

No. _____

**In The
Supreme Court of the United States**

—◆—

PETER BROWNSTEIN,

Petitioner,

v.

TINA LINDSAY AND ETHNIC TECHNOLOGIES, LLC,

Respondents.

—◆—

**On Petition For Writ Of Certiorari
To The Third Circuit Court Of Appeals**

—◆—

PETITION FOR A WRIT OF CERTIORARI

—◆—

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QUESTIONS PRESENTED

Petitioner plaintiff Peter Brownstein is the co-author of the LCID, a “joint work” first fixed in 1994 and licensed for a 20-year term to defendant-respondent defendant Ethnic Technologies (“ET”), and used to create a further derivative work known as the E-Tech. The LCID analyzed bulk name and address lists and drew conclusions about individuals’ ethnicity, language and religion, a process referred to as encoding. Brownstein wrote the original mainframe computer programs to automate the encoding process, which yielded the first commercially viable product

The principal issue raised here is the transformative nature of a joint work under the Copyright Act, creating a single unified whole from its parts; as opposed to the creation of derivative works that add to an existing work, but which are not integrated into a single work. A joint work under the Copyright Act creates a single, indivisible work. Brownstein sued to enforce his rights in the joint work and an accounting for his share of the license revenue generated since 2010. The questions presented are:

1. Once a joint work is fixed, are the rights of the co-authors as the statutory co-owners of the copyrights in that work severable such that a co-author is required to prove actual use by a licensee of the co-author’s personal contribution? In other words, can the rights of co-authors during the life of the copyright be severed by the subsequent use made by the licensee? Or, as Brownstein contends, does the statute work give

QUESTIONS PRESENTED – Continued

birth to a new, indivisible work, jointly owned by the co-authors?

2. Does the fact that a joint work is also a derivative work vitiate the statutory grant of co-ownership of copyrights?

3. Must a valid written assignment of copyright contain words of conveyance that clearly indicate an intention to transfer one or more of the exclusive copyrights?

PARTIES TO THE PROCEEDING

Petitioner is Peter Brownstein, an individual and citizen of New Jersey.

Respondents are Tina Lindsay, an individual and citizen of New Jersey, and Ethnic Technologies, LLC, a New Jersey limited liability company and a citizen of New Jersey.

RELATED CASES

Brownstein v. Lindsay, U.S. District Court for the District of New Jersey, Civ. Action No. 10-cv-1581, judgment entered February 24, 2012 and November 30, 2012. (reversed and remanded)

Brownstein v. Lindsay, Third Circuit Court of Appeals, Nos. 12-2506 and 12-4471, judgment entered January 29, 2014.

Brownstein v. Lindsay, U.S. District Court for the District of New Jersey, Civ. Action No. 10-cv-1581, judgment entered November 28, 2018.

Brownstein v. Lindsay, Third Circuit Court of Appeals, No. 18-3711, judgment entered May 18, 2020; rehearing denied June 18, 2020.

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DECISIONS BELOW

A directed verdict in favor of defendants Tina Lindsay and Ethnic Technologies (“ET”) was granted by the District Court in March 2012 at a trial on liability that was the subject a successful appeal to the Third Circuit Court of Appeals in *Brownstein v. Lindsay*, 742 F.3d 55 (3d Cir. 2014) (“*Brownstein I*”). The ruling is reprinted in the Appendix at 35.

On remand, the District Court directed the filing of an amended pleading and then converted a motion to dismiss into a motion for summary judgment, which was granted in favor of defendants. The District Court ruling is reprinted in the Appendix at 10. The ruling of the Third Circuit Court of Appeals that affirmed the District Court’s grant of summary judgment on May 18, 2020 is reprinted in the Appendix at 1 (“*Brownstein II*”). The ruling denying Brownstein’s petition for rehearing is reprinted in the Appendix at 82.



STATEMENT OF JURISDICTION

On May 18, 2020, the Third Circuit issued its opinion affirming the District Court’s grant of summary judgment in favor of defendants, and on June 20, 2020, the Third Circuit denied rehearing en banc. The lower courts had federal subject matter jurisdiction under 28 U.S.C. § 1331 and § 1338. This Court has jurisdiction under 28 U.S.C. § 1254(1).



PERTINENT CONSTITUTIONAL AND STATUTORY PROVISIONS

Pertinent constitutional and statutory provisions appear in the Appendix at 84.

STATEMENT OF THE CASE

Plaintiff Peter Brownstein is a co-author of a joint work first known as the LCID, registered with the U.S. Copyright Office as a joint work of Brownstein and Lindsay.¹ See *Brownstein I* App. at 53-53 (holding that Brownstein and Lindsay are co-authors of the LCID as it was originally fixed; defendants did not seek review of that holding). Brownstein is also the owner of copyrights in a series of mainframe computer programs automating the ethnic encoding for which the LCID was developed.²

Brownstein sued in 2010 seeking a declaration that he was co-author of the LCID and to compel an accounting of the revenue generated by a 1997 license to defendant ET. He was at the time involved in corporate governance litigation in state court with defendants Lindsay and ET. Defendants' principal defense to

¹ LCID, No. TX 8-545-834, Nov. 10, 2017.

² Ethnic Encoding System Module – TAP 05, Ethnic Encoding System Module – TAP 07, Ethnic Encoding System Module – TAP 08, Ethnic Encoding System Module – TAP 10, Ethnic Encoding System Module – TAP 15, Ethnic Encoding System Job Control Language, TX 029-483, Dec. 23, 2009; Ethnic Encoding System Module – TAP 09; Ethnic Encoding System Module – TAP 22, TX-029-492, Dec. 23, 2009.

the lawsuit was that the joint authorship claim was time-barred. At a liability-only trial in February 2012, a directed verdict was entered against Brownstein. In January 2014, the Third Circuit reversed, holding that the statute of limitations on the claim did not accrue unless and until there was an express repudiation of Brownstein's co-authorship and remanded the case to the District Court for a trial of Defendants' statute of limitations defense. *Brownstein I*, App. at 64-69.

