Legal Research Costs May Plummet After Ruling

West Loses on Copyright Claim

BY THOMAS SCHEFFEY

A federal judge ruled last week that the West Publishing Co. cannot use the copyright laws to stop a rival from copying cases directly from its law books. If upheld, the decision could dramatically cut legal research costs and affect law practice long into the future, according to 10 legal publishing experts and West competitors.

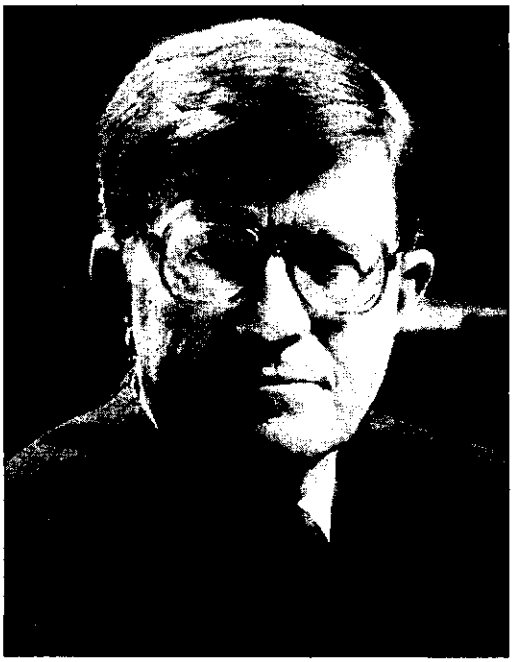
On May 19, U.S. District Judge John Martin Jr. of the Southern District of New York found that West could not claim either a "compilation copyright" or a "derivative copyright" to prevent a competitor from copying cases in its Supreme Court Reports and Federal Reporter series.

Granting summary judgment to HyperLaw Inc., a New York-based CD-ROM publisher, Martin ruled that West did not contribute a copyrightable amount of originality to federal judges' uncopyrighted opinions when it added lawyers' and judges' names, corrections, parallel citations, and case histories, such as "rehearing denied."

Since West has no copyright interest in "those elements of the reported opinions which HyperLaw is copying and intends to copy," Martin held, "HyperLaw is entitled to a judgment that its copying of the opinions from the West reports does not violate West's copyrights."

Michael Harris, the Stamford, Conn.-based general counsel for West's parent company, says, "I think the decision is wrong. We think the decision will be reversed on appeal."

In the meantime, says Harris, any publishers copying cases from West's books "do so at their own risk" of infringing West's claimed copyright interests. "It would be unwise," says Harris. "The decision is not final until all appeals are decided."



'As children we all had drilled into our heads the maxim, "Thou shall not copy." '

Judge John Martin Jr.
Southern District of New York

But HyperLaw's victorious lawyers are equally confident that they will be affirmed by the U.S. Court of Appeals for the 2nd Circuit. In the long run, says a HyperLaw attorney, the only losers will be large legal publishers, whom he believes are overcharging lawyers for case law materials.

"Prices for legal research are going to go down, way down, and that's a pass-through to lawyers and to their clients," predicts Carl Hartmann III, a New York-based solo practitioner, who with Paul Ruskin, a Douglaston, N.Y., solo practitioner, handled the nonjury trial for HyperLaw against West.

RELEASING THE STRANGLEHOLD

"This releases West's stranglehold on primary law materials," says HyperLaw President Alan Sugarman, "and will allow publishers on CD-ROM or the Web to connect cases and statutes in whatever way proves most useful to lawyers and the public. It's these links, these hyperlinks, that make the Internet powerful, and now we can make them within the law without West's permission."

HyperLaw Inc. v. West Publishing Co. began as a 1994 challenge by New York law publisher Matthew Bender & Co. Bender was seeking copyright permission to cross-reference West's book and page numbers in a planned CD-ROM product, Authority, which combines and links New York case law and statutes. HyperLaw intervened in the case.

Late last year, Martin ruled from the bench that West can't claim a copyright to its book and page number system, the industry standard. That ruling is now before the U.S. Court of Appeals for the 2nd Circuit. On its own, HyperLaw moved for summary judgment on the question of whether it could copy federal judges' opinions from West's books.

HyperLaw didn't ask to copy either the headnotes West writes or its inventive key numbering system. Instead, it sought to copy the text of opinions for its CD-ROM products, which, like Bender's Authority, would, at the touch of a computer's mouse, let readers hyperlink or click to the text of cases cited within an opinion.

