

**Written Statement of Shira Perlmutter
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Before the
Subcommittee on the Legislative Branch
Committee on Appropriations
U.S. Senate
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Chairman Reed, Ranking Member Fischer, and Members of the Subcommittee,

Thank you for the opportunity to submit the United States Copyright Office's fiscal 2025 budget request. The Copyright Office is tasked with overseeing the national copyright registration and recordation systems, advising Congress on copyright policy and legislation, working with the Department of Justice and other federal agencies on copyright litigation and international matters, conducting administrative and regulatory activity including with respect to statutory licenses, and educating the public about copyright.

I am pleased to report that we have made significant progress on our new Enterprise Copyright System (ECS), with several modules already in production and being used by the public. In addition, processing times for both registration and recordation services remain low. We are well into our current initiative on artificial intelligence; coming up on almost two years of smooth operations of our new small claims tribunal; and actively engaged in regulatory work, including the ninth section 1201 triennial rulemaking and a review of the designation of the entities established by the Music Modernization Act (MMA). And public engagement with the Office is breaking attendance records through stakeholder events and targeted outreach around the country.

KEY ACCOMPLISHMENTS OVER THE PAST YEAR

Administration of the Copyright Act

Registration: The Office continues to effectively administer the national copyright registration and recordation systems. In fiscal 2023, we registered over 441,526 copyright claims involving millions of works. Over the past three years, we have markedly improved registration processing times: the average for examining all copyright claims stands at 2.1 months for the first half of fiscal 2024. For fully electronic claims that do not require correspondence, the average is just 1.2 months.¹ Electronic applications with physical deposits without correspondence average 3 months, while paper applications have remained at an average of 4.1 months for claims without correspondence.

Recordation: In fiscal 2023, the Office recorded 16,592 documents containing titles of 1,165,653 works, including 5,875 documents and 568,618 titles of works through the new self-

¹ Registration processing times are posted on our website at <https://copyright.gov/registration/docs/processing-times-faqs.pdf>. For the October 1, 2023 to March 31, 2024 timeframe, 82% of all registration claims were eService claims (online claims and electronic deposits); 14% were deposit ticket claims (online claims with separately mailed physical deposit materials); and about 1% were mail claims (paper claim forms and physical deposits).

service portal.² Our online recordation pilot, launched in April 2020, has significantly shortened processing times, with the average from electronic submission to generation of the public record now measured in weeks rather than months. On August 1, 2022, we opened the pilot to all members of the public and have seen an increase in users to over 80% of all recordations. And while the pandemic caused some delays that resulted in longer processing times for paper recordations, we have cut down those times as well.³

Public Records: The Office is the custodian of many kinds of records related to registration and recordation. We are working to make these records, many going back more than a hundred years, available online. In fiscal 2023, we continued development of the Copyright Public Records System (CPRS) (which includes both recordation and registration records) and hosted 104,095 unique visitors. The CPRS has expanded online access and research options by adding 1,143,779 card catalog records. Furthermore, in 2023 we completed the consolidation of offsite materials from three separate warehouses into our new storage facility in Cabin Branch, Maryland. In February 2024, the facility was dedicated as the Marybeth Peters Copyright Archive, in honor of the eleventh Register of Copyrights.

Licensing: The Office maintained our effective stewardship of over \$1.6 billion in statutory licensing revenues as of the end of fiscal 2023.⁴ For the sixth consecutive year, we received an unmodified or “clean” audit opinion of the fiscal 2022 statutory licensing fiduciary asset financial statements.

Other Major Activities

The Copyright Office continues to provide advice and impartial expertise to Congress and the courts, and information to the public. Below are a few highlights:

Copyright Claims Board: By the end of March 2024, over 800 claims had been filed with the Copyright Claims Board (CCB), and it had issued 16 final determinations. Claims have come from forty-six states and thirty-two countries. This past year the Office completed several rulemakings to update the CCB’s processes and operations. The CCB and other Office staff have participated in scores of public events to discuss and promote its use and have reached audiences in-person and virtually from every area of the United States.

Initiative on Copyright and Artificial Intelligence: In early 2023, the Office announced an initiative to examine the copyright law and policy issues raised by generative AI, including the scope of copyright in works incorporating AI-generated content and the use of copyrighted materials in AI training. After convening public listening sessions and hosting webinars to gather information, the Office published a notice of inquiry in August 2023 that elicited over 10,000

² There are three primary types of documents that may be submitted for recordation: transfers of copyright ownership, other documents pertaining to a copyright, and notices of termination. The pilot and newly released system are currently focused on only the first category (section 205 documents).

