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21st Century New Use Technology in the Book Publishing Industry and How Authors Can Better Protect their New Use Technology Rights

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ABSTRACT

Given the current surge in electronic publishing, this article attempts to help authors better understand the legal and economic implications of new use technology provisions in author agreements. This article first explores how the United States Second Circuit Court of Appeals has interpreted new use technology provisions with a special emphasis on twenty-first century litigation concerning new use technology provisions in author agreements, including the recent *HarperCollins v. Open Road Media* decision in early 2014. Second, this paper attempts to predict how the Second Circuit will interpret current new use technology provisions in author agreements and provides negotiation strategies for authors to protect their new use technology rights and avoid litigation.

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I. INTRODUCTION

The last decade and a half has ignited vast changes in the book publishing industry, from creating "new use" technology that makes e-books nearly pervasive across America to changing business models designed to eliminate Amazon's hold on the publishing industry. Despite the publishers' success in selling e-books, however, their efforts can potentially cost new authors and literary agents millions of dollars, especially when authors do not know what new use technology language to negotiate in their publishing contracts.

To demonstrate how authors can better protect their rights regarding new use technologies, this paper has three objectives. First, I explain how New York district courts and the Second Circuit have construed new use technology provisions over the last half-century.[1] Second, given the rulings in these cases, this paper predicts how the Second Circuit and lower federal courts will interpret current new use technology provisions in author agreements.[2] Third, based on my predictions, I will analyze negotiation strategies given by

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[1] Bartsch v. Metro-Goldwyn-Mayer, 391 F.2d 150 (2d. Cir. 1968); Boosey & Hawkes Music Publishers v. Walt Disney Co., 145 F.3d 481 (2d. Cir. 1998); Bourne Co. v. Walt Disney Co., 68 F.3d. 621 (2d. Cir. 1995); Random House v. Rosetta Books, 283 F.3d 490 (2d. Cir. 2002); Random House v. Rosetta Books, 150 F. Supp. 2d 613 (S.D.N.Y. 2001); and HarperCollins Publishers LLC v. Open Road Integrated Media, 7 F. Supp. 3d 363 (S.D.N.Y. 2014).

[2] Hachette Book Group, Time Warner Trade Publishing, Inc. Author Agreement (2005) (unpublished agreement) (on file with author) and Independent Book Publisher, Author Agreement (2014) (on file with author) (Hachette Book Group and the independent book publisher shared this agreement in confidentially with the author and it is not publically available.) These agreements are reprinted with permission of the publishers.

fellow scholars and also suggest negotiation strategies of my own that authors can use to keep their new use technology rights and prevent expensive litigation.

II. NEW USE TECHNOLOGY

A. Overview

1. What is a New Use Technology?

New use technologies are "uses that either employ the work in the context of a new technology or creatively employ the work for an altogether new purpose."[3] In other words, new uses are an "owner's exclusive rights in a work [that] extend to its use with a new technology that was not in existence when the work was created."[4] Examples of new use technologies are photocopiers, audio and video recorders, and e-books.[5]

2. New Use Technology in Book Publishing

New use technology in the book publishing industry refers to rights in "forms of reproduction and distributions" and "methods of exploitation" that neither existed nor had been developed at the time of contracting.[6] Conflicts arise where a licensor (*e.g.*, the author) believes that he or she has retained rights to the new technology, but a licensee (*e.g.*, a book

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[3] Shyamkrishna Balganesh, *Foreseeability and Copyright Incentives*, 122 HARV. L. REV. 1569, 1572 (2009).
[4] *Id.*
[5] *Id.*
[6] Gillespie, *supra* note 79, at 811 (quoting 6 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT, §26.02[B], at 26-9, (Matthew Bender, ed., 2014)).

publisher) believes that it has the rights to the new technology—often because the licensor unwittingly granted the new use technology to the licensee in a contract.

3. Bodies of New Use Case Law

Case law surrounding "new use" technology is inconsistent, but two general bodies of new use case law have developed:

> One body of law exists where the copyright owner has granted a license defining the uses for the copyrighted content to which the licensee has rights . . . . The other body of new use case law derives from situations where there is no license. Someone buys the right to use copyrighted content and then licenses the use of the content, without the copyright owner's permission, to a third party who then displays the content through a new technology.[7]

This paper only focuses on new use case law that involves licenses.

4. New Use Technology Interpretive Approaches

In new use technology cases regarding licenses, a state's contract law determines whether a licensor or licensee

[7] Anthony diFrancesca, *New Use in Copyright: A Messy Case*, 14 MEDIA L. & POL'Y 34, 34 (2005).

has a right to a new use.[8] To assist their analysis in interpreting the new use licenses, courts have relied on two approaches to interpreting new use technology provisions: the "strict approach" and the "liberal approach."[9]

The strict approach is when a court decides that a license only includes uses that are within a creative medium's "unambiguous core meaning."[10] For example, a license that contains "motion picture rights" can only exhibit motion pictures in motion picture theaters and not on television.[11] The liberal approach, by contrast, is when a court analyzes a license and decides the "licensee may properly pursue any uses which may reasonably be said to fall within the medium as described in the license."[12] The Second Circuit has generally favored the liberal approach, but as we will see, lower courts have split on using the strict approach or liberal approach in new use technology cases that affect the book publishing industry. Below are several cases from New York district courts and the Second Circuit that explore the strict approach and liberal approach in new use technology provisions.

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[8] *Id.* at 35.
[9] Megan Gillespie, *To Whom Does a New Use Belong?: An Analysis of the New Use Doctrine and the Protection it Affords after Random House v. RosettaBooks*, 11 WM. & MARY BILL RTS. J. 809, 812 (2003).
[10] MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT, §10.10[B], at 10-89, (Matthew Bender, ed., 2014).
[11] *Id.*
[12] *Id.* at 10-90.