Most start-up electronic law publishers say they face HyperLaw's case-supply problem. Starting in 1990, most federal appellate courts have been publishing their opinions in electronic form. But pre-1990 cases can be difficult or impossible to obtain from courts in any form, HyperLaw and other West competitors contend.

For the past four years, the Eagan, Minn.-based company waged a losing battle in Martin's court against HyperLaw's bid to copy case text. It argued that HyperLaw had no real product and that there was no live case or controversy to litigate.

Meanwhile, in 1996, West sold itself to and merged with Toronto-based Thomson, for $3.4 billion. Thomson, a multinational diversified conglomerate that acquired Lawyers Cooperative, Bancroft-Whitney, Callaghan & Co., and 20 smaller law book properties in the 1980s before it bought West, now markets its U.S. law products under the name of West Publishing Group.

Adding to the controversial intermarriage of America's largest legal publishers, vital copyright issues—the fundamental value of West's dowry in this hitching—remain tantalizingly unresolved. There are currently two conflicting District Court opinions on West's pagination copyright pending before the 2nd and 8th Circuits, and last week's text case is surely headed for 2nd Circuit review, West lawyers vow.

PIRATE OR DO-GOODER?

In the two-day trial before Martin last January, Thomson's newly appointed New York trial lawyer, James Rittinger of Satterlee, Stephens, Burke & Burke, confessed to the judge that he couldn't tell whether HyperLaw's Sugarman was acting as a pirate or a man on a "do-gooder" mission. Martin said he didn't care.

The case Rittinger made focused on

Corrections

In the May 19, 1997, issue, a "Superior Court Watch" item ("Kennedy's Mandamus," Page 6) by Reporter Sam Skolnik misidentified the judge who wrote the opinion in *Alan Banov v. The Honorable Henry H. Kennedy Jr.* Judge Vanessa Ruiz wrote the opinion.

Also in the May 19 issue, mistakes by Chief Copy Editor Joel Chineson led to two inaccuracies in "The Enigmatic Earl Warren" ("After Hours," Page 86). First, the Norwegian city of Stavanger was misspelled and, second, although Earl Warren considered himself a Republican, he always ran for elected office as an independent, never part of any ticket. ■

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It's David Over Goliath in Copyright Case

WEST FROM PAGE 2

tion" more than 60 times, and Bergsgaard emphasized the amount of thought that West's lawyer-editors exert when making each editorial change or addition.

But at trial, and again in last week's opinion, Martin was not persuaded. He deemed West's compilation theory a legal loser, and told Rittinger as much in court: "I tell you right now you are going to lose that issue."

The compilation copyright protects the overall design of West's established reporter system—the whole architecture of the structure. But Martin's 13-page opinion quickly dispensed with the notion that HyperLaw sought to copy that architecture.

"West's compilation copyright protects its arrangement of cases, its indices, its headnotes and its selection of cases for publication," Martin wrote, "but these are not what HyperLaw is copying." And whether it copies "one, two or a thousand" decisions, Martin concluded, HyperLaw is not copying West's compilation.

What HyperLaw was after is the individual opinions' text—the unadorned bricks within the architecture.

Martin set out the conflict of values neatly: "Since as children we all had drilled into our heads the maxim 'thou shall not copy,' it seems fundamentally unfair to allow HyperLaw to take advantage of the substantial time and expense West has invested in its reporters by engaging in wide-ranging copying of the opinions published by West."

But West's opinions are themselves copies, written "not by West, but by federal judges and it seems unfair to say that West can preclude anyone from copying what is basically a government document," Martin wrote.

THOMAS SCHEFFEY

Alan Sugarman, president of HyperLaw, a CD-ROM publisher, has tirelessly pushed his case against West.

Having rejected a "compilation copyright," Martin turned to the theory of "derivative copyright," and considered whether each individual case is so changed by West that it warrants such a copyright—like a movie screenplay based on a book. This was a high legal hurdle for West.

Derivative copyright, as defined in §101 of the Copyright Act, applies to a "work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship," the judge wrote. He cited the 1995 2nd Circuit case of *Woods v. Bourne Co.*, which states, "In order for a work to qualify as a derivative work it must be independently copyrightable."

Martin considered the effect of West's additions—corrections, parallel citations, new titles and case histories—on the overall case and found them "trivial" and "minor," inadequately transforming to be considered original authorship.

