The official newsletter of novelists inc. — a professional organization for writers of popular fiction

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Amazon Kindle: A Contract Review

BY F. ROBERT STEIN

Editor's Note: *This is the third in a series of three articles examining the publishing contracts of the Kobo, NOOK Press, and Amazon Kindle digital publishing programs. The series was prompted by NINC member requests for clarification of certain contract provisions and is offered for educational purposes.*

At the request of Novelists, Inc. I have read the Kindle Direct Publishing Terms and Conditions (the "Kindle Contract" located at http://tinyurl.com/d3ncdp8), which governs participation in and publication via the KDP digital self-publication and distribution program (the "Kindle Program"), and was last updated on June 13, 2013, as well as the Amazon list price page (http://tinyurl.com/k6w8he7) and the KDP Select FAQ (http://tinyurl.com/724lnkd). In this article I will express my *personal opinions* as to what I consider to be the most important provisions of the Kindle Contract, and as to how the Kindle Contract differs from the form contracts used by traditional large New York print publishers.

I will also touch lightly on the other documents mentioned above. Note: this is not intended to be an exhaustive review of each and every sentence in the various documents…just those provisions I consider most significant to most authors.

For the same reason, if you are thinking of publishing your book(s) via Kindle, you should of course read the Kindle Contract and its attachments, rather than relying solely on this article.

E-Book-only

First, I should state the obvious: the Kindle Contract is designed to permit publication of an author's work in e-book form only — and only for reading on the Kindle e-reader device and on computers and other devices using Kindle software.

(I personally have Kindle, Nook, and iBooks software on my iPad and iPhone, and have used such software to purchase and to read books from Amazon. com, BN.com, and from Apple via its iBooks store.) The Kindle contract does *not* provide for any print publication.

Contracting Parties

The person or entity submitting a book to Amazon for publication is considered the "publisher" of that book, whether or not that person or entity is also the "author" of the book.

"Amazon," for the purpose of the Kindle Contract, includes Amazon Digital Services, Inc., Amazon EU S.à.r.l., Amazon Services International, Inc., Amazon Serviços de Varejo do Brasil Ltda., and each other entity that directly or indirectly controls, is controlled by, or is under common control

with any of those entities that joins as a party to the Kindle Contract (not that you will necessarily ever know which other entities so join).

You become bound by the Kindle Contract by using any part of the Kindle Program, whether or not you ever formally accept its terms.

Modification of the Kindle Contract

Unlike traditional print publishing contracts, the terms of the Kindle Contract can be changed at any time by Amazon in its sole discretion, and, with two exceptions, you are deemed to have been notified of (and to be bound by) those changes as soon as they are posted at http://kdp.amazon.com. You may or may not also be notified by email. If you disagree with any of the changes, your only recourse is to withdraw your book from publication via the Kindle Program.

The two exceptions are the Kindle Contract's royalty and grant of rights provisions, changes to which become effective 30 days after posting on the website or after you accept them via click-through or by making additional books available through the Kindle Program. That's right … if you make additional books available, whether or not you ever noticed the changes in the Kindle Contract, you are deemed to have accepted those changes.

Duration of the Kindle Contract

The Kindle Contract continues indefinitely until terminated by either party. Each party has the absolute right to terminate at any time, with or without good reason. Amazon has five business days after termination before it must stop selling your book. Following termination, Amazon has the right to continue to make your book available to those customers who purchased or borrowed it prior to termination.

Grant of Rights

"You grant to each Amazon party, throughout the term of this Agreement, a nonexclusive, irrevocable, right and license to distribute Digital Books, directly and through third-party distributors, in all digital formats by all digital distribution means available." Subsequent language contradicts the "irrevocable," and makes clear that you may withdraw your book from new sales through the Kindle Program at any time.

Copyright Ownership

You retain full copyright ownership of your book, subject only to the rights you have granted to Amazon, which are in most respects temporary in nature.

Minors

Minors are not allowed to publish their own books via the Kindle Program, although their parents or guardians may do so on their behalf.

No Multiple Accounts

Each person or entity is permitted to hold only one Kindle account, and false identities are prohibited. I imagine (but do not know) that a person is permitted to own several different corporations or LLCs, each of which could maintain a separate Kindle account.

Metadata and Advertisements

Amazon reserves the rights to (i) remove or modify all metadata and product descriptions for any reason, and (ii) remove all or any part of a book's cover art for any reason, including in each case if it determines that the metadata or cover art does not comply with Amazon's content requirements. Amazon prohibits any advertisements or other content that is primarily intended to advertise or promote products or services.

Right to Reject Books

Amazon reserves the right to reject any book from participation in the Kindle Program.

Reformatting and Corrections

Amazon has the right under the Kindle Contract to correct any errors in the digital book file you deliver to them and to reformat your book. If you disagree with any changes made by Amazon, your sole recourse is to remove your book from the Kindle Program.

Marketing and Promotion

Amazon has the right to offer chapters or portions of your book to prospective customers without charge and without payment to you.

Amazon reserves the right to remove any book reviews which violate the Amazon Community Guidelines (http://www.amazon.com/gp/community-help/customer-reviews-guidelines).

Kindle Book Lending Program

All Kindle Books are automatically included in the Lending Program, which means that purchasers of a given book may lend it to others subject to certain restrictions. However, authors/publishers who elect to be included in Kindle's 35 percent Royalty Option (described below and in the Pricing Page located at http://tinyurl.com/k6w8he7) may opt out of the Lending Program, unless their book is included in a lending program of a different vendor.

Royalty Options

There are two options, which can be chosen separately for each book you sell through the Kindle Program:

The 35 percent royalty option is very simple: you receive 35 percent of the list price you select for your book, for each sale of your book anywhere in the world. The only exception is if you also sell the book through other sales channels, and if in one or more of those channels your book is made available for free…if that occurs, Amazon may choose to match the other channel by making your book available for free on Amazon, in which case no royalty will be paid on such copies.

The 70 percent royalty option, when elected by the author/publisher, is applied to sales in certain territories which are identified in the Kindle Contract (and which include the US, Canada, the U.K., and many European countries, among others). You receive 70 percent of: your chosen list price, less delivery costs (which are equal to the number of megabytes Amazon determines your book file to contain, times a rate which varies from country to country, such as 15 cents per megabyte in the US and Canada, 12 cents (12/100ths of a Euro) per megabyte in France, Germany, Italy and Spain, and ten pence per megabyte in the U.K.).

There is also an exception to the 70 percent royalty option: If Amazon reduces its price for your book to match the price at which any digital or physical edition of your book is being sold through another sales channel (or at which Amazon is itself selling any physical edition of your book),

then your royalty will be based on Amazon's reduced selling price (less taxes and delivery costs), rather than on your chosen list price.

If you select the 70 percent royalty option for a given book, you must grant Amazon the right to distribute that book in each territory in which you have appropriate distribution rights.

Royalty Payments

Royalties are paid separately by each Amazon entity which sells copies of your books, and are paid about 60 days after the end of the calendar month in which the sales were made, together with an online report detailing sales and royalties.

You select the currency in which you wish to be paid, and the selling Amazon entity will do any necessary conversion (and will use an exchange rate it determines, inclusive of unspecified conversion fees and charges).

Although the Kindle Contract is not entirely clear on this point, it appears that payments will ordinarily be made through direct deposit to a bank account you designate for such purpose.

Royalty statements become binding on you six months after they become available (rather than the two years more commonly seen in print publishers' contracts), and cannot be challenged thereafter in any legal proceeding. No interest will be paid on any sums collected through any such challenge.

Royalties may be withheld and ultimately forfeit in the event of a third-party claim, or if Amazon determines that you were in breach of your warranties and representations, or of Amazon's Content Guidelines (https://kdp.amazon.com/self-publishing/help?topicId=A3KIRDTX1UQJX0).

Pricing

You, as the author/publisher, determine the list price of your book (within the guidelines set forth on the Amazon list price page, and you may change the list price on five business days' notice. Amazon may convert your list price to other currencies for sale in other territories and may add VAT where necessary.

Your list price must be no higher than the list price in any sales channel for any digital or physical edition of your book. **In addition, if you elect the 70 percent Royalty Option, your list price must be set at least 20 percent below the list price in any sales channel for any physical edition of your book.**

The list price guidelines for the 35 percent royalty option permit U.S. list prices up to $200 per copy, and as low as $.99 for a book of 3 megabytes or less, $1.99 for a book between 3 and 10 megabytes, and $2.99 for a book of 10 megabytes or more.

The list price guidelines for the 70 percent royalty option permit U.S. list prices ranging from $2.99 to $9.99.

Permitted list prices and other requirements vary from country to country.

Regardless of your list price, Amazon has sole and complete discretion to set the retail customer price at which it will sell your books.

Data Collection

Amazon has sole ownership and control of all data it obtains from customers and prospective customers, thus making it impossible for you to create a list of names and addresses of purchasers of your books to be used for follow-up newsletters, correspondence, etc.

Taxes

Amazon accepts responsibility for the collection and remittance of any and all taxes imposed on its sales of your book to customers. However, Amazon also reserves the right to deduct or withhold from sums otherwise due to you "any and all applicable taxes." I think this refers to withholding of income taxes on amounts due to you where required by law, but I cannot be certain.

DRM and Geofiltering Technology

The Kindle Contract gives Amazon the option (but not the obligation) to make DRM technology available to you for the protection of your digital file, and geofiltration to limit sales of your book to those territories in which you hold distribution rights. Amazon disclaims any warranty that any such technology will actually provide the intended protection.

Rights Clearances

It is the sole responsibility of the author/publisher to obtain and to pay for all necessary clearances and licenses for all third-party text and illustrations in your book, so that Amazon may distribute it without liability to any third party.

Rights Dispute Resolution

If anyone other than yourself makes your book available on Amazon, then after you notify Amazon of the infringement (using Amazon's designated procedure for such notifications), Amazon will attempt to verify your claim, and upon verification, will remove the infringing edition from its websites and pay you any unpaid royalties due on such infringing edition.

Warranties and Indemnification

These are pretty much comparable to those in traditional print publishing agreements.

Confidentiality

"You will not, without our express, prior written permission: (a) issue any press release or make any other public disclosures regarding this Agreement or its terms; (b) disclose Amazon Confidential Information (as defined below) to any third party or to any employee other than an employee who needs to know the information; or (c) use Amazon Confidential Information for any purpose other than the performance of this Agreement… 'Amazon Confidential Information' means (1) any information regarding Amazon, its affiliates, and their businesses, including, without limitation, information relating to our technology, customers, business plans, promotional and marketing activities, finances and other business affairs, (2) the nature, content and existence of any communications between you and us, and (3) any sales data relating to the sale of Digital Books or other information we provide or make available to you in connection with the Program."

