable, at the time of the contracting, the grantor retains rights to exploit the work in that medium. Whereas if the technology was invented, even if not then commercialized, the rights in respect of the new medium are granted to the grantee along with those of the pre-existing medium.[61]

Rosenzweig is one of the few scholars to address the issue of new uses, albeit exclusively focusing on the US copyright system. From a utilitarian standpoint and relying on *Bartsch*'s reasoning,[62] he contends that because the publisher is in the better position to exploit new media with smaller transaction costs, vague contracts should always be interpreted to favour the publisher.[63] He defines a new use as 'an accretion or unearned increment,' that is a 'windfall' that occurs after the production of a work.[64] And since the new use was beyond the intentions of the parties, 'the author, as a result, could not have expected to profit from such future medium.'[65] The one-time windfall from a new use is therefore used to subsidize the licensee or publisher in his risky investment to develop the new medium.[66] Rosenzweig further suggests that it is most opportune for publishers to retain electronic rights when the technology is not yet invented, and authors have even fewer expectations and are less likely to have diminished incentives to create.[67]

Rosenzweig does not take enough account of fundamental principles of property, contract or trust law, let alone the freelancer's predicament or the user communities he purports to benefit. First, besides the noted difficulties in determining what is foreseeable,[68] why should the freelancers' earnings from their works subsidize publishers, when these publishers are in a business with

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60 SA Rosenzweig 'Don't Put my Article Online: Extending Copyright's New-use Doctrine to the Electronic Publishing Media and Beyond' (1995) 143 UPennLRev 899–932.

61 To some extent, the German court conceded that the new medium must not only be invented but commercialized for this foreseeability factor to apply, consequently making it somewhat more author-friendly than Rosenzweig's proposition; ibid 915.

62 *Bartsch* (n 59).

63 Rosenzweig (n 60) 922–3.

64 ibid 925.

65 ibid.

66 ibid 926.

67 ibid 925.

68 e.g. is the test when the technology was invented or commercialized? see ch 6 text to nn 89–93.

the expectation of making and losing money?[69] Freelancers are professionals who attempt to earn a living from their work. Freelancers' royalties cannot and should not be expected to fund the growth of publishers. Second, it is unreasonable to assume that just because the technology was unforeseeable, that freelancers did not expect additional compensation, or more importantly, expected to lose control over the exploitation and management of their works in new media. Indeed, if publishers were to ask freelancers if they expected to lose copyright control over their works, the answer would likely be no.[70] Rosenzweig's argument gives freelancers very little credit for their dealings with publishers and emerging media. Although there may be information asymmetry with freelancers as the unsophisticated party, they should not be penalized for their inability to bargain express use rights in their contracts. Third, why cannot publishers reward freelancers for future uses of their works by some form of royalty scheme? The French media industry rewards authors in this way. In this fashion, publishers could still use freelancers' works for due consideration. Fourth, just as freelancers could not have expected to profit from the future use, the same applies to publishers. The choice of which party benefits from the 'windfall' is based simply on Rosenzweig's preference. Should freelancers not be in a better position to reap from their work especially given their financially vulnerable position? Lastly, the proposition that the publisher is in a better position to exploit works from a social efficiency perspective fails to consider whether this is appropriate for the public interest.[71] For instance, as noted in Chapter 2, having more power in the hands of a few media companies does not result in a greater variety of works or greater access to these works. I continue to explore these policy-related arguments in Chapter 10. Suffice it to say that since there will likely always be new emerging modes of exploitation that will by definition be foreseeable, thereby making foreseeability endemic, freelancers will continue to be the disadvantaged party. Rather than blindly applying presumptive principles that would effectively favour only publishers, other solutions mindful of the ongoing imbalanced freelancer–publisher relationship are necessary.

## 4. CONCLUSIONS

In contrast to the previous chapter that examined the judicial treatment of

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69 WF Grosheide 'Copyright Law from a User's Perspective: Access Rights for Users' (2001) 23(7) EIPR 321–5, 323 argues this as an 'economic flow back'.

70 This is clear from testimony in *Robertson*, ch 7 text to n 89.

71 On the other hand, this may be the strongest argument in favour of publishers and befitting the economic justification.

freelance work in North America, in continental Europe, rather than applying 'neutral' copyright law provisions, courts applied express legislation. Consequently, in continental Europe various unifying interpretive tools were gleaned from the judiciary's reading of the specific enactments. Still, while the purpose of the grant rule and pro-author interpretation rules were particularly useful in clarifying contractual ambiguities, principles like foreseeability of the new technology had drawbacks for freelancers. Nonetheless, the European courts recognized some of the oversights noted in *Tasini* and *Robertson*: audience, market potential, and monetary returns are all factors that vary from the print to digital world. Also, courts recognized freelancers' unique position: they depend on their fees and require a reasonable participation in the control of their future exploitation rights. Above all, these cases show a better understanding of the disadvantages freelancers face in the digital world, where publishers insist that there is no difference between the media and sanction exploitation through ambiguous or non-negotiable copyright contracts. And as noted, these cases are somewhat consistent with nineteenth-century UK precedents. Consequently, when examining how best to resolve the issue of who should control new uses in the courts, continental Europe offers, with some exceptions, some precedents worth considering.

# 9. Freelancers in the UK: pre-empting a digital dilemma

In the previous two chapters, I analysed freelancer caselaw in North America and continental Europe. I showed that both varied in their judicial approaches, mainly because the continental European cases were privy to express statutes clarifying the interpretation of ambiguous new use clauses. In this chapter, I explore the way the issue could be potentially resolved in UK courts. The UK presents an interesting case-study. While the UK has yet to see litigation on the issue of whether freelancers' contracts, which allowed publishers to print their works, contemplated electronic publishing rights,[1] the issue has been very much alive. Lionel Bently's work details the abuses that freelancers face 'in the UK media market-place.'[2] The UK saw one of its large dailies reach a substantial out-of-court settlement, and there have been other settlements reached with other publishers over similar issues. In an effort to analyse the existing judicial mechanisms, I first examine UK copyright law and other available causes of action. Due to the lack of any direct precedent, I also evaluate the jurisprudence in other copyright sectors, such as the film industry, relating to ambiguous copyright transfers, to provide some insight into the interpretation of new use clauses. I propose that absent legal intervention, these options will not result in any coherent judicial outcome. Still, what becomes more apparent is that UK cases have not deviated much from 200-year-old precedent – which could offer some form of predictability in freelancer judicial redress. At the same time, UK caselaw shares some principles similar to those codified and judicially considered in continental Europe (for example restrictive approach and purpose of grant rule) which could further support a pro-author finding and, ultimately, endorse their codification in UK copyright law.

1 Updated as at April 2010.

2 L Bently *Between a Rock and a Hard Place* (The Institute of Employment Rights London 2002).

# 1. UK FREELANCE INDUSTRY

## 1.1 The Guardian Settlement[3]

The Guardian settlement could have been the UK's version of *Tasini* or *Robertson*. In 1996 the National Union of Journalists (NUJ), the Society of Authors and the Writers' Guild, spearheaded a three-year-long negotiation with The Guardian, one of the UK's largest daily newspapers, to stop its 'rights grab'. At the same time, key literary figures like Fay Weldon led a grand campaign against the newspaper. In 1999, a settlement was reached with some key terms, which included that The Guardian: (1) stop the practice of coercing freelancers to assign copyright without fresh payment for their work, and (2) give freelancers 50 per cent of spot sales for one year. While the first term is commendable as it expressly bans the newspaper's bullying tactics, the second term remains insufficient. A spot sale is the individual sale of an article to another newspaper, which does not include systematic sales. Systematic sales generate the most revenue through worldwide syndication pursuant to subscriber agreements. If freelancers were to get full syndication rights, they could earn up to £600 more per article.[4] But through The Guardian settlement, freelancers are only entitled to spot sales for one year, which yield a poor return by comparison. As a result, a settlement that was in the best position to provide freelancers with some adequate remuneration, as well as clarify the ownership of future exploitation rights for all parties, failed to do so. Instead, it appears that UK publishers are more concerned than ever to legitimate their publishing practices at the authors' expense.

## 1.2 'You Retain Copyright' Letter Agreements

Large dailies such as The Guardian, The Times, The Daily Telegraph, and The Independent initiated the practice of sending standardized letters to their freelance contributors advising them of their new policies.[5] These letters advised freelancers that they 'retain their copyright'.[6] Yet they detailed conditions which included: the newspaper's unlimited and worldwide right to use the

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[3] The research used for these next two sections was obtained from the archives of the Society of Authors, London June 2003. I am very grateful to Mark Le Fanu for kindly allowing me to access these materials.

[4] NUJ Brief Report on Copyright (December 1997) (letter sent to UK Department of Culture, Media and Sport).

[5] See sample letters in Boxes 2.1 and 2.2 provided in Chapter 2. The letters were posted soon after *Tasini* was handed down in 2001.

[6] Ch 2 after n 64.

work in any publication or service that it owns or controls, in whatever media. It is quite plausible that these standard form letter agreements will be subject to future litigation. For instance, the new use terms are so vague that when a new means of technology is developed, a dispute may arise as to whether the contract captures such rights. And if this dispute were to erupt, it is unclear how a UK court would rule without any direct precedent. Ultimately, would a UK court follow the caselaw of North America, continental Europe, or the path of neither? At this juncture, one can only speculate.

## 2. COPYRIGHT LAW

The UK's lack of express legislation was already explained and contrasted to the civilian tradition in Chapter 6. But for the purpose of this chapter I reiterate a few notable points. Whereas in civilian jurisdictions there are rules regarding content of contracts and rules of interpretation, in the UK there are few rules governing alienability.[7] The CDPA mandates that exclusive licences, like assignments, be in writing.[8] Future copyright can be assigned in the UK, which may vest in the assignee once the future work comes into existence.[9] Also, moral rights can be waived in writing but cannot be assigned.[10] While the CDPA provides for infringement claims, it offers very little else for authors to protect their interests. For instance, other claims such as the right of attribution[11] and the right against derogatory treatment,[12] as argued in European caselaw may not apply to UK freelancers. It is equally unfortunate that the UK's reversion right has been repealed. UK copyright therefore provides very few provisions to protect authors, let alone provisions to interpret copyright contracts.

The UK has moved towards a 'mixed system' of copyright law.[13] Typically, the common law tradition, which admits protection both of individuals and corporate bodies, stands in contrast to the continental European tradition based

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7 Bently (n 2) 26.

8 CDPA s 92(1).

9 CDPA s 91.

10 CDPA ss 94–5.

11 CDPA s 77 is likely not applicable to freelancers given the exceptions s 79(2)(c) (computer generated works), s 79(5) (current events reporting) and s 79(6)(a) (publications in newspapers, magazines or similar periodicals).

12 See similar exceptions in CDPA ss 81(2)(3)(4).

13 WR Cornish and D Llewelyn *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights* (6th edn Sweet & Maxwell London 2007) 415–16; D Vaver 'The Copyright Mixture in a Mixed Legal System: Fit for Human Consumption?' [2000] Juridical Review 101.

on the individual protection of the author. The once distinct mechanism of protecting authors, as done in the civilian system, has been abolished with the adoption of the CDPA.[14] Indeed, as seen in Chapter 4, the UK copyright system was historically more sympathetic to addressing authors' interests. In these respects, albeit there are a number of EC directives, which increasingly compel the UK to harmonize its laws,[15] its system is more akin to that of common law countries, and less to that of civilian, *droit d'auteur* continental European countries. According to Bently,

> [t]here are no provisions recognizing the special status of creators and their contributions to our culture, no provisions recognizing their typically weak bargaining power, and none which attempt to ensure that such creators receive proper levels of remuneration.[16]

Protecting authors' interests derives less from legal regulation than from collective processes such as unions or the promotion of model contracts.[17] Based on the UK's common law tradition and given that there are few rules governing alienability,[18] one would expect the UK to follow the North American caselaw, at least in its approach. At the same time, the UK contracts would be subject to its common law actions outside copyright law.

## 3. LEGAL ACTION OUTSIDE COPYRIGHT LAW

The following approaches are available in the UK's common law system and could be potentially invoked to resolve a freelancer dispute. Still, while potentially helpful they pose uncertainty.

### 3.1 Contract Rules: *Contra Proferentem* and Custom

In cases of ambiguity, UK courts have applied the *contra proferentem* rule against the drafter. The logic of the rule is that the drafter is assumed to have looked after his own interests, 'so that if the words leave room for doubt about

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[14] Cornish and Llewelyn (n 13). This abolishment is also the case for neighbouring rights.

[15] e.g. Directive 96/9EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases implemented by the Copyright and Rights in Databases Regulations 1997 (UK).

[16] Bently (n 2) 27–8.

[17] L Bently and B Sherman *Intellectual Property Law* (3rd edn Oxford University Press Oxford 2009) 279.

[18] Bently (n 2) 26.

whether he is intended to have a particular benefit, there is reason to suppose that he is not.'[19] In a more recent case, it was observed that the rule,

> is often pretty weak, […] it is of some force when it is part of the overall picture. That is particularly so in the case of an insurance contract [where one party] is a large organization with a knowledge of the market and financial ability to employ and obtain the best legal and other advice, whereas the policyholder [the other party] will almost always be a small individual with very limited funds and knowledge.[20]

This rule can be conveniently applied to the freelancers' case against the drafter-publishers that typically write the contracts.[21] Like insurance companies in *Re Drake*, publishers are equally large organizations with knowledge of the market and the legal advice, in contrast to the weaker, less knowledgeable and non-represented party – in this case, the freelancer. The restriction for using this rule is that it applies only when the contract is open to more than one interpretation – which is often the case for freelancers and publishers arguing opposing positions from vague contracts.

There is also industry custom to imply terms thereby making an ambiguous contract more specific. As elsewhere in North America and Europe, due to the informal nature of contracting between the parties, these legal relationships are regarded by custom as implied non-exclusive licences to publish the work once. But as discussed, custom must be strictly proved and without any determinative ruling on this issue, predicting which terms may be implied by custom is speculative.[22] Indeed, as seen in *Hall-Brown*, nineteenth-century courts eschewed implying terms through custom due to the freelancer's lack of express consent. Ruling otherwise would have unfairly taken rights away from the author. Moreover, as noted in the current caselaw analysis (for example *Robertson*), relying on custom may be problematic because the tests lead to indeterminacy in imputing a party's level of awareness of the proposed custom. Therefore when canvassing contract principles to interpret ambiguous contracts, it seems that *contra proferentem* would be the more viable option for freelancers.

### 3.2 Common Law and Equity to Invalidate Contracts

Freelancers could have their contracts held void or voidable under specific

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19 *Tam Wing Chuen v Bank of Credit and Commerce Hong Kong Ltd* [1996] BCC 388, [1996] 2 Butterworths Co L Cases 69, 77.

20 *Re Drake Insurance* [2001] Lloyd's Rep IR 643.

21 Bently (n 2) 19.

22 Ch 4 text to n 51 and ch 6 text to n 144.

circumstances. The doctrines of restraint of trade, economic duress, undue influence and principles of unconscionability and unjust enrichment are some possibilities.[23]

### 3.2.1 Restraint of trade

Freelancers could argue that their contracts with publishers restrain their freedom to trade and that such terms are unreasonable. The doctrine of restraint of trade mirrors the general contract policy that 'a person should be able to practise their trade.'[24] Bruce Dunlop and others trace the history of the doctrine from the mercantilist, to the laissez-faire, to the modern period.[25] They indicate how in contrast to the mercantilist era, where restrictive covenants were unenforceable, in the laissez-faire period, 'restrictive covenants in employment and sale of business contracts were routinely enforced.'[26] The trend reversed itself in the modern-day period where restrictive covenants again became prima facie unenforceable. Each trend reflected the changing socio-economic circumstances and philosophies.[27]

Although it is currently difficult to denote any particular trend, the legal test on enforcing restrictive covenants has evolved into a two-part analysis.[28] Courts will first examine whether the allegedly restrictive terms are justifiable: does the doctrine of restraint of trade apply? If so, courts will examine whether the terms are reasonable between the parties. Are the terms no more than reasonably required to protect the legitimate interests of the promisee *and* the public interest? The agreement must be assessed at the date at which it was established.[29] When a contract or term is found to be restrictive, it is declared void.[30]

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23 WR Cornish 'The Author as Risk Sharer' (OIPRC Seminar Series, Oxford 10 February 2004) http://www.oiprc.ox.ac.uk/EJWP0304.html noting the first four doctrines.

24 Bently and Sherman (n 17) 281.

25 B Dunlop et al. 'The History of the Common Law of Restraint of Trade' in B Dunlop et al. (eds) *Canadian Competition Policy* (Canada Law Book Toronto 1987) 24: 'the "mercantilist" period, from Elizabethan era to about 1770, the laissez-faire period: from about 1770 to the turn of the twentieth century; and the modern period, running from the end of the laissez-faire period to the present day.'

26 ibid 31.

27 ibid 41.

28 The *Nordenfelt* test, named after *Nordenfelt v Maxim Nordenfelt* [1894] AC 535 has been applied countless times; ibid 37.

29 *Gledhow Autoparts v Delaney* [1965] 1 WLR 1366, 1377.

30 Courts may sever the unenforceable parts and therefore void parts. But, '[s]everance is not available to remake a contract or to change the character of a contract.' *Days Medical Aids Ltd v Pihsiang Machinery Manufacturing Co Ltd* [2004] EWHC 44 (QB Comm Ct)('*DMA*') [228] where exclusivity of a distribution agreement could not be severed; discussed in this chapter text to n 46.

Freelancers can argue that they are forced to transfer or exclusively license all of their existing rights to publishers. Their contracts have no time, geographic or use restriction. In turn, publishers either acquire a windfall or sit on these rights, and thereby restrain freelancers from further commercializing their works and earning a living. Moreover, often publishers recoup their investment after the first print use and yet they still control and limit user and public access to such works.

Freelancers may draw support from music industry contracts that have been held void and unenforceable due to inequality of bargaining power.[31] In these cases, young composers had assigned the existing and future copyright in their works to record companies on unfavourable terms; years later when the composers became famous, the record companies obtained a windfall and the authors sought to void such 'oppressive' contracts.[32] The onus was on the promisee recording companies to justify the length and unilateral nature of the terms.[33] While most freelancers do not become successful writers, their loss is commensurate as publishers obtain their only copyrights for little money in return, on an indefinite basis.

But more recent music cases reject general notions of fairness and inequality of bargaining power, and focus on more concrete matters.[34] Such cases justify the restraint as reasonable for protecting record companies' investments.[35] Here Alan Coulthard differentiates between 'recoupment interest' and 'cross-subsidisation interest'[36] as courts seem to favour the latter. While recoupment interest is the recovered investment made on the particular artist, cross-subsidization interest is the record companies' recovery from very

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31 Bently (n 2) 19; Cornish 2004 (n 23).

32 *Schroeder v McCaulay* [1974] 1 WLR 1308 (HL) is the leading case on restraint of trade, it was followed in *Panayiotou v Sony Music Entertainment* [1994] Ch 142 (Chancery Division) and others; e.g. *O'Sullivan v Management Agency and Music Ltd* [1985] QB 428, [1985] 3 All ER 351 and *Elton John & Others v Richard Leon James & Others* [1991] FSR 397 both cases involving undue influence.

33 *Zang Tumb Tuum v Holly Johnson* [1993] EMLR 61 (the onus was on the recording company who failed to enforce a 'leaving member' clause to restrain the successful musician of the group *Frankie Goes to Hollywood* from breaking a possibly nine-year-long contract). In this case the trial judge applied *Schroeder* (n 32) and held the recording agreement was in unreasonable restraint of trade. This ruling was affirmed by the Court of Appeal citing that the duration of the term was grossly one-sided. See J McLellan 'ALB In-house Legal Summit Return to Motown/ the Studio System' Haldanes Media & Entertainment (9 September 2004) www.haldanes.com/download/ALBIn-houseLegalSummit(9Sep04).ppt.

34 e.g. *Panayiotou* (n 32).

35 ibid.

36 A Coulthard 'George Michael v Sony Music – A Challenge to Artistic Freedom?' (1995) 58(5) Modern LR 731, 737.

successful artists to recoup their losses from unsuccessful artists.[37] As noted in Chapter 2, publishers appear to use authors to subsidize their entry into the digital market and protect their 'risky' investments. If courts endorse this economic argument, they could find any restrictive terms legitimate to protect the interests of publishers. Arguably, unlike recording companies who invest much money in promotion and marketing select musicians and thus arguably justify exclusivity for these,[38] publishers do not similarly promote authors.[39] Therefore, publishers may not be able easily to justify restraining authors from further exploiting their works.

Equally problematic may be the 'affirmation doctrine' endorsed in a 1994 music case. In *Panayiotou v Sony Music Entertainment (UK) Ltd*,[40] the musician George Michael struck a series of agreements with his record company and, prior to setting aside one of them for being unduly restrictive, claimed an advance against it. This conduct was seen as an affirmation of the existence of the contract and reason for it not to be set aside.[41] While this decision has been heavily criticized, as affirmation cannot be a defence in law where the contract is void or illegal,[42] freelancers' acceptance of lump sum payments for their works could indicate acceptance of publishers' restrictive terms. Yet, one distinguishing characteristic is that while the court found only some bargaining imbalance, and George Michael more than adequately compensated, freelancers suffer from inequality of bargaining power and do not earn a respectable income.

While many uncertainties remain with freelancers' use of restraint of trade (for example defining publishers' legitimate interest or the scope of affirmation defences),[43] using football league restraint cases may prove useful. For example, in *Eastham v Newcastle United Football Club Ltd*[44] a young professional football player signed a one-year contract with Newcastle football club. One of the contract provisions was that the player be bound by all of the

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37 ibid.

38 JH Woolcombe 'Fairness versus Certainty – Pop the Music Contract' (1987) 9(7) EIPR 187, 189 (favours the few successful artists subsidizing record companies for unsuccessful investments).

39 Still publishers could argue that they promote authors by publishing their works in their reputable newspapers e.g. mainstream dailies like UK's The Guardian.

40 *Panayiotou* (n 32).

41 ibid 385–6.

42 Coulthard (n 36) 742 stating that affirmation can be a defence to a misrepresentation claim.

43 Defining a 'reasonable interest' is also unclear.

44 [1964] 1 Ch 413 ('*Eastham*'). See also *Leeds Rugby Ltd v Harris* [2005] EWHC 1591, 50, this case acknowledges that the interests that can be protected are not strictly limited.

Football Association rules governing retention and transfer of players. The football club was also bound by these rules. Dunlop and others argue the case could have been treated as an exclusive personal service contract, however, Wilberforce J treated it as,

> a horizontal restraint which the Association imposed on all of its players, effectively without their consent since they had no part in the formulation of the rules and had no choice but to accept them if they wished to play professional football in England.[45]

Wilberforce J found that the player should not be denied a cause of action simply because he was not one of the 'members' of the association which had formulated the restrictive rules. Similarly, if freelancers did not participate in the formulation of publishers' standard form letter agreements, why do they bind them? Matters do not bode well for freelancers in negotiating more favourable terms with other publishers since they are often bound by the same 'horizontal' restrictive rules. Unless they sign these contracts, they can no longer work for these mainstream publications.

*Days Medical Aids Ltd v Pihsiang Machinery Manufacturing Co Ltd*,[46] which more recently considered the restraint of trade doctrine, may provide an interesting comparison to freelancers. In *DMA*, the plaintiff distributor, DMA, had the exclusive right to distribute scooters in the UK and continental Europe and sued the defendant company, its scooter manufacturer, for wrongful repudiation of its distribution agreement. The defendant claimed that its distribution agreement was in restraint of trade because it could not sell scooters to (1) other distributors in Europe and (2) for an indefinite period.[47] While Langley J did not find the 'exclusivity itself objectionable' (as it was reasonable for a distributor to protect its investments to build a brand and compete), he found the 'real potential' for the exclusivity to continue 'indefinitely' to be.[48] Such a term 'would be tantamount to imposing a lifetime restriction.'[49]

The close relationship and objectives between the doctrine of restraint of trade and competition law precluded *DMA* from finding the former.[50] While the relationship between restraint of trade and competition law is complex and beyond the scope of a full analysis,[51] article 81 (formerly article 85) of the

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45 Dunlop et al. (n 25) 35.

46 *DMA* (n 30).

47 ibid [216]–[229].

48 ibid [229].

49 ibid [225].

50 *DMA* (n 30) [265] discussed further in text to n 100.

51 The interrelationship between restraint of trade and competition law has been noted in the caselaw: *Apple* (n 100) and *WWW v World Wrestling Foundation* [2002]

European Economic Community (EEC) Treaty, which aims to prevent price-fixing and market sharing, should not pre-empt the applicability of the UK doctrine of restraint of trade. Significantly, as noted earlier, UK courts have viewed the doctrine not merely as a way of ensuring competition, but also as a method of rectifying inequality of bargaining power. Consequently, there should be no pre-emption.

Applying the common law doctrine of restraint of trade to freelancers, while publishers' exclusivity to exploit freelance works may be reasonable to provide the necessary security to protect their investments, the indefinite duration of these contracts is not. Also, while the court noted that the parties were 'two equally astute commercial parties',[52] freelancers' relationship is imbalanced. As such, equality between the parties could be another factor (supported by the music cases) to aid a freelancer restraint of trade claim.

So although it would not be unreasonable for freelancers to make a restraint of trade claim, whether they could be successful is another matter.[53] Ultimately, there is no definition as to which contracts are and which are not in restraint of trade.[54] The 'clues are somewhat limited in number and application.'[55] Some of the clues I have discussed – freelancers' asymmetrical bargaining position, contracts of unlimited duration, use, geographic restriction and unsubstantial consideration – may potentially contribute to a finding of restraint of trade against publishers.

### 3.2.2 Economic duress

Another possibility for freelancers can be avoiding a contract due to economic duress. Duress can be shown to exist where the consent of the victim has been obtained by illegitimate pressure.[56] Here one party uses his superior economic power in an illegitimate way to coerce the other contracting party to agree to

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EWCA 196; courts suggest that while restraint of trade looks to the restraint created at the time the agreement was made, competition looks to the effects 'not only at the outset of the agreement but also from time to time during the life of the agreement.' Yet, significantly 'the nature of the matters which are material and those which are not remains the same.' *Apple* (n 100) [113]. And so, in *DMA* (n 30) 255: 'agreements whilst restrictive on personal freedoms may nonetheless promote competition and so benefit consumers' or in *Apple* (n 100) [109]: 'may be reasonable to protect legitimate interests.'

52 ibid [223].

53 e.g. in *DMA* while the court found that there was restraint of trade, EU community law precluded it from so concluding. Competition law was another ground in *DMA* and is briefly considered in this chapter text after n 97. The interaction between the restraint of trade doctrine and competition law requires further investigation.

54 *DMA* (n 30) [221].

55 ibid.

56 E McKendrick *Contract Law* (7th edn Palgrave London 2007) 355.

a particular set of terms.[57] The person is aware of the nature of the contract and the terms but contracts unwillingly.[58] Duress is thus concerned with the procedural unfairness more so than with the actual harshness of terms.[59] Bently argues that duress may be promising as it speaks most to the current freelancers' situation: where publishers force assignments of rights after the work has been created.[60] As seen with The Guardian settlement, the newspaper company had the long-standing practice of demanding assignments as a condition precedent for paying its authors.

Finding economic duress will be a matter of construction depending on (1) whether the original agreement had been solely one of supply of work in return for payment, (2) the exploiter is in essence demanding an additional condition by threatening not to compensate, and (3) the result of the threat induces the assignment.[61] For freelancers, it is possible that all three factors can be proven especially where publishers follow The Guardian's pre-settlement practice. The onus will likely be on the claimant freelancers to prove that the pressure applied was a 'significant cause' to induce them to enter the contract.[62] The courts may also consider whether there was an alternative available to the claimant.[63] Here freelancers could argue that they had no other options; if they wished to publish and did not accept publishers' terms they risked being blacklisted. Though, like the doctrine of restraint of trade, 'duress has been bedevilled by conceptual confusion with the result that it is not easy to identify its limits and it is not so obvious that it is ready to play the role which has been allocated to it.'[64] Consequently, when relying on 'rather undeveloped'[65] doctrines, freelancer litigation is unpredictable.

### 3.2.3 Undue influence

Freelancers could also use the equitable doctrine of undue influence to avoid their contracts. Undue influence is similar to the common law doctrine of duress as it looks to procedural unfairness and to restraint of trade as it examines vulnerable creators contracting with dominant parties without independent legal

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57 ibid.

58 J Beatson *Anson's Law of Contract* (28th edn Oxford University Press Oxford 2002) 278.

59 ibid 276.

60 Bently (n 2) 20.

61 ibid.

62 Beatson (n 58) 280; McKendrick (n 56) 356.

63 Beatson (n 58) 281; McKendrick (n 56) 356.

64 McKendrick (n 56) 356.

65 e.g. It is unclear what constitutes an illegitimate threat. Need it include bad faith? And if so, what constitutes bad faith? McKendrick (n 56) 355–58.

advice.[66] Undue influence is divided into two groups: presumed and actual undue influence. Presumed undue influence requires the claimant to prove the existence of a special (fiduciary-like) relationship between the parties and a manifest disadvantage resulting from the defendant's actions.[67] By contrast, actual undue influence requires proof of neither. It arises because 'there has been some unfair and improper conduct on the part of the party alleged to have exercised the undue influence.'[68] Actual undue influence will usually not arise where the transaction outcome is innocuous but was 'disadvantageous either from the outset or as matters turned out.'[69]

As a result, freelancers could more successfully rely on actual undue influence. They could argue that, as in economic duress, publishers have exercised improper conduct by forcing agreements on them in order to publish their works. In this way, the requirements of proof would be less onerous than presumed undue influence, even though freelancers could likely show a manifest disadvantage due to their current inability to exploit their own works. Nonetheless, as with the other examined doctrines, undue influence generally leaves many questions unanswered (for example what constitutes undue),[70] and thus freelancers' reliance on it remains equally uncertain.

### 3.2.4 Unconscionability and inequality of bargaining power

UK courts have at times held contracts voidable where there is a disparity of obligation between the parties or unfairness in bargaining.[71] The caselaw suggests that to find unconscionability (1) there must be a serious disadvantage to the other through poverty, ignorance or lack of advice, (2) the other party must exploit this weakness, and (3) the resulting transaction is overreaching and oppressive.[72] Thus for relief to be granted, both procedural and substantive unconscionability must be shown.[73]

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66 Beatson (n 58) 298.

67 *National Westminster v Morgan* [1985] AC 686; McKendrick (n 56) 360.

68 McKendrick (n 56) 364. As McKendrick explains cases in this latter group were rare because they were argued either as common law duress cases or under presumed undue influence. But because there is no longer a requirement of manifest disadvantage for actual undue influence, claimants will likely rely on the latter.

69 *Royal Bank of Scotland plc v Etridge* (No 2) [2001] UKHL 44; [2002] 2 AC 773 [12].

70 McKendrick (n 56) 362.

71 T Naprawa 'Secondary Use of Articles in Online Databases Under UK Law' (1996) 9 Transnational Lawyer 331–56, 349; *Schroeder* (n 33) (holding a contract between a music publisher and composer invalid because of their unequal bargaining position).

72 Beatson (n 58) 297 citing *Fry v Lane* (1888) 40 Ch D 312.

73 ibid 298.

