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The Policy Considerations of New Use Copyright Law as it Pertains to Ebooks

Joshua A. Tepfer

INTRODUCTION

The recent decisions in the Southern District of New York and the Second Circuit Court of Appeals in favor of the defendant in the matter of Random House, Inc. v. Rosetta Books LLC brought the issue of online publication of books to the forefront of copyright law. Although the Second Circuit affirmed the denial of a preliminary injunction against Rosetta’s publication of eight books for which Random House has the sole print copyright, the issue remains far from resolved.

First, the court addressed the matter for purposes of granting or denying a preliminary injunction, but expressed no view as to what its ultimate holding would have been on the infringement issue of the case. Second, Random House only...
reflects one district court's analysis of the issue, and New York state contract law bound the court.\(^5\) Thus, if the issue arises in another district, and the applicable state contract law takes a more liberal approach to contract interpretation, the issue may be resolved differently. Finally, the Copyright Act\(^6\) does not address this issue; therefore, until Congress directly addresses the issue of online book publishing, the issue will not adequately be resolved.

In the meantime, book publishers and authors remain in the dark as to their rights to publish works online. Not only does this create problems for already published books, but it also leaves the parties without much guidance in the creation of new book contracts. This problem could result in contractual disputes that will hinder the development of new creative works. If this result occurs, it would directly contradict the goals of copyright law — to promote the progress of creative works to benefit the public.\(^7\)

This note considers the policy issues behind granting the copyright of ebooks to the existing print book publisher instead of reverting these rights back to the author. After determining that policy issues favor the publisher maintaining the copyright to ebooks, this note applies this rationale to the facts of Random House v. Rosetta Books.\(^8\) The policy rationale of this note does not determine how the court should have ruled in Random House, as New York state contract law bound that

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7. See U.S. CONST art. I, § 8, cl. 8 (stating that the purpose of patents and copyrights is “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries”); Berlin v. E.C. Publ’ns, Inc., 329 F.2d 541, 543 (2d Cir. 1964) (stating “copyright protection is designed ‘To promote the Progress of Science and useful Arts,’ and the financial reward guaranteed to the copyright holder is but an incident of this general objective, rather than an end in itself”); West Pub’g, Co. v. Mead Data Cent., Inc., 616 F. Supp. 1571, 1582 (D. Minn. 1985) (stating the power granted to Congress by this clause “is a means by which an important public purpose may be achieved. It is intended to motivate creative activity by the provision of a special reward, and eventually allows the public total access to the products of their genius [of authors] after the limited period of exclusive control has expired”).
court. However, where courts find ambiguity in contract language, copyright policy should be considered in the judgment and the principles discussed in this note should apply.

Part I describes the historical development of new use case law. Part II examines academic theory on new uses and examines the policy issues that serve as the backdrop for this issue. Part III briefly details the history of books, which will prove essential in the policy analysis. Part IV analyzes the background material in Parts I-III and concludes that the public policy concerns motivating copyright law are best served if the publisher of the print book maintains the copyright of the online publication of the same book.

I. THE NEW USE CASE LAW

The innovation of the online publication of books, creates a "new use" copyright issue.9 The term "new use" is used to connote the problem of new technologies creating an alternative way of using existing copyrighted works.10 This section examines the history and development of new use case law. Although the courts began by construing grants of copyright to be broadly inclusive, a series of modern opinions limited the rights passed in these grants. This section ends with an examination of the only case that has specifically addressed the ebook issue, Random House v. Rosetta Books.11

The ability to convert digitized text into a format readable by computer software, and thus create an ebook, is just one of many instances of a technological advance affecting an existing copyright. Until Random House, the courts had not addressed the specific ebook issue. However, many other technological advances resulted in litigation over the right to license the new

9. See Random House, 150 F. Supp. 2d at 618 (citing Boosey & Hawkes Music Publishers Ltd. v. Walt Disney Co., 145 F.3d 481, 486 (2d Cir. 1998)).
use. Some examples include talking motion pictures,\textsuperscript{12} television,\textsuperscript{13} and home video cassettes and laser discs.\textsuperscript{14} The approaches that the courts have taken in these new use cases are discussed below.

One of the first new use cases concerned the issue of whether “talkie” rights\textsuperscript{15} were included in a grant of silent motion picture rights.\textsuperscript{16} In \textit{Kirke La Shelle v. Armstrong}, the Appellate Division reversed the trial court and, relying primarily on \textit{Frohman v. Fitch},\textsuperscript{17} held that even though “talkie” rights were not contemplated by the parties at the time the contract was created (because they did not exist and were not foreseeable), “it did not follow that the defendant could destroy the plaintiff’s property or diminish the value of what he purchased.”\textsuperscript{18} The court found that the refusal to include “talkie” rights would render the original grant useless.\textsuperscript{19} Therefore, the grant should be read broadly\textsuperscript{20} to include those rights.\textsuperscript{21}

\textit{Bartsch v. Metro-Goldwyn-Mayer, Inc.}\textsuperscript{22} distinguishes itself from \textit{Kirke La Shelle Co.} Bartsch considered whether the

\textsuperscript{12} See \textit{Kirke La Shelle Co. v. Paul Armstrong Co.}, 188 N.E.2d 163 (1933).
\textsuperscript{13} See \textit{Bartsch v. Metro-Goldwyn-Mayer, Inc.}, 391 F.2d 150 (2d Cir. 1968).
\textsuperscript{14} See \textit{Boosey & Hawkes Music Publishers, Ltd. v. The Walt Disney Co.}, 145 F.3d 481 (2d Cir. 1998); \textit{Bourne Co. v. Tower Records, Inc.}, 976 F.2d 99 (2d Cir. 1992); \textit{Bloom v. Hearst Entm’t, Inc.}, 33 F.3d 518 (5th Cir. 1994); \textit{Rey v. Lafferty}, 990 F.2d 1379 (1st Cir. 1993); \textit{Cohen v. Paramount Pictures Corp.}, 845 F.2d 851 (9th Cir. 1988).
\textsuperscript{15} The term “talkie” refers to the production of sound pictures. See \textit{Kirke La Shelle Co.}, 188 N.E.2d at 164.
\textsuperscript{16} See id. at 165.
\textsuperscript{17} 149 N.Y.S. 633 (N.Y. App. Div. 1914).
\textsuperscript{18} \textit{Kirke La Shelle Co.}, 188 N.E.2d at 167-68.
\textsuperscript{19} Id. at 168
\textsuperscript{20} Throughout this note, the terms “broad” and “narrow” are used to describe grants of copyright with regard to new uses. A broad grant indicates a grant of copyright that would include the relevant new use, favoring the media provider. A narrow grant indicates a limited grant that would not include a transfer of the relevant new use, favoring the author.
\textsuperscript{21} \textit{Kirke La Shelle Co.}, 188 N.E.2d at 168. Describing the relevant language in the grant, the court stated that the contract further provided that “all contract[s] affecting the title to the dramatic rights exclusive of motion picture rights or the production of the play in New York city, on the road, or in stock [should be subject to plaintiff’s] approval.” Id. at 166. For a contrary interpretation of \textit{Kirke La Shelle Co.}, see \textit{Sidney A. Rosenzweig, Don’t Put My Article Online!: Extending Copyright’s New-Use Doctrine to the Electronic Publishing Media and Beyond}, 143 U. Pa. L. Rev. 899, 919 (1995).
\textsuperscript{22} 391 F.2d 150 (2d Cir. 1968).
copyright to motion pictures extended to television rights. In 1935, the plaintiff, who was granted the motion picture rights to "Wie Einst in Mai" in 1930, transferred those rights to the defendant. When the defendant attempted to license the television rights, the controversy ensued. After reaffirming that state contract law applied, the court held that the copyright granted to the defendant was broad enough to include television rights. The court based its decision on two distinct factors. First, the court held that if the contract language is broad enough to cover the new use, the burden should fall on the grantor to limit the use. As this rationale only makes sense if the authors knew or should have known of the new use at the time the contract was created, the court held that television was a foreseeable new use.