Note those last two points: you're not supposed to tell anyone how many books you sold through Amazon or how much you earned on those sales!

Disputes

"Any dispute or claim relating in any way to this Agreement or KDP will be resolved by binding arbitration, rather than in court, except that you may assert claims in small claims court if your claims qualify… The arbitration will be conducted by the American Arbitration Association (AAA) under its rules, including the AAA's Supplementary Procedures for Consumer-Related Disputes. Payment of all filing, administration and arbitrator fees will be governed by the AAA's rules. We will reimburse those fees for claims totaling less than $10,000 unless the arbitrator determines the claims are frivolous.

Likewise, Amazon will not to seek attorneys' fees and costs in arbitration unless the arbitrator determines the claims are frivolous. You may choose to have the arbitration conducted by telephone, based on written submissions, or in person in the United States county where you live or at another mutually agreed location. You and we each agree that any dispute resolution proceedings will be conducted only on an individual basis and not in a class, consolidated or representative action. If for any reason a claim proceeds in court rather than in arbitration you and we each waive any right to a jury trial. You or we may bring suit in court on an individual basis only, and not in a class, consolidated or representative action, to apply for injunctive remedies. You may bring any such suit for injunctive remedies only in the courts of the State of Washington, USA."

Applicable Law

The agreement is governed by the laws of the United States (including specifically the Federal Arbitration Act) and of the State of Washington.

Liability of Amazon Entities

"Each Amazon party is severally liable for its own obligations under this Agreement and is not jointly liable for the obligations of other Amazon parties." I believe this means that if you do not receive proper payment for copies of your book sold in Europe or Brazil, you cannot assert a claim against the United States Amazon entity … rather, you must assert your claim against the particular entity which failed to pay the amount due. But you've always wanted to visit Brazil, right?

Assignment

"Amazon may assign any of its rights and obligations under this Agreement without consent."

Notices

"To be effective, any notice given by a party under this Agreement must be in writing and delivered (i) if by an Amazon party, via email, via a posting on the Program website or via a message through your Program account, or (ii) if by you to Amazon Digital Services, Inc., via email to kdp-support@amazon.com with a copy to contracts-legal@amazon.com…"

Kindle Select Option

(see http://www.amazon.com/gp/feature.html/?docId=1000739811)

If you elect this option, your book must be exclusive to Kindle … you cannot allow it (or any substantially similar book) to be made available in digital format on your website or in any other channel of sale.

Benefits of this program include:

► Inclusion of your book in the Kindle Owners' Lending Library Program, through which you will receive a share of a monthly cash fund established by Amazon, your share to be determined by Amazon based upon how many times it was borrowed, as compared to the number of times all 350,000+ books in the program were borrowed, in the relevant time period.

► Your book will be eligible to earn a 70 percent royalty on sales to customers in Brazil, Japan and India.

► You will be permitted to schedule one or more promotions, for a total period of five days during each 90-day period your book is in the Kindle Select program, in which your book will be offered without charge to customers (and for which "sales" you will receive no royalties).

Duration of participation in the Kindle Select Program

"Once you include a Digital Book in KDP Select, your Digital Book will be in KDP Select for a period of 90 days, unless we remove your Digital Book from KDP Select. Your Digital Book's participation will automatically renew for additional 90-day periods, unless you opt out through the KDP website before renewal …. If you un-publish your Digital Book, we will remove it from the Kindle Owners' Lending Library, but you must continue to comply with these commitments, including exclusivity, through the remainder of the Digital Book's then-current 90-day period of participation in KDP Select. If you don't comply with these KDP Select terms and conditions, we will not owe you Royalties for that Digital Book earned through the Kindle Owners' Lending Library Program, and we may offset any of those Royalties that were previously paid against future Royalties, or require you to remit them to us."

Eligibility

"If your Digital Book consists primarily of content that is in the public domain or licensed by you on a non-exclusive basis (i.e., if others can also publish this content), you cannot include it in KDP Select. We reserve the right to determine the types of Digital Books that we accept in KDP Select. We can choose not to accept your Digital Book in KDP Select or to remove it from KDP Select at any time in our discretion."

Bob Stein is an attorney with Pryor Cashman LLP. He counsels and represents authors, literary agents, book publishers, and others in publishing negotiations and disputes. He also represents film producers in the pre-release review of screenplays and films and assists insurers of film and television productions in determining the insurability of various productions. He previously worked in-house at Random House and Simon & Schuster, and was General Counsel at Warner Books, DC Comics, and the other publishing divisions of Warner Communications.

AUGUST 2013

NOOK Press: A Contract Review

BY F. ROBERT STEIN

Editor's Note: *This is the second in a series of three articles examining the publishing contracts of the Kobo, NOOK Press, and Amazon Kindle digital publishing programs. The series was prompted by NINC member requests for clarification of certain contract provisions and is offered for educational purposes.*

At the request of Novelists, Inc. I have read the NOOK Press Terms & Conditions – last updated 4/17/13 (the "NOOK Contract"), which appears online at http://tinyurl.com/n5bqsb8, as well as:

the NOOK Pricing and Payment Terms (http://tinyurl.com/n2ge2up),

the NOOK Press Content Policy (http://tinyurl.com/l6vhzh2),

the Barnes & Noble Privacy Policy (http://www.barnesandnoble.com/help/cds2.asp?pid=25560),

Mobile Privacy Policy Supplement (http://www.barnesandnoble.com/mobile/legal.asp?view=fullpolicy),

and the Barnes & Noble Website/NOOK Store Terms of Use (http://tinyurl.com/4g62lv).

In this article I will express my personal opinions as to what I consider to be the most important provisions of the NOOK Contract, and as to how the NOOK Contract differs from the form contracts used by traditional large New York print publishers. I will also touch lightly on the other documents mentioned above. Caveat: this is not intended to be an exhaustive review of each and every sentence in the various documents… just those provisions I consider most significant to most authors.

For the same reason, if you are thinking of publishing your book(s) via NOOK, you should of course read the NOOK Contract and its attachments, rather than relying solely on this article.

E-book-only

The NOOK Contract provides only for e-book publication… not audio, print-on-demand or conventionally printed editions… and only for reading via the various NOOK reading devices and on computers and other devices using NOOK software.

Changeable contract terms

The NOOK Contract states that it may be changed by Barnes & Noble at any time in its sole discretion, and that Barnes & Noble may provide notice of changes by posting the new or revised agreement on the NOOK Press website or by emailing you. If you continue using NOOK Press after the new agreement is posted, you are deemed to have accepted the new terms. Realistically, this means that you need to check the posted Terms and Conditions frequently.

Term and termination

Barnes & Noble reserves the right to terminate your agreement and your access to and use of NOOK Press at any time with or without notice to you, apparently with or without cause.

You also have the right to terminate the agreement and your account, in which event Barnes & Noble will cease selling your books within ten days from its receipt of your notice (except that it may thereafter continue to make them available to customers who had previously purchased them).

No Minors

Minors are not allowed to use NOOK Press.

Required Information

In order to obtain a Vendor Account, which is required if you want to use NOOK Press to publish your book, you must provide your home address and social security number or federal tax ID number for tax reporting purposes, and your bank account number and routing information, so as to enable direct deposit in your account of your royalty payments.

Collaboration Tools

This feature is one I’ve not seen before: NOOK Press can provide you with software tools which will make it easier for two or more writers to collaborate on writing a book.

Modifications

Another new "feature": NOOK Press reserves the right, in its discretion, to "remove or modify the cover artwork, metadata, and product description…" Note that modification of artwork may put you in breach of the terms of a Creative Commons or other copyright license and cause you to infringe the copyright of the artist. In such event, according to the NOOK Contract, your only recourse is to remove your book from sale via NOOK Press.

Territories

NOOK Press "may, but are not obligated to" permit you to limit the sale of your book to your country of residence. If not so limited, your book may be sold anywhere NOOK Press and its affiliates (including Barnes & Noble) do business. You are solely responsible for ensuring that you have all necessary rights in your book (including the cover and any illustrations or quoted material within your book) for worldwide distribution and sale.

Marketing

NOOK Press has the right under the NOOK Contract to use the cover of your book "in any and all marketing, promotional or packaging materials for any software, website, or device through which your eBook is made available or accessible, directly and through multiple channels of distribution, in any media now known or later developed, without further need for permission from you, and without further royalties or payments to you."

It is therefore essential that you make sure you have all rights necessary in your cover artwork and design for such potentially broad use by NOOK Press.

The NOOK Contract also states that "Barnes & Noble reserves the right to distribute and display all front matter of an eBook and up to five percent (5%) of an eBook's content (nonexclusive of an eBook's front matter) free as a sampler" (while disclaiming any obligation to do so, or otherwise to market, distribute or sell your book).

For such reason, it is again important that you have the necessary rights *in your entire book,* including the cover, any internal illustrations and all other third-party material, to distribute same "in, on or in connection with" the marketing, promotion, publicity, sale or other distribution of your book *or any portions thereof*.

Lending

The NOOK Contract gives Barnes & Noble the right to allow its customers to lend your book (in e-book form) to other Barnes & Noble customers (one at a time, for up to 14 days each). Such lending may be terrific promotion for your book, or it may deprive you of sales you might otherwise have had.

Customer Data

The NOOK Contract makes it very clear that "Barnes & Noble will have sole ownership and control of all data obtained from customers and prospective customers in connection with the distribution of your eBook on NOOK Press."

In other words, if you want to build a database of your readers, containing their names, addresses, and the titles of your books they purchased, you will have to find some other way of doing it… Barnes and Noble has no obligation to share such information with you.

Pricing and Royalties

Note: These sections of the NOOK Contract contain several references to the "Service Policies." I cannot find any "Service Policies" set forth in any NOOK-related website. The term may be a holdover from some now-obsolete contract form, in which case it should not be binding upon you.

Per the NOOK Contract, you will determine the "List Price" for your book, consistent with the guidelines in the NOOK Pricing and Payment Terms, i.e.:

(i) no greater than the list price of your e-book at any other retailer, website, or sales channel;
(ii) no greater than the list price of any print edition of your book;
(iii) no less than 99 cents and no more than $199.99

Note: these terms may change at any time, and are binding on you 30 days after they are posted online. If you comply with the Pricing Terms, you will be paid a percentage of the List Price:

(i) 65% if your List Price is between $2.99 and $9.99;
(ii) 40% if your list Price is lower than $2.99 or higher than $9.99.