By applying developments in film and music decisions,[74] freelancers could rely on the 'revitalised doctrine of unconscionable bargains,' provided that their vulnerability manifest disadvantage in the particular agreement, and specific instance of advantage-taking can be characterized as 'exceptional, patent and egregious.' [75]

Lord Denning has held that the intervention of equity, in cases of undue influence, unconscionability and other areas of the law, be grounded on the principle of inequality of bargaining power.[76]

> There are cases in our books in which the courts will set aside a contract, or a transfer of property, where the parties have not met on equal terms – when the one is so strong in bargaining power and the other so weak that, as a matter of common fairness, it is not right that the strong should be allowed to push the weak to the wall.[77]

And as he stated in *Clifford,* where a new publisher sought to produce a new album that would have infringed the plaintiff composer's copyrights, 'there was such inequality of bargaining power that the agreement should not be enforced.…'[78] The former publisher was expected to have the plaintiff composer seek independent legal advice.[79]

But a line of cases has rejected the need for a doctrine of inequality of bargaining power.[80] The argument is that potential inequality cases should be addressed under existing doctrines or more importantly by statute.[81] And so, relying on unconscionability or inequality of bargaining power may prove difficult for freelancers.

### 3.2.5 Unjust enrichment

While principles of unjust enrichment remain un(der)developed,[82] freelancers

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74 *Clifford Davis Management v WEA Records Ltd* [1975] 1 WLR 61 (CA) ('*Clifford*').

75 R Brownsword 'Copyright Assignment, Fair Dealing, and Unconscionable Contracts' (1998) 3 IPQ 311–16; the same considerations would apply if the challenge is based on a recognized relieving doctrine like undue influence.

76 *Lloyds Bank Ltd v Bundy* [1975] QB 236 where Lord Denning found the contract voidable because of undue influence and on the larger ground of inequality of bargaining power.

77 ibid 336.

78 ibid 241.

79 ibid.

80 e.g. *National Westminster* (n 67), *Pao On v Lau Yiu Long* [1980] AC 614.

81 *National Westminster* (n 67) 4–5.

82 P Birks *Unjust Enrichment* (Clarendon Press Oxford 2003) 3. In his preface, Birks equates the development of unjust enrichment to that of a caterpillar destined to become a butterfly.

could investigate their use, at least at some later date. Although this theory will not be fully extrapolated here, Jacob J noted that 'the principle of unjust enrichment is capable of elaboration and refinement.'[83] In *Vedatech v Crystal Decisions*,[84] Jacob J applied principles of unjust enrichment to find for the plaintiff software consultant company. In that case, the software consultant company undertook work for the benefit of a UK software company attempting to penetrate the Japanese market. The consultant company provided the use of its employees, and its translation and banking services, but they did not agree to any specific terms. Compensation was afforded for extra time and materials spent and participation in success of the product.[85]

For freelancers to argue that they spent additional time and materials on exploiting the new technologies may be untenable. On the other hand, as Jacob J maintains, the 'principle of unjust enrichment is in large part founded on conscience.'[86] So, can the publishers, as the receivers of a benefit, hang on to it without paying? Furthermore, with an unjust enrichment claim there is no issue of whether there was a contract or whether the plaintiff freelancers relied on the prospects of further profit from their works.

To find unjust enrichment three elements must be present: (1) there must be a benefit conferred to the defendant, (2) at the plaintiff's expense, and (3) it must be unjust to allow the defendant to retain that benefit.[87] All three elements could be present in the freelancer's case. First, the defendant publishers received the benefit of additional profit, from subscribers accessing digitized freelance articles and, indirectly, by web site advertising and through third-party databases and CD-ROMs. Second, the benefit is at the plaintiff freelancers' expense since they could have licensed these works themselves or through a collecting society and charged a fee. And third, based on the past and present imbalanced freelancer–publisher relationship, it is unjust that the defendant publishers retain this profit. The plaintiff freelancers had 'no intention of making a gift'[88] to the benefit of defendant publishers.[89]

While a court could favour adopting principles of unjust enrichment, disadvantages remain since each jurisdiction has its own approach for interpreta-

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83 *Vedatech v Crystal Decisions (UK) Ltd* [2002] EWHC 818 (Ch D) [67] ('*Vedatech*').

84 ibid.

85 *William v Lacey* [1957] 1 WLR 932 cited in *Vedatech*.

86 *Vedatech* (n 83) 74.

87 Goff and Jones *The Law of Restitution* (5th edn Sweet & Maxwell London 1998) 16; Birks (n 82).

88 *Banque Financière v Parc* [1999] 1 AC 221, 237.

89 In Canada, *Pettkus v Becker* (1980) 2 SCR 834 is a leading case where a common-law spouse claimed that her partner had been unjustly enriched due to her effort and labour and as such claimed an interest in the bee farm to which he held title.

tion[90] and there is strong opposition to any broad extension.[91] Nonetheless, at the very least, unjust enrichment could provide a unifying normative principle to the disparate determinants currently at play in freelancer jurisprudence.

So while equity principles could be potentially relevant for freelancers, given the undeveloped nature of such principles in the UK, such prospects are to date unlikely.[92] And importantly, even if freelancers were to succeed in making such claims, they would be likely blacklisted in the industry.[93] Also, applying equity principles may challenge principles of 'practical considerations of business'[94] and provide courts with an undefined discretion to refuse contractual enforcement.[95] Besides breeding uncertainty, equity's mere existence enables litigation to be used as a negotiating tactic.[96] And so, it is useful to recognize additional strategies to seek freelancer relief.

### 3.3 Competition Law

Some commentators note the use of competition law as a potential freelancer strategy for redress.[97] Competition law, which operates both at the national and European level, is aimed at preventing monopolies and anti-competitive agreements and unfair use of market power. The UK Competition Act 1998 parallels that of the European Community. Article 81 (formerly article 85) of the EEC Treaty prevents price-fixing and market sharing. Article 82 (formerly article 86) prohibits an undertaking from abusing a dominant position. Agreements caught by these provisions are void. In the UK, *DMA* also considered competition law as the defendant manufacturer alleged that the main object of its distribution agreement was to confer 'absolute territorial protection' on the distributor 'within the very wide contract territory.'[98] But the court found that the agreement did not contain any of the 'hard core' restrictions on

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90 Goff and James (n 87) 16.

91 S Hedley 'Unjust Enrichment – A Middle Course?' (2002) 2(2) OUCLJ 155 observing the expansive application of the unjust enrichment doctrine to extend to various grounds of liability.

92 Ch 4 text to nn 113–15 and ch 4 text after n 154; *Interfoto Picture Library Ltd v Stiletto Visual Programmes Ltd* [1989] QB 433: 'English law has no general doctrine of good faith in contracts generally, instead, 'it has developed piecemeal solutions in response to demonstrated problems of unfairness.'

93 Cornish 2004 (n 23) 10.

94 *Union Eagle Ltd v Golden Achievement Ltd* [1997] AC 514; [1997] 2 All ER 215, 218–19 ('*Union*').

95 Brownsword (n 75).

96 *Union* (n 94).

97 Bently (n 2) 20.

98 *DMA* (n 30) [231].

price or production level to justify applying article 81.[99] By contrast to an application of the restraint of trade doctrine where courts assess the agreement at the time that it was made, when applying competition law, courts examine the 'effect' of the agreement in operation.[100] Langley J found that there was 'no evidence that any potential market entrant was deterred by the existence of the Agreement.'[101] Generally, some of the factors in such claims include: the actual or potential effect of trade between the European member states (for example if the market is closed or deters entry), market share of the alleged anti-competitive business (for example dominance in the market) and the applicability of relevant statutory exemptions and community law.

Freelancers could argue that their agreements with publishers result in restricted trade or an abuse of publishers' market share.[102] To substantiate their claims, the evidence detailed in Chapter 2 on publishers' globalization and convergence of publishing practices could be of assistance. A possible question would be whether other smaller publishers are deterred from entering the publishing industry as a result of mainstream publishers' restrictive practices. But market impact analysis is just one factor that limits a general statement from being made here. Also noteworthy is that competition law could work against freelancers. According to Bently, concerns have been expressed about the legitimacy of collective negotiations.[103] Pursuant to article 81, competition law would treat freelancers as 'undertakings' and their combined activities could be seen as illegal cartels.[104] But whether or not collective agreements are anti-competitive is another matter to be judged according to market analysis, and so is not one that can be considered more fully here.[105]

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99 ibid [232].

100 *Apple Corps Ltd and Apple Computers Inc* [1991] 3 CMLR 49 ('*Apple*') [113]; assessing abusive conduct involves both objective and subjective elements and must be adduced in accordance with the rules of national law: *Emsland-Starke v Hauptzollampt Hamburg-Jonas* [2002] ECR 1-11569, discussed in *DMA* (n 30) [234].

101 *DMA* (n 30) [240].

102 Trade has been defined broadly to also include the management of artistic copyrights: V Rose (ed) *Common Market Law of Competition* (4th edn Sweet & Maxwell 1993) 109 citing *Case 127/73 BRT v SABAM* [1974] ECR 51.

103 Bently (n 2) 23.

104 The definition of undertaking 'has been given a broad meaning by the Commission and the Court.' And it designates an 'economic unit' rather than a legal person; G Tritton *Intellectual Property in Europe* (2nd edn Sweet & Maxwell London 2002) [8-031].

105 Bently (n 2) 23.

### 3.4 Conclusions

What these strategies outside copyright law indicate is that before freelancers consider them for redress, further analysis (including the interaction of competition law with the restraint of trade doctrine) is required.[106] At present, the scope of successful litigation based on most of these common law contract, equity and competition law strategies is very limited indeed. From these, the only viable principle is *contra proferentem*. Consequently, it is necessary to canvass other more plausible alternatives within copyright law.

## 4. COPYRIGHT NEW USE JURISPRUDENCE IN THE UK

While one must be careful to analogize freelancers in the publishing industry to those in other sectors where written contracts have long been in place and industry customs are different, the same fundamental issue remains: whether a copyright licence embraces newer forms of technological exploitation. Besides, as discussed, the current written contracts in the form of letter agreements may be open to dispute in some foreseeable future. In relation to judicial interpretive techniques of new use clauses in these copyright industries, although Sidney Rosenzweig argues that modern US courts ultimately will adopt the foreseeability principle, Tim Naprawa contends that UK courts likely will examine: (1) the intent of the parties, (2) the unfairness or unconscionability in bargaining terms, and (3) the foreseeability of the new media at the time of contract formation.[107] While these factors certainly figure in decision-making, and to some extent the latter prevails, a fourth factor, the purpose of grant rule as codified in various civilian countries also plays a role.[108] And more generally, courts endorse a restrictive interpretive approach. As such, in order to speculate on the potential judicial treatment of freelancers' new use rights in the UK, it is useful to analyse the variety of available interpretive tools.

### 4.1 Film Industry: Intent, Foreseeability and Fairness

Throughout the UK, Canada and the US, grantees in the film industry have prevailed in gaining control of new uses.[109] But in a leading UK case, *Hospital*

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106 See (n 51) on the interrelationship between the doctrine of restraint of trade and competition law.

107 Naprawa (n 71).

108 Ch 6 text to nn 83–85.

109 D Vaver *Copyright Law* (Irwin Law Concord 2000) 229; see *Serra v Famous-Lasky Service Ltd* (1922) 127 LT 109 (CA) and *LC Page & Co Inc v Fox Film Corp* 83 F2d 196 (2d Cir 1936).

*for Sick Children (Board of Governors) v Walt Disney Productions Inc,*[110] concerning an implied licence, Lord Denning MR for the Court of Appeal restricted the meaning of the use clause to include only silent films. At the time of the contract in 1919, between Sir James Barrie, the author of the play 'Peter Pan', and a film company, only silent films were on the market.[111] Ten years later, the author bequeathed his copyright in the play to the plaintiff hospital. The dispute arose in 1964, when the plaintiff hospital negotiated with a third party to make a motion picture of the play. Disney, a licensee of Peter Pan pursuant to the 1919 contract by assignment, objected and the hospital lost the contract and sued for damages. Disney argued that its use clause for silent films also warranted the right to make 'talkies'.[112] Given that there was 'no useful authority in England,' Lord Denning MR considered two foreign decisions favouring grantees.[113] These cases showed that 'even before sound films were a commercial proposition, a grant or reservation of moving picture film rights was capable of carrying the right to make, not only a silent film, but also a sound film.'[114] While Salmon and Harmon LLJ would have followed these rulings and therefore extended the meaning of 'cinematograph or moving picture films' in the use clause to include 'sound films', Lord Denning MR found that 'sound films were very remote' at the time of contracting.[115] Consequently, the rights to make sound films did not pass with the 1919 agreement and the hospital retained the new use rights.

In order to interpret the new use clause, *Hospital for Sick Children* was not only concerned with discovering the parties' intent,[116] but also with the foreseeability of moving picture technology. Lord Denning MR traced the various discoveries in film technology. He found that talking pictures 'were introduced to the public' only in 1927, well after the 1919 contract.[117] Significantly, had he considered that talkies were *invented* in 1923[118] (closer to the date of the 1919 agreement) the rights could have passed to Disney. While not dissenting,

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110 [1968] Ch 52 (*'Hospital for Sick Children'*).

111 *Hospital for Sick Children* (n 110) 64.

112 ibid 63.

113 *LC Page* (n 109); *JC Williamson Ltd v MGM Theatres Ltd* (1937) 56 CLR 567 (Aust HC).

114 *Hospital for Sick Children* (n 110) 66.

115 ibid.

116 Courts customarily first assess the intent of the parties when resolving contractual ambiguities to no avail; M Fuller 'Hollywood goes Interactive: Licensing Problems Associated with Re-Purposing Motion Pictures into Interactive Multimedia Videogames' (1995) 15 Loyola LA Ent LJ 599–624, 604.

117 *Hospital for Sick Children* (n 110) 64.

118 'The break-through came with the discovery of the thermionic valve in 1923', ibid.

Salmon and Harmon LLJ opined that the 'words were wide enough' to include talkies 'even though commercial talking pictures were not in existence.'[119] As noted, the foreseeability principle presents numerous drawbacks to freelancers and is unlikely to yield a predictable ruling. It is not clear whether rights should pass when the technology is invented or commercialized. In this case, the tougher 'when commercialized' standard seems to have been applied.

Additionally, to what extent did principles of fairness favour the local hospital over the 'entrepreneurial' media conglomerate Disney? Although the court does not elaborate, fairness may have played a role to rule in favour of the hospital.[120] The case also shows that in the absence of caselaw, UK courts may readily look beyond their jurisdictions to consider foreign rulings when interpreting new use clauses.

### 4.2 Software Industry: Intent and Purpose of Grant

Similar to *Hospital for Sick Children*, more recently, a UK software industry case interpreted a new use clause to favour the grantor. In *Saphena Computing Ltd v Allied Collection Agencies Ltd*,[121] the Court of Appeal affirmed a High Court ruling and limited an implied licence to the use of the computer program's source code[122] for 'repair purposes only' and not for further exploitation. The plaintiff, Saphena, was a software supplier and had licensed a software program to the defendant client. The issue was whether the source code was implied in the use of the licence. The High Court judgment is more instructive in revealing the facts concerning the implied licence. The High Court ruled that had the parties intended to include the use of the source code in the contract they would have done so expressly.[123] However, the High Court found that because the software was not entirely 'fit for its purpose', and it could not have reasonably been the parties' intention that errors remained in the program, it was implicit that the defendant should have used the source code only for 'the limited purpose of repairing such bugs.'[124] Notably, in obiter, the High Court stated that if the defendant had gone further with the use of the source code, such as sub-licensing it to third parties, it would be infringing the plaintiff's

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[119] ibid 78; interestingly, Salmon LJ analysed the differences in technology between sound and talkies and found none. The (lack of) difference between technologies seems to be another ground for which he would have held for Disney.

[120] Today, Peter Pan has perpetual copyright: CDPA s 301.

[121] (1988)[1995] FSR 616 (QB) appeal dismissed (1989)[1995] FSR 649 (CA)('*Saphena*').

[122] The source code is distinguishable from the object code; *Saphena* (n 121) 636.

[123] Rather, only the provision for the object code had been agreed upon, 'because that was sufficient to fulfil the functions required.' ibid 637.

[124] ibid.

copyright. The purpose of the defendant client's business of a debt-collecting agency 'do[es] not include lending or selling or hiring programs to any third party… except upon the … permission of the [supplier].'[125] Lastly, the High Court found it important that if the opportunity arose, the plaintiff supplier could have licensed the software to other customers.[126]

In addition to analysing the parties' intent during the agreement negotiation, the court stressed the importance of the purpose of grant. While the case may be distinguishable on the facts,[127] the High Court's use of the purpose test may still be applied as a neutral tool to interpret ambiguous freelance licences. Arguably, as publishers were in the business of selling print newspapers at the time of the disputes, the freelancer's implied licence could be limited to selling print copies, excluding electronic distribution to third parties. Conversely, some publishers also sold newspapers through their own web sites, or through third-party databases. The result would turn on defining the business scope of the publisher which would inevitably lead to difficulties. A more straightforward application of the purpose of grant rule would be to use it as a contractual interpretive aid. In this context, the purpose of grant rule could likely be advantageous to freelancers if used in light of *Saphena*'s restrictive approach. This approach could limit the purpose of freelancers' implied grants to mere print rights and place the onus on the grantee publishers to contract for unexpressed rights.

### 4.3 Music Industry: Purpose of Grant and Restrictive Approach

As technology progresses, the music industry must also address the difficult issue of how to interpret new use rights. In *Robin Ray v Classic FM plc*,[128] the High Court used general contract principles of construction to analyse an implied term in a consulting agreement between a contractor and his client, the UK radio station Classic FM. The radio station had hired the contractor to assemble a play-list of songs compiled in a database. The dispute arose when the radio station made copies of the database and licensed those copies to foreign radio stations. However, the radio station's entitlement to make copies

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125 ibid 638; the court did not decide whether the permission should be in writing.

126 ibid 634.

127 Freelancers seldom have an ongoing relationship to 'maintain' or 'update' their articles as does a software supplier. Freelance work ends upon submission. Still, this difference could likely work to freelancers' advantage since such 'repair' terms could not be ascribed. Alternatively, freelancers may be repeat suppliers/contributors of freelance work, in which case the facts may be similar.

128 [1998] ECC 488 (Ch D) ('*Ray*').

and use the database for the purpose of broadcasting from its radio station in the UK were not at issue, as the terms had been set out in a contract recital. Similar to *Saphena*, the High Court examined the purpose of the written contract and ruled that the defendant had the right to use the play-list for the 'indefinite future for this purpose and for this purpose only' – that is, broadcasting in the UK.[129]

*Ray* stated that the grantee has the burden of proving its copyright entitlement and found the grantor retained copyright in default of an express term.[130] For a term to be implied, it must be, *inter alia*: (1) reasonable and equitable, (2) necessary to give business efficacy to the contract, such that it is not necessary to imply a term if the contract is effective without it, and (3) so obvious 'it goes without saying.'[131] More importantly, the implication of terms is 'so potentially intrusive that the law imposes strict constraints on the exercise of this extraordinary power.'[132]

*Ray* could be used to limit the scope of the implied licence in the freelancers' favour. First, as in *Saphena,* the court adopted a restrictive interpretive approach towards ambiguous licences. Second, just as the court found it unpalatable for the purpose of the licence to allow the radio station to license its database copies to third parties, it may be equally inappropriate to license articles to third-party databases which can be accessed across the globe. Like the plaintiff contractor, who did not intend his work to be exploited beyond the radio station's broadcasting range, freelancers do not intend their articles to be distributed beyond the reach of their print publications (at least not without notice or payment). Indeed, while publishers could have indefinite rights to articles, they could not exploit them outside the scope of the implied established territory. Publishing on the Internet would therefore violate this territorial restriction. Still, that the concept of applicable territory was codified in a recital is a notable difference from freelancers' earlier verbal agreements that typically did not contemplate geographical area of use, or from the current freelance contracts that limit the applicable territory to the world. In sum, given the court's restrictive approach, *Ray,* along with *Saphena*, may support a favourable reading of implied licences.

## 5. CONCLUSIONS

UK copyright legislation does not offer any express provision to deal

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129 ibid 510.
130 ibid 507.
131 ibid.
132 ibid.

adequately with copyright transfers implicating new uses of works. A brief overview of some more recent UK caselaw indicates that judges adopt a variety of factors to analyse new use clauses. These decisions consider factors such as foreseeability, purpose of grant, parties' intent and fairness in the bargaining. Significantly, these factors do not deviate much from historical UK precedent on authors and publishers considered in Chapter 4. Similarly, even though I examined new use jurisprudence from the perspective of various copyright sectors, there are many judicial principles (for example *contra proferentem*, strict interpretation, foreseeability and the purpose of grant) that resemble those codified and applied in continental Europe, discussed in Chapters 6 and 8. Even so, UK courts do not make clear which, if any, factors should be emphasized. But one approach that appears to be of high consideration is a restrictive interpretive approach. Also, even though finding the intent of the parties is an attractive judicial test to clarifying ambiguous language, intent will be seldom found.[133] As a result, courts will be left to draw on the examined determinants.

The restrictive interpretive approach either advantages the plaintiff challenging the defendant's expansive use of the licence or, alternatively, yields a balanced result for both parties. This balance is achieved through the court's construction of the use grant to the extent necessary to give efficacy to the business transaction. In *Saphena*, the court granted use of the source code that would be sufficiently 'fit for its purpose' and in *Ray*, the court granted sufficient scope to exploit the play-list in the UK. Consequently, neither parties lost or won more than they had initially bargained for in the agreement. In *Saphena*, the court emphasized that if a licensing opportunity presented itself, the licensor, not the licencee company, should supply the software to third parties.

Contrary to what some commentators believe,[134] short of codification of the examined copyright contract principles, UK courts may not deal with new use rights in the same way as their European counterparts. Since these principles are not available in codified form, UK courts may consider: (1) precedents in copyright contract interpretation, for example general 'new use' UK jurisprudence, such as *Hospital for Sick Children, Saphena* and *Ray,* (2) foreign precedents on freelancers' electronic rights in North America and continental Europe, and (3) general means outside copyright such as *contra proferentem*, economic duress, undue influence, restraint of trade, unconscionability and competition law. While there is some overlap in these

133 Fuller (n 116) 608.
134 e.g. Naprawa (n 71).

approaches,[135] these various paths create difficulty in predicting the outcome of a potential freelancer dispute. Should courts follow general new use caselaw, it would be reasonable to suggest that freelancers could have a chance to limit their transfers to an implied non-exclusive licence to the print version of their works.

To summarize, in the event of a freelancer dispute a UK court could consider the following factors and approaches.

**Factors**

- Intent of the parties (initial factor in all cases)
- Industry custom (*Robertson*)
- Purpose of grant (*Freelens*, *De Volkskrant*, *Saphena*, *Ray*)
- Foreseeability (*Hospital for Sick Children, Robertson*, *Plurimédia*, *De Volkskrant*, *Freelens* lower court)
- Unfairness in bargaining (*Hospital for Sick Children*)
- General nature of electronic distribution of articles (*Tasini*, *Robertson*, *Central Station*)

**Approaches**

- Restrictive interpretive approach (*Tasini*, *Robertson*, *Saphena*, *Ray*, as well as nineteenth-century UK precedent examined in Chapter 4)
- Purposive reading of statute in context of historically disadvantaged freelancers (*Tasini* majority)
- Contract interpretation principles: absent express terms, default rule favours grantor (*Ray*)
- *Contra proferentem* penalizing the drafter
- Onus on grantee (*Saphena*, *Ray)* on grantor *(Robertson, Tasini* dissent*,* nineteenth-century UK precedent)
- Common law restraint of trade and equity doctrine of undue influence and principles of unconscionability, inequality of bargaining power and unjust enrichment
- Competition law

Nonetheless, freelancers will be at the behest of the judiciary, making the outcome of cases even harder to predict. Also, as discussed, litigation is

[135] e.g. in ch 6 on national laws, I showed how principles like *contra proferentem* exist in common law through its courts but are equally adopted by statute in civil law countries, as in Belgium with the pro-author default rule.

disadvantageous to both parties, especially freelancers. Moreover, freelancers may face the danger that upon favourable rulings, publishers may retaliate and expunge freelance articles from digital circulation, force freelancers into unfair settlement agreements similar to the *Tasini* aftermath in the US or, even blacklist them in the industry.[136] To avoid this result, more transparent solutions (ideally, rooted in legislation) become necessary which consider freelancers' historically and presently imbalanced condition vis-à-vis their publishers. Before proposing such solutions, which would seek to balance the present position, it is essential to step back and thoroughly explore the theoretical copyright debate in light of the discussion up to this stage. Who should be entitled to control (and therefore reap from) new uses of freelance works? Should it be the freelancer or publisher? It is to these theoretical arguments that I now turn.

136 e.g. *Tasini* Aftermath ch 7 text after n 67.

# 10. Formulating an equilibrated theory

The last chapter ended by suggesting that solutions are necessary to equilibrate freelancers' historically and presently imbalanced legal position. To reiterate, I have argued that publishers increasingly exploit freelancers' works by seizing on ambiguous copyright transfers or through new standard form contracts. As a result, freelancers lose control over the exploitation and management of their works in new media. Such practices go against previous industry custom where publishers would seek permission and would be expected to pay for these additional uses. This custom of the trade is corroborated historically, where in Chapter 4, I demonstrated that authors' interests were duly considered as UK predecessor copyright statutes placed some restrictions on publishers' freedom of contract. Similarly, courts of the era adopted restrictive pro-author judicial interpretation methods. But currently, as analysed in Chapters 6 to 9, the legislative and judicial treatment of freelance work (especially in common law countries) remains unsatisfactory. International and national legislation does not govern copyright transfer issues, which are critical for freelancers. This legislative apathy is especially prevalent in the UK (Chapters 6 and 9) and in North America (Chapter 7). Rather, as seen with international mechanisms (Chapter 5), laws were devised to advance the economic interests of owners of copyright, much as was first observed in 1710 with the Statute of Anne (Chapter 3). By contrast, continental European countries contain more express legislative provisions (Chapter 6) and judicially apply these (Chapter 8). Freelancers win copyright infringement suits across North America and continental Europe, but through private ordering some publishers undermine these victories. Again continental European cases focus on copyright contracting between authors and publishers as they apply express legislative provisions and do not focus on 'neutral' copyright law provisions to intuit differences between print to electronic media as in North America. Still continental European cases apply the codified foreseeability principle noted for its drawbacks. In sum, the current legislative and judicial treatment of freelance work is inadequate both nationally and internationally.

But what is missing from this account are the policy and theoretical arguments legitimating the respective interests of freelancers and publishers. As stakeholders in the copyright system, freelancers and publishers both attempt to control the exploitation and copyright management of works in new media.

In order to understand critically the freelancer–publisher relationship and ultimately suggest ways to begin to tip the scales more in favour of freelancers so as to reach an equilibrium, it is paramount first to examine the theoretical underpinnings of copyright law in relation to both freelancers and publishers. It is fundamental to develop a theoretical backdrop equilibrating the interests of freelancers with those of publishers. By a freelancer–publisher equilibrated theory, I mean a more balanced theoretical framework where the interests and gains of freelancers, which have been long neglected in copyright discourse and practice, are brought forward to approximate those of publishers. To achieve this, we need to understand who deserves to have continuing control over freelance work.

The literature on the theory of intellectual property law is by no means scarce. William Fisher identifies four main theoretical streams.[1] Yet, while the commentary in justificatory intellectual property law proliferates, there remains a slender body of scholarly works on the application of copyright theory to evaluating and solving copyright problems, such as that relating to use rights for freelance works in new media. It is useful to re-examine in this context the two predominant philosophies – the economic and natural law theories – which have prevailed in western copyright discourse. As noted earlier, copyright is a western creation that finds its beginnings in a combination of continental European and Anglo-American traditions.[2] As a result, the endless theoretical debate over the justification of copyright arguably supports copyright's twin traditions of natural law and economic theory. An abundance of commentary, caselaw and statutory instruments in copyright's twin traditions reflect these respective theoretical positions.[3]

It would appear that the natural law perspective, which purports to champion authors' rights, would be most advantageous to freelancers, and the economic approach, which seeks to protect investors whilst encouraging freelancers to produce creative works, would be more publisher-friendly; many pro-author and pro-publisher advocates have relied respectively on natural law

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[1] W Fisher 'Theories of Intellectual Property' in SR Munzer (ed) *New Essays in the Legal and Political Theory of Property* (Cambridge University Press Cambridge 2001) 168–99.

[2] D Vaver 'Copyright in Foreign Works: Canada's International Obligations' (1987) 66 Can Bar Rev 76, 79.

[3] e.g. for an account of natural law in Canada's common law tradition: CJ Craig 'Locke, Labour and Limiting the Author's Right: A Warning Against a Lockean Approach to Copyright Law' (2002) 28 Queen's LJ 1; for the utilitarian perspective in the policy-making process: Report of Working Group on Intellectual Property Rights of Information Infrastructure Task Force *Intellectual Property Rights and the National Information Infrastructure* (Washington DC September 1995).

and economic type arguments.[4] My analysis however shows that neither theory entirely supports its proposed objectives. Both theories can equally undermine their purported aims. Natural law theory can support publishers, and economic theory can support freelancers. An examination of the merits of natural law theory for freelancers, and the limitations of economic theory for publishers may help advance the theoretical concepts that support a freelancer–publisher equilibrated theory. The approach of using both theories supports Bently and Sherman's description earlier noted that, when an intellectual property claim is made for works not previously protected or the expansion of conferred rights, in lobbying, parties use several justifications in tandem.[5] While these scholars do not suggest that using several justifications at once is philosophically appropriate, there may be some exceptions, which could validate combining certain concepts from various perspectives.

There are indeed various theorists who adopt 'pluralist' approaches by analysing, often (seemingly) opposing theories to advance more critical and constructive theoretical evaluations of current legal problems. For instance, Jeremy Waldron's *The Right to Private Property* underscores the efficacy and need to combine various theories, but be guided by a central thesis or argument.[6] In his case, the central question is whether individuals have a right to private property. The guiding argument in the present theoretical analysis is whether freelancers or publishers are entitled to the copyright control of future exploitation rights. Moreover, in 'Property as Social Relations' Stephen Munzer attempts to 'bridge the gap' between two groups of thinkers: on the one hand, 'legal realists and critical legal scholars and various others' and, on the other, 'just about everyone else' (libertarians, traditional Marxists and analytic philosophers).[7] Munzer maintains that 'we need more cross-talk.' In the same vein, cross-talk in intellectual property theorizing is equally important.[8] The natural law and economic theories contain insights and flaws and

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[4] e.g. economic argument in *Tasini* ch 7 text to nn 39–43 and *De Volkskrant* ch 8 text to n 43.

[5] L Bently and B Sherman *Intellectual Property Law* (3rd edn Oxford University Press Oxford 2009) 39.

[6] J Waldron *The Right to Private Property* (Clarendon Press Oxford 1988) 433. See also J Waldron 'Property, Honesty, and Normative Resilience' in SR Munzer (ed) *New Essays in the Legal and Political Theory of Property* (Cambridge University Press Cambridge 2001) 10 discussing the relation between property and honesty.

[7] SR Munzer 'Property as Social Relations' in SR Munzer (ed) *New Essays in the Legal and Political Theory of Property* (Cambridge University Press Cambridge 2001) 4, 37.

[8] WJ Gordon 'A Property Right in Self-Expression: Equality and Individualism in the Natural Law of Intellectual Property' (1993) 102 Yale LJ 1533–1609 weaves in ethical concepts alongside economic arguments to understand intellectual property law.

ultimately, as intimated, there is less distance between them than initially conceived. Neither theory makes an unequivocal claim as to which party should have continued control over copyrights.

Neither the natural nor economic theory will be adopted wholesale. Rather, I distil key concepts from both. I do not directly question the efficacy of copyright as a legitimate tool for social policy, something already ably done by others.[9] These scholars have applied the various theories of copyright law against the general objectives of copyright law and found the respective theory's claims unable to justify copyright's purported objectives. While certainly not refuting these approaches and indeed agreeing with many of their findings (which will also in part inform my own analysis), I aim more to assess the implications of adopting either theory for freelancers and publishers, as well as for policy debates that seek to address freelancers' imbalanced position.

With the realization that natural law and economic theories alone do not explain or aid in the solutions, I am later drawn to analyse a critical legal theory, Marxism, to see whether its ideology of mobilizing the disenfranchized can serve as a counterpoint to evaluate the freelancer–publisher relationship. Lastly, I turn to contract theory in so far as it deals with the reasoning behind the formation, execution and interpretation of copyright contracts that define the relationship of freelancer and publisher. Much as contract theory has generally evolved to be more cognizant of the inequalities between the contracting parties, accepting a more distributive concept of justice, perhaps copyright may also evolve to become more conscious in balancing and addressing its diverse palette of interests. Such realignment is not unprecedented. And as seen in Chapter 6 in relation to notions of good faith and imprecision, contract principles continue to complement copyright law. Ultimately, concepts and indeed lessons from a more contextualized critical framework can work in tandem with select fundamental concepts from copyright theory to formulate an equilibrated freelancer–publisher framework.

Based on this equilibrated theory, and based on the evidence in the previous chapters, I conclude that the fundamental problem between freelancers and publishers is one of copyright contract: inequality in bargaining power. I thus determine that there is a need to (1) introduce copyright contract legislation to protect the interests of freelancers vis-à-vis publishers, (2) complement copyright law with common law contract principles in the judiciary, and (3)

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[9] e.g. E Hettinger 'Justifying Intellectual Property' (1989) 18 Philosophy and Public Affairs 31; S Breyer 'The Uneasy Case for Copyright' (1970) 84 Harvard LRev 281; D Vaver 'Intellectual Property Today: of Myths and Paradoxes' (1990) 69 Can Bar Rev 102; M Spence 'Justifying Copyright' in D McClean and K Schubert (eds) *Dear Images* (Ridinghouse London 2002) 389–403.

develop other mechanisms to work with copyright law. These possible solutions, which are entrenched in principles of contract law while upholding key principles from the copyright philosophies, aim to strengthen freelancers' copyright contracting position.

## 1. NATURAL LAW THEORY

Natural law is premised on the notion that individuals have natural entitlements. They possess inherent rights to harvest the fruits of their labour and reap rewards from their societal output through their creations. By protecting the integrity of authors' creations, natural law with its moral undertones extends to authors the endowments of their intellect and labour.[10] In this logic, one's works ought to be protected in perpetuity.[11] This justification is firmly ensconced in property theory and can be traced to the works of John Locke. Locke has been of totemic importance to the development of natural law theory.[12] His views were first noted in Chapter 3 for his great appeal in the valorization of authors' perpetual copyright. Many of his concepts infused (and continue to infuse) the caselaw. While Locke never theorized on copyright, he has generated a plethora of writings applying his theory to copyright and intellectual property law generally.[13] Since Locke's theory has often been lauded as a support for creators' rights, he merits consideration here.[14] Ultimately, it is precisely because commentary on Locke is so divided – he is, for instance, simultaneously branded as a possessive individualist,[15] as supportive of a strong intellectual property rights regime and as a philanthropist[16] concerned for have-nots – that the Lockean approach best illustrates the benefits and limitations of natural law for freelancers.

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10 A Yen 'Restoring the Natural Law: Copyright as Labor and Possession' (1990) 51 Ohio State LJ 517.

11 *Millar v Taylor* (1769) 98 Eng Rep 201 stipulating the intrinsic and inalienable rights of the author to his/her work and arguably supporting the natural law tradition.

12 P Drahos *A Philosophy of Intellectual Property* (Ashgate Aldershot 1996) 41.

13 WJ Gordon 'A Property Right in Self-Expression: Equality and Individualism in the Natural Law of Intellectual Property' (1993) 102 Yale LJ 1533–1609, Craig (n 3); Yen (n 10).

14 Gordon (n 13) 1540.

15 CB MacPherson *The Political Theory of Possessive Individualism* (Clarendon Press Oxford 1979).

16 Gordon (n 13).

### 1.1 Lockean Natural Law

In Chapter 5, Book 2 of his *Second Treatise on Government*, Locke delineates his famous maxim that once a person mixes his labour with that which he removes out of the state of nature, he is thereby entitled to a property right in that good:[17] '[h]e that *gathered* a hundred bushels of acorns or apples, had thereby a *property* in them, they were his goods as soon as gathered.'[18] With this gathering is the right to exclude others, which all must respect. The Lockean state of nature depicts a relationship of equals where moral duties imposed by God are discernible by reason and constrain a person's behaviour.[19]

The labourer does not need consent from others to remove his share from the commons. For Locke, 'if such a consent as that was necessary, man had starved, notwithstanding the plenty God had given him.'[20] Scholars such as Epstein and Shiffrin believe that Locke found such consent absurd, as obtaining everyone's consent could mean that some people could perish.[21]

### 1.2 The Lockean Proviso

Locke qualifies the labourer's unlimited possession by two main conditions. First, Locke maintains that, '… no man but he can have a right to what that is once joined to, *at least where there is enough*, and *as good left* in the common for others.'[22] In other words, the labourer cannot hoard or take a disproportionate amount from the commons. By commons, Locke means the untapped resources in the state of nature – the God-given earth and all its fruits[23] or, as we might say today, any person's potential property holdings. Unless the labourer's exclusion leaves others with as much opportunity as they would have otherwise had to use the commons, the labourer is not entitled to such a property right. Jeremy Waldron calls this the 'no hardship'

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17 J Locke 'Second Treatise of Government' in M Morgan (ed) *Classics of Moral and Political Theory* (3rd edn Hackett Publishing Indianapolis 2001) 736.

18 ibid 753.

19 J Locke *Two Treatises of Government* P Laslett (ed) (Cambridge University Press Cambridge 1988) [4]–[6].

20 ibid.

21 RA Epstein 'The Not So Minimum Content of Natural law' (HLA Hart Memorial Lecture, University of Oxford 6 May 2003) and SV Shiffrin 'Lockean Arguments for Private Intellectual Property' in SR Munzer (ed) *New Essays in the Legal and Political Theory of Property* (Cambridge University Press Cambridge 2001) 138–67, 145.

22 Locke (n 19)[26] [emphasis added].

23 ibid [37]–[38].

argument: property ownership is justified so long as it does not worsen anyone's position.[24]

Second, the proviso means that one does not appropriate so much that goods waste or spoil.[25] Locke affirms that if the appropriated goods,

> perished in [the gatherer's] possession without their due use … he offended against the common law of Nature, and was liable to be punished: he invaded his neighbour's share, for he had no right farther than his use called for any of them, and they might serve to afford him conveniences of life.[26]

Wasting resources, albeit already in someone's possession, is an affront to the commons and would destroy the labourer's title to those goods.[27] Scholars, hence, commonly note Locke's twin sufficiency and spoilage limitations when validating ownership rights.[28]

### 1.3 Lockean-Inspired Intellectual Property Approaches

Many scholars have applied Locke's justificatory models to copyright law. Spyros Maniatis observes that because Lockean writing is confusing, it inspires perhaps contradictory accounts,[29] including the utilitarian,[30] labour-appropriation,[31] commons-based,[32] deserts-based[33] and self-expression[34]

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[24] J Waldron 'From Authors to Copiers: Individual Rights and Social Values in Intellectual Property' (1993) 68 Chicago-Kent LRev 841, 867.

[25] Shiffrin (n 21) 139.

[26] Locke (n 19) [37]–[38].

[27] Drahos (n 12) 66; Gordon (n 13) 1542.

[28] MacPherson (n 15) 211; Drahos (n 12) 49.

[29] SM Maniatis 'Trade Mark Rights – a Justification Based on Property' (2002) 2 IPQ 123–71.

[30] Drahos (n 12) suggests that there are glimpses of utilitarianism in Locke's argument that individual labour adds value to a product and confers a general social benefit. By supplying a land example, Locke suggests that he, who encloses ten acres and produces the same amount that can be produced from 100 acres, has increased the common stock of mankind. I shall deal with this perspective in more detail in the economic discussion in this chapter text after n 91.

[31] Mixing one's labour with what is taken from the commons yields ownership rights; see MacPherson (n 15).

[32] My term to collectively denote reconceptualized pro-public domain Lockean perspectives; e.g. J Tully *A Discourse on Property* (Cambridge University Press Cambridge 1984); Shiffrin (n 21); Drahos (n 12); Gordon (n 13).

[33] Lawrence Becker is the classical proponent justifying ownership based on the creator's desert: L Becker 'Deserving to Own Intellectual Property' (1993) 68 Chicago-Kent LRev 609–29.

[34] This theory is complementary to Hegel's noted at n 75 in this chapter.

models. The chosen approach depends on which aspects of Locke's theory are dominant or chosen to be so.[35] Essentially, neither Locke nor any of his interpreters has provided us with a convincing way of ascertaining Locke's view of the ideal approach. I shall however assume an underlying characteristic in interpreting Locke that unifies his interpreters: a labourer or someone who takes from the commons has a natural entitlement to its fruits, which the state must recognize and enforce.[36] My ultimate objective is not to choose which reading is most attuned to Locke, but more to canvass the perspectives to examine how varying concepts from natural law theory can be applied, paradoxically, both to aid and also to undermine the freelance author's case for continuing control over her works.

## 1.4 Natural Law For Freelancers

While it is not in dispute that the freelancer is the original owner of her written works and would be so on all natural law accounts,[37] what is in question is the freelancer's continued control over her works. In reality, we find publishers increasingly assuming control. By examining various natural law concepts and justifications, we may see how a freelancer may stake claim over the future use of her copyrights.

### 1.4.1 Freelancers as property owners

From a natural law perspective, because freelancers mix their labour with ideas taken out of the commons, they should obtain an exclusive and unlimited property right in their works – not just in the physical paper but also in the recycled formats. The freelancer who has exerted great pains on creating her work can be likened to the Lockean farmer who benefits from the toils of field work.[38] Labour is an appropriate means to stake a claim and functions as a 'certificate of title'.[39] As between two individuals, 'the one who has exerted labor and improved the thing's value has a stronger claim over the thing than a rival who has not labored.'[40]

Lockean arguments can support freelancers' continued control over their copyrights because of the type of labour executed. While Locke does not

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35 Fisher (n 1) 185.

36 ibid.

37 While each of the Lockean approaches would all arguably justify prima facie ownership rights for the freelancer, the requisite labour to constitute such a property right may vary; Fisher (n 1) 185 identifies four specific types of labour: time and effort, beneficial, creative and arduous.

38 Locke (n 19) [37].

39 Locke (n 19) [33]; Drahos (n 12) 43.

40 Shiffrin (n 21) 147.

himself supply a precise definition for what type of labour qualifies for a property claim, 'appropriative labour involves altering what was in the common in a way that makes it usable and thus more valuable to humanity.'[41] There are no apparent grounds for selecting one or another kind of labour. Overall, the labour must have purposiveness.[42] And so, just as the farmer's harvest adds to the good(s) of society,[43] so does the freelancer's work. Because of this societal enrichment, the author merits compensation for her contribution. So irrespective of the natural law approach chosen, the freelancer is truly an owner whose purposive labour demands continuing protection, to the exclusivity of all others.

The newspaper or magazine publisher, on the other hand, would arguably be deprived of assumed ownership of the copyright in freelance works by a deserts approach: his undeserving labour constitutes a non-original compilation of works – where labour is not creative but productive.[44] Based on Lawrence Becker's proportionality test,[45] where the sacrifice made to satisfy the claim does not exceed the level of sacrifice in producing the good,[46] publishers would be disproportionately rewarded if they were to obtain full ownership in freelance articles because of their less creative labour.[47] Barring any contractual issues (which I later turn to), publishers are merely 'an intermediate link in a transitive causal chain' deserving no special claim to the freelance products.[48]

### 1.4.2 Freelancers pass the proviso

Provided that freelancers do not violate the Lockean proviso, natural law theorists would all agree that freelancers should retain control over their original works. Indeed, various scholars contend that creators easily pass this morally charged Lockean provision.[49] Gordon argues that 'the proviso serves as Locke's bedrock response to the complaints of the nonpropertied.'[50] First, if we understand the freelancers' taking from the commons as the appropriation

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41 Locke (n 19) [26]–[33]; Gordon (n 13) 1547.

42 Gordon (n 13) 1547.

43 Term used by Locke in his *Treatise* when referring to society's property holdings.

44 Becker (n 33) 114.

45 ibid 625.

46 ibid; deemed the 'equal sacrifice principle'.

47 ibid; on the other hand, a labour-appropriation Lockean perspective could justify publishers' ownership based on mere time and effort.

48 Becker (n 33) 114–15.

49 J Hughes 'The Philosophy of Intellectual Property' (1988) 77 Georgetown LRev 287, 315–23; Gordon (n 13) 1565.

50 Gordon (n 13) 1565.

of ideas, then freelancers' creations do not harm others' ability to create by drawing on similar ideas from the commons. Ideas can be shared and are, arguably, illimitable.[51] Moreover, freelancers' works do not take ideas away from the commons, but can be seen as enlarging the commons.[52] Any third party, including a publisher, could use similar ideas, and create other equally stimulating articles based on the same concept, rather than recycling already laboured-on, or in copyright terms, expressed ideas. Copyright law protects freelancers' expressions and not their ideas.[53] Gordon also suggests that such an approach is consistent with Locke, since the proviso prevents creators from owning abstract ideas because such ownership would harm later creators.[54] Similarly, the Lockean proviso is not limited to first ownership but also contemplates alienability of expressions. Freelancers who retain control over their original works could legitimately transfer the rights to their expressions and not be seen as taking (or alienating) the ideas from the commons. Since freelancers do not deprive third parties from re-using similar ideas from the commons, it follows that freelancers leave enough and as good, and that third parties generally are not entitled to complain of non-observance of the Lockean proviso.

### 1.4.3 Freelancers do not spoil the commons

Perhaps the strongest natural law argument justifying freelancer control over their work is that freelancers are unlikely to hoard or waste ideas from the commons. Again, one may stress that copyright law does not govern the ownership of ideas. It is literally impossible for freelancers to 'take' ideas. Second, assuming they could take these ideas, ideas do not spoil as if they were a basket of apples. They are illimitable.[55] Freelancers therefore equally overcome this proviso. If, on the other hand, freelance articles are equated with appropriated goods as in the sufficiency discussion, then freelancers also pass this provision since freelancers' works do not become waste: they can be recycled. They are the valuable resources that publishers vie to obtain. If waste means 'nonuse' – the failure to use beneficially one's time, talents and

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51 There is some limitation to this concept; for instance, ideas themselves may no longer be useful, as they can become dated: Craig (n 3).

52 Hughes (n 49) maintains that ideas are illimitable.

53 Though often a matter of conjecture; e.g. Lord Hailsham in ch 2 (n 2).

54 Gordon (n 13) 1581.

55 While Craig maintains that ideas may become dated this may be only temporarily since ideas may come back into fashion and also ideas in themselves have historical interest. Still there is US doctrine that says that the form may be taken where expression and idea 'merge': *Morrissey v Procter & Gamble Co* 379 F 2d 375 (1967). It is unclear whether this holds in the UK.

resources[56] – then it is the publishers who would spoil freelance works by acquiring an exclusive 'licence' of all their rights indefinitely for unknown and perhaps never-to-arrive future uses. This would truly be waste. As Locke argues, the prospect of waste destroys the labourer's title to it.[57] In other words, property can be validly held provided that the property holder does not waste the bit of the commons he has appropriated. So to allow publisher ownership of the future copyright in freelance works would be to condone wasting the commons' bounty of resources.

While the burden of proof in staking a property claim is typically on the property claimant, Gordon argues that, 'if no one's baseline position is worsened by a grant of property, then it is the would-be entrant or user who bears the burden of explanation.'[58] Since freelancers do not worsen the publishers' position, publishers should bear the onus of proof in asserting ownership over the copyright of freelance works.

### 1.4.4 Duty not to harm freelancers

Locke's system of duties and entitlements can be read to favour the freelancer, who fundamentally has a right not to be harmed by others, including publishers. Harm can be taken to mean anything unjustified or wrongful.[59] Taking copyright from a freelancer who writes to earn a living harms the freelancer just as if the publisher had taken the physical copy of the article from her desk or had stolen her food.[60] Ownership exclusivity is warranted if appropriation is used for self-preservation and if it is necessary.[61] Locke would denounce publishers obtaining the benefits of freelancers' efforts expended because of their need to earn a living.[62] A natural law perspective would thus see publishers as preferring their welfare over that of the labourer. The need to avoid interference would thus reinforce a property right in the labourer. Moreover, it is doubtful that publishers need freelancers' 'charity'. The converse may be more true. This duty not to harm others corresponds to the negative duty that publishers should not interfere with freelancers' appropriation from the commons.

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56 EJ McCaffery 'Must We Have the Right to Waste?' in SR Munzer (ed) *New Essays in the Legal and Political Theory of Property* (Cambridge University Press Cambridge 2001) 88 and Drahos (n 12) 51 would agree.

57 Locke (n 19) [37–8].

58 Gordon (n 13) 1566.

59 ibid 1545.

60 ibid 1548.

61 Shiffrin (n 21) 151.

62 Locke (n 19) [34].

Gordon posits that a stranger's taking merits legal intervention if the taking interferes 'with a goal or project to which the laborer has purposely directed her effort.'[63] The publisher's taking of even some of the freelancer's entire bundle of rights can be likened to an 'apple-taking stranger,'[64] who interferes with the freelancer's goal of earning a living through her works. Indeed, publishers' acts can harm even though they do not deprive the freelancer of the physical use of her work.

### 1.4.5 The publisher as a stowaway

Perhaps most sympathetic to freelancers' continued control over their works is Gordon's 'stowaway' concept, upon which freelancers could stake a property claim. Assume that freelancers may not be able to enforce their property right because it conflicts with the public's entitlement to the commons, as posited in the proviso discussion, they may still deserve some type of reward under natural law. Gordon proposes that the creator should in this event retain a reserve right or stowaway option, a right that is good only against those persons whose motives are 'parasitic'.[65] In this case, the publisher can be seen as parasitic because his 'scope is solely to save effort and expense by taking advantage of another's investment and effort, and he has no interest in utilizing the intellectual product for its own sake …'.[66] Gordon suggests that this stowaway has no need of the intellectual product either to (1) preserve his freedom to comment on the world, or (2) use his rational and creative faculties.[67] Rather,

> this person is indifferent to the content of the product itself, and he wishes to copy it for reasons unrelated to its substance. Engaged in a deliberate effort to reap benefits, he can choose to refrain from involvement with the product if it will not be profitable.[68]

Publishers are arguably indifferent to the content of the product but need to exploit for profit vast amounts of freelance work in new media. In essence, publishers have testified that they would pay freelancers only when their digital venture proved profitable.[69] Otherwise, such publishers would effectively dispense with the business of digitally distributing freelance articles as an unprofitable venture.[70] Such evidence corroborates the argument that publishers are like stowaways.

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63 Gordon (n 13) 1547.
64 ibid 1546.
65 ibid 1573.
66 ibid 1566.
67 ibid 1676.
68 ibid.
69 e.g. *De Volkskrant* ch 8 text to n 43.
70 ibid.

It has been suggested that the proviso was intended to protect the innocent stranger who had an innocent desire to work the previously appropriated resource, and not to advance the interests of the stowaway.[71] In the case of intangibles, it is less likely that any stranger (parasitic or innocent) would be prohibited from working on the previously appropriated resource because, as observed, ideas are illimitable, and even the same ideas can be appropriated. So even if one concedes that publishers have innocent motives, they want to appropriate not from the commons but from the freelancers' personal portfolio of expressions.

In order to make the stowaway concept practicable, courts would need to assess motive. And while motive is legally irrelevant to a finding of copyright infringement, there is some evidence that courts do pay attention to profit motives.[72] Satisfying the proviso (which may be a way of testing for stowaway motives) may therefore be unnecessary if parasitic motives are directly shown.[73] Consequently, while freelancers may not have a property right against legitimate users who have a non-parasitic interest to use the commons, they may be able to stake a claim against stowaway publishers. The stowaway approach therefore gives freelancers something without encroaching on the public's right in the commons.

### 1.4.6 Summary

Natural law suggests that freelancers merit retaining protection over their works for future uses. Locke affords protection to the labourer against someone taking advantage of 'another's Pains.' On this criterion, freelancers have little problem in preserving copyright ownership since they engage in activities deserving of protection by mixing their labour and talent with ideas from the commons. Moreover, freelancers could stake a long-term claim through a stowaway concept; the purely commercial publishers would be seen as free-riding. It is therefore not surprising that Locke's theory and its allied approaches are often touted as a justification for creators' ownership rights, and that Locke has been cited as championing intellectual property rights.[74]

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71 Gordon (n 13); Locke (n 19)[34].

72 At least in marginal cases e.g. *Designer's Guild Ltd v Russell Williams Textiles Ltd* [2001] FSR 11; also motive was taken into consideration in pre-1911 UK Copyright Act; see also *MCA Inc v Wilson* 677 F 2d 180 (2d Cir 1981); G D'Agostino 'The Globalisation of Copyright: a Comparative Analysis of the Anglo-American and Continental European Copyright Laws in Relation to the Author' (2001) 2 Hibernian LJ 35 ('*a scopo di lucro'* (tr) 'for profit motive' is a significant factor when assessing copyright infringement in Italian caselaw).

73 Gordon (n 13) 1577.

74 ibid 1540.

Yet Locke's theory reveals little about the realities underpinning the freelancer–publisher relationship. For instance, how plausible is it that only a violation of the proviso is a bar to continued ownership rights for the freelancer? Or how plausible is it that a non-laborious freelancer would seldom be an owner? How realistic is it that a publisher is merely an intermediate link, a non-original contributor in the causal chain? When we begin to uncover these silences, the natural law perspective is found wanting. But before I examine these issues more fully, it is first useful to discover natural law's theoretical *advantages* for publishers.

## 1.5 Natural Law For Publishers

The natural law approach cannot entirely be said to support freelancers. Using the same fundamental natural law concepts, publishers can also be rightful Lockean owners, passing the proviso and, arguably, not stowaways.

### 1.5.1 Publishers as property owners

Publishers can equally argue that they are Locke's labourers and merit a property right in their digital goods or, alternatively, that freelancers should not warrant exclusive and unlimited protection. While publishers did not write the articles, they use freelance works to confer a public service by compiling them in databases and CD-ROM. The assumption of course is that freelance articles are part of the commons or, at least, that publishers thought this to be the case or they acquired them by legitimate bargain. In essence, Locke does not specify the labourer's requisite level of knowledge or awareness in taking what is deemed to be from the state of nature. It is plausible that, at the onset of electronic publishing, publishers did not appreciate the extent of their rights. To this end, if we suppose that freelance works are thought to be in the commons, and that what is in the commons is unclear, then publishers could help themselves to the articles without seeking consent.

In mounting a claim for a publishers' proprietary interest in the new uses of freelance works, a labour-appropriation or commons perspective would be more effective than a desert or self-expression argument. Indeed, while publishers could submit (1) that they exercise some degree of creativity in assembling the databases, and less successfully, (2) that the databases are a projection of their personalities,[75] it is more convincing to argue that their skill

[75] This Hegelian justification posits that there is a necessary connection between the full development of individual human personality and the act of appropriating things as one's own. Though of course Hegel does not accord special rights for artists and other creators; as Drahos (n 12) 80 suggests, 'Hegel's analysis of property offers the possibility of a potent critique of authors' rights systems.'

and effort mixed with the articles warrants a property interest in the copyright of freelance works. Moreover, from a commons perspective, it can be shown that it is the publishers' work that allows wider dissemination of freelance works and thus an augmented flourishing of ideas in the commons. In this connection, publishers could argue that their labour has some purposiveness: they desire the widest possible dissemination of ideas. Also, by efficiently using the goods in the state of nature and by ensuring one's self-preservation, publishers also warrant exclusive protection.

Alternatively, one may question the freelancers' entitlement to ownership rights by virtue of their labour. There has been much debate on the connection between labour and the appropriated object. Nozick raises the oft-quoted problem whether if by mixing tomato juice in the ocean, the labourer can claim property rights in the ocean.[76] Is it the freelancers' true mix of their skills and language with the ideas from the commons that justifies ownership? What proportion of the works do freelancers own? As Hettinger maintains, 'assuming that the labor's fruits are valuable, and that laboring gives the laborer a property right in this value, this would entitle the laborer only to the value she added, and not to the *total* value of the resulting product.'[77] Thus it may be that freelancers only own the initial written version and not the printed and digitized copies laboured on by publishers.

### 1.5.2 Publishers pass the proviso

Publishers can also pass the Lockean proviso, or at least part of it. While it would be more difficult to argue that publishers leave enough and as good, since most of their digital resources function on the exclusive basis of access for a fee, they would have a stronger claim on passing the no-spoilage limitation. Publishers harness freelance works in order to prevent spoilage. It is more beneficial to the commons to have increased dissemination of works ad infinitum, and therefore more ideas, than to have one-time print runs of freelance works that can go unnoticed or are not easily retrievable in the future. Here I of course assume that (1) publishers will not halt their services for other reasons (such as unprofitability) which may be completely unrelated to freelancers' exclusive rights, and (2) as I shall illustrate in the economics discussion, that the publisher is in a better position to distribute freelance works.

### 1.5.3 The publisher is not a stowaway

While it has been argued that publishers are stowaways, sometimes publishers' 'selfish' acts are justified. Gordon suggests that on occasion, the stowaway

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76 R Nozick *Anarchy, State, and Utopia* (Blackwell Oxford 1974) 174–8.
77 Hettinger (n 9) 37.

should be allowed to utilize the prior work. She explains that an infringer will typically have a 'mix of motives.'[78] Also, courts cannot determine with certainty a party's state of mind. And even if they could, motives are not the only matter of relevance. The publisher may be acting as an agent to a user who needs access to the freelancer's works.[79] For instance, a user wishing to conduct research may need quick and easy access to a ten-year history of certain articles and can only effectively do so by using the publisher's digital compilation services. To this end, the user's easy access to such works is necessary to preserve her freedom to comment on the world, and exercise her rational and creative faculties.[80] The proviso could thus shelter the publisher's appropriation for such indirectly legitimate purposes.

In this connection, reliance by the public on digitally disseminated freelance works may justify publishers' *non*-exclusive rights. Publishers' provision of services may induce public reliance and change users' position. As in tort law, it has long been recognized that once action has begun, inaction can result in harm, not simply in the failure to confer a benefit.[81] Waldron deems this to be the fallacy of the 'no hardship' argument as it is not necessarily the case that someone's position is not worsened by a good they never owned or perhaps are no longer privy to.[82] Given that the publishers have changed the users' position, by having induced reliance on their digital services, publishers cannot then refuse these users the necessary tools for surviving in this new access-filled environment.[83] Indeed, it may be that the users are worse off than if they had initially not been exposed to the publishers' digital services. Consider that many researchers may no longer be trained to do paper searches. In applying Waldron's argument, the researcher is not 'feigning' his distress at the knowledge that publishers cannot disseminate the freelance works, but '[t]here is a real misery.'[84] Still, protecting the public is no justification for publishers not paying rent to freelancers for using their works, or for alternative means of public distribution to take place. And ultimately, irrespective of the Lockean concern with protecting the public from harm,[85] '[n]othing in a natural-rights framework gives the public the per se entitlement to cheap access to what the labourer has produced.'[86] Indeed, like publishers, users can still gain access to freelance articles taken out of the commons, by paying a licence fee.

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78 Gordon (n 13) 1578.
79 ibid.
80 ibid 1576.
81 ibid 1567.
82 Waldron (n 24) 867.
83 Gordon (n 13) 1568.
84 Waldron (n 24) 867.
85 Gordon (n 13) 1569.
86 ibid 1549.

## 1.6 Conclusions

The natural law approach, often lauded as the author's justificatory copyright model, is seen to have perverse consequences: it can potentially aid and undermine the freelancer. Indeed, the ambiguities and contradictions of the theory were seen with concepts like the uncertain basis for ownership rights, specifically, the type and proportion of labour necessary to constitute a property claim, what is in the commons, and the parties' motives and agency-type relationships. And while the desert and self-expression approaches could possibly be slightly more beneficial to the freelancer, they still suggest shortcomings. For instance, Becker's deserts approach would see freelancers choosing *not* to continue being rewarded through a copyright in their works, as they were not fully informed of all available alternatives.[87] Indeed, until recently, most freelancers were completely ignorant of their rights, let alone their copyrights. This may still be the case. The natural law approach therefore reveals much about its conceptual inadequacies when applied to freelancers.

### 1.6.1 The many silences

The natural law justification presents pronounced difficulties when seen against the dynamics of authorship and publishing. It is not clear how a freelancer can reap the rewards of her labour through copyright protection. First, the contractual dimensions underpinning freelancers' entitlements were eliminated from the discussion. Rights were seen in a vacuum. Leaving aside the realities of creation such as its non-individualistic and intertextual dimensions that natural law theorists ignore,[88] authors do not have natural entitlements. Creating a freelance work translates only into initial ownership. As indicated in Chapter 2, freelancers must often relinquish their copyrights to publishers if they wish to break into an increasingly competitive market. Assignments or licences of copyright govern freelancers' rights, not what is appropriated from the state of nature. Because of unfair contractual provisions, freelancers must decide to what extent they can remain contributors to such 'rights hungry' newspapers and magazines. Consequently, while possessing a moral right to the fruits of one's labour may also warrant freelancers a right of possession and personal use of one's work, the freedom to put a product on the market and receive its full market value is a different issue.[89] The 'right' to receive market value is a social privilege and by no means a natural right.

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87 For Becker (n 33) 625 the reward is fitting if it is what the labourer would favour if she fully appreciated all the options.

88 Hettinger (n 9) 38.

89 ibid 39–40.

Besides the obvious contractual drawbacks discounting the natural law claims, the theory is further undermined in that it cannot account for how much an author should be paid. Simply saying that an author should be paid and not how one gets to this point is not very helpful.

Moreover, it is simply not the case that only if a freelancer is idle or produces no works will she not own copyright in her works. Natural law would lead to such an absurd result. It is equally not the case that because a freelancer views a copyright in her work as the only adequate reward, provided that this does not disproportionately burden others, she will get this reward. Ultimately, while freelancers may not need consent to take from the commons, creating a work does not translate into a natural right to harvest. In sum, the view that freelancers are justly rewarded and enjoy protection in perpetuity makes for some hearty fiction.

### 1.6.2 The merits

Irrespective of the demerits of the natural law approach, it is beneficial to identify some basic concepts, which can ultimately aid advancing a freelancer–publisher equilibrated theory and solutions:

- Freelancer entitlement: It is useful to begin with the premise that freelancers are meritorious on some basis (Becker identified need; freelancers' reality of being in an imbalanced position vis-à-vis publishers should also be borne in mind).
- Commons entitlement: Users need access to freelance works; freelancers are also users.
- Limiting publishers' rights: Publishers should not have an absolute right to distribute freelance works, and certainly not to the point of 'spoilage'.
- No harm to freelancers: Taking from freelancers merits legal intervention as the taking interferes with their directed goal or project to earn a living through their work; while difficult to justify state intervention on this basis, there is no reason why this concept cannot be further investigated.[90]
- Burden of Proof: Gordon's suggestion, that if no-one's baseline position is worsened by a grant of property, then it is the would-be entrant or user who bears the burden of explanation, is a sound one.
- Value of Stowaway concept: This concept does award authors something while balancing the public interest; Gordon suggests the concept,

[90] Spence (n 9) notes that arguments such as freelancers suffering due the changed nature of the new digital work (which has changed in a way no longer useful to them) or such works' dissemination in non-authorized circles may induce unanticipated reactions from such audiences.

> while impracticable, may still be useful for discussion since it (1) helps illustrate the nature of the claims involved – the public's rights in the commons vis-à-vis the labourer's claim for a reward, and (2) may provide guidance for governmental agencies investigating policy considerations.[91] Yet this concept cannot be distorted to have publishers rewarded on the basis of being agents of the public; if such is the case, there is no reason why publishers should not have to pay for these uses.

It is thus opportune to examine economic theory as applied to the freelancer–publisher relationship where issues of rent and incentives are considered.

## 2. ECONOMIC THEORY

Economic theory is perhaps the strongest justification for copyright protection. The US Constitution entrenches the economic rationale based on providing incentives to creators and investors, 'to promote the progress of science and the useful arts.'[92] Encouragement of individual effort by personal gain is the most effective way in which to advance the public welfare, and the granting of rights and privileges flowing from these may prompt such inducement.[93] Copyright works are seen as public goods. Similar to the natural law justification, copyright protection bolsters the net worth of society to fuel society's pool of ideas and knowledge;[94] individuals' minds and souls will be exposed to the 'humanizing influence of the world's thinkers,'[95] and those fortunate enough will bloom in new directions. As such, the ends justify the means. Brian Bix argues that part of the power of economic analysis is that it presents an instrumental approach focusing on the question of consequences.[96] The roots of such utilitarianism can be traced to John Stuart Mill. In *On Liberty*, Mill posits that the object of a right social policy is to find the best means to achieve this end.[97] Without copyright, a non-optimal amount of

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91 Gordon (n 13) 1573.

92 Vaver (n 9) 104.

93 *Mazer v Stein* 347 US 201 (1954) 219.

94 Vaver (n 9) 104.

95 ibid.

96 B Bix *Jurisprudence: Theory & Context* (4th edn Sweet & Maxwell London 2006) 190.

97 J Mill *On Liberty* D Spitz (ed) (WW Norton & Company New York 1975). At 175 Mill talked about 'the maximization of a higher happiness' as the ultimate end. In this utilitarian vein, copyright is a socially useful instrument of social policy. Utilitarianism can be seen as a separate theory within economic analysis, which has

works would be produced.[98] Indeed, if the author or publisher cannot prevent third parties from exploiting their work, there is no incentive to create or invest and, consequently, there will be non-production or non-dissemination.[99] Copyright protection is thus meant to redeem a 'market failure' by providing incentives that encourage production and dissemination of works.[100] The market is the milieu wherein freelancers and publishers freely transact pursuant to their preferences.[101]

### 2.1 Economic Theory For Publishers

Publishers typically adopt utilitarian-type arguments to justify their control over freelance works. In Chapter 7, the pro-publisher *Tasini* dissent adopted this perspective. Publishers justify that they are in the best position to be able efficiently to control the distribution and dissemination of freelance works for maximum social utility and ultimate public good. Landes and Posner's work can support the publisher's claim as it seeks to assess the extent to which copyright produces an efficient allocation of resources.[102] They distinguish between the creation and cost of expression, and the cost of reproducing copies of the work. The cost of creation is the author's time and effort. The cost of expression is the publisher's cost of soliciting and publishing the work, which includes the cost of creation.[103] The cost of reproducing copies is variable as it increases with the number of copies produced and delivered.[104] Importantly, besides this initial distinction, Landes and Posner do not find it helpful to distinguish between authors and publishers, and instead subsume them in one category for simplification purposes.[105] This assumption is a great shortcoming to the applicability of their economic theory to the

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been widely criticized mainly for its unworkable structure in social decision-making (e.g. how can one measure and 'sum' people's happiness). Law and economics transforms utilitarianism by taking its advantages of 'fulfilling desires' (without worrying about impossible measurements) and materializing some economic solutions; Bix (n 96) 192.

98 Vaver (n 9) 104.

99 C Joyce et al. *Copyright Law* (3rd edn Matthew Bender London 1994) 18.

100 Bently and Sherman (n 5) 37.

101 Bix (n 96) 193.

102 WM Landes and RA Posner 'An Economic Analysis of Copyright Law' (1989) 28 J of Legal Studies 325; WM Landes and RA Posner *The Economic Structure of Intellectual Property Law* (The Belknap Press of Harvard University Press London 2003) ('Landes and Posner 2003').

103 Landes and Posner (n 102) 326–7; Landes and Posner 2003 (n 102) 37.

104 Landes and Posner 2003 (n 102) 37.

105 ibid 38; Landes and Posner (n 102) 327.

freelancer–publisher relationship, one that is rife with players with diametrically opposed interests. Nonetheless, their classical economic precepts of optimizing copyright for greater efficiency is essential to understanding the publisher's claim.

Landes and Posner posit that an optimal level of copyright protection ensures a balance between incentives to produce the work and access to the public to use the work. Without (and with too much) copyright protection, there will be inadequate incentives for freelancers to create, and for publishers and copiers accurately to time their decisions. For instance, with too much copyright protection, copyists would be led to copy works where copyright had expired, or incur licensing and other costs to copy such works. Conversely, if there were too little copyright, there would be more contractual restrictions on copying work. This effect would increase the cost of expression, and 'paradoxically, perhaps lower the number of works created.'[106]

Publishers would argue that currently, copyright protection is at an optimal level and should not be changed to skew this balance. For current freelance works and those predating electronic publication, publishers have retroactively instituted the industry custom of assumed control post print publication. Whereas absent an express contract stating otherwise, publishers were legally only entitled to an implied non-exclusive licence, they justify that their current continued use of freelance works has been necessary for optimizing distribution of freelance work. The market mandates clear rules in order for players to compete and predict outcomes. If freelancers were to retain full control over subsequent uses of their work, it would be too cumbersome for publishers to find individual freelancers each time for permission to reuse their works. Such identity searching would needlessly increase transaction costs (namely the cost of reproducing works) and diminish publishers' incentive to use freelancers' works.[107] Indeed, since publishers' revenue (price less marginal cost) must cover not only the cost of expression, which would be substantial, but also the risk of failure, which in the fickle digital economy may be high, they would have no guarantees that their investment would be protected. Ultimately, publishers posit that freelancers' incentive to create would diminish since they would not attain (or have no guaranteed) exposure to their works. In essence both parties would face increased uncertainty, thereby generating additional disincentive to create and disseminate works.[108] In turn, with fewer works, societal access to works would diminish, resulting in public welfare loss. Because of the unappealing consequences of altering the status quo through allowing freelancers to have continued control over their works,

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106 Landes and Posner (n 102) 323.
107 e.g. *Tasini* dissent ch 7 text to nn 39–43.
108 Landes and Posner (n 102) 329.

publishers would argue that the current system of assumed control appears adequately to facilitate an optimum level of social output of resources. As a result, publishers practically divest freelancers from copyright protection at the time of publication for efficient use in print and other media.

### 2.1.1 Exclusive control

Publishers' continued use of freelance work can be further justified by reference to their ability to have effectively created exclusive control. Ejan MacKaay argues that securing exclusivity physically or by contract, for instance, is an appropriate means of attaining the equivalent of an exclusive right in the resource.[109] This de facto property right creates an incentive effect in the owner and has an information effect. In this way, a publisher is able to 'effectively compare his options and to reach an informed decision when exploiting new uses of the work.'[110]

### 2.1.2 Freelancers–publishers in repeat play

Publishers can equally use the Coase Theorem in support of their new custom of continued control over additional uses of freelance works. According to the Coase Theorem, when parties deal with each other over a period time, with conditions of sharing good information and low transaction costs, efficient behaviour emerges.[111] Indeed, this model counts on repetitive situations, producing standard contracts, tailored solutions and a bargaining etiquette.[112] Gordon argues that a custom is generally likely to be a useful guide as to how resources should be allocated since it reflects equal bargaining.[113] Publishers could argue that the Coase Theorem explains the new custom of the publishing industry of reproducing print works electronically and publishers' need to engage fully in such exploitation; over the course of several years, freelancers were repeat players, frequently interacted with each other in a low-cost setting and were made aware of each other's position. This availability of better infor-

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[109] E MacKaay 'Economic Incentives in Markets for Information and Innovation' (1990) 13 Harvard JL & Policy 867, 875.

[110] ibid 876.

[111] R Coase 'The Problem of Social Cost' (1960) 3 Journal of Law and Economics 1, reprinted in Coase *The Firm, The Market, and the Law* (University of Chicago Press Chicago 1988) 156; for further discussion on Coase see JE Stiglitz *Economics of the Public Sector* (3rd edn WW Norton & Company London 2000) 218–19.

[112] RC Dreyfuss 'Taking Stock: The Law and Economics of Intellectual Property Rights: Games Economists Play' (2000) 53 Vand LRev 1821, 1828.

[113] WJ Gordon 'Fine-Tuning Tasini: Privileges of Electronic Distribution and Reproduction' (2000) 66 Brooklyn LRev 473–500, 495.

mation lowered transaction costs.[114] By clarifying the new custom of being able to exploit additional media, publishers would have seen themselves as providing private solutions through 'single firm control' of the freelancers' copyrights. Ultimately, given that the legal system initially distributed freelance rights in a non-optimal manner for the parties concerned, negotiation between the parties has shifted these rights, 'to the party valuing them most.'[115] In this way, through the market, the parties could avoid any need for outside intervention, such as government control, hampering their behaviour.[116]

### 2.1.3 Asymmetric market failure

The new custom of electronic publication in the freelancer–publisher relationship can be explained to have arisen so as to avoid asymmetric market failure (AMF). Publishers could argue that publishers and freelancers have avoided AMF, optimal conditions have evolved and there is no need for corrective legal intervention to offset the emerged new allocation model. Gordon argues that the best economic case for justifying copyright can be present when there is AMF. AMF exists when two conditions converge. The first condition is that authors would face a market failure in the absence of a legal rule mandating that copyists seek permission and pay for licence fees. Arguably, such a rule involves vesting the initial copyright ownership in the freelancer. Without such a rule, freelancers would not obtain much payment for their work, consequently producing fewer works than the public would have been willing to pay for.[117] The second condition for AMF is that once a copyright restriction is in place, copyists will form markets, allowing licensing to evolve, thus avoiding any market failure.[118] Publishers have adapted to the restriction that freelancers possess initial ownership: publishers contend that they should control subsequent uses of freelance works and thus currently require exclusive and unlimited licences with freelancers to distribute works in new media. Together publishers would argue that these conditions yield an optimally structured copyright system, thereby avoiding any market failure. In this way, the allocative gains are likely to outweigh the transaction costs.[119] If there were further legal intervention, in the form of a presumptive interpretive contract rule favouring freelancers for instance, which would allow infringing to take place,

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114 MacKaay (n 109) 891.
115 ibid 881.
116 Stiglitz (n 111); Bix (n 96) 198.
117 WJ Gordon 'Asymmetric Market Failure and Prisoner's Dilemma in Intellectual Property' (1992) 17 U of Dayton LRev 853, 854.
118 ibid.
119 ibid 859.

but then *ex post facto* award freelancers a substantial damage award or royalty, publishers would arguably be discouraged from bargaining with freelancers. Legal intervention would be necessary when, absent some type of copyright restriction, authors lack adequate incentives for production, there is less licensing and, ultimately, diminished public goods.[120] Moreover, this legal intervention must be mindful of the importance of markets, since as Gordon argues, often legal intervention or market substitutes, such as those in the form of compulsory licences, yield more administrative costs and can be cumbersome. This unnecessary expense in turn leads to the prevention of copying without yielding freelancers any monetary advantage. As a result, publishers would argue that the current system has evolved to optimize copyright conditions in response (1) to cure a market failure faced by freelancers, and (2) for publishers not to face market failure in their quest for licences.

### 2.1.4 Uses flow to publishers

*Unforeseeable uses* Economic theorists have specifically looked at the issue of copyright uses and seem to favour publisher ownership. Timothy Brennan's work is a case in point.[121] Given that copyright control provides an incentive for freelancers to spend time, energy and money to produce a work of value, 'the effect of the bargain on the potential creator extends only as far as reasonably foreseeable gains.'[122] Consequently, Brennan holds that pursuant to an *ex ante* perspective we perhaps ought not to protect non-contemplated uses.[123] Accordingly, granting the creator copyright control over unforeseen uses, (1) provides nothing more than 'windfall' profits to the creator while at the same time raising the price to those who might have made use of the work in unforeseen ways, like publishers; and (2) produces a power akin to private censorship for the creator.[124]

In an *ex ante* perspective, the freelancer should specify her intentions regarding use,[125] for example whether she wants her print work to be disseminated on CD-ROM and not online. But if an unforeseen use were to later appear, this perspective suggests that the freelancer would receive no compen-

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120 ibid 854.

121 TJ Brennan 'Copyright, Property, and the Right to Deny' (1993) 68 Chicago-Kent LRev 675; albeit Brennan's primary concern is to examine a private property model of copyright.

122 ibid 703.

123 An *ex ante* perspective is one that is perceived from the time of contracting when freelancers made commitments to devote specific effort and resources to creating; ibid.

124 Brennan (n 121) 703.

125 ibid.

sation for an unspecified use. This reasoning seems akin to that in *Robertson* where the court suggested that freelancers should contract out of unwanted uses.[126] The *ex post* method would mandate that freelancers (who did not specify uses) settle the use issue in court through infringement litigation or by settlement.[127] Brennan explains that both approaches can likely converge and that, in any event, any effort to condition copyright on unforeseen uses is likely to be expensive to implement.[128] Mandating the specification of unintended uses will ultimately be a societal waste as talent will be used for copyright contract writing or litigation, which may have been more productively used elsewhere in society.[129] Accordingly, it would be better to leave unforeseeable uses unspecified and have any post-negotiation uses vest in the publisher. Since the current common law copyright system does not mandate that new uses be specified,[130] publishers' use of broad catch-all new use clauses would be an efficient way of contracting and thus justify the adequacy of the current common law copyright system.

*Foreseeable uses* Whereas the former category of uses was *un*foreseen and unintended, Brennan specifies that there is a second category of foreseen but unintended uses. For instance, most freelancers can now foresee that their works will likely go online but may not intend such exploitation (though they cannot change such from taking place). To ensure that the publisher with the most appropriate skill would digitize the freelance work requires that the freelancer be able to grant an exclusive licence. This concept of 'diseconomies of scale' would allow a type of outsourcing of the freelancer's bundle of rights in her work.[131] But if control rights were clearer there would be reduced transaction costs in getting the freelance works to the most able publishers. And more importantly, the incentive for any one publisher to use the works would be diminished if third parties could 'free-ride' on the publisher's marketing efforts.[132] Again, clarity of ownership rights would mandate that publishers obtain the copyright in freelance works.

A second category of foreseen but unintended uses applies to cases where freelancers foresee and wish simply to prohibit future uses. *Salinger v Random House*[133] deals with JD Salinger's unpublished letters, which he had

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126 Ch 7 text after n 91.
127 Brennan (n 121) 703.
128 ibid 704.
129 ibid.
130 e.g. ch 6 text after n 7.
131 Brennan (n 121) 705.
132 ibid.
133 811 F 2d 1490, 1496 (1984) cert den'd 471 US 1004 (1985).

no intention to publish during his lifetime. Brennan suggests that not to afford Salinger protection is to prioritize 'economic claims over personhood or autonomy claims' and ultimately discourage creative effort.[134] Here efficiency arguments may in fact also support freelancers – as the real economist's goal should be a 'mutually agreeable and efficient exchange' to provide whatever is necessary for the production of copyright works of value.[135] All in all, Brennan suggests that the simplest solution for any category is to presume that any uses, intended or otherwise, be protected by copyright, in favour of the publisher. The logic is that by granting publishers the presumption of use rights, any potential user could then negotiate with one copyright holder only, thereby preserving the efficiency criteria.

### 2.1.5 Summary

The economic perspective suggests publishers can effectively assume and retain control of freelance works for maximum social utility and ultimate public good. Publishers' new custom of asserting control over freelance works for uses in other media can be explained by various economic concepts from the Coase Theorem to remedying market failure. Furthermore, academic literature specifically supports publishers' presumptively owning rights in unforeseeable uses. Allowing freelancers to retain control over their works would entail serious costs to publishers and ultimately users of such works. It is therefore no surprise that publishers would use such pro-investment arguments in defending their court claims. Still, if society's overall interest is in efficiency, then like the natural law perspective, the economic justification may also be seen to support freelancer claims, and perhaps undermine those of publishers.

## 2.2 Economic Theory for Freelancers

Freelancers could also rely on economic theory to justify retaining control over their works. While publishers may be more adept in disseminating works in part due to their access to resources, there is nothing to suggest that authors will have difficulty in identifying and locating publishers as potential licensees.[136] Or there is nothing to suggest that publishers will have difficulty in locating authors as potential licensors, given their more recent personalized standard form letters to freelancers. Moreover, even though the custom of electronic publishing may be desirable, the custom for not paying for the

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134 Brennan (n 121) 706.

135 K Port 'Foreword: Symposium on Intellectual Property Law Theory' (1993) 68 Chicago-Kent LRev 585, 601.

136 Gordon 2000 (n 113) 496.

privilege of using freelance works can change without hampering the publishing itself.[137] And so, while not doubting that electronic publishing is an efficient use of resources, it is also likely that this efficiency will continue once freelancers' rights are honoured.[138] Ultimately, empirical data are necessary to show which party, if any, would more efficiently distribute freelance works. Because of the unavailability of such data, it is not at all empirically correct to say that publishers are the more able party to assume full control over freelance works. Rather, it is also possible that allowing freelancers to retain control over their works will have permanent and positive incentive effects, increasing the quantity and quality of works produced,[139] thereby equally optimizing the allocation of resources.

### 2.2.1 Market failure

The publishers' market failure argument may be used to freelancers' advantage in either maintaining that (1) there is no market failure, so that publishers need to obtain fresh bargains for each new use of their works, or (2) there is a market failure, in which case legal intervention is necessary. First, freelancers may not face a market failure: in common law countries, there is in fact a rule in place which sufficiently restricts ownership and requires that publishers obtain a written licence for the exclusive use of freelance works. Without a contract stating otherwise, freelancers grant publishers only an implied non-exclusive licence to use the work once. Publishers could still obtain additional use rights from freelancers through fresh bargaining. In essence, more than one publisher could license the freelancers' works. MacKaay argues that transferability of property rights also enhances the incentive effect.[140] Indeed, more than one publisher can discover new uses thereby justifying more varied licensing. This may then create competition and markets. Conversely, conceding that vesting exclusive and continued control in freelancers would drive up transaction costs, since for publishers to deal with many freelancers may be cumbersome, then perhaps the solution is not for publishers to assume control but to allow some form of intervention. Allowing intervention would also be economically justified; positing that publishers' assumed control may have led to monopoly control, thereby hampering perfectly competitive market conditions. In any event, the economic justification can support freelancers by either (1) affirming the validity of the current laws, which confer on publishers only implied non-exclusive licences, or (2) conceding that there is a failure, thus necessitating some form of intervention to allow more effective licensing to take place.

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137 ibid.
138 ibid.
139 ibid 495.
140 MacKaay (n 109) 876.

### 2.2.2 Legal intervention

Legal intervention may be necessary due to freelancers' decreased incentives. The typical economic postulate in defence of some copyright protection deals with the need to exclude free riders.[141] But this exclusion does not imply that authors want to restrain the public from using their work; rather, freelance authors typically desire the widest dissemination of their works with due payment. Freelancers need to have control over their works so that they may have bargaining leverage to obtain fees from publishers who may otherwise free-ride. This mechanism functions in the same way as 'fences' or real property rights against trespass.[142] In this light, for new rules against copying, freelancers 'should be prepared to show that their current fences are insufficient to provide adequate incentives.'[143] If the adequate incentives were imminent even without a copyright restriction rule in place, it would be wasteful for the courts or legislature to intervene.[144] But there is nothing to suggest that incentives are adequate. In fact, incentives may be quite low, since some freelancers may no longer choose to publish their works owing to current inadequate copyright protection.[145] The assumption is of course that copyright protection does provide freelancers with the incentive to create and disseminate. And so, there is concern that legal intervention should be necessary since economic systems may not be functioning at an optimum level.

### 2.2.3 Derivative works

In contrast to publishers' claim of retaining rights to unforeseen uses, empirical arguments aside, it may be that freelancers are best suited to have continued control over their copyrights. Essentially, arguments supporting publishers can equally support freelancers. Rather than the derivative author, the original author warrants a monopoly over subsequent works for greater efficiency and reduced transaction costs.[146] Allowing a third-party derivative author or publisher to control copyright in the derivative work may distort the timing of

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141 Gordon 1992 (n 117) 855.

142 ibid.

143 ibid.

144 ibid 865.

145 M O'Rourke 'Bargaining in the Shadow of Copyright After Tasini' (2003) 53 Case Western Reserve LRev 605, 611 who maintains that opinions differ on this point.

146 Landes and Posner (n 102) 355; Landes and Posner 2003 (n 102) 110; P Croskery 'Institutional Utilitarianism and Intellectual Property' (1993) 68 Chicago-Kent LRev 631, 650. Here the argument may be even stronger to support the freelancer since arguably a derivative author is more meritorious of copyright protection than a collective works author. Here I am thinking of screenplay writers who produce a derivative play from a novel as against the current digital publishers who collect articles and make them digitally available.

publication of both the original and derivative works. Supposing that a third party wanted to acquire the rights in a freelance article, complications may arise as to the identification of the copyright holder. And so, by allowing freelancers as initial and continued owners, the industry avoids transaction and other associated costs.[147]

Moreover, economic theory may see publishers' control over the derivative work as unwarranted because publishers would incur very little cost of expression when digitizing freelance work. If one assumes that the publishers' digital reproduction of a freelance work is a 'mechanical translation' into a new medium – involving no cost of expression – copyright in the new digitized article does not belong to the 'translator' but to the original author.[148] This result may also indicate a contradiction in the basic economic argument that publishers need guarantees for their investment on the one hand, but presumably (according to Landes and Posner) their copyright in such derivative works may be precluded.

### 2.3 Conclusions

Economic arguments typically advanced to support publishers can also sustain freelancer claims for continued copyright control over their works. According to the economic perspective, copyright protection should incentivize an optimal production and distribution of works and yield an efficient allocation of resources. These economic arguments do not squarely favour the publisher over the creator. The lack of empirical evidence suggests that either party (or neither) may be in the best position to allocate resources efficiently. These arguments may indeed support a freelancer claim. Certainly, publishers' current custom of controlling freelancers' copyright may not be the best way to guarantee social utility. For instance, the system could be made more efficient by affirming the validity of the current common law provisions, which confer on publishers only implied non-exclusive licences, or by conceding that there is a market failure thus necessitating some form of intervention to allow more effective licensing to take place. Thus, economic arguments, which present publishers as the sole party able to maintain efficient control over freelancers' copyrights, are deficient.

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147 A drawback to granting the original author copyright over her derivatives may be that she could delay publication until she has created the derivative works as well (or arranged for their creation by licensees) to ensure a head-start on any would-be author; this would cause 'congestion of externalities from an uncoordinated proliferation of variants of the same original'. But in Landes and Posner 2003 (n 102) 110 this would be offset by reduced transaction costs.

148 Landes and Posner (n 102) 356.

While there is a need to strike a balance between access and incentives, such goals should not be at the expense of freelancers. As Gordon states, '[t]here is no prima facie moral reason to favor the publisher over the author.'[149] On the contrary, the author has a stronger claim. She reconciles the morally charged natural law principles with economic principles. For instance, while publishers' new custom may have emerged because of the exigencies of the market, it is unfair that such custom is unilateral[150] and, economically, hardly respectful of the information sharing that the Coase Theorem suggests should take place to lower transaction costs.[151] While freelancers were repeat players, they were until recently unaware of the publishers' plans to exploit their works in new media.

### 2.3.1 More silences

There are limits however to following exclusively an economic approach and oversights it cannot address. One cannot assume that there is equal bargaining among parties. The utilitarian justification does not look at the nature of the parties' relationship. Whereas natural law looks to the deserving party, economic theory looks at the end results and not so much as to who should retain control over freelance copyrights for efficient reasons or otherwise. Landes and Posner's argument, which treated publishers and freelancers as having the same interests, cannot be underestimated. Following the economic approach may disadvantage the freelancer. Efficiency arguments miss a deeper point. While party interaction can indicate something about desirable resource use, 'it tells us nothing about what might be the desirable distribution of the resulting gains.'[152] For instance, if publishers retained control over freelance works, the adoption of a basic economic price-calculation formula would see publishers making a profit at the freelancers' expense. Since publishers' cost of expression is based on pricing mechanisms predating digital publication, freelancers are still not adequately remunerated for the full value of their works. Freelancers should not only be paid the profits anticipated from the initial publication, but also, in part, the value expected from future dissemination of the work in other media.[153] Consequently, with the cost of creation so low, and the repeated cost of expression through digitizing works lower – as 'the author's efforts can be incorporated into another copy virtually without cost',[154] publish-

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149 Gordon 2000 (n 113) 498.
150 ibid.
151 MacKaay (n 109) 891.
152 Gordon 2000 (n 113) 496.
153 DL Zimmerman 'Authorship without Ownership: Reconsidering Incentives in a Digital Age' (2003) 52 DePaul LRev 1121.
154 Landes and Posner (n 102) 327.

ers virtually free-ride on authors' works. And so, the promise of making some money from their work, supposedly the reason freelancers keep burning the midnight oil, is illusory. What incentives do freelancers actually get to continue creating? The economic formula therefore allows publishers to hide their gains and does not necessarily ensure that there is an optimal balance in the system.

Another fundamental drawback to the economic perspective is its idealistic outlook on the effects of copyright protection. It seems 'impossible to argue that the current laws encourage just the right amount of research, creativity, and financing, and just in the right areas'[155] and that ultimately society's ideas and knowledge base will flourish due to copyright protection.[156] Less protection could mean more caution in disclosure, and not necessarily insufficient production.[157] Granting more protection does not correspond to more works distributed. In practice, freelancers' initial protection is often relinquished for publication. Again, empirical evidence is necessary to substantiate economic claims. However, as Hettinger asserts, critical evaluation would suggest that such arguments are not plausible.[158]

The economic perspective would maintain that copyright protection provides freelancers the incentives to encourage the production of works. On the other hand, the economic outlook does not fully account for the reality that freelancers write to earn a living. So freelancers' incentive to write is not copyright law per se but earning potential, which may or may not be derived through copyright law (for example government subsidies can provide an alternative remuneration scheme for freelancers). Indeed, it is not entirely clear whether freelancers who produce articles to earn a living would produce (or at best disseminate) such works if they were not able to earn a living from such works. If freelancers continue to create and disseminate, it is certainly not (all) due to copyright protection as incentive but more to gain some livelihood through their works. Here freelancers' incentive is largely monetary gain.[159] The value of freelance works is increasingly in the ability to recycle them through future uses, as publishers themselves recognize. Freelancers thus have less physical object value in their goods per se. Any value is in controlling ownership of freelance articles and, more importantly, obtaining the royalties

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155 Vaver (n 9) 105.

156 ibid 104.

157 ibid 105.

158 Hettinger (n 9) 51; but see MacKaay (n 109) 906 who argues that assessing the optimal rate of innovation in society for instance is a 'vacuous question considering the ubiquity of transaction costs and the fundamental openness to the future.'

159 In contrast, Spence (n 9) 390–1 argues that visual artists may still have the incentive to create works because of the inherent value of such physical objects.

flowing from such work. In this connection, the economic argument may have some merit in isolating some type of incentive as a motivating factor.

Discussing the incentive effect as a motivating factor in copyright protection, Netanel distinguishes between two strands of economic thought.[160] On the one hand, the 'incentive' approach tends to look critically at copyright's expansion, questioning whether greater protection is necessary to provide an economic incentive for the production of creative works. And, on the other hand, the more dominant 'neoclassical' economic view supports an absolute expansion of intellectual property rights and a diminished public domain.[161] For the former, the goal is promoting a democratic culture, for the latter, allocative efficiency.[162] Espousing the incentive approach, Netanel maintains that copyright is necessary as it promotes democracy. It offers 'a state measure that uses market institutions to enhance the democratic character of civil society.'[163] As a result, some measure of copyright protection is necessary to support a viable sector of authors and publishers engaged in the creation and dissemination of original expression.[164] Without copyright, free-riders would be able to copy and distribute work without paying copyright royalties and 'would drive the price for user access to its near-zero marginal cost.'[165] Consequently, without copyright, which acknowledges the 'value of individual contributions to public discourse' there would be less creative expression, decreased dissemination of knowledge and ultimately a less vibrant culture.[166] From this perspective, some incentive through copyright is required for freelancers (and publishers, users and the general public).

Yet, such arguments are incomplete when publishers are still in positions of power appropriating any of the resulting gains. The point is that some incentive through copyright may indeed motivate. But this is entirely a moot point if publishers continue to control the copyright in works, thereby limiting freelancers' ability to earn a living from copyright law. The problem remains one

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160 N Netanel 'Copyright in a Democratic Civil Society' (1996) 106 Yale LJ 283, 308–10.

161 ibid.

162 ibid 288. Netanel also highlights a non-economic view providing a counteroffensive against copyright's precipitous expansion: the minimalist perspective. He maintains that this view is misconceived as it fails 'to account for the need to maintain autonomous, self-reliant authorship, especially in the face of rapidly changing markets.'

163 ibid 288.

164 ibid 293.

165 ibid 293.

166 N Netanel 'Asserting Copyright's Democratic Principles in the Global Arena' (1998) 51 Vand. LRev 217, 220 maintaining that copyright must strike a balance between affording copyright protection but 'not so broad and unbending as to chill expressive diversity and hinder the exchange of information and ideas.'

of power imbalance between the contracting parties, unaccounted for by economic perspectives. Here Netanel's work on the enhancement of author autonomy recognizes the need for a more robust copyright system to curtail the common law model of unlimited alienability.[167] Netanel's model would undermine a neoclassical position, while ultimately promoting a democratic paradigm where authors are more sovereign creators.

Above all, economic analysis is falsely premised on the basic assumption that people are always rational maximizers of their satisfaction.[168] Economic analysis traces the consequences of peoples' social interactions.[169] Preferences are based on one's willingness to pay, not only in monetary terms, but in the widest sense including time and effort spent.[170] This however, does not account for one's ability to pay or other reasons why a person has to sell. And so, the fact that freelancers are still producing works and submit these to publishers under currently unpalatable conditions does not mean that they are happy or willing or prefer this modus operandi. Rather such behaviour may mean that they have no choice but to work with these publishers in order to survive. Moreover, that new use rights have shifted pursuant to the Coase Theorem to the party valuing them most does not mean that publishers value such rights more than freelancers but that they were able to capture these because of their ability to pay and set conditions.

In this connection, it is inaccurate to depict the market as the 'paradigm of a just transaction.'[171] Simply because both parties consented to the transaction does not mean that it was just.[172] Bix argues that consent and autonomy are the other justifications for economic analysis.[173] In the freelancers' case, consent is often uninformed or coerced. Autonomy is illusory since freelancers live from contract to contract subject to publishers' one-sided practices.[174] It is therefore necessary that a new theoretical approach be examined, which at

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167 N Netanel 'Alienability Restrictions and the Enhancement of Author Autonomy in United States and Continental Copyright Law' 12 (1994) 12 Cardozo Arts & Ent LJ 1.

168 R Posner *The Problems of Jurisprudence* (Harvard University Press Cambridge 1990) 353.

169 R Posner *Frontiers of Legal Theory* (2nd edn Harvard University Press Cambridge 2001) 35.

170 Bix (n 96) 192.

171 ibid 193.

172 ibid.

173 ibid.

174 L Bently *Between a Rock and a Hard Place* (The Institute of Employment Rights London 2002) 3; B Hugenholtz 'The Great Copyright Robbery: Rights Allocation in a Digital Environment' (A Free Information and Ecology in a Digital Environment Conference NYU Law School 31 March–2 April 2000).

least addresses the basic assumptions and power dimensions imbued in the freelancer–publisher relationship.

### 2.3.2 The merits

While the economic perspective along with the natural law theory indicates various misgivings when applied to the freelancer–publisher relationship, it nonetheless also features some merits worth summarizing.

- Incentive necessary for freelancer: while perhaps the incentive of copyright protection per se does not directly affect the act of creation, since many works were created in times when there was no copyright,[175] and many authors are generally not familiar with copyright laws,[176] as Vaver argues, creative work may flourish due to other incentives like pay, fringe benefits, grants, and awards.[177] There is thus a need to explore these incentives; monetary incentive (which may or may not result from copyright protection), is one incentive mainly suggested for the freelancer in order to justify freelancers earning a living in today's global economy.
- A need to strike a balance between access and incentives: freelancers are also users.
- Big picture, consequentialist approach to solutions via legal intervention: as solutions may not exclusively lie in market-based approaches, legal intervention may be justified where freelancers lack leverage to obtain adequate licence fees; Posner suggests that economic analysis attempts to improve law by, 'pointing out respects in which existing or proposed laws have unintended or undesirable consequences and by proposing practical reforms.'[178]
- Unforeseen uses: presumptions in favour of freelancers (or publishers) may be justified for lower transaction costs. Parties would be compelled to contract more expressly and efficiently and potentially avoid any time and resources that would otherwise be expended in interpreting the contracts through the courts.
- Economic perspective indicates deficiencies in using custom to justify copyright ownership: custom may be an efficient means of allocating resources, but even economists would argue that such custom should not be unilateral.

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175 Witness the oft-quoted time of Shakespeare.

176 I McGillis 'A Tourist's Guide to Glengarry' (Book Reading, University of Oxford 30 January 2002) (published by Porcupine's Quill 2002).

177 Vaver (n 9) 105.

178 Posner (n 169) 35.

In sum, much like the natural law justification, the economic perspective is double-edged. While the former typically is used as rhetorical support for the author, and can equally be applied to help publishers, likewise publishers' economic arguments can be applied to also help freelancers. The natural law commons approach, shunning societal waste, is similar to a utilitarian approach supporting wealth maximization. Neither theory makes an unequivocal claim as to which party should have continued control over copyrights. Importantly, these theories advance some beneficial concepts, but do not have all the answers in understanding the freelancer–publisher relationship and, more significantly, in determining how it should be.

## 3. MARXISM

The Marxist perspective, which examines the exploitation of unpaid labour, provides a grid of intelligibility to understand the imbalanced freelancer–publisher relationship.[179] The Marxist isolates the dynamics of capital as the organizing variable of study. A substantial body of research has demonstrated how capital's logic has resulted in the concentration of ownership and control of the intellectual property system by the richest members of the capitalist class.[180] Stemming from the work of Karl Marx, this theory is one of historical materialism with its reductive concentration on the forces of production in capitalist society. For instance, Ronald Bettig argues that in a historical account of intellectual property, capitalism and the printing press are stressed as determining forces.[181] Marx sought to study capitalism's differential distribution in economic power, a feature often neglected in mainstream economics.[182] Marx wrote at a time when Britain and most of continental Europe had been entirely changed by the Industrial Revolution with its new steam-mill industrialists and when people, especially the working classes, 'felt themselves in the grip of malign forces over which they had no control.'[183] Whereas in earlier modes of production, land was the key element of ownership, the nineteenth century saw this changed to industrial capital.[184]

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179 Drahos (n 12) 100.

180 RV Bettig *Copyrighting Culture* (Westview Press Oxford 1996) 1.

181 ibid 11.

182 Smith and Ricardo are two prominent examples: AD Lindsay *Karl Marx's Capital* (Oxford University Press London 1925) 57–8.

183 ibid 37.

184 CJ Arthur (ed) *Marx's Capital* (Lawrence & Wishart London 1992) xiii.

As with natural law and economic theories, many scholars have similarly extrapolated and reconceptualized Marxist philosophy.[185] I am thus not concerned to provide a close reading of Marx and to address Marxists' failed prediction of a communist society,[186] but I find it more useful to apply foundational Marxist concepts to the freelancer–publisher relationship, unexplored to the present.[187] The Marxist perspective is also a valuable contrast to the natural law and economic approaches in staunch support for intellectual property rights regimes. The Marxist view would be highly suspicious of such institutions, for these could increase the division of property and lead to more class inequality.

### 3.1 The Proletariat Freelancer vis-à-vis the Bourgeois Publisher

A political economic framework would begin by delineating the oppositional class structures within western capitalist society. In *The Communist Manifesto*, all of history is characterized as a product of continual class struggles between the haves and the have nots or the proletariat and the bourgeoisie.[188] The bourgeoisie includes the publishers, the owners of the means of production; the freelancers are the proletariat workers, who write for a pittance. Like the proletariat, the freelancer does not own the required means of production to take her product to market through print and distribution. Rather she must rely on the publishers. In this asymmetrical relationship, the bourgeois publishers are the capitalists, controlling production.[189] Hence arises the very meaning of capitalism,[190] where publishers are in fierce competition with each other vying to take the biggest share from first the print and now the electronic publishing market. Capitalism's most salient characteristic is that, 'the owner of the means of production … finds the free worker available, on the market, as the seller of his own labour.'[191]

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185 e.g. H Collins *Marxism and Law* (Oxford University Press Oxford 1982), A Stone 'The Place of Law in the Marxian Structure – Superstructure Archetype' (1985) 19 Law and Society 50–67, and Drahos (n 12).

186 There are various streams of Marxism, which I will not deal with; Soviet-marxism and Marxist-feminism are but two; see Collins (n 185) who discusses orthodox and new Marxists and their assessment of a future utopia.

187 Some authors have adopted such a critical lens to studying intellectual property law generally: Bettig (n 180) and D Hrynyshyn 'The Rise and Fall of Fair Use: Intellectual Property Rights as Relations of Production' (2003) 68 Socialist Studies Bulletin 5.

188 K Marx and F Engels *The Communist Manifesto* (Penguin Books London 1967) 79. First published in 1848.

189 ibid 92.

190 Marx does not fully define the term but a broad consensus based on his writings can be gleaned: Stone (n 185).

191 K Marx *Capital* (Vintage Books New York 1977) vol 1 274.

In this critical perspective, the freelancer, despite being the initial copyright owner of her product, must sell her product, on the free market. Like the worker in a factory, the freelancer owns her labour-power or means of production (talent and capacity to write) but is obliged to give up her product in order to survive. Through outright assignments or non-negotiable standard form contracts, she must sell her product to publishers. In order to be a published author and to gain recognition, freelancers are forced to relinquish exclusive control of their works. This relationship of dependence is fostered as the freelancer is often contracted to make exclusive engagements with particular publishers. Increasingly, publishers have begun to institute the practice of issuing to their authors standard form letter agreements to capture every past, present and possible future copyright in their favour.[192] While some freelance journalists, such as Nancy Lyon,[193] denounce such subjugation and leave their publishers, many more sign their rights away or frequently, tacitly consent to such exploitation. Consequently, the freelancer must live from contract to contract in a constant state of insecurity and oppression, persuaded by the minimal initial lump sum return. In today's digital economy, the publisher's aim is 'the unceasing movement of profit-making'[194] and it will consequently employ whatever means 'necessary to constitute the mode of production and maintain it,'[195] especially where the continued control of freelance works is concerned.

The freelance author is in a very difficult socio-economic position when viewed alongside other types of 'free' agents who also earn a living through their labour-power. For instance, the freelancer's product differs from that produced by a freelance car-spare-parts maker. Whereas the freelance car-spare-parts maker employs other workers, and in turn sells the goods produced by his workers to larger manufacturing companies, the freelance author is the one and only labourer in the chain of command and exploits only herself. The freelance author sells her labour-power only. The freelance author is subservient to publishers and exploits her own labour for very little in return. Here harnessing and selling labour-power alone is insufficient to warrant a freelancer due reward. The additional resources of capital possessed by a freelance car-spare-parts maker (and the ability to exploit others' labour-power) also provide some of the fuel to their profitability. Because the freelancer owns her labour-power only, she can be perhaps more suitably compared to a factory worker. Still, even a factory worker may in some ways be more advantaged

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192 Ch 2 text to nn 61–82.
193 Ch 2 text to n 87.
194 Marx *Capital* (n 191) 254.
195 J Habermas *Legitimation Crisis* (Beacon Press Boston 1973) 53.

than a freelancer, since the factory worker today may enjoy benefits that often come with union membership.[196]

Besides the obvious talent and capacity to write, freelancers require remunerative contracts. These can only be obtained through fairer bargaining. Fairer bargaining is more likely to take place when freelancers are treated as equals in the deal-making. At present, publishers are not compelled to do so because they can impose terms with impunity. As a result, while it is helpful to have the industry contacts, such as agents for better bargaining, for most freelancers, what may be more helpful will be some other type of intervention, to ensure fairer contracts from their formation to interpretation.

## 3.2 Freelancer Exploitation

### 3.2.1 Undervaluing freelancers and the intricacies of the market

Besides the noted factors of lack of marketability and capital resources, the publisher's value assessment of the freelancer's labour-power may more specifically illuminate the freelancer's exploited position. *Das Kapital*, which describes and prophesies the intrinsic tendencies of the capitalist system, can be applied to understand the inequality in the publishers' freelancer labour valuation. Much like Marx's nineteenth-century worker, the freelancer's earnings alone result in difficult financial living conditions. She gets paid for the work of her print article alone. Her time and effort in writing an article determines its initial 'use' value.[197] However, she does not get paid for the labour-power that is still latent within the article and is recycled by the publishers to create new forms of works.[198] Given that the value of a commodity is the amount of labour it has within itself,[199] freelancers could be justified in owning their works that have been recycled in new media – as capital is value

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[196] Benefits come with employment; e.g. 'Staff writers benefit from unions that ensure that writers receive benefits, salaries and bonuses in proportion to the value of the new digital uses made of their work.' PWAC 'Copyright Reform Process Submissions Received Regarding the Consultation Papers' http://strategis.ic.gc.ca/epic/internet/incrp-prda.nsf/vwGeneratedInterE/rp00247e.html.

[197] In some ways, this aspect of Marx's labour theory of value harkens Locke's inherent entitlement to the 'fruits of one's labour'; K Marx *Capital* Eden and Cedar Paul (tr) (4th edn JM Dent & Sons London 1942) 1–3.

[198] Significantly, since labour need not be direct manual labour, the freelancer's labour – be it talent, language skills, and so on that once went into the making of the article, and that then exists in the article – passes on to the new products it shapes. The circuit of labour capital is as follows: commodity capital, money capital and capital in the productive process (which includes labour-power itself); Arthur (n 184) 98.

[199] R Heilbroner *The Worldly Philosophers* (6th edn Touchstone New York 1987) 156.

in motion,[200] so are their articles containing labour-power. Yet, on this digital recycling, the publisher generates a profit or surplus value,[201] of which none is given back to the freelancer. The freelancer is only entitled to the value of her labour-power, which is what she needs to survive.[202] For Marx, the amount of labour to keep a worker alive determines her worth to society and thus her due.[203] Publishers conveniently determine this figure as the meagre value of the print article.[204] The true value of the freelancer's article is thus purely a social reality based on its exchangeable value and not on its inherent atomistic Lockean-type value.[205] Here Marx's distinction between 'use value' and 'exchange value' is highlighted where use value was the value of the time and effort to write the article, but the real value – exchange value – is the value in which the work will be traded at as a commodity.[206]

For any theory of value to have some meaningful application to society, 'it must take into account the social relations involved in production.'[207] The publisher further justifies obtaining surplus value on the basis that without it, the publisher will no longer be able to contract the freelancer for work. Much like in a factory where the owner pays less for the widget than it sells it for, in order to make a profit the publisher needs to pay less for the freelance article. As a result, the publisher is able to monopolize access to the means of production by retaining future control of the uses of freelance work – whilst paying the freelancer 'in full'. In reality, the value of a written work is gauged by the market, which in turn is operated by capitalists. And so an author's work value, is 'not [her] value … it's the market value, which is in turn determined by what publishers charge.'[208] Consequently, '[t]he system is perfectly "equitable," yet all workers are cheated, for they are forced to work a longer time than their own self-sustenance demands.'[209] Accordingly, the freelancer is

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200 Arthur (n 184) 102.

201 Marx *Capital* (n 191) 179.

202 And so if a worker needs six hours of labour to sustain herself, and if labour is priced at one pound per hour then she is worth six pounds a day. But the labourer who gets a job does not work only six hours a day (which would be just long enough to support herself), she agrees to work longer, in Marx's time a ten- or eleven-hour work-shift. Consequently, she will produce an eleven hours' worth of value but she will get paid for only six. She will thus earn the essential for survival but will make available to the capitalist an extra five hours of labour value; Heilbroner (n 199) 57.

203 ibid.

204 Or more accurately, what an editor feels they can get away with: NUJ 'On Negotiating' http://www.londonfreelance.org/rates/negotiat.html (24 February 2004).

205 Arthur (n 184) xv.

206 Marx *Capital* (n 191) 1–3.

207 Lindsay (n 182) 81.

208 Interview with Mary DiMichele, Canadian Poet (13 March 1998).

209 Heilbroner (n 199) 158.

locked in a position of subservience to the publisher for survival and is disempowered to ask for more than her own worth as a commodity.

Perhaps in this schema wherein the societal value of a worker is calculated based on subsistence, the freelancer could warrant more remuneration if she were to justify that she needs more money to survive. Just as the worker could be paid more than her use value, the freelancer could be paid more for her article(s). To be sure, the publisher could afford to do so and still make a profit since there is more labour-time embodied in the publisher's products than the labour-time which was paid.[210] This scenario, albeit maintaining the capitalist structure, could lead to a rebalanced monetary allocation. But what is meant by subsistence anyhow? Does the freelancer's need to own word processing equipment and have the means to travel around the world for her 'story material' qualify? More often than not, subsistence is an artificial figure determined by owners of capital. And presumably, the capitalist reply, true to its mantra, would be for the freelancer to work more hours and produce more articles. Though of course this says nothing of the continued burgeoning surplus value: more hours and more articles lead to more profit for publishers. A persuasive solution could thus lie in insisting that freelancers (1) should be paid in full for granting copyright or use rights in future works, or (2) *not* grant copyright or use rights in future works. At the very least, the Marxist perspective indicates that currently there is a disproportionate and unjustified benefit going to publishers as they control copyright ownership or use rights of future uses of freelance works.

Importantly, however, the Marxist perspective, much like the economics approach, assumes that there is a market for freelance labour-power. This is not always the case. The freelance market is highly individualistic and exploitation is not identical among different classes of freelancers (for example an award-winning freelance author versus one only starting her career). Many freelancers who write to earn a living cannot do so because there is no available market for their works. This lack of market may exist for any number of reasons including lack of industry contacts and lack of reputation. As a result, when devising solutions to address the imbalanced freelancer–publisher relationship, it is difficult to make sweeping claims applying to all freelance authors. The concern in this book is, however, largely with those freelancers of newspapers and magazines who have published works in certain media (for example print) and see these commodified and marketed in new media.

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210 ibid; publishers who claim that the freelance articles they use are substantially different in digital formats due to their own time and effort also should support this argument.

### 3.2.2 Copyright a tool to advance publishers' profit

*Commodity fetishism* According to the Marxist perspective, publishers have a vested interest to preserve their property rights and use legal constructions such as copyright as a commodifying tool to fuel property division and thus profits.[211] Indeed, it is only when society treats the products of labour as 'exchangeable commodities' that they acquire an economic or exchange value.[212] While Marx did not write about copyright, he wrote profusely on property relations with physical objects in mind.[213]

The omnipresence of capitalism results from a complex network of institutions and ideas that are manifested and guaranteed by law;[214] copyright law and contract law (facilitating the exchange of commodities) provide such guarantees. Whereas before the onset of electronic publication publishers owned copyright only in the collective edition of printed works, currently in extending copyright protection to future freelance works in any media now known or unknown, they have changed who has rights over future uses and thus expanded the range of the commodifiable. By trying to protect abstract objects that do not yet exist,[215] publishers' commodification quest is evident.

Peter Drahos contends that intellectual property is a necessary commodification mechanism to integrate abstract objects and creative labour into the productive life of capitalism.[216] The current national and international expansion of intellectual property rights is an important superstructural formation.[217] Because of fierce competition and the ceaseless search for new markets, international publishing conglomerates use intellectual property law 'to maintain their various forms of power as their mode of production undergoes a profound transformation.'[218] He thus suggests that capitalism has reached a new stage, no longer only commodifying labour-power. For Drahos, '[c]apitalism can continue its historically spectacular commodity production run because through intellectual property law it has re-engineered the possibilities of commodity production.'[219] The capitalists' goal is no longer merely to control physical labour through contract and industrial relations but to

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211 Drahos (n 12) 96.

212 Which as noted is to be distinguished from initial use value: Marx *Capital* (n 191) 1–3; Arthur (n 184) xv.

213 Drahos (n 12) 96.

214 Stone (n 185) 206.

215 Presumably some unknown means of technology could provide an additional unthinkable means of exploitation of freelancers' works, say 50 years from now.

216 Drahos (n 12) 114.

217 ibid 99; see n 226 in this chapter.

218 ibid.

219 ibid 111.

control creative labour via intellectual property.[220] Ultimately, without intellectual property there would be no abstract object to commodify and own and, subsequently, there would be no trade in the market to gain a competitive edge over a rival publisher.[221]

*Class instrumentalism* A Marxist perspective would be critical of the entire copyright regime, as it is an extension of the bourgeoisie's stronghold entrenching freelancers' and publishers' unequal economic relations.[222] Pursuant to class instrumentalism, the legislature is the executive branch of the bourgeoisie, like a puppet parading laws to advance the capitalist or big business agenda and in turn, suppressing the proletariat.[223] Some scholars posit that greater control of copyright doctrine by private interests yields to the erosion of fair use rights and ultimately to a shrinking public domain.[224] Such a spectre is not a result of arbitrary policy decisions, but due to set social forces prescribed by ruling interests. Consequently, those who own the means of production use the law (and the market, legal system, armed forces, police and bureaucracy) to protect their economic interests.[225] In this spirit, the entire copyright structure is steeped in the values of the legal and political superstructure and must be viewed distrustfully when ultimately advancing solutions for freelancers.[226]

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220 ibid; creative labour, inciting more efficient means of production through innovation, such as through scientific discovery, has diminished the role of physical labour.

221 Drahos (n 12) 110.

222 Marx and Engels (n 188) Collins (n 185) 26–7.

223 Collins (n 185) 28.

224 Hrynyshyn (n 187) 9–10 discussing the recording industry's assault on Napster which, by facilitating the copying and sharing of copyright material, may have been a way of balancing the rights of copyright holders or creators and those of the public. Moreover, he contends that while allowing free use of recordings may be difficult to argue, it is unacceptable that DVD encryption prevents someone who legitimately buys a DVD from playing it in whatever machine they wish. These were uses which had long been considered 'fair' but are now prohibited under the DMCA. Ultimately, copyright holders' means of controlling and restricting creative works through technology (sanctioned by copyright law) leads to greater control of creative works in the hands of a powerful few. 'The erosion of the public domain that is kept open for non-commercial interests clearly indicates the fragility of the balance of powers that is concretized in intellectual property laws.'

225 Collins (n 185) 28.

226 The sum of the total relations of production constitutes the material base of society on which rises the legal and political superstructure: K Marx and F Engels *The German Ideology – Part One* (Lawrence & Wishard London 1970) 46–7. The superstructure metaphorically sits above the material base of society and is the ensemble of non-economic activity and thought bound together by laws, government, religion and

There is theoretical discord as to whether class instrumentalism exists.[227] What is the connection, if any, between the material base featuring the proletariat's relations of production and the bourgeois-influenced superstructure? Opponents of Marxism suggest that Marxists wrongly assume individual capitalists to be highly rational pursuers of profit,[228] aware of their class position and in agreement within the class to influence the superstructural formation and deliberately suppress the proletariats.[229] For my treatment of Marxism, while recognizing that a sophisticated theory is necessary,[230] it is sufficient to acknowledge that more often than not there is some type of class agenda at the core of areas of law like copyright, be it calculated or otherwise; and the result is fairly consistent: whatever the benefits to the working class, these are contingent and partial.[231] Alan Stone, who rejects the class instrumentalist thesis, comes to the same conclusion in explaining the presence of essential and biased bodies of law like contract.[232] In the real world,

> legal actors accept the underlying notions contained within essential legal relations in much the same way that table manners are accepted and employed, without rationally considering them or demanding moral justifications.[233]

As such, biases are built into the essential legal relations (for example doctrines of copyright and contract) to help establish and maintain social conformity and extend the coercive mechanism of the law.

### 3.3 Estrangement

It cannot be said with certainty that freelancers are alienated in the Marxist sense – where workers become alienated from their environment, [234] the products of their labour, [235] and themselves.[236] Even so, some similarities can be

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philosophy. It is created by the material base, but at the same time seeks inherently to change it. Hence the concept of 'dialectical materialism' wherein such a society is in constant change: Marx and Engels (n 226) 131, 149; Heilbroner (n 199) 144–5.

227 Drahos (n 12) 99.

228 ibid 106.

229 More orthodox versions of Marxism subscribe to 'crude instrumentalism' where there is a clear connection between base and superstructure: Collins (n 185) 40; Drahos (n 12) 103.

230 Collins (n 185) 32.

231 e.g. Stone (n 185) 215.

232 ibid.

233 ibid.

234 Arthur (n 184) 103.

235 ibid.

236 K Marx 'Estranged Labour' in ML Morgan (ed) *Classics of Moral and Political Theory* (Hackett Publishing Company Indianapolis 1992) 1156–62, 1159; Drahos (n 12) 101.

drawn. Marxists would argue that many freelancers increasingly work in estranged conditions, forced to publish in ever competitive circumstances where they must relinquish control over their future copyright. Irrespective of being cast as the new creative labourers, or irrespective of the existence of class instrumentalism, freelancers arguably end up like any other member of the working class – in grim conditions detached from their work product. Like the makers of widgets they will no longer own their work product once completed and will be exploited by publishers in new media.[237] Dietrich Loeber observes that creative work is exploited to undermine its creator,

> as private entrepreneurs purchase it, they 'permanently' detach the intellectual product from its creator. The capitalist buyer determines the purchase price and uses the work to make a profit at the expense of the author. In this way, the buyer holds the author in a state of economic dependence and thus exploits him.[238]

Through contractual relationships, the freelancer's subordination and estrangement intensifies. Indeed, many need permission to use their own work.[239] Furthermore, many are conditioned to produce works ideologically complementary to the publisher's mantra, which more often than not does not include anti-establishment content.[240] With this legal and philosophical detachment from one's work comes one's estrangement from one's self. And so irrespective of what view of freelance labour is adopted, whether creative or physical, the results are arguably the same: copyright is a commodification tool, freelancers sell their labour to yield valuable commodities for publishers to exploit for profit. One is thus led to wonder how free the freelancer really is.

### 3.4 Freelancer – An Oxymoron?

A Marxist would ultimately question the accuracy of the freelancer's copyright classification as an independent contractor when seen against her functional relationship with publishers. Indeed, 'real relationships may be quite

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237 Drahos (n 12) 113.

238 D Loeber 'Socialist Features of Soviet Copyright Law' (1985) 23 Columbia J Transnational L 292, 297.

239 Many contributors to periodical publications (especially in science) often need to ask the periodical for permission to circulate their own works (e.g. for educational purposes at conferences). On a larger scale, citizens often need permission to reproduce their own country's laws: B Martin *Information Liberation* (Freedom Press London 1998) 31 arguing that '[p]ublicly funded information is "privatized" and thus not freely available.'

240 Martin (n 239) 125–36.

contrary to what they appear.'[241] As explored in Chapter 2, the freelancer is legally an independent contractor but for all intents and purposes functions almost like a dependent employee.[242] Freelancers become dependent living from assignment to assignment.[243] The term freelancer is arguably an artificial definition used to maintain control and keep the freelancer as a vulnerable and exploitable commodity. The very appellation of *free*lance may add to the obscurantism, denoting independence. Perhaps the freelancer–publisher inequality is in part exacerbated by the perceptions on both sides. The freelancer thinks there is something special being done when written work is the product of labour – they are not making just widgets. Likewise the publisher purports to be in the noble business of delivering literary works.[244] For the Marxist, when devising solutions the utility of such legal classification must be under scrutiny.

### 3.5 Change for Freelancers: Relative or Non-existent

A Marxist analysis in relation to the freelancer would be remiss without some glimpse of its views on attaining social change. After all, in contrast to the natural law and economic theories, critical legal theories attempt to find a way to resist philosophies that support the status quo and to outline ways to mobilize social change.[245] For some Marxists, any legislative change for the proletariat is piecemeal since the government is in a state of relative autonomy.[246] Pursuant to this concept, the ruling class, which shares a dominant ideology, controls the government but cannot do so too oppressively without risking social divisions or conflict. As such, the ruling class permits a degree of struggle within the state and will give some concessions in favour of the proletariat. Labour laws are typically cited as an example.[247] In copyright, the adoption of moral rights into many common law jurisdictions can be viewed as a further instance; yet even such rights are ultimately often waived through contract.[248]

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241 Arthur (n 184) xi on Marx in *Das Kapital*.

242 Here the Italian word for worker, '*dipendente*' rings most true; see ch 2 text after n 106 on discussion of independent contractor and employee.

243 Pun of course intended.

244 J Baumgarten 'What Publishers Need in International Copyright Treaties' [1992] PRQ 12, 13.

245 e.g. Collins (n 185).

246 ibid 49.

247 ibid.

248 Albeit one cannot waive moral rights in some jurisdictions such as France: *Consorts Huston et autres v Ste Turner Entertainment* (1991) 149 RIDA 197 (CA Versailles). See P Goldstein *International Copyright* (Oxford University Press Oxford 2001) 117–18.

The ruling class 'defines the issues to be discussed and delimits the range of possible solutions.'[249] The government is autonomous but only relatively speaking to bourgeois interests. New laws will generally support the dominant ideology.[250] According to these limits, it may be difficult to establish new freelancer-friendly laws. And so this critical perspective must ask: do freelancers want to nonetheless advocate for some piecemeal legislative change within the existing capitalist structure?

Besides mobilizing change for freelancers through the legislature (however piecemeal), a Marxist would question whether this change is even possible through other mechanisms such as the judiciary. In Marxist terms, the judiciary is also an instrument of the bourgeoisie. And pursuant to the concept of relative autonomy, while freelancers have on the most part won court cases obtaining continued copyright control over their works, such are also mere concessions. Freelancers' interests will thus unlikely be truly represented in the law, including the common law, since as the disenfranchised they do not form part of the ruling class interests. According to Stone, judges on balance, although inconsistently, serve to protect and further an unequal allocation of resources in society.[251] And so, alongside the state, judges and lawyers all somewhat reflect the dominant ideology. Even when lawyers battle in the courtroom and judges rule in favour of freelancers, publishers – the ultimate rulers – proceed to purge their articles from online databases.[252] Such a grim picture undermines the prospects of any type of judicial or lasting legislative change.

The Marxist lens finally highlights a paradox for freelancers' struggle to retain control over their works. By seeking continued copyright control over their works and therefore the desire to gain royalties, freelancers embrace the legitimacy of the copyright system and the legitimacy of the market.[253] But the 'free market' is the very system that operates to thwart freelance interests on the basis that 'competition will reward the individuals who can meet a demand at the lowest cost.'[254] Ultimately, the market model is an artificial creation which legitimates the 'accumulation of wealth by the few' mantra which is the 'heart and soul' of capitalism.[255] And so unlike the economic philosophy, inherently based on the free market, the view that intellectual property law

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249 Collins (n 185) 72.

250 ibid 73.

251 Stone (n 185) 220. Albeit he does not believe that such is calculated and due to a shared dominant ideology.

252 Ch 7 text to n 69.

253 Martin (n 239) 48.

254 H Glasbeek *Wealth by Stealth* (Between the Lines Toronto 2002) 19; Martin (n 239) 44–5.

255 Glasbeek (n 254) 19.

functions to motivate and reward the creative proletarian would be 'an ideological fairy tale designed to hide the systematic exploitation of creative labour in the capitalist mode of production.'[256] Freelancers offer their work for sale out of necessity, not because they are motivated by copyright protection. In other words, intellectual property is 'primarily about the organization and maintenance of production and a set of economic relations rather than an incentive to production by individuals.'[257] This pro-industry perspective was present historically as well.[258] As a result, copyright, or rather the copyright economy cannot be seen independent of its socio-economic and historical relations.

### 3.6 Conclusions

Seen against the natural law and economic perspectives, the Marxist approach illuminates the imbalanced material and power relationship between freelancers and publishers. The Marxist perspective identifies freelancers and publishers as economically dependent and vulnerable within capitalism: a system in which labour-power becomes a commodity due to a propertyless class of workers who have no alternative but to sell their labour as a 'literary' commodity in the free market.[259] Freelancers' unpaid labour is the fuel for capitalism's modus operandi. More fundamentally, capitalism's regenerative ability allows it to colonize new discourses.[260] Capitalism, with the ruling class at the helm, is on a ceaseless quest to find new techniques of exploitation.[261] For the freelancer, this revelation is fundamental since the issue of recycling old works in new media is not a problem that will go away soon.

The Marxist paradigm does not support the market-driven copyright regime since it further cements the subordination of the labourer-author vis-à-vis the publisher-owner.[262] The solution may thus lie outside the copyright market. Indeed, since capitalist societies generally embrace a fetishist outlook on the law,[263] solutions may include non-legal mechanisms. Irrespective of the obvious counter-arguments about the feasibility of such options, which will be returned to in the next chapter, at this juncture, I argue that the Marxist lens

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256 Drahos (n 12) 101.
257 ibid 100–1.
258 Ch 3 text to nn 38–59 on the genesis of the Statute of Anne.
259 Heilbroner (n 199) 165.
260 M Foucault *The Archaeology of Knowledge and the Discourse on Language* (tr) AM Sheridan (Pantheon Books New York 1972) 216.
261 Drahos (n 12) 105.
262 Martin (n 239) 45–6.
263 Collins (n 185) 10.

not only exposes the copyright industry as one largely favouring capitalist publishers, but also exposes the difficulties in crafting solutions especially (and solely) via copyright.

### 3.6.1 Silences

The Marxist thesis falls short in some respects. While essential to a probing understanding of the freelancer–publisher relationship, Marxists only examine the categorical relationships between the parties. They tend to neglect the non-economic variables. For them, there is a clear material demarcation amongst the publisher and freelancer classes. But in practice borders often blur as many publishers are freelancers and vice-versa.[264] Also factors such as reputation could considerably bolster the freelancer's income. Although there are few Iris Murdochs, some Canadian freelance poets like Mary DiMichele can make more than some publishing houses, albeit small houses.[265] And Stephen King was able to self-publish. Dire conditions may moreover be escapable through stronger bargaining positions. Authors' rights can depend on negotiation. By contract the parties can negotiate better deals and specify terms such as royalties and uses of works.[266] Nor need contracts be oppressive agreements: they can be voluntary. To deny this possibility is to deny one's agency.[267] Like the ruling classes, freelancers do not all subscribe to a set social consciousness; they can chart their own destiny. As seen in Chapter 2, Lyon decided to quit her column. And since contractual arrangements are one of the main features of a copyright regime and the capitalist structure generally, such decision-making could undermine Marxist forecasts of power imbalance. And where do users fit in? What class do they comprise? Most publishers and freelancers are also users. In categorizing classes and agendas, Marxists overlook many more factors.[268]

Nonetheless, such factors cannot completely invalidate the Marxist approach in describing the imbalanced freelancer–publisher relationship. Most authors will seldom be publishers, while most publishers can more easily become authors. Besides publishers' owning the actual means of production, literary agents, who give authors credibility and bargaining power, do not

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264 Feminists have written on the concept of agency: E Schneider 'Feminism and the False Dichotomy or Victimization and Agency' (1993) 38 New York LRev 387.

265 It can of course also be said of utilitarian theories that most authors cannot be said to write incentivized by money. Passion, fame, ego, creative outlet, hobby, all are other common reasons explaining the itch to write and publish. Though such is not my concern since my purpose is to study those that do write to earn a living.

266 Interview with Barry Callahan, Toronto's Exile Magazine (10 March 1998).

267 Schneider (n 264).

268 Indeed for Hrynyshyn (n 187) users are also protagonists.

represent most authors. Some freelancers are high-earners but they are the exception. Moreover, self-publishing cannot currently provide freelancers the exposure and revenue for them to earn a decent living.[269] Publishers, more so than freelancers, possess sophisticated bargaining and knowledge bases and, consequently, can more easily maintain their dominance.

### 3.6.2 The merits

Irrespective of the noted disadvantages, as I attempt to devise an equilibrated theory some key Marxist attributes need to be kept in mind:

- Goal-oriented: in contrast to the former theories that were internally inconsistent and double-edged, the Marxists' goal is clear – expose and tackle ruling-class interests.
- Copyright protection: copyright is not easily justifiable since it does not entirely exist to promote creation of works, and increase the development of ideas, but for Marxists, serves more to advance the interests of the ruling class.
- Copyright solutions: the Marxist approach nonetheless invites exploring more solutions outside copyright, which need not lie in law exclusively – as we need not subscribe to a fetishism in the law. This approach would not have to undermine the benefits of maintaining a copyright culture.
- Definitional problem in term *free*lance: the Marxist approach does not see the freelancer as free or independent, but rather as more oppressed than the employed worker who benefits from some concessions. Solutions are necessary which restore freelancers to a state of practical independence vis-à-vis publishers.
- Estrangement: a problem of copyright-capitalist cultures may be estrangement. As a result, societal forces such as strong pro-freelancer organizations are important. The theory thus highlights the necessity of freelancer groups to participate in the solution process.
- Balancing gains: within capitalism, a disproportionate benefit goes to publishers as they control future use of works. The solution may lie in legislation providing that (1) freelancers be paid in full for granting copyright in future works, or (2) that they not grant any copyright in future uses. Certainly more robust pro-freelancer contracts are necessary.
- Bargaining power: the Marxist perspective illustrates the freelancer–

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269 Ch 2 text to n 95.

publisher material imbalance which may be addressed via negotiation; ironically, negotiation is also highly dependent on 'independent' and free bargaining.

Having examined a perspective that speaks more closely to the freelancer's legal and socio-economic and historic subordination, it is appropriate to analyse a more contextual view dealing with the important copyright management issue affecting freelancers: contract. Indeed, the last two points listed above appositely lead to such a discussion.

## 4. CONTRACT THEORY

In theorizing about contract law, it becomes impossible and undesirable to isolate contract law from its history. It is equally impossible to have a defined disciplinary framework since contract theory is multidimensional and anti-theoretical.[270] For Jay Feinman, contract theory commonly features arguments of authority, rights, utility, policy and fairness.[271] The law of contract was designed to facilitate the enforcement of private bargains arranged between parties. Atiyah's kaleidoscopic overview of the law of contract traces its modern development to the eighteenth and nineteenth century, steeped in natural law and laissez-faire ideology.[272] Marx associated the 'growing importance of contracts as a source of legal rights with the expansion of the market as a form of economic organisation.'[273] Contract law's appeal to several legal theories and, in particular, to economics scholars, is thus understandable.[274] Adam Smith in his *Wealth of Nations* (1776) offered the first sustained account of economic affairs, heralding the cause of freedom of trade against that era's prevalent economic protectionism: freedom of contract was embraced as an ideal of classical economic theory and classical contract law.[275] Freedom of contract featured two closely interlinked yet distinct ideas: (1) contracts were

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270 J Feinman 'The Significance of Contract Theory' (1990) 58 U Cin LRev 1283, 1295.

271 ibid.

272 PS Atiyah and S Smith *Atiyah's Introduction to the Law of Contract* (6th edn Clarendon Press Oxford 2005) 9–11.

273 A Kronman *Max Weber* (Edward Arnold London 1983) 96.

274 e.g. J Coleman *Markets, Morals and the Law* (Oxford University Press Oxford 1998) 67–8 and C Veljanovski and D Harris 'The Use of Economics to Elucidate Legal Concepts: The Law of Contract' in T Daintith and G Teubner (eds) *Contract and Organisation* (De Gruyter Berlin 1986) 109–18.

275 J Beatson *Anson's Law of Contract* (28th edn Oxford University Press Oxford 2002) 4.

based on mutual agreement, and (2) the creation of a contract was the result of a free choice unhampered by external control such as government or legislative interference.[276] In other words, there should be no liability without the consent embodied in a valid contract. This second and negative aspect of freedom of contract narrowed the scope of the law of obligations dealing with liability imposed by law.[277] The assumption was that the parties were independently willed and sophisticated and had equal opportunity to enter such bargains to maximize their individual interests. Besides the obvious categories for which the nineteenth-century law made special provisions, such as persons below the age of capacity and lunatics, the law assumed that if a person entered into a burdensome contract, 'he had only himself to blame because there was freedom of contract and he could have gone elsewhere.'[278] Freedom of choice as manifested through the intention of the parties was thus at the root of freedom of contract in its classical form. And individualism was at the root of the justifications commonly advanced for freedom of contract.[279]

In the case of freelancers, freedom of contract is an illusory concept for the reasons already discussed, starting from freelancers' inequality of bargaining power to the currently imposed non-negotiable standard form contracts.[280] Yet the examined copyright law pertaining to freelancers, especially in North America and the UK, lacks an appreciation of this deceptive reliance on freedom of contract and on the fairness of the free market. Freelancers are thought to be free and capable of entering into their own bargains to maximize their interests. As explained in Chapter 6, the only recognition that copyright law extends to ambiguous copyright transfers is to require that assignments and exclusive licences be signed and in writing. Such provisions do not tackle the problem, especially when freelancers commonly have to assign virtually all their increasingly lucrative rights in order to enter the market.

Just as the law of contract has changed to include a wider range of interests, copyright law (and essentially copyright contract) can also do so in the treatment of freelance works. Indeed, several scholars posit that contract law has had to adapt and be seen in a more flexible light.[281] Commentators have specifically denounced freedom of contract especially to the extent that it assumes freedom of choice.[282] Though parties may be legally free to enter into

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276 Atiyah (n 272) 11.
277 As in tort and restitution; see Beatson (n 275) 4.
278 Atiyah (n 272) 16.
279 S Wheeler and J Shaw *Contract Law* (Clarendon Press Oxford 2001) 36.
280 Ch 2 text to nn 61–82.
281 Beatson (n 275) 4.
282 Atiyah (n 272) 16–17.

any contract they please, they are not actually or economically free.[283] As first recognized in the nineteenth-century copyright contract caselaw in Chapter 4, parties do not always know what will be advantageous, and some 'have a talent for exploiting the ignorance or the dire need of their neighbors to make the latter agree to almost anything.'[284] The German Federal Supreme Court also recognized this informational imbalance.[285] While it would be interesting (and perhaps obvious) to canvass various other critical scholars from feminist to post-modernist literature denouncing freedom of contract and in turn classical contract theory, I shall confine the discussion to the historical decline of freedom of contract in contract law. In doing so, I shall outline the reasons why this decline should also occur in copyright law.

Atiyah notes three main factors for the decline of freedom of contract: (1) the widespread use of standard form contracts, (2) the declining role of free choice and intention as grounds for legal obligation, and (3) the growth of consumer protection.[286] As seen in Chapter 6, the UK copyright contract law retains a strong thread of the classical law and a staunch commitment to the principles of party autonomy.[287] Many parallels can be drawn from the historical changes in the decline of freedom of contract to the present modus operandi of freelancers and publishers. Indeed, just as legislative intervention was eventually necessary to redress the deficiencies of contract law (because of freedom of contract), similar mechanisms can be instituted to redress the current deficiencies in copyright law – as copyright law also unduly relies on freedom of contract. The examined nineteenth-century UK copyright laws and various continental European laws recognized such deficiencies and intervened by changing their copyright laws.[288]

### 4.1 Standard Form Contracts

Just as in the nineteenth century, where due to industrialization and the growth of mass commercial market activity most contracts were no longer individually negotiated or custom-made, in today's digital era freelancers are increasingly subject to standard form contracts. Atiyah maintains that historically, while the advantages of saving time, trouble and bargaining expense were clear, there was no longer any agreement in any real sense. Many contracts

283 M Cohen 'The Basis of Contract' (1933) 44 Harv LRev 553, 562–4.
284 ibid.
285 Ch 8 text after n 36.
286 Atiyah (n 272) 16-19.
287 Wheeler and Shaw (n 279) 55. The proof is in its repeal of reversion for authors who were thought to be treated like puppets in leading strings.
288 As discussed in chs 4 and 6.

became unilaterally imposed on a 'take it or leave it' basis, with no real freedom to negotiate or choose one's terms. What is more, the organization supplying the contracts had every advantage over the individual: large resources, the best legal advice and draftsmanship, and 'knowing that the individual, squirm as he might, could not really do without its services.'[289]

Freelancers are equally subject to publishers' non-negotiable standard form contracts. Either they accede to unfavourable terms or risk their works not being published or being purged. Freelancers who attempt to earn a living through their works cannot be fussy: they must 'negotiate' publishing contracts with whoever will pay a meagre sum for their works.

### 4.2 The Declining Role of Free Choice

Besides the historical realization of widespread lack of bargaining power, the declining belief in freedom of choice became attributed to the nineteenth-century growth of monopolies and restrictive practices.[290] Such a system led to unacceptable and unjust results.[291] A case in point is the monopolistic control of landowners in rural Britain owning almost all of the parishes. Eventually rents increased while low-earning labourers were evicted or had to abandon their homes, leading to mass overcrowding elsewhere.[292] Trade unions also challenged freedom of contract; joining a trade union compelled a person or a business wishing to exercise their trade to enter a contract.[293] But as Atiyah states, politicians and businessmen viewed such restrictive practices as necessary and misunderstood the results of such practices.[294]

Likewise freelancers are also subject to publishers that dominate the publishing market and leave little room for publishing variety. And as discussed, when freelancers do publish with the few publishers, they are subject to harsh unilateral terms. In common law and civil law jurisdictions, freelancers have on the most part not been subject to trade unions.[295] Perhaps

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289 Atiyah (n 272) 18.

290 Between the years 1870 and 1950 specifically; Atiyah (n 272) 20–1; PE Frankel 'Laissez Faire in Nineteenth-Century Britain' *Literature of Liberty* (1980) in Library of Economics and Liberty http://www.econlib.org/library/Essays/LtrLbrty/fplLNB1.html.

291 Atiyah (n 272) 22.

292 JC Smith 'The Dynamics of Landlord and Tenant Law and Residential Finance: the Comparative Economics of Home Ownership' (1993) 44(3) Wash UJ of Urb and Comtemp L 10, 10–11.

293 Atiyah (n 272) 24.

294 ibid.

295 But this may be changing as some concept of collective bargaining is contained in Canadian, Québec, French and German legislation: ch 6.

legislators today also misunderstand or overlook the current conglomeration of largely restrictive publishing practices.[296]

### 4.3 Consumer Protection and General Statutory Intervention

In nineteenth-century Britain, any inequalities between the parties were strictly political matters to be resolved by Parliament, and government was not very interested in redistributing wealth.[297] But by the twentieth century, Parliament started using legislation as a way to protect consumers, thereby interfering with freedom of contract.[298] The Unfair Contract Terms Act 1977[299] significantly restricted the use of exemption clauses, whereby parties availed themselves from legal liability.[300] To this end, increased consumer protection contributed to both the decline in freedom of contract and ways for using contract law to address societal deficiencies.

Governments across the Western world have similarly enacted statutory restrictions to regulate a host of unequal relations from consumer protection,[301] to landlord and tenant relations[302] and employer–employee relations to ensure that employees were protected against unfair dismissal.[303] Statutory restrictions on discrimination on the grounds of sex and race have also been enacted.[304] Today contract law is arguably more cognizant of inequalities between the contracting parties, accepting more of a *distributive* concept of justice.[305] These initiatives could continue to spread in copyright law, as seen with continental Europe and importantly (and ironically) as once seen in the UK.[306]

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296 The common law doctrine of restraint of trade and competition law were considered in ch 9 text to n 25 and n 107 respectively, but their applicability to freelancers was still premature to assess.

297 Atiyah (n 272) 16.

298 Beatson (n 275) 4.

299 More recently, the Unfair Terms and Consumer Contracts Regulations (1999) SI 1999 No 2083 implementing EC Directive on Unfair Terms in Consumer Contracts (93/13 EEC).

300 Atiyah (n 272) 24.

301 Saskatchewan's Consumer Protection Act SS 1996 c C-30.1.

302 e.g. Rent Act 1977 (as amended by the Housing Act 1988) in particular and the Landlord and Tenant Acts 1985, 1987 and 1988.

303 Beatson (n 275) 5.

304 ibid.

305 The law of obligations was traditionally concerned with corrective justice, putting things right if things had gone wrong as a result of a breach: Atiyah (n 272) 16.

306 e.g. Ch 4 text to n 8 (1842 Act) and n 23 (1911 Act).

### 4.4 Judicial Redress

Besides the noted legislative mechanisms enacted, contract law also evolved through increased judicial intervention in the private ordering of business. Contractual liability, like all other liability, did not arise exclusively from individual's choice but also from the court's imposition and enforcement of legal obligation as a matter of public policy. A contract was binding because the court determined that imposing liability served the social interest, not due to the individual's voluntary assumption of liability. Moreover, it was no longer plausible to argue that the parties' words solely defined the scope of liability. Feinman argues that 'courts had to interpret, fill gaps, and even impose pre-contractual and quasi-contractual liability, either to make the parties' contract meaningful in its commercial context or to serve social interests other than individual choice, such as fairness.'[307] As examined in Chapter 9, courts may indeed hold contracts that are unconscionable or made under undue influence to be unenforceable; they consider values of fairness and the interdependence of the parties, rather than merely the parties' actual agreements, however clear these may be.[308] Contract law has been made more flexible to deal with such social inequalities. There has also been an expansion in the law of obligations. Particularly, the law of tort and the law of restitution often upstage or overlap areas of contract.[309] Despite some fundamental differences between these doctrines, both protect reasonable reliance interests absent any contract and respectively compensate their victims and deprived parties.

Classical contract law celebrating freedom of contract took little notice of the socio-economic pressures which virtually forced a person to enter a contract,[310] and is being gradually redressed. Similarly current copyright law, especially in common law jurisdictions, takes little notice of the freelancers' disadvantaged position and is equally meritorious of some action. Indeed, today freedom of contract or, more appositely, neoclassical contract law is 'generally regarded as a reasonable social ideal only to the extent that equality of bargaining power between contracting parties can be assumed, and no injury is done to the economic interests of the community at large.'[311] Contract law attempts to balance individual ideals of classical contract with communal standards of responsibility to others.[312] Legislators and courts weigh values of 'liberty, privacy, and efficiency against the values of trust,

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307 Feinman (n 270) 1286–8.
308 ibid.
309 e.g. unjust enrichment discussed in ch 9 text to n 82.
310 Atiyah (n 272) 16–17.
311 Beatson (n 275) 4.
312 Feinman (n 270).

fairness, and cooperation, which have been identified as important by post-classical scholars.'[313] Copyright law too should weigh the interests of users, owners, authors of copyright works and the general public and not turn a blind eye when the scales tip too far towards publishers asserting themselves as owners.

More to the point, if it is assumed that equality of bargaining power for freelancers is largely lacking for the discussed reasons, then freedom of contract cannot be regarded as a reasonable or realistic social ideal for them. As in other areas of the law, where statutes interfere with the freedom of the parties to contract as they like,[314] express laws addressing the interpretation of ambiguous new use clauses can, with justification, be put in place in copyright law. And here it may be irrelevant whether we are dealing with common law countries thought to be less author-friendly. As I have shown this has not always been completely the case[315] and there is evidence that the two copyright systems may in some ways be converging.[316] It is submitted that it is precisely because the common law is currently laissez-faire in its copyright law that intervention is necessary.

In the case of freelancers, the goal is to strengthen their copyright contracting position. Appeal to the current critical vein acknowledged in contract philosophy can justify the: (1) introduction of copyright contract legislation to protect the interests of freelancers vis-à-vis publishers, (2) establishment of common law contract principles for the judiciary comporting with copyright law, and (3) development of other mechanisms to work with copyright law. These solutions can uphold key concepts from the examined philosophies and will be applied in the next chapter on solutions.

## 5. FINAL CONCLUSIONS

This chapter has sought to formulate a freelancer–publisher equilibrated copyright theory. The two predominant justifications of western copyright law were first examined: natural law and economic theory. Many pro-author and pro-publisher advocates have respectively relied on these arguments. Yet both

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313 ibid.

314 Employers and employees have been protected against unfair dismissal; the public has been protected against hefty rent increases with the Rent Acts: Beatson (n 275) 5.

315 e.g. the 1842 Act in the UK.

316 G D'Agostino 'The Globalisation of Copyright: a comparative analysis of the Anglo-American and continental European copyright laws in relation to the Author' (2001) 2 Hibernian LJ 35.

theories undermine their purported aims: natural law theory supports a publisher's claim, and economic theory a freelancer's claim. Guided by the principle that the scales favour the publishers' side, I suggest that a new, more transparent and balanced framework is necessary. To start, I advance a freelancer–publisher equilibrated theory based on the theoretical merits of natural law to freelancers on the one hand, and, on the other, the limitations of the economic theory for publishers.

The merits of natural law include that (1) freelancers are justified on some basis in possessing a continued property right in their works (for example through the stowaway option to undermine parasitic publishers' motives,[317] arguably, self-preservation and necessity),[318] (2) it may be wasteful for publishers to have continued control over freelance works, (3) freelancers should not be unduly harmed by the wrongful taking of their works laboured on to earn a living, and (4) the burden of proof in any case of ambiguity would rest with the would-be entrant or publisher.

The merits of the economic theory include that (1) freelancers may also be motivated by financial incentives in order to foster creation, (2) transaction costs may be lowered for publishers who afford freelancers compensation for new unforeseen uses and specify intended uses of their works in more express licences, and (3) legal intervention may be justified where (a) freelancers lack leverage to obtain adequate licence fees, (b) publishers' assumed control may have led to monopoly control thus hindering perfectly competitive market conditions,[319] and (c) economic systems may not be functioning at an optimum level.

However, these concepts alone are unappealing. First, they are double-edged and internally inconsistent: they can be used for and against the same end – justifying copyright protection. For instance, the ambiguities of natural law are seen with such concepts as: the uncertain basis for ownership rights, the type and proportion of labour necessary to constitute a property claim, what is in the commons, and the parties' motives and agency-type relationships. In the economic theory, the lack of empirical evidence as to which party is best able to allocate resources through copyright protection suggests that either party (or neither) would be in the best position to do so. Indeed, neither theory makes an unequivocal claim as to which party should have continued control over freelancers' copyrights.

Second, and perhaps more importantly, these two predominant philosophies do not completely address the fundamental problem underpinning the freelancer–publisher relationship: inequality of bargaining power. Parties with

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317 Text to n 65 in this chapter.
318 Text to n 61 in this chapter.
319 Text to n 140 in this chapter.

some degree of market power such as publishers are often able to benefit from any surplus flowing from the continued use of freelance works due to ambiguous, or currently unilaterally imposed, contracts. Copyright in the common law, in particular, does not clearly address what to do with ambiguous conveyances of new uses of freelance works. Copyright's extent of recognition for such a problem is its provision that assignments and exclusive licences be signed and in writing. Provisions like the publisher's privilege clause in section 201(c) of the USCA invite everlasting litigation yielding more of a pyrrhic victory.[320] Complementary, and causally related to this legislative shortcoming, is copyright's inability to deal with the imbalances in bargaining power that affect transfer of rights between parties. Aside from normative questions of whether copyright ought to address such objectives – I argue it ought to, but not by itself – there is insufficient theoretical grounding at least in the dominant justifications for this balancing objective. This unequal relationship is illustrated particularly well in political economic Marxist thought, which posits freelancers as the weaker party.

According to Marxist analysis, the freelancer sells her labour-power and is locked in a position of subservience to the publisher, disempowered to ask for more than her own worth as a commodity. One should therefore be cautious in acclaiming copyright protection as the exclusive panacea for authors' rights, if for no other reason than there is a disproportionate benefit accruing to the exploiters of copyright. Copyright law is seen mainly to protect ruling-class interests. Accordingly, this critical theory, that too has its drawbacks, at the very least invites exploring more balanced solutions within copyright law and outside copyright law. In part, this means that solutions should also be entertained outside of the common justificatory copyright framework. Consequently, some other theoretical perspective specifically addressing this imbalance is necessary.

Commensurate to the operation of copyright law and its impact on the freelancer–publisher relationship is contract law. Much as contract law evolved to be more cognizant of the inequalities between the contracting parties, accepting more of a *distributive* concept of justice, copyright should evolve and become more conscious of its responsibilities to balance and address its diverse palette of interests. Indeed, an examination of contract theory, and the historical evolution of contract law and its recognition of the injustices of freedom of contract, points to some concepts that could yield a more critical, tailored and equilibrated perspective. These include: (1) to introduce copyright contract legislation to protect the interests of freelancers vis-à-vis publishers, (2) complementing copyright law with common law contract principles for the

320 e.g. *Tasini* Aftermath; ch 7 text after n 67.

judiciary, and (3) to develop other mechanisms to work with copyright law. These possible solutions, which are entrenched in principles of contract law while upholding key principles from the copyright philosophies, aim to strengthen freelancers' copyright contracting position. These possible avenues will be examined in more detail in the next chapter on solutions.

# 11. Equilibrated solutions

*I tell them there is no problem, only solutions.*
John Lennon, Watching the Wheels

There are many potential avenues to pursue towards a balanced copyright treatment of freelance authors. In the interests of time and space, I shall confine this chapter discussion to the UK, but these suggestions can (and should) also speak to the other examined common law and civilian jurisdictions. Through the analysis of copyright history, legislation, jurisprudence and philosophy, I have examined the imbalanced power relationship between freelancers and publishers and, more specifically, the (unfair) exploitation and management of freelance work in new media. I showed how copyright law in the UK and North America has virtually no rules governing copyright contract, so that publishers have *carte blanche* to contract with authors. This bargaining results in vast inequalities, since freelancers invariably lose control over the exploitation of, and gains from, their works. I also showed that this laissez-faire approach was not entirely the case in nineteenth-century (supposedly laissez-faire) Britain where some notable copyright restrictions attempted to balance the rights of authors vis-à-vis publishers. While continental European countries currently feature various express copyright contract provisions, setbacks occur with the establishment of a foreseeability principle which favours publishers. The problem remains one of copyright (mis)management.

The symptoms of this mismanagement are illustrated in the various disputes across the UK, North America and continental Europe as freelancers attempt to reclaim their copyrights through copyright infringement claims. While freelancers are mainly successful, and various judicial interpretive tools are applied, legislative inadequacies in North America especially do not allow courts properly to resolve fundamental copyright contract issues between freelancers and publishers. Moreover, as seen in *Tasini*'s aftermath, through private ordering, publishers emerge victorious by purging freelancers' works or demanding that freelancers forgo compensation.

Chapter 10 attempted to set a foundation for advancing solutions for a more equilibrated copyright system for freelancers. In doing so, I critically evaluated freelancer–publisher arguments and developed an equilibrated theory: a more balanced theoretical framework where the interests and gains of freelancers, which have been long neglected in copyright discourse and practice,

are brought forward to approximate those of publishers. And so this chapter begins where the other concluded: by advancing a critical, tailored and balanced perspective through copyright law. Various solutions are proposed to reform copyright law in the legislatures and the courts and ameliorate stakeholder practices. As stated in the introductory chapter, the issue of copyright ownership and control of works in new media is not exclusive to freelance authors but also affects other creators in the copyright industry. From this perspective, these solutions may have wider applicability in other copyright sectors and between various stakeholders grappling with this issue, for example, the film and music industries.

This chapter is organized in four parts. First, I propose legislative intervention through the copyright act (that is, the UK's CDPA) and, alternatively, through sui generis legislation, such as a UK freelance author act. Efforts to obtain such reforms should take place at three levels: national, regional and international. Second, I suggest judicial interpretive tools to decide potential freelancer cases. In order to assess the legislative and judicial proposals, the third part of this chapter will test these against the analysed case law. How would the *Tasini* or *Robertson* courts have ruled had it been subject to the proposed mechanisms? Fourth, I look at mechanisms outside copyright law that can, and should, work with copyright law. Ultimately, these recommendations attempt to reconcile the historical findings from my analysis in Chapters 3 and 4; remedy legislative apathy and inadequacy (as seen in Chapters 5 and 6); correct judicial deficiencies (Chapters 7 and 8); address a potential UK freelancer dispute (Chapter 9); and finally apply the equilibrated theory (Chapter 10). The overall purpose of this chapter is to advance legislation to tackle the interpretation of ambiguous new-use clauses and propose other general mechanisms to equilibrate the interests of freelancers and those of publishers at the bargaining table, in the legislatures and in the courts.

## 1. SOLUTION 1: LEGISLATION

### 1.1 A UK Pro-Author Default Rule

Choosing to do nothing by leaving the issue in private hands and in the courts will not solve the freelancer problem. In Chapters 6 and 9, I showed how the CDPA offers very few provisions to protect authors, let alone provisions to interpret copyright contracts. In Chapter 4, I illustrated that this was not always the case in nineteenth-century Britain. Copyright predecessors contained various useful provisions which tempered publishers' freedom of contract. These provisions, or at least important principles from these, should ideally be in force today.

To recall, the 1842 Act provided that while collective work authors did not maintain complete copyright control over their works, they had at least (1) guaranteed payment, (2) the right to refuse consent to additional uses of their works, (3) reversion of copyright after 28 years, and (4) the ability to publish their own work if bargained for. There were therefore some useful restraints preventing the collective copyright owner from doing as he pleased.

The 1911 Act repealing the 1842 Act provided a new provision on collective works. Section 5 on copyright ownership provided that before the owner of a collective work obtained copyright there must have been (1) giving or promising of some valuable consideration, and (2) no agreement to the contrary.[1] If it was inferred from the mutual intention of the parties that the author should retain copyright, 'it ought to be so held.'[2] Moreover, according to section 5(2) copyright reverted to the author's estate after the expiry of 25 years and the publisher was entitled to reproduce the author's work on payment of a 10 percent royalty. And, under the 1956 Act, employed authors, in particular, retained copyright in their works unless there was an agreement to the contrary. But under the CDPA this last 'anomaly' was removed.[3]

From these predecessor provisions, one principle that prevails is that authors are entitled to control future exploitation rights to their works. As a result, any uncertainty in author–publisher contracts, especially relating to future exploitation rights, should be interpreted to favour the author. Besides the noted provisions, nineteenth-century UK cases would typically rule that, in case of ambiguity in the language of the assignment or licence, the onus was on the grantee. Similarly, in the current new use jurisprudence explored in Chapter 9, UK courts adopt the purpose of grant rule and place the onus on the grantee or would-be entrant. In *Ray*, for instance, the court acknowledged that absent express terms, the contract should be interpreted to favour the grantor. Also, the *contra proferentem* rule similarly functions to interpret any ambiguity against the drafter.

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[1] EJ MacGillivray *The Copyright Act 1911 Annotated* (Stevens & Sons London 1912) 55; though the first proviso of the 1911 Act s 5(a) only applied to engravings, photographs and portraits.

[2] ibid.

[3] L Bently *Between a Rock and a Hard Place* (The Institute of Employment Rights London 2002) 117. This issue was debated in Australia, as discussed in ch 1 n 16 and earlier in the UK with the Whitford Committee Report. The same conclusions were found. While the Whitford Committee 1977 [7] in its Report found it attractive and consistent with treaty obligations to make employed authors first owners, 'it would not establish the rights of interested persons with the same degree of certainty and justice which is undoubtedly desirable.' As a result, the provision was repealed. Arguments for employed authors are beyond the present scope. In ch 2 text after n 107 and ch 10, I have examined the policy reasons why freelancers, who are first owners, should continue to be so.

The UK can also draw from legislation and judicial precedents in other common and civil law countries similarly justifying, in principle, such a pro-author principle or default rule. For example, section 201(c) of the USCA states that absent a contract stating otherwise, the collective rights owner acquires only a non-exclusive licence to use the work as part of that collection.[4] The French Code de Propriétée Intellectuelle (CPI) provides for strict interpretation and to read in no more rights than those expressly conveyed. In the Belgian Copyright Act[5] (BCA), both the scope of the grant and the means of exploitation need to be identified and interpreted narrowly in favour of the author. Commentators also state that when in doubt, courts should construe rights narrowly.[6] A pro-author default rule would consolidate such pro-author principles.

Consequently, the UK should consider enacting a pro-author default rule. To do so, it can simply adopt the Belgian provision. The CDPA would be amended to include a provision stating that both the scope of the grant and the means of exploitation need to be expressed and interpreted narrowly in favour of the author. In this way, principles that are commensurate to UK copyright policy would be upheld. Arguably, the same result could be achieved by re-enacting the UK's predecessor provisions (especially its 1842 version) which includes remuneration, reversion and consent to additional uses. But it would likely face the greatest opposition in Parliament. Also, it would likely fail to resolve the problem of interpreting ambiguous new use clauses. The Belgian provision could thus be a simpler way of introducing a mechanism to tackle ambiguous new uses from contract formation to interpretation in court.

There are compelling public policy reasons to justify such an approach. In the freelancers' case, the party with the greater knowledge and stronger bargaining position – the publisher – would be incentivized to express the scope of the contract, duration and each type of use. Failure to do so could create ambiguous contract language and invite a finding against the publisher,

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[4] e.g. J May 'Intellectual Property: Copyright Acquisition and Ownership Tasini v New York Times Co' (2001) 16 Berkeley Technology LJ 1331; R Dixon 'Profits in Cyberspace: Should Newspaper and Magazine Publishers Pay Freelance Writers for Digital Content?' (1998) 4 Mich Telecomm Tech LRev 127 http://www.mttlr.org/volfour/dixon.pdf (31 August 2004); LA Santelli 'New Battles between Freelance Authors and Publishers in the Aftermath of Tasini v New York Times' (1998) 7 JL & Pol'y 253–300.

[5] s 3(1) Copyright Act of 30 June 1994, 27 Moniteur Belge 1994 (Belgium) ('BCA'); see also *Central Station* Tribunal de première instance de Bruxelles (Brussels Court of First Instance), 16 October 1996, *Auteurs & Media* 1996, 426; Cour d'appel de Bruxelles (Brussels Court of Appeals), 28 October 1997, *Auteurs & Media* 1997, 383.

[6] e.g. May (n 4) 25.

as the drafter. Besides encouraging express and more transparent contracting, a pro-author default rule would mitigate the information asymmetry between freelancers and publishers since it would serve as a mechanism for alerting the less-informed freelancer that there is something missing and valuable to contract about.[7] To this end, a pro-author default rule may result in a win-win situation: publishers bargain expressly and freelancers become more aware of their rights. Also, since publishers will be unable to enumerate future technologies, any new uses should remain with freelancers. Enforcing this rule would mean that catch-all future technology clauses would be likely ruled against the publisher. This rule may be more important than ever, especially at a time when publishers have instituted the practice of controlling all uses now known or unknown.

The equilibrated theory also justifies a pro-author default rule. This theory draws from the merits of the examined theories and recognizes that the fundamental problem between freelancers and publishers is one of copyright contract: inequality in bargaining power. From the natural law perspective, a default rule would increase the prospects of freelancers to possess a continued property right in their works. The merits of natural law showed that (1) it may be wasteful for publishers to have continued control over freelance works, (2) freelancers should not be unduly harmed by the wrongful taking of their works laboured on to earn a living, and (3) the burden of proof in any case of ambiguity would rest with the would-be entrant. The pro-author default rule would place a burden on the publishers who attempt to control the works laboured on by the authors. And so, this rule would address the wastefulness of publishers who attempt to buy up all future rights as a 'symptom of existential insecurity.'[8] In a political economic perspective, any rule that would serve to redistribute wealth would be favoured. Indeed, the current UK laws rely on freedom of contract and on the fairness of the free market.[9] Freelancers are erroneously thought to be free and capable of entering into their own bargains to maximize their interests. Hence, on a more fundamental level, this rule would serve to equilibrate the copyright contract bargaining imbalance between authors and publishers.

According to the economic perspective, a pro-author default rule could ultimately result in more transparency and fairer dealing and also suit publishers. Some of the merits of the economic analysis are that transaction costs may be

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[7] W Gordon 'Fine-Tuning Tasini: Privileges of Electronic Distribution and Reproduction' (2000) 66 Brooklyn LRev 473–500, 498.

[8] B Hugenholtz 'The Great Copyright Robbery' (A Free Information Ecology in a Digital Environment Conference New York School of Law 31 March–2 April 2000).

[9] Ch 10 text after n 286 discusses the decline of freedom of contract.

lowered for publishers if they compensate freelancers for new unforeseen uses and specify their intended uses of freelance works. Moreover, legal intervention in the form of a pro-author default rule could be justified as freelancers lack leverage to obtain adequate licence fees and publishers' assumed control of their works may have led to a monopoly, thus hindering perfectly competitive market conditions.[10]

Furthermore, default rules are successfully used in contract law to fill the gaps in incomplete contracts. These rules govern unless parties contract around them.[11] Ian Ayres and Robert Gertner posit that default rules can be adjusted to the individual needs of the parties.[12] Specifically, defaults can serve as penalty defaults set at 'what the parties would not want – in order to encourage the parties to reveal information to each other or to third parties.'[13] Conversely, without such defaults, a more informed party may strategically withhold information that could augment the total gains or 'size of the pie' from contracting.[14] The more informed party may thus prefer to have 'inefficient precautions' rather than pay a higher price for the good. Thus by introducing penalty defaults, lawmakers 'can reduce the opportunities for this rent-seeking, strategic behaviour.'[15] As noted, the logic is that parties would equally be encouraged to draft more precisely so as to avoid any penalty.[16]

Arguably, freelancers could pursue opportunistic behaviour themselves by inducing publishers to enter indefinite contracts in order to extract the penalty rent.[17] Yet, generally, freelancers are the uninformed party and therefore unaware of any pro-author default rule. As such, if the uninformed party is ignorant of the default rule, she cannot have any opportunistic motives.[18] It is the publisher, as the drafter, who is more often in the relevant contractual setting (typically with the aid of counsel), and not the freelancer.

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10 e.g. Ch 10 text to n 140.

11 I Ayres and R Gertner 'Filling Gaps in Incomplete Contracts: an economic theory of default rules' (1989) 99 Yale LJ 89.

12 ibid 103.

13 ibid 91.

14 ibid 94.

15 ibid.

16 Also in other aspects of the law, e.g. evidentiary presumptions in litigation, the party who is more likely to be informed has a burden of producing evidence; Ayers and Gertner (n 11) 111. And in the employment scenario, if employers strategically withhold information as to the true probability of future termination, employees may make inefficient investments in large purchases such as a house. In such cases, Ayers and Gertner (n 11) 124 suggest it may be more efficient to make a default rule against termination without cause but also to require that employers express that they may fire for even arbitrary reasons.

17 Ayres and Gertner (n 11) 98.

18 ibid.

Consequently, it is sensible to presume that the publisher is more informed than the freelancer and would ultimately draft around a pro-author default rule.

Pursuant to economic arguments, publishers may argue that they face increased transaction costs when they contract around the pro-author default.[19] A publisher could argue that in an effort to avoid a pro-author default he will spend time and money. Yet, if publishers do not draft express bargains, transaction costs may be even greater since they risk litigation. Thus to avoid associated costs, it may be more efficient to be as express as possible during contract formation. And in any event, many publishers now use contracts in their dealings with contributors; a default-rule will mean redrafting the standard-form contract. As has been argued, avoiding litigation is ultimately in both the authors' and publishers' best interests.

In sum, various reasons support this pro-author default rule. In principle: (1) it was part of past UK legislation and caselaw; (2) is used in current UK new-use jurisprudence; (3) is used in current UK contract interpretation; (4) is found in current common and civilian legislation and caselaw; (5) is explained by the equilibrated theory; (6) is used in other areas of law, for example contract; (7) can deal with the inequalities of bargaining power between freelancers and publishers and tackle ongoing ambiguous new-use clauses and, ultimately; (8) would encourage the more informed publisher to reveal information to the freelancer, the less informed, weaker party. It would encourage production of information to third parties and discourage rent-seeking behaviour.

Of course, there can be drawbacks to such an approach. For instance, amending the CDPA to include a pro-author default rule may be slow and cumbersome. While the pro-author default rule may work for freelancers, it may not work for other stakeholders in copyright law, namely publishers. This opposition could cause a greater wedge between these two already antagonistic parties and perhaps invite more blacklisting. It is also possible that freelancers themselves may not support such a pro-author default rule.[20] Also, such a rule may not yield the desired result when interpreted in court, as a judge may rule that an otherwise ambiguous contract is clear thereby favouring the

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[19] For example, the French CPI includes a special provision for specifying the amount of proportional remuneration in the copyright contract.

[20] Historically, during the lobbying for the 1842 Act which would have extended copyright to 60 years (from 28 years, the then current term), C Seville *Literary Copyright in Early Victorian England – The Framing of the 1842 Copyright Act* (Cambridge University Press Cambridge) 175 explains that authors did not help Talfourd's cause; while he had the support of many (e.g. Wordsworth) on the most part, Talfourd was subject to either author's indifference or opposition. Indeed, thousands of petitions were lodged against the bill. Seville deemed this '… an ingrained reluctance to petition for their [authors'] own requirements.'

publisher. Part of the advantage of the pro-author default rule would be that cases would be resolved before going to court.

### 1.2 UK Freelance Author Act

An alternative to amending the CDPA to include a pro-author default rule could be a tailor-made freelance author Act. The purpose of the Act would be to address the imbalance between freelancers and publishers and, above all, level the playing field. This Act would govern the formation and content of freelancer–publisher contracts. The benefit would be that it could specifically address the interests of freelancers and in the (unlikely) event that the market should become self-correcting, such legislation can even be repealed. Such an Act would not only include a default provision but could use as a point of reference the Canadian, Québec and continental European statutes.[21] It can possibly include provisions that copyright assignments and licences (1) specify use, scope, duration, (2) include duty to exploit works within a period of time or risk termination (in the GCA, the author may exercise this right after three months for newspaper contributions), and (3) provide equitable remuneration, reversion and other termination possibilities. The Act could provide an effective framework to regulate collective bargaining without contravening competition law.

Additionally, while more interventionist than a pro-author default rule, a rule against assignments in particular cases could also be investigated (for example for legally unrepresented freelancers of newspapers and magazines).[22] In this way, agreements would be by licence only and freelancers would retain ownership and control over future uses of their works. Moreover, as suggested by the Creators' Rights Alliance (CRA), to address publishers' potential circumvention of the rule that assignments must be in writing, the rule should be reinforced.[23] There are two options: (1) an agreement which is not in writing can only be enforced at the behest of the creator, or (2) can only take effect as a non-exclusive licence.

The freelance author Act could also recognize some of the legislative and judicial drawbacks examined in civil law and other common law countries. For instance, I have discussed the drawbacks of the foreseeability principle at

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[21] For these acts see: ch 6 text to n 38 (Canada) and n 60 (Québec and continental Europe).

[22] This rule is already in place in Germany and Austria. Also, the policy behind this rule can also be seen in the purpose of grant rule in place across various other continental European countries: see ch 8.

[23] Bently (n 3) 47.

various stages of this book.[24] When applying such a principle, freelancers will be likely on the losing end (as new technologies will inevitably evolve). The problem could be addressed in two ways. First, the freelance author Act could contain a provision stating that all forms of exploitation be expressed. Those unexpressed would remain with freelancers. This provision would work together with a pro-author default rule so that if there were ambiguity in the contract, the interpretation would be pro-author. Or, if foreseeability will continue to be used in decision-making, the determining factor should be not when the technology was invented, but when it was commercialized (for example when the first product became available in the mainstream market).

One limit in establishing a freelance author Act could be that such issues will not be seen as copyright problems and, consequently, may not be debated as such in future copyright revisions. Still, a tailor-made Act could result in more creative solutions. Above all, any type of legal intervention requires participation from all stakeholders, especially freelancers, publishers and their representatives. Any type of legal intervention could be a way to raise awareness and build coalitions. Still, it cannot be underestimated that publishers may not want to build any such coalitions. Indeed, publishers have powerful lobbies, which could thwart the possibility of such an Act. Ironically, freelancers themselves can equally undermine the possibility for such an Act. In the US, the Freelance Writers and Artists Protection Act of 2002[25] died when it reached the Committee of Judiciary because various author and artist groups opposed the bill, arguing that freelancers would be treated as employees, and as such would no longer retain ownership of their copyright.[26] Indeed, any such pieces of legislation must be devised in consultation not only with those who might seemingly have adverse interests such as publishers, but also with those who stand to benefit; the authors and their representatives.

### 1.3 Regional Mechanisms

Should pro-freelancer developments within the UK prove difficult, initiatives within the EU would encourage the UK to implement these in its domestic laws. For instance, transfers of rental rights mandate an 'unwaivable right to equitable remuneration' imposed on the UK system.[27] A directive or a

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[24] Ch 6 text to n 90; ch 8 text to n 1; and ch 9 text to n 109–20.

[25] Freelance Protection Act S HR 4643 107th Cong (2nd Sess 2002), see ch 6 text to n 53.

[26] J Defoore 'Consensus Emerges on New Collective Bargaining Bill' Photo District News (11 December 2002) http://www.allbusiness.com/retail-trade/miscellaneous-retail-retail-stores-not/4450356-1.html.

[27] 2006/115/EC Directive of the European Parliament and of the Council of 12

regulation on authors' copyright contracts could be formulated.[28] In this way, there would be an official steering from community law to recognize that there is a problem and that publishers should be more vigilant when contracting with freelancers. This EU initiative could include many of the provisions discussed in terms of a freelance author Act, or simply provide guidance for contract formulation and judicial interpretation. It would come at a time when the EU Commission has been concerned in harmonizing its contract law.[29] The EU Parliament has suggested that harmonizing contract law is essential for the completion of the internal market.[30] And irrespective of potential harmonization problems, as highlighted by a 2002 EU Commission study discussed in the next section,[31] a directive or regulation could be a sound starting point to regulate fundamental problems affecting freelancers across member states and signal to them that these problems matter.

### 1.4 International Mechanisms

An international set of codified copyright contract rules would be beneficial for freelancers. Freelancers currently enjoy very little support from international copyright mechanisms. Sterling argues that disparate provisions on fundamental issues 'can only lead to chaos' and result in an inefficient international system.[32] He maintains that unity of approach is the only effective way of dealing with the problems of a borderless environment and those created with the Internet and other international communication systems.[33]

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December 2006 on rental right and lending right and on certain rights related to copyright in the field of intellectual property.

[28] A regulation will often have direct effect (though whether it confers an enforceable right on an individual may be a matter of construction). A directive fixes the objectives to be pursued by members but leaves freedom of choice for the ways of obtaining them; G Tritton *Intellectual Property in Europe* (2nd edn Sweet & Maxwell 2002) [1-018]–[1-019].

[29] Bently (n 3) 33; E McKendrick *Contract Law* (7th edn Palgrave London 2007) 370–8.

[30] e.g. Communication from the Commission to the Council and the European Parliament on European Contract Law COM 2001 398 final, 11 July 2001; EU Parliament resolution for study on harmonization of European contract law: (16 March 2000) OJ c 377, 29.12.2000, 323 (Resolution-0228, 0229-0230/2000) 326; European Parliament Resolution on European Contract Law and the Revision of the Acquis: The Way Forward (23 March 2006) OJ c292, 1.12.2006, 109.

[31] L Guibault and B Hugenholtz *Study on the Conditions Applicable to Contracts Relating to Intellectual Property in the European Union – Final Report* (Institute for Information Law Amsterdam May 2002) 153 does not recommend harmonization; discussed in text to n 39.

[32] JAL Sterling *World Copyright Law* (Sweet & Maxwell London 2003) 923.

[33] ibid 924.

This may be achieved starting with the Berne Convention and other international instruments.[34] Thus it would be well advised for the UK to investigate revising these mechanisms. And so, when revisions are scheduled, agendas need to be formulated to include author-centred issues. At the same time, as noted in Chapter 5, for international lawmaking to be more balanced and inclusive, negotiation, organization, and enforcement are necessary.[35]

As discussed in terms of private international law, publishers could be prone to define applicable laws that best suit them (for example jurisdictions where authors' rights are less regulated).[36] Indeed, 'international harmonization of these provisions will prevent exploiters electing to commission work in countries where the law protecting authors is weak.'[37] For publishers, harmonization may also be economically advantageous: they would not need to familiarize themselves with the varied legal jurisdictions where they carry on business to determine the applicable law, which could 'increase transaction costs and inhibit the optimal functioning of the market.'[38] And so, devising solutions addressing authors' rights on an international scale could address these private international law problems.

Yet there are drawbacks to these solutions commencing with the difficulty of legal intervention. In a study for the European Commission, Guibault and Hugenholtz conclude that, given the rather limited effects that the legislative differences in copyright contract law have on the internal market, it may be 'unnecessary' and 'undesirable' to harmonize this body of rules.[39] While they studied harmonization within the EU, their comments are also applicable internationally. They explain that the substantive law of member states is vastly different, especially on ownership and moral rights. Second, the collective administration of rights has yet to be addressed at the European level. Third, member states and industry players have expressed no need for reform.[40] Fourth, copyright contracts are an interdisciplinary issue implicating contract, labour and social law, as well as various cultural considerations. As a result, copyright contract issues should be resolved at a national level where legislators are aware of all these factors.

When one assesses the opposing arguments to international intervention, one realizes the complexities and difficulties of attaining any solution. Doing

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34 ibid.

35 P Gerhart 'Why Law-Making for Global Intellectual Property is Unbalanced' (2000) 7 EIPR 309, 311.

36 Ch 6 after n 170.

37 Bently (n 3) 37.

38 ibid 33.

39 Guibault and Hugenholtz (n 31) 153.

40 ibid 153–4.

nothing however is equally difficult. The problem is not one that will go away. Instead it will continue to challenge the very justifications of copyright law – copyright law is not intended only to serve publishers' interests. Granted, the copyright contract law inadequacies for freelancers may be dealt with under other fields – contract, labour and social laws – but this is no reason to exclude the issue from also being a copyright problem and certainly from it being studied as one. The issue of recycling old works in new media and the resulting imbalances amongst contracting parties affects all the stakeholders in copyright law. Also, the issue of collective administration has begun to be discussed at the European level, albeit with limited success. Collective societies are largely controlled at the national level. While a number of EU Directives underscore the need to impose certain standards of transparency and rationalization[41] and the European Commission has pronounced itself on the issue, widespread regulation has not been achieved. In April 2004, the European Commission adopted a communication on the management of copyright and related rights in the Internal Market.[42] The document concluded: 'Abstaining from any legislative action does not seem to be an option anymore.'[43] While the EU Commission appeared to have come close to addressing the issue of collective administration through harmonization, a year later the Commission decided that the best course to achieve community-wide licensing was through issuing a recommendation in the case of music.[44] It is unclear as to whether the EU Commission has discarded its plans of collective licensing harmonization.

Given the limited successes at the regional level such efforts will be challenging internationally but should not be without merit. And while copyright owners may be ambivalent to legislative intervention that might interfere with their freedom of contract, as I have shown through the equilibrated theory this need not be so. Both freelancers and publishers can benefit from greater transparency, especially when the problem is increasingly global in scope but still

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41 e.g. 2001/29/EC Information Society Directive recital 17; 2001/84/EC Resale Rights Directive, recital 28.

42 Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee *The Management of Copyright and Related Rights in the Internal Market* COM/2004/0261 final (Brussels 16 Apr 2004) 19 'Achieving more common ground on collective management should be guided by copyright principles and the needs of the Internal Market. It should result in more efficiency and transparency and a level playing field on certain features of collective management.'

43 ibid.

44 Commission Recommendation of 18 May 2005 on Collective Cross-border Management of Copyright and Related Rights for Legitimate On-line Music Services (2005/737/EC) OJ L 276/54 (21 Oct 2005).

territorially addressed, thereby leading to international and conflicts of laws problems. Perhaps freelancers are on the losing team, but all the more reason for elected officials to investigate the nature and scope of the problem nationally and internationally. Indeed, the adoption of labour and consumer protection legislation, as explored in Chapter 10, was not always popular, but in hindsight one sees how legislative change is possible and necessary often where it is most resisted.

### 1.5 A Voluntary Code

As an alternative (and ideally complementary) approach to national and international legislative intervention, it may be possible to establish a voluntary code or non-binding statement of principles to improve publisher and freelancer relations. There is no reason why publishers should resist this cooperative, less intrusive approach. Publishers already have such principles, mainly for dealing with book authors.[45] Many authors' groups also generate these codes of practice at a national level but typically restrict these to members. In the UK, the Authors' Agents Association has a code in place.[46] There is no reason why there cannot be more interface between these groups. Voluntary codes are currently used to oversee a range of activities, including environmental protection, health and safety, labour standards, human rights, advertising, the press in the UK through the UK Press Complaints Commission and the Public Standards of Decency.[47] Some government departments, such as Industry Canada, provide a resource guide to interested parties in formulating these.[48] Some of the benefits of a voluntary code would be to: (1) discourage and encourage certain types of behaviour from both freelancers and publishers, (2) stimulate public participation, and (3) offer effective, inexpensive and flexible market instruments to standardize fairer practices.[49] For instance, such a code might discourage publishers' imposition of unlimited future rights clauses and, conversely, encourage publishers to make new bargains for additional uses. It could include a provision that publishers have a duty to exploit

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[45] e.g. 'The Publishers Association Code of Practice' and in the music industry: 'The Code of Fair Practice' http://www.mpaonline.org.uk/Printed_Music/The_Code_of_Fair_Practice_to_Photocopying_Printed_Music.html?q=code%20of%20practice.

[46] e.g. Association of Authors' Agents http://www.agentsassoc.co.uk/charter.html

[47] Press Complaints Commission Code of Practice http://www.hkbu.edu.hk/eng-ver/index.php.

[48] Industry Canada 'Voluntary Codes' http://www.ic.gc.ca/eic/site/oca-bc.nsf/eng/ca00963.html.

[49] ibid.

the work pursuant to honest professional practices.[50] Equally, this code would ensure that freelancers behave appropriately. For example, freelancers could be encouraged to produce work pursuant to honest professional practices (for example to deliver timely and well-researched articles, guarantee authenticity of interviews, and avoid double-submissions of their articles). Publishers and authors' groups who commit to these principles could advertise this, for example in the newspaper masthead. This would signal to the public that publishers and their contributors are ethical professionals.

As I have discussed elsewhere,[51] similar initiatives, often known as best practices or good practices, have been promising in other copyright sectors, largely spearheaded by user and creator groups. For instance, there have already been successful guidelines or best practices generated in the US, where stakeholders with apparently disparate interests in the documentary film-making sector have devised fair-use best practices. This initiative has fostered wide-ranging collaboration among various creative associations, academic institutions, and industry participants. Guided by ethical principles and the experiences of the professionals that rely on the copyright doctrine of fair use, the goal is to make a statement to clarify the application of fair use, 'to help filmmakers use it with confidence.'[52] Significantly, 'documentarians are themselves copyright holders, whose businesses depend on the willingness of others to honor their claims as copyright owners.'[53] In Canada, the Documentary Filmmakers Organization of Canada (DOC) proposed a similar initiative.[54] Such activities should be mirrored in the freelancer sector, and merit full stakeholder (including government) support.[55]

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[50] e.g. BCA (n 5) art 3(1).

[51] G D'Agostino 'Healing Fair Dealing? A Comparative Copyright Analysis of Canadian Fair Deal to UK Fair Dealing and US Fair Use' (2008) 53(2) McGill LJ 309, 361–2.

[52] *Documentary Filmmakers' Statement of Best Practices in Fair Use* (18 November 2005) at 1–2, online: Center for Social Media http://centerforsocialmedia.org/files/pdf/fair_use_final.pdf.

[53] ibid.

[54] See correspondence between DOC and the Ministers of Industry and Canadian Heritage (10 December 2008) http://www.docorg.ca/pdf/FINAL_10DecLetterCopyright_DOC.pdf.

[55] Interest in the development of such guidelines is escalating; IP Osgoode, Osgoode Hall Law School's Intellectual Property and Technology program was approached to formulate these for the Digital Image Rights Computator (DIRC) which helps copyright users in understanding the various rights associated with visual resources: http://www.vraweb.org/resources/ipr/dirc/page_1.html.; also see Artmob.ca, developed in 2002 and based at York University. Among its goals is to create user-generated guidelines comporting with fair dealing based on uses of its digital archives: 'Our digital infrastructure will facilitate the collection of both qualitative and quantitative

More parties with conflicting interests within a set sector need to come together. Such collaboration can help to clarify copyright practices for freelancers, users, right holders, and courts, who can then rely on these standards as 'soft law' when interpreting disputes. These initiatives should be encouraged to flourish and should at least help foster communication and dialogue among different parties. The benefits can be more far-reaching and consequential to general copyright practices. Of course, such practices truly help on the judicial front, once courts have endorsed their use. Evidence of the court's reliance on guidelines was seen in *CCH v Law Society of Upper Canada* and constituted one of the case's greatest contributions.[56] Albeit a tall order to promote wider collaboration, such is not implausible, especially given the persisting uncertainty in dealing with ever-present new uses of copyrighted materials.

As this book is going to press, The Professional Writers' Union of Canada (PWAC) announced a call for proposals for magazine industry-wide cooperation for the development of freelancer guidelines.[57] PWAC hopes to create 'a Canadian magazine industry best practices document outlining the various roles and responsibilities of all partners, and how we can all work together for the benefit of Canadian culture and our own industry.'[58]

Alongside the formulation of such a code or good practices could perhaps be the creation of an international model freelance agreement. Model agreements are already available nationally and will be discussed below. In addition, the establishment of a grievance board is also useful. A grievance board could be self-regulated and resolve a breach of the code's provisions. As elaborated below, grievance boards could provide effective, inexpensive and less formal means of dispute resolution. Importantly, these solutions can only occur when industry stakeholders such as freelancers and publishers (and their representatives) participate in generating and implementing them. The advantage of this mechanism is that publishers can 'buy into' the solution.

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data that will assist Canadian and International scholars and policymakers in addressing the technological, pedagogical, social, cultural and legal questions that publishing arts material in a publicly licensed open-source environment poses' http://www.artmob.ca.

[56] *CCH Canadian Ltd v Law Society of Upper Canada* [2004] 1 SCR 339, 2004 SCC 13. Since *CCH* favours institutional users that abide by their own access policies comporting with fair dealing, a litigant's case could be more persuasive if such policies were consistent across the industry.

[57] Unknown 'Request for Proposals' (PWAC Blog: What's Going On) http://www.pwac.ca/blog/2009/04#1505.

[58] ibid.

## 2. SOLUTION 2: JUDICIAL PRINCIPLES

### 2.1 Copyright Contract Principles and Restrictive Approach

Irrespective of legislative intervention or any voluntary code, the equilibrated theory suggests a second avenue of redress: judicial principles. UK and other courts should be prepared for a potential freelancer dispute. As noted, it is unlikely (and undesirable) that freelancers will mount contractual challenges to set aside or void their agreements.[59] But based on the caselaw analysis in Chapters 4 and 9, courts could (and should) follow nineteenth-century judicial precedent. In these cases, ambiguous copyright transfers and licences were mainly interpreted to favour authors. Significantly, these cases have not been overruled. Courts considered various interpretive factors such as the intention of the grantor, the use of express terms, the grantor's reliance interest and hardship between the parties. Thus in cases where there were no express terms, courts ruled in favour of the author and placed the onus on the grantee. Moreover, courts decided against using custom of trade to imply terms where there were few expressed and found economic factors no reason to undermine authors' rights.[60]

These sound principles are still used today in new use jurisprudence in other UK copyright sectors.[61] In these cases, courts use rules such as the purpose of grant.[62] Additionally, several settlement cases in the UK have also used the purpose of grant rule and indicate that such an approach should apply to other contract interpretation issues.[63] Moreover, other common law jurisdictions apply similar contract interpretation principles. *Tasini*'s contractual

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[59] Ch 9 text to n 106.

[60] e.g. *Reade v Bentley* (1858) 4 K & J 656 (*'Reade II'*) in ch 4 text to n 80.

[61] Ch 9 text after n 107.

[62] e.g. *Freelens* (5 July 2001) No I ZR 311/98 Federal Supreme Court (Bundesgerichtshof) trans (2003) 34 IIC 227.

[63] e.g. *Bank of Credit and Commerce International SA v Ali and Others* [2001] UKHL 8, *Bank of Credit and Commerce International SA v Ali* [2003] 3 All ER 51 where the House of Lords dismissed the bank's appeal since its employees' settlement agreement 'of all claims' could not possibly preclude them from suing the bank on events arising after the settlement. The bank was later found to be acting illegally and dishonestly and its employees claimed stigma damages for breach of implied terms of trust and confidence and misrepresentation. The bank unsuccessfully alleged that its illegal acts were beyond the purpose of the release, which was limited to claims arising out of the employment relationship. At [26] the court held: 'The meaning to be given to the words used in a contract is the meaning which ought reasonably to be ascribed to those words having due regard to the *purpose of the contract* and the circumstances in which the contract was made. This general principle is as much applicable to a general release as to any other contractual term. Why ever should it not be?' [emphasis added].

analysis indicates that agreements purporting to transfer electronic rights must be clear, utilizing plain language identifying each transferred right.[64] Also, today courts use various contract interpretation principles such as the noted *contra proferentem*. These approaches would support a narrow or restrictive interpretive approach to contract interpretation and function akin to a pro-author default rule.

### 2.2 Ill-advised Interpretation: Foreseeability and Custom

Revisiting methods and approaches analysed in the caselaw highlights those that should *not* be adopted in the UK. I have already discussed the disadvantages of adopting a foreseeability principle.[65] Other factors, such as using industry custom to imply terms, are equally problematic in judicial interpretation. Commentators argue that with time, assuming a new custom develops, 'courts may be more inclined to imply a wider licence to permit reproduction in other formats.'[66] But waiting for a new custom in industry to develop is not the best way to solve freelancers' issues. As Gordon suggests, the publishers' agenda and resulting custom is unilaterally imposed on freelancers.[67] Historically, courts eschewed custom, since absent express terms it would have resulted in publishers gaining wider exploitation rights at the author's expense.[68] In *Robertson,* custom disadvantaged freelancers: the court suggested that electronic exploitation was an existing custom, which the plaintiff should have excluded through contract. Moreover, partly because the court placed excessive weight on custom, it found contradictory evidence resulting in an inconclusive finding. But as discussed, the common law test to imply terms by custom is difficult.[69] Therefore, since publishers are unlikely to develop a custom that promotes freelancers' interests, to wait for such a new custom, and for the courts to rely on it, makes for slow, undemocratic and biased reform. Custom merely protects practices that will be controlled by more powerful parties, for example publishers.

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64 The same restrictive interpretation was adopted in another case dealing with freelance photographers where s 201(c) was found to confer publishers a privilege and not a 'right': *Greenberg v National Geographic Society* 488 F3d 1331 (2007) and 497 F3d 1213 (2007) overruling and vacating 244 F3d 1267 (11th Cir 2001). En banc rehearing held on 30 June 2008, in the U.S. Court of Appeal No. 05-16964 2008 WL 2571333, (11th Cir 2008).

65 Ch 6 text to n 89; ch 8 text to n 1; and ch 9 text to n 109–20.

66 S Gallant and M Russell 'Publish and Be Damned?' (1995) 92(7) LS Gaz 20.

67 Gordon (n 7) 495.

68 e.g. *Hall-Brown* ch 4 text to n 50.

69 As discussed in ch 6 text to n 144 in order for custom to be used to imply term 'it must be strictly proved.'

### 2.3 Policy

While adopting policy considerations is necessary, appropriate perspectives guided by findings in the equilibrated theory should direct UK courts. For instance, economic policy, as per the *Tasini* dissent, erroneously assumed that it would be best to leave electronic distribution to publishers. Suffice it to say, alternatives such as authors' collecting societies are available and still consistent with an economic stance. A more nuanced examination of copyright policy is necessary. To this end, the equilibrated theory points to how the scales may begin to tip so as to create a balance in the treatment of freelance authors, and of course be mindful of user interests. Such policies should infuse decisions from the bargaining table, the legislatures and the courts.

