Legal White Paper:
Forwarding electronic publications -- a copyright nightmare

By: Neil L. Shapiro

One of your company's vice presidents receives an on-line subscription industry journal, and forwards copies by email to six company department heads. One of them forwards a copy to two customers. Another copies charts of industry economic data and uses the charts in reports to senior management. These are common practices replicated daily in virtually every company, including no doubt in your company. They also constitute copyright infringement, and expose your company and others to substantial liability.

When first told of the legal import of forwarding copyrighted material by email, most computer users react with statements running the gamut from the foolish – "Information on the web is free so I can forward it anywhere I want" – to the naïve – "I thought it was okay to forward things I receive" – to the arrogant – "I paid for my subscription so I can do anything I want with my copy." But all of those reactions miss the point – copying copyrighted information without the permission of the copyright holder is copyright infringement, plain and simple. And if dozens or hundreds or thousands of people in any given company do it, the potential liability of that company is almost unfathomable.

The Basics: Section 102(a) of the Copyright Act provides that "[c]opyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device." That protection arises as soon as the work is "fixed in any tangible medium" and does not require registration of the copyright. And from a copyright law perspective, there is no difference between the protection given to a work published in the traditional method and one published electronically. A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004 (9th Cir. 2001). Thus, written matter sent to your company over the Internet – including trade journals, newsletters, and compilations of data – is owned by the person who created it and that ownership is protected by federal copyright laws.

Section 106 of the Copyright Act accords to the copyright owner the exclusive right, among others, to "reproduce the copyrighted work in copies," to "prepare derivative works based upon the copyrighted work," and to "distribute copies . . . of the copyrighted work" by sale, lease, loan or other transfer. Any appropriation of any of those exclusive rights is copyright infringement. [Citation]. Section 504 of the Copyright Act allows recovery of the copyright owner's damages and the infringer's profits, or as an alternative as much as $150,000 in statutory damages for each work infringed, and Section 505 allows a court to require the defendant in an infringement action to pay the plaintiff's attorney's fees.1 That means that if anyone in your company makes or sends an electronic copy of such written matter, or uses part of it in creating another writing, your company is guilty of copyright infringement.

Do these rules really apply to the casual photocopying of a journal article to provide to a colleague or to the replication and forwarding of an electronic journal article? Absolutely. In American Geophysical Union v. Texaco, Inc., 60 F.3d 913 (2d Cir, 1984), the Court held that because one of its researchers photocopied eight articles from the Journal of Catalysis – six because others circulated photocopies to him and two because he saw references to them – Texaco was guilty of copyright infringement. The same conclusion would apply if the Texaco researcher had forwarded an electronic publication to one of his colleagues.

In American Geophysical Union, Texaco argued that the copying was protected by the fair use doctrine. That doctrine allows some non-consensual use of copyrighted material, depending on the type and amount of material used, how it is used, and the effect of that use on the market value of the original. The Court disagreed, in part because of its conclusion that "the dominant purpose of the use is a systematic institutional policy of multiplying the available number of copies of pertinent copyrighted articles by circulating the journals among employed scientists for them to make copies, thereby serving the same purpose for which additional subscriptions are normally sold, or . . . for which photocopying licenses may be obtained." Id. at 925.

This is not to say that all email forwarding of written matter constitutes copyright infringement. Where, for example, the author of the matter consents, expressly or by implication, to the copying and further distribution of his work, conduct consistent with that consent is perfectly acceptable. Similarly, where the fair use doctrine would apply, or where the copying or forwarding are de minimus, an argument can be made that there is no infringement. But where the matter is protected by copyright and the author does not consent to copying or redistribution – such as where a subscription agreement makes both of these points reasonably clear – copyright infringement becomes obvious.

Does your company have an established policy prohibiting the copying or forwarding of copyrighted material received electronically? Few do, and most of the few that do have such a policy never enforce it. Yet every company that receives journals and other publications electronically has to know that copyright laws apply, and that non-consensual copying and forwarding runs the risk of creating liability for copyright infringement. Is inaction in the face of such knowledge the kind of "willful infringement" that would justify assessment of the highest possible statutory damages and make liability for the copyright owner's attorney's fees a slam dunk? Is that the kind of risk you want your company taking?

Nor can your company take comfort in the assumption that even if it violates copyright interests in this way, the copyright owners involved will never know. Some won't. Perhaps most won't. But some will. All it takes is one person to acknowledge sending, or receiving, improperly forwarded material and the proverbial cat is out of the bag. And with the sticky memories of computer storage media, once the fact of infringement is clear, its amount generally can be determined through the searching discovery available in a lawsuit.

The Courts have been consistent and diligent in the protection of the rights of copyright owners. If asked to enforce those rights against a company that allowed, expressly or by inaction, its employees to commit wholesale violation of copyright interests, they no doubt would do so with great clarity and force. If I were counseling your company, I would urge it to take all necessary steps to make sure that it is not the subject of such an enforcement effort.

What can you do to mitigate this potential liability? One option is to establish a corporate policy that outlines the facts, enlightens the employee base, and has a mechanism for enforcement. This will help, but frankly will not solve the problem; even the best corporate policy is disregarded at times and the risks of liability, though reduced, remain. With this option, you have to bear in mind that all your employees depend on business and industry information to help drive the bottom line. Access to external market information is a necessity at all levels of business -- sales, marketing, finance, IT & customer relations. It is not a luxury.

The most cost-effective solution is to engage an information provider that offers your company an enterprise-wide license based on individual information needs and not "across-the-board" needs. The right information provider will grant not only such a license, it will be provide, manage and update each employee's information requirements.

By adopting a sound corporate policy and working with the right information provider, your company can effectively eliminate its current exposure to the kind of liability discussed above.

1 The law of Canada differs in details, but not in fundamentals; both the United States and Canada aresignatories to the Berne Convention, an international copyright protection treaty.

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Representative Cases
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