B. New Use Technology Case Law

1. *Bartsch v. Metro-Goldwyn-Meyer*[13]

In January 1930, the authors, composers, publishers, and owners of the German musical play 'Wie Einst in Mai,' produced in the United States as *Maytime* with a different libretto and musical score, assigned the motion picture rights of *Maytime* to Bartsch.[14] Bartsch then assigned the motion picture rights to Warner Brothers, Inc., which transferred the motion picture rights to Metro-Goldwyn-Mayer, Inc. (hereinafter "MGM"). MGM distributed the motion picture *Maytime*.[15] The authors of the German libretto also transferred their copyright and renewal interests to Bartsch.[16] Bartsch passed away, and his widow claimed that Bartsch did not assign to MGM the televised motion picture rights to *Maytime* and thus attempted to enjoin MGM from televising a motion picture version of *Maytime*.[17]

To determine whether MGM could telecast a motion picture version of *Maytime*, the Second Circuit first tried to discern the intent of the parties at the time they entered into the assignment agreement, but the court encountered some difficulties.[18] Although the court found that motion picture industry insiders recognized the foreseeability of television in the 1930s, Bartsch and his grantors had passed away, and a Warner Brothers attorney had no recollection of the

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[13] Bartsch v. Metro-Goldwyn-Mayer, Inc., 391 F.2d 150, 151 (2d. Cir. 1968).
[14] *Id*. at 151.
[15] *Id.* at 152.
[16] *Id.*
[17] *Id.* at 152–53.
[18] *Id.* at 154–55.

negotiation.[19] Since the court could not determine the parties' actual intent, it turned to what it viewed as the plain meaning of the license's language at the time the parties entered into the agreement.[20] In particular, it analyzed the grant of rights clauses in the assignments to and from Bartsch, which included the right to "copyright, vend, license, and exhibit such motion picture photoplays throughout the world."[21] The court stated that its decision turned on whether the assignments to and from Bartsch granted the right to "'license' a broadcaster to 'exhibit' the copyrighted motion picture by a telecast without a further grant by the copyright owner."[22]

The court considered Professor Nimmer's two approaches to interpreting new use technology provisions[23] and favored his liberal approach for two reasons. First, the liberal approach put the burden on the grantor to negotiate an exception to the new use technology if the language in the license was broad enough to cover the new use.[24] Second, the liberal approach eliminated "deadlock between the grantor and the grantee [that] might prevent the work's [sic] being shown over the new medium at all."[25] Consequently, the Second Circuit held that a telecast of *Maytime* fell within the license's broad grant language, and the court held in favor of MGM, the assignee.[26]

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[19] *Id.* at 155.
[20] *Id.*
[21] *Id.* at 151.
[22] *Id.* at 153.
[23] *Id.* at 155.
[24] *Id.*
[25] *Id.*
[26] *Id.*

2. *Bourne Co. v. Walt Disney Co.*[27]

Disney entered into a 1933 Shorts Agreement with Irving Berlin, Inc. (hereinafter "Berlin") to generate additional revenue from Disney's musical compositions used in "shorts," which are six-to-eight-minute animated motion pictures.[28] In the 1933 Shorts Agreement, Disney assigned the copyrights of its musical compositions in the shorts for a share of revenue that Berlin received for use of the musical compositions.[29] In order for Disney to continue using the musical compositions, Berlin granted back to Disney "the right to record such music mechanically in any and all other motion pictures to be produced by [Disney]."[30]

In 1937, Disney released its first feature-length film, *Snow White*, and Disney entered into a 1937 Assignment Agreement with Berlin. In the agreement, Disney assigned to Berlin the copyrights to eight musical compositions from *Snow White.*[31] In 1939, Disney and Berlin entered into a new agreement called the 1939 *Pinocchio* Agreement, in which Disney assigned to Berlin "the non-exclusive right to mechanically and/or electrically record the said musical compositions . . . in synchronism with any and all of the motion pictures which may be made by [Disney]."[32]

Berlin assigned its copyrights to the *Snow White* and *Pinocchio* musical compositions to Saul Bourne, the owner of

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[27] Bourne Co. v. Walt Disney Co., 68 F.3d. 621, 624 (2d. Cir. 1995).
[28] *Id.*
[29] *Id*.
[30] *Id.* (emphasis added).
[31] *Id.* at 625.
[32] *Id.*

Bourne, Inc.[33] In 1957, Disney sued Bourne, Inc. for the copyrights in the *Snow White* and *Pinocchio* musical compositions.[34] The companies settled in 1961, but the settlement agreement did not give Disney the right to use the musical compositions on videocassettes."[35] Decades later, Saul Bourne's daughter Beebe, doing business as the Bourne Company,[36] brought a copyright infringement lawsuit against Disney for distributing Bourne's copyrighted musical compositions relating to *Snow White* and *Pinocchio* on videocassette and using those copyrighted musical compositions in television commercials advertising *Snow White* and *Pinocchio*.[37]

The issue before the Second Circuit was whether the term "motion picture" in the respective 1933 Shorts Agreement (which the court concluded also controlled Disney's rights with respect to the *Snow White* musical compositions) and the 1939 Pinocchio Agreement unambiguously excluded Disney from distributing *Snow White* and *Pinocchio* videocassette recordings and from using Bourne's copyrighted musical compositions in Disney commercials.[38] The Second Circuit did not consider the 1961 settlement agreement in its analysis.

To determine if "motion picture" included videocassette recordings in the 1933 Shorts Agreement and the 1939

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[33] *See generally id*. (The decision does not state when Berlin assigned the *Snow White* and *Pinocchio* musical composition copyrights to Bourne, Inc.).
[34] *Id.* at 625.
[35] *Id.*
[36] *See generally id*. (The decision does not state when Bourne, Inc. changed its name to Bourne Co.).
[37] *Id.* at 623–24.
[38] *Id.* at 629.

Pinocchio Agreement, the Court in *Bourne* first analyzed the language of the licenses.[39] In particular, it looked at the definition of "motion picture" in the grant clauses in the 1933 Shorts Agreement and stated that it did not have a "sufficiently definite and precise meaning as to allow for interpretation as a matter of law."[40] Consequently, *Bourne* did not rely on the plain meaning interpretation of "motion picture" at the time the parties entered into the contract, as directed in *Bartsch*, and instead relied on extrinsic evidence to assist its new use technology analysis.[41] Specifically, the Court relied on a 1971 Senate report on proposed amendments to the Copyright Act of 1909 to determine the definition of a "motion picture."[42] The 1971 Senate report stated that "motion picture" meant "a broad genus whose fundamental characteristic is a series of related images that impart an impression of motion when shown in succession, including any sounds integrally conjoined with the image. Under this concept the physical form in which the motion picture is fixed . . . is irrelevant."[43] Moreover, the court noted that Congress adopted a broad definition of "motion picture" under a revision of the Copyright Act of 1976, which was defined as "audiovisual works consisting of a series of related images which, when shown in succession, impart an impression of motion, together with accompanying sounds, if any."[44] Thus, the court held that "the language of the grant to Disney . . . [was] broad enough to cover videocassettes."[45]

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[39] *Id.*
[40] *Id.* at 630.
[41] *Id.*
[42] *Id.*
[43] *Id.* (quoting S. Rep. No. 92-72, at 5 (1971)).
[44] *Bourne*, 68 F.3d at 630 (quoting 17 U.S.C. § 101 (1978)).
[45] *Bourne*, 68 F.3d at 630.