The second rationale for favoring the broader view was the following: "It provides a single person who can make the copyrighted work available to the public over the penumbral medium, whereas the narrower one involves the risk that a deadlock between the grantor and the grantee might prevent the work's being shown over the new medium at all." In applying this rationale, the court's underlying concern was the promotion of the goals of copyright law. The court expressed that these goals were best met by allowing a broad declaration

23. Id.
24. Id. at 152.
25. See id.
26. Id. at 153.
27. See id. at 155.
28. See id.
29. See id. at 155.

As between an approach that 'a license of rights in a given medium... includes only such uses as fall within the unambiguous core meaning of the term... and exclude any uses which lie within the ambiguous penumbra... and another [approach] whereby 'the licensee may properly pursue any uses which may reasonably be said to fall within the medium as described in the license' [the latter approach should govern]... if Bartsch or his assignors had desired to limit 'exhibition' of the motion picture to the conventional method where light is carried from a projector to a screen directly beheld by the viewer, they could have said so.

30. The trial court made the independent finding, with which the appellate court agreed, that in 1930, "the future possibilities of television were recognized by knowledgeable people in the entertainment and motion picture industries..." Id. at 154.
31. Id. at 155.
32. See id.
of rights.33

Bartsch stands for the notion that grants of copyright should be interpreted broadly.34 The court based its decision on the rule of transfer of rights suggested by Professor Nimmer: when terms of the grant are ambiguous, “the licensee may properly pursue any uses which may reasonably be said to fall within the medium as described in the license.”35 However, Bartsch does not go as far as Kirke La Shelle because its holding is influenced by the fact that the television medium was reasonably foreseeable at the time of the creation of the contract, whereas the holding in Kirke La Shelle was not.

Two other significant cases continued the development of the new use case law.36 In Cohen v. Paramount Pictures Corp., the Ninth Circuit held that the grant of television rights did not encompass videocassette rights.37 The court’s holding rested on three grounds.38 First, the grant in the contract indicated that the licensor transferred only a “limited right.”39 The court determined that the grant “must be tortured to expand the limited right granted... to an entirely different means of

33. See id. at 155; see supra note 7 and accompanying text.
34. The relevant language of the grant from Bartsch to Warner Bros. reads “to copyright, vend, license and exhibit such motion picture photoplays throughout the world, ...” Bartsch, 391 F.2d at 152.
36. See Cohen v. Paramount Pictures Corp., 845 F.2d 851 (9th Cir. 1988); Rey v. Lafferty, 990 F.2d 1379 (1st Cir. 1993).
37. See Cohen, 845 F.2d at 855.
38. Id. at 853-55.
39. See id. at 853. In making this determination, the court distinguishes two cases outside the Ninth Circuit that held the grant of television rights encompasses the new use of videocassette. See id. at 855 (describing Platinum Record Co., Inc. v. Lucasfilm, Ltd., 566 F. Supp. 226 (D.N.J. 1983) and Rooney v. Columbia Pictures Indus., Inc., 538 F. Supp. 211 (S.D.N.Y. 1982) aff’d, 714 F.2d 117 (2d Cir. 1982), cert. denied, 460 U.S. 1084 (1983)). The court in Cohen concludes that the grants in both Platinum Record Co. and Rooney were extremely broad when compared to the grant in Cohen, as they used language such as the right to “exhibit, distribute, exploit, market and perform said motion picture, its air, screen and television trailers, perpetually throughout the world by any means or methods now or hereafter known” Cohen, 845 F.2d at 855 (citing Platinum Records, 566 F. Supp. at 227). Further, in these cases, the court used language such as “the right to exhibit the films ‘by any present or future methods or means,’ and by ‘any other means now known or unknown.’” Id. (citing Rooney, 538 F. Supp. at 223).
On the other hand, the grant in Cohen reads as follows: “a synchronization license, which gave H & J the right to use the composition in a film called ‘Medium Cool’ and to exhibit the film in theatres and on television.” Id. at 852. (These rights were then transferred to Paramount. Editor’s Note.)
making that film available to the general public – the
distribution of individual videocassettes to the general public
for private ‘performances’ in their homes."\(^{40}\) Second, after
determining that videocassettes for home viewing were not
invented or known at the time of creation of the contract, the
court concluded that if it allowed the licensee to have the
copyright, the licensee would have received a windfall for
something that was not bargained for in the initial agreement.\(^{41}\)
Finally, the court stated that its decision comports "with the
purpose underlying federal copyright law."\(^{42}\) The court
concluded that it "would frustrate the purposes of the
[Copyright] Act were we to construe this license – with its
limiting language – as granting a right in a medium that had
not been introduced to the domestic market at the time the
parties entered into the agreement."\(^{43}\)

Rey v. Lafferty concerned the same issue as Cohen:
whether a grant of television rights included videocassette
rights?\(^{44}\) The basis for the holding in Rey was extremely
similar to that of Cohen.\(^{45}\) However, the court specifically
advanced the new use issue by clearly delineating the two
policy choices available "[w]here no reliable indicia of general
intent are discernible."\(^{46}\) The first choice, and preferred
method, was that "the licensee may properly pursue any uses
which may reasonably be said to fall within the medium as
described in the license."\(^{47}\) This choice is preferable when the
new use was foreseeable at the time the contract was drafted.\(^{48}\)
The second option was a narrow reading that presumes the
grant only included the license right to the one expressly
indicated medium.\(^{49}\) Rey stated that this choice was