In reaching the statute of limitations issue, the Third Circuit held that Brownstein was a co-author of the LCID when it was fixed. Defendants' counsel conceded to the appeals court, as Lindsay had conceded during trial, that Brownstein was co-author of the LCID at the time of its creation. The Third Circuit also held that Brownstein's work in fixing the LCID was not a work for hire. *Id.*, App. at 51-54. Defendants contended during oral argument, however, that Brownstein had no rights in the "derivative" works created from the LCID after July 1997 when he and Lindsay had resigned from their prior employment at List Services Direct, Inc. ("LSDI") *Id.*

On remand, Lindsay and ET defendants pivoted away from the statutes of limitations defense that dominated the first trial and toward the issue of whether Brownstein's status as co-author was eliminated by the terms of the settlement of work-for-hire litigation between LSDI (the prior employer of Brownstein and Lindsay) and its principal owners and a group of defendants affiliated with ET, including Brownstein and Lindsay; TAP Systems, Inc. (the

corporation Brownstein and Lindsay formed to exploit the LCID) (“TAP”); ET itself; Consumers Market Research, Inc. (ET’s joint venture partner in developing the E-Tech) (“CMR”); and Ginger Nelson (CMR’s principal owner). The District Court held that in order to recover Brownstein must prove that ET as licensee of the LCID had continued to make actual use of his individual contribution to the original joint work as part of the derivative E-Tech product being sold by ET. Applying this standard, the District Court ruled Brownstein bore the burden of proof to establish the use by ET of computer code that Brownstein himself had authored *after* the September 22, 2018 settlement agreement with LSDT. App. at 27-31.

The District Court thus rejected Brownstein’s principal argument: that under the unambiguous language of the Copyright Act, if any aspect of the LCID was licensed to a third party and used to create derivative works, he had the same ownership rights as his co-author Lindsay. Brownstein asserted that it was not for a District Court in a dispute under joint authorship under the Copyright Act to inquire into the licensee’s actual use of a joint work. The license of the joint work to any third party triggered the duty to account under the Copyright Act, Brownstein argued, regardless of how the licensee might ultimately use, or not use, the licensed work.

Development of the LCID and the E-Tech

As noted above, the LCID was fixed in tangible form, *see* 17 U.S.C. § 101(a), in 1994 using the contributions of Brownstein and Lindsay. It was comprised of two components.³ The first was known internally as the reference files, which compiled and organized rules concerning the identification of first names, last names, name prefixes or suffixes and census data from which Lindsay believed that conclusions could be drawn about an individual's ethnicity, religion and language. These rules were organized with codes and could be applied to a name and address list used in the direct mail industry, such that one could identify the ethnicity, religion or language of the individuals on the list. It was possible to manually apply the reference files name-by-name. That manual process, however, was not commercially viable in an industry in which name and address lists often numbered in the millions.

The second element of the LCID, therefore, was the computer programs used to automate the process and create a commercial product. Lindsay turned to Brownstein, her friend and co-worker at Future Prospective Clients, Inc. ("FPCI"),⁴ the direct mail

³ Plaintiff incorporates the 2014 holdings of the Third Circuit, in particular the historical development of the LCID through the resignation of Brownstein and Lindsay and the development of the E-Tech as a joint venture between TAP and Consumers Market Research, Inc. ("CMR"). *Brownstein I*, App. at 37-45.

⁴ FPCI ceased operations after the LCID was fixed. When Lindsay and Brownstein resigned, FPCI's operations were continuing as LSDI.

company at which they were then both employed, to write those programs. Brownstein wrote the computer programs that permitted the LCID to encode lists with millions of names in an automated process. Brownstein first authored this series of programs that automated the process and they developed a first version of the product in 1994. By approximately mid-1995, Lindsay and Brownstein had developed a working prototype, which was tested and stored on the mainframe computer at LSDI. Lindsay filed two copyright registrations in 1996 that covered her individual contributions (which she called the “EDS”), but in the second registration had attached the complete LCID as a deposit copy. Brownstein has since filed a registration of the copyright on the LCID as well as on individual programs written to improve those first programs. Lindsay has repeatedly asserted that these two components – reference files and programs – were intertwined and “inseparable.” *Brownstein I*, App. at 52-53.

Lindsay and Brownstein left LSDI in June 1997. When they resigned, Brownstein left behind a copy of the LCID on the mainframe computer at LSDI. Brownstein and Lindsay, meanwhile, set up shop as TAP, the company they had formed in June 1996 and which they owned equally. TAP made its first sale of the LCID in August 1997 in a contract with Dun & Bradstreet.

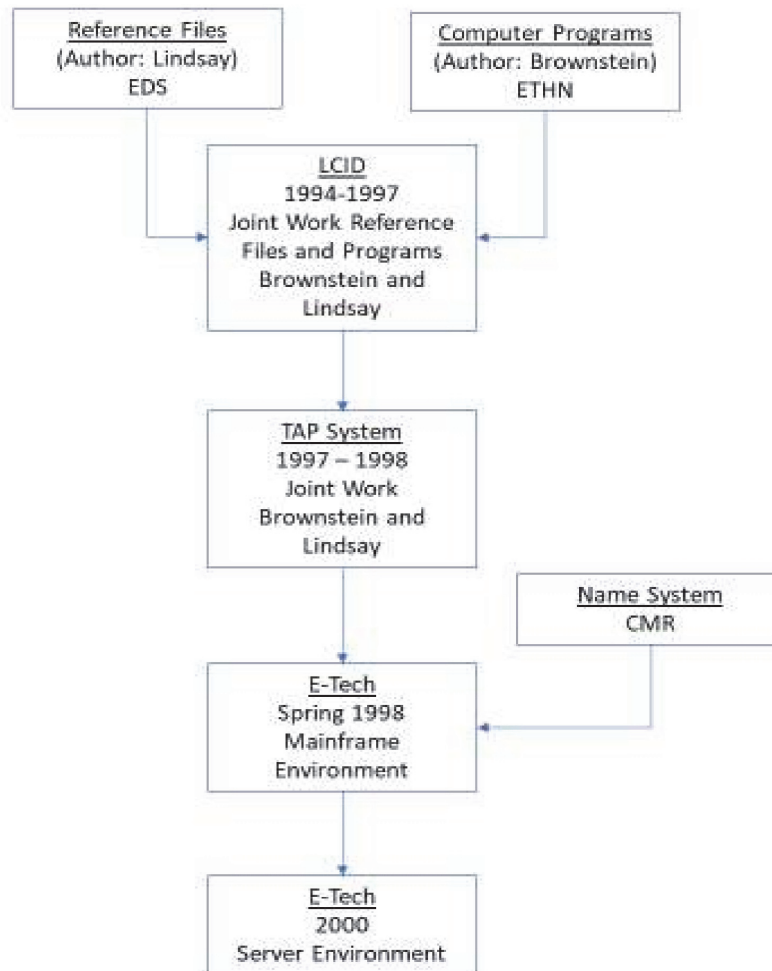
In September 2017, TAP signed a joint venture agreement with CMR to develop a new product that would combine the LCID as it had been updated and improved (now renamed as the “TAP System”) with an existing ethnic encoding product owned by CMR and

referred to as the “Name System.” *See* App. at 41-42. Brownstein was responsible for creating the product by merging the Name System into the LCID/TAP System. Through the end of 1997 into spring 1998, Brownstein authored various programs to convert the Name System reference files to LCID files, to remove duplicate or unusable ethnic codes, and to incorporate the application of census data in the new reference files. He worked alone in a data center using leased main-frame computer time. Lindsay reviewed the results and assisted with corrections.

Brownstein created the first working version of the combined product, known as the E-Tech, in January 1998. ET began selling the product in mid-1998. (Until June 2010, ET publicly acknowledged Brownstein as “the software component designer of both the LCID and E-Tech targeting systems.”) In January 2000, TAP and CMR entered into a replacement agreement covering the continuing development and use of the E-Tech. CMR and TAP agreed that CMR’s Name System had become “irrevocably entwined” with the LCID/TAP System authored by Brownstein and Lindsay. Brownstein, Lindsay and Nelson would be employed by ET as its managers. Both the 1997 and 2000 agreements granted licenses to ET in return for one half of the joint venture’s net proceeds. TAP and CMR ceased individual operations and existed solely to hold and distribute the proceeds of their respective licenses to ET. This license agreement remained in place through at least December 31, 2017.

With Brownstein as a manager of ET and its Production and Development Director, ET continued to update its product. At least seven versions of the E-Tech were released before Brownstein resigned in 2010. ET also began by 2000 to develop versions of the E-Tech that would run in a server environment, as opposed to on a mainframe computer. All of the programs incorporated the original LCID, the LCID/TAP System and the initial version of the E-Tech. The development of the E-Tech is illustrated by the following table:

Development of the E-Tech



The LSDI Litigation and its Effect

After Lindsay and Brownstein left, LSDI sued Lindsay, Brownstein, TAP, ET, CMR, and Ginger Nelson in *LSDI v. Lindsay, et al.*, alleging that the LCID was a misappropriated work for hire. In a counterclaim and third-party complaint, Lindsay alleged that LSDI was improperly using the LCID which she owned.

On September 18, 1998, the parties executed a settlement agreement whereby both sides would drop their claims of misappropriation against the other and would not assert any ownership interest in the embodiments of the LCID in the possession of the other party. The E-Tech had by then been fixed and was being sold by ET, and the LSDI parties waived any claims for ownership of that product. Most significantly, for the purposes of this Petition, both the District Court and the Third Circuit in *Brownstein II* construed the waivers of the multiple ET defendants as a conveyance by Brownstein and Lindsay of the entirety of the copyrights in the LCID to LSDI. (App. at 6, 13-14) This conclusion turned principally on the definition of the LCID as the “computer program concerning ethnic selections” that LSDI was “presently using” and the covenant that the ET defendants “agree not to claim ownership or any of the rights to the LSDI program” and the acknowledgement that the LSDI parties were the “sole owners” of the LSDI Program. (App. 13-14)

The LSDI parties relinquished their reciprocal claims against the ET defendants for use of the EDS “which may be called the LCID” (¶ 3, App. at 15) and

“any program used or owned by LSDI or Raskin or any derivative work.” (*Id.* ¶ 14, App. at 16) (emphasis provided.) The District Court, however, interpreted the Third Circuit’s 2014 opinion as having concluded that Brownstein no longer had any interest in the LCID or any derivative work of the LCID that was fixed prior to the date of the LSDI settlement agreement, September 18, 2018. The District Court concluded the settlement agreement severed Brownstein’s rights in the LCID and shifted to him the evidentiary burden of establishing that he had made some contribution to the LCID after the date of the LSDI settlement. Brownstein’s uncontradicted declaration and documentary evidence on this issue was rejected as “self-serving” and as requiring expert evidence to prove the incorporation of his code in the current versions of the E-Tech.

Neither the District Court nor the *Brownstein II* panel distinguished between the embodiment of the LCID – the copy of the program left behind by Brownstein when he resigned – and the exclusive copyrights in the work created by statute. The *Brownstein II* panel rejected Brownstein’s contention that the settlement agreement lacked any plain intention to assign the copyrights, in particular because the ET was already being sold and the parties continued to offer competing versions incorporating the LCID.

The District Court and the Third Circuit both imposed on Brownstein the burden to prove not that he was the co-author of the licensed work, but that the licensee had continued to use his individual contribution. The District Court concluded:

Essentially, Plaintiff's case boils down to his position that as a co-author of the LCID since 1996, Brownstein is entitled to profits of any derivative works that were created from the LCID during the period of 2010 to the present. I am not persuaded by Plaintiff's simplistic view of the facts, particularly since he has not carried his burden of proving that he is a co-author of the later versions of the LCID of ET after the 1998 LSDI Settlement Agreement. (App. at 27)

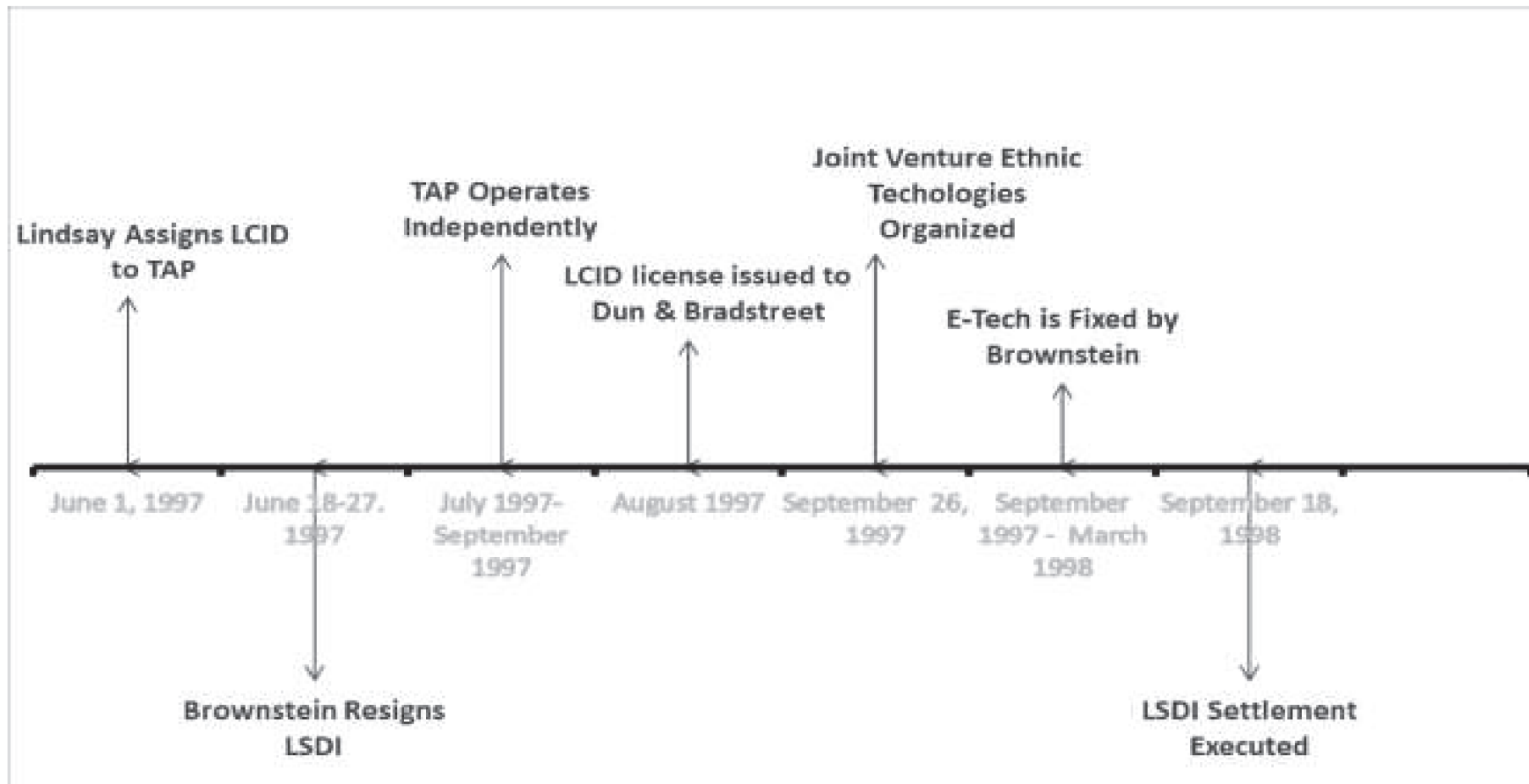
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. . . Plaintiff argues that he has no obligation to prove that his code survives to this day; rather, according to Plaintiff, so long as E-Tech is derived from the joint work of Brownstein and Lindsay, Plaintiff is entitled to compensation. In that connection, Plaintiff claims that because the LCID is a joint work, he has an undivided interest in the whole as joint tenants for the duration of the copyrights. I disagree. (App. at 28)

* * *

. . . [Plaintiff must make an affirmative showing that later versions of the LCID included his work, and he has come up empty in that respect. (App. at 32)

The events surrounding Brownstein's resignation, the development of the E-Tech through TAP's joint venture with ET and the settlement of the LSDI lawsuit are illustrated below:



The Third Circuit in *Brownstein II* held that the district judge did not “split the joint-work atom” because the LSDI settlement agreement abrogated “both parties’ interest in the LCID.” The license of the joint work was therefore “not improperly depriving Brownstein of any rights” because he had failed to establish the continued use of his own contribution to the licensed work:

. . . Brownstein argues that the District Court ignored evidence of his post-Settlement-Agreement contribution to the LCID. We need not address this issue since even if Brownstein co-authored some post-Settlement Agreement version of the LCID, he has failed to demonstrate that Lindsay and E-Tech profited from that version, or a derivative thereof, in May 2010 or afterward. (App. at 6)

This holding contradicted the earlier opinion of the Third Circuit in *Brownstein I*: “[E]ven if Brownstein is not a co-author of some of the derivative versions of the LCID, he remains the co-author of the underlying work and has an ownership interest in derivative versions of the LCID to the extent that they incorporate the underlying work.” (App. at 59)

The statutory and constitutional errors of the trial judge and the Third Circuit do not lie in the misinterpretation of what was a highly ambiguous settlement document. These errors lie in the deconstruction of a joint work during the term of its copyrights and in the forfeiture of the rights of one joint author without any clear intention that he intended to do so.



REASONS FOR GRANTING THE WRIT

The Constitution grants to Congress the authority to “promote the Progress of Science and useful Arts, by securing for limited Times to Authors and inventors the exclusive Right to their respective Writings and Discoveries.” Const. Art. I § 8, cl. 8. Congress adopted and has from time to time amended the Copyright Act, 17 U.S.C. § 101 *et seq.*, which completely pre-empts any legal or equitable claim related to works or rights protected by the act. In implementing this authority, Congress adopted a statutory scheme that recognizes, first, that authors collaborate on copyrightable works; second, that copyrightable works can and should provide the framework for subsequent improvements and modifications; and, third, that the orderly transfer of the several copyrights existing in a work within a work must be in a writing to avoid disputes over ownership.

This case presents matters of first impression for this Court on each of these issues, and it frames the issues in a manner that is critical to the promotion of the arts and sciences. Collaboration is more than merely the sum of its parts. It fuels innovation and creativity, yet courts struggle to interpret the rules governing such collaboration and the rights that flow from that collaboration under the Copyright Act. The Copyright Act in its treatment of joint works is inherently transformative, turning the independent contributions of each of the joint authors into a unified whole, merging the copyrights into a single work. And while joint works are also derivative works, they are inherently unlike a derivative work in that the contributors to a

derivative work have no claim against the whole, but only their independent contributions.

But for the contribution of Peter Brownstein, Tina Lindsay's concepts embodied in the ethnic reference files she had created had no hope of becoming a commercially viable product. She needed automation and there is no colorable dispute that the result of combining her own contribution with that of Brownstein was a joint work, or that this joint work was used to create multiple derivative products over the next 25 years.

The unilateral conduct of the licensee cannot deconstruct the nature of the joint work. The dispute presented on these facts is directly analogous to the license of a song. ("To analogize here, Lindsay wrote the lyrics, while Brownstein composed the score.") (*Brownstein I* at 65) If someone licenses the Rogers and Hammerstein song "Getting to Know You" and that licensee unilaterally decides to use only an instrumental passage, is the musical composer required to share the license proceeds with the lyricist? Or, as is the case here, is the one author to be permitted to avoid sharing the license revenue by arguing that the licensee did not actually use the contribution of the other author? Does the unilateral decision of the licensee about how it makes actual use of the licensed joint work dictate the rights of the joint authors? Are the rights under the copyright any different when technological advancements motivate the licensee's use? Is this the inquiry required of the courts under the Copyright Act? All of these issues are implicated by the language of the statute.

I. This Petition Seeks Interpretation of the Copyright Act that is Critical to Congress' Authority to Promote the Useful Arts.

The courts below held that Brownstein must prove that ET as licensee of the joint work had continued to make actual use of his individual contribution – i.e., computer code that he personally authored. Otherwise, the District Court held, the E-Tech incorporated only the individual contribution of Lindsay in which Brownstein has no copyright. The argument is facially appealing, but mistaken. The Copyright Act does not provide for the deconstruction of a joint work. The defendants argued, and the Third Circuit accepted, that because the LCID was a derivative work, the rights of the co-authors could be and were severed.

Copyright, however, is purely a creature of federal statute and the statute defines the rights at issue here. *Wheaton v. Peters*, 33 U.S. (8 Pet.) 591, 663-64 (1834) (“This right [in copyright] . . . does not exist at common law – it originated, if at all, under the acts of Congress”); see also *Stewart v. Abend*, 495 U.S. 207, 251 (1990) (Stevens, J., dissenting) (copyright is statutorily created); *M. Kramer Mfg. Co. v. Andrews*, 783 F.2d 421, 432 (4th Cir. 1986) (“The right of copyright is a creature of federal statute, with its constitutional base in Article I, § 8, cl. 8.”). The statute does not provide the result argued by the defendants or accepted by the lower courts.

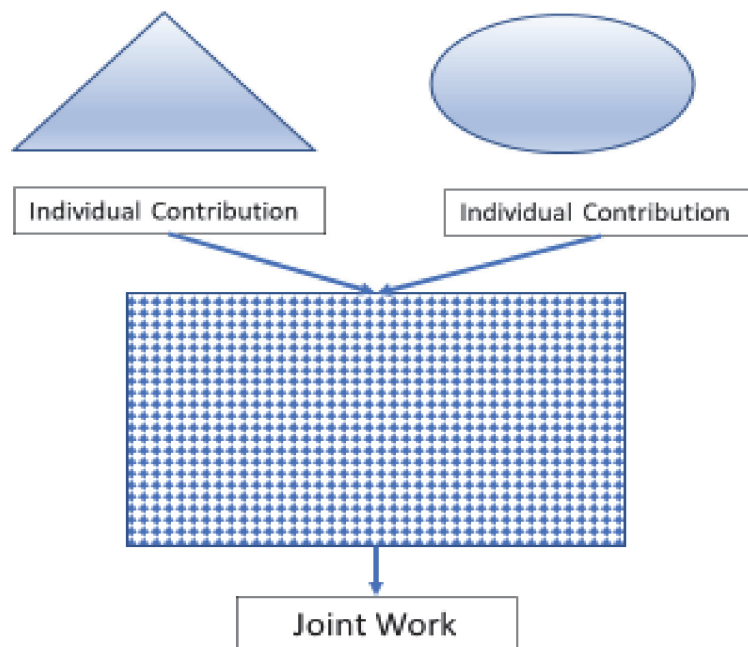
A. Joint Works and Joint Authors

The Copyright Act defines a joint work as “one prepared by two or more authors with the intention that their individual contributions be merged into inseparable or interdependent parts of a unitary whole.” 17 U.S.C. § 101. *Each of the co-authors has an undivided interest in the whole.* 17 U.S.C. § 201(a). (emphasis provided) See *Brownstein I*, App. at 51-52. The ownership interest of the co-authors vests at creation. (*Id.*) The joint work, once created, is inseparable and the co-authors have an “equal stake in the work as a whole” that is not dependent on whether their contributions were equal. (*Id.*) The LCID/TAP System is a joint work. The issue of whether Brownstein and Lindsay were co-authors of the LCID and the subsequent improvement known as the TAP System was resolved in *Brownstein I*. See *id.* at 53-54. Defendants did not seek review of that holding.

The joint authors of a joint work “are co-owners of copyright in the work.” 17 U.S.C. § 201. *Brownstein I*, App. at 51. The co-authors are joint tenants of the copyrights in that work. *Bencich v. Hoffman*, 84 F. Supp. 2d 1053, 1055 (D. Ariz. 2000) (“even a person whose contribution is relatively minor, if accorded joint authorship status, enjoys all the benefits of joint authorship”); *Childress v. Taylor*, 945 F.2d 500, 508 (2d Cir. 1991) (“Joint authorship entitles the co-authors to equal undivided interests in the work.”); see also H.R. Rep. No. 94-1476 at 121 (“There is also no need for a specific statutory provision concerning the rights and duties of the coowners [sic] of a work; court-made law

on this point is left undisturbed. Under the bill, as under the present law, coowners [sic] of a copyright would be treated generally as tenants in common, with each coowner [sic] having an independent right to use or license the use of a work, subject to a duty of accounting to the other coowners [sic] for any profits.”)

Joint Work 17 U.S.C. § 201



B. The Copyrights Conferred by the Act

Copyright refers to the bundle of exclusive rights that include the right to copy, to distribute and to create derivative works. 17 U.S.C. § 106. A derivative work is a work “based upon one or more preexisting works” that “as a whole” is an original work of authorship. 17 U.S.C. § 101. The author of a derivative work has a copyright “only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work.” 17 U.S.C. § 103. The creation of a derivative work “is independent of, and does not affect or enlarge the scope, duration, ownership, or subsistence of, any copyright protection in the preexisting material.” *Id.* The author of a pre-existing work must consent to the use of the creation of the derivative work. 17 U.S.C. § 103(b).

The E-Tech in its multiple iterations is indisputably a derivative work, created with the consent of the authors of the pre-existing works: the LCID and the TAP System, which were authored by Brownstein and Lindsay, and the Names System, owned by CMR. From the time that it was fixed, those works were “irrevocably entwined” in the E-Tech. The copyrights in both the original joint works and the derivative works have a duration of “the life of the last surviving author and 70 years after such last surviving author’s death.” 17 U.S.C. § 302. Quite plainly, the co-authorship interests at stake in this case have not lapsed.

The property interest in a copyright is distinct from “ownership of any material object in which the

work is embodied.” 17 U.S.C. § 103(b). Accordingly, “[t]ransfer of ownership of any material object, including the copy . . . in which the work is first fixed, does not of itself convey any rights in the copyrighted work embodied in the object.” 17 U.S.C. § 202. A transfer copyright “is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed or such owner’s duly authorized agent.” 17 U.S.C. § 204(a). The non-exclusive license of a copyright does not require a writing.

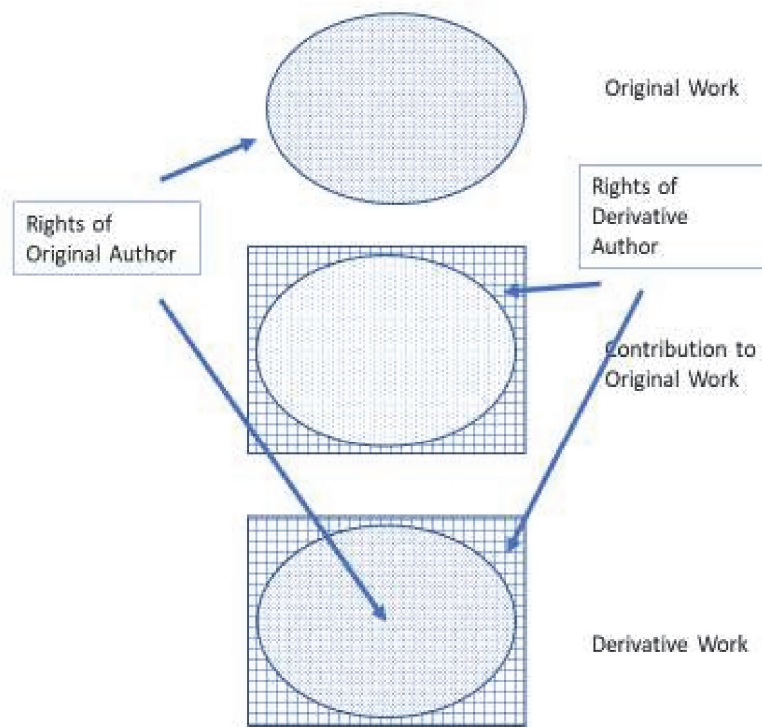
C. Application of the Copyright Act to the Issues of Joint Ownership.