The court further distinguished itself from *Bartsch* by looking at the foreseeability of new use technology.[46] The court stated that although technology underlying videocassette recordings in the 1990s was unavailable in the 1930s, the parties likely contemplated videocassette recordings because motion picture industry insiders had contemplated viewing motion pictures at home.[47] The language in the licenses was broad enough to include videocassettes and motion picture industry members likely foresaw the watching of motion pictures at home. Thus, the court held that Disney had a right as a licensor under the *Snow White* agreement and as a licensor/assignor under the *Pinocchio* agreement to distribute videocassette recordings of *Snow White* and *Pinocchio* and use Bourne's copyrighted musical compositions in Disney's television commercials.[48]

3. *Boosey & Hawkes Music Publishers v. Walt Disney Co.*[49]

In 1938, Disney attempted to gain Igor Stravinsky's authorization to use "The Rite of Spring" in Disney's foreign distribution in videocassette and laser disc format for Disney's motion picture, *Fantasia*.[50] In 1939, the parties entered into an agreement that granted Disney rights to use the work in a motion picture for a $6,000 fee paid to Stravinsky.[51] Disney released *Fantasia* in 1940 and used a shortened version of "The

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[46] *Id.*
[47] *Id.*
[48] *Id.*
[49] Boosey & Hawkes Music Publishers, Ltd. v. Walt Disney Co., 145 F.3d 481, 484 (2d. Cir. 1998).
[50] *Id.*
[51] *Id.*

Rite of Spring."[52] In 1993, Stravinsky's assignee, Boosey & Hawkes Music Publishers, brought an action that claimed that the 1939 agreement did not grant Disney the rights to record and distribute Stravinsky's work in a video format of *Fantasia*.[53]

To begin its analysis, the Second Circuit found that Disney offered "unrefuted evidence that a nascent market for home viewing of feature films existed by 1939."[54] However, it followed *Bartsch* and stated that it was better to rely on the plain meaning of the license's language at the time the parties entered into their agreement since there was "scant and unreliable" extrinsic evidence regarding the parties' intent.[55]

The court first analyzed the grant of rights clause, which conveyed to Disney the right "to record [the composition] in any manner, medium or form" for use "in [a] motion picture."[56] Although *Boosey* initially agreed with *Bartsch* that the grantor has the burden to exclude the right to a foreseeable new use, the *Boosey* court worried that burden allocation in *Bartsch* might create a default rule in favor of licensees.[57] Thus, the court held that the contract's language governed its interpretation, stating that "[i]f the contract is more reasonably read to convey one meaning, the party benefitted by that reading should be able to rely on it."[58] Moreover, *Boosey* stated that a party seeking to deviate from a reasonably conveyed meaning has the burden of negotiating for

[52] *Id.*
[53] *Id.*
[54] *Id.* at 486.
[55] *Id.* at 487–88.
[56] *Id.* at 486 (alteration in original).
[57] *Id.* at 487.
[58] *Id.*

language that expresses that deviation.[59] Since the text of the 1939 grant was more reasonably read to include a motion picture distributed in video format, the burden fell on Stravinsky to use language to explicitly exclude video formats from subsequently developed motion picture technology, which he failed to do.[60] Consequently, Stravinsky's failure allowed Disney to record and distribute Stravinsky's work in a video format of *Fantasia*.[61]

In addition to the grant of rights clause, the court analyzed Stravinsky's reservation of rights clause.[62] The reservation of rights clause did not change the court's analysis, because the court determined that a reservation of rights clause "stands for no more than the truism that Stravinsky retained whatever he had not granted. It contributed nothing to the definition of the boundaries of the license."[63] Thus, the grant of rights and reservation of rights clauses persuaded the court that Disney had a right to record and distribute *Fantasia* in a video format.[64]

4. *Random House v. Rosetta Books*[65]

In 2000 and 2001, Rosetta Books contracted with several Random House authors to publish e-book editions of books such as *The Confessions of Nat Turner* and *Sophie's Choice* by William Styron; *Slaughterhouse-Five*, *Breakfast of*

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59 *Id.*
60 *Id.*
61 *Id.*
62 *Id.* at 488.
63 *Id.*
64 *Id.*
65 Random House v. Rosetta Books, 150 F. Supp. 2d 613, 614 (S.D.N.Y. 2001).

Champions, *The Sirens of Titan*, *Cat's Cradle*, and *Player Piano* by Kurt Vonnegut; and *Promised Land* by Robert B. Parker.[66] But Styron, Parker, and Vonnegut each had contracts for the aforementioned works with Random House.[67] Random House sued Rosetta Books for copyright infringement and tortuously interfering with the contracts Random House had with Styron, Vonnegut, and Parker.[68] The issue before the court was who owned the rights to publish Styron's, Vonnegut's, and Parker's works as e-books.[69] However, the copyright ownership issue was complicated by the concept of beneficial ownership.[70]

Although authors typically own the copyrights to their works (*e.g*., Styron, Vonnegut, and Parker), a beneficial owner can also own the copyright of an exclusive right of an author's work and "institute an action for any infringement of that particular right committed while he or she is the owner of it."[71] Random House believed that it was the beneficial owner of the exclusive right to publish Styron's, Vonnegut's, and Parker's books as e-books.[72] Consequently, the issue for the district court was whether Random House was the beneficial owner of

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[66] *Id*.
[67] *Id.*
[68] *Id.* at 614.
[69] *Id.* at 617.
[70] *See also Black's Law Dictionary* (10th ed. 2014) (A "beneficial owner" is "one recognized in equity as the owner of something because use and title belong to that person, even though legal title may belong to someone else.").
[71] *Random House*, 150 F. Supp. 2d. at 617 (quoting 17 U.S.C. § 501(b) (1978)).
[72] *Id.* at 617.

the right to publish Styron's, Vonnegut's, and Parker's works as e-books.[73]

To begin its analysis, the court looked at the plain meaning of the relevant license's language at the time the parties entered into their agreement, as *Bartsch* and *Boosey* instructed.[74] The court first analyzed the grant of rights clauses in Random House's author agreements, which granted Random House the exclusive right "to print, publish, and sell the work in book form," as well as the exclusive right to publish book club editions, reprint editions, abridged forms of the work, and Braille editions.[75] Since the grant clauses were divided into several parts and each required separate language, the court determined that the separate grant language "would not be necessary if the phrase 'in book form' encompassed all types of books."[76]

