

PUBLISHING LAW 2nd Edition

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Second edition

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Christopher Benson



London and New York

First published 1996
Second edition first published 2002
by Routledge
11 New Fetter Lane, London EC4P 4EE

Simultaneously published in the USA and Canada
by Routledge
29 West 35th Street, New York, NY 10001

Routledge is an imprint of the Taylor & Francis Group

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Typeset in Goudy by
HWA Text and Data Management, Tunbridge Wells
Printed and bound in Great Britain by
St Edmundsbury Press, Bury St Edmunds, Suffolk

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British Library Cataloguing in Publication Data
A catalogue record for this book is available from the British Library

Library of Congress Cataloging in Publication Data
A catalog record for this publication has been applied for

ISBN 0-415-26153-8 (hbk)
ISBN 0-415-26154-6 (pbk)

Publishing Law

Publishing Law is a comprehensive guide to the law as it affects the publishing process. Written by the Copyright Counsel of the Publishers Association and a practising solicitor with many years experience of the publishing trade, this work will serve as a comprehensive handbook for all those who need a practical understanding of where and how the law may apply, including publishers, authors and agents.

Hugh Jones and Christopher Benson address a range of key legal issues in the publishing process, including:

- copyright, moral rights, commissioning and contracts, editing and production
- defamation, libel and other legal risks such as negligent mis-statement, obscenity and official secrets
- infringement and defences such as fair dealing; trade marks and passing off
- consumer law, data protection, advertising and promotion, distribution and export

This fully updated second edition features

- to-the-minute coverage of electronic rights and e-commerce issues
- up-to-date coverage of changes in UK and EU legislation
- advice on integration of EU directives

Legal points are explained with reference to important statutes, cases and relevant trade practices, and a revised glossary and list of useful addresses are also provided.

Hugh Jones is Copyright Counsel to The Publishers Association, and to the International Association of Scientific, Technical and Medical Publishers (STM). He also advises the Publishers Licensing Society on copyright issues. A qualified solicitor, he worked in publishing for fifteen years, for law publishers Sweet and Maxwell and reference publishers Macmillan Press, before practising for eight years as a publishing and copyright lawyer at city law firm Taylor Joynson Garrett. He writes and lectures regularly, and has just been elected Treasurer of the British Copyright Council.

Christopher Benson is a solicitor at City law firm Taylor Joynson Garrett. He has been practising for over ten years as an intellectual property lawyer. He has considerable experience in the fields of publishing and copyright and also advises on all aspects of intellectual property law, both contentious and non-contentious, including copyright protection, trade mark protection and passing off, brand management, licensing, merchandising, sponsorship, franchising and advertising. He is a regular writer and lecturer on intellectual property matters.

Preface to the second edition

It seems a very long time ago – seven years in fact – since the idea of this book was first discussed at Frankfurt, and it is five years since the first edition was published. A great deal has changed in the publishing world since then – the internet, e-bookselling and e-publishing, on the one hand, and the equally rapid rise of e-piracy, cybersquatting, and infringing websites on the other. Some commentators get gloomy about this. Territorial rights are frequently under attack and copyright is often denounced as a hopelessly outmoded dinosaur, standing in the way of culture and the free dissemination of knowledge. Yet copyright is still at the core of publishing, and, with the WIPO Copyright Treaty and the new EU Copyright Directive, is adapting strongly to a digital world. Libel is still very much here, although there are new rules on liability of internet service providers, and so are obscenity, incitement to racial hatred, and contempt of court. Publishers and authors may still be negligent, or in breach of contract, or fall foul of the Trade Descriptions Act, or infringe other people's trade marks or (now) their Human Rights. So, despite seven years of impressive technological change, we still think people in publishing need a user-friendly guide to the law, written in language they can understand (which was the original aim, and still is).

For this second edition, the author has changed from a solo act (Hugh) to a team effort (Hugh and Chris, and a number of contributors), which – given the speed and complexity of legal developments nowadays – seems advisable, especially since Hugh now concentrates almost entirely on copyright, and spends half his life in departure lounges, or on the train to Brussels. We hope the end result is a positive combination of trade knowledge and up-to-date legal skills – but only the reader can judge, of course.

