



COMMENTS OF THE LIBRARY COPYRIGHT ALLIANCE IN RESPONSE TO THE COPYRIGHT OFFICE’S NOTICE OF INQUIRY CONCERNING ORPHAN WORKS AND MASS DIGITIZATION

The Library Copyright Alliance (LCA) consists of three major library associations—the American Library Association (ALA), the Association of College and Research Libraries (ACRL), and the Association of Research Libraries (ARL)—that collectively represent over 100,000 libraries in the United States employing over 350,000 librarians and other personnel.

LCA welcomes this opportunity to comment on the Copyright Office’s October 22, 2012, Notice of Inquiry concerning Orphan Works and Mass Digitization. LCA has a long history of involvement in this issue. It provided extensive comments to the Copyright Office during the course of the Office’s study that led to the Office’s 2006 Orphan Works Report. LCA also actively participated in the negotiations concerning the orphan works legislation introduced in the 109th and the 110th Congresses. Although LCA strongly supported enactment of these bills, significant changes in the copyright landscape over the past seven years convince us that libraries no longer need legislative reform in order to make appropriate uses of orphan works.

A. The Diminishing Gatekeeper Problem

In its March 25, 2005, response to the Copyright Office’s initial notice of inquiry concerning orphan works, LCA provided a long list of examples of the uses libraries sought to make of orphan works. We explained that while these uses “would significantly benefit the public without harming the copyright owner,” copyright law nonetheless inhibited these uses. Even though we believed that many of these uses would qualify as

fair use, “the uncertainty inherent in Section 107, when combined with the possibility of significant statutory damages notwithstanding the absence of actual damages, have caused various ‘gatekeepers’—typically publishers or in-house counsel at universities—to forbid these uses.” Since 2005, the “gatekeeper” problem has diminished markedly for the following reasons.

1. Fair use is less uncertain.

Over the past seven years, courts have issued a series of expansive fair use decisions that have clarified its scope. In *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605 (2d Cir. 2006), *Perfect 10 v. Amazon.com*, 508 F.3d 1146 (9th Cir. 2007), and *A.V. v. iParadigm*, 562 F.3d 630, 639 (4th Cir. 2009), the courts found that the repurposing or recontextualizing of entire works by commercial entities was “transformative” within the meaning of fair use jurisprudence and therefore a fair use. Courts further recognized that a nonprofit educational purpose weighed heavily in favor of a fair use finding in *Cambridge Univ. Press v. Becker*, 863 F. Supp. 2d 1190 (N.D. Ga. 2012), *Authors Guild, Inc. v. HathiTrust*, No. 11 CV 6351, 2012 WL 4808939 (S.D.N.Y. Oct. 10, 2012), *Ass’n for Info. Media and Equip. v. Regents of the Univ. of California*, No. CV 10-9378 CBM (MANx), 2011 WL 7447148 (C.D.Cal. Oct. 3, 2011), and *Ass’n for Info. Media and Equip. v. Regents of the Univ. of California*, No. CV 10-9378 CBM (MANx) (C.D.Cal. Nov. 20, 2012). Relying on *Perfect 10*, *iParadigm*, and *Bill Graham Archives*, the general counsel of the U.S. Patent and Trademark Office (USPTO) opined that the copying of technical articles by the USPTO and patent applicants during the

course of the patent examination process constituted fair use.¹ Importantly, *Amazon.com*, *iParadigm*, and *HathiTrust* all involved mass digitization.

All these uses were determined to constitute fair use even though the copyright owners were locatable. Gatekeepers at libraries and archives understand that similar uses of orphan works are all the more likely to fall within the fair use right because such uses would have no adverse effect on the potential market for the work.² Additionally, the *Code of Best Practices in Fair Use for Academic and Research Libraries*, developed by the Association of Research Libraries,³ explicitly concludes that the orphan status of a work in a special collection enhances the likelihood that its use by a library is fair. The development of the *Code* was prompted by Professor Michael Madison's insight (following a review of numerous fair use decisions) that the courts were

implicitly or explicitly, asking about habit, custom, and social context of the use, using what Madison termed a 'pattern-oriented' approach to fair use reasoning. If the use was normal in a community, and you could understand how it was different from the original market use, then judges typically decided for fair use.⁴

Based on this insight, the Association of Research Libraries undertook an effort to "document[] the considered views of the library community about best practices in fair

¹ Bernard Knight, USPTO General Counsel, USPTO Position on Fair Use NPL Copies of Made in Patent Examination, January 19, 2012, http://www.uspto.gov/about/offices/ogc/USPTOPositiononFairUse_of_CopiesofNPLMadeinPatentExamination.pdf.