In addition, the court analyzed the reservation of rights clauses and the non-compete clauses in the author agreements.[77] The court stated that the reservation of rights clauses reflected the "intent by these authors not to grant the publisher the broadest rights in their works."[78] The non-compete clauses also did not grant Random House exclusive rights to publish the authors' e-books because the non-compete clauses were only applicable to what was granted in the grant

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[73] *Id.*
[74] *Id.* at 620.
[75] *Id.*
[76] *Id.*
[77] *Id.* at 620–21.
[78] *Id.* at 620.

of rights clauses, which as we will see below, did not include granting of the right to print, publish, and sell e-books.[79]

Although the *Random House* court relied on *Bartsch* and *Boosey* in considering the plain meaning of the language in the author agreements, it also relied on *Bourne*'s analysis by considering the foreseeability of e-books to assist in its new use technology analysis.[80] But this is inconsistent,[81] because an analysis that relies on *Bartsch* and *Boosey* should only consider the plain meaning of a license's language. Nevertheless, the court allowed extrinsic evidence. It sought to ascertain what a reasonable person in the book publishing industry would have believed "in book form" meant.[82] The court acknowledged that "in book form" standing alone without any context may include different books other than hardcover and paperback editions, but in the terms of the Random House agreements, a reasonable person in the book publishing industry understood that "in book form" was a limited grant to print, publish, and sell hardcover and paperback books. [83] Thus, the court held that "in book form" did not include e-books.[84]

The court further distinguished itself from *Bartsch* and *Boosey* by comparing the new technology in *Boosey* and *Bartsch*, to the new technology in *Random House*.[85] First, the grant language in *Bartsch* and *Boosey* was broader than the "print, publish, and sell the work in book form" grant language

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[79] *Id.* at 621.
[80] *Id.*
[81] *See infra* Part II.D.
[82] *Random House*, 150 F. Supp. 2d. at 621–22.
[83] *Id.* at 622.
[84] *Id.* at 621.
[85] *Id.* at 622–23.

in *Random House*.[86] Second, the new uses in *Bartsch* and *Boosey* (*i.e.*, the right to display a televised version of a motion picture,[87] and the right to distribute and use musical compositions in motion pictures on videocassettes[88]) were within the same medium as the original grant, while the new use technology in *Random House* (*i.e.*, "electronic digital signals sent over the internet") was a different medium than printed words on paper.[89] Third, the *Random House* publishers did not create "a new work based on the material from the licensor" but merely "display[ed] the words written by the author, not themselves."[90] Finally, the authors retained the rights to their works, which eliminated "antiprogressive [sic] incentives" for licensees which would make them hesitant to explore new technologies.[91] For all these reasons, the court ruled that Random House was not the beneficial owner of the authors' copyrights, and Rosetta Books could publish Styron's, Vonnegut's, and Parker's e-books.[92]

Random House appealed the district court's decision, and the Second Circuit held that the district court's denial of Random House's preliminary injunction motion was not erroneous.[93] The Second Circuit noted that New York state law "arguably adopted a restrictive view of the kinds of 'new uses' to which an exclusive license may apply when the contracting parties do not expressly provide for coverage of

[86] *Random House*, 150 F. Supp. 2d. at 621.
[87] *Bartsch*, 390 F.2d at 152.
[88] *Boosey*, 145 F.3d at 485.
[89] *Random House*, 150 F. Supp. 2d. at 622.
[90] *Id.* at 623.
[91] *Id.* (quoting *Boosey,* 145 F.3d. at 488, n.4).
[92] *Random House*, 150 F. Supp. 2d. at 624.
[93] Random House v. Rosetta Books, 283 F.3d 490, 492 (2d. Cir. 2002).

such future forms,"[94] which seems inconsistent with *Bartsch*, *Bourne*, and *Boosey*.[95] Nevertheless, the court affirmed the district court's decision partly because a preliminary injunction would have put Rosetta Books out of business since its entire business was based on selling e-books.[96]

5. *HarperCollins v. Open Road Integrated Media*

On April 13, 1971, Jean George granted HarperCollins' predecessor in interest, Harper and Row,[97] the right to publish George's children's novel *Julie of the Wolves*.[98] George granted HarperCollins the right to publish hardcover editions of *Julie of the Wolves* in exchange for a $2,000 advance and royalty payments between ten and fifteen percent.[99] George also granted HarperCollins the right to sell paperback editions for a mutually agreed upon royalty rate.[100] In subsequent decades, George contracted with third parties in ways that permitted them to use *Julie of the Wolves* in electronic formats, such as CD-ROMs, online teaching materials, and online examination materials.[101] In 2010, the digital publisher, Open Road Integrated Media, contacted George's agent to propose publishing an electronic edition of *Julie of the Wolves* for a 50% royalty rate.[102] George believed that she owned the

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[94] *Id.* at 491.
[95] *See infra* Part II.D.
[96] *Random House*, 283 F.3d. at 492.
[97] For purposes of streamlining the discussion, all subsequent references to Harper and Row will be substituted with HarperCollins.
[98] HarperCollins Publishers LLC v. Open Road Integrated Media, 7 F. Supp. 3d 363, 366. (S.D.N.Y. 2014).
[99] *Id.* at 366–67.
[100] *Id.* at 367.
[101] *Id.* at 368.
[102] *Id.*

electronic rights to *Julie of the Wolves*, and she entered into an agreement with Open Road to publish an electronic edition of *Julie of the Wolves*.[103] HarperCollins then sued Open Road in 2011 for willful copyright infringement.[104]

Like *Random House*, the only element at issue was ownership of the relevant copyright interest.[105] To begin its analysis, the court first analyzed the grant of rights provision, which gave HarperCollins "'the exclusive right to publish' *Julie of the Wolves* 'in book form' in the English language and within specified territory."[106] The court distinguished *Random House* because the HarperCollins contractual language did not contain the word "print."[107] Nevertheless, the court said that it had to interpret the contract as a whole and thus did not have to reach the issue of whether the grant of rights clause alone granted to HarperCollins the exclusive right to license e-book publications of *Julie of the Wolves* to third parties.[108]

Second, the court scrutinized the "Storage and Retrieval and Information Systems" provision, which stated that HarperCollins could use the work "in storage and retrieval and information systems and/or whether through computer, computer-stored, mechanical or other electronic means now known or hereafter invented."[109] Open Road argued, for its part, that the court should strike the "and/or" language in the provision because the "'and/or' is 'syntactically awkward,' that it constituted an 'unnecessary insertion,' that it would create

[103] *Id.*
[104] *Id.*
[105] *Id.* at 369.
[106] *Id.* at 372.
[107] *Id.*
[108] *Id.*
[109] *Id.*

meaningless surplusage, and that it would lead to an 'absurd result.'"[110]