\(^{40}\) Cohen, 845 F.2d at 853.
\(^{41}\) See id. at 854. (referring to this reason as “[p]erhaps the primary
reason why . . . the license cannot be construed as including the distribution of
videocassettes for home viewing . . .”).
\(^{42}\) Id.
\(^{43}\) Id. at 854.
\(^{44}\) See Rey v. Lafferty, 990 F.2d 1379 (1st Cir. 1993). The relevant
phrase of the grant discussed in Rey is part of the revised agreement that
"licensed LHP [Defendant] to produce the 104 episodes for television viewing."
Id. at 1387.
\(^{45}\) See id. at 1389-1391.
\(^{46}\) Id. at 1388.
\(^{47}\) Id. (quoting MELVILLE B. NIMMER AND DAVID NIMMER, THE LAW OF
COPYRIGHT 125.3 (1964))
\(^{48}\) See id.
\(^{49}\) See id.
particularly appropriate when there may be a situation of unequal bargaining power or the new use "was completely unforeseeable . . . at the time of the original grant." In sum, Cohen and Rey aided the interpretation of new use case law by standing for the rule that without the express indication of a broad grant of rights, the copyright for the new use should default back to the grantor. In this respect, these decisions favored the grantor by taking a narrower approach than Bartsch. Although Bartsch did not give the grantee carte blanche rights, it still seemed to favor the grantee in cases of ambiguity. Of course, neither Cohen nor Rey overruled Bartsch as the cases were in separate circuits.

Another important new use case was Boosey & Hawkes Music Publishers, Ltd. v. The Walt Disney Co. In Boosey & Hawkes, composer Igor Stravinsky sold his rights to the composition "The Rite of Spring" to Disney in 1939 for use in its motion picture Fantasia. Since 1940, Fantasia had been re-released, without any objection, in theatrical distribution at least seven times with the use of "The Rite of Spring." However, in 1991 Fantasia was released in video format, generating more than $360 million in gross revenue for Disney. Boosey & Hawkes, now the copyright holder of "The Rite of Spring," objected to the use of the work in this new form.

On the one hand, Boosey & Hawkes affirmed Bartsch in that it held the grant in the license to be broad enough to include the new use of video format rights. However, the

50. Id.
51. See id.; see also Cohen v. Paramount Pictures Corp., 845 F.2d 851, 854 (9th Cir. 1988).
53. 145 F.3d 481 (2d Cir. 1998).
54. See id. at 484. The relevant grant language in Boosey & Hawkes is as follows: "the nonexclusive, irrevocable right, license, privilege and authority to record in any manner, medium or form, and to license the performance of, the musical composition hereinbelow set out [The Rites of Spring]." Id. Additionally, the grant stated, "[t]he music of said musical composition may be used in one motion picture . . . ." Id. The grant also specified, "the licensor reserves to himself all rights and uses in and to the said musical composition not herein specifically granted." Id.
55. See id. at 485.
56. See id.
57. See id.
58. See id. at 486.
dicta in Boosey & Hawkes suggested that the court did not favor this approach, but rather based its decision solely on the contract language. Boosey & Hawkes demonstrates no preference for the licensor or licensee holding the new use right. In this regard, it is a narrowing of the law of Bartsch.

Although the cases analyzed above do not include every new use decision, they highlight a general modern trend toward limited new use rights to the licensee. With these cases and trends as the backdrop, Random House v. Rosetta Books was the first court to address the copyright issues of print books online.

The Random House case concerned eight books from three different authors. Although each contract between the author and Random House differed somewhat, the relevant grant language for each contract was the same: “to print, publish and sell the work in book form.” Some of the contracts also contained non-compete clauses and provisions granting Random House the right to “Xerox and other forms of copying of the printed page, either now in use or hereafter developed.”

In the year 2000, Rosetta Books contracted with the three authors to publish the eight books in digital format over the

59. See id. at 487.

In our view, new-use analysis should rely on neutral principles of contract interpretation rather than solicitude for either party. Although Bartsch speaks of placing the ‘burden of framing and negotiating an exception ... on the grantor’ Bartsch, 391 F.2d at 155, it should not be understood to adopt a default rule in favor of copyright licensees or any default rule whatsoever. What governs under Bartsch is the language of the contract. If the contract is more reasonably read to convey one meaning, the party benefited by that reading should be able to rely on it; the party seeking exception or deviation from the meaning reasonably conveyed by the words of the contract should bear the burden of negotiating for language that would express the limitation or deviation. This principle favors neither licensors nor licensees. It follows simply from the words of the contract.

60. See id.

61. See Bartsch v. Metro-Goldwyn-Mayer, Inc., 391 F.2d 150; see also supra note 34 and accompanying text.


63. See id at 614. The authors were William Styron, Kurt Vonnegut, and Robert Parker.

64. Id. at 620.

65. See id. at 616-617.

66. Id.

67. See id. at 614.
Rosetta's ebooks included “a book cover, title page, copyright page and [an] ‘eforward’ all created by Rosetta Books.” The text of the ebook is exactly the same as the print book, but does contain additional features, including an ability (1) to search the work electronically for specific words or phrases; (2) to “electronically ‘highlight’ and ‘bookmark’ certain text, which can then be automatically indexed and accessed through hyperlinks;” (3) to type electronic notes and store, index, sort, and file these notes; (4) to alter the font size and style of the text; and (5) to display the definition of any word in the text. Some versions of the software also feature a voice activation system that will pronounce any word out loud.

The court held that the grant language did not include the exclusive copyright to the ebook. The court based its holding on the use of the term “in book form” in the contract, which it viewed as a more limited grant than the use of the term “work.”

