

# 05-5943-cv(L) 06-0223-cv (CON)

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## UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

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IN RE: LITERARY WORKS IN ELECTRONIC DATABASES COPYRIGHT LITIGATION

IRVIN MUCHNICK, ABRAHAM ZALEZNIK, CHARLES SCHWARTZ, JACK SANDS, TODD PITOCK, JUDITH STACEY, JUDITH TROTSKY, CHRISTOPHER GOODRICH, KATHY GLICKEN AND ANITA BARTHOLOMEW,  
*Objectors-Appellants,*

V.

THOMSON CORPORATION, DIALOG CORPORATION, GALE GROUP, INC., WEST PUBLISHING COMPANY, INC., DOW JONES & COMPANY, INC., DOW JONES REUTERS BUSINESS INTERACTIVE, LLC, KNIGHT RIDDER INC., KNIGHT RIDDER DIGITAL MEDIASTREAM, INC., NEWSBANK, INC., PROQUEST COMPANY, REED ELSEVIER INC., UNION-TRIBUNE PUBLISHING COMPANY, NEW YORK TIMES COMPANY, COPLEYPRESS, INC. AND EBSCO INDUSTRIES, INC..  
*Defendants-Appellees,*

MICHAEL CASTLEMAN INC., E. L. DOCTROW, TOM DUNKEL, ANDREA DWORKIN, JAY FELDMAN, JAMES GLEICK, RONALD HAYMAN, ROBERT LACEY, PAULA McDONALD, P/K ASSOCIATES, INC., LETTY COTTIN POGREBIN, GERALD POSNER, MIRIAM RAFTERY, RONALD M. SCHWARTZ, MARY SHERMAN, DONALD SPOTO, ROBERT E. TREUHAFT AND JESSICA L. TREUHAFT TRUST, ROBIN VAUGHN, ROBLEY WILSON, MARIE WINN, NATIONAL WRITERS UNION, THE AUTHORS GUILD, INC. AND AMERICAN SOCIETY OF JOURNALISTS AND AUTHORS,  
*Plaintiffs-Appellees,*

EDWARD ROEDER,

*Appellant.*

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On Appeal from the United States District Court For the Southern District of New York

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### OBJECTORS-APPELLANTS' PETITION FOR REHEARING

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## **I. INTRODUCTION**

Objectors seek panel reconsideration. The issue they present is the suggestion that the Court should vacate the decision and determine if there are any Rule 23 issues, such as adequacy of representation, which are dispositive. This may avoid an unnecessary ruling, or further appellate proceedings, on a difficult issue of jurisdiction.

## **II. THE COURT SHOULD RECONSIDER AND FIRST ADDRESS THE ADEQUACY OF REPRESENTATION ISSUES**

The Supreme Court has held that it is appropriate to consider Rule 23 class certification issues, which are dispositive of the appeal, before reaching challenges to jurisdiction. *Amchem Prods. Inc. v. Windsor*, 521 U.S. 591, 612 (1997). The Third Circuit held that a court need not reach difficult questions of jurisdiction when the case can be resolved on some other ground in favor of the appealing party. *Georgine v. Amchem Prods.*, 83 F.3d 610, 623 (3d Cir. 1996)(citing *Norton v. Mathews*, 427 U.S. 524, 528-33, 49 L. Ed. 2d 672, 96 S. Ct. 2771 (1976); *Elkin v. Fauver*, 969 F.2d 48, 52 n.1 (3d Cir.), cert. denied, 506 U.S. 977, 121 L. Ed. 2d 379, 113 S. Ct. 473 (1992); *United States v. Weathersby*, 958 F.2d 65, 66 (5th Cir. 1992); *Wolder v. United States*, 807 F.2d 1506, 1507 (9th Cir. 1987). The Third Circuit “declined to reach these [jurisdictional challenges] because they ‘would not exist but for the [class action] certification.’” *Amchem*, at 612. The Court said that the class certification issues were “logically antecedent” to the jurisdiction



challenges. *Id.* The Supreme Court again followed this course in *Ortiz*. *Ortiz v. Fibreboard Corp.*, 527 U.S. 815, 830-831 (1999).