However, the court disagreed for several reasons. First, following its ruling in *Bourne*, the Court stated that "the 'burden of justifying a departure from the most reasonable reading of the contract should fall on the party advocating the departure.'"[111] Open Road failed to justify such a departure.[112] Second, "given the age of the contract at issue, extrinsic evidence was scarce and thus 'the parties or assignees of the contract should be entitled to rely on the words of the contract.'"[113] Third, the court stated that even if it adopted Open Road's "and/or" revision, it was "far from clear [whether] this revision would support Open Road's overall position."[114] Thus, the court found it unnecessary to undertake Open Road's request to rewrite the "Storage and Retrieval and Information Systems" provision.[115]

In interpreting the "Storage and Retrieval and Information Systems" provision, the court analyzed its language "from the lens through which the Second Circuit direct[ed] us to construe it."[116] The court held that an e-book was a "permissible extension of 'book form' via 'storage and

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[110] *Id.* at 373–74. (quoting Defendant's Memorandum in Support of their Motion for Summary Judgment, at 4 n. 1; Defendant's Memorandum of Law in Opposition to Plaintiff's Motion for Summary Judgment, 8–14; and Declaration of Michael J. Boni, Esq. in Support of Defendant's Motion for Summary Judgment, Ex 15 ¶ 4).
[111] *Id.* (quoting Boosey & Hawkes Music Publishers v. Walt Disney Co., 145 F.3d 481, 488 (2d. Cir. 1998).
[112] *Id.* at 374.
[113] *Id.* (quoting *Boosey*, 145 F.3d. at 488).
[114] *Id.* at 374.
[115] *Id.*
[116] *Id.* at 372–73.

retrieval and information systems, and/or whether through computer, computer-stored, mechanical or electronic means' just as the television broadcast of a movie and the videocassette constituted a lawful extension of the motion picture form in *Bartsch* and *Boosey*."[117] The court further concluded that "[b]y specifically providing for anticipated electronic means that might be 'hereafter invented,' the 1971 contract's grant language becomes greater in breadth, at least with respect to new uses . . . ."[118] The language in the *HarperCollins* author agreement referred to electronic means, which was absent from the *Random House* author agreements. The *HarperCollins* court also inconsistently relied on the foreseeability of e-books even though it initially relied on the license's language at the time the parties entered into their agreement[119] just like the *Random House* court.[120]

The *HarperCollins* court allowed extrinsic evidence regarding the foreseeability of e-books and determined that publishing industry members anticipated e-books.[121] Although Open Road Media argued for a new standard for interpreting

[117] *Id.* at 373.
[118] *Id.*
[119] *Id.* at 375–76.
[120] *See infra* Part II.D.
[121] HarperCollins Publishers LLC v. Open Road Integrated Media, 7 F. Supp. 3d 363, 376 (S.D.N.Y. 2014).

the foreseeability of new use technology provisions,[122] the court rejected it and held in favor of HarperCollins.[123]

Consequently, the grant language in *HarperCollins* was distinguishable from the grant language in *Random House*, since the HarperCollins agreement contained "Storage and Retrieval and Information Systems" provision, and since publishing industry members foresaw e-books, the court granted HarperCollins its summary judgment motion, upholding its exclusive right to license e-book versions of *Julie of the Wolves*.[124]

C. Synthesis

Bartsch and *Boosey* stand for using relatively neutral contract interpretation principles to interpret new use technology provisions. Under *Bartsch* and *Boosey*, parties need only look at the license's language at the time the contracting parties entered into the agreement to determine if a licensor or licensee can take advantage of a new use technology.[125] The *Bartsch* and *Boosey* analysis, coupled with Nimmer's liberal approach that favors licensees, provides predictability for potential litigants. Moreover, since "[w]hat governs . . . is the language of the contract,"[126] and a party bears the burden of

[122] *Id.* at 375. Open Road argued that the court should take two steps in analyzing "new use" technology provisions: first, analyze the breadth of the grant language, and second, determine the new use's foreseeability. The court stated that *Bartsch*, *Bourne*, and *Boosey* did not indicate that there was a two-step analysis, and the Second Circuit left open whether foreseeability was even required.
[123] *Id.* at 375–78.
[124] *Id.* at 372–76.
[125] *Bartsch*, 390 F.2d at 155; *Boosey*, 145 F.3d. at 488.
[126] *Boosey*, 145 F.3d at 487.

negotiating for language that departs from a contract's reasonably conveyed meaning of the words in a given contract,[127] parties who enter into agreements that contemplate new use technology will pay more attention to the language they draft. Effective contracts encourage competitors to "seek new methods of distribution not provided for in, or otherwise exploited by, current contractual agreements" and encourages licensees "to continue to create new works to fulfill the demand created by new rights not otherwise protected."[128]

Bourne, however, complicates matters. The court did not follow *Bartsch*.[129] It is "well established that courts must enforce the common-law meaning of contractual terms at the time of contract,"[130] and *Bourne* relied on the 1971 Senate report regarding amendments to the Copyright Act of 1909 and the Copyright Act of 1976's definition of "motion picture" to assist its new use technology analysis.[131] If *Bourne* insisted on relying on the foreseeability of the new use technology, it should instead have looked at the Copyright Act of 1909 to determine the definition of "motion picture," which was the copyright act in existence when the parties entered into their agreement.[132] Thus, "*Bourne* seems to indicate that the Second

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[127] *Id*.
[128] Gillespie, *supra* note 79, at 826.
[129] Bourne Co. v. Walt Disney Co., 68 F.3d. 621, 630 (2d. Cir. 1995) (noting that extrinsic evidence and submission to the jury on the intent of the parties in entering the agreement was appropriate because the license given to Disney for use of the composition in "motion pictures" was sufficiently ambiguous to preclude interpretation of the contract as a matter of law).
[130] Gaylen Rosen, Note, *The Rights to Future Technologies: Should* Bourne v. Disney *Change the Rules?*, 24 FORDHAM URB. L J. 617, 629 (1997).
[131] *Id.*
[132] Rosen, *supra* note 222, at 629.

Circuit will read all contracts as broadly as the plain language reasonably allows *at the time of interpretation*, taking into account technology advances not in existence at the time the contract was written."[133] This means that a licensee can potentially win a new use technology case even if the technology in question did not exist and was not foreseeable at the time the parties entered into the agreement.

It is thus no surprise that after *Bartsch*, *Boosey*, and *Bourne*, licensors and licensees in the book publishing industry may be confused about how a court would construe an exclusive right to a particular new use, because all three cases favored licensees despite using different approaches. On the one hand, a court may rely on the plain meaning of the license's language at the time of entering an agreement under *Bartsch* and *Boosey*. If a court relies on *Bartsch*, it may place the burden on the grantor to negotiate an exception to new use technology. But if it relies on *Boosey*, a court may place the burden on the party that seeks to deviate from a reasonably conveyed meaning to negotiate for language that expresses that deviation. Finally, a court may follow *Bourne*, and licensors may worry that licensees may gain an exclusive right to a new use technology even though such technology was not foreseeable at the time of the agreement.

The *Random House* district court and Second Circuit decisions do not help matters either. The *Random House* district court initially relied on *Bartsch* and *Boosey*,[134] but subsequently entertained arguments regarding the

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[133] Caryn J. Adams, *Random House v. Rosetta Books*, 17 BERKELEY TECH. L.J. 29, 44 (2002).

[134] Random House v. Rosetta Books, 150 F. Supp. 2d 613, 620 (S.D.N.Y. 2001).

foreseeability of e-books to assist in its new use technology analysis.[135] This is inconsistent because a *Bartsch* and *Boosey* analysis does not consider extrinsic evidence such as foreseeability of new use technology. Further, the *Random House* district court implicitly adopted the strict approach for its new use technology analysis "through its analysis of intent and the determination of ambiguous terms."[136] The Second Circuit also determined that New York state law had adopted a restrictive new use view, which is inconsistent with its earlier precedents of *Bartsch*, *Bourne*, and *Boosey*, assuming these contracts were also governed by New York law.[137]

Both *Random House* decisions raise concerns that the Second Circuit and lower federal courts will use the strict approach. This may leave parties in even more confusion because they may wonder how they can unambiguously provide for new use technologies when they may not contemplate a particular new use at the time they enter into a contract. Consequently, the *Random House* decisions were likely the reasons that publishers began to write broad language into their grant clauses such as, "now known or hereinafter devised,"[138] to encompass any type of new use as coming within the unambiguous core meaning of the grant language.

HarperCollins is unreliable as well. Like *Random House*, *HarperCollins* initially relied on *Boosey* and *Bartsch*,[139] but it subsequently entertained arguments about the

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[135] *Id.* at 621, 623.
[136] Gillespie, *supra* note 79, at 822.
[137] Random House v. Rosetta Books, 283 F.3d 490, 491–92 (2d. Cir. 2002).
[138] *Supra*, note 11, Hachette Book Group, at § 1; Independent Book Publisher, *supra* note 11, at § 2.1 (emphasis omitted).
[139] HarperCollins Publishers LLC v. Open Road Integrated Media, 7 F. Supp. 3d 363, 371 (S.D.N.Y. 2014).

foreseeability of e-books to determine whether HarperCollins had rights to publish e-books of *Julie of the Wolves*.[140]

Although *Bartsch* and *Boosey* relied entirely on the plain meaning of the license's language at the time the parties entered into their contract, *Bourne*, *Random House*, and *HarperCollins* are all hybrid cases that looked at the license's language and the foreseeability of new use technology. Moreover, *Bourne* did not focus on the plain meaning of the license's language at the time the parties entered into their agreements, and *Random House* used a strict approach in assessing new use technology. Thus, it is difficult for parties to predict what approach courts will use in deciding their case.

Consequently, there is no easy way to predict how much weight the courts may give to the license's language or the foreseeability of new use technology. Nor is it easy to predict if the courts will adopt the strict approach in *Random House*. Uncertainty will undoubtedly facilitate litigation, which will likely encompass new use technology provisions drafted in today's author agreements. So, what do present new use technology provisions look like, and what can authors do to protect themselves?

III. 21ST CENTURY AUTHOR AGREEMENTS

A. Overview

When authors, especially first-time authors, receive an offer from a book publisher, they may be so elated about their book's pending publication that they overlook the importance

[140] *Id.* at 375–76.

of the agreement which accompanies that offer. The author may find herself overwhelmed by the agreement's complexity. Authors need to understand that while the publisher wants to cultivate a relationship with the author because it sees the author as a future profit-generator, the publisher also wants to protect its investment. Books cost hundreds of thousands of dollars to publish, sell, and distribute. Moreover, consider that a debut author normally receives a $10,000 advance from a major book publisher, which means that her book needs to generate $10,000 in royalties just for the publisher to break even.[141] But "7 out of 10 titles do not earn back their advance."[142] To minimize this risk, publishers attempt to acquire as many rights as they can upfront to try to ensure future profits from the author's book.

Publishers today know that e-books and enhanced e-books make breaking even and turning a profit easier, especially because of the relatively low cost of producing and distributing e-books.[143] Thus, publishers do not want to run into issues like those faced in *Random House*, where the publisher lost its claimed right to publish some of its authors' e-books. Consequently, publishers continue to draft broader language in author agreements to encompass any new use technology that may be thought of in the future. Such tactics, if not recognized by an author, may strip her of any future intellectual property rights.

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[141] Kozlowski, *supra* note 39.
[142] Michael Meyer, *About that Book Advance…*, N.Y. Times (April 10, 2009).
[143] *See supra* Part I.B.

To illustrate the broad language that authors are confronted with, below are a few grant of rights clauses from Hachette Book Group and an independent book publisher.

> Hachette Grant of Rights**:** The Author hereby grants and assigns to the Publisher exclusive print, audio, and electronic rights in the Work (and any revisions thereof), in whole or in part for the full term of copyright (including any renewals and extensions), in any language, including the right to reproduce, publish, distribute, transmit, deliver, transfer, market and/or sell the Work, including but not limited to, by means of fixed-copy, digital delivery, download, streamed formats, shared file distribution and wireless methods, in any media now known or hereafter devised, throughout the world (the "Territory"). The Publisher may exercise and authorize others to exercise the above-described rights including the rights specified below in paragraph 4 [Rights and Licensing Revenue].[144]

> Independent Book Publisher Grant of Rights: The Author hereby grants and assigns to the Publisher exclusive publishing rights in the Work provided by the Author (and any revisions thereof), in whole or in part, for the full term of copyright, including any renewals and extensions thereof, including the right to publish, distribute, license and/or sell all editions of the Work, in whole or in part, and

[144] Hachette Book Group, *supra* note 11, at § 1.

