

Law Research Institute Research Paper Series

CLPE Research Paper 5/2007
Vol. 03 No. 02 (2007)

Giuseppina D'Agostino

Canada's *Robertson* Ruling: Any Practical Significance for Copyright Treatment of Freelance Authors?

Keywords: copyright, freelance publishers, authors, database, CD-ROM, *Robertson*

JEL Classification:

Author Contact:

Osgoode Hall Law School, York University
4700 Keele St., Toronto, ON, Canada M3J 1P3
Email: gdagostino@osgoode.yorku.ca

This paper can be downloaded without charge from the
Social Science Research Network Electronic Library at:
<http://ssrn.com/abstractid=967501>

An index to the working papers in the
Comparative Research in Law and Political Economy
Research Paper Series is located at:
<http://www.comparativeresearch.net>

CLPE RPS Editors: John Cioffi (University of California at Riverside),
Peer Zumbansen (Osgoode Hall Law School, Toronto, Director,
Comparative Research in Law and Political Economy)

Production Editor: James Brink (Osgoode Hall Law School, Toronto)

CLPE Research Paper 5/2007
Vol. 03 No. 02 (2007)

Giuseppina D'Agostino

**CANADA'S *ROBERTSON* RULING: ANY PRACTICAL
SIGNIFICANCE FOR COPYRIGHT TREATMENT
OF FREELANCE AUTHORS?**

Canada's Supreme Court ruled that publishers need permission from freelance authors before reproducing their works in online databases. But in contrast to the approach taken in Europe and the US, publishers are now entitled to republish articles on CD-ROM without asking or compensating the freelance authors. Ultimately, irrespective of the publishing medium, the Court defers to private ordering to clarify ambiguities in new use clauses that will continue to persist as technologies evolve to the detriment of freelancers. Thus this decision will have little, if any, impact in practice.

Keywords: copyright, freelance publishers, authors, database, CD-ROM, *Robertson*

Author Contact: Giuseppina D'Agostino
Osgoode Hall Law School, York University
4700 Keele St., Toronto, ON, Canada M3J 1P3
Email: gdagostino@osgoode.yorku.ca

**CANADA'S ROBERTSON RULING: ANY PRACTICAL
SIGNIFICANCE FOR COPYRIGHT TREATMENT
OF FREELANCE AUTHORS?**

Giuseppina D'Agostino 2006*

I. INTRODUCTION

When the Supreme Court of Canada decides a case, it can be hard to know who has won. All sides have declared victory in *Robertson v Thomson Corp*¹ recently handed down by Canada's top court. By a 5-4 split, the Court favoured freelance author, Heather Robertson, who sued *The Globe & Mail* in a class action lawsuit to stop newspapers and magazines reproducing freelance articles in online databases without permission (and compensation). Authors' groups such as the Professional Writers' Association of Canada (PWAC) triumphantly stated that the decision 'has upheld freelance writers' ownership and control of the work they produce (a fundamental tenet of

* Assistant Professor, Osgoode Hall Law School, Toronto, Canada; DPhil (Oxford); Barrister & Solicitor (LSUC 2001 call). The author would like to thank Professor David Vaver for his helpful comments and Dean Patrick Monahan and Mark Matz for their feedback on an earlier version of this article. Comments are welcome at gdagostino@osgoode.yorku.ca.

¹ (2001) 15 CPR (4th) 147 (SCJ); (2004), 34 CPR (4th) 161 (Ont CA); 2006 SCC 43 ('*Robertson*'). SCC decision released 12 October 2006. For a more comprehensive treatment of the general issues, please see G D'Agostino '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 2005) 166 and G D'Agostino 'Copyright Treatment of Freelance Work in the Digital Era' (2002) 19 Santa Clara Computer and High Technology LJ 37.

copyright law).² But *The Globe* also said in its statement that it was pleased overall.³ This is because the decision, for the first time, carved out the right for newspapers to republish articles on CD-ROM. Articles reproduced in CD-ROM were seen as “faithful” to the essence of the original print edition and therefore allowable reproductions by the newspaper without the authors’ permission.⁴

But saying that authors own database rights and newspapers own CD-ROM rights is practically meaningless because, for both the majority and dissenting judges in *Robertson*, freedom to contract will always trump statute law. Each party theoretically has contractual freedom, but publishers as the party with the greater bargaining power dictate their terms to freelancers, who have little power to demand better treatment. This decision—sanctioning freedom of contract—will therefore have little, if any, impact in practice.

Robertson may not conclusively resolve the question of which party owns and controls future exploitation rights. Rather, the Court defers to private ordering to clarify ambiguities in new use clauses that will continue to persist as technologies evolve, to the detriment of freelancers.

