97-7430

United States Court of Appeals

for the

Second Circuit

MATTHEW BENDER & COMPANY, INC.,

Plaintiff-Appellee,

HYPERLAW, INC.,

Intervenor-Plaintiff-Appellee,

– against –

WEST PUBLISHING CO.; WEST PUBLISHING CORPORATION,

Defendants-Appellants.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

PETITION FOR REHEARING WITH A SUGGESTION FOR REHEARING EN BANC

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PRELIMINARY STATEMENT

Defendants-appellants ("West" or "appellants") petition this Court to grant rehearing, with a suggestion for rehearing en banc, from the decision of a majority of the panel issued November 4, 1998. The majority opinion, as noted by the dissent, "threatens to eviscerate copyright protection for compilations" by failing to reconcile CD-ROM technology with the 1976 Copyright Act, enacted when CD-ROMs did not exist. Dissent at 6.

This is not, however, a case in which the judiciary is being asked to expand the protections of the Act in light of technological innovations. On the contrary, the relevant aspect of the Copyright Act - the definition of "copies" in Section 101 - is "broad and forward looking"[1] and was carefully crafted, as was the entire Act, to anticipate new developments.[2] It is respectfully submitted that the majority, in declining to find

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[1] Tasini v. New York Times Co., 972 F. Supp. 804, 816 (S.D.N.Y. 1997) (Sotomayor, J.).

[2] See Tasini, 972 F.2d at 818. ("[I]t is to be presumed that the terms of the 1976 Act encompass all variety of developing technologies," including computer technologies) (citing Act's legislative history and repeal of 17 U.S.C. § 117); see also, e.g., WGN Continental Broadcasting Co. v. United Video, Inc., 693 F.2d 622 (7th Cir. 1982), in which the court interpreted the Act to include a new medium, citing Congress' apparent intent (evidenced in the legislative history) for judges to "interpret the definitional provisions of the new act flexibly, so that it would cover new technologies as they appeared, rather than to interpret those provisions narrowly and so force Congress periodically to update the act." Id. at 627 (emphasis added).

that the Act embraces the digital copying at issue in this case (and innumerable future cases), has not shown "judicial deference." Rather, the majority opinion reflects a misreading of the statute as well as a failure to recognize the now-and-future realities of electronic publishing.

The majority's treatment of this issue raises questions of paramount importance for copyright law and for all those with an interest in the creation and use of compilations. The issue is certain to come before the courts of this and other Circuits frequently as electronic technology continues to transform today's publishing and information industries. Moreover, as the majority notes, no prior decision has focused on the statutory definition of "copies" as applied to the electronic embedding of arrangements on CD-ROMs.[3] Maj. Op. at 24-25.

For the foregoing reasons, appellants respectfully request rehearing, with a suggestion for rehearing en banc, of the majority's rulings that no "copies" of West's original case

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[3] Also, the majority explicitly declines to follow West Pub. Co. v. Mead Data Central, 616 F. Supp. 1571 (D. Minn. 1985), aff'd, 799 F.2d 1219 (8th Cir. 1986), cert. denied, 479 U.S. 1070 (1987), and Oasis Pub. Co. v. West Pub. Co., 924 F. Supp. 918 (D. Minn. 1996), both of which found comprehensive copying of star pagination to constitute unlawful copying of West's statutorily protected arrangements. The majority's decision therefore creates a sharp conflict between circuits.

arrangements are contained in any of appellees' CD-ROM products.

In addition, the majority erred in affirming the district court's ruling, on summary judgment, that the comprehensive copying of West's entire arrangement of cases through star pagination constitutes "fair use." The majority opinion is inconsistent with the law of this Circuit, which cautions against summary disposition of fair use questions, and sets a dangerous precedent by holding that a copyright owner who permits partial and limited use of protected material as "fair use" will be held to have effectively conceded that broader, different uses of the material do not constitute infringement.