> derivative works based upon the Work in any media now known or hereafter devised throughout the world (the "Territory"). All rights granted by this Agreement are applicable to translations, localizations and to the creation and use of promotional or other materials to promote or complement the Work. [Notwithstanding the foregoing, while the Territory is limited for purposes of distribution of the Work, it is agreed that any online promotion or marketing of the Work may be accessible worldwide].[145]

B. How May Courts Construe New Use Technology in 21st Century Author Agreements?

Examining the provisions above, authors are at a disadvantage if they enter into boilerplate agreements with publishers and have to litigate who owns a new use technology. The broad language (*e.g.*, "now known or hereinafter devised") in the grant of rights, electronic rights, e-book definition, audio definition, and/or multimedia products and services provisions would most likely be construed in the publisher's favor, at least within the Second Circuit.[146]

For instance, courts will likely examine the grant of rights clause in determining who owns a new use technology.

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[145] Independent Book Publisher, *supra* note 11, at § 2.1 (emphasis omitted).

[146] Federal circuits take different interpretive approaches to new use technology cases, but this section draws primarily upon the Second Circuit as previously analyzed as the Second Circuit has been the most active circuit in deciding new use technology cases about the book publishing industry.

Both grant of rights clauses are extremely broad, and the independent book publisher's grant even gives the independent book publisher exclusive rights for any derivative works based on the author's work in any media presently known or devised in the future. The courts that follow *Bartsch* and *Boosey* may be persuaded that the grant language favors the publisher because it explicitly states that the publisher retains worldwide rights to all editions of the work in all media formats "now known or hereinafter devised." Consequently, publishers will likely have rights to new use technology.

Even if the courts follow the foreseeability analysis in *Bourne*, *Random House*, and *HarperCollins*, authors still may be out of luck because these author agreements define what the parties believed electronic rights, e-books, enhanced e-books, audio rights, and multimedia services were at the time they entered into contract, which are all equally as broad as the grant of rights language. Moreover, although many author agreements contain the term "the Work," when referring to the literary work in the grant of rights clause, authors may suffer if their author agreement contains the term "literary work" in the grant of rights clause based on the definition of "literary works" in the Copyright Act of 1976. The Copyright Act of 1976 defines "literary works" as "works, other than audiovisual works, expressed in words, numbers, or other verbal or numerical symbols or indicia, regardless of the nature of the material objects, such as books, periodicals, manuscripts, phonorecords, film, tapes, disks, or cards, in which they are embodied."[147] The phrase "*regardless of the nature of the material objects, such as books, periodicals, manuscripts, phonorecords, film, tapes, disks, or cards, in which they are embodied*" would encompass new use technology such as

[147] 17 U.S.C. § 101 (1978) (emphasis added).

audio books, e-books, enhanced e-books, multimedia products and/or services or future media yet unknown. Thus, the courts may believe that the parties contemplated any type of new use developed from audio books, e-books, enhanced e-books, multimedia products and/or services. In addition, the language "in book form" is conspicuously absent from the grant language and substituted with the words "all editions," so the courts would not likely use the strict approach to new use technology.

Consequently, it seems that if an author enters into a boilerplate agreement with a publisher and litigates over ownership of a new use technology, the courts will likely find in favor of a publisher/licensee.

IV. AUTHORS' RIGHTS

A. How Can Authors Protect Their New Use Rights?

What can authors do to protect their intellectual property rights? Authors should negotiate the license's terms upfront. A publisher's boilerplate contract is overly broad and favors the publisher because it wants to obtain all rights to the author's work. An experienced literary agent or publishing attorney will see this and likely negotiate for some language in the author's favor.

The first thing that literary agents and publishing attorneys likely will ask is to put the copyright of the work in the author's name. Trade publishers like the independent book publisher and Hachette have routinely honored an agent or attorney's request to put the copyright of the work in the author's name.[148] Publishers want to work amicably with authors, especially potentially best-selling authors who can produce revenue for the publisher, so protesting the copyright issue may end a potentially lucrative deal for the publisher. The exception to this rule is in academic publishing where authors usually transfer their copyrights to academic publishers.[149] Nevertheless, academic authors may want to own the copyright of their work, especially if they believe their book may sell thousands of copies, so agents and attorneys should attempt to negotiate to put the copyright of the work in the academic author's name.

Regardless of whether the agent or attorney is successful in ensuring that the copyright of the work is in the academic or trade author's name, the agent or attorney still has to negotiate the grant of rights clause. The grant of rights clause in a standard publishing contract contains four factors: form, language, market, and time.[150] As Martin Levin states, "some publishers are content to acquire book rights (*form*) in English (*language*) in the United States and Canada (*market*) for the life of the copyright. However, despite negotiating for language and territory limits, authors often grant publishers exclusive rights to their works in any media "now known or hereafter devised."

To avoid a situation where the publisher has an exclusive right to print, publish, and sell an author's work in

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148 Ivan Hoffman, *Who Shall Own the Copyright in a Book Publishing Agreement,* http://www.ivanhoffman.com/own.html.

149 *Copyright, Author Rights, Responsibilities and Entitlements*, INDERSCIENCE PUB., http://www.inderscience.com/info/inauthors/author_copyright.php.

150 Martin P. Levin, *The Contemporary Guide to Negotiating the Author-Publisher Contract*, 54 N.Y.L. SCH. L. REV. 447, 452 (2009-10).

any media "now known or hereinafter devised," authors have a few options. In particular, Megan Gillespie offers several options that authors have in negotiating new uses in their agreements, but I will focus on three of them.

Gillespie suggests that an author and publisher can draft a "right of first refusal" clause, otherwise known as an "option" clause, which would "require the author to approach the publisher with any new uses for the work. Such a provision would provide that the publisher, if interested in the new use, has an obligation to negotiate in good faith with the author for the related rights."[151] While option clauses (clauses that give publishers the first chance to publish the author's next work before an author can shop his or her next publishers to other third parties) are common within author agreements, I disagree with Gillespie that negotiating for an option clause for *any* new use may be advantageous for authors. Authors do not want to place themselves in a position where they must negotiate with their publishers for every new use. For example, if an author had a long-standing relationship with a publisher that turned sour, or a third party expressed interest in a new use of the author's work, agreeing to an option clause for every new use may impede the author from finding new publishers that will provide the author with potentially better terms and more income than the original publisher.

Authors should try to strike option clauses regarding every new use, so they are not limited in how they can use their intellectual property rights. But striking an option clause may nullify a potential deal, so authors should attempt to negotiate for an option clause with limitations. Specifically, authors should negotiate for option clauses where the publisher has the

[151] *Id.*

option to use the same or similar new use in the author's next book that it used in the first author agreement. This request is advantageous to authors because authors will be free to shop other new uses developed in the future to third-party publishers, provided that the original author agreement was beneficial for the author.