Objectors raise important adequacy of representation issues. Judge Walker notes the seriousness of the failure to create a subclass for C-class claims. Opinion, Judge Walker dissenting, at 22, n 5.

### **III. THE § 411(a) JURISDICTION QUESTION IS DIFFICULT.**

#### **A. The TBK Line of Cases Can Arguably Be Distinguished.**

There is a line of decisions stating that federal courts may approve class action settlements releasing claims over which the court would not have subject matter jurisdiction. One of the earliest is *TBK Partners, Ltd. v. Western Union Corp.*, 675 F.2d 456, 460 (2d Cir. 1982). It holds:

We therefore conclude that in order to achieve a comprehensive settlement that would prevent relitigation of settled questions at the core of a class action, a court may permit the release of a claim based on the identical factual predicate as that underlying the claims in the settled class action even though the claim was not presented and might not have been presentable in the class action.

At 460. It is clear that “presentable” refers to subject matter jurisdiction. *Id.* The Ninth Circuit adopted the rule. “Accordingly, we conclude that it was not necessary for the district court to actually exercise subject matter jurisdiction over the claims to approve their release.” *Class Plaintiffs v. Seattle*, 955 F.2d 1268, 1287-1288 (9th Cir. 1992). Other circuits have either applied the rule, or acknowledged it with approval. *Williams v. GE Capital Auto Lease*, 159 F.3d 266,



273-274 (7th Cir. 1998); *City Pshp. Co. v. Atlantic Acquisition Ltd. Pshp.*, 100 F.3d 1041, 1044 (1st Cir. 1996); *Grimes v. Vitalink Communications Corp.*, 17 F.3d 1553, 1563 (3d Cir. 1994); *In re Corrugated Container Antitrust Litigation*, 643 F.2d 195, 221 (5th Cir.-OLD 1981).

In *TBK, Class Plaintiffs, Corrugated* and *City Pshp. Co.* the claim to which the rule was directed was a state law claim. *Grimes* is not an application of the rule, though it is noted with approval. *Grimes*, at 1563. *Williams* is a unique and troubling adaptation of the rule. In that case the court held that a class action settlement release covered an arguably non-justiciable, state law, claim. *Williams*, at 273-274. None of these cases dealt with a claim over which the court would not have jurisdiction because of a federal statutory bar. The general rule covers our situation, but it has never been applied in our factual or legal context. A committed litigant, opposed to jurisdiction, might find a rationale to distinguish our situation. Objectors are not such a litigant. They would prefer that a federal court have the jurisdiction to consider a settlement encompassing unregistered claims.

B. Application of the *Matsushita* Rule Would Require Further Analysis.

The Supreme Court held that under particular circumstances the approval of a class action settlement, by a state court, which releases a claim within the exclusive jurisdiction of the federal courts will be given preclusive effect in the federal courts under the Full Faith and Credit Act, 28 U.S.C. § 1738. *Matsushita*



*Elec. Indus. Co. v. Epstein*, 516 U.S. 367, 375 (1996). The first required circumstance is a finding that the state would give preclusive effect to that judgment under its own law. *Id.* The second requirement is a finding that the specific federal law involved does not either expressly or impliedly limit the application of § 1738. *Matsushita*, at 380-382. Such a finding requires a showing of “irreconcilable conflict” between § 1738 and the federal legislation. *Id.*

This holding has no direct application to our case, but it may suggest a limitation on the application of the *TBK* rule. If a state court would not be permitted to release such claims, perhaps a federal court should not be allowed to do it. Thus, in considering whether the *TBK* rule should apply it can be argued that it should be determined whether there is an “irreconcilable conflict” between the registration requirement of §411(a) and allowing a federal court to approve release of unregistered claims in a class action settlement. The present decision fully addresses whether the requirement of § 411 is jurisdictional, but it does not reach this later examination, assuming it is appropriate.