We could not have got this far without the help of our friends and colleagues. We would particularly like to thank Paul Mitchell, one of Taylor Joynson Garrett's most distinguished partners, for commenting in detail on chapters 2 and 3 and Charlie Pring of Taylor Joynson Garrett, for sterling service in helping update a number of chapters. We must also thank Niri Shan, Tom Carl and Tim Pinto for their expert comments on chapter 7, Nick Cody for reviewing chapters 10 and 11, and Peter Willis for his invaluable help with chapter 12. The Registrar of Public Lending Right, Jim Parker, once again kindly supplied new statistics of the PLR scheme in chapter 3.

Kate Pool of the Society of Authors nobly stepped into the breach tragically created by Roger Palmer's untimely death and shared her unrivalled expertise in publishing contracts in chapter 4. Lynette Owen of Pearson made many helpful comments on chapter 5, as did James Shirras of Film Finances Ltd, Brian Green of Book Industry Communications, and Richard Hayes of Imago. Finally, the task of updating the section on US copyright law in chapter 8 was greatly eased by detailed and helpful comments from Kathleen Bursley, of Harcourt General, and Mark Seeley of Elsevier.

Any errors or inaccuracies which remain are, of course, entirely our own work. As with the first edition, it would be helpful to know of any inaccuracies which slipped through the net, or even of any points which are unclear or potentially misleading – one of the main aims of this book is still to make this branch of law understandable by those it affects.

Once again, readers should be aware how rapidly the law changes – particularly in this field. We have tried to take full account of the EU Copyright Directive, for example, but at the time of writing the details of UK implementation were not yet known and a number of assumptions had to be made. We hope that here, and in other areas, we have foreseen at least the major likely developments, but it cannot be stressed too strongly that the law is stated as accurately as possible at the date given below, when the proofs were returned. After that, it may well be wise to check with an up-to-date publishing lawyer.

Hugh Jones
Christopher Benson
London, January 2002

To Paul

A much better publishing lawyer

With gratitude from us both

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Part I

Ideas and original works

Authors and ideas

ORIGINAL IDEAS

All published works start with an original idea, and all ideas have an author. *The Oxford English Dictionary* equates author with 'originator': in the classic publishing hierarchy, the inspiration of authors is the beginning, the process starts here. However, the person who goes on to write the final published work – the 'author' of the work, in both the colloquial and the legal sense – is not necessarily the same person as the person who had the original idea. Once it is put into concrete form, the final work can be protected by the law of copyright – as we shall see in chapter 2 – and in a number of other important ways, but is there any separate legal protection for the idea itself?

A good publishing idea, such as an idea for a children's story, may have immense commercial value – it may generate not only profitable individual works but also entire series of profit-making publications as well as substantial other revenue, for example, from merchandising or film, TV or electronic exploitation. Even if the final finished works were written by others, none of what follows would have happened without the original idea. Despite this, it is not at all easy to protect original ideas as such; as a general rule, there is no copyright in an idea, and the less developed it is, the harder it will be to protect in any other way. However, more developed ideas, concepts, plots, scenarios or even characters might be capable of protection, particularly if the circumstances in which they were disclosed were clearly confidential.

CONFIDENTIAL INFORMATION

There is a general rule of equity in English law that a person who receives information in confidence has a duty to keep that confidence and not disclose the information to others. Lord Denning put it well (as usual) in a 1969 case when he said:

No person is permitted to divulge to the world information which he has received in confidence, unless he has just cause or excuse for doing so. Even if he comes by it innocently ... once he gets to know that it was originally given in confidence, he can be restrained from breaking that confidence.

How do you know, though, when information has been ‘received in confidence’? Are publishers under a duty not to disclose or use information merely because it arrives on their desk in an envelope marked ‘Confidential’? What if it is a completely unsolicited proposal – a fairly common publishing event – from someone they have never met? Well (as lawyers often say) that depends. It depends (in that particular case) on whether a *relationship* of confidence exists – or is created – between the person giving and the person receiving the information, so that its confidentiality would be understood and accepted on both sides. You do not make information confidential simply by stamping ‘Confidential’ on it. It must be accepted as such by both parties. In the above scenario, it will only be confidential if:

- *there is a relationship of confidence*, as for example between husband and wife, or doctor and patient (or such a relationship can be implied); or
- *there is a contractual duty of confidentiality*, such as those included in many employment contracts or consultancy agreements.