A second option that Gillespie suggests is to negotiate for a time limit for when a publisher can exercise its exclusive right to publish via a new use technology, which would revert to the author if not exercised[152]

I generally agree with Gillespie about this negotiation strategy. Time limits help authors because they can later negotiate with other for new uses of their work. Authors can also use the time-limit language as leverage when entering into author agreements with foreign publishers for new uses. Authors will especially want to put time limits on a foreign publisher's exercise of new use technology rights. Since there are thousands of publishers worldwide, foreign publishers may pay authors even more than American publishers would pay them if foreign publishers believe an author's work will potentially sell in that foreign publisher's country or territory. In addition, a time limit puts publishers on notice that they must publish an author's e-book immediately, since most sales for a particular book occur within one year of publication. However, if the publisher believes that the book may be a bestseller and/or financially successful for years to come, the publisher may not accept the limitation. Nevertheless, authors should attempt to negotiate time limits regarding new use technologies into their author agreements.

[152] *Id.*

Finally, Gillespie suggests that an author should incorporate a sunset clause in the grant of rights clause, which would "establish that such an unlimited right expires at a future date with an option to renew within a certain time frame prior to expiration."[153] I disagree with Gillespie because authors may not want to grant an option for a new use if the publisher has shown no signs of using the new use technology. An option clause may delay any potential deals the author wants to make with other publishers. Authors should not negotiate for a sunset clause and option, if possible, because it can hamper potential income authors may receive from companies that will publish via a new use technology that the author's original publisher neglected.

Notwithstanding Gillespie's negotiation strategies, there is a new option that authors can utilize due to a recent change in the publishing industry's business model. In early October 2014, HarperCollins began offering authors a direct sales or "e-commerce" option with higher royalties.[154] In this option, HarperCollins bypasses the process of giving the retailer a commission, which allows authors to sell directly to consumers. Authors who opt-in to the direct sales option "can place an HC [HarperCollins] shopping cart button on their own website—[and] can earn . . . an additional 10% royalty rate. The higher royalty applies to print, e-book, and physical audio products. (As with many Big 5 publishers, HC's standard e-book royalty rate is 25%.)"[155] It seems that authors can

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[153] *Id.*
[154] Jim Milliot, *HC Offering Direct Sales Option, Higher Royalties,* PUBLISHERS WKLY. (Oct. 2, 2014), *available at* http://www.publishersweekly.com/pw/by-topic/industry-news/bookselling/article/64207-hc-offering-authors-direct-sale-option-higher-royalty.html.
[155] *Id.*

potentially earn 35% in e-book royalties. As of the end of 2014, the e-commerce program is available in the United Kingdom and Australia, and HarperCollins is hoping that the e-commerce program will become global.[156]

Although HarperCollins' e-commerce program is beneficial for HarperCollins authors because they will gain an additional 10% royalty rate for print books, e-books, and audio books, it is not certain whether a direct-to-customer sales model will sweep across the publishing industry. Of course, if an author's publisher develops a similar model, that author should think about entering the program for the potential increase in income. But because the program is author-friendly, the publisher may be less likely to negotiate for a time limit on new use technology, or even a sunset clause with an option. Consequently, authors have to complete a risk analysis to determine if a 10% royalty increase for print books, e-books, and audio books is worth giving away potentially lucrative new use technology rights. If the author is a mid-list author or a backlist author, the 10% increase in royalties may mean a great deal to him or her, but a 10% increase in royalties may not mean much to a best-selling author. Thus, the author's decision to enter into an e-commerce direct-to-consumer program depends on context. Most likely, "Big 5" publishers will wait to develop e-commerce programs similar to HarperCollins' program until they see how successful it is. Thus, many authors likely won't have an e-commerce option for the foreseeable future.

[156] *Id.*

B. Synthesis

Authors who wish to reserve their new use technology rights have a variety of negotiation techniques at their disposal. Authors can negotiate for a time limit, a sunset clause with an option, or enter into an e-commerce program and pair it with a time limit or sunset clause with an option. For now, the e-commerce program option is unlikely because only HarperCollins has developed it, and publishers may wait to see whether HarperCollins' e-commerce program is successful. Regarding the remaining time limit and sunset clause options, many authors should negotiate a time limit because the time limit puts the publisher on notice that they must use a new technology or lose it to other publishers. Furthermore, an author will also not have to worry about an option clause if he or she negotiates only for a time limit, because the author will be able to negotiate freely with other publishers to license the new use technology that the initial publisher neglected.

But publishers will likely not accept a time limit without consideration. Publishers will want an option clause for a new use, so they can generate more revenue to protect their investment. Thus, authors can likely expect to meet publishers in the middle by giving publishers option clauses when negotiating for a sunset clause on any new use technology in the author agreement.

V. CONCLUSION

Book publishing has changed rapidly in the twenty-first century. E-book consumption has significantly increased, and enhanced technology has led publishers to develop e-books that contain several different media like video and audio to enhance the reader's experience. Since e-books are lucrative, publishers have drafted language in their author agreements to control as many e-book rights and new use technology rights as possible.

Unsurprisingly, the desire to publish e-books has led to litigation between publishers over who owns new use technologies. Unfortunately, the Second Circuit and lower federal courts have been inconsistent in interpreting new use technology provisions. For new use technology cases involving e-books, the courts look at the language of the license and the foreseeability of the new use technology when entering into an agreement. This means that there is no way to tell whether a court will favor the language of the license or the foreseeability of the new use technology. Thus, the courts' decisions have given publishers an incentive to draft overly broad language in their grant of rights provisions and definitions concerning e-books, enhanced e-books, multimedia products and services, and audio books.

Given this, authors are initially at a disadvantage when they are given the publishers' boilerplate agreements. Undoubtedly, authors want to avoid litigation, so authors must negotiate with publishers to preserve their intellectual property rights.

Authors have many options when negotiating with publishers, such as negotiating for separate agreements for each new use, negotiating for a time limit for when a publisher can use the new use technology, and even joining a similar HarperCollins e-commerce program if the publisher offers it. However, because e-books can be quite lucrative, publishers will likely want exclusive rights to authors' new use rights. Thus, authors may have to compromise on a sunset clause for a new use supplemented by an option clause. Although authors may not like that a publisher that has not explicitly used the new use right may also extend its right to the new use through an option clause, publishers are not likely to agree to a naked time limit because a publisher may want to capitalize on the full potential of a book's popularity. Publishers do not want to miss opportunities to generate revenue. Thus, although the context (*i.e.*, the author, the type of book, the potential popularity of the book, and the publisher) will ultimately determine how authors negotiate with publishers, authors should protect their new use rights and determine how their work will be used instead of giving away their rights to publishers.