#### **IV. OBJECTORS PRESENT SERIOUS ADEQUACY OF REPRESENTATION ISSUES.**

Five grounds for objectors’ appeal are based on inadequate representation. Brief for Appellants/Objectors, pp. 15-17. Two address the settlement’s prejudicial treatment for C claims. The parties justify the treatment of C claims on only one basis: that C claims are for unregistered copyrights which could not be pursued



because of 17 U.S.C. § 411(a). Corrected Brief For Plaintiffs-Appellees, p. 35; Corrected Brief For Defendants-Appellees, pp. 22-25. The Opinion describes this position. Opinion, p. 7. While the Court’s description does not credit their justification, even its recitation suggests a validity which is wholly lacking. The critical point is that although 90 percent or more of the claims are unregistered, that does not mean that all unregistered claims face the jurisdictional bar of § 411(a). As the Opinion notes, non-U.S. works (“*foreign works*”) do not face the bar. Opinion, p. 9 n. 1. The parties justification for the C claims fails completely when the settlement’s treatment of class members owning copyrights in *foreign works* is considered.

A. The Settlement Covers Owners of Non-U.S. Works Copyrights.

The settlement may appear to involve mostly United States citizens and copyright claims arising under U.S. law. This is not the case. The class includes all copyright owners qualifying for U.S. copyright protection under an international



treaty.<sup>1</sup> (A 335-336, ¶ 1.f.) A tiny sample of foreign publications included in the Settlement shows: Aberdeen Evening Express, Scotland; Addis Tribune; African Eye News Service, Nelspruit South Africa; Agence France Presse English Wire; Asahi Evening News; Asia Computer Weekly; Buenos Aires Economico; China Daily (English language); Daily Champion (Nigeria); Daily Telegraph (London, England); Daily Yomiuri/The Yomiuri Shimbun; Guardian Messenger (South Australia); Helsingin Sanomat; Indian Express; Le Monde Interactif; Moscow Times; Napi Gazdasag, Hungary; NARODNAYA GAZETA, Belarus; New Zealand Herald, NZ; New Zealand Infotech Weekly; The Prague Post; Russian Observer, Russian; newservice.; Saigon Times Daily; Santiago Times; SCOTTISH DAILY RECORD + SUNDAY MAIL LTD; SOUTH CHINA MORNING POST; Southern African Feminist Review, and; Southern News (Queensland, Australia)<sup>2</sup>

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<sup>1</sup> The signatories of the Berne Convention grant the authors of other signatories the same protection they grant to their own nationals. Peter Bruger, The Berne Convention: Its History and Its Key Role in the Future, 3 J.L. & Tech. 1, 16-17 (1988). The U.S. and 162 other countries are currently signatories to the Convention. Roberto Garza Barbosa, Revisiting International Copyright Law, 8 Barry L. Rev. 43, 54 (2007); see also, the list of signatories on the website of the World Intellectual Property Organization (WIPO) at [http://www.wipo.int/treaties/en/ShowResults.jsp?country\\_id=ALL&start\\_year=ANY&end\\_year=ANY&search\\_what=C&treaty\\_id=15](http://www.wipo.int/treaties/en/ShowResults.jsp?country_id=ALL&start_year=ANY&end_year=ANY&search_what=C&treaty_id=15), last visited 12-25-07.

<sup>2</sup> The list of publications is Exhibit B to the Decl. of Irvin Muchnick, Docket No. 86. It is not in the Joint Appendix because it is hundreds of pages. It can be viewed on the Internet at <http://cert.gardencitygroup.com/edb/fs/publications>. It is the list named “Original.”



There is no information in the record about the potential size of the three subgroups with C claims: unregistered U.S. works, U.S. works registered after 2002, and *foreign works*.