When Peter Brownstein and Tina Lindsay created the LCID as a joint work, they became the joint owners of the copyrights in the *entire* work, each owning an undivided interest in the *whole* as joint tenants. *See Brownstein I* at 64. Those rights vested at the time of creation, and will continue for 70 years past the death of both joint authors. The fact that they were joint authors means that they own equally the right to copy, distribute and make derivative works of the LCID, including *both* their contributions. *Id.* Brownstein might, for example, license so much of Lindsay’s reference files as were incorporated in any of the joint works they created, subject to his duty to account to her for an equal share of the profits. *Id.* Lindsay might, and in fact she did, license any of the programs written by Brownstein to automate the application of the reference files. *Id.* at 55.

Brownstein and Lindsay through TAP did, in fact, grant to ET the right to create the E-Tech, a derivative work that was first offered for sale in mid-1998 and continues to be offered today. The two agreements executed between TAP and CMR identify the scope of the authorization to use the work and the fees to be generated by the license granted in the joint system. *Brownstein I* at 60. Significantly, the parties acknowledged in the 2000 version of the agreement that E-Tech was a “proprietary targeting system” in which the TAP System had become “irrevocably entwined.”⁵ That licensing agreement terminated on December 31, 2017.

⁵ “In both the 1997 Software License and her testimony at trial, she admitted that her rules and Brownstein’s code were inseparable. (App. 1050 (Trial Tr. 256:1 (“[The] LCID had to have programs.”)).) In Schedule A of the license, she wrote that the “series of computer programs” and “system data” of the LCID were “irrevocably entwined.” *Brownstein I* at 65.

Derivative Work 17 U.S.C. § 103



Defendants did not dispute on summary judgment that all versions from the E-Tech's initial iteration through the present are derived in some part from the initial LCID System, i.e., at a minimum incorporating the original reference files. Defendants argued, and both the District Court and the Third Circuit mistakenly agreed, that because the LCID and the TAP System were *also* derivative works of Lindsay's original ethnic rules system, Brownstein and Lindsay's joint authorship was *also* severable. It was this error that laid the groundwork for the further error of holding that Brownstein – but somehow not Lindsay – had forfeited his ownership in the product that was licensed to E-Tech in 1997 and 2000. The error lies in the fact that because each joint author must contribute a non-trivial amount of creative, original or intellectual expression, i.e., the contribution is copyrightable, *all joint works are derivative works*. See *Brownstein I* at 65 (elements of joint work) and 68 (elements of derivative work). Some circuits have been more explicit that the joint authors' contributions to a joint work must be independently copyrightable. *Childress v. Taylor*, 945 F.2d 500, 504 (2d Cir. 1991). Discussing the purported assignment of the LCID, the District Court held:

... Essentially, based on these provisions, Lindsay retained sole ownership of the EDS, but Lindsay and Brownstein relinquished any interest in the programs that the pair had created while employed at LSDI, including any derivative works based on these programs. (App. at 16)

There is no basis in either the Copyright Act or any of the authorities that have interpreted the act for this result. 17 U.S.C. § 201. *Brownstein*, 742 F.3d at 64; 1 *Nimmer on Copyright* § 6.081 (“In the absence of agreement to the contrary, all joint authors share equally in the ownership of the joint work. This is true, even where it is clear that their respective contributions to the joint work are not equal.”), cited in *Gaines v. Fusari*, Civil Action No. 11-cv-4433 (D.N.J. 2012); *Brownstein I*, App. at 51-52; *Oddo v. Ries*, 743 F.2d 630, 632-33 (9th Cir. 1984) (co-owner of a copyright must account to other co-owners for any profits he earns from licensing or use of the copyright), citing *Shapiro, Bernstein & Co. v. Jerry Vogel Music Co.*, 221 F.2d 569 (2d Cir.), modified, 223 F.2d 252 (1955); *Picture Music, Inc. v. Bourne*, 314 F. Supp. 640, 646-47 (S.D.N.Y. 1970); *Thomson v. Larson*, 147 F.3d 195, 199 (2d Cir. 1998) (joint authorship entitles the co-authors to equal undivided interests in the whole work); *TD Bank, N.A. v. Hill*, Civ. Action No.: 12-cv-7188 (D.N.J. 2014).

Brownstein disputes that the LSDI settlement agreement did anything more than allow each side to continue using and developing the embodiments of the LCID in their possession. But, inasmuch as Brownstein and Lindsay were equal owners of the LCID, whatever was left of that original work they owned equally in its entirety. And whatever that was that they owned jointly, it was sufficient for TAP to sell, and to license to ET and for each party to continue its business. The LSDI agreement plainly did not wipe the

slate clean; had it done so, Lindsay and Brownstein were both out of business.

