

Gregory Scott Stein
11608 Sweet Basil Ct.
Austin, TX 78726

Maria A. Pallante,
Register of Copyrights
U.S. Copyright Office
101 Independence Ave. S.E.
Washington, D.C. 20559-6000

RE: Comment in Response to U.S. Copyright Office Notice of Inquiry dated October 22, 2012
February 4, 2013

Dear Ms. Pallante,

As a student at Tulane Law School, I have spent over a year considering different approaches to solving the orphan works problem under U.S. copyright law. I have written papers on the topic for the Tulane Journal of Technology and Intellectual Property and an upperlevel seminar, given lectures, and assisted with a class taught at Tulane Law School by Professors Elizabeth Townsend Gard and Glynn Lunney that will be submitting a reply comment in March. I've called on these experiences in drafting a response to the Notice of Inquiry issued by the U.S. Copyright Office on October 22, 2012 relating to orphan works.

The Copyright Office requested comments on how the orphan works problem should be addressed on an occasional, case-by-case basis and in the context of mass digitization. I intend here to respond to the latter question, although I consider some of my suggestions to be generally applicable to the orphan works problem under U.S. copyright law. Hopefully, the ideas that I present in the following pages will at least spark relevant discussions in the reply comments and any future debates.

Past attempts at solving the orphan works problem under U.S. copyright law—namely, the proposed 2008 legislation that failed to pass—were flawed in that they were premature. As many commenters have already noted, the orphan works problem is almost as difficult to define as it is to solve. Without a clear definition of the problem, any proposed legal solutions are doomed to fail as ineffective and lacking the necessary support from interest groups and politicians. Fortunately, the call by libraries and others to permit copying of orphan works for mass digitization purposes has provided context to legal problem and a goal to be achieved in solving it. The benefits of creating digital copies of works—better preservation, more efficient searching, and increased accessibility—are strong incentives for U.S. policymakers to draft legislation creating a legal framework for orphan works in the context of mass digitization. The following points are a summary of what I believe the U.S. Copyright Office and Congress should consider:

- The fair use defense under U.S. copyright law (17 U.S.C. § 106) is not an appropriate mechanism for allowing the mass digitization of orphan works.
 - o In general, the fair use defense—as an exception and limitation to copyright protection—likely would fail the three-part test under the Berne Convention and TRIPS, and thus frustrate the ability of Congress to harmonize U.S. copyright law with international minimum standards.
 - o As applied in the context of mass digitization, the fair use defense has become overbroad and harms the legitimate interests of rights holders.
 - o Congress has the duty to enact laws to facilitate mass digitization in the context of orphan works and copyright.
- As a recent example, the European Union’s Directive 2012/28 on orphan works provides a legal framework that facilitates mass digitization for libraries and museums that will serve as a helpful case study for U.S. policymakers.
 - o The scope of the framework is limited to predefined uses by a specific class of users.
 - o The requirements under the Directive also address foundational issues that create orphan works, e.g., the lack of information about rights holders.
 - o Narrowing the subject matter of the exception by leaving out certain types of works (i.e., photographs) accounts for the orphan works problems inherent in certain kinds of media.
- A special exception to copyright protection for libraries, museums, and other educational institutions using orphan works should be created under 17 U.S.C. § 108.
 - o Limiting the exception to this certain and special class of users would facilitate mass digitization without violating international minimum standards of copyright law under Berne and TRIPS.
 - o Legislation addressing the orphan works issue for other users should be considered in separate legislation.
 - o Public-private partnerships should be permitted and encouraged for libraries and museums to aid in financing digitization and collecting the relevant information on rights holders and users.

The following Article sets forth a more detailed explanation and analysis of the points above. I welcome all comments and criticisms on my proposal and congratulate the U.S. copyright office and commenters on their efforts to find a home in the law for orphan works.

Sincerely,

Gregory Scott Stein
 Senior Managing Editor Journal of Technology and Intellectual Property, Volume 15
 Juris Doctor Candidate, Tulane Law School, Class of 2013

Reinventing the Wheel: Why the U.S. Should Learn from the European Union in Creating a Copyright Exception for Orphan Works in the Context of Mass Digitization

Introduction	3
Part I: Mass Digitization and Orphan Works in the United States: Google Books and the Courts	5
A. Google Books	6
B. HathiTrust	9
Part II: Mass Digitization and Orphan Works in the European Union: The Directive	13
A. Purpose	13
B. Defining an “Orphan Work”	15
C. The Diligent Search	16
D. Limitations on the Right of Reproduction	18
Part III: International Copyright Treaties: Berne and TRIPS	21
A. Harmonization of National Copyright Laws	21
B. Limitations and Exceptions to Copyright	22
1. The WTO’s Interpretation of the Three-Part Test	24
2. Applying the WTO Interpretation of the Three-Part Test: The Fair Use Doctrine v. The Libraries and Archives Exception	26
Conclusion	28

Introduction

On October 22, 2012, the United States Copyright Office (the Office) issued a Notice of Inquiry on the subject of orphan works and mass digitization.¹ Having resolved to break down the legal barriers to allowing the creation of digital archives of copyrighted works (including orphan works), the Office began searching for solutions:

¹ U.S. Copyright Office, Orphan Works and Mass Digitization, 77 Fed. Reg. 64,555 (Oct. 22, 2012).