³ Recordation processing times are posted on our website at <https://copyright.gov/recordation/>. The Office of Copyright Records is currently processing March 2023 basic (section 205) recordation filings and July 2023 notices of termination. Regardless of the processing time, the effective date of recordation is the date the Copyright Office receives the complete submission in acceptable form.

⁴ The Licensing Section is responsible for helping to administer the various statutory licenses and similar provisions, including secondary transmissions of radio and television programs by cable and satellite systems; making and distributing phonorecords of nondramatic musical works; and importing, manufacturing, and distributing digital audio recording devices or media.

comments by the December 2023 deadline. In February, we provided Congress with a detailed update on our 2023 accomplishments (including policy guidance on registration, litigation and Review Board activities, and the notice of inquiry) and our plans for next steps.⁵ In 2024, the Office plans to issue a report in several sections, which will be published separately as they are completed.⁶

Regulatory Work: The Office has a number of rulemakings underway,⁷ two of which are mandated by law. In July 2023, we commenced the ninth triennial proceeding under section 1201 of the Digital Millennium Copyright Act (DMCA) regarding temporary exemptions to section 1201's prohibition against circumvention of technological measures that control access to copyrighted works. We have solicited supporting and opposing comments related to any newly proposed exemptions, using the streamlined process of the prior two rulemakings. Public hearings were held in mid-April.

In addition, under the Music Modernization Act (MMA), the Office maintains an oversight role as directed by the statute, as well as engaging in education and outreach activities. In January 2024, we issued a notice of inquiry seeking public comments regarding the periodic review of our designations of the mechanical licensing collective (MLC) and digital licensee coordinator (DLC). The Office also has a number of other open rulemakings underway, including proposed group registration options for two-dimensional artwork and updates to news websites, and proposed clarifications to regulations involving termination rights and the MMA's blanket license.

Working with Congress and Other Agencies: The Office provided legal advice and assistance across the government regarding complex areas of copyright law and policy, including Supreme Court and appellate litigation and interagency collaboration on international matters and trade. On March 12, we published a joint study on non-fungible tokens and intellectual property with the U.S. Patent and Trademark Office.⁸

Outreach and Education: The Office engages in numerous outreach activities to provide clear and accurate information on copyright law and to raise awareness of the CCB and other Office resources and programs. In fiscal 2023, we hosted or participated in 185 public events and speaking engagements, surpassing the prior fiscal year by 25 percent. We engaged with many different audiences, from copyright stakeholders to lawyers and intellectual property experts to students. Our Public Information Office and our new reading room are now open and provide in-person services by appointment. Last month, we launched a webpage focusing on our economic research agenda and providing easy access to data used in our 2022 study, *Women in the Copyright System*.⁹

CONTINUOUS DEVELOPMENT OF INFORMATION TECHNOLOGY

The modernization of the Office's information technology (IT) continues to be a top priority as well as a strategic goal. We are committed to ongoing updates and improvements so as to

⁵ U.S. Copyright Office, Letter to Senators Coons and Tillis and Representatives Issa and Johnson (Feb. 23, 2024), <https://copyright.gov/laws/hearings/USCO-Letter-on-AI-and-Copyright-Initiative-Update.pdf>.

⁶ For more details on the Office's work on artificial intelligence, see our AI webpage, <https://copyright.gov/ai>.

⁷ U.S. Copyright Office, Rulemakings Landing Page, <https://copyright.gov/rulemaking>.

⁸ U.S. Copyright Office and U.S. Patent and Trademark Office, Non-Fungible Tokens and Intellectual Property: A Report to Congress (March 2024), <https://www.copyright.gov/policy/nft-study/Joint-USPTO-USCO-Report-on-NFTs-and-Intellectual-Property.pdf>.

⁹ The webpage and data are available at <https://copyright.gov/economic-research/>.

avoid repeating the experience of having to overhaul severely outdated legacy systems. The Library transitioned to an agile IT development model that emphasizes continuous development as well as rapid delivery of new functions and features that optimize the stakeholder experience. We have seen the benefits of this model for meeting evolving changes in technology, providing secure and interconnected systems, and managing contract cost increases.

Our Enterprise Copyright System (ECS) development includes workstreams on registration, recordation, public records, and licensing. Under the Library of Congress's centralized IT structure, the Office of the Chief Information Officer (OCIO) is leading work on user experience design and platform services—that is, the design and architecture capabilities underpinning the ECS.