Rittinger says, "I think the standard for a compilation or a derivative work are the same—a modicum of creativity—and we think we've got good grounds for appeal."

Sugarman contended as long ago as 1990 that West's claim of copyright in its enhancement of opinions is illusory: "The secret," says Sugarman, "is there is no secret."

Last week, Judge Martin came to a similar conclusion.

This case of first impression could add momentum to the growing scan-and-republish industry led by Van Buren, Ark.-based Law Office Information Systems Inc., or LOIS, says its founder, Kyle Parker.

Kyle Parker, a leader in the growing scan-and-republish industry, could benefit dramatically from the ruling.

While HyperLaw's Sugarman, a University of Chicago law school graduate, has litigated, lobbied, and written publicly with a near-religious zeal, Parker has quietly managed to stay out of the legal fray.

Yet in one sense, Parker stands to benefit more than Sugarman if HyperLaw's victory holds. Parker says he has been recopying judicial opinions from West's books—stripped of headnotes and key numbering—for years. LOIS now covers 18 states.

In an interview last week, Parker recalled the day when two West executives visited his operation.

"Both Gerald Tostrid from West [and another West executive] came to LOIS at the time we were doing this. This was long before the purchase [of West by Thomson]—1991, 1992 or 1993. And here we were with the back of the books cut out, sitting in our scanning room.

"We're scanning 15,000 pages a day, pumping them through this facility at this time, and Gerald said, 'What are you doing?' and I said, 'We're scanning Florida.' And I said, 'Don't worry, Gerald, we'll make sure that all of your copyrighted material is pulled out of the cases.'

"And he said, 'Well, we'll look at it,' and I said, 'Just like you have every other case, at every other thing we've ever released,' and he laughed and said, 'Well, of course that's true.' And that was it. Never heard a word."

Now, Parker can breathe easy, or at least easier.

Parker says he's writing to the U.S. Department of Justice to complain that West is dropping its CD-ROM prices from $2,000 to $700 whenever he moves into a new state. (Jennifer Moire, a West spokeswoman, declines to comment on Parker's claim, but says that "prices are driven by the market. Customer support, technology, and product enhancement play a large role.")

LOIS, which is offered through Counsel Connect, an online service affiliated with *Legal Times*, sells CD-ROMs and a Web-based Internet law library for $8 per 24-hour visit. Federal cases have cites to the West volume and first page, and paragraph numbering thereafter; state case law is cited with official book and page numbers, he says.

LEGAL RESEARCH COSTS FALLING

bership; only a credit card is needed. It is available at www.westdoc.com.

Hartmann, the HyperLaw lawyer, predicts the price of basic statutory and case law will eventually fall into line with databases for other professions, such as medicine's Grateful Med or the federal government's EDGAR. The impact of last week's *HyperLaw v. West* decision, he says, will be that lawyers will be able to buy a single product that has both the reported federal decisions found in books and the unreported decisions found in online services, such as WestLaw and Lexis.

"Up until now, online research has been a $250-an-hour tollbooth on the information highway, and it's amazing that the legal profession is one of the slowest to protest the injustice," says Hartmann.

But Hartmann and other West competitors see a number of promising trends in law publishing. Due to the infant electronic legal publishing industry, prices for a state's collected law on CD-ROM are in free fall, from a high of $4,000 to as little as $600.

And federal practice libraries, which exceed $30,000 as new books, are becoming accessible electronically for $2,000 per year. That means that more small firms and solos will be able to afford the case law for a federal practice.

Finally, small firms and solos—like Hartmann himself—may see a more level research playing field when competing with large firms.

The HyperLaw success last week, he adds, is Exhibit A for his view that broad access to legal research materials, which HyperLaw had through its own products, helps small-firm lawyers take on big city Goliaths.

In the course of their litigation with West and Thomson, HyperLaw solos Hartmann and Ruskin, and Washington, D.C.-based Lorence Kessler, were up against West's seasoned and nationally prominent copyright litigator James Schatz of Minneapolis, a team from high-powered Weil, Gotshal & Manges in New York, and a pair from Satterlee, Stephens, Burke & Burke.

" 'Leveling the playing field,' " says Hartmann, "doesn't begin to convey the fundamental change in the profession. There are very few big ticket items in law. You start knocking out the high cost of legal research, and it's going to fundamentally change the way people can practice."