² Professional Writers Association of Canada (PWAC) ‘Professional Writers Welcome Supreme Court Decision’ (12 October 2006)
<http://www.pwac.ca/2006/10/writers-win.html>

³ J Ward ‘Supreme Court favours freelancers in copyright case’ *Toronto Star* (12 October 2006).

⁴ *Robertson* SCC (n 1) [52].

II. SOME BACKGROUND

It is now old news that publishers of mainstream newspapers and magazines exploit authors' works not only in print form but also digitally, on their own websites or by selling them to third party databases and CD-ROM companies. But this was of course not the practice before the onset of digital technologies. Before the 1990s freelancers customarily obtained additional compensation for translations, reprints, and other modifications of their work.⁵ With increased digitization, publishers have begun to use the digital economy as a new avenue to profit from authors' works.

Canada's Supreme Court decision comes after a series of other freelancer-driven copyright infringement suits decided in continental Europe⁶ and the US,⁷ and settled in the UK.⁸ At issue is the period pre-dating electronic publication (before the 1990s)

⁵ 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.

⁶ eg in France: (3 February 1998) (Tribunal de Grande Instance de Strasbourg – Ordonnance de Référé Commercial) tr (1998) 22 Columbia-VLAJLA 199 (*Plurimédia*). In Germany: *Freelens* (5 July 2001) No I ZR 311/98 Federal Supreme Court (Bundesgerichtshof) tr (2003) 34 IIC 227, 229

⁷ *Tasini v New York Times* 533 US 483, 121 S Ct 2381 (2001) ('*Tasini*'). Within Canada, there is another action working its way through the courts: *Association des Journalistes indépendants du Québec (AJIQ) c. Cedrom-SNI* [1999] JQ no 4609 (QSC); *Electronic Rights Defence Committee (ERDC) c Southam Inc* [1999] JQ no 349 (QBC).

⁸ A settlement between *The Guardian* and its freelancers in 1999 stipulated that the newspaper company (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; The Society of Authors (archives, London June 2003). I am very grateful to Mark Le Fanu for kindly allowing me access to these materials.

when there were no written contracts; only key terms such as the submission date and word count were agreed upon. And so, in all these cases, the agreements were oral and new use rights were not addressed. 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. Publishers maintain that there is no difference between the media; in any event, because of contracts previously made with their freelancers they can exploit new uses of such works through an implied licence. Some publishers justify themselves by saying that they are investing millions of dollars in these new technologies and need a “wait and see” approach; others, that they are digitizing works all in the public interest.⁹ While the implied licence point is to some extent a question of evidence and interpretation, it speaks more fundamentally to the contractual nature of the freelancer-publisher relationship and to the ways in which the management of such new uses challenge ongoing publishing practices, and copyright law and policy generally. The central issue is whether authors’ contracts, by which copyright is transferred or licensed for reproduction, contemplate electronic publication rights.¹⁰ For staff writers in common law countries it is a moot point, since their employer owns the copyright in the work done “during the course of employment,” but for freelancers who base their livelihoods on each new contract, the issue is a vital one.¹¹ In copyright law,

⁹ *De Volkskrant* No D 3.1294 (24 September 1997) (DCt of Amsterdam) tr (1998) 22 Columbia-VLAJLA 181 argued for a three-year freeze before compensating authors as the technologies were in an “experimental stage”; on the public interest argument see Abella J’s dissent in *Robertson* SCC (n 1).

¹⁰ Copyright Act RSC 1985 c C-42 (‘CCA’) s 3 setting out the bundle of economic rights (e.g. reproduction right) to which a copyright owner is entitled.

¹¹ CCA s 13(3); in the UK, Copyright, Designs and Patents Act 1988 c 48 as amended s 11(2).

freelancers are independent contractors and so without an agreement stating otherwise, they are supposed to control the future exploitation rights over their works.

III. CANADA'S ROBERTSON

*Robertson v Thomson Corp*¹² was a class action headed by Canadian author Heather Robertson who wrote for *The Globe & Mail*. *The Globe* entered into a letter agreement with Robertson's publisher in August 1995 for one time usage of one of her works for a fee. There was no reference to electronic rights. In February 1996, *The Globe* entered into a written contract with numerous freelancers, which for the first time included an electronic rights clause. This clause was later expanded in December 1996.

IV. IMPLIED LICENCE ISSUE IN THE LOWER COURTS

The copyright contract issues were very much alive in the first instance decision. Following a US Supreme Court decision on the copyright infringement issue, *Tasini v New York Times*,¹³ Cumming J ruled that the publishers had infringed the freelancers' copyright since the reproductions constituted

¹² *Robertson CA* (n 1).