(**Note:** the NOOK Contract also provides equivalent numbers stated in British Pounds.)

The NOOK Contract clearly states that notwithstanding the List Price, NOOK Press has "the sole and complete discretion to set the Retail Price at which your eBooks are sold to the customer." So NOOK Press may choose to sell to consumers at the List Price, at a price lower than the List Price, or (and this is admittedly highly unlikely), at a price higher than the List Price, and may change the Retail Price as often (or as rarely) as it chooses.

Deductions from Royalties

Barnes & Noble may deduct "refunds, chargebacks, bad debt, and any applicable taxes charged to a customer or applied with respect to sales to a customer (including without limitation any VAT or sales taxes)" before computing your royalties.

Payment schedule

Conventional print publishers pay semiannually, several months after the end of each six-month royalty period. In a refreshing departure from that traditional practice, Barnes & Noble pays monthly, 60 days after the end of each calendar month in which sales occur. At the time of each payment, an online report is to be made available to you, detailing sales of e-books and corresponding royalties.

Royalty payments may be withheld by NOOK Press until the amount due equals or exceeds $10. The NOOK Contract does not state whether an online report will be generated for such lower amounts.

Statements Binding

Most conventional publishers require you to commence a legal action against them for non-payment or underpayment of royalties within two or three years after a statement issues. They like to claim that their document retention policies require them to throw out their records after such periods, but I believe they really want the comfort of knowing that after a certain period of time, they can thumb their nose at their author and keep any ill-gotten gains.

Compared to conventional publishers, including NOOK Press' sister company, Sterling Publishing Co Inc., whose contract form states "the Author shall have no more than two years after receiving any statement or royalty payment to examine the books and records," NOOK Press takes

this practice to a new level: you must commence an action or proceeding against them within six months after the date they issue your statement. Realistically, that means that if you don't audit them every six months, you will be out of luck. Furthermore, the NOOK Contract limits your potential recovery to the amount of any underpayment, *without interest.*

Grant of Rights

"You hereby grant to Barnes & Noble, its distributors, licensees and partners a non-exclusive, worldwide, irrevocable right and license to make your eBooks available for sale, marketing, display, distribution and promotion in any commercially available electronic or digitized format or on any electronic device platform whether now existing or hereafter created or developed." In addition, the NOOK Contract authorizes Barnes & Noble to (among other things):

(i) store your book in data centers and servers;
(ii) allow its customers to "copy, paste, print, email, annotate, view online and share your eBooks"; and
(iii) "bundle your eBooks with related physical content available for sale from Barnes & Noble or such distributor, licensee or partner."

That last option sounds quite interesting: buy the Sterling Publishing hardcover and get the NOOK Press e-book for free? Or buy the e-book of *Fifty Shades of Grey* and get a 20% discount on sex toys?

DRM

The NOOK Contract gives you the right to require NOOK Press to use digital rights management tools to protect the security of your e-book. However, NOOK Press reminds you that "all security technology, including but not limited to DRM, is subject to possible breach and that Barnes & Noble assumes no responsibility and no liability for any breaches of DRM or other security technology."

Rights Clearances

As stated above, you are solely responsible for "obtaining and paying for all necessary clearances and licenses to permit our exercise of the rights granted hereunder with respect to your eBook without any further payment obligation by us, including, without limitation, all royalties and other income due to any copyright owner."

Warranties and Indemnities

These are pretty similar to those contained in traditional publishing contracts, although, refreshingly, you are responsible for "breaches," but apparently not for "alleged breaches," of your warranties. You should of course read these provisions with particular care.

Copyright

You retain all rights to the copyright in your book, subject only to the rights you have granted to NOOK Press, most of which rights (other than the right to continue to make your book available to previous purchasers) you can terminate at any time.

Confidentiality

The NOOK Contract states that (among other matters), the content and existence (!) of any communications between you and NOOK Press must be maintained in confidence.

Dispute Resolution and Applicable Law:

> The NOOK Contract states that all disputes and claims must be resolved "BY BINDING ARBITRATION CONDUCTED BY TELEPHONE, ONLINE OR BASED SOLELY UPON WRITTEN SUBMISSIONS WHERE NO IN-PERSON APPEARANCE IS REQUIRED. ALL CLAIMS SHALL BE ARBITRATED OR LITIGATED ON AN INDIVIDUAL BASIS AND SHALL NOT BE CONSOLIDATED WITH ANY CLAIM OF ANY OTHER PARTY, WHETHER THROUGH CLASS ACTION PROCEEDINGS, CLASS ARBITRATION PROCEEDINGS OR OTHERWISE… ANY ARBITRATION SHALL BE ADMINISTERED BY THE AMERICAN ARBITRATION ASSOCIATION UNDER ITS COMMERCIAL ARBITRATION RULES… AND JUDGMENT ON THE AWARD RENDERED BY THE ARBITRATOR(S) MAY BE ENTERED INTO ANY COURTS HAVING JURISDICTION THEREOF. ALTERNATIVELY, AT OUR SOLE OPTION, A CLAIM (INCLUDING CLAIMS FOR INJUNCTIVE OR OTHER EQUITABLE RELIEF) MAY BE ADJUDICATED BY THE COURTS OF NEW YORK COUNTY, NEW YORK. THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICTS OF LAW."

In other words, New York law controls, there will be no class action suits against NOOK Press or Barnes & Noble, and NOOK Press decides in its sole discretion whether a given claim will be resolved by the New York courts or by binding arbitration (presumably choosing whichever option is best for NOOK Press and Barnes & Noble).

Miscellaneous

"This Agreement shall be construed as if jointly drafted by the parties."

The inclusion of this language in the NOOK Contract tells the court or the arbitrator that, however unfair the contract may be, however many lawyers drafted it for NOOK Press, and however few lawyers (i.e. "none") reviewed it for you, the judge or arbitrator should pretend that it was jointly drafted to be fair to both parties.

"Any notice or other communication to be given hereunder will be in writing and given: (i) by us via email, via a posting on our website or via a message through your NOOK Press account."

"Via a posting on our website" permits NOOK Press to "notify" you of any important information you may desperately need by burying such information in a backwater portion of its website, where you may never see it.

NOOK Press Content Policy

"Publishers using NOOK Press are responsible for complying with the Content Policy. Barnes & Noble may update or alter the Content Policy at any time. You are responsible for checking for updates and your continued use of the service after we post amendments will constitute your acceptance of the changes, as described in the NOOK Press Terms & Conditions.

"Barnes & Noble reserves the right to determine, in the exercise of our sole discretion, whether or not your content (including, but not limited to your eBook file, cover image, and product data) is compliant with the Content Policy. This includes but is not limited to content we deem illegal, libelous, infringing, offensive, harmful or potentially harmful, threatening, harassing, legally obscene, defamatory, or intentionally hateful in any regard.

"We also reserve the right to remove from sale your eBook or other content at any time, if we determine, in our sole discretion, that the content in your eBook is not appropriate for sale through Barnes & Noble.

"You are responsible for knowing and following all local, national, or international laws regarding publishing content that are relevant to you or your business."

I believe that the categories described in the second subparagraph above are pretty much self-explanatory. However, the Content Policy goes on to say that other matter (including but not limited to those kinds identified in the Content Policy) included in "your eBook file, cover image or product data" may result in removal of "said content" and termination of your account.
Among other prohibited content, they include:

> (i) "Obscene or Pornographic material: This may include content that graphically portrays sexual subject matter for the purposes of sexual arousal and erotic satisfaction." (From the "this may include" description, one might almost conclude that NOOK Press does not welcome romance novels, vampire fantasies, erotic fiction, etc.)
> (ii) "Advertisements: Content contained within your eBook or other content that primarily seeks to sell a product other than the eBook or content itself."
> (iii) "Product Data containing:
> > (a) Hyperlinks of any kind, including email addresses.
> > (b) Request for action (i.e.: "If you like this book, please write me a review.").
> > (c) Advertisements or promotional material (including author events, seminars, etc.).
> > (d) Contact information for the author or publisher."

I will not attempt to summarize the Barnes & Noble Privacy Policy or Mobile Privacy Supplement here, but they are both worth skimming if only to be shocked at how much information they collect from users (both desktop and mobile) of the Barnes & Noble and NOOK Press websites, and how broadly they disseminate such information.

Bob Stein is an attorney with Pryor Cashman LLP. He counsels and represents authors, literary agents, book publishers, and others in publishing negotiations and disputes. He also represents film producers in the pre-release review of screenplays and films and assists insurers of film and television productions in determining the insurability of various productions. He previously worked in-house at Random House and Simon & Schuster, and was General Counsel at Warner Books, DC Comics, and the other publishing divisions of Warner Communications.

JULY 2013

The Kobo Writing Life: A Contract Review

BY F. ROBERT STEIN

Editor's Note: *This is the first in a series of three articles examining the publishing contracts of the Kobo, Nook Press, and Amazon Kindle digital publishing programs. The series was prompted by NINC member requests for clarification of certain contract provisions and is offered for educational purposes.*

At the request of Novelists, Inc. I have read the ***Kobo Writing Life Independent Publishers Program Terms & Conditions*** — last updated August 2, 2012 (the "Kobo Contract") — which appears online at https://merch.kobobooks.com/writinglife/en-US/serviceAgreement.html, as well as the Kobo Content Policy, Privacy Policy, and Terms of Use.

In this article I will express my personal opinions as to what I consider to be the most important provisions of the Kobo Contract, and as to how the Kobo Contract differs from the form contracts used by traditional large New York print publishers. I will also touch lightly on the other documents mentioned above. Note: this is not intended to be an exhaustive review of each and every sentence in the various documents… just those provisions I consider most significant to most authors.

For the same reason, if you are thinking of publishing your book(s) via Kobo, you should of course read the Kobo Contract and its attachments, rather than relying solely on this article.

eBook-only

First, I should state the obvious: the Kobo Contract is designed to permit publication of an author's work in ebook form only — and only for reading on the Kobo eReader device and on computers and other devices using Kobo software. The Kobo contract does not provide for any print publication.

"Publisher" versus "Author"

The Kobo Contract refers to the person providing the work for publication by Kobo as the "Publisher" of the work, rather than as the "Author." Kobo considers the author to be the publisher, using the Kobo platform to publish the author's work.

Changeable contract terms

The most remarkable difference between this contract (and Web contracts generally) and traditional book contracts is that this contract is subject to change at any time, *after* it is accepted by the author and by Kobo, unilaterally at Kobo's sole discretion. The author will not even know that the contract has been changed, unless the author periodically revisits the contract form on Kobo's website.

