Non-Profit Forum:  
Good to Know – Basics and More of Publishing in the Non-Profit World

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Panelists

- Decades of experience in drafting and negotiating license agreements
- Has recently led a medical publisher through a complete audit and standardization of IP assets and agreements.
- Expert in trademark as well as copyright issues in digital media

- Counsels clients on copyright and technology issues, including publishing agreements and rights relating to digitizing copyrighted works
- Expert on issues relating to the protection of trademarks

- Decades of experience in counseling medical and scientific publishers and professional associations on IP issues, including both copyright licensing and trademarks
- Currently leading a professional association through a revision and standardization of its author and licensing agreements
Panelists

David T. Smorodin: Associate General Counsel American Chemical Society

A former assistant United States Attorney and the former Chief Litigation Counsel at MCI, Dave joined the American Chemical Society’s legal staff in 2004 as the organization’s first full-time, in-house counsel. A 1981 graduate of the Saint Louis University School of Law, Dave is an experienced trial lawyer and an confirmed generalist. Dave frequently advises the Society’s Publications Division on a variety of legal issues ranging including copyright, trademark, licensing and ethics.
Topics We Will Cover

1. Overview of changing landscape for NFP publishers
2. Licensing of Content
3. Concerns with Author Agreements
4. Sample Clauses
5. Electronic Database Issues
6. Piracy/Scholarly Collaboration Networks
The Changing Environment

• Changing expectations of users and contributors
  • Rights issues on front end and back end
• Open Access/Open Science
  • New revenue models
• Global Reach through Digital Content Models
  • Market expansion coupled with security risks
• Importance of tools, not just content or data
  • Comprehensive, seamless, branded, responsive
The Licensing Process – The Basics

Acquiring Rights in Copyrighted Materials
• Basic choice: Ownership versus License Rights
• Converse sets of rights
• Affects ability to exploit rights downstream
• Incentives of the parties

Distribution and Licensing
• Sales of publications – include no copyright rights
• License grants can be divided and restricted by the licensor
• In a digital market, need to address effective restrictions on use by the licensee
The Licensing Process – Upstream

Upstream: **Author Agreements** should cover:

- Grant of rights
- Preparation of Work: due date, content, form and style
- Editing process
- Marketing by Publisher
- Revisions and updates
- Reps & Warranties, or more gently, “Author’s Responsibilities”
- Indemnification
Sample Clauses – Author Agreements
Assignment of Rights

Sample Language

“The Author hereby irrevocably grants and assigns to the Publisher all rights, title, and interest in and to the Work, and all literary property therein, including all copyrights as well as all renewals and extensions of copyright throughout the world, now or hereafter provided. The Publisher’s rights will thus include, but not be limited to, the exclusive right to publish, adapt, license, copy, transmit, republish, distribute, and sell the Work in whole or in part in any channels and by any method or means currently available or developed in the future. The copyright shall be in the name of the Publisher...”

Considerations

- Attempts assignment of ownership
- But covers (almost) all bases – a contract of accretion
- “Work for hire” situation is different, must be expressly agreed

License back rights to Author for own non-commercial purposes? (scientific purposes, manuscript version only, attribution to Publisher?)
License of Publishing Rights

Sample Language

“The Author hereby irrevocably grants to the Publisher, during the full term of copyright in the Work and all renewals and extensions of such term, the exclusive U.S. and worldwide rights to print, publish, reproduce, republish, distribute, make available, adapt, digest, abridge, condense, anthologize, display, include in a compilation or collective work, translate, and sell the Work in whole or in part in all formats and media of expression now known or later developed, including, but not limited to, electronic and digital means and media, and to authorize others to do so [on its behalf].”