² The second fair use factor, the nature of the copyrighted work, also weighs in favor of fair use when the work is an orphan. See Jennifer Urban, How Fair Use Can Solve the Orphan Works Problem, 27 Berkeley Technology Law Journal __ (2012), http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2089526.

³ The Code has been endorsed by the American Library Association, the Association of College and Research Libraries, the Arts Libraries Society of North America, the College Art Association, the Visual Resources Association, and the Music Library Association.

⁴ Patricia Aufderheide and Peter Jaszi, Reclaiming Fair Use 71 (2011).

use, drawn from the actual practices and experience of the library community itself.”⁵

The resulting *Code of Best Practices* identified “situations that represent the library community’s current consensus about acceptable practices for the fair use of copyrighted materials and describes a carefully derived consensus within the library community about how those rights should apply in certain recurrent situations.” *Id.*

One of the *Code*’s principles directly addresses the digitizing and the making available of materials in a library’s special collections and archives. The *Code* states that the fair use case for such uses “will be even stronger where items to be digitized consist largely of works, such as personal photographs, correspondence, or ephemera, whose owners are not exploiting the material commercially and likely could not be located to seek permission for new uses.” *Id.* at 20. That is, the fair use case is stronger for orphan works. Significantly, the *Code* does not require a library to search for the copyright owner of such non-commercial material prior to digitizing it. Rather, the *Code* trusts librarians to exercise their professional judgment and expertise to determine whether the copyright owners of such materials are likely to be unlocateable, *i.e.*, to presume responsibly that certain types of works are orphans.

2. Injunctions are less likely.

Historically, courts routinely issued injunctions when they found copyright infringement, presuming that the injury caused was irreparable. In 2006, however, the Supreme Court in *eBay v. MercExchange*, 547 U.S. 388 (2006), ruled that courts should not automatically issue injunctions in cases of patent infringement, but instead should consider the four factors traditionally employed to determine whether to enjoin conduct,

⁵ Association of Research Libraries, et al., *Code of Best Practices in Fair Use for Academic and Research Libraries* 3 (2012).

including whether the injury was irreparable and whether money damages were inadequate to compensate for that injury. Lower courts in cases such as *Salinger v. Colting*, 607 F.3d 68 (2d Cir. 2010), have held that the Supreme Court’s reasoning in *eBay* applies to the Copyright Act as well. The abolishment of the automatic injunction rule diminishes the probability that a court will enjoin a library’s use of an orphan work in the unlikely event that the court finds the use to infringe; the copyright owner bears the heavy burden of proving that the library’s use causes her irreparable injury.

3. Mass digitization is more common.

The leading search engines, operated by two of the world’s most profitable companies, routinely cache billions of web pages without the copyright owners’ permission.⁶ This industry practice has faced absolutely no legal challenge in the United States since the *Amazon.com* decision in 2007, cited above. Gatekeepers understand that a court would favorably evaluate a non-profit library’s fair use defense in the context of this industry practice.

Moreover, in part because of the legal developments described above, libraries across the country have begun engaging in the mass digitization of special collections and archives. The more they engage in these activities, the more confident libraries—and their gatekeepers—become with their fair use analysis concerning the mass digitization of presumptively orphan works.

The controversy concerning the HathiTrust Orphan Works Project has not shaken this confidence. In 2011, the University of Michigan (UM) announced an orphan works project, under which it would make orphaned books digitally available to authorized

⁶ <http://www.worldwidewebsize.com/>.

users of HathiTrust member libraries that had those books in their collections. Several HathiTrust member libraries joined UM in this pilot project. The UM Library developed a procedure to identify books in copyright that were not on the market and for which a rights holder could not be identified or located. The procedure included the listing of possible orphan works on a website to provide copyright owners with the opportunity to claim the works. After UM posted a list of 150 possibly orphaned books, the Authors Guild re-posted the list to its blog, whose readers helped the Guild locate the authors of several of the books (but the copyright owner of only one). Shortly thereafter, the Authors Guild initiated a copyright infringement action against UM, the HathiTrust, and some of the other libraries that participated in the orphan works pilot. In response, HathiTrust suspended the orphan works project.⁷

This high profile litigation concerning possibly orphaned books has not deterred libraries from engaging in the mass digitization of archives and special collections. The subject matter of these mass digitization projects is completely different from the published books at issue in the *HathiTrust* case. Much, if not all, of these historical records, photographs, and ephemera have never been distributed commercially. The *HathiTrust* litigation, thus, has helped delineate for libraries which orphan works projects will subject them to greater risk of infringement litigation. Moreover, the litigation has demonstrated the ultimate futility of the “reasonably diligent search” approach embodied by the orphan works legislation in the 109th and 110th Congresses. Using the crowd-sourcing power of the Internet and the publicity of the litigation, the Authors Guild was

⁷ Notwithstanding the suspension of the HathiTrust orphan works project, LCA continues to believe that it was a fair use. See Resource Packet on Orphan Works: Legal and Policy Issues for Research Libraries, http://www.arl.org/bm~doc/resource_orphanworks_13sept11.pdf.

able to generate more information more quickly than a small team of individuals consulting existing databases and search engines. A copyright owner will always be able to identify a trail that would have led the user to his doorstep, and the user's only defense would be that she did not have the resources to explore every fork that she would have encountered along the way.⁸

B. Legislative Recommendations

Because of these significant changes in the copyright landscape over the past seven years, we are convinced that libraries no longer need legislative reform in order to make appropriate uses of orphan works. However, we understand that other communities may not feel comfortable relying on fair use and may find merit in an approach based on limiting remedies if the user performed a reasonably diligent search for the copyright owner prior to the use. If the Copyright Office, and the Congress, decide to pursue such an approach, we strongly urge that the bill that passed the Senate in the 110th Congress, S. 2913, *not* be used as the starting point. During the course of the 109th and 110th Congresses, the orphan works legislation became increasingly complex and convoluted. If Congress were simply to pick up S. 2913 where it left off, the legislation would become even more complex and convoluted as stakeholders battled over precisely what would constitute a reasonably diligent search. Rather than start with the 20-page S. 2913,

⁸ See, e.g., *Authors Guild v. Google Inc.*, 770 F. Supp. 2d 666, 681 (“From Google’s point of view, [my grandfather’s memoir] is an ‘orphaned’ book” because the company “is likely to be unsuccessful in trying to locate the publisher, since the book was self-published and my grandfather is now deceased,” but “[f]rom my family’s point of view, [the memoir] is not orphaned at all. It is very clear who owns the copyright.”). Additionally, libraries now have far more experience than in 2005 with searching for the copyright owners of material in archives and special collections. These searches are more time consuming, expensive, and inconclusive than we believed in 2005. This further reinforces the importance of trusting librarians’ professional judgment (rather than item-by-item searching) to conduct fair use analysis for mass digitization projects.

Congress should consider a simple one sentence amendment to 17 U.S.C. § 504(c)(2) that grants courts the discretion to reduce or remit statutory damages if the user conducted a reasonably diligent search prior to the use. Because courts would just have the discretion to reduce statutory damages, and would not be required to do so, there would be no need to define what constitutes a reasonably diligent search. That determination would be left to the court.

To be sure, some users would prefer greater certainty concerning what steps they would need to take to fall within the bill's safe harbor. And some rights holders would prefer the same procedural certainty to prevent possible abuse. However, the enormous variety of potential works, uses, and users means that greater certainty could be achieved only if the legislation were highly technical and prescriptive. Fashioning such legislation (or implementing regulations) would take years and consume enormous resources, and in the end it might not provide better results than the one sentence solution proposed above.

In any event, any legislation in this area must contain an explicit savings clause similar to that in 17 U.S.C. § 108(f)(4), that nothing in this provision "in any way affects the right of fair use as provided by section 107."

Moreover, any legislative approach that involves licensing, such as extended collective licensing, is completely unacceptable to the library community. It would be enormously costly to users, and little if any of the fees collected would ever actually reach the copyright owners of the orphan works. Instead, fees would be consumed by the collecting societies' administrative expenses and the cost of searching for absent owners.⁹

⁹ For a more detailed discussion of the poor track record of collecting societies with respect to high administrative costs, lack of transparency, and failing equitably to distribute funds to copyright owners, see Jonathan Band, *Cautionary Tales About*

We are also attaching the *Library Copyright Alliance Statement on Copyright Reform*. Originally published by LCA in 2011, the *Statement* describes a simple outline of the kind of reform that would provide additional comfort for libraries engaged in mass digitization and other efforts that implicate copyright.

We look forward to discussing this matter in greater detail as this inquiry proceeds.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'J. Band', written in a cursive style.

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LIBRARY COPYRIGHT ALLIANCE STATEMENT ON COPYRIGHT REFORM

In the wake of Judge Chin’s rejection of the Google Books Settlement, there has been a renewed interest in legislative solutions to a variety of copyright issues affecting libraries, including those implicating the mass digitization of books, the use of orphan works, and the modernization of 17 U.S.C. § 108 (particularly preservation). The Library Copyright Alliance, comprised of the American Library Association (ALA), the Association of College and Research Libraries (ACRL) and the Association of Research Libraries (ARL), has several general comments on possible efforts to address these issues via legislation.

First, members of the Library Copyright Alliance (LCA) have long advocated and actively worked for positive change to copyright law in support of access to and preservation of the cultural record. Despite these efforts, Congress and the affected stakeholders have been unable to reach consensus on these issues for many reasons: the issues are complex, there are many stakeholders; their interests diverge significantly; and some oppose any change to the status quo. Accordingly, it is important to recognize that achieving a legislative solution to any of these issues will be difficult, if not impossible.

Second, the orphan works bill passed by the Senate in the 110th Congress would have provided little practical relief to libraries with respect to large scale digitization projects. As the legislation progressed from the U.S. Copyright Office’s original proposal in January 2006 to the bill passed by the Senate in September 2008, it became significantly less helpful to libraries. Thus, S. 2913 as passed by the Senate should not represent the starting point for discussion of orphan works legislation, at least with

respect to libraries. Instead, orphan works legislation for libraries should begin with a clean slate.

Third, the fair use rulings over the past twenty-five years indicate that courts probably would permit, pursuant to 17 U.S.C. §107, library-initiated projects involving mass digitization, the use of orphan works, and large-scale preservation.¹ Additionally, 17 U.S.C. §504(c)(2) requires a court to remit statutory damages when a library or archives had reasonable grounds for believing that its use was fair. The recent fair use decisions, combined with the limitations on remedies in section 504(c)(2), suggest that libraries could undertake large scale digitization, orphan works, and preservation projects with increased confidence that they would not incur significant liability for copyright damages.

Because of the favorable treatment such activities likely would receive in the courts under sections 107 and 504(c)(2), libraries would support an effort to amend the Copyright Act to benefit libraries only if it offered significant benefits over the status quo. To do so, a proposal must contain at least the following features:

- The non-commercial use (i.e., reproduction, distribution, public performance, public display, or preparation of a derivative work) by a nonprofit library or archives of a work when it possesses a copy of that work in its collection:
 - would not be subject to statutory damages;

¹ These rulings include: *Sony v. Universal*, 464 U.S. 417 (1984); *Campbell v. Acuff-Rose*, 510 U.S. 569 (1994); *Sega v. Accolade*, 977 F.2d 1510 (9th Cir. 1992); *Atari v. Nintendo*, 975 F.2d 832 (Fed. Cir. 1992); *Sony v. Connectix*, 203 F.3d 596 (9th Cir. 2000); *Kelly v. Arriba Soft*, 336 F.3d 811 (9th Cir. 2003); *Bill Graham Archives, LLC v. Dorling Kindersley Ltd.*, 448 F.3d 605 (2d Cir. 2006); *Blanch v. Koons*, 467 F.3d 244 (2d Cir. 2006); *Perfect 10 v. Amazon.com*, 508 F.3d 1146 (9th Cir. 2007); *A.V. v. iParadigms, LLC*, 562 F.3d 630 (4th Cir. 2009). For a discussion of the relevance of these decisions to libraries and educational institutions, see Jonathan Band, *Educational Fair Use Today*, <http://www.arl.org/bm~doc/educationalfairusetoday.pdf>, December 2007.

- would not be subject to actual damages if the use ceases when the library or archives receives an objection from the copyright owner of the work;
and
- would be subject to injunctive relief only to the extent that the use continues after the library or archives receives an objection from the copyright owner of the work.
- This limitation on remedies would apply to the employees of the library or archives, as well as to a consortium that includes the library or archives.
- Copyright owner objections would have no effect on a library's rights under fair use.

The premise behind this proposal is that the possibility of statutory damages deters libraries from engaging in uses that likely qualify as fair uses or that copyright owners would not oppose if they could be identified, located, and asked. Eliminating the possibility of statutory damages will encourage libraries to make these appropriate uses. At the same time, the continuing possibility of take-down or actual damages, combined with libraries' high visibility, will require libraries to exercise appropriate restraint that respects the legitimate interests of copyright owners.

May 16, 2011