What is the author's remedy if Kobo decides to change the contract terms? To withdraw her works from sale on the Kobo platform. Period.

No traditional book publisher would dare to tell an author, after publication of the author's books, "We don't care whether you stay or leave… we decided to change our contract [or, for instance, the royalty rates under our contract]… take it or leave it." But in the world of the Internet, such practices are not unusual.

Age requirement

Authors who wish to publish through the Kobo Writing Life Independent Publishers Program must have reached the legal age of majority in their place of residence. In most American States that is age 18 (19 in Alabama and for unmarried persons in Nebraska).

Grant of Rights

Unless otherwise specified by the author, the Kobo Contract provides for worldwide publication of the author's work. However, the author may specifically limit (and periodically change) the territories granted to Kobo. Given the difficulty of limiting access to anything generally available on

the internet, Kobo promises only to make “commercially reasonable efforts” to limit access in the territories reserved by the author… it does not guarantee that the author’s work will not be available to consumers in those territories. This approach results in a certain amount of risk to the author if she wishes to enter into an exclusive publication contract with a publisher in a given territory, and to include ebook rights in the grant to that publisher.

Also, the Kobo Contract does not grant Kobo the various subsidiary rights typically demanded by traditional print publishers, such as book club, translation, audio, multimedia, merchandising, film & tv, etc.

Essentially, Kobo wants only the right to make the author’s work available for reading via Kobo devices and software, whether directly to consumers or via third party booksellers, distributors, etc.

Also unlike most traditional print publishers, Kobo does not claim the right to modify the author’s work, whether for “standard copyediting” or otherwise. However, the flip side of that is that Kobo does not promise to proofread or otherwise edit the author’s work, so she would be wise to have it professionally edited and proofed before delivery to Kobo.

Ownership

Kobo expressly acknowledges the author’s ownership of her work, and that all rights in her work not expressly granted to Kobo are reserved to the author.

However, Kobo does not undertake to include any copyright notice in the work or to register the work for copyright in the US or elsewhere. It is left to the author to perform both of those tasks.

Encryption

If requested by the author, Kobo will protect the author’s work against unauthorized copying and/or printing. Kobo also states that it generally uses “advanced security methods to protect the content in transit, and locally, by employing encryption and hash algorithms.” One might reasonably ask Kobo what additional methods are used to provide the extra protection on request, and whether there are any disadvantages to the method used that might deter consumers from purchasing the author’s book.

Term and Termination

This is another huge difference from the traditional print publisher’s contract: the author may terminate Kobo’s rights at any time, for any reason (or no reason at all), on 10 days’ written notice. Of course, Kobo may also terminate the agreement, and cease publishing the author’s work, at any time, for any reason or no reason. In my opinion, this benefits the author, who may find she has a more lucrative publishing option after Kobo’s publication of her work than she did before, and who might need to get back all of her rights before she can exploit that other option.

Pricing and Payments

Given that Kobo views the author as the publisher of the book, it is not surprising (except in comparison to traditional print publishing contracts) that Kobo requires the author to determine the suggested retail price (“SRP”) for her book.

The suggested retail price is important, because the author’s compensation is based upon the SRP. However, as a seller of the book, Kobo reserves the right to sell the book at whatever price it chooses in its sole discretion.

Kobo has a two-pronged payment policy:

(i) For books which:

(a) are protected by copyright, *and*
(b) are granted to Kobo in all territories in which the author has rights (typically the entire world) *and* are offered by the author to Kobo at a SRP which
(c) is no higher than $12.99USD and no lower than $1.99USD in the US (and conforms to other specified price ranges in other countries); *and*
(d) is at least twenty (20%) percent below the SRP of the physical edition of the book, if one is available; *and*
(e) is less than or equal to the lowest price provided by the author to any third party; then Kobo will pay the author seventy percent (70%) of the SRP for each copy sold where and while the above criteria are met.

(ii) For all other books, Kobo will pay the author forty-five percent (45%) of the SRP for each copy sold.

As noted above, Kobo reserves the right to change these criteria and these payment terms at any time.

Unlike any traditional print publisher, Kobo offers the author the choice of currencies in which to be paid.

The Kobo Contract includes the following provision: "Each Party shall pay on behalf of itself, in addition to any other amounts payable under these Terms, any sales, use, excise, value-added, services, consumption, personal property, gross receipts, or any other similar taxes that may be imposed by any taxing jurisdiction upon such Party by reason of the transactions contemplated under these Terms, including Taxes levied."

If the author is the publisher making the sale (and receiving a very substantial portion of sales proceeds), then in those states where online sellers are required to collect and to pay sales taxes, the author may well have liability to the states.

Accordingly, authors may do well to discuss with Kobo how this is supposed to work… does Kobo accept any responsibility for the collection of sales taxes, and for sharing with the author the obligation to pay the states, in such proportions as the portions of sales proceeds each retains?

And now the good news: unlike traditional print publishers, Kobo reports and pays sums due to authors *each month* (rather than semi-annually), within 45 days following the end of the month for which payment is made. Kobo reserves the right to withhold payments until they equal $100, but does not seem to withhold statements for such purpose.

Note: It is important that the author review all statements carefully and promptly… Kobo will not correct any errors unless you notify them of such errors within six months of receiving the applicable statements. Note also that the Kobo Contract does not include any audit right for the author… this makes it very difficult for the author reliably to determine whether a given statement is accurate or whether sales and amounts due are understated.

Warranties and Indemnities

I find nothing unusual about the warranties and indemnities the author is required to make to Kobo. However, most large New York book publishers have "publishers' perils" or "errors & omissions" insurance policies which cover them, and also their authors (even if their contracts do not expressly say so), so that the authors' liability under the warranty and indemnity provisions of their contracts is generally limited to the deductible of the policy. I do not see any reference in the Kobo contract to any such insurance or any such limitation. Authors might want to inquire of Kobo before publishing on its platform, particularly if the subject matter of their books suggests that claims might reasonably be expected to arise.

Limitation of Liability

Unfortunately, this is a one-way provision, which only limits the liability of Kobo to the author, and does not at all limit the potential liability of the author to Kobo. This is a clause one does not typically see in a traditional print publishing contract.

Confidentiality

As mentioned above, the Kobo Contract is available online to anyone who searches "Kobo Terms" with a browser. It is very odd, then, that the Kobo Contract imposes on the author a duty not to make any public disclosure of the Terms of the Kobo Contract, or of any "information disclosed or obtained as a result of the relationship of the Publisher [i.e., the author] and Kobo under these Terms, and shall not disclose any information regarding such matters without the prior approval of the other party." Presumably, then, an author who tells her friends how many copies of her book she has sold via Kobo, or how much money she has earned, is in violation of her confidentiality obligation.

General Provisions

Please be aware that all matters relating to the Kobo Contract and the Kobo eReading service are governed by the laws of Canada and the Province of Ontario, and that each Kobo author agrees to submit to the personal jurisdiction and venue of the courts of the Province of Ontario (which means that all Kobo authors can be sued in Ontario, Canada).

Unlike most traditional print publishers, Kobo reserves the right to assign any or all of its rights under the Kobo Contract to any third party, without the author's consent. Again, the author can vote with her feet, by withdrawing her book from publication via the Kobo platform and software.

Kobo's Content Policy

(Available online at http://www.kobobooks.com/contentpolicy)

This policy states that "Adult or explicit material depicting illegal acts or deemed to be exploitative shall be considered pornography and blocked or removed from the Website." It also requires that "appropriate" adult or explicit sexual material be labeled so that readers may choose to read or to refrain from reading such content.

The policy specifically identifies commercial pornography, child pornography, and "pedophilia, incest, bestiality, exploitation [undefined!], and sexual violence or force" as unwelcome at Kobo.

The policy also forbids publication of material that "promotes hate toward groups based on race or ethnic origin, religion, disability, gender, age, veteran status, and sexual orientation/gender identity," "direct threats of violence against any person or group of people," "content that contains graphic violence," and "instructional material regarding the creation of weapons of mass destruction.

Finally, the policy prohibits the unauthorized publication of "people's private and confidential information, such as credit card numbers, social insurance numbers, driver's and other license numbers, and other personal information that is not publicly accessible."

There are several other prohibitions as well, but those are unlikely to be of concern to most book authors.

Kobo Privacy Policy

(Available online at http://www.kobobooks.com/privacypolicy.

This policy describes how Kobo collects, uses, and/or shares your personal information (such as your real name, your email address, user name, password, country of residence, credit card info (probably including street address).

This policy is somnorific in the extreme, but is probably worth reading.

Terms of Use

This policy is similar to nearly every other website's terms of use, and is even more sleep-inducing than the Privacy Policy. It basically describes what you can and cannot do on the Kobo website and Service, and should be completely irrelevant to any writer who prides herself on being a good, honest citizen.

Bob Stein is an attorney with Pryor Cashman LLP. He counsels and represents authors, literary agents, book publishers, and others in publishing negotiations and disputes. He also represents film producers in the pre-release review of screenplays and films and assists insurers of film and television productions in determining the insurability of various productions. He previously worked in-house at Random House and Simon & Schuster, and was General Counsel at Warner Books, DC Comics, and the other publishing divisions of Warner Communications.

APRIL 2011 – ASK THE LAWYER

In light of the language that has appeared in recent reversion-of-rights letters from a major New York publisher, which noted that "that all rights to reproduce our edition of the Work remain our property and that if our edition is reproduced in total or in part by any photo offset process, a fee will be required which can be negotiated with us," we posed the question to literary attorney Robert Stein:

What rights does a publisher have to claim ownership of "their version" of a work once rights have reverted, and what constitutes "their version"?

Robert Stein:

I have not discussed this issue with anyone from [the publisher in question], but I am nevertheless fairly certain that the publisher is not asserting a copyright interest in the author's text. For that matter, given that the publisher in most instances registers the work for copyright in the US copyright office in the name of the author, it would be very, very difficult for the publisher to support any such claim.

Note, though, one exception: if the publisher has added any materials (such as a third-party foreword, intro, index, or illustrations), the author would need the publisher's (and/or the third party's) permission to reprint those materials. The same is true of the cover of the book. In most instances, the cover artist would have a strong claim against an author who used the artist's work without his permission. Sometimes the publisher pays the artist separately for each edition of the book.

I believe the publisher is asserting rights in the design of the book: the choice of fonts, the layout of text on each page, etc. That is why the publisher's note refers to a "photo offset process," which would, of course, copy the publisher's design.