[We have] long shared the concern with many in the copyright community that the uncertainty surrounding the ownership status of orphan works does not serve the objectives of the copyright system. For good faith users, orphan works are a frustration, a liability risk, and a major cause of gridlock in the digital marketplace. The issue is not contained to the United States. Indeed, in recent months, the European Commission has adopted measures that would begin to resolve the issue in certain contexts and a number of foreign governments are reviewing or proposing solutions.²

In contrast to the Office's request for comments on the orphan works problem in 2005 and the resulting orphan works legislation introduced in 2006,³ this new notice of inquiry focuses mainly on how orphan works affect mass digitization efforts. Since the Shawn Bentley Act failed to pass in 2006, there have been many domestic as well as international developments relating to mass digitization and the evolution of copyright law.

In the U.S., the issue of digitizing archival collections of copyrighted works has only recently been taken up by the Office and the courts. The Office issued a report on mass digitization and the legal issues involved in October 2011.⁴ Recently, the United States District Court for the Southern District of New York has heard two cases involving mass digitization: The Author's Guild, Inc. v. HathiTrust and The Author's Guild v. Google Inc. Although neither case has resolved the issue of how orphan works should be treated in the context of mass digitization, they are indicative of the sufficiency of class actions and the fair use exception as solutions, respectively, in addressing this problem. The arguments made and the court's responses in each case typify the rhetoric currently used by proponents of mass digitization proposing limiting the rights of copyright holders in the case of orphan works.

² *Id.* at 64,555.

³ See Orphan Works, U.S. COPYRIGHT OFFICE, <http://www.copyright.gov/orphan/> (last visited Nov. 12, 2012).

⁴ U.S. Copyright Office, Legal Issues in Mass Digitization: A Preliminary Analysis and Discussion Document, Oct. (2011), *available at* http://www.copyright.gov/docs/massdigitization/USCOMassDigitization_October2011.pdf.

The growth of the Internet and digital access to creative works like books, movies, and music has necessitated a redrawing of the traditional territorial boundaries of copyright law. Efforts to create a legal structure to foster mass digitization and solve the related problem of orphan works are no exception. Internationally, there are many regional and national legal models for addressing mass digitization and orphan works issues in isolation, the most recent of which has been the EU's Directive on Orphan Works. However, as of yet, there have been few if any solutions proposed or even discussions on international standards for dealing with orphan works and mass digitization.

This Comment will discuss the recent developments in the U.S. and abroad concerning mass digitization and orphan works and how these developments should inform the formulation of guidelines to create a legal framework for mass digitization and orphan works under existing international minimum standards of copyright law. In Part I, I will review judicial developments in the United States that relate to mass digitization and orphan works. In Part II, I will examine the terms of the E.U. Directive on Orphan Works. In Part III, I will explain the current international minimum standards for copyright laws under the Berne Convention on the Protection of Literary and Artistic Works (Berne) and the Trade-Related Aspects of Intellectual Property Rights (TRIPS) that should be considered in regards to the legal issues involving mass digitization and orphan works. In Part IV, I will propose guidelines the Office should consider in drafting a legal framework for permitting reproductions and uses of orphan works in the context of mass digitization under U.S. copyright law.

Part I: Mass Digitization and Orphan Works in the United States: Google Books and the Courts

Two related cases brought in the United States District Court of the Southern District of New York (S.D.N.Y.) have tackled the legal issues of allowing the digitization of orphan works by private companies and libraries: The Authors Guild v. Google Inc. (Google Books) and The Authors Guild v. HathiTrust (HathiTrust). Despite the different digitization projects involved—the former for a searchable online database of scanned books, and the latter an electronic depository for university library archives—the legal questions at issue were very much the same. After Google’s motion for summary judgment was granted in HathiTrust, Google adapted its legal strategy in Google Books to the proven methods it used in that case, namely a fair use defense. It is clear from recent decisions that the courts recognize the benefits of mass digitization, including access to works for researchers, economic development via new technologies (e.g., data and text mining), preservation of copyrighted works, and access to written works for the visually-impaired. Even the plaintiffs have shown signs of weakness and disagreement, as the interests of publishers and authors diverge. Are copyright holders and the courts bowing to the pressures of society and technology? The answer seems to be ‘yes’, but recent developments in following cases show that U.S. copyright law may not be so flexible.

A. Google Books

Recent developments in the related Google Books case, also litigated in the S.D.N.Y., have also shed some light on how a judicial resolution of mass digitization will work out under U.S. law. In Google Books, plaintiffs brought a class action suit against Google for the Google Library project, in which Google scanned upwards of 12 million books without permission from copyright holders for the purposes of “creat[ing] a comprehensive, searchable, virtual card catalog of all books in all languages that helps users discover new books and publishers discover

new readers.”⁵ After the parties worked out a settlement agreement of which affected authors could opt-out, Judge Chin denied certification of the agreement, because it would give Google a *de facto* exclusive license to use orphan works.⁶ Granting the right to reproduce orphan works as a part of an opt-out agreement, Judge Chin reasoned, would effectively abrogate the rights of missing authors who could not be informed about their option to decline to be a part of the settlement agreement.⁷ With class action settlement negotiations effectively frozen, the defendants had to reassess their positions.

After seven years of litigation, the publishers had finally had enough. On October 4th, 2012, the Association of American Publishers⁸ (AAP), as co-plaintiffs in the suit, reached a private settlement agreement with Google leaving the authors to battle it out on their own.⁹ Although the exact terms of the settlement were not disclosed to the public, James Grimmelmann, a professor at New York Law School, theorized the move further weakened the defendant’s case: "This does exacerbate the publisher-author tension. . . . It used to be the publishers and authors are in this together against Google [but now] Google is going to increasingly use the consent of the publishers as an argument that the authors don't even speