33 MILLION DOLLAR COPYRIGHT SUIT AGAINST SOUTHAM INC. THE WORLD WIDE WEB AND COPYRIGHT CONSIDERATIONS IN THE COURSE OF EMPLOYMENT

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INTRODUCTION

In a pending case before the Superior Court of Quebec, the Electronic-Rights Defence Committee (E.R.D.C.) has instituted a 33 million dollar class action suit on behalf of freelance writers against Southam and CEDRON-SNI Inc., (hereafter the "Southam case").

The freelance writers are claiming, in accordance with an alleged oral agreement, that Southam has the right to reproduce their articles only one time and solely for print publication in *The Gazette*, a newspaper owned by Southam.

The plaintiffs further claim that by making their work accessible on a world-wide basis by electronic means and with neither their consent nor compensation, the defendants are causing them future losses by diminishing the value of their copyright. They claim that the net effect of Southam's electronic activities is to deprive them of opportunities to assign and license the use of their works by "recycling", the industry term used to designate the updating of stories so that they may be republished at a subsequent date and in different markets.

Copyright generally resides with the author of the work ubsection.13 (1) of the *Copyright Act*[1] (R.S.C. 1985, c. C-42). If the author is an independent contractor, such as a freelance writer, the general rule applies *i.e.* copyright resides with the author subsection 13(1). Copyright can be assigned or licenced to the publisher.

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[1] All references to sections in this paper are references to sections of the *Copyright Act*, unless otherwise indicated.

Assignment of copyright must be in writing (subsection 13(4)). Copyright can be licenced in a writing, through an oral agreement, or by implied licence.

An exception to the general rule of copyright residing with the author arises during an employment relationship. The employer is deemed the first owner of the copyright when the author is employed by the employer under a contract of service and the work is made in the course of his employment subsection 13(3). If the work is an article or other contribution to a newspaper, magazine or similar periodical, the employed journalist can restrain the publication of the work otherwise than as part of a newspaper, magazine or similar periodical subsection 13(3) *in fine*.

The Southam case highlights an interesting hypothetical question, namely, can an employed journalist restrain the publication of his works on the Internet?

Subsection 13(3) reads as follows:

> Where the author of a work was in the employment of some other person under a contract of service or apprentice-ship and the work was made in the course of his employment by that person, the person by whom the author was employed shall, in the absence of any agreement to the contrary, be the first owner of the copyright, but where the work is an article or other contribution to a newspaper, magazine, or similar periodical, there shall, in absence of any agreement to the contrary, be deemed to be reserved to the author a right to restrain the publication of the work, otherwise than as part of a newspaper, magazine or similar periodical.

The discussion of this question will proceed in two parts. Firstly, we will discuss briefly the nature of the Internet and its use in the publishing industry and what constitutes infringement under subsection 13(3). Secondly, we will summarily provide an interpretation of s. 13(3) and its application to the publication on the Internet of works created by employed journalists.

THE INTERNET

No single all-encompassing definition of the Internet can be said to exist. However, for the purposes of this article, the World Wide Web (WWW), which is a component of the Internet, may be considered as a vast collection of interconnected documents. To access documents on the WWW, users require a "browser". The browser is a computer program which reads and formats

documents retrieved from the WWW server. A document found on a WWW server is not limited simply to text but may also include sound and images.

As with other creations of the electronic age, copying of retrieved documents is extraordinarily easy. Few people will quarrel with the proposition that Internet is a means by which a work can be communicated to the public by telecommunication.

It has become a practice for many publishers of newspapers and magazines to give access to electronic versions of their paper publications to persons providing electronic database services. In turn these persons provide access through the Internet to the whole or part of these electronic publications to the general public.

The providing of access to these electronic versions can occur contemporaneously with the publication of the paper version of the newspaper or magazine, or it can also occur at separate times. For instance a publisher may decide today to provide access to its electronic version of newspaper articles which were published on paper many years ago, at a time when Internet did not even exist or was not as popular. A publisher could also decide to publish on the Internet selections of articles published previously on paper.

WHAT CONSTITUTES INFRINGEMENT UNDER SUBSECTION 13(3)

Section 3 of the *Copyright Act* grants a copyright owner (the employer) exclusive rights. Those particularly relevant to this discussion include the right to produce or reproduce the work or any substantial part of the work in any material form whatever, subsection 3(1), and the right to communicate the work to the public by telecommunication at paragraph 3(1)(f). Subsection 27(1) states that it is an infringement to do without the consent of the owner of the copyright (the employer), anything that by the Act only the owner of copyright has the right to do. Subsection 27(4) provides that it is also an infringement of copyright to deal with a copy of a protected work under given circumstances.

Subsection 13(3), provided certain conditions are met, deems that the person by whom the author was employed is the first owner of the copyright on the work created by the author. Even when the work being the object of the copyright is an article or other contribution to a newspaper, magazine or similar periodical, the first owner of the copyright remains the employer. Subsection 13(3) *in fine*, however, in such circumstances, reserves to the author the right to restrain the publication of the work otherwise than as part of a newspaper, magazine or

similar periodical.

If the author/employee does not avail himself of this "right to restrain", the publisher/employer, as copyright owner, can exploit his copyright freely. The "right" of the author/employee to "restrain" is not a "copyright", it is a limited *sui generis* right which does not allow the author/employee to do the things enounciated in section 3, which are the exclusive rights of the copyright owner. In other words, subsection 13(3) does not give the author/employee the right to produce or reproduce the work, nor the right to deal with it. The author/employee can only restrain, in a very limited way, the manner in which his employer will exploit his copyright.

It follows that if an author/employee avails himself of the right to "restrain" his employer's copyright and if the employer refuses to comply, the employer should not be considered as a "copyright infringer" as provided under sections 27 and 34, and the resulting work should not be considered as an infringing work (see section 38). The legal consequences of these distinctions can be far reaching but it would go beyond the scope of this paper to go any deeper in this discussion.

Coming back to our earlier question, can an employed journalist restrain the publication of his work on the Internet? We know of no Canadian case law[2] which answers this question directly. Regardless of the meager state of our jurisprudence on this point, we will attempt to give some answers to this interesting question.

Under subsection 13(3), the right which is given to the author/employee to "restrain" is applicable only to contributions to some specific types of works and it is in regard to those works only that the "right to restrain" will come into play. With respect to other types of works, the employer does not need to worry with the possibility of the author/employees availing themselves of the "right to restrain", since they have none.

The types of works which are identified by Parliament are "newspaper, magazine or similar periodical". The Act does not define these words. They should be

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2 Some foreign cases have dealt with peripheral issues, such as, *Tasini v. The New York Times Co.*, (1997), 43 USPQ 2d 1801, 972 F.Supp 804 (S.D.N.Y.); *De Garvis v. Neville Jeffress Pidler Pty Ltd* (1990), 95 ALR 625, 18 I.P.R. 292 (Fed. C. of Australia); *Sun Newspapers Ltd. v. Whippie and Anor* (1928), (1928) N.S.W. 473, 45 N.S.W.W.N. 126, (1928-35) MacG.Cop.Cas. 184 (N.S.W.S.C.); *Beck v. Montana Constructions Pty Ltd* (1963) 80 W.N.N.S.W. 1578, (1964-65) N.S.W.R. 229, 5 F.L.R. 298 (N.S.W.S.S.).

interpreted in accordance with their ordinary meaning. This ordinary meaning can however evolve with the changes occurring in the publishing industry.

If, when subsection 13(3) was adopted, the only medium on which a newspaper or magazine could conceivably be published was paper, such is not the case anymore. There are number of magazines or similar periodicals, such as newsletters or bulletins which are today only published electronically. To deprive the authors employed in the writing of articles for such electronic publications from the "right to restrain" provided under subsection 13(3), would seem to be both unfair and inconsistant with the purposes of subsection 13(3) *in fine*.

If we are right in assuming that subsection 13(3) is not concerned with the medium but with the intrinsect nature of the publication, then it should follow on the one hand that a newspaper, magazine or similar periodical published electronically is a newspaper, magazine or similar periodical within the scope of subsection 13(3). This means, on the other hand, that an author/employee could not restrain his employer from publishing his work on an electronic medium (the Internet) inasmuch as the resulting electronic publication is a newspaper, magazine or similar periodical. This would exclude other types of publications which could find their way on the Internet.

It would exclude for example the electronic publication of selected articles separately from a newspaper, magazine or similar periodical such as a selection of editorials of a given newspaper. In *De Garvis v. Neville Jeffress Pidler Pty Ltd* (1990), 95 ALR 625 (Fed. C. of Australia), Beaumont J. stated:

> The ordinary understanding of the word newspaper is a publication containing a narrative of recent events and occurrences, published regularly at short intervals from time to time... In my view, the distribution of photocopies of selected newspaper articles does not constitute the publication of a newspaper, magazine or similar periodical for the purposes of s. 35(4). The activity of providing press clippings on a commercial basis is different in character from the activity of publishing a newspaper.

These remarks, which apply to photocopies of selected newspaper articles, should be just as much applicable to the selection of newspaper articles published on the Internet.

The answer therefore to our previous question is that the author/employee will be allowed to restrain the publication of his works on the Internet if his works are not published as part of a newspaper, magazine or similar periodical on the Internet.

It is our view that whether the medium is paper, electronic or otherwise has a neutral effect, it is the nature of the publication itself which should be determining, whatever be the medium through which it is published. Therefore an author/employee should be able to restrain the publication of his works on the Internet as part of some other types of publication such as mere selection or compilation of articles.

However, the definition of "publication" in former paragraph 4(1)(f) and in new paragraph 2.2(1)(c) excludes from the meaning of "publication" "the communication to the public by telecommunication of a literary, dramatic, musical or artistic work or a sound recording". Inasmuch as the right "to restrain" which is given by subsection 13(3) to the author/employee is the right to restrain the "publication" of his work, and inasmuch as the word "publication" for the purposes of the *Copyright Act* does not include "communication to the public by telecommunication", it could be argued on the one hand that the author/employee cannot restrain the communication of his work on the Internet since such communication is not a "publication" which is the only thing an author/employee can restrain under subsection 13(3) *in fine*.

On the other hand, it could be argued, that even though paragraph 2.2(1)(c) defines "publication" for the purposes of the *Copyright Act* as a whole, the definition should not apply to section 13(3) *in fine*, where the word "publication" is used not in the context of section 5 (published vs unpublished works) but to give to author/employees a limited right "to restrain" the exploitation of the employer's already subsisting copyright in a work which could be published or not for the purposes of section 5. Subsection 13(3) does not purport to grant any copyright to the author/employee. The fact that the work created by the author/employee be considered published or not for the purposes of section 5, should not affect the right of the author/employee to "restrain" the exploitation of his employer's copyright under subsection 13(3).

The uncertainty residing with the interpretation of the definition of "publication" when applied to subsection 13(3) may create serious unforeseen problems for author/employees who would want to avail themselves of the right "to restrain" their employer's copyright.

One way to solve the problem would be to remove the word "publication" in subsection 13(3) and replace it by the word "reproduction". This might be an amendment to be considered in a future IP Improvement Bill, but as far as we know, such Bill is not to be tabled in any foreseable future.

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