## 3. TESTING THE LEGISLATIVE AND JUDICIAL SOLUTIONS

A useful way to test the adequacy of the above solutions, and in turn also the usefulness of the equilibrated theory, is to apply them to the examined caselaw. *Tasini* and *Robertson* will be reconsidered. These may provide persuasive precedents in the UK (and of course to the ongoing *Tasini* and *Robertson* litigation). UK courts have considered foreign judicial rulings in interpreting new use issues when there was no direct precedent.[70] It goes without saying that part of the advantage of the recommendations would be that cases may be more readily resolved before going to court.

### 3.1 *Tasini* Revisited

In *Tasini*, the court considered section 201(c) of the USCA on the publisher's privilege. This provision functions in some ways as a presumptive default-like principle favouring the authors. Absent a contract, publishers are presumed to have only the collective works copyright. The purpose is to 'clarify and improve the confused and frequently unfair legal situation with respect to the rights in contributions.'[71] But the provision is too vague. Hence the court focuses on the differences between print and digital media in order to ascertain whether the copied print works constituted revisions. While this is an important query, it fails to address the fundamental problem of whether freelancers had given permission for publishers to 'revise' or reuse their works.

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70 e.g. *Hospital for Sick Children* discussed in ch 9 text to n 110.

71 *Tasini v New York Times* 533 US 483, 121 S Ct 2381 (2001) 495; 2388.

Had the USCA contained a rule requiring that uses be expressed or that future uses not be conveyed, then the exercise could have been far clearer and more attuned to the nature of the problem. The court could have ruled that exploiting the works digitally did not constitute a future use that could be conveyed and could have regarded the contract (or part of it) as ineffective.[72] Indeed, whatever rights were not expressed (and there were none expressed) could remain with the freelancer. Similarly, before the Appeals Court, Time could not have claimed that it had 'express permission' because of its 'first right to publish' that included the first right to publish in all media. If legislation mandated that the means of exploitation be specified, then that portion of the Whitford contract could have been ineffective.[73] Of course the court reached a similar conclusion in a roundabout way. The Appeals Court found no express permission as a defence to copyright infringement and ultimately, the Supreme Court ruled that section 201(c) did not confer a privilege for publishers to revise the authors' works. So while the result was similar to one which could have been reached with express legislation, future freelancer cases could rule otherwise.

The *Tasini* claimants were fortunate to encounter a sympathetic court that adopted a purposive reading of the statute. In doing so, the court read the statute in a restrictive fashion because doing otherwise would have indirectly conferred copyright ownership rights to publishers. But *Tasini* also contained Stevens J's very strong dissent offering equally plausible arguments, by adopting a more expansive reading of the statute. Indeed, without any express legislation the next wave of *Tasini*-type claimants could potentially encounter a Stevens J stance.

### 3.2 *Robertson* Revisited

In Canada, *Robertson* similarly highlighted the inadequacy of Canada's copyright law to deal with the interpretation of ambiguous new use clauses and specifically its unintentional but misguided reliance on foreseeability. Like *Tasini*, resolving the issue of copyright infringement consisted of canvassing the differences between digital and print media and relying on Canada's own copyright assignment and licence provision: section 13(4) of the CCA. At first instance, the court examined whether the provision conferred a proprietary interest or a mere licence. If the freelancers had conveyed a mere licence then

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[72] e.g. such a provision exists in Germany, Belgium, Greece and Spain and contracts are declared 'invalid'. Usually the governing legislation specifies the result (e.g. void, illegal, voidable, or unenforceable); J Beatson *Anson's Law of Contract* (28th edn Oxford University Press Oxford 2002) 20.

[73] Ch 7 text to n 62.

it need not have been in writing.[74] The court speculated that the freelancers may have impliedly licensed the disputed uses; if freelancers had wanted to restrict their rights they were obliged to do so expressly.

Had the CCA contained a pro-author default rule or one stating that new uses must be expressed, the court may have avoided conjecturing as to the state of mind, or level of awareness, of the freelancers. Moreover, it would certainly not have placed the onus on the vulnerable and inexperienced freelancers to contract out of granting publishers' future rights to their works. Also, the court seemed to rely unduly on the publishers' custom.[75] This judicial reasoning is troubling since unilateral publishers' custom and the foreseeability principle come in through the back door. With clearer provisions in place, the court could have made a determinative ruling in finding that the freelancers had only granted print rights. As well, it is possible that The Globe could have contracted for more express rights before 1996 or at least that the freelancers could have been notified so as to specify these. Importantly, the court chose to leave open the question as to whether a licence was in fact granted and, if so, of what type. Both the appellate and Supreme Court sidestepped the issue and focused on differentiating the differences between the media. There is again no telling how the new wave of *Robertson No 2* and other similar cases will be decided given the lack of clear precedent to date and, more fundamentally, the silences in the copyright statute.

### 3.3 Looking Forward

In the UK, without a direct precedent to date, Chapter 9 outlined the various copyright mechanisms a court could use in interpreting a *Tasini* or *Robertson*-type case.[76] The CDPA only contains rules formalizing transfers of copyright, for example they must be signed and in writing. These provisions do not help to interpret new use clauses. UK provisions now are more lax than the few restrictions that were at least in place in the 1842 and 1911 Acts. History shows that the UK's legal and judicial culture was not antithetical to these concerns. As noted, the UK may have the judicial climate for codifying copyright contract principles. It is discomforting for freelancers (and for

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[74] Freelancers testified that at no point were the articles at issue expressly licensed.

[75] Evidence on the freelancers' imputed knowledge of industry practice meant that the court could not make a determinative ruling. Freelancers were possibly aware of the existence of the newspaper's database, which featured online versions of their articles long before 1996 (in 1996 the newspaper began to codify its practice of digital recycling but they had already started this practice in 1977).

[76] Ch 9 text after n 135.

publishers) to rely on variable judicial interpretation to resolve their professional and business practices.

It is more sensible to have express legislation in place. Perhaps had the US Congress intervened (as the dissent had suggested to study the 'nature and scope of the problem'[77]), then it could have potentially pre-empted the publishers' purging of freelance works and the current one-sided publishing practices. As proposed, pro-author defaults could encourage publishers to bargain expressly and transparently. Nonetheless, without further study on the effects of such legislative intervention, it is impossible to state this with certainty.[78] What is certain is that the UK insufficiently addresses the issue. A new wave of *Tasini*-like cases will likely surge whenever a new means of technology breeds new doubt. These cases have already begun in the US and Canada and the issue is very much alive in the UK. This ever-growing litigation warrants legal intervention to encourage fairer bargaining and more sensible decision-making and outcomes. In sum, codifying copyright contract provisions and applying these in the caselaw begins to tip the scales in favour of more balanced results.

## 4. SOLUTIONS 3: OTHER MECHANISMS

Besides the above legislative and judicial copyright contract solutions, the equilibrated theory indicated a third avenue of redress: other mechanisms to work with copyright law.

### 4.1 Fairer Contracting, Model Agreements and Authors' Groups

Freelancers need to strengthen their bargaining position with publishers. On their own, the proposed legislative initiatives are insufficient. Working towards a balanced copyright treatment includes working with industry players such as authors' and publishers' groups. One way to work together would be for scale agreements to be negotiated between them. Collective bargaining could ensure at least minimum terms and provisions for authors. These provisions would mirror those suggested earlier in relation to a freelance author act, and require that the contract specify scope, duration, uses, and remuneration. Without a joint and collective effort, it may be difficult for freelancers to bolster their bargaining position.

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77 *Tasini* (n 71) 520; 2402 fn 18.

78 Towse argues that legislative intervention may have some adverse effects e.g. raise transaction costs: R Towse 'Copyright Policy, Cultural Policy and Support for Artists' in WJ Gordon and R Watt (eds) *The Economics of Copyright* (Edward Elgar Cheltenham UK and Northampton, MA, USA 2003) 66, 71.

Also, authors' groups should continue to increase member awareness and develop model agreements. While model agreements may be restricted by competition law,[79] they could be useful to promote adoption of the discussed pro-author provisions and avoid all-rights clauses, such as 'by all means whether known or unknown' to cover future technologies to benefit publishers.[80] Additionally, as a complement to the earlier noted voluntary code of practice, authors' groups could develop a checklist of contract clauses so that freelancers could take these to the bargaining table.[81] This approach would, in principle, draw from the noted German and Dutch civil codes which respectively contain two lists: 'a "black list" of terms that are always invalid as they are considered to be unreasonably onerous to the party and a "grey list" of terms that, unless proven otherwise, are presumed to be unreasonably onerous.'[82] Perhaps through this grass-roots approach a new code of conduct would emerge and could pre-empt disputes between authors and publishers.

Freelancers can also play a part in educating themselves about their copyright contracting. For instance, the NUJ advises its members to challenge publishers' unfair terms imposed through standardized letters. Its web site contains model response letters for freelancers to send to their publishers. These responses state that freelancers do not agree with publishers' terms.[83] Significantly, those freelancers who have sent publishers such responses did not receive any objection from them.[84] Even so, it remains unfortunate that the onus should be on freelancers to 'opt out' of giving away rights that were theirs to begin with.

Information to educate freelancers is indeed becoming more readily available. For example, organizations, such as the NUJ, provide essential information (for example enlisting agents)[85] and support during a potential dispute and

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[79] L Bently and B Sherman *Intellectual Property Law* (3rd edn Oxford University Press Oxford 2009) 298 fn 5 note that in *Re Royal Institute of British Architects* (RIBA) Case ref GP/908/March 2003 the OFT held that RIBA's fee guidance infringed ch 1 of the Competition Act as it could facilitate pricing collusion, though a collection of historical price trends did not. Again this outcome underscores the need for legislative intervention to carve out some exception allowing potential 'restrictive' practices for freelancers.

[80] EP Skone et al. (eds) *Copinger and Skone James on Copyright* (13th edn Sweet & Maxwell London 1991) [5-21].

[81] T Perrin 'Publishing Contract Checklist' Right-Writing Online www.right-writing.com/checklist.html.

[82] Dutch Civil Code 1987 art 6:236 and 237; German Civil Code ss 10–11; ch 6 text after n 161.

[83] Model responses are available for freelancers: NUJ 'Freelance Briefing Paper' http://media.gn.apc.org/ar/briefing.html.

[84] ibid.

[85] Writers' groups also advise for authors to be wary of enlisting agents to assist

settlement. In an increasingly global publishing environment, freelancers could also learn from non-UK groups. 'Contracts Watch' is a free electronic newsletter from the Contracts Committee of the American Society of Journalists and Authors (ASJA) which serves as a contract information centre for freelance writers. ASJA keeps its members informed on the latest terms being negotiated in the publishing industry.[86] In Canada, PWAC represents a broad cross-section of about six hundred freelancers across the country and, as noted, has very recently taken an active effort to move towards the development of freelancer guidelines in the magazine sector.[87] As freelancers join such memberships, their 'estranged' conditions, as observed in the discussion on Marxism, could diminish.[88]

Ultimately, publishers wishing to exploit works in new media should re-obtain licences for each new use, or in the case of older printed works, make best efforts to notify, obtain consent, and pay the author if necessary.[89] Negotiating a fresh bargain for each new media use could serve as a type of reversion during the author's lifetime. Additionally, publishers across all jurisdictions should be required to inform their contributors of their publishing intentions in advance and maintain some record of these discussions.[90]

Contract renegotiation should not be inefficient, especially given that many publishers have recently issued thousands of standardized letters already to each of their freelancers explaining to them their rights (as seen in Chapter 2, Boxes 2.1 and 2.2). Were these letters not administrative costs? It seems no coincidence that UK publishers began to post these letters shortly after the *Tasini* decision was handed down in 2001. It would appear that publishers were keener to avoid litigation and legitimize their practices, than inform freelancers of their so-called rights. Besides standardized letters, notices on web sites or advertised in the newspaper could have equally (and inexpensively) alerted freelancers of their rights and asked for their permission to reuse their works within a specified grace period.

### 4.2 Grievance Board

Rather than pursuing litigation that is especially disadvantageous to freelancers, grievance boards could also provide more effective, personalized, and less expensive ways to address freelancers' predicament. Authors (whether

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in bargaining on their behalf. Many authors' groups advocate that contracts should be drafted outlining clearly the terms of the freelancer–agent arrangement.

86 See ASJA member news, ASJA http://www.asja.org/index.php.

87 PWAC (n 57).

88 Ch 10 text after n 234.

89 ibid.

90 Gallant and Russell (n 66).

represented or not) could present their views in a less formal environment. For instance, in the US, the NWU offers grievance-resolution. A type of grievance process also took place during The Guardian settlement, where the Society of Authors and the NUJ consulted with their members and were instrumental in reaching a settlement. Ideally, grievance boards could be more effective if empowered by legislation.[91] Nonetheless, drawbacks remain since if the bargaining practice is flawed *ab initio*, so too may be the settlement process, however informal. Thus, unless the publishing industry changes its mantra that publishing is a lucrative industry and its view that commerce is valued above culture,[92] other mechanisms also become necessary, such as more robust provisions for contract formation and interpretation.

### 4.3 Collecting Societies

Collecting societies can control the electronic distribution of freelance articles and maintain efficient licensing schemes to distribute freelance articles to the public. Ruth Towse argues that these have strengthened authors' bargaining position.[93] As another commentator has observed, '[c]ommercial copyright transactions require negotiation, monitoring, and enforcement that can be prohibitively costly for individuals', but this can be feasible for such an organization.[94] From an economic perspective, collective rights management 'is adopted to spread administrative costs and to reap economies of scale.'[95] Collecting societies vary in different countries according to their constitutions; most are private non-profit cooperatives often sanctioned by the government.[96] The terms of membership and control over the society are principally an issue of the rules of the society.[97] Competition law regulates member and society relations, at a national and European Community level.[98] Collecting

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91 Here the CRA submission in Bently (n 3) 53 would exclude the UK Copyright Tribunal as one such board for freelancers.

92 A Schiffrin *The Business of Books* (Verso Press New York 2000).

93 R Towse 'Copyright Policy, Cultural Policy and Support for Artists' in WJ Gordon and R Watt (eds) *The Economics of Copyright* (n 78) 73.

94 May (n 4).

95 Towse (n 93) 73.

96 ibid.

97 L Bently and B Sherman *Intellectual Property Law* (3rd edn Oxford University Press Oxford 2009) 297.

98 UK Competition Act 1998 c 41 Parts I and II (e.g. s 2 'agreements preventing, restricting, distorting competition, s 18 'abuse of a dominant position') Part III ('investigation and enforcement'); EEC Treaty art 82 (formerly art 86 of the Treaty). Prior to the UK Competition Act, which established a Competition Commission, the Monopoly and Mergers Commission, under Part IV of the Fair Trading Act 1973 held

societies may devise general rules that duplicate contracting terms between two parties at substantially lower transaction costs. In the US, the NWU spearheaded the Publication Rights Clearinghouse (PRC) to license and enforce the copyrights of freelance writers.[99] In this scheme, writers assign to their agents the limited right to act on their behalf in licensing the non-exclusive secondary right for publishers to use their works for a fee. Also, the PRC is responsible for collecting fees from secondary users and distributing them to authors. The PRC gives 75 to 90 per cent of the total collected fees to the member authors.[100] Thus, this organization works for authors by permitting them to grant further exploitation of their works, enabling public access to their works, and being paid without relying on publishers.

But critics point out drawbacks. Because collecting societies are based on the author–publisher divide, this 'may put individual artists at a disadvantage as relative economic power becomes an issue.'[101] Also, collective licensing can create restrictive practices as authors have little choice but to join the society and users but to take a licence from the society, on its terms.[102] Indeed, this membership is essential for any returns from additional uses of copyrights.[103] Collective practices may also run counter to competition law since these may occupy a dominant market position.[104] Furthermore, pursuant to Part IV of the Enterprise Act 2002 c 40 s 131, the Office of Fair Trading may make a 'market investment reference' to the Competition Commission if it suspects anti-competitive behaviour. Here again the relationship between copyright and its related mechanisms and competition law resurfaces and merits more careful study. So while not invalidating the place of collective licensing in addressing freelancer interests, such drawbacks underscore the need for thoughtful legislation to increase the choices for freelancer redress.

### 4.4 Royalty Payments

Rather than earning mere lump sums for initial publication, freelancers should also earn royalties. Each time a freelancer's work is used, a percentage of this revenue could go to them. Royalties are a form of micro-payments that can be tallied from the number of downloads per article generated from on-demand

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investigative powers. Society and user relations are regulated by Copyright Tribunal (replacing the Performing Right Tribunal in 1989).

99 ibid 27.

100 ibid.

101 ibid 73.

102 Bently and Sherman (n 79) 297.

103 Towse (n 93) 74.

104 Both national and community law (e.g. EC Treaty art 82) may apply; Bently and Sherman (n 79) 298.

licences. Some members of the music industry have developed royalty schemes, and here iTunes, to name but one success story, is an example. These schemes could be studied for the newspaper and magazine industry to reward and incentivize authors.[105] In Canada, such solutions are slowly being introduced in the mainstream press.[106] For instance, Access Copyright, the Canadian collecting society for publishers and creators, has obtained an exclusive licence from iCopyright to offer its on-demand licensing solutions in Canada. To date, The Globe & Mail, The Toronto Star and Canadian Press have adopted iCopyright to offer licensing solutions for the benefit of all parties. Access Copyright's ultimate goal is to establish clear and consistent user expectations in terms of what these parties can do with the copyrighted works.[107] While users may be receiving some comfort and clarity in their use of copyrighted materials they find in newspapers, and publishers receiving some revenue from the licensing, it remains problematic what share, if any, of the revenue freelancers receive. As a result, the process has been somewhat slow given the persisting ownership uncertainties.[108]

In order to ensure royalty payments, scale agreements negotiated between freelancers' groups and publishers should be in place. The CDPA or a potential freelance author Act could provide the freelancers' right to compensation through initial lump sum and royalties and the right to establish scale agreements. Scale agreements would set floor terms in negotiating freelancer compensation. The royalty percentage could be set to a 15 per cent minimum, while a higher percentage could be negotiated between the parties. Thus most freelancers would have a guaranteed proportion of future earnings. Similarly, payment terms could be pre-set in the scale agreement (for example quarterly or annual terms). In this way, while legislation would confer the right to compensation through initial lump sum and royalties, the terms could vary according to the industry practice and parties' individual preferences.

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105 A study in the UK of the business models used by the top Web 'apps' showed that of those companies surveyed, 34 per cent were supported by advertising, 12 per cent were supported by a variable subscription model and 8 per cent were supported by the sale of virtual products, see D Zambonini 'Monetizing Your Web App: Business Model Options' (24 February 2009) http://www.boxuk.com/blog/monetizing-your-web-app-business-models, Major Record Labels and Cell Phone providers have teamed up to provide subscription all-you-download music service to cell phone users: E V Buskirk 'Hands-On With Omnifone's Unlimited Cellphone Music Service' Wired Magazine Online (24 March 2008) http://www.wired.com/listening_post/2008/03/hands-on-with-o.

106 Interview with Rob Weisberg, Manager, Corporate and Government Licensing, Access Copyright (6 May 2009).

107 ibid.

108 ibid.

It is of course possible that royalty terms could be equally arrived at without legislative steer, though given publishers' current practices it seems unlikely that they would change their conduct without significant pressure from government. Indeed, as Towse argues in light of musicians, 'if a composer gets a higher royalty, the record company gets less (unless it is able to recoup it from consumers). It is in obtaining their share of the returns that bargaining power is at issue.'[109] Without legislative intervention, it may be difficult for these conflicts of interest to be resolved in a balanced way.

To this end, legislators have attempted to protect artists by making their rights unwaivable. One example is the 1996 Rental Rights Directive, implemented in the UK guaranteeing the performer's right to equitable remuneration from rental and from the public performance of sound recordings.[110] Another instance is the artist's *droit de suite* on their resale rights. As Towse appropriately notes, '[i]t seems that in doing so, law-makers intend to tip the balance in favour of artists to enable them to earn a greater share of revenues.'[111] Indeed, without some form of legislative intervention and authors' groups negotiating with publishers, it is unlikely that freelancers will earn a greater share of revenues.

One disadvantage to royalty payments may be that they enable only 'superstar' artists to receive higher incomes.[112] It is argued that this skewed result is due to the demand to concentrate on a few artists that end up dominating the market.[113] Even though this may be true for composers, it is not clear that this would be the case for all artists, especially freelancers who seldom reach superstar status. At least, through royalties freelancers could be ensured some income stream from their works. The potential for skewed earnings again shows that it is more important than ever for solutions to be reached through copyright law and outside it.

### 4.5 Education

Complementary to the noted proposals, education is essential for reformers (be they legislators, academics, or industry players) to further investigate the nature and scope of the problem and for the general public to become more aware of these issues. I have already discussed the education of freelancers. Recent studies begin to remedy the insufficient empirical research analysing

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109 Towse (n 93) 71.
110 CDPA was amended from 1 December 1996.
111 Towse (n 93) 71.
112 ibid 69–70.
113 ibid 70.

the problem.[114] There are some projects that have begun to undertake empirical research in the cultural industries, but these are still few.[115] Here it may seem that authors are again on the losing end since there appears to be much more interest in investigating aspects of copyright contracts dealing with digital watermarking and shrink wrap licences,[116] rather than investigating the old-fashioned author–publisher issues. In the mainstream media, these are yesterday's news.

On another level, the public, which is on the receiving end of unfair author–publisher relations, needs to understand the copyright issues (including the distribution of gains) behind the newspapers and magazines they read. This awareness has been raised in the music industry where some members of the public criticize recording companies that obtain a disproportionate share of music revenues while CD records become prohibitively expensive to purchase.[117] However, this repudiation has also led to a 'wild west' approach to music consumption and valuation.[118] As technologies continue to develop, so too will new uses of newspapers and magazines and, consequently, so too will cost, access and quality of journalism. A more recent development, which will no doubt soon be dated, is that we shall soon read 'digital newspapers' where an entire newspaper appears in a single digital sheet of plastic A4 and can be clicked on for content much like on a laptop.[119] An informed public can exert pressure on policy makers and industry players to become more engaged

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[114] M Hebb and W Sheffer *Towards a Fair Deal* (prepared for Creators' Copyright Coalition and Creators' Rights Alliance, October 2007).

[115] e.g. R Towse *A Handbook of Cultural Economics* (Edward Elgar Cheltenham, UK and Northampton, MA, USA 2003); *Assessing the Economic Impacts of Copyright Reform on Performers and Producers of Sound Recordings in Canada* (study prepared for Industry Canada 2003, unpublished).; see also, D Throsby 'Assessing the Impacts of the Cultural Industry' (presented at Lasting Effects: Assessing the Future of Economic Impact Analysis of the Arts Conference Chicago, 12–14 May 2004) http://culturalpolicy.uchicago.edu/eiaac/papers/Throsby2.pdf Though there is little empirical research tailored specifically on the publishing industry.

[116] e.g. in Australia, the CLRC examined such matters and issued a Report *Copyright Contract* (October 2002).

[117] T Hamilton 'Law Students Rally to Aid Music "Pirates"' Toronto Star (14 February 2004).

[118] G Henderson in *Copyright & Intellectual Property Rights and Protection in Canada, Direct Engagement*, Rogers TV Panel, University of Toronto, Toronto, 23 April 2008.

[119] W Knight 'Most Flexible Electronic Paper Yet Revealed' Nature Materials (DOI:10.1038/nmat1061) (26 January 2004). C Morrison 'Plastic Logic sees flexible, low-power displays coming with $50M funding' Venture Beat (4 August 2008) http://venturebeat.com/tag/invamadeus-capital-partners/. The e-paper has yet to be launched, but Amazon has successfully launched the 'Kindle' a portable electronic book and more recently the iPad.

with access and quality issues that affect our daily lives.[120] Sterling suggests that copyright principles should be taught at primary, secondary and tertiary levels of education.[121] This incremental learning could serve 'a good foundation for developing awareness in this area as the educational process continues.'[122]

Finally, drawing from Netanel's 'democratic copyright school' is appropriate for all copyright stakeholders. In his conceptual framework, he posits that 'copyright law serves fundamentally to underwrite a democratic culture[.]'[123] By striking a 'precarious balance,'[124] it should provide creators exclusive rights to market their literary and artistic works, foster dissemination of knowledge while not being 'so broad and unbending as to chill expressive diversity and hinder the exchange of information and ideas.'[125] Alongside any copyright measure adopted to achieve this balance, he posits that there needs to be a more radical revision of our views, a broader normative and legal foundation.[126] For example, in relation to authors and their need for more robust measures against inalienability of copyright, Netanel underscores that these cannot be measured solely by their legal result, but implementing any such measures 'would entail a radical revision of our conception of creative expression.'[127] It would mandate that we see 'authors' works less as a market good and more as a constitutive part of personality' that need not impinge on the dissemination and commercial exploitation of works.[128] And so, as we attempt to move towards a more balanced copyright system and implement more

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120 Large public engagement attempts can be seen with the mobilization of user interests in Canadian copyright reform; see Fair Copyright for Canada Groups established on Facebook starting from 2008 http://www.facebook.com/group.php?gid=6315846683. By May 2009 the group had 90 000 members.

121 JAL Sterling *World Copyright Law* (Sweet & Maxwell London 2003) 926.

122 ibid.

123 N Netanel 'Asserting Copyright's Democratic Principles in the Global Arena' (1998) 51 Vand. LRev 217, 220.

124 N Netanel 'Copyright and a Democratic Civil Society' (1996) 106 Yale LJ 283.

125 Netanel 'Asserting Copyright' (n 123) 217.

126 ibid 221, 223 (in this article Netanal applies his paradigm to the global intellectual property arena and highlights the view of cultural expression as a mere item of international trade; and so the need for a conceptual shift from copyright-as-trade to copyright-as-democracy). N Netanel 'Alienability Restrictions and the Enhancement of Author Autonomy in United States and Continental Copyright Law' 12 (1994) 12 Cardozo Arts & Ent LJ 1, 78 (applying his paradigm to authors and the need to shift the legal rules and our common law conceptions from authors' 'unlimited alienable' rights to authors' sovereignty and inalienable rights).

127 Netanel 'Alienability Restrictions' (n 123).

128 ibid.

robust democratizing pro-author measures, a conceptual shift is required in the way in which we see these measures in practice.

## 5. CONCLUSIONS

I have argued that the ideal solution in balancing the copyright treatment of freelancers resides mainly in legal intervention through copyright law. This can occur at the national, regional and international level. Other options to complement and execute such proposals are available. These include: (1) establishing a voluntary code, good or best practices, model agreements and a possible grievance board, (2) judicial interpretive principles, (3) stronger freelancer bargaining platforms, (4) using authors' groups and collecting societies, (5) implementing royalty payment schemes, and (6) increased freelancer awareness and education of the general public. While these are all useful, they would work more effectively with clear copyright contract laws such as a pro-author default rule and other provisions on use, scope, duration and equitable remuneration for authors' contracts. The point is that solutions need to work both through copyright law and outside it.

# 12. Final remarks

This book has sought to investigate an ongoing problem in copyright law: recycling old works in new media. I confined my discussion to one category of creators grappling with this problem: mainstream magazine and newspaper freelance authors. While also drawing on civilian and common law jurisdictions I explored freelancers' widespread copyright contract problems as they attempt to retain copyright control over their exploitation rights. With some exceptions, copyright law inadequately addresses this problem. Continental Europe's express copyright contract rules facilitate both judicial interpretation and possibly influence more express and fairer contracting between freelancers and publishers. Also, the UK has not always been apathetic towards its authors. Nineteenth-century copyright statutes contained some progressive provisions restricting publishers' contract practices. The context in which these provisions were established is important. These author-friendly provisions were enacted in laissez-faire Britain, and after the 1710 Statute of Anne that made copyright a publishers' and not an author's right.

Today, it remains insufficient to rely on basic copyright transfer rules, merely stating that assignments and exclusive licences must be signed and in writing. While written documentation for outright transfers is a necessary means of protection, it inadequately protects creators. With digital technology and new means of exploitation, and consequently renewed ambiguities in new use clauses, the provisions do not adequately guide parties from contract formation to judicial contract interpretation. What is assigned or licensed remains a matter of negotiation, and weaker parties, such as freelancers, will seldom be able to negotiate favourable terms. Freelancers, especially in the common law, remain short-changed by national copyright legislation. When this national deficiency is seen against the authors' international inconsequence, we can be sure that one too many legislatures have turned a blind eye to authors' interests.

Of course without sound empirical research analysing the nature of the problem, it is difficult to propose any one solution with certainty. But as I have demonstrated, the scales have been tipped too far, for too long, in favour of publishers. This imbalance strains both the objectives of copyright law and more practically, the relationship between two of its main protagonists: authors and publishers. There was a time, at least rhetorically, when publish-

ers and authors were thought to be in a 'joint adventure'.[1] Certainly, such a concept no longer figures in the caselaw, let alone current publishing practices which yield more of a freelancer–publisher misadventure. In turn, user communities and the general public, including freelancers and publishers, are also affected with uncertainty in user practices, and often enjoy less access and less variety of works. Or, as some note, there is a tragedy of the commons.[2]

This copyright tragedy need not be. Copyright law can and should intervene to balance the interests of freelancers, publishers and the user communities. Just as various areas of the law have changed to address unfairness, so should copyright law. Chapter 11 suggested some constructive ways of doing so. So why not change the status quo?

If the answer is because there is strong opposition from publishers for any legislative intervention, as Guibault and Hugenholtz's study has contended, then as I have argued, change is often necessary where it is most resisted. More importantly, this book has illustrated that publishers' claims rooted in economic theory have insufficient empirical validity. Rather it is possible that publishers hold on to an existential insecurity that they must own all future digital exploitation rights. When all the evidence is taken together, there is no strong justifiable need to keep the status quo. The scales should be balanced. At this late stage, some may wonder whether any of this will make a difference. I argue that legislative intervention should make a difference and that this is preferable to retaining the status quo. The problem has been recognized in the past and currently by various legislatures in common and civil law jurisdictions. These initiatives show that government bodies are growing attuned to these issues. Legislative intervention coupled with judicial and other mechanisms can begin to yield a more vibrant culture where the interests of all the stakeholders in copyright are equally valued and considered, including those of the Thomas Browns of today.

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[1] e.g. *Lucas v Moncrieff* (1905) Times LR 683 (Ch D) in ch 4 text to nn 7, 140.

[2] The phrase was first coined by G Hardin 'The Tragedy of the Commons' (1968) 162 Science 1243, 1244 to mean the situation in which common resources available to all, are crowded by entrants, overusing them and underinvesting in their maintenance and improvement. Today, the phrase is used widely by various intellectual property scholars concerned with the shrinking of the 'intellectual commons' or 'public domain' because of the ever-strengthening of copyright which mainly benefits right holders: J Boyle 'A Theory of Law and Information' (1992) 80 California LR 1413; P David 'A Tragedy of the Public Knowledge "Commons"? Global Science, Intellectual Property and the Digital Technology Boomerang' Electronic Journal of Intellectual Property Rights (OIPRC Working and Seminar Papers, September 2000); C Rose 'The Several Futures of Property' (1998) 83 Minnesota LR 129.

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