I believe it is quite safe to use the published text (including any edits suggested by the publisher) without publisher permission in a post-reversion edition, so long as the publisher's typesetting and design are not copied, and so long as the publisher's cover and other publisher-provided materials are not used. ▲

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Ask The Lawyer is just one of many services Novelists, Inc. provides membership. And as the publishing world continues to change rapidly, the member services of NINC will keep our writer-members cued-in to the important issues of the writing life.

Urge your writer friends to check NINC out at:
http://www.ninc.com

NOVEMBER 2010 – ASK THE LAWYER

Question:
According to the news being passed around NINC, there's a new clause in HarperCollins contracts (I don't THINK they've shown up elsewhere) which seems to be designed basically so that HC could cancel a contract and demand all monies paid be returned if the author in any way violated some arbitrary set of "morals" in their personal or professional behavior. My question is: Can you explain the difference between a "moral rights" clause and a "morals" clause in a publishing contract – and offer your opinion as to whether the latter clause is legal and binding AND provides the publisher with an excuse to cancel a contract and demand the return of monies paid should the author, in their judgment, do something "immoral?"

For what is being called the HarperCollins morals clause, please see 8 (iv) below:

8. PUBLISHER'S RIGHTS OF TERMINATION

If (i) Publisher determines that any of the representations of Author set forth in Section 6(a) is false, or (ii) Author breaches the covenants set forth in Sections l(f), l(g), 2(c), or 2(d), or (iii) Author commits a breach of any covenant contained in the Special Provisions section of Part I above for which Publisher is given a right of termination, or (iv) Author's conduct evidences a lack of due regard for public conventions and morals, or Author commits a crime or any other act that will tend to bring Author into serious contempt, and such behavior would materially damage the Work's reputation or sales, Publisher may terminate this Agreement and, in addition to Publisher's other legal remedies, Author will promptly repay the portion of the Advance previously paid to Author, or, if such breach occurred following publication of the Work, Author will promptly repay the portion of the Advance which has not yet been recouped by Publisher.

Answer:
A "moral rights" clause would be very, very different than a "morals" clause.

"Moral rights" is a concept from European law, which posits that an author has certain inalienable rights, such as the right to control any modifications of his or her work, to ensure that the "integrity" of the work is not compromised, and the right to have all display or publications of the work attributed to the name of the actual author (or not, if the author is concerned that changes made to the work will damage his or her reputation). These rights have not been fully integrated into American jurisprudence. I would be astonished to find a "moral rights" clause in an American publisher's contract, unless it read, "Author hereby waives all moral rights..."

A "morals" clause, such as the one set forth below and attributed to HarperCollins (I have not yet come across this clause in my own practice), is intended to protect the publisher against misbehavior of the author which might endanger the publisher's investment in the book. I saw similar clauses in the mid-1970s when I worked in broadcasting. Every news anchor's contract contained such a clause, entitling the broadcast station or network to fire the anchorperson in the event a breach of the clause jeopardized the anchorperson's reputation.

I strongly suspect that HarperCollins could care less about their authors' morals...unless and until a moral indiscretion threatens to reduce the value of the author's book. Example: imagine if former New York Governor Elliot Spitzer had, during his term in office, contracted with HarperCollins to write a book entitled, *I Choose to Be Purer Than Caesar's Wife*. Once Spitzer's dalliances with multiple prostitutes became public, the potential audience for that book would likely have dropped precipitously, and HarperCollins' ability to recoup its advance would have been seriously compromised.

I further suspect that the morals clause will have little impact on novelists (as opposed to writers of non-fiction) published by HarperCollins, except in the case of moral transgressions so severe that no reader would ever want to be seen with a copy of the book in hand... such as a novel by an author who is arrested for kidnapping, molesting, and murdering little children.

I believe that a properly drafted morals clause is indeed enforceable against an author.

For that reason, it is important for every author, rather than accepting the HarperCollins clause as written, to attempt to negotiate some changes in the clause:

1. "If Publisher determines that any of the representations of Author set forth in Section 6(a) is false," – This should not be a matter of Publisher's determination. This should instead say, "If a court of final jurisdiction determines that any of the representations of Author set forth in Section 6(a) is false, or that Author committed a material breach of the covenants set forth in Sections 1(f), 1(g), 2(c), or of any covenant contained in the Special Provisions section of Part I above for which Publisher is given a right of termination..."

2. I would try to insert language such as "due to an obvious and extreme conflict between Author's behavior and the particular subject matter of the Work" before "such behavior would materially damage the Work's reputation or sales."

On balance, I cannot fault the publisher for attempting to protect itself against damage to its investment arising from authorial misbehavior. The author should nevertheless attempt to refine and narrow the language of the morals clause so as to exclude behaviors which, while obviously immoral (e.g. an extramarital affair), are unlikely to damage sales of the author's book.

— Bob Stein

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Reversion of Electronic Rights

JULY 2010 – ASK THE LAWYER

Question:
From 1993 through 2001, I wrote nine books for Tor and am now looking into getting them out again via Kindle, etc. I did the certified/registered mail thing but haven't heard back, although a month has passed.

The contracts changed over the years with the most recent granting Tor electronic text rights.

What confuses me re whether I need to pursue asking for the rights back is the paragraph about Reversion of Rights.

It reads:
12.(2) If the Publisher determines, in its sole discretion, that the Work or any edition thereof has ceased to have a remunerative sale, the Publisher may discontinue publication and may at any time thereafter remainder or otherwise dispose of copies on hand. If, at any time after three years from the date of initial publication of the Work, all editions, whether trade hardcover, trade or mass-market paperback, of the Work that have been published or licensed by the Publisher anywhere in the United States shall be unavailable for sale as a result of lack of stock and, six months after written demand by the Author, mailed to the Publisher by certified or registered mail, return receipt requested, is received, the Publisher still has not made arrangement for one of its own or a licensed trade hardcover, trade paperback or mass-market edition of the Work to be available for sale in the United

States, the Author may terminate this Agreement by sending written notice of termination to the Publisher by certified or registered mail, return receipt requested.

There's nothing in the Reversion paragraph about electronic copies and none were ever brought out by the publisher. Do I still have to jump through the waiting hoops? The three years since initial publication is long over and the books haven't been available for years.

Answer:
Assuming that your grant of rights to Tor was sufficiently broad (e.g. "all publication rights") that Tor could claim to own electronic rights (even where such rights were not explicitly granted), then, yes, sadly, you need to jump through the hoops. The Tor Reversion of Rights clause, like most publishers' out-of-print clauses, requires action by
the publisher to return its rights to you. It does not permit you to say, "Gee, they must be out of print... I haven't seen my book in Barnes & Noble in forever, so now I'll resell it to Ballantine, or self-publish it for e-book and print-on demand sale."

Tor wants the ability to reevaluate the market for the books; if you find e-book publication viable, Tor might also. So they want you to remind them that your books exist and could be published electronically. If they fail to reprint (or to "arrange for" a reprint) a paper copy of the book with six months after your request by certified or registered mail, return receipt requested, then you are entitled to send them a formal termination and to proceed with your e-book and/or POD publication.

But now, let's return to my initial assumption above: that the grant of rights to Tor implicitly included e-book rights. Chances are that Tor will take the position that such rights were granted to them, whether they were or not. That means likely legal expense for you if you choose to fight them over this issue. On the other hand, if Tor's older contract forms did not include sweeping language, then it might be worth engaging
them in discussion about whether you still control e-book rights. Frankly, I suspect that would be a waste of time, and that you'd be much better off simply going through the reversion process

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MAY 2010 – ASK THE LAWYER

Editor's note: The following discussion recently popped up on the Ninc loop about who owns the copyright of a translated work (sparked by a post on a Google Tool called Google Translation).

Question
Author #1: A German publisher licensed one of my books though my publisher, and the German translation is copyrighted in the publisher's name. I asked my publisher about it, and they said that it's correct that the translation copyright is in the publisher's name, but—who knows?

Author #2: I'm not a lawyer, but I don't think this is entirely correct. My understanding is that the translation of a work currently protected by copyright is derivative, but the translation itself is also protected to the extent that even when the original copyright has expired, the copyright for the translation of a work may still be in effect, and it is the translator who owns that. So for example, if I were to translate something in German to English which is in the public domain, I would own the copyright to that translation.

Answer:
A translation is a derivative work.

Section 103 of the US Copyright Act states: "The copyright in a ... derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material."

The original work thus continues to be protected and owned by the original copyright owner or his or her assignee, unless it is already in the public domain, in which case it remains public domain; the original copyright (or lack thereof) is unaffected by the translation.

Conversely, if the translation is allowed to enter the public domain, that does not affect the copyright in the underlying work.

Creation and publication of derivative works are two of the exclusive rights belonging to the copyright owner of the underlying work. So anyone who creates and/or publishes a translation of a copyrighted work without the consent of the owner of the underlying copyright (other than in the minute quantities and special circumstances as may qualify as "fair use"), infringes that copyright, and thus is subject to damages (including the copyright owner's legal fees) as a copyright infringer.

Under Section 101 of the US Copyright Act, if a translation is "specially ordered or commissioned" by a written agreement which specifically states that the resulting translation will be a "work made for hire," it then qualifies as such, with the copyright belonging not to the translator but to the entity which commissioned the translation. So if a publisher and a translator enter into such a written agreement, then the copyright in the translation will belong to the publisher (unless the written agreement states that the publisher is acting on behalf of a third party, such as the original author, who would then become the employer for hire, and would then own the copyright).

Similarly, if the translation is created by an employee in the ordinary course of his or her employment, the copyright in the translation will be owned by the employer rather than the individual translator.

Finally, even if a contract between translator and whoever is paying for the translation does not specify "work made for hire," the contract may instead state that the translator "assigns all rights" to the commissioning party. The result is essentially the same as a work made for hire, except that the assignor/translator may recover the copyright many years later under the termination provisions of the Copyright Act, whereas those provisions do not apply at all
to works made for hire.

Keep in mind that translations commissioned by foreign publishers under license from a US publisher are not likely to be governed by United States law. I have no idea whether any foreign countries have anything in their

copyright laws equivalent to our statutory "work made for hire" provision. So it is quite possible that a translator in Europe or Asia might herself own her translation of an American work.

I do not authoritatively know whether Google can claim any ownership of the copyright in a translation created by Google's Translator Toolkit. I have never researched whether machine-created (or, for that matter, animal-created) literary or graphic works possess sufficient "originality" to qualify for copyright protection. (If 100 monkeys... or cpu's... working for 10 years accidentally create marvelous literary works, do they qualify for copyright?).

On the other hand, I note that Google's "Google Translator Toolkit Additional Terms" allow the user to prohibit Google from sharing the resulting translations with third parties. Those terms do not reserve any right to Google to prevent the user from using or publishing the resulting translations. While this is not necessarily dispositive, it certainly suggests that Google does not claim any copyright in such translations.

— Bob Stein

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APRIL 2010 – ASK THE LAWYER

Q: The trend of "all rights now and in the future we haven't thought of yet" is growing and I'm very uncomfortable with it. I'm not signing something that holds me to a clause they can make up in the future and frankly, I"l be interested to see how that aspect plays out in several years when they attempt to use it — from an enforcement and then legal context — I'm not sure I can "knowingly" sign a contract for something no one has thought of yet. How can an author get legal advice on something that does not yet exist?

A: For me, it depends whether the "now known or hereafter devised" language occurs in the general grant of rights, or in a more specific grant of ebook or audio rights.

In some major publishers' contract forms (e.g. Random House and Penguin) the expansive language occurs only with respect to e-book or audio rights. I have no real problem with that, as it seems to me to be obvious that gadgets are continually evolving and thus that the publisher needs the flexibility to present the book in whichever form the market is prepared to support. Ten years ago or so, I represented the manufacturer of the Rocket eBook Reader (also known as the Gemstar or RCA Reader), and tried to persuade publishers to make their books available in the HTML format we needed for presentation on our device, which had a black-and-white backlit screen similar to a primitive netbook. Had the publishers described that device specifically in their author contracts, they would not have had the rights necessary to provide the same books in files which could be read on the more modern Sony Reader, Kindle or Apple iPad. Similarly, audio books are now sold via file download, as well as on CDs and tape cassettes. Without the "now known or hereafter devised" language, audio publishers would be unable to keep up with those technology changes.

I try to make sure that the expansive language is accompanied by limiting words or phrases, such as "verbatim," "designed to be read" or "intended for listening, and "without any visual or audio elements other than those included in the print version(s) of the Book."

Where, on the other hand, the "now known or hereafter devised" language occurs in a general grant of rights, such as "Author hereby grants the Publisher the right to publish the Work in all media, now or hereafter devised," I will insist on major changes, or I will recommend that the author walk away and find a different publisher. Why? Because in that context the author is giving up his motion picture rights, live stage rights, and all other rights imaginable.

So there I will counteroffer, "Author grants to Publisher the right to publish the Work in printed book form, in verbatim audiobook and e-book forms designed respectively for listening and reading (as more specifically defined below), and in the other formats and media explicitly set forth in paragraphs _ and _ below. All other rights are hereby reserved to the Author."

You'd be surprised how reasonable publishers' contract administrators can be when presented with such a counteroffer. You then find yourself in a discussion of exactly which rights the publisher actually requires, rather than a discussion about the publisher's original sweeping attempt to grab all rights.

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FEBRUARY 2010 – ASK THE LAWYER

Q: What are the limitations on an author using the cover image from their book for publicity purposes? I was trying to print out the cover for my latest at a copy shop, but they refused because of copyright concerns, despite the fact that my name is on it. So now I'm curious…

A: The important thing to remember here is that the cover image was in all probability not created by the publisher, but rather by an independent artist or designer, who almost certainly owns the copyright to that image.

The publisher of your book purchased a license to use the cover image from that artist or designer who created it. Whether or not you can use that image depends entirely on the written agreement between the artist and the publisher.

It is entirely possible that the publisher purchased only the right to include the image on the cover of a single edition of the book, and in advertisements, to the extent that they include a photograph of that edition. Alternatively, the publisher may have purchased the right to include (and to allow the licensees to include) the image on the cover of all editions of the book throughout the world, in advertisement, in publicity materials, and in connection with the exploitation of subsidiary rights.

Whether the publisher also purchased the right for its author to use the cover photos for those purposes, or for any other purposes, is a question which can be answered only by looking at the contract between the artist and the publisher.

You should ask your publisher either to let you see a copy of that agreement, or to advise you of its contents. Keep in mind that most publishing contracts never mention the book's cover art (other than possibly to discuss whether the author has a right of approval or consultation) and thus you have no right to force the publisher to show you its licensing agreement, or to put you in touch with the artist, etc. So this is a situation in which tact and restraint can be useful tools.

— Bob Stein

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JANUARY 2010 – ASK THE LAWYER

Q: One of the things I've been wondering is about the legal requirements when we self-release our out-of print books that have been granted reversion by the publisher on, say Amazon. Should we apply for a new ISBN? Use a new copyright date, or note it on the copyright page somehow?

A: Excellent Question. I believe the author should obtain a new ISBN number... or at least should not use the previous number. The previous ISBN number, I believe, is issued to the original publisher of the book, and designates that publisher as the publisher of the book bearing that number. So to continue using the previous number would be misleading and confusing, and could annoy the previous publisher.

However, I'm not at all sure that any ISBN number is needed, if the book is going to be sold only over the web. The author should ask Amazon whether Amazon requires self-publishers to provide an ISBN number, and ditto if the book will be sold through any other online bookstores.

Generally, ISBN's are used by bookstores to keep records as to what books they're ordering, how many they're selling and returning to the publisher, etc. I simply do not know whether online bookstores use ISBN's for such purposes.

As for a new copyright date, definitely not, unless the book has been significantly revised. If revised, a new copyright application should be filed specifying that it covers only the revisions.

As for the copyright page (and the title page), the author should remove any information there which might incorrectly suggest that the new edition is published by the previous publisher.

If the author has adopted an imprint name for self-publishing purposes, that imprint should be identified on title page and copyright page. If the author has not adopted an imprint name, the author could, but is not obligated to, state "This edition is published by the author of this book".

Best regards,
Bob Stein

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OCTOBER 2009 – ASK THE LAWYER

Q: When an author has the rights back on a previously published book and is looking to sell it as an e-book, can the author legally use the original cover to market the book? (Since there's no physical product, the cover would be displayed on the Web, but not printed/produced with the book.) Or any portion of the original cover?

A: No, the author does not have the right to use the original cover to market the book.

Where the book's original cover contained artwork (such as a drawing, painting, or photo) it is entirely possible that even the original publisher lacks the right to authorize such use by the author. Publishers typically contract cover art out to freelance artists. Most often, the publisher acquires only the rights it expects to use, since artists price each usage separately. Frequently, those rights are not assignable by the publisher.

So, if you would like to use the publisher's cover art, you should ask the publisher to review its purchase agreement for the artwork, and to let you know whether it has the right to assign its rights in the cover art to you, and, if not, how you might contact the artist yourself to acquire those rights.

Keep in mind that the publisher will also have made contributions to the cover (such as adding title and author information, together with any sell copy, in type fonts and sizes selected specifically for that cover), and that its permission will also be required.

In most cases, it probably will be more expensive and aggravating to acquire the necessary rights than is worthwhile.

Advice given in this column is general and brief, and is not based upon a thorough review of facts and considerations in any given instance. You should consult an attorney in depth if you need personal legal advice.

To submit a question for this column, email to CMyersTex@aol.com. For more information about Robert Stein, visit his website, http://www.pryorcashman.com/attorneys-119.html

JANUARY 2009 – ASK THE LAWYER

Q: In category romance, once a writer gives a proposal to her editor for her next book, is she free to also submit another proposal to a different editor of another line at the same publishing house? Or does the author's option clause require her to wait for the editor of the optioned book to say "yes" or "no" before she is free to query other editors at the same publisher?

A: The ultimate answer to this question lies in the language of your option clause. If the option clause does not forbid you to make multiple submissions to different editors at your publisher, then there is no legal reason why you cannot do so.

But that may not be the entire answer... human feelings may also come into play. Your editor may be unhappy that you are not working solely for her, and may resent your willingness to leave her for another line and another editor, even at the same publishing house.

On balance, I'd take that risk, and make the multiple submissions. But if that editor is the only editor who has ever published your work, I would submit only to her, and wait to submit to others.

Of course, you could also discuss your dilemma with her, and see if she gives you her blessing to submit two proposals simultaneously, one to her and another to one of her colleagues.

Q: Is an author still bound by a 'life of the copyright' clause in an agency agreement if their agent only negotiated a contract, but didn't sell the book and the book which was sold wasn't covered under the author/agent agreement? (i.e. author had already sold the novel before signing with the agent).

The agent negotiated my contract because I was a new author who had submitted my manuscript to a publisher and the publisher offered a two-book contract. At the same time I had submitted a different manuscript to the agent and she wanted to represent me. I told the agent of the publishing contract and she offered to negotiate it for me and took 10% instead of her regular 15% because she didn't sell it.

We have amicably parted ways, without her selling anything for me, so I want to know how I'm still legally bound to her.

A: It is impossible to answer this question properly without seeing the agency agreement to see how it described the book or books to which it applied. Assuming that it was quite specific in referring only to the book which was not sold, and not to "all books sold during the period of this agreement" or something similar, and further assuming that your written correspondence with the agent did not amend the agency agreement to add the book which you sold yourself, then you should be bound only for the life of the contract negotiated by the agent, rather than for the life of the copyright in your book.

If you agreed to pay the agent 10% of the royalty earnings on the contract she negotiated for you, and she agreed to accept that in lieu of the 15% stated in the agency agreement, then it seems to me (again, without examining the agency agreement or any correspondence), that your only obligation is to pay 10% of all earnings under that agreement. If that agreement remains in effect for the life of copyright, then she receives royalties for the entire term. If the book goes out of print in a few years, and you resell it to another publisher, this agent's participation would end prior to the resale.

The one thing that makes me a little nervous about this advice is why didn't the agent ask you to sign an agency agreement applicable to the book for which she negotiated the contract for you? Was she assuming that the agency agreement would apply to that book as well?

You should take a very careful look both at the agency agreement and at all of the correspondence between yourself and the agent to make very sure that you haven't agreed in writing to apply the agency agreement to the book which was sold, but with a reduced percentage.

Q: Can an author and/or publisher be sued, say, for having Woodrow Wilson or Elvis Presley as a character in a novel? Or for setting a scene from a story in a Wal-Mart or at Disneyland or at a restaurant that really exist? Several people have said that the issue here is defamation, not using a real place or thing. Is this true? Can Mr. Stein cite any examples?

A: Let's be clear: authors and publishers can be sued for anything at all. And getting even a baseless lawsuit dismissed can be surprisingly time-consuming and expensive. So even when publishers and authors have right on their side, a lawsuit can eat into the publisher's profits… and the author's royalties… in a very serious way.