Considerations

- Author grants specified rights, retains all others
- Needs to cover ALL rights the Publisher will need
- “The Work” needs to be carefully defined
- Exclusivity includes as to the Author unless expressly limited
- “On its own behalf” would limit sublicense rights
Merchandise Rights

Sample Language

“Such Subsidiary Rights shall also include the Publisher’s right to use the Artwork as part of merchandise (and each item of merchandise constituting a “Licensed Product”) for manufacture, distribution, or sale by the Publisher in connection with the promotion or sale of the Work (“Merchandising Rights”)

Considerations

- Must include express right to use illustrations or characters for commercial merchandising or product integration purposes
- Publisher wants broad Licensed Products; author may seek to limit Licensed Products
Representations & Warranties

Sample language

“The Author certifies that the Work has not previously been published, and is the Author’s original work, except to the extent it incorporates material (such as text, illustrations, photos, or any other material) of third parties, as to all of which the Author will provide to the Publisher written consents or permissions allowing the third party material to be included and published as part of the Work, in both electronic and print formats. Copies of and a log listing such consents or permissions shall be provided to the Publisher when the final manuscript is submitted. If fees are charged for permissions, it is the Author's responsibility to pay them.”

Considerations

✓ Important purpose is to protect against potential infringement claims
✓ Need a system to collect and confirm third party consents promptly
Indemnification

Sample language

“Licensor agrees to indemnify and hold harmless the Publisher, its directors, its officers, employees, successors and assigns (the “Indemnified Parties”) from and against any claims, actions or demands arising from a breach of this License Agreement or from a third party claim of infringement.”

Considerations

- Mutuality?
- Is indemnity an exclusive remedy?
- Dollar limitations (caps, baskets and offsets)
- Indemnify vs. defend
- Control and ability of indemnifying party to participate in defense of claims
The Licensing Process – Downstream

Downstream: Database Agreements should cover:
- License grant
- Need for separate license between database vendor and institution
- Security of copyrighted works and restriction to authorized users

Downstream: Merchandise & Integration Agreements should cover:
- Limited license grant
- Careful definition of the scope of Licensed Products and use restrictions
- Attempt to obtain approval rights, but at least final review and samples
- Sensitivity to potential reputation and disparagement
Some Concerns in Database Licenses

✓ Accurately divide the intellectual property rights between Publisher and Database Vendor
  • Publisher = underlying content
  • Database Vendor = user interfaces, source and object code

✓ Need for a “license within a license” between the Database Vendor and its Subscribers

✓ Requirement for Database Vendor to police or report unauthorized users
Platform License: Authorized Users

Sample language

“Licensee undertakes to use reasonable endeavors to notify Authorized Users of the terms and conditions of this license and to take steps to protect the Licensed Materials from unauthorized use or other breach of this License.”

“Licensee undertakes to provide access to the Licensed Materials on a Secure Network. Licensee and its Authorized Users shall be granted access pursuant to IP (“Internet Protocol”) addresses, passwords, public keys or certificates, or other security protocols developed and accepted during the term of this Agreement.”

Considerations

✓ Leverage to negotiate?
✓ Define measures to protect against unauthorized users and access?
✓ Additional requirement to report unauthorized users?
Quality: “Licensee agrees that the Licensed Products shall be of high standard and of such style, appearance and quality as shall be reasonably adequate and suited to their exploitation to the best advantage. Licensee may not sell damaged or defective Licensed Products or products considered "seconds" based on industry standards.”

Approval: “Licensee shall, before it manufactures, distributes or sells any particular Licensed Products, furnish Licensor, free of cost, for its written approval, one sample of each of the following: (i) preliminary art concept; (ii) color composite, hand sample and/or final art; and (iii) preproduction/prototype for the Licensed Products together with its cartons and containers, tags, labels, wrapping material, advertising or promotional material for use in any media in connection with the Licensed Article ("Packaging").”