In the familiar circumstances of the unsolicited publishing proposal, neither of those two criteria are likely to apply (although they might). An author in such circumstances, with the good fortune to have had a new idea with commercial potential, might therefore consider entering into a short-term confidentiality agreement with the publisher concerned, if he or she wishes to protect the idea. However, this is only likely to provide short-term protection. Try as publishers might, it is very difficult to put a good idea out of their minds once it has been revealed to them, even if for some reason the author who brought it to them has to be turned down. Good ideas have a habit of re-appearing later in different forms and rejected authors might easily (and do) suspect that their ideas have simply been stolen. Given the economic realities of publishing, there is probably not a lot that can be done about this, and author–publisher confidentiality agreements are still comparatively rare.

OBLIGATIONS OF CONFIDENCE

What kinds of people might be under duties or obligations of confidence? Let us examine each category in turn:

CONFIDENTIAL RELATIONSHIPS

Clearly there are some close relationships, such as that between husband and wife, which the law will automatically regard as relationships of trust: the Duchess of Argyll found in a celebrated case in 1967 that information communicated confidentially to her by the Duke while they were married could not be published in later divorce proceedings. This duty of trust would probably extend to confidences disclosed in any sexual relationship, homosexual as well as heterosexual (unless ‘grossly immoral’), and it has similarly been held to apply to secrets disclosed in other close, personal, professional or business relationships of trust. Examples of such relationships include confessions made to a priest, information disclosed to doctors (although the courts

have decided that there is no breach of confidentiality where doctors reveal patients' prescription details without revealing their identity), solicitors or bankers, and secrets shared between partners of a firm or directors or shareholders of a company. It may well extend to ideas and other information disclosed by an author to his or her literary agent, but would not necessarily cover disclosures made to a publisher unless the author–publisher relationship was a fairly close or long-standing one. It would be unlikely to protect an unsolicited idea offered to a publisher by an author never previously dealt with: some other basis for protecting confidentiality would need to be found, such as a contractual agreement (see below).

Implied confidentiality

A duty of confidentiality may be implied from particular circumstances, even though the relationship itself would not ordinarily be regarded as a confidential one. The question most often asked is: would a reasonable person, standing in the shoes of the recipient of the information, realise on reasonable grounds that the information was being given to him or her in confidence? In the leading case of *Prince Albert v. Strange* in 1849, the Prince Consort was granted an injunction preventing the publication of drawings and etchings by himself and Queen Victoria by an employee of their chosen printer: the employee concerned had been entrusted with the plates and other materials for a limited printing only, and clearly knew this – any further disclosure would have been a breach of trust. This would apply to any similar information improperly obtained, such as private letters. In a more recent Australian case adopting English law principles, the same implied duty of trust and confidentiality was held to apply to aboriginal tribal secrets disclosed to an anthropologist in the course of his research. The tribal elders showed him sacred sites, paintings and other objects, and shared secrets known only to male members of the tribe, and obtained an injunction limiting his right to publish them later in a book. The outcome might have been different if it had been clear to them from the outset that he was researching the information for publication in a book, but then he might not have been given the information.

CONTRACTUAL AGREEMENTS

Duties of confidence may be entered into contractually; for example, as part of a consultancy agreement, or covering disclosures of trade secrets made prior to a possible joint venture. Clearly, those seeking commercial backing for an exciting new idea will need to disclose at least some details of the idea in order to interest their potential partners, but they will only want to do so in circumstances of agreed confidentiality. A specific contractual undertaking is therefore usually recommended – and is fairly common – in these circumstances.

The most common contractual obligations of confidentiality, however, arise out of contracts of employment. The relationship of employer and employee (lawyers used to call it master and servant) has always been regarded as a relationship of trust, particularly where the employee is relatively senior and has regular access to the

employer's trade secrets. The general rule is that employees may not disclose confidential information acquired during the course of their employment, or use it for the benefit of others, either while they are employed or (usually more importantly) after they have left. The test most usually adopted is: would people of ordinary honesty and intelligence recognise the information as the property of their employers and not their own to do with as they like?