I can think of very, very few things more likely to cause an author or publisher to be sued than using Elvis Presley as a major character in a novel. Lawyers representing the Presley estate are likely to foam at the mouth in their eagerness to get to the courthouse.

Now, let's look at the separate question of who would win a lawsuit brought over the use of Woodrow Wilson or Elvis Presley as characters in a novel. In my opinion, the author and publisher would prevail if they used Woodrow Wilson, FDR, Warren Harding or any other President as a character… even as the protagonist.

Individuals who did not use their names and likenesses for commercial purposes during their lifetimes do not generally have survivable rights of privacy or publicity.... and it is those rights that could prevent the commercial use of a person's name or likeness without their permission.

Elvis Presley absolutely used his name and his likeness for commercial purposes during his lifetime, so much so that the state of Tennessee passed a statute specifically protecting his estate's right to monopolize the commercial use of his name and likeness after his death.

But now we come to the hard part of the question: is the use of Elvis Presley as a character in a novel (or, for that matter, in a motion picture), a commercial use which would be prohibited without the authorization of his estate?

Certainly it is a commercial use, in the sense that it is intended to make money, and, if well done, is very likely to make money. But not all commercial uses are equal.

The First Amendment ("Congress shall make no law…abridging the freedom of speech, or of the press") and Fourteenth Amendment ("No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States") to the United States Constitution prevent the federal and state courts from interfering with free expression except with respect to very narrow categories of speech which are deemed to fall outside of Constitutional protection, such as obscenity, incitement to riot, defamation and hate speech.

Various states have enacted statutes intended to create rights of publicity which would survive the death of the individual. Other states have judicial decisions acknowledging such rights. In all cases of which I am aware, those statutes and decisions accommodate the requirements of the First and Fourteenth Amendments by

acknowledging that the survivable right of publicity does not apply to the use of a celebrity's name or likeness in a book or motion picture.

Let's take it one step further: assume that the novel featuring the Elvis Presley character is a best seller, and the author writes several sequels, each of which is turned into a major motion picture. Same result? Theoretically, it should be, and probably will be in those states whose statutes specifically exclude books and films. But I suspect the Presley estate would have a much better chance of winning its case against the author and publisher in a common-law state, because a series of novels and films looks a whole lot more commercial than even a very successful single book.

But what if Carl Hiaasen decides to set his next adult novel in Orlando, and has criminal executives of Disneyworld chasing his hero all over the theme park, intent on mayhem? Can he do that? Yes he can, but he can also expect at the very least a stiff letter from Disney's lawyers claiming that the reputation of the company and the image of the theme park have been defamed and damaged by the fictional events in the novel.

If Disney proceeds to sue, whether the author wins or loses will depend on whether his lawyers are able to persuade the court that the book was advertised as fiction, that readers understood its contents as fiction, and that none of them actually believed that Disney's executives would ever behave in such a manner (good luck with that one, Carl).

Yes, the issue here is defamation. I do not believe that a place of business has any right of privacy or publicity. I do not recall the Louvre suing Dan Brown or his publisher for setting important scenes within the museum, and, under US law, do not believe it could have prevailed had it done so. ▲

Advice given in this column is general and brief, and is not based upon a thorough review of facts and considerations in any given instance. You should consult an attorney in depth if you need personal legal advice.

For more information about Robert Stein, visit his website, http://www.pryorcashman.com/attorneys-119.html

To submit a question for this column, email to CMyersTex@aol.com.

DECEMBER 2008 – ASK THE LAWYER

Q: Is there an expectation of privacy in email? Are emails or letters, for that matter, copyrighted? And if so, do fair use laws apply? Let's say a fan writes an angry, idiotic letter to you. Can you then post it on your blog? Can you send it to a friend and let them post it on their blog? If that fan then complains and says you violated their copyright….

A: This question actually combines two different subject areas: privacy and copyright.

As to the privacy question, I'd say there is very little expectation of privacy in email. For instance, if the email is written on the writer's employer's computer and sent via the employer's email system, then there is no expectation of privacy whatsoever. Employers generally have the right to inspect all emails sent or received on their system.

In addition, the recipient of the email has the right to show the email to anyone she wishes. If she receives the email at work, her employer has the right to read the email.

Third, the email passes through any number of servers on its way from sender to recipient. None of the people maintaining those servers is prohibited (as far as I know) from reading anything they choose to.

Fourth, the US Patriot Act probably authorizes Dick Cheney to intercept and read your emails and laugh about them with his buddies.

The only privacy I think we can expect in email is that no one will break into our homes and read the emails stored on our computers (nevertheless, it wouldn't hurt to protect your home computer with a password).

As to copyright, expression becomes copyrighted when "fixed" in "any tangible medium of expression…from which it can be perceived, reproduced or otherwise communicated, either directly or with the aid of a machine or device."

I think there is little question but that an email, readable on or printable from one's computer, is "fixed" and thus protected by copyright.

Does the "fair use" doctrine apply? Yes, but to a very limited extent, because of the unpublished nature of the email.

Can you publish a fan's idiotic letter to you on your blog? No. Absolutely not. You may be able to publish extremely brief and pithy excerpts from the letter on your blog, depending on whether you are doing so for purposes of criticism and commentary (good fair use reasons), or simply to take revenge (bad fair use reason).

Can you send the fan's email to a friend? No. Doing so creates a copy of the email, which infringes the copyright of the person who wrote it and sent it to you. If your friend publishes the email on his blog, he too is infringing the writer's copyright. ▲

Q: On another list I'm on, they're discussing the use of song lyrics in mysteries, and the consensus seems to be that authors can use up to four lines of a song without permission.

But I wonder what happens when a book comes out in an audio edition? Would the "performance" element change ASCAP's attitude toward "fair use" in that case?

A: How many angels can fit on the head of a pin?

I am not aware of any basis in copyright law for the assumption that "authors can use up to four lines of a song without permission." Publishers I represented have received demand letters from music publishers even where a single line of lyrics appeared in a book.

One would have to justify inclusion of that line on the basis of Fair Use ... four lines would be that much more difficult to justify.

As for "performance" of a song in an audio edition, I'm not sure whether you mean reading the lyrics of the song aloud, singing them in the original song's tune, or stealing the performance of the original artist and incorporating that in the audiobook.

I would say that singing the song multiplies the risk by a factor of 5 or 10. Incorporating a duplicate of the original performance probably multiplies risk by at least 1000. You are now infringing the P in a circle copyright of the recording as well as the C in a circle copyright of
the lyrics, and yes, that is likely to bring ASCAP, BMI and SESAC to your door.

Even singing the lyrics to the original tune in the audiobook goes well beyond the use of the lyrics alone, and represents a conscious decision to take even more from the copyrighted song than did the print version of the book.

Myself, I would advise my hypothetical audiobook publisher client to recite the lyrics as poetry, rather than singing them, unless I were able to construct the world's best Fair Use argument, and, even then, I'd have to make sure my client was aware of and willing to risk the potential
costs of defending a copyright infringement lawsuit. ▲

— Robert Stein

Robert Stein has over three decades experience in publishing. He has served as legal counsel for Random House, Simon and Schuster, and Warner Brothers. As an attorney with Pryor Cashman LLP, he represents authors, literary agents, book publishers, and others in publishing negotiations and disputes.

Advice given in this column is general and brief, and is not based upon a thorough review of facts and considerations in any given instance. You should consult an attorney in depth if you need personal legal advice.

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SEPTEMBER 2008 – ASK THE LAWYER

Q: If an author has created characters in a book or books for one publisher, and the contract with that publisher does not refer to characters created by the author, can the author use those characters in books submitted to a different publisher? If so, are there any restrictions, conditions or considerations to bear in mind? If not, would the answer be different if the current publisher has already rejected the manuscripts the author wants to submit to a different publisher?

A: The grant of rights to the publisher does not typically convey any rights to the characters. Once you have satisfied the manuscript delivery and option clause requirements you need only consider the publisher's "Competing Works" clause, which generally precludes the author from publishing any works derived from the author's book without the publisher's approval. It is very rare for a publisher's contracts department to refuse a request (in the negotiation of the contract) to modify such clause by the addition of language similar to the following:

"Prequels and sequels to the Work in which Publisher fails to exercise its option shall not be considered competitive works." or "Author written prequels and sequels are deemed excluded from the provisions of this Paragraph."

Please note, however, that the above would not apply in those very unusual situations where the copyright in the book is to be owned by the publisher.

Note also that my answer is limited to legalities; it does not take into account the likely annoyance of a publisher if the author switches publishers in the middle of a series. I imagine that where the publisher gave the author specific advice about creating unusual characters, the publisher might feel particularly aggrieved if the author left for another publisher. Nevertheless, if the contract specifically gives the author the right to publish sequels elsewhere, the author will be allowed to do so. ▲

Q: I always hear that it's safest for authors to incorporate in order to protect themselves—and their personal assets. But when I looked into this, it seemed like I was going to have to change so much about the way I do things (setting up a separate bank account, running all monies through it, etc.) that I wimped out based on it creating a number of what would be ongoing inconveniences. Can you discuss the pros and cons (if any) of incorporating, and/or discuss other ways authors can protect themselves if they choose not to incorporate?

A. Frankly, I have never been able to see any advantage at all in incorporation for writers, other than possible tax benefits (and I'm not even sure about that). Incorporation will not shield the author from the indemnification obligations in a publisher's contract… publishers are wise to that and so require authors to sign "personal guarantee" letters acknowledging personal liability for any default or breach by the author's corporate entity. In addition, if the book libels someone or invades their privacy, the claimant will sue the author, whose name is on the book, as well as the author's "loanout" company.

A possible partial exception might be a claim for copyright infringement: if the book is owned by the loanout company (i.e. the company signed the book contract and the copyright is in the company's name), and if the author has a contract with the company to write the book as an employee of the company, then a copyright plaintiff might have to sue the company rather than the author. However, the plaintiff will certainly sue the publisher as well, and the publisher in turn will look to the author, so ultimately this is not an effective way to dodge liability.

As for cons of incorporating, there are costs involved in incorporation, and in maintaining the corporation on the records of the state. Alternatives: the very best alternative is to ask your publisher whether it provides author insurance coverage, and, if so, how high is the deductible, how is the deductible shared by the author and the publisher, and what are the limits of the coverage. Most major publishers automatically offer such coverage; you may find it worthwhile to accept a slightly lower advance from such a publisher rather than a slightly higher advance from a publisher which does not offer such coverage.