Rather than treat the LCID and its iteration the TAP System as a joint work, the District Court treated it as a derivative, which permitted Lindsay to continue on with her contribution (the reference files), while stripping Brownstein of his own contribution: the computerized automation that made it a business. Meanwhile, the holdings of the District Court and the *Brownstein II* court begs the question of what exactly it was that ET sold *after* the settlement agreement was executed. Similarly, it is equally clear that in 2000 the parties updated the agreement and the reference files were inextricably entwined with the computer programs. (“Since the 1997 Agreement and 2000 Agreement both emanate from the rights conveyed in the 1997 Software License, those two agreements rise and fall with the 1997 Software License.”) *Brownstein I*, App. at 70-71.

Because the District Court failed to recognize the *transformative* nature of joint authorship and treated the LCID as a derivative work, it did not follow the language of the statute or implement the intention of Congress acting according to its constitutional mandate. This severance of Brownstein’s rights as joint author was error.

Defendants thus have to account to Brownstein for his share of profits from the use of the LCID to create the E-Tech and its continuing use. *See generally* 1 *Nimmer on Copyright* § 6.12 (2019). As equal owners,

the profits must be shared equally as tenants in common. *Jerry Vogel Music Co. v. Miller Music, Inc.*, 74 N.Y.S.2d 425, 427-28 (App. Div. 1947) (assignee of co-author required to account to assignee of other co-author for an equal share).

As noted above, *Brownstein II* conflicts with decisions of the Second, Seventh and Ninth Circuits as well as the earlier decision of the Third Circuit in *Brownstein I*. It presents a critical and substantial issue involving the application of a statute over which federal law exclusively governs and is a particularly appropriate issue for review by this Court.

II. This Petition Seeks to Determine the Standard for a Valid Assignment of Copyrights.

The trial Court erroneously held that the settlement agreement in September 1998 stripped Brownstein and Lindsay of all pre-existing rights in the LCID, while Lindsay retained ownership of her own contribution to the LCID. The District Court erred because it construed what was the document to effect a forfeiture of Brownstein's rights as co-author without finding either an instrument of *conveyance* or memorandum of *transfer*. This Petition presents the Court with the opportunity to clarify the requisite elements of a valid assignment in conformance with the Copyright Act. 17 U.S.C. § 204. (A transfer of ownership is not valid "unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed.")

The LSDI “Settlement Agreement” contains no provision that clearly purports to transfer or convey any of the copyrights, in particular the right to copy, distribute and create derivative works. It acknowledges the ongoing use by each side of the disputed intellectual program and each covenant not to pursue any claims for that use. Rather than convey or transfer, it preserves the status quo between two commercial competitors. App. at 13-16. Some of the operative language included:

- “Lindsay, Brownstein, TAP, CMR and ET agree not to claim ownership or any other rights to the LSDI Program.” ¶ 1
- “Lindsay, TAP, Nelson, Brownstein, CRMR and ET relinquish any claims they may have against LSDI or Raskin regarding the use of the LSDI Program, EDS and E-Tech to the extent presently in the possession of LSDI or *Raskin* . . .” ¶ 13.
- “LSDI and Raskin relinquish any claims they have against Lindsay, ET, TAP, CMR, Nelson and Brownstein regarding the use of EDS or any program used or owned by LSDI or Raskin or any derivative work thereof or any aspect thereof . . .” ¶ 14.
- “.. EDS, which may be called LCID . . .” ¶ 3.
- “ET represents that it is the owner of E-Tech . . . LSDI and Raskin make no claim thereto.” ¶ 6.

Conspicuously absent from the agreement is any language that purports to be an “instrument of conveyance” or “note or memorandum” of the transfer. The document on its face is a settlement agreement and the extensive releases and mutual agreements not to further prosecute the claim, to waive damages and to continue competition between the companies is not consistent with the requirements of the statute. Neither the Third Circuit nor the District Court sought to determine if the settlement agreement met the requirements of § 204. The language of release, but not of conveyance, is also consistent with Lindsay’s own testimony and the updated license agreement of 2000, which acknowledge that the E-Tech was the result of “irrevocably entwined” programs.

This Court has not addressed the elements of a writing that is sufficient to meet the requirements of § 204. While courts have uniformly required that the writing clearly expresses the intent of the transferor to transfer the copyrights, they have not articulated any clear standards to do so. The *Brownstein II* decision is in conflict with the decisions of other circuits. The writing should be clear and construed in its entirety. *Effects Assocs., Inc. v. Cohen*, 908 F.2d 555, 557 (9th Cir. 1990), *cert. denied*, 498 U.S. 110 (1991) (“Section 204 ensures that the creator of a work will not give away his copyright inadvertently and forces a party who wants to use the copyrighted work to negotiate with the creator to determine precisely what rights are being transferred and at what price.”); *Baisden v. I’m Ready Prods., Inc.*, 693 F.3d 491, 500 (5th Cir. 2012)

(significance of use of “assignment” in writing). The writing requirement is intended to further promote predictability and certainty of ownership. The intention of the parties to effect a *transfer* is paramount. *SCO Grp., Inc. v. Novell, Inc.*, 578 F.3d 1201, 1215 (10th Cir. 2009).

The *Brownstein II* court’s reliance on a single clause while failing to reconcile contradictory language is similarly contrary to decisions in the Fifth and Seventh Circuits. *In re Isbell Records, Inc.*, 586 F.3d 334, 337 (5th Cir. 2009) (contradictory language in agreement is not compatible with § 204 requirement) and *HyperQuest, Inc. v. N’Site Sols., Inc.*, 632 F.3d 377, 383 (7th Cir. 2011).

In summary, the conclusion that Brownstein intended to transfer his interest in the LCID and forfeit any interest in the contributions he had made to the joint work prior to September 18, 1998 does not comport with either the requirement of § 204 or a body of contrary case law.



CONCLUSION

For all of the foregoing reasons, it is respectfully requested that this Petition for Certiorari be granted.

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