The court also denied Random House's argument that the phrase; “to ‘publish the work at its own expense and in such a style and manner and at such a price as [Random House] deems suitable’” which was located in some of the grants, conferred a broad right to them. The court further rejected Random House's argument that the non-compete clauses in several of the contracts made a broad reading of the grant more reasonable. Finally, the court held that the clause granting

68. See id.
69. Id. at 615.
70. See id.
71. Id.
72. See id.
73. See id.
74. See id.
75. See id.
76. See id. at 620.
77. See id.
78. Id.
79. See id (“In context, the phrase simply means that Random House has control over the appearance of the formats granted to Random House in the first paragraph; i.e., control over the style of the book.”). The court also bases its determination on its knowledge of industry custom. See id. at 621. “[A] reasonable person ‘cognizant of the customs, practices, usages and terminology as generally understood in the particular trade or business would conclude that the grant language does not include ebooks.’” Id (citing Sayers v. Rochester Telephone Corp., 7 F.3d 1091, 1095 (2d Cir. 1993)).
80. See id. at 621. “First, the grant of rights follows from the grant language alone.” Id. (citing Boosey & Hawkes Music Publisher Ltd. v. The
Random House the right to "Xerox and other forms of copying, either now in use or hereafter developed" did not transfer the ebook right. The court focused on four differences in distinguishing Random House from Bartsch and Boosey & Hawkes. First, the court held that the language conveying the rights in Bartsch and Boosey & Hawkes was much broader. Second, the court highlighted the substantial difference in the medium of ebooks and print books when contrasted with the comparatively similar mediums at issue in Bartsch and Boosey & Hawkes (display of a motion picture on television or videocassette). Third, the court stated that since Bartsch and Boosey & Hawkes actually display a new work rather than a simple transfer of the author's work, as in Random House, the copyright issues should be treated distinctly. Finally, the court determined that the policy concerns that influenced Bartsch and Boosey & Hawkes were not relevant here.

The court in Random House is consistent with the trend toward construing grants more narrowly in that it ruled that the author maintains the right to the ebook. Part II examines the scholarly work in the new use area. Some of this work seems to favor this limiting trend, while other work views this trend as contrary to the goals of copyright law.

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81. Id.
82. See id. This grant: clearly refers only to new developments in xerography and other forms of photocopying. Stretching it to include new forms of publishing, such as ebooks, would make the rest of the contract superfluous because there would be no reason for authors to reserve rights to forms of publishing 'now in use.'

83. See id. at 622. Cf. the grant in Bartsch supra note 34 and the grant in Boosey & Hawke supra note 54.
84. See id. at 622-23.
85. See id. at 623.
86. See id. [T]he policy rationale of encouraging development in new technology is at least as well served by finding that the licensors—i.e., the authors—retain these rights to their works. In the 21st century, it cannot be said that licensees such as book publishers and movie producers are ipso facto more likely to make advances in digital technology than start-up companies.

Id.
II. THEORIES ON NEW USE LAW: AN “ALL THINGS BEING EQUAL” ANALYSIS

Jonathan Tasini, President of the National Writers Union, encapsulated the feeling of creative authors when he compared the plight of freelance writers to that of sweatshop workers. These authors believe that “they are entitled to the rights to their works on new media, which would enable them to license the works to the original publisher, if they choose, for reissuance on the electronic media.”

On the other hand, the argument of the old use copyright holder is strong. These businesses negotiated a contract believing they owned the right to the work in all of its forms. If it is ruled that they do not own the new use right, a very real fear that the new use will eventually come to replace the old use exists, and the business will be left selling a product that nobody uses anymore. At the same time, publishers argue that since any publication of the work in new use form only serves to advertise the old use, the author suffers no harm.

Casting a shadow over the whole argument is the United States Constitution, which gives Congress the power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.”


88. Rosenzweig, supra note 21, at 908. Of course, if they retained the rights, it would also give authors the opportunity to sell the new use rights to a third party, as William Styron, Kurt Vonnegut, and Robert B. Parker did to Rosetta Books, causing the Random House litigation. Random House, Inc. v. Rosetta Books LLC, 150 F. Supp. 2d 613, 614 (S.D.N.Y. 2001).

89. See e.g., Trotter Hardy, Copyright and New-Use Technologies, 23 NOVA L. REV. 659, 673 (1999) (describing White Smith Music Co. v. Apollo Co., 209 U.S. 1 (1908) and its aftermath). History now shows us that notwithstanding the vigorous discussion at the hearings about how recorded music would boost the sale of sheet music, the sheet music market soon withered under the dual onslaught of the phonograph and later the radio. Today, music in the home almost invariably means radio or recorded music, the income from which easily dwarfs that of sheet music sales.

Id. at 677-78.

90. See Hardy, supra note 89, at 673-78.

whether or not the author transferred her exclusive right, parties are left to question whether the articulated constitutional purpose — to promote the progress of Science and useful Arts — is best realized by granting either limited or broad new use rights to the licensee.92

In a theoretical vacuum of “all things being equal,”93 this section presents the relevant academic arguments that tend to support giving either the grantor or the grantee licensing rights to the new use. Four recent academic works, published in various law journals, are examined. The first and second articles discussed favor a narrow grant of new use rights favored by the modern courts.94 The third and fourth articles support the broader grant of new use rights described in Part I.95

A. NARROW GRANT THEORIES

Scholar Trotter Hardy takes an interesting approach to the issue as it pertains to royalties for new uses.96 Hardy considers whether or not the owner of a copyright should receive royalties from the sales of her work in new use form.97 Hardy analyzes this issue by considering which decision — to receive royalties or not — would result in greater disincentives to the author to create new works.98 However, Hardy contends that it is impossible to make this conclusion without knowing whether or not the new use is likely to replace the old use.99 If the new use

92. Two distinct policy considerations should be included under the idea of promoting the arts: “the benefits of giving new technologies ‘room to grow’ by not encumbering them with full copyright liability; and the benefits of ensuring that as a technology grows to become economically significant, those who create works of authorship for it will have an adequate incentive to continue their creative efforts.” Hardy, supra note 89, at 688.
93. By “all things being equal”, this section does not consider the foreseeability of the new use nor the relevant grant language.
94. See supra Part I.
95. See id.
96. See Hardy, supra note 89.
97. See id. at 672-704. This issue is slightly distinct from the question in Random House because the authors in Random House are arguing that they retained the full copyright. Thus, they have the right to do with the online publishing rights what they choose. On the other hand, Hardy’s article seems to assume that the new use right has been transferred. However, it questions whether, despite the grant, authors should receive additional compensation based on sales of the product from the new use.
98. See id. at 695-704.
99. See id. at 692-93.
industry will replace the old use, incentives, in the form of royalties to authors, are needed.\textsuperscript{100} If not, no such incentives are needed.\textsuperscript{101}

Of course, as noted above, there is no way to know whether or not the new use will displace the old use.\textsuperscript{102} The best we can do is guess. “All things being equal,” Hardy determines that two types of errors could occur: (1) the decision that “the new-use is an infringement, and consequently that the copyright owner has a right to demand royalties, even though it will eventually prove to be the case that the new-use industry does not become a significant market for copyright owners”\textsuperscript{103} or (2) “that a decision is made that the new-use is not an infringement, even though the industry is destined to become potentially a major source of income to copyright owners.”\textsuperscript{104} Of these two errors, Hardy determines that the greater and more likely harm occurs with the second error.\textsuperscript{105} Therefore, Hardy

\begin{footnotesize}
\begin{itemize}
\item \textsuperscript{100} See id. This conclusion is based on the idea that if new uses regularly displace old uses, authors will have no incentive to create products for the new use. If they only receive royalties from the old use, and the old use no longer has a viable market, there will be no incentives for the author to continue to create, as all the sales are coming from the new use, for which they receive no compensation. If new uses frequently replace old uses and there are no incentives to create, it is a failure in promotion of the arts.
\item \textsuperscript{101} See id. at 693. The basis for this theoretical holding is that if the new use does not displace the old use, it will only serve as an advertising mechanism for the old use. In this regard, it will only boost the sales of the old use. Thus, the creation of the new use provides no disincentives to create new works. In fact, it likely creates incentives. See id. at 692. However, it could be argued that if the new use only serves as an advertising mechanism for the old use, then there will be no incentives for the continued advancement of technology. That is, the new use, probably expensive to create, will not be making its own money. Therefore, unless it significantly aids the sales of the old use, media creators will have a disincentive to expand on the new use; thus, it is a failure in the promotion of science.
\item \textsuperscript{102} See id. at 693.
\item \textsuperscript{103} Id. at 694.
\item \textsuperscript{104} Id. at 695. Note that the other two possibilities - that the author receives royalties and the market is a success or the author does not receive royalties but there is no damage to his sales of the old use - are not errors because they do not provide economic disincentives to the author. These results would not affect the author’s economic motivation to produce product.
\item \textsuperscript{105} Two harms occur in the first error. First is that a requirement to make royalty payments may be enough to stifle the new-use industry, leaving it to founder [sic] when it might have survived, or perhaps leaving it weakened, amounting to less than it might have amounted. . . . Perhaps worse, a second type of harm . . . would arise if copyright owners were content with their own system of exploiting copyrighted works and simply did not want any competition from new uses. They might therefore deny a license to
\end{itemize}
\end{footnotesize}
concludes that, “all things being equal,” we should construe the
author to have the new use rights so as to avoid the greater
harm of guessing wrong.\footnote{Gayley Rosen also argues for the
narrow approach. \footnote{Courts must recognize that a copyright
owner has a legitimate interest in protecting his or her work and in
profiting from the exploitation of his or her work.} Although
the public may have an interest in receiving media in new and more
advanced forms, one may also consider the following:

allowing the public's interest to outweigh the original copyright
holders' interests by granting all rights to the grantee would not
benefit the public. Contrarily, it would cause copyright holders to be
reluctant to ever give up or transfer the rights to their works for fear
that they will lose all control and right to profit.

For these reasons, this approach is consistent with that of
the Ninth Circuit and, “all things being equal,” would construe
a grant to the licensee narrowly.

B. BROAD GRANT THEORIES

Sidney A. Rosenzweig argues for a broad interpretation of
grants that give licensees new use rights:\footnote{See id. at 694.}
“vesting ownership in publishers and other licensees... results in
smaller transaction costs and facilitates the wider dissemination
of information necessary for the development of new media.”\footnote{Id.
at 631.}
The broader grant better facilitates wider dissemination
because “the existing media producers are likely in a better
position to exploit or develop new media with smaller
transactions costs.... In the mass-media industry, this
synergy is particularly evident because of the concentration of

\footnote{See Rosenzweig, supra note 21, at 920.}

the new industry even if the industry were willing and could afford to
pay a suitable royalty.

\footnote{Id. at 703.}
The harm from the second error is “[m]ost obviously, ... the lack of royalties
from the new industry will mean a significant disincentive for authors as the
old royalty paying industry gradually shrinks in importance. In that event,
the public will lose the benefit of whatever a greater incentive might have
brought.” Id. at 695.

\footnote{Id. at 631.}

\footnote{Gayley Rosen, Comment, The Rights To Future Technologies: Should

\footnote{Id. at 631-32.}

\footnote{See Rosenzweig, supra note 21, at 920.}

\footnote{Id.}
media power.”

The alternative – authors retaining the rights – is economically more burdensome. Authors would be forced to negotiate with producers or publishers in order to get their work on the new media. This extra negotiation could inhibit production. Therefore, the broad grant is more economically efficient.

Moreover, Rosenzweig argues that a broad grant “does not work as a disincentive to authorship.” Since the new use, by definition, is not in the contemplation of the parties, “it does not frustrate expectations.” Additionally, future parties can still bargain as to new uses, with authors maintaining the rights if they pay due consideration.

Caryn J. Adams, in her analysis of Random House v. Rosetta Books, supports Rosenzweig’s argument. Adams finds the court’s grounds for distinguishing Random House from the broad grant precedent of Bartsch unpersuasive. First, Adams takes a more liberal approach and construes the grant language in Random House more broadly than the court does. Second, Adams takes issue with the court’s focus on whether or not the new work is distinct from the original.

112. Id. at 923.
113. See id. at 922.
114. See id.
115. See id.
116. See id.
117. Id. at 920.
118. Id. at 925.
119. See id. at 925.
121. See id.
122. See id. at 44-45. “Given the functional and conceptual similarities between digital and paper books, . . . a court interpreting the phrase ‘in book form’ could reasonably include eBooks within the ambit of the contracts’ language.” Id. Moreover, “the broad interpretation should depend not on formal distinctions such as whether print books and eBooks belong to the same medium, but rather on their functions and the ways in which the readers experience the works.” Id. at 45. The question should be “whether the ‘fundamental characteristic’ of the intellectual property involved . . . remains unaltered . . . . If so, ‘the physical form in which the work is fixed . . . is irrelevant.’”Id. (citing Random House Reply Brief at 4, Random House (No. 01-1728), available at http://www.rosettabooks.com/casedocs/Random_House_Reply_Brief.pdf (Feb. 11, 2002)).
123. See id. at 45.
Adams argues that the court's approach is counter-intuitive: "It seems more logical that the closer the new use is in form to the original use, the more likely it will be that the contract language will be broad enough to cover the new use." Finally, Adams argues that allowing Random House to have the ebook rights "does not . . . inherently hinder the progression of technological development." If ebooks become popular, current publishers will no doubt take part in the new technology. Plus, nothing can stop an ebook publisher from signing contracts for new works.

C. SUMMARY OF THEORIES

In sum, there are significant differences in opinion regarding the best policy for new use law. Hardy argued that, in the case of ambiguity, grants should be construed narrowly because the potential error from a narrow grant is less harmful than the potential error from a broad grant. Rosen agreed that grants should be construed narrowly but based his rationale on the proposition that the author's interest outweighs the public's interest.