B. There Is No Group More Inadequately Represented Than the Owners of Copyrights in Non-U.S. Works.

The record contains an admission that the owners *foreign works* copyrights, presumably foreign citizens for the most part, all of whom are given C claims, are not adequately represented. The notice states:

**ATTENTION FOREIGN AUTHORS:**

**If you own a copyright in a Subject Work published in a country outside the United States, you are advised to seek advice from an attorney familiar with the laws of that country to determine whether your interests would be better served by remaining in the Class and participating in this settlement or excluding yourself from the Class.**  
(bold emphasis in the original; underlining added)

A 752.<sup>3</sup> Since the class counsel can give no assurance of fairness to the foreign class members, how could the district court possibly find the settlement fair to them? There is no evidence in the record that foreign law was ever considered in the negotiation, mediation or settlement approval.

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<sup>3</sup> The settlement releases claims under foreign law. (A 338, ¶ 1.n.) It also releases claims against many unidentified parties. There is group of publishers, denominated “Supplemental Participating Publishers” which is not to be determined until all claims are calculated, and is completely unknown. See, Brief for Appellants-Objectors, p. 10-11. The settlement also releases all subsidiaries, affiliates and licensees of all the various released parties. (A 338, ¶ 1.n.)



The extension of this settlement to foreign citizens combined with the release of claims under foreign law (not limited to copyright claims) and against unknown parties, some of whom may not be subject to U.S. jurisdiction, led objectors to suggest that the district court lacked subject matter jurisdiction to consider the settlement. (A 738) The point was never addressed by the parties or the district court, and objectors have not pursued it due to the prevalence of other dispositive issues, and a lack of resources.

While all C claim holders are inadequately represented, the owners of *foreign works* copyrights receive the most brutally unfair treatment. Claims for U.S. works registered too late for statutory damages are B claims. (A 345, ¶ 4.b.) Claims for *foreign works* are C claims, even though there is no requirement that they register. (A 345, ¶ 4.c.) (“all other subject works”) Their position is indistinguishable, in terms of a right to sue, from the B claims. *La Resolana Architects v. Clay Realtors Angel Fire*, 416 F.3d 1195, 1206 (10th Cir. 2005). When considering the treatment of foreign authors the requirement that an objector had to actually appear in New York City to object takes on added significance. Brief of Appellants-Objectors, p. 53. The parties’ justification for the treatment of C claims is a sham.



C. The License of Class Member Copyrights Also Presents A Dispositive Adequacy of Representation Issue.

Another important adequacy of representation issue is included in the challenge to the license for future use imposed on every class member, including foreign copyright holders regardless of how their country's law might address such a remote, vicarious, exercise of their rights. No class representative can possibly be an adequate representative to allow infringement in the future, in unknown circumstances, by unknown parties. See, Brief of Appellants-Objectors, p. 46-47.

**V. CONCLUSION.**

Objectors believe that this litigation, and the related issue of historical content of databases, can be resolved. In *Tasini* the Supreme Court suggested that there were models in existence in the area of copyrighted music which might serve as models for an agreement. *New York Times Co. Inc. v. Tasini*, 533 U.S. 483, 505 (2001). The Court even noted that such agreements had apparently been reached in France and Norway. *Id.* Instead the parties undertook an entirely novel approach, purporting to grant licenses in the copyrights of authors from around the world. These are not just licenses to the existing databases, but licenses to a huge category of unnamed recipients who would also be entitled to grant further licenses and the right for further sublicensing *ad infinitum*. No class action in history has



undertaken such scope. The Supreme Court understood that arriving at a solution might be complicated when it said that it would leave “remedial issues open for initial airing and decision in the District Court.” At 506.

Addressing this problem has taken a long time, though perhaps not all that time was focused on the proper structure to achieve the result Congress intended by enhancing the rights of authors versus publishers in the 1976 Copyright Act. See, *Tasini*, at 496 n.3. Settlement negotiations started in November 2001, the mediation started in February 2002 and the principal terms were agreed in April 2003. (A 1405; A 642) The only explanation of the next two years before it was brought to the district court is negotiation of language for the settlement and notice. (A 642)

The objectors’ believe that the *Amchem* approach will be salutary for the ultimate achievement of the agreement contemplated by the Supreme Court.

DATED: January \_\_\_, 2007

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