Lastly, if you have substantial assets to protect (such as an expensive house), and if you anticipate the possibility of claims arising from publication of your book, you can obtain your own "media perils" or "errors and omissions" insurance policy for the book.

Premiums (per edition) start somewhere around $3,000 or $4,000, and policies require submission from an experienced media lawyer of a letter saying that he or she has read the manuscript and is not aware of any likely legal problems (so that will cost another couple of thousand dollars in legal fees). ▲

Q: I write under a pseudonym but copyright under my real name because I wasn't sure about the legalities of copyrighting under a pseudonym. I know some writers do, though, and my publisher did give me the choice. So my question is, are there any legal issues attached to copyrighting under a pseudonym?

A. The United States Copyright Act permits, but does not require, copyright notice and registration (there are very serious advantages to both… you may not be able to register a work which did not bear notice, and until you register, neither you nor your publisher can sue infringers… and even then, you cannot obtain damages for infringements which occurred due to the absence of copyright notice). When notice is included, it is supposed to be in "the name of the owner of copyright… or a generally known alternative designation of the owner."

The instructions which accompany the copyright registration form state: "If the work is "pseudonymous" you may:
(1) leave the line blank; or
(2) give the pseudonym and identify it as such (for example: "Huntley Haverstock, pseudonym"); or
(3) reveal the author's name, making clear which is the real name and which is the pseudonym (for example, 'Judith Barton, whose pseudonym is Madeline Elster')."

What is the difference? The duration of copyright protection is very different for a pseudonymous work than it is for a work by an identifiable author. Ordinary copyright protection continues for 70 years after the death of the author. Pseudonymous works (as well as "works for hire", such as books created by authors employed by their loan-out companies) are protected for a term of 95 years from publication (or 120 years from creation, whichever is shorter) ... a much shorter term in the vast majority of cases.

However, the Copyright Act stipulates that even a work which is published pseudonymously will be protected for life plus 70 years if the author's true identity is revealed either in the copyright application itself or in a separate document recorded in the Copyright Office.

I think it is perfectly safe to use a pseudonym on your book, and in the copyright notice within the book, so long as you or your publisher promptly files a registration application which discloses your actual identity and address (which can be care of your publisher).

Of course, if one considers the number of books published 95 years ago or longer that still have economic value, I suspect that is a very small list… and thus that most authors do not have to worry about their works losing copyright protection a mere 95 years after publication… ▲

— Robert Stein

Robert Stein has over three decades experience in publishing. He has served as legal counsel for Random House, Simon and Schuster, and Warner Brothers. As an attorney with Pryor Cashman LLP, he represents authors, literary agents, book publishers, and others in publishing negotiations and disputes.

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JULY 2008 – ASK THE LAWYER

Q: In the June issue of NINK, you noted that if the agency clause in a publishing contract entitles the author's (former) agent to receive all payments on the author's behalf, and if the former agent refuses to consent to split payments, then this situation will remain unchanged "until such time as you are able

to prove malfeasance by the agent serious enough to persuade a court to terminate the agent's right to receive all payments." Can you give some examples of what might conceivably constitute such malfeasance?

A: Most obvious: if the agent receives money from your publisher, or from other licensees, and does not pay your contractual share (usually 85%, sometimes 80%) to you when contractually (either by the agency clause in your publishing contract or by a separate written agreement between the agent and yourself) required to do so.

Less obvious (and some agents may be unaware of this): agents' entitlement to share indefinitely in the author's royalties derives not just from the rights sales they made previously on the author's behalf, but also from their responsibility to provide future services to the author with respect to the given book and to the licenses previously made. In order to continue receiving royalties on a deal previously made by that agent, the agent must be willing and able to provide further services in connection with that license if and when required. If the agent also claims the right to make further deals on behalf of the author in connection with the book, the agent must make reasonable efforts to do so. ▲

Q: Can you briefly explain Creative Commons licensing and its relevance, if any, for novelists?

A: Creative Commons is a US non-profit corporation which was formed in 2001 in order to create and promulgate a series of license forms (http://creativecommons.org/about/license/) which copyright owners could use to allow third parties to use copyrighted material (whether text, music, photos, etc.) without the necessity of negotiating and entering into individual licenses. The licenses permit use without compensation to the copyright owner, and tend to be much less restrictive than full copyright protection. There are several different license forms, each of which sets forth different requirements.

A list (probably a partial list) of content which has been made available subject to Creative Commons licenses may be found at http://wiki.creativecommons.org/Content_Curators.

I have never had cause to do a comprehensive study of the various Creative Commons license forms, and have not done so. However, given the contractual provisions of most traditional publishers' contract forms, which require that the publisher have the full rights to use all third-party materials (such as illustrations or poetry or song lyrics) included in or with the manuscript, including the right to include same in advertising or promotion, and given the limitations on use inherent in those Creative Commons licenses I have reviewed (for instance, the requirement of attribution to the original author, and the lack of an explicit right to excerpt and use small portions of the original work), I would be very, very reluctant to rely upon a Creative Commons license as the basis for including third-party text or illustrations in a manuscript intended for publication by a traditional publisher … it is simply impossible to ensure that the publisher will abide by the limitations of the license form (and, if the publisher does not do so, the Author is stuck by the publisher's contract form with the liability to the original author for breach of the Creative Commons license form, and possibly also for copyright infringement). ▲

— Robert Stein

Robert Stein has over three decades experience in publishing. He has served as legal counsel for Random House, Simon and Schuster, and Warner Brothers. As an attorney with Pryor Cashman LLP, he represents authors, literary agents, book publishers, and others in publishing negotiations and disputes.

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JUNE 2008 - ASK THE LAWYER

This month, NINK is pleased to debut a new column by Attorney Robert Stein in which he answers legal questions of concern to writers. Mr. Stein has over three decades experience in publishing. He has served as legal counsel for Random House, Simon and Schuster, and Warner Brothers. As an attorney with Pryor Cashman LLP, he represents authors, literary agents, book publishers, and others in publishing negotiations and disputes.

Q: My publisher won't split payments without my former agent's consent, and the agent has consistently refused to consent. I'm unhappy about this since, although the money has not yet been mishandled, the paperwork has been misplaced or late more than once—so I'm always anxious about the checks. Therefore, my question is: While he continues to refuse his consent, is there anything I can do to get my paperwork and my money out of my former agent's hands?

A: Assuming that the agency clause in your contract with the publisher entitles the agent to receive all payments on your behalf, and that neither your contract with the agent (if you have a contract with the agent) nor the agency clause in the publisher's contract reserves the right for you to receive payments directly from the publisher, then the short answer is "no," at least until such time as you are able to prove malfeasance by the agent serious enough to persuade a court to terminate the agent's right to receive all payments.

Publishers will on occasion agree to split payments notwithstanding an agent's objections (even without an explicit contractual right of the author to receive payments directly from the publisher), but generally only in the very rare cases where the Publisher considers the author to be more important to the publisher's economic interests than is the agent. If the reverse is true, it is very unlikely that the publisher will risk the ire of the agent in order to assuage the unproven concerns of its author, particularly since the publisher knows that authors sometimes receive loans from their agents which the agents expect to recoup from the authors' shares of the publisher's payments. ▲

Q: Given the proliferation of new technologies, such as e-publishing and print-on-demand publishing, what contractual language would you recommend to specify what we used to know as a book being "out of print" and therefore eligible for reversion?

A: The exact language would of course vary according to the paragraph used by the publisher, but the important idea to get across in the language is:

"For the purposes of this paragraph, the Work shall be considered in print only if it is available for sale in the United States in a full-length English-language edition through regular trade channels, and at least ________ hundred (_00) units in the aggregate are sold at full price in the two (2) consecutive accounting periods immediately preceding the Author's request for a reversion of rights, and it appears on Publisher's "re-order form" or such other listing of titles available for ordering, or if a contract for its publication by a sublicensee of Publisher for publication in a full length edition in the U.S. through regular trade channels within twelve (12) months is outstanding and publication actually occurs within such twelve (12) months." ▲

Q: If I'm basing a novel on current events, what are the legal parameters for using still-living real-life individuals involved in those events as characters in the novel, or basing fictional characters on those persons?

A: The relevant areas of law are defamation (libel) and invasion of privacy. Basically, if any of your characters are identifiable as real-life individuals, whether due to similarity in name or other identifying characteristics, those characters should not act in any way which (i) if not provably true of the underlying real person, would tend to cause damage to the real person's reputation; or (ii) would reveal private and embarrassing facts about the real person.

There are at least two cases in which authors flouted the standards described above, and got away with it because sympathetic judges held that no one could ever believe the depiction of the character to be true of the underlying person.

However, I would not recommend relying on that expectation... lawsuits are frightfully expensive and not all judges can be expected to let the defendant off so easily.

There are special cases of notoriety in which one can, with relative safety, exceed the usual standards; for an example, I strongly recommend Susan Brownmiller's 1989 book, *Waverly Place* (for which I served as counsel to the publisher, Grove Press). The book was inspired by the death of little Lisa Steinberg, and the abuse of her mother, Hedda Nussbaum, and was written and published before the trial and conviction of lawyer Joel Steinberg. The foreword of that book is the very best disclaimer I have ever seen. ▲

Q. For authors using nonfiction books and current events resources in their fiction, what are the ramifications of the verdict in the lawsuit brought against Dan Brown by the authors of Holy Blood Holy Grail?

A. First and foremost, avoid great success at all costs... nothing brings plaintiffs out of the woodwork like a potential gold mine. Why sue over a few dollars when you can instead sue someone who has tens of millions of dollars with which to pay legal judgments?

Second, be generous in your attributions... I was consulted just last week by an author who felt slighted by another author who had apparently used facts taken from my prospective client's nonfiction books as the basis of a successful novel, without in any way acknowledging the source of those facts. While the cliché refers to "a woman scorned," I don't think women are nearly as sensitive to slights as is an author whose work does not receive the attribution he or she deems appropriate.

The simple fact is that facts are generally not protectible. The Supreme Court did away with the "sweat of the brow" theory of copyright infringement, making it very, very difficult to protect published factual information. Unless a "borrower" takes a slew of facts that had been carefully selected and organized in a non-obvious way, and uses them in the same or very similar way, there is no legal recourse for the original author.

There may well be recourse in academia, where nonattribution of "borrowed" material is considered plagiarism. But plagiarism, as opposed to copyright infringement, is not actionable at law. ▲

Advice given in this column is general and brief, and is not based upon a thorough review of facts and considerations in any given instance. You should consult an attorney in depth if you need personal legal advice.

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To submit a question for this column, email to CMyersTex@aol.com.