Others believe ambiguous grants should be construed broadly whenever possible. Rosenzweig uses a purely economic rationale in making his conclusion. Adams focuses on the fact that the new use in Random House hardly changes the work's form, so it is reasonable to conclude that the grant included the new use.

The question remains as to whether a broad grant of rights to traditional book publishers is appropriate for the rights to publish ebooks. Is there something distinct about traditional print books, as opposed to the other old uses, that lends clarity to this specific issue? Part III briefly analyzes the history of print books in order to determine whether or not there is a distinction to the medium of books.

124. Id.
125. Id. at 46.
126. See id.
127. See id.
128. See supra notes 100-106 and accompanying text.
129. See supra notes 108-109 and accompanying text.
130. See supra notes 110-119 and accompanying text.
131. See supra notes 120-127 and accompanying text.
III. A BRIEF HISTORY OF PRINT BOOKS

Although there are differences in opinion whether the writing on stones, wood, and metal in ancient Mesopotamia constituted books, the book rolls created in ancient Egypt, Greece, and Rome do fall under the definition of a book.132 "These rolls were universally accepted vehicles for communication of permanent value."133 The best known of these rolls were the books of the dead of ancient Egypt, "prepared as burial gifts for departing souls to guide them on their journey to the other world and to brief them for the judgment that awaited them."134 These books had labeling devices called titulus, modernly referred to as a title.135 They also often had the author's portrait on the first page, which previewed the idea of a title page developed about 2,000 years later.136

The book trade of Rome previewed post-medieval book publishing.137 The Romans manufactured papyrus rolls and multiplied the content "by dictation or copying from carefully prepared master copies."138

The creation of books continued to develop in order to make them functionally easier.139 This development corresponded with the increasing popularity of their use, especially by the Christian liturgy and in legal practice.140 The shift in function was most apparent from the 13th century onward.141 "A new interest in science and philosophy, the rise of modern languages and literatures, the new flowering of chivalrous poetry, the beginnings of humanistic studies and of popular education, both religious and secular - all these factors quickened the pulse of medieval book production."142 After these developments, the invention of printing from movable metal type occurred.143 This invention enabled the book "to

133. Id.
134. Id.
135. See id.
136. See id. at 221.
137. See id.
138. Id.
139. See id.
140. See id.
141. See id. at 225.
142. Id. at 225.
143. See id.
maintain its central position in the transmission of culture... [and] to assume important new responsibilities in five centuries of scientific discovery and technological progress, during social developments of crucial importance, and in rapidly expanding areas of communication.”

The industrialization of printing in the 19th century continued the development and had almost as profound an effect on books as the invention of printing itself. This industrialization was when book publishing developed into the mass production media market it is today. Books were mass-produced for an ever-widening market. The market continued to expand, and today, books of some type are a staple of almost every household throughout the world.

IV. ANALYSIS

This section examines the case law and academic theory and proposes that, all things being equal, a narrow view of the grant is, in general, the best approach to take to new uses. Despite this argument, Sections B and C explain why the issue in Random House – namely, the rights to publish online – should be an exception to this general rule. Therefore, this note argues that in the case of an ambiguous grant, copyright policy favors the publisher retaining the right to the ebook. Section D applies this theory to the facts of the Random House case.

A. NARROW GRANTS ARE MORE CONSISTENT WITH THE PUBLIC POLICY CONCERNS OF COPYRIGHT LAW THAN BROADER GRANTS

Recently, technological advances seem to occur shockingly quickly. Overlap within the world of media – or what the industry calls “convergence” – continues to expand.

144. Id. at 226.
145. See id. at 229.
146. See id.
147. See id.
149. See Weedon and Knight, supra note 148, at ¶1, (“Trying to summarise [sic] the significant developments that are taking place in broadcasting, multimedia, programme-making, virtual reality, entertainment and
audio, and text have become computer applications and are combining in ways never possible before.\textsuperscript{412} Movies are not only shown on videocassettes and television, but can now be downloaded straight to a computer from a Web site or DVD.\textsuperscript{151} Some have argued that eventually computers and television will converge so that one product will serve both functions.\textsuperscript{152}

Music is more easily accessible than ever. Web sites allow one to download almost any song onto a computer permanently.\textsuperscript{153} There are Web sites that allow one to listen to any radio station in any city from anywhere in the country.\textsuperscript{154}
There are live performances on the Internet, books published solely on the Web, and online versions of most major newspapers.

With all this overlap, distinguishing the different mediums from each other becomes more and more difficult. For example, if televisions and computers really converge, there is no way to distinguish between the two mediums. With all signs pointing toward convergence and technological innovations continuing to grow, the problem of distinguishing between the mediums will be exacerbated.

As convergence continues to grow, Bartsch’s broad grant of rights to any medium that reasonably falls in the penumbra becomes unwieldy. As convergence grows, the penumbra becomes larger and larger. Under Bartsch, a singular grant in the modern world could encompass all forms of media. Simply put, convergence in the world of media makes the holding in Bartsch – thirty-five years old this year – outdated.

One could argue that grantors should simply be more careful when they create contracts. First, they should make efforts not to use ambiguous contract language as it relates to new uses. Second, even if ambiguity cannot be avoided, authors should be careful to examine any potential new uses on the horizon. After all, as explained in Part I, Bartsch limited its holding to new media that was foreseeable at the time of the creation of the contract.

However, these arguments lose steam when one actually considers how quickly technological innovations are occurring. In reality, the issue of foreseeability is a non-

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158. See Weedon and Knight, supra note 148 and accompanying text.
160. See id.
161. Id. at 150.
162. See id. at 155; see supra Part I.
163. See Technological Advances of the 20th Century, supra note 148 and accompanying text.
issue. At this point in the world of media, everything is foreseeable; nothing is too hard to imagine anymore. Precisely because everything is foreseeable, predicting which new use will successfully overtake the old use becomes exceedingly more difficult. Even if it is possible to accurately predict that a new use will overtake the existing use, the speed and unpredictability of the market make it impossible to say that this new use will not soon be overtaken by an even newer use.  

To better illustrate the problems with a broad grant, it is best to examine the issue in two distinct scenarios. First, the problem can be seen in works that are already published, like those at issue in Random House. Due to the modern convergence of mediums, a broad grant of rights for any media in the broad penumbra would create a huge windfall for the media provider. The grantee would receive a tremendous amount of rights for mediums not bargained for in the original contract. This is, on its face, unfair. More to the point, it will eventually work against promoting the arts as authors will not be compensated adequately and thus will not have incentives to continue creating.

Another problem with a broad grant of rights can be seen in the creation of new works and contracting for these rights. With the ability of foreseeing practically any new use – but the impossibility of foreseeing which, if any, of these new use technologies will succeed in overtaking the existing use – it becomes increasingly difficult to create fair contracts. If authors are going to contract for a broad grant to the licensee, they will want exceedingly high royalties. Media providers will be wary of doing this, especially for unproven authors. This may go against one of the goals of copyright law, which is

164. See id.
165. See Random House, Inc. v. Rosetta Books, LLC., 150 F. Supp. 2d 613, 614 (S.D.N.Y. 2001) (the books were already published and Rosetta wanted to put them into digital or electronic form).
166. See Bartsch, 391 F.2d at 155; see supra text accompanying note 29; see Weedon & Knight, note 148. As stated above, convergence makes the penumbra exceptionally broad and, thus, makes Bartsch's penumbra rule outdated.
167. See Bartsch, 391 F.2d at 155.
168. See Technological Advances of the 20th Century, supra note 148 and accompanying text; see Weedon & White, supra note 148.
169. See Hardy, supra note 89, at 692-693.
to promote useful art.\textsuperscript{170}

In the alternative, authors will demand that grants be explicitly and unambiguously limited to one medium. Notwithstanding the feasibility of achieving this, which is arguable because of convergence,\textsuperscript{171} it creates problems in the promotion of science. Media providers will lose incentive to improve on their own technology if they know that by creating new mediums they may take themselves out of the game — i.e., lose their copyright of the products they bought with a limited grant.\textsuperscript{172}

Finally, the fact that media companies are in a superior bargaining position is an additional reason to favor the grantors in the case of ambiguity. These companies usually write the contracts; therefore, in the case of ambiguity, basic contract theory demands that their writing be construed against them.\textsuperscript{173}

Of course, as much of the earlier case law and counter academic material demonstrate,\textsuperscript{174} there are viable arguments for a broader interpretation of the grant. However, upon close examination of these arguments, they can be rebutted.

First, the argument stating that a narrow grant limits the promotion of science in that publishers will not pursue improvements in technology if their grants are limited holds less sway in the modern world.\textsuperscript{175} As the district court stated in \textit{Random House Inc. v. Rosetta Books LLC}, “[i]n the 21st century, it cannot be said that licensees such as book publishers and movie producers are ipso facto more likely to make advances in digital technology than start-up companies.”\textsuperscript{176} Therefore, even if large media providers

\textsuperscript{170} \textit{See} U.S. Const. art. I, § 8, cl. 8.

\textsuperscript{171} \textit{See} supra note 152 and accompanying text. If a grant were limited to television for example, would the example in note 152 unambiguously apply? Convergence may be inextricably linked to ambiguity.

\textsuperscript{172} Common sense tells us that a for-profit media company will not pursue advances in technology if those advances will negatively affect their profits.

\textsuperscript{173} \textit{See} Rey v. Lafferty, 990 F.2d 1379, 1388 (1st Cir. 1993) (concluding that the party that drafted the contract was more experienced and had the advantage of drafting it in his favor).

\textsuperscript{174} \textit{See} supra Part I and Part II.

\textsuperscript{175} \textit{See} supra note 172 and accompanying text.

\textsuperscript{176} \textit{Random House Inc. v. Rosetta Books LLC}, 150 F.Supp.2d 613, 623 (S.D.N.Y. 2001). Of course, this conclusion does not counter the problem that the narrower grant serves as a disincentive to the creation of new technology for the publisher. However, the fact that new technologies come from a variety of sources somewhat lessens the strength of this argument.
do not have the incentive to continue searching for technological advances, other smaller companies certainly will. Thus, there is less danger that a narrow grant will limit technological advances.

Second, the economic rationale - that there are higher transaction costs associated with a narrow grant as opposed to a broad grant - is not of much concern.\(^{177}\) Because of the high competition in the media market, it should not be difficult for a successful author to find a new use outlet for her product. Therefore, in reality, a narrow grant will not result in significantly more transaction costs than a broad grant.

Third, the broad grant argument - that if the new use will help sales, the current media provider will no doubt take part in the new technology - is misguided.\(^{178}\) Even if this argument is correct, and the media provider does partake in the new use, the allocation of resources to this new technology will limit the resources available to invest in other new products. With fewer resources to invest in the new product, the public may have less access to literature that the publisher feels is profitable or useful; in this respect, this point may still hinder an aspect of copyright’s constitutionally stated purpose.\(^{179}\)

For the above reasons, policy considerations generally favor construing ambiguous grants narrowly so that authors retain the right to new uses of their product. However, this conclusion does not end the discussion. This note seeks to answer another, more limited question: whether a book publisher should have the rights to publish their existing book contracts online or whether the rights to the work should revert back to the author? The above theorizes that if one applies traditional new use principles to this question, policy considerations favor the rights reverting back to the author. However, for the issue of books, the question should be examined more closely. Sections B and C do so.

B. BOOKS AS AN EXCEPTION TO THE NARROW GRANT POLICY

Part III, “A Brief History of Print Books,” demonstrates that books are different from the other new mediums that have recently been created.\(^{180}\) The primary difference is that books

\(^{177}\) Rosenzweig, supra note 21, at 920; see supra note 111 and accompanying text.

\(^{178}\) See Adams, supra note 120, at 46.

\(^{179}\) See supra note 7 and accompanying text.

\(^{180}\) See supra Part III.
are so embedded in the world’s culture that they are in no
Encyclopedia Americana, written by Hellmut Lehmann-Haupt,
addresses this point:

In some quarters the future of the book as a vital and indispensable
form of communication has been seriously questioned. Other media,
especially computers in their capacity as ‘information storage and
retrieval’ devices, are looked upon by some as a future substitute for
books. Such dire prophecies are based to a large extent on the false
idea that books are primarily storehouses of facts and figures and by
a failure to distinguish between fact and truth, between knowledge
and wisdom. These prophecies fail to take into account that books
also transmit spiritual values and ideas, that there is a special magic
in the written word of poetry, drama, and fiction, and they ignore the
beauty of the book as a work of art in itself. Finally, these prophets of
doom are indifferent to the physical joys of book reading, of browsing
at random, and to that kind of informal, spontaneous, and entirely
voluntary communication between author and reader that the book
alone makes possible. Therefore, many thoughtful people who
recognize the unique value of the serious book to the healthy growth
of a free and enlightened democracy are united in an effort to
preserve and to further the dignity and the beauty of the book in the
modern world.\footnote{Id.}

Although Lehmann-Haupt wrote this in 1974, his
prediction that the book is a cultural icon certain not to go
away seems to have been correct. Despite recent gains, online
publishing has been slow to catch on with the general public.\footnote{See Linton Weeks, Ebooks Not Exactly Flying Off the Shelves, WASH.
Post, July 6, 2002, at C1, available at http://www.washingtonpost.com/ac2/wp-dyn?pagename=article&node=6\&contentId=A30379-2002Jul5&notFound=true (stating that “the plain old reading public—on the beaches, in the coffee shops,
at the Metro stations—just aren’t buying into e-books”). Moreover, despite the denial of a preliminary injunction
against Random House in the case of Random House v. Rosetta

\footnote{Id. at 231 (emphasis added).}
Books, it seems as though Rosetta as a company has not been very successful. Furthermore, all indications are that the print book publishing industry continues with stellar sales, despite these other mediums that seemingly would harm the industry.