Sample language

Considerations

✓ Are there industry manufacturing standards that can be referenced for Licensed Products?
✓ Consider limitations on Fields of Use, Territory and third party associations for Licensed Products
✓ May be unable to obtain approval rights from Licensee, which makes final review, access to samples and non-disparagement clauses more
Managing Risks in License Agreements
Streamline Process: Annotated Contracts and Skinny License

- **Create Annotated Contracts for Use During Negotiations:**
  - Identify mandatory, preferred and optional provisions + legal vs. business terms
  - Include pre-approved draft language for permissible concessions during negotiations
  - Identify for sales team when escalation to legal is required

- **Conduct Sales Team Training and Establish Escalation Process to Legal**
  - Identify sales team; create contract approval matrix; version control tracking

- **Consider “Skinny License” and EULA-Based Platform Model**
  - Incorporate APA License Agreement into 3rd party platform agreement or click-through model
  - Advantages: Reduce negotiation; maintain current versions through URL
  - Challenges: Lack of privity; potential enforceability challenges; more limited remedies
Piracy & Enforcement Priorities

- Evaluate Piracy Risks and Enforcement Options
  - SCNs – Article tagging pilot
  - Institution/Disciplinary archives – “Lighter touch” C&D approach
  - 3rd Party Platform breach – remedies under Distribution Agt + platform mechanisms
  - Licensees – remedies under License Agt.

- Practical Assessment of Business Goals in Enforcement Strategy
  - Consider whether more value investing in detection, tracking and termination of access methods to stop infringement earlier. Remedies may have more value than rights.
  - Longer shelf life of research publications helps address fair use defenses (and impacts OA)
  - Consider incentives to convert infringers into new licensees
  - Reserve IP enforcement litigation for commercial use by SCNs and meta sites?
IP Threats to Nonprofit Publishing (AKA PIRACY and THEFT) – An Insider’s Perspective
The American Chemical Society (ACS)

• ACS is a federally-chartered nonprofit headquartered in Washington, D.C.
• In addition to being a large professional society, ACS is a significant publisher of chemistry and related scientific materials
• A few facts about the ACS publishing effort. In 2017:
  - ACS published: 45,000 articles in its 51 peer reviewed journals
  - ACS had 105 million article requests
  - ACS had 33 million unique visitors to its Publications website
Over the Years, ACS has Experienced Many Forms of Intellectual Property Abuse

• Username, Password, and File Sharing
• Organized selling of access credentials
• Document Delivery/Non-permitted Inter-Library Loan (e.g., international)
• Embedded Internet Protocol (IP) address fraud
• Print Subscription Abuse (no longer a significant factor)
Cross-Industry, Pro-Competitive Collaboration Helps Address Abuse

• Greatly expands likelihood of identifying abuse
• Strengthens efforts to document, quantify, and confirm findings
• Facilitates efforts to pursue resolution or to stop offensive behavior
• Building a case for action on a case-by-case basis
• Potential for joint action involving a number of publishers
• Reinforces importance of protecting copyright assets by coordinated action in serving notice or taking legal action
A New Concern: Scholarly Collaboration Networks (“SCNs”)

• SCNs are platforms that allow researchers to develop and maintain professional relationships.
• Enable researchers to share information, ideas, and data; participate in discussions; and embark on collaborations.
• Some SCNs enable collaboration through article sharing
• Some examples of SCNs:
  • ResearchGate
  • Academia.edu
  • Mendeley (Elsevier)
  • ACS ChemWorx
The Growth of SCNs Necessitated the Development Publisher Guidelines

• A primary attraction of SCNs is that they generally facilitate sharing of copyrighted material
• Concern that this sharing undermines publishers’ intellectual property rights
• STM Copyright Committee began to take notice in 2012
• Approved the formation of the SCN task force to develop a voluntary code of principles
• Some fits and starts – STM received many comments
STM’s Final Response


• “We would like to make sharing of subscription and licensed content simple and seamless for academic researchers so that it is consistent with access and usage rights associated with articles while enhancing collaboration. We believe publishers and scholarly collaboration networks can work together to facilitate sharing, which benefits researchers, institutions, and society as a whole, with a core set of principles that maximize this experience for all.”
Basic Principles

• Sharing of articles and supplementary material helps advance research

• Sharing of subscription and licensed content should be simple for academic researchers, consistent with access and usage rights associated with articles

• Principles not meant to address sharing by and between commercial organizations

• Publishers have a core commitment to facilitate the dissemination and discovery of their authors’ scholarly articles.