The kind of confidential publishing information covered would include lists of customers, contacts or suppliers, advance price lists, pricing structures or mark-ups, contract terms, royalties or other financial information, and (of course) future publishing plans. This would include documents as well as more general information, but they need not be taken away in physical form – an employee who memorised a list of customers for use in a future job might still be prevented from disclosing that information later. All kinds of publishing employees may be covered, including editorial, marketing, production and finance staff, particularly those at senior levels. To reinforce the general rule, confidentiality clauses are often specifically written into their employment contracts. Such a confidentiality clause was successfully used by Tony Blair and his wife Cherie Booth QC in 2000 in obtaining an injunction preventing the publication by the *Mail on Sunday* of extracts written about the Blair family life by their former nanny, Rosalind Mark.

For many employers, the greatest risk of disclosure of trade secrets comes when senior employees – such as marketing or other directors – leave to go to other jobs, or to set up on their own. For this reason, employment contracts for such staff often include restrictive covenants preventing the use of the firm's confidential information in the future, or for a limited number of years. Such covenants restricting future behaviour need to be very carefully drafted, however – the wider and more restrictive their terms, the more likely it is that a court might find them to be void as being in restraint of trade (see later, chapter 12). In the first place, the terms of such clauses will be strictly and narrowly construed, against the person seeking to enforce them: so that, for example, an agreement not to 'disclose' company information will be just that, and may not prevent the employee from 'using' the information. Secondly, the information protected must truly amount to a trade secret of the firm's: no employee can be prevented from using his or her general 'know-how' (often called 'life skills') in future jobs, even though that expertise will inevitably have been picked up in earlier employments. This is only reasonable: otherwise, as one judge put it, 'no servant could ever advance himself'.

KINDS OF CONFIDENTIAL INFORMATION

PLOTS OR SCENARIOS

According to one school of thought, there are only a very few truly original plots – most 'new' works of fiction, or plays, are simply adaptations or re-workings of familiar themes. This probably fails to do justice to many fine authors and playwrights, but remarkably similar plots and scenarios do often re-appear, and there is often a very

strong smell of plagiarism. However, similar plots can often be created quite independently and innocently, as some leading authors have found: when the plot of one novel seems to copy the plot of an earlier novel it often becomes clear after initial argument that the earlier idea has not been copied after all, and that both plots in fact are remarkably similar to something even older.

In other cases, however, a plot or scenario may be protected if it was only revealed in confidential circumstances. W.S. Gilbert obtained an injunction in 1894 to prevent unauthorised publication of the plot of his new play *His Excellency*, which was then in rehearsal but had not yet opened, on the grounds that the people seeking to publish it knew it had been obtained in breach of confidence. Publishers would similarly be prevented from re-using the key elements of a scenario – plot, characters, dramatic ideas – which had been submitted to them, but rejected, if it could be established that they had been submitted in confidence and accepted as such at the time. There may also be an action for breach of copyright in the case of more developed material – we will look at this in chapter 2, and in more detail in chapter 8.

DEVELOPED CONCEPTS

What if an idea is less than a completed plot or scenario, but is developed to the point where it is more than a mere idea? Hughie Green, in a famous case, failed to protect the general ideas and format behind his game show *Opportunity Knocks* because so little of his own format had actually been put into fixed or developed form, or even written down: there were, for example, no scripts as such. However, in the more recent case of *Fraser v. Thames TV* (1983) a much more developed concept – about a female pop group – was successfully protected by an action for breach of confidence, on the basis that several important criteria had been met: the concept was clearly identifiable and potentially realisable, original (and was not, for example, public knowledge) and, importantly, was disclosed in confidential circumstances.

Contrast that case with the more recent *De Maudsley v. Palumbo* (1995), in which an idea for the popular Ministry of Sound nightclub conveyed at a dinner party was not protected by a duty of confidentiality because:

- the idea was not novel enough;
- the idea was not capable of being realised as a finished product (although it would not have to be in writing); and
- no obligation of confidence can be inferred in a social setting when the possibility of confidentiality was not even mentioned.

UNPUBLISHED MANUSCRIPTS

Once original ideas are put into concrete written – or retrievable – form, they will normally attract copyright protection as copyright works: we will deal with this important form of protection more fully in chapter 2. This will apply even to incomplete first drafts, provided that they display the necessary elements of originality for