In summary, the medium of books seems to be an exception to the general rule that it is impossible to predict which existing use will be overtaken by a new use. There is general agreement that the book-publishing industry is in no danger of falling apart and that there is relatively no danger of books becoming a relic of the past. There is simply too much beauty, history, and culture to the very existence of books for this disappearance to ever occur.

C. **So Books Are Different: What Does That Mean for Online Publishing and Copyright Rights?**

By accepting that books are different, we are able to make a more educated decision as to the effects of policy and promoting the arts. Simply put, all things are not equal. We can be fairly confident, if not certain, that online publishing is not going to replace the print book medium. Therefore, Hardy's concern regarding the error of predicting wrong - i.e., predicting that the new use will not replace the existing use, and thus not pay royalties - is almost nonexistent. Due to the extensive history and place in our culture that books hold, we can safely assume that online publishing will not lead to books becoming defunct.

184. See Kathy Sanborn, A Victory for Authors and Readers: An Interview with Leo Dwyer, COO of Rosetta Books (July 19, 2001), *EBOOK COLUMN AND COMMENTARY*, available at http://www.knowbetter.com/ebook/columns/detail.asp?id=3 (last visited March 3, 2003) In response to the question, “How’s Rosetta Books doing? Is business brisk?”, Chief Operating Officer of Rosetta Books, Leo Dwyer, responded “As you may suppose, the Random House case required a lot of our attention, so we have quite a bit of work to do to catch up.” Id. The implication seems to be that business has not been great.


186. See Lehmann-Haupt, supra note 132, at 220-231

187. Id. Admittedly, this assumption is presumptuous. As this article made clear in Part IV, one should foresee the unforeseeable. However, when the evidence so strongly supports a prediction, it must be considered.

188. See Hardy, supra note 89, at 693.
Knowing this fact, Hardy’s argument can be used against him. Hardy theorizes that if we knew that the new use industry would not replace the old one, it is best to interpret the grant broadly in favor of the licensee.\(^{189}\) Again, this is because at a maximum, the ebook industry will serve as an advertising mechanism for the old use.\(^{190}\) The advertising will result in benefits for the author and may even increase sales. Since online publishing, in general, aids print book sales, online publishing will serve as an incentive for authors to keep producing works, thus promoting the arts.

At the same time, giving the grant to the publisher promotes the progress of science. If online publishing is successful in serving as an advertising mechanism for the industry, existing book publishers will have incentive to continue developing the existing technology. Moreover, because book publishing is so firmly entrenched and secure, there are additional incentives to develop other media technologies to host the work and serve as additional advertising mechanisms. Therefore, precisely because we know that online publishing poses no realistic threat to the existence of print books, policy considerations favor publishers maintaining ebook rights.

This approach also addresses concerns for the author of the work raised with the narrow approach.\(^{191}\) As noted above, the authors’ interest is still protected by these broad grants of rights precisely because books are so firmly entrenched in the culture. Authors will still be receiving the same amount of royalties they had come to expect from their publishers because the ebook is unlikely to affect the print books sales. Moreover, there is the chance that sales of their book will actually increase due to the advertising component of the ebook.

D. **Applying This Theory to Random House**

Applying the theories above to the facts of Random House leads to the conclusion that copyright policy favors Random House holding the copyright to the ebook for the eight works in question. Before even applying the theories above, the first step is to read the grants of each contract and determine if there is ambiguity. If the court finds no ambiguity in the grant

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189. See id. at 692-93.
190. Id.; see supra note 101 and accompanying text.
191. See Rosen, supra note 107, at 631-32.
as it pertains to new uses, it should rule consistent with the language. However, if the court finds ambiguity in the grant, the above policies should be considered in the court’s ruling.

If ambiguity is found, the second step is applying the new use theory described above in Part IV, Section A. The development of ebook technology would be considered a new use not anticipated at the time of the creation of the contract.\(^{192}\) Applying the new use copyright theory as determined above,\(^{193}\) policy would favor allowing each of the individual authors to hold the copyright to the ebook. Since each of these authors legally transferred their rights to Rosetta, these transfers should be given effect and Rosetta should hold the copyright to the ebooks.

The third and final step is to determine whether or not the exception to the general rule in Section A - described in Sections B and C of Part IV - apply. The exception applies only when the old use in question is the medium of print books. The Random House case falls squarely within this exception, as the original medium for publication of the books in question was print. Therefore, for the reasons described in Sections B and C, copyright policy favors Random House holding the copyright to the ebooks for the works in question.\(^{194}\)

V. CONCLUSION

This note began with a detailed history of new use case law. It followed with a look at four academic theories in regard to the new use issue, two of which favored a narrow grant of rights to the licensee and two of which favored a broad grant of rights. After a brief examination of the history of books, the background information was used to show that public policy normally favors authors maintaining the new use rights to their product; however, the same background information is used to show that ebooks and the book publishing industry are an exception to this rule.

The above analysis sets forth two points. The first point is that, in general, the goals of copyright law seem to favor a more limited grant of new use rights to the licensee. Although there are arguments for both sides, in cases of ambiguity, public

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\(^{192}\) All of the contracts were created prior to 1982, well before the development of the Internet. See Random House, 150 F. Supp.2d at 615-16. Therefore, the new use of ebooks was clearly unforeseeable.

\(^{193}\) See discussion supra Part IV.A.

\(^{194}\) See discussion supra Parts IV.B-C.
policy favors authors retaining their new use rights. The second point explains that due to books’ special place in the history and culture of our society the new use of online publishing should be an exception to the general policy for a narrow grant of rights. In applying these theories to the case of Random House v. Rosetta Books and assuming the court were to find ambiguity in the grant language, policy considerations would favor ruling for Random House and ordering Rosetta Books to cease infringement on Random House’s rights.