Historically, four workstreams (registration, recordation, public records, and licensing), have been under the ECS rubric. The Office also collaborates with OCIO on other business priorities enabled by technology. Examples include our work to improve online access to historical public records and to operate our new Contact Center, both discussed below.

Recordation: Our online recordation system was the first ECS application to be released to the public, enabling recordation of documents under section 205 of title 17. As noted above, in August 2022 full access was provided to all members of the public. We are now incorporating user feedback to make iterative improvements as well as to build new functionality for processing notices of termination. Once that is done, recordation will transition to continuous development.

Copyright Public Records System (CPRS): Our second ECS application to be publicly released was a pilot for the new Copyright Public Records System (CPRS). This system provides access to registration and recordation data with advanced search capabilities, filters, and improved interfaces for the public and for Office staff. The CPRS has expanded online access and research options by adding 2,418,754 card catalog records. It is poised to replace the existing Copyright Office Online Public Catalog and become the Office's sole source of authoritative online copyright information by summer 2025.

Registration: Registration is the most complex of the Office's services and the focus of the greatest public attention. During the initial ECS development work, we have made considerable progress on both the external (public) and internal (staff) components of the new registration module with multiple application and deposit workstreams. We have also established a new electronic Deposit (eDeposit) development team to create the enhanced upload and rendering capabilities necessary to support the submission of large numbers of files submitted in one group application, such as photographs, and very large files, such as feature-length motion pictures and television episodes. This eDeposit system is intended to render electronic deposits much more efficiently to staff for examination. With continued support, we plan to conduct stakeholder testing of the upload capabilities by the end of calendar 2024 and conduct testing of the file-rendering functionality soon thereafter.

Licensing: For the past three years, the Office has been developing user experience design and initial automated workflows to replace outdated licensing processes. We are focusing on implementing the statement of account examination processes in ECS and transitioning all royalty accounting processes onto the Legislative Branch Financial Management System to streamline them and eliminate duplication. We expect to make the redesigned licensing processes available for staff use in early 2025.

Historical Public Records: As part of the Office’s commitment to the preservation of and access to our historical records, we are digitizing print and microfilm records and making them available online. This includes the old card catalog,¹⁰ the Catalog of Copyright Entries (CCEs), microfilm, and the record books. Digitization is the first step, to be followed by metadata capture to enhance searchability, with all records eventually available through the new CPRS. Great progress has been made to digitize and make publicly available the Office’s 26,000 record books, which contain well over 26 million pages of records between 1870 and 1977. The first 500 books were published on the Library’s website in February 2022,¹¹ and now 12,367 books are available online. Work is being done in reverse chronological order from 1977, with the scanned books posted in batches.

Contact Center: The Office’s modernization of customer contact routing and reporting recently achieved a major milestone. Working with the GSA Centers of Excellence, we implemented a best-in-class customer relationship management (CRM) solution to enhance the public’s experience with the Office, enable robust data analytics, and provide centralized knowledge management capabilities. This CRM solution builds upon already implemented capabilities to more effectively track and route calls and emails.

Copyright Public Modernization Committee: In January 2021, the Librarian of Congress appointed a Copyright Public Modernization Committee (CPMC) to enhance communication with external stakeholders about the technology-related aspects of the Office’s modernization initiative.¹² The CPMC was originally established for a three-year term and consisted of thirteen members from the publishing, music, and photography sectors, libraries and archives, and other fields.¹³ It has held public meetings twice a year as well as informal briefing sessions. Given the value of the expertise and insights obtained, the Library intends to reauthorize the CPMC for an additional term.

FUNDING AND UPDATE TO 2025 BUDGET REQUEST

The Copyright Office performs all of this work based on a relatively modest budget. We appreciate the Congress’ support and the budget we have received in recent fiscal years. To summarize, we are requesting an overall fiscal 2025 budget of \$107 million in funding and 478 FTEs, of which \$45.9 million would be funded through offsetting fees collected in fiscal 2023 and prior years.

¹⁰ The Office already digitized and made available online our physical card catalog, which is available in the Virtual Card Catalog (VCC), as well as the CCEs. See <https://copyright.gov/vcc/>. The VCC Proof of Concept represents card records from 1870 to 1977, displayed in JPEG images, from the U.S. Copyright Card Catalog collection. The images are presented in a similar filing order as found in the physical card catalog. Initial work is underway to capture metadata on these cards.

¹¹ See U.S. Copyright Office, NewsNet 947, Copyright Office Launches Digitized Copyright Historical Record Books Collection (Feb. 7, 2022), <https://www.copyright.gov/newsnet/2022/947.html>. The scans are posted at <https://www.loc.gov/collections/copyright-historical-record-books-1870-to-1977/about-this-collection/>.