• Sharing should be allowed within research collaboration groups, namely groups of scholars or researchers invited to participate in specific research collaborations
ACS Has Participated in Education and Outreach About Content Sharing in Concert with Other STM Publishers

http://www.howcanishareit.com/
ResearchGate (RG)

• Founded in 2008, RG is a for-profit networking site for researchers that allows users to search for and upload full-text publications under their profile.

• Bills itself as the social network that gives scientists new tools to connect, collaborate, and keep up with the research that matters most to them.

• Well financed: As stated on its website, the company has completed four rounds of financing, and investors include Benchmark Capital, FoundersFund, Bill Gates, Tenaya Capital, Goldman Sachs, Wellcome Trust and Four Rivers Group.

• Claims to have over 14 million members and over 100 million publications.
ResearchGate

• The content that is available on RG comprises articles in various versions (author’s copies; published journal articles, supplementary resources, working results, patent claims, etc.)

• As of mid-2017, more than 100,000 ACS copyrighted articles on ResearchGate website

• RG has received fawning press coverage
Coalition for Responsible Sharing

• “Following unsuccessful attempts to jointly find ways for scholarly collaboration network ResearchGate to run its service in a copyright-compliant way, information analytics businesses, scholarly and scientific publishers and societies are now left with no other choice but to take formal steps to remedy the illicit dissemination of millions of published articles on the ResearchGate site.” http://www.responsiblesharing.org/

• Currently consists of 11 not-for-profit and for-profit publishers
Litigation

• The American Chemical Society and Elsevier filed suit against RG on October 5 in Munich, Germany, alleging multiple copyright violations
• ResearchGate is located in Germany and at least some of the IP violations are occurring in Germany
• Litigation is cheaper and likely faster - no pre-trial discovery
• Trial is mostly on paper – only a few hearings
Litigation

• Response has largely been positive, *e.g.*,:

• “ResearchGate: Publishers Take Formal Steps to Force Copyright Compliance.”

• https://scholarlykitchen.sspnet.org/2017/10/06/researchgate-publishers-take-formal-steps-force-copyright-compliance/?informz=1

• Hearing has been set for mid-April
Take Down Strategy

• In parallel with the litigation, ACS, Elsevier and other Coalition for Responsible Sharing publishers stated their intention to initiate a series of formal Take Down Notices (TDNs)

• Under German law, TDNs require ResearchGate to remove infringing content from its website.

• Shortly before the TDNs were to issue, RG voluntarily removed some 1.7 million infringing Coalition articles from public view.

• Nevertheless, the Coalition publishers have sent 9 waves of TDNs requiring RG to take down over 7,500 infringing articles.

• Public response has been very, very muted.
A Self-Described Pirate: Sci-Hub

- Free document sharing site based in Russia and/or Kazakhstan whose objective is “access to scientific literature to people regardless of income level”
- Claims to have over 40 million documents available
- How it works:
  - End users request a document from Sci-Hub. Sci-Hub retrieves the document through an institutional account it has infiltrated, delivers a copy to the requestor and deposits a second copy into its own rogue database, Library Genesis (libgen) for future reuse
Sci-Hub

• Sci-Hub also crawls the open web, and engages in transactions over the “dark web” to garner content, and then stores it for subsequent dissemination

• Open content sharing sites such as ResearchGate.com and Academia.edu can thus be targeted by Sci-Hub as “aggregated sources” of valuable copyrighted content

• Recent actions by SciHub include “spoofing” of ACS Publications website (and other publishers’ sites)

• Misled users to think that they were at an official ACS location

• Presentation of illegitimate “log in” capability risks ACS members and other users falling prey to “pfishing” for personal credentials
Sci-Hub

- Elsevier previously obtained injunction in NY to shut down Sci-Hub site; activity has migrated outside US to mirror sites elsewhere


- November 3, 2017: Judge Leonie Brinkema issued a default judgment and injunction finding that the Sci-Hub site violates the Society’s copyrights and trademarks
  - Not a solution to the overall Sci-Hub problem, but a start – efforts to enforce the judgment are underway
Resource Access for the 21st Century
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