¹³ 533 US 483, 121 S Ct 2381 (2001) (Ginsburg J). Six freelancers sued three print publishers—New York Times (NYT), Newsday and Time Inc. The dispute centred on 21 articles written between 1990 and 1993, in which freelancers had registered copyrights. The publishers registered collective works copyrights in each edition in which the articles originally appeared. They engaged the authors as independent contractors under oral contracts that did not contemplate electronic publication. Under separate licensing agreements with database and CD-ROM companies, (LEXIS/NEXIS and University Microfilms International respectively), and without the consent of their freelancers, the publishers permitted copies of the freelancers' articles to appear in electronic media.

individual copies of their works. In *Tasini's* 7-2 decision, the US Supreme Court had ruled that, pursuant to US Copyright Act section 201(c), the publishers did not have the privilege to reproduce the stand-alone work but could reproduce the works only in context as part of the collective work. The US Court mainly focused on the differences between print and electronic media and did not address licensing issues which were argued in the lower courts.¹⁴

Robertson at first instance found the licensing issues problematic and declined summary judgment as there was a genuine issue for trial. In interpreting section 13(4) of the Canadian Copyright Act, the Court held 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.'¹⁵ While the Court did not find that *The Globe* had a proprietary interest in the copyright, it left open the question as to whether there was in fact a licence between the parties, and if so, of what type. The decision left open the possibility that the defendant could have been entitled to a licence in the new electronic uses of the works. Conflicting evidence could not allow a summary ruling; freelancers were possibly aware of the existence of an online database long before 1996.¹⁶ In 1996, *The Globe* had arguably merely codified the existing custom of electronically publishing freelancers' works in its new standard contract; if freelancers did not want their works to be re-used they should have contracted out.¹⁷

¹⁴ See discussion in D'Agostino 2002 (n 1) 2002.

¹⁵ *Robertson* SCJ (n 1) 77.

¹⁶ *ibid* 160.

¹⁷ *ibid* 164-5.

On appeal, the Ontario Court of Appeal dismissed *The Globe's* cross-appeal on copyright infringement and dismissed Robertson's appeal on the implied licence. The Court held that Robertson had granted *The Globe* a valid oral licence that was non-proprietary and so 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.'¹⁸ Despite Robertson's claim that she had not also licensed her database rights, the Court left it uncertain whether the oral licence would extend to this new medium, and whether the defences of laches and acquiescence applied.¹⁹ Instead, the Court miscast the issues and dwelt on delineating the differences between the media on the question of copyright infringement (although it purported not to be following a US approach).²⁰

V. ROBERTSON SUPREME COURT RULING "OF LESS PRACTICAL SIGNIFICANCE"

The Supreme Court did not settle the licensing issue. It too focused on delineating the differences between media. It ruled that reproduction of the articles on the databases did *prima facie* infringe Robertson's copyright. Once again applying *Tasini*, it

¹⁸ *Robertson* CA [96] [emphasis mine]

¹⁹ W. Matheson, *Robertson* Defence Counsel, Phone Interview (18 July 2002).

²⁰ 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; see D'Agostino 2005 (n 1) for a detailed discussion on the differences between the media.

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.²¹ On the other hand, in a unique twist from *Tasini*’s holding where all media was found to be infringing, the CD-ROM articles were held to be allowable reproductions as these remained “faithful” to the newspaper.²² Here the Court’s interpretation of the decontextualisation test is technology-dependent and its future application is unclear as technology is ever-evolving.²³

Significantly, the Supreme Court did not rule on the licensing issues; these remain a triable issue. It merely agreed with the appellate court that an exclusive licence need not be in writing.²⁴ The Court, however, did affirm that the looming trial, and not its own decision, would finally resolve 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.’²⁵ This is a very strong pronouncement on the persisting power of freedom of contract to trump any statutory-based right. Publishers have already generated 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, the Court’s finding that database reproduction was a *prima facie* infringement may be

²¹ *Robertson* SCC (n 1) [41].

²² *ibid* [52].

²³ 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).

²⁴ *Robertson* SCC (n 1) [56].

²⁵ *Robertson* SCC (n 1) [58].

trumped if a lower court finds facts from which an implied contract allowing reproduction may be inferred. 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 impliedly given 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 partly accurate here. At least in the UK, which provided the model for Canada's copyright statute, publishers' freedom to contract has been restricted when dealing with parties with weaker bargaining power, such as freelancers.²⁶ And where the law failed, courts would often step in and even the playing field by giving publishers fewer rights in the contracts.²⁷ If such precedents had been considered in *Robertson*, the contract issues may well have been solved in the authors' favour. Publishers, aware of these constraints, may now have had more incentive to contract for very precise terms for each of their digital rights. Indeed, as argued elsewhere, courts may do well to adopt a restrictive interpretive approach and read in no more terms than necessary to give business efficacy to the contract.²⁸

²⁶ See D'Agostino 2006 (n 20) 177 discussing the UK 1842 Copyright Act 5 & 6 Vict c 45

²⁷ *ibid* discussing cases such as *Hall-Brown v Iliffe & Sons Ltd* (1910–1935) Mac CC 88 ChD (20 Dec 1929).

²⁸ D'Agostino 2006 (n 20) 167.

In Canada freedom of contract is subject to an ancient body of equitable doctrine by which courts check contracts for unconscionable conduct and terms. English decisions in the music industry invalidating one-sided contracts unfairly reached by producers with inexperienced musicians will likely be followed, and likely expanded on, in Canada²⁹

Nor does the Court's decision stop parliament—the final adjudicator on copyright policy—from enacting laws to address copyright contract issues (e.g. more specific provisions on licensing). Such issues were flagged in the government of Canada's report *Supporting Culture and Innovation* (October 2002)³⁰ but ultimately have not made governments' priority lists.

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 dissenters seemed to go even farther than the majority in allowing publishers' free rein. They mentioned *Tasini* without disapproval, where the publishers lost and in retaliation purged

²⁹ *Schroeder v McCauley* [1974] 1 WLR 1308 (HL); *O'Sullivan v Management Agency and Music Ltd* [1985] 3 All ER 351 (full discussion of equity as applied to freelancers in G D'Agostino *Towards a Balanced Copyright Treatment of Freelance Authors* (Bodleian Library, Oxford 2004) (forthcoming in Edward Elgar 2007).

³⁰ Also known as the "Section 92 Report."

authors' works from their online databases.³¹ *The New York Times* has purged approximately 115,000 affected articles. To avoid a similar purging in Canada that would go against the "public interest," the dissenters paradoxically ruled for the publishers. There is a great "public interest" purpose, they said, in archived newspapers: 'these materials are a primary resource for teachers, students, writers, reporters, and researchers.'³² But no-one disputes that publishers can copy their newspapers: rather the issue is whether they can just use individual freelance articles elsewhere 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 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 implied that rewarding authors is against the public interest a position which falsely pits authors against the public. If we want to nourish the public interest, we cannot rely only on private interests. At least *Tasini's* dissent deferred to the US government and said that these issues merit further study. For instance, there is no reason why licensing schemes parallel to those in the music industry could not evolve to compensate authors and ensure users greater access and diversity of works. Such a creative solution may accommodate all parties in the public interest.

³¹ After *Tasini*, *The New York Times* adopted a policy to accept only freelance works for which authors expressly surrendered all of their copyright. *The New York Times* forced its freelancers to choose between: (1) whether to press for compensation, or (2) forego compensation in favour of keeping their articles in the electronic databases at a time when freelancers had limited information, since the damage awards were yet to be determined. Moreover, *The New York Times* blacklisted those freelancers who brought forward the claim.

³² *Robertson* SCC (n 1) [70].

VI. CONCLUSION

What the *Robertson* Court left the parties with is a copyright test that is a “question of degree” and will lead to much future guess-work.³³ Even publishers need more than this for certainty’s sake. Resolving the live contract issue in *Robertson* may not close the door on newer uncertainties in future copyright contracts. Bright line rules will be necessary to guide both parties and courts.

As in the past, today, even within Canada, Québec stands out as a province that has attempted to clarify and protect authors’ rights through legislation.³⁴ Similarly, across Europe, various laws manage copyright contracts so that contracts may be arrived at equitably and so that freedom to contract does not undermine public policy.³⁵

The government and parliament in common law countries such as Canada would do well to learn from the past and the present as signaled by *Robertson*. They should produce legislation that avoids courts from having to do their job for them in the future.

³³ *ibid* [40].

³⁴ The Act Respecting the Professional Status of Artists in the Visual Arts, Arts and Crafts and Literature, and Their Contracts with Promoters (1988) RSQ c S-32.01 discussed in D’Agostino (n 30).

³⁵ See discussion in D’Agostino 2005 (n 1) on national legislation in Europe, eg in France, Code de la Propriété Intellectuelle No 92-587 of 1 July 1992 as last amended by Order 2001-670 of 25 July 2001 (‘CPI’).