¹² Library of Congress, Announcement of Copyright Public Modernization Committee, 86 Fed. Reg. 8044 (Feb. 3, 2021), <https://www.govinfo.gov/content/pkg/FR-2021-02-03/pdf/2021-02194.pdf>.

¹³ See Library of Congress Announces Copyright Public Modernization Committee (June 22, 2021), <https://www.loc.gov/item/prn-21-034/library-of-congress-announces-copyright-public-modernization-committee/2021-06-22/>.

The Office's overall budget is composed of three separate budgets or program areas:

- (1) Basic Budget. This funds most of the Office's operations and initiatives, including the majority of payroll-related expenses and the operations of the CCB. Historically, the Basic Budget has been composed of a combination of appropriated dollars and authority to spend fee revenue, with fees constituting close to one half of this funding.
- (2) Licensing Division Budget. This is derived completely from collections of licensing royalties payable to copyright owners and filing fees paid by cable and satellite licensees pursuant to statutory licenses administered by the Office.
- (3) Copyright Royalty Judges (CRJ) Budget. Although the CRJ program is not part of the Office, we provide it with budget, financial management, and administrative support on behalf of the Library. CRJ appropriated funding supports payroll and partially funds non-pay expenses that are not supported by fees and royalty payments.

In recent years, we have used programmatic requests to implement Congress' statutory requirements as well as to support Office services. For example, the Office requested and obtained \$3.2 million in additional fiscal 2022 funding for the CASE Act¹⁴ to supplement our unfunded fiscal 2021 work, including hiring the CCB staff. For fiscal 2023, the Office obtained a single program increase of \$1.7 million to provide for new positions involving cost analysis, economic analysis, and statistical capabilities, as well as software to support valuable skillsets that we currently do not have.¹⁵ The initial financial support for our modernization initiative, funded for five years as part of the fiscal 2019 budget, ended in fiscal 2023. In fiscal 2024, the Office's single program increase of \$4.3 million was obtained for three new USCO positions and contract support to strengthen capacity and sustain progress on continuous development. The other segment of authorized modernization funding was for seven years and ends in fiscal 2025.

For fiscal 2025, the Office requests an overall budget of \$107 million in funding and 478 FTEs, of which \$45.9 million would be funded through offsetting fees collected in fiscal 2023 and prior years. This budget would cover mandatory pay increases only. For fiscal 2025, we have not requested additional appropriations for our IT work as we are completing the last year of prior Congressional funding.

However, given that work to modernize our IT systems and services is still underway, it is important to highlight that support through appropriated funds will be needed. Both the Office and OCIO anticipate a need for greater financial resources in fiscal 2026 to continue work on all of our IT-related initiatives to timely meet user demands for ECS functionality and to support continuous development for components already in public release.

¹⁴ The fiscal 2022 budget for CASE Act implementation included \$1.0 million in one-time costs for office construction and furniture, audiovisual system acquisition, and development of an online case management system, and \$2.2 million in recurring costs (\$1.7 million for salary, benefits, and related costs for the 8 FTEs and \$500,000 for systems operation and maintenance, printing, and other services).

¹⁵ Notably, that fiscal 2023 request was fully supported through an increase in offsetting collections authority and did not require an increase in appropriated dollars.

To summarize, our fiscal 2025 requests for each budget are as follows:

Basic Budget: \$96.9 million and 445 FTEs, comprising \$38.025 million in offsetting fee collections (39%) and \$58.8 million (61%) in appropriated dollars. The request includes mandatory pay-related and price level increases of \$3.9 million.

Licensing Division Budget: \$7.2 million and 26 FTEs, all of which are to be funded from collection of licensing royalties payable to copyright owners and filing fees paid by cable and satellite licensees pursuant to statutory licenses administered by the Office. The requested increase is to cover mandatory pay-related and price level increases of \$0.278 million.

Copyright Royalty Judges Budget: \$3.3 million and 7 FTEs, with \$0.142 million to support mandatory pay-related and price level increases. Of this total, royalties and participation fees offset \$0.629 million (for non-personnel-related expenses). The remainder, \$2.706 million in appropriated dollars, is to cover the personnel and other related expenses of the three judges and their staff.

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The Copyright Office appreciates the Subcommittee's and Committee's continued support of our work to further the Constitutional mission of "promot[ing] the progress of science and useful arts,"¹⁶ including continuous IT development for the benefit of the users of our services.

¹⁶ U.S. CONST. art. I, § 8, cl. 8.