POINT I

THE MAJORITY OPINION MISTAKENLY FAILS TO APPLY THE STATUTORY DEFINITION OF "COPIES" TO DIGITAL COPIES OF ARRANGEMENTS USING CD-ROM TECHNOLOGY

Although the majority acknowledges that an exact copy of West's protected arrangement of cases can easily be perceived, in its entirety, on the CD-ROM at issue, it nonetheless holds that the CD-ROM does not contain a "copy" of West's arrangement. This conclusion is based on the majority's findings that (i) the West arrangement is only perceptible through a user's "manipulation of the data" on the CD-ROM; and (ii) the West arrangement is not substantially similar to the "fixed arrangement" and "sequence" that is "embedded" on the CD-ROM

disk. Maj. Op. at 23-24.

These findings reflect a fundamental misapprehension of the nature of CD-ROM technology and usage. Moreover, the majority's conclusion is inconsistent with the plain meaning and underlying policy of the statute.

A. UNDER A PLAIN MEANING APPLICATION OF THE STATUTE, WEST'S COPYRIGHT IN ITS ORIGINAL ARRANGEMENT IS INFRINGED

The 1976 Copyright Act defines "copies" as follows:

> "Copies" are material objects, other than phonorecords, in which a work is fixed by any method now known or later developed, and from which the work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device.

17 U.S.C. § 101 (emphasis added).

The Act also provides that a work is "fixed" when "its embodiment in a copy . . . is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration." 17 U.S.C. § 101.

Indisputably, with CD-ROM technology, a manufacturer can take a raw database and make specific arrangements of that data fully perceivable by means of a machine -- a computer -- and it will be sufficiently "fixed" to be reproduced. In this case, the majority acknowledges or assumes that:

> (i) The CD-ROM product of appellee Matthew Bender (the "Bender CD-ROM")[4] contains in its

[4] The majority assumes that HyperLaw's product has the same retrieval capacities as the Bender product. Maj. Op. at n. 7.

database every case in every volume of West's *New York Supplement* series;

(ii) West's arrangement of the cases in each volume of the *New York Supplement* series is original and protectible;

(iii) For each and every *New York Supplement* case in its database, Bender has comprehensively copied, and embedded into the case text, the West series name (e.g., *N.Y.S.* or *N.Y.S.2d*), the volume number, and the page numbers corresponding to each page of West's text;

(iv) The Bender CD-ROM is programmed in such a way that, by employing just two keys, a user can display all the cases from each *New York Supplement* volume in the precise order - case by case, page by page - that they appear in the bound books.

Thus, the application of the Act is straightforward: Bender has copied (§ 101) West's work into another medium (much like translation); the resulting copy can be perceived as such with a machine (translator) (§ 101) in violation of one of West's exclusive rights (§ 106(1)); and the selling of this copy violates another exclusive right (§ 106(3)). The violation of any exclusive right is infringement (§ 501).

B. ALL PERCEIVABLE ARRANGEMENTS ON A CD-ROM ARE PROGRAMMED; NO CD-ROM ARRANGEMENT IS PERMANENTLY VISIBLE OR FIXED

The majority avoids the application of the plain meaning of the Act through its erroneous finding that West's arrangement, in effect, isn't the "real" arrangement on the

Bender CD-ROM. "[T]he only fixed arrangement is the (non-West) sequence that is embedded on plaintiffs' CD-ROM discs and that appears with the aid of a machine without manipulation of the data." Maj. Op. at 24. In fact, however, no arrangement or sequence is perceivable on a CD-ROM "without manipulation of the data."[5] The concept of "arrangement" is essentially meaningless in the context of database assembly and storage and only takes on significance when the electronic publisher structures the database so that it can be retrieved by the user in one or more perceivable arrangements.[6]

Thus, there is no permanently fixed and visible

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[5] Bender does not claim that, by simply turning on the CD-ROM, the user will view cases in any particular arrangement. It asserts only that its CD-ROM "follows strict chronological order" based on affidavit testimony that cases are "physically arranged and stored on the disc" chronologically and that "a reader who accesses all the case reports on his or her screen" will see them in that order. Bender Brief at 2-3, referencing Kaplan Aff., ¶ 11 (A. 708)(emphasis added).

[6] See R. Denicola, Copyright in Collections of Facts: A Theory for the Protection of Nonfiction Literary Works, 81 Colum. L. Rev. 516, 531 (1981): "[I]t is often senseless to seek in [computer databases] a specific, fixed arrangement of data. There is simply a collection of information stored in an electronic memory – information that can be arranged and retrieved in variations limited only by the capabilities of the computer and the sophistication of the retrieval program." See also J. Ginsburg, No "Sweat"? Copyright and Other Protection of Works of Information After Feist v. Rural Telephone, 92 Colum. L. Rev. 33, 345 (1992) (computer databases actually "may lack any 'arrangement,' for they are designed to permit the user to impose her own search criteria on the mass of information").

arrangement on a CD-ROM.[7] There are only those arrangements that, as a result of the CD-ROM manufacturer's programming of the data (a process completely separate from, and unrelated to, physical storage of the data), are readily perceivable to a user who accesses that arrangement. Under the statutory definition, all such programmed arrangements are "fixed" -- i.e., sufficiently non-transitory to permit reproduction. The majority's interpretation of the statute is founded, in large part, on its misapprehension that the computer, by itself, without any directive from a user, "reads" and "perceives" some permanently fixed arrangement on a CD-ROM:

> [W]e conclude that a CD-ROM disc infringes a copyrighted arrangement when a machine or device that reads it perceives the embedded material in the copyrighted arrangement or in a substantially similar arrangement.

Maj. Op. at 20 (emphasis added).

On the contrary, the essential nature of CD-ROM technology is that only the user's commands or searches dictate what is perceivable from the database, which has no inherent

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[7] The order in which data is physically stored is in no way visible. The majority apparently assumes, incorrectly, that the physical-storage arrangement of CD-ROM data is routinely made visible to users or is of some practical significance or utility to them. In fact, it would be highly unusual, and purposeless, to store data in any user-oriented order; data storage is dictated, rather, by the logistics of space-saving.

arrangement at all. Sometimes, however, as in this case, the manufacturer programs the data in such a way that the user can access pre-embedded, copyrighted arrangements.[8] The majority opinion relies on a false distinction between the offered arrangements - neither of which can be "perceived" by a computer alone, both of which can be accessed easily "with the aid of a machine."

C. THE CD-ROM MANUFACTURER, NOT THE USER, HAS TAKEN THE INITIATIVE IN MAKING A PERCEIVABLE COPY OF WEST'S ARRANGEMENT

The majority's false distinction also relies on the its erroneous finding that the West arrangement is not "fixed" because it is "created, unbidden, by using technology to alter the fixed embedding of the work..." Maj. Op. at 24. In the majority's view, the copy of West's arrangement on the CD-ROM is not a "copy" because the user "uses the machine to re-arrange the material into the copyrightholder's arrangement." Id. at 20.

Thus, according to the majority, the "fixation" requirement only applies to perceivable copies on a CD-ROM that are permanently fixed or instantaneously visible - which (a) is not what the statute says, and (b) would effectively exclude all pre-programmed CD-ROM arrangements (none of which appear without

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[8] Similarly, in Tasini, supra, the court found that the component parts of a collective work remained collective despite being stored in an electronic database alongside innumerable unrelated articles, in part because of electronic "tagging" of the collective selection. 972 F. Supp. at 823-24.

"manipulation of the data").[9] Indeed, the majority reads the statute so narrowly that it essentially would have no application at all to CD-ROMs, thereby effectively immunizing the medium as a way of infringing any form of copyrighted material.[10]

Moreover, the majority's characterization of the role of the "user" reflects a fundamental misapprehension of CD-ROM technology. The user certainly does not - how could he? - "alter the fixed embedding of the work." The only "fixed embedding" in Bender's CD-ROM is the physical storage of data (which has no bearing whatsoever on visible arrangement) and Bender's programming of the data -- including its admitted, fixed, comprehensive "embedding" of West's series names, volume numbers,

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[9] The majority asserts that this interpretation is supported by the focus, in the legislative history, on copies that would be immediately perceivable when a "material object" (e.g., piano roll or floppy disk) was hooked up to the appropriate machine. Maj. Op. at 23-24. This limitation is not contained in the statute, however, and the Supreme Court has cautioned that statutory language must be read "in the light of drastic technological change," and interpretation should not be "limited to ordinary meaning and legislative history..." Twentieth Century v. Aiken, 422 U.S. 151, 156 (1974).

[10] Apparently aware of the problems raised by this interpretation, the majority later modifies it slightly by suggesting that a perceivable CD-ROM, involving "manipulation of the data" (as does every CD-ROM copy), might be a "copy" under the Act if the "manipulation" were "invited." Maj. Op. at 24. This amendation merely highlights the fundamental unsoundness of the majority's interpretation, particularly since it grafts an intent element onto the statute in contravention of well-settled law that the copier's intent is irrelevant to a determination of whether protectible expression has been copied. See, e.g., Buck v. Jewell-La Salle Realty Co., 283 U.S. 191, 198, 51 S.Ct. 410 (1931) ("Intention to infringe is not essential under the Act.").

and page numbers. Similarly, the user who accesses the West arrangement does not "re-arrange the material," because, as discussed above, no particular arrangement of the material on a CD-ROM exists until the user chooses how to access the material and display or reproduce it.

Equally untenable is the majority's depiction of the user as the "initiator" of the infringement. The primary electronic infringement in this case does not occur when the CD-ROM user decides to view the copy of West's arrangement embedded on the CD-ROM. It occurs when plaintiffs copy West's arrangement onto the CD-ROM and again when they distribute their products. Indeed, it is the CD-ROM publisher (not a user) who has expended the significant effort in making a copy of West's work perceivable -- by comprehensively copying the expression of West's arrangement from every page of every volume and embedding it on the CD.

In short, the user does not "manipulate the data." He or she merely accesses, through a mechanical repetition of jump-cite keystrokes (analogous to turning the pages of a book), Bender's pre-programmed manipulation of data.[11] The majority,

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[11] The majority does not find - and there is nothing in the record to suggest -- that viewing the West arrangement involves more effort or "manipulation of the data" than viewing the cases chronologically. Even if there were such a finding, this would in no way alter the fact that West's arrangement has been made perceivable by the creation of the CD-ROM -- and therefore, under the Act, "copied."

noting the use of the CD-ROM's "file-retrieval program" to access the West arrangement, refers to "electronic scissors," suggesting an analogy to a reader who re-orders a compilation by cutting out pages and reassembling them. Yet there is no existing "order" on a CD-ROM. Moreover, using the "file-retrieval program" is not an aberration (like cutting up a book), but, rather, the intended method for accessing and viewing any data on a CD-ROM (the equivalent of reading a book). Nor does the CD-ROM user need to leaf through extraneous, non-West material; Bender's pre-programming, in fact, has done all the required electronic cutting-and-pasting.

Finally, it is Bender, of course, not the user, who has decided what work to copy from, and makes no secret of the fact that West's arrangements are encoded in the infringing CD-ROM. On the contrary, this litigation exists because appellees want to use "star pagination" to West as a selling point. Thus, the "initiator" of the copy-making is Bender; the user merely accesses the arrangement that Bender has marked, tagged, and made ready-to-go.

D. THE MAJORITY'S RULINGS OPEN THE DOOR TO UNLIMITED INFRINGEMENT OF COMPILATIONS THROUGH CD-ROM TECHNOLOGY

As demonstrated above, the majority's erroneous interpretation of "copy" under the Act is so narrow that a CD-ROM manufacturer can, in fact, copy an original arrangement of data, embed it into the CD-ROM's database, and make it readily accessible for viewing and reproduction -- all with little or no

risk of a judicial finding of "copying."

Yet the majority opinion goes even further, holding that West could never, in any event, establish "substantial similarity" between its arrangement and the "arrangement of the 'work.'" Again misapprehending CD-ROM technology, the majority defines the arrangement of a "work" as "the sequence of cases as embedded on the plaintiffs' CD-ROM discs and as displayed to the user browsing through plaintiffs' products." Maj. Op. at 30.[12]

Thus, the majority provides would-be infringers with complete insulation against liability -- surely the opposite of what the statute intended. Even if a CD-ROM is programmed to display an arrangement identical to a protected arrangement, there is no infringement so long as the physical-storage arrangement of the data is different from that of the protected arrangement.[13] Similarly, a manufacturer may encode one or more highly creative arrangements of public domain material onto a CD-ROM without exposure so long as he also programs the CD-ROM to display the data chronologically or alphabetically. There will be no infringement in either case because the "substantial

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[12] The majority apparently relies on the mistaken belief that CD-ROMs generally feature some garden-variety "browsing" arrangement related to the physical-storage arrangement. Also mistaken, as discussed above, is the inference that a so-called "browsing" arrangement would be permanently visible or displayed without any user input.

[13] This will virtually always be the case, since physical-storage arrangements are not visible, irrelevant to perceivable arrangement, and driven by purely mechanical concerns.

similarity" test will be applied, against all logic, to the physical-storage or garden-variety arrangement, not to the identical copy, readily perceivable on the CD-ROM, of the creative arrangement.[14]

POINT II

THE MAJORITY OPINION'S AFFIRMANCE OF THE DISTRICT COURT'S "FAIR USE" FINDING DEPARTS FROM WELL-SETTLED LAW AND SERIOUSLY MISAPPREHENDS THE LAW

The majority opinion also affirms the district court's finding, on summary judgment, that, even if West's protected arrangements are copied verbatim by a CD-ROM, a finding of infringement is barred by application of the "fair use" doctrine.

As noted in the dissent, the district court, without a trial, granted summary judgment on "fair use" in contravention of the extensive law in this Circuit warning against summary judgment determinations in this "fact driven" area. Dissent at 9. The majority opinion bases its affirmance on the fact that West has conceded that it deems use of first-page parallel citations to West publications, alone, to be "fair use." Maj. Op. at 17. However, West has never conceded that use of first-page citations is "fair" for any purpose other than parallel citation, or in combination with any other elements of West's work, including "star pagination."

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[14] The majority's open-sesame to infringers is compounded by its indication that victims of infringement-by-CD-ROM who might seek relief through a claim for contributory infringement will face a heavy, perhaps impossible, burden of proof. See Maj. Op. at 30-34.

Thus, as discussed in the dissent at 5-6, there is no basis for the majority's conclusion that comprehensive electronic cross-pagination -- which takes all of the expression of West's original arrangements, including series name, volume number, first-page citations, and internal pagination -- is necessarily "fair use." Every fair use analysis must consider the entire use at issue, including that portion of the use which may have been found to be fair. See P. Leval, Toward a Fair Use Standard, 103 Harv. L. Rev. 1105, 1123 (1990). As Chief Judge Magnuson stated in Oasis Pub. Co. v. West Pub. Co., supra, 924 F. Supp. at 926:

> Conceding parallel citation to the first page of each case as a noninfringing fair use does not diminish West's copyright interest in the subsequent internal pages, which also would independently permit arrangement of the cases by sorting. Having gotten the inch under the conceded fair use of parallel citation to the first page of each case, Oasis is not thereby entitled to take the entire mile in star citation to every page...

The majority acknowledges that electronic star pagination in itself -- independent of parallel citations - "may permit the perception" of West's original arrangement. Maj. Op. at 14, n. 10.[15] Thus, electronic star pagination, with or without first-page citations, expresses West's original arrangement.

Nonetheless, the majority finds that, merely because

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[15] The majority also acknowledges that the electronic copying of parallel citations alone, without star pagination, results in a less readily accessible copy of West's arrangement than the one that can be accessed with complete electronic cross-pagination. Id. at 18, n. 15.

West's actual physical placement of the individual internal page numbers does not involve originality, "star pagination's volume and page numbers merely convey unprotected information." Maj. Op. at 18. For this reason alone, the majority erroneously holds that West's limited concession as to the fair use of parallel citations bars West from asserting that the copying of all citation data expressive of its arrangements is not fair use. See dissent at 3-5. The result is to permit wholesale appropriation of West's arrangements, enabling the infringer to provide a comprehensive substitute for West's arrangements - the antithesis of "fair use."

CONCLUSION

For the foregoing reasons, the majority opinion is erroneous and raises questions of first impression and exceptional importance, thus warranting en banc review pursuant to Fed. R. App. 35(a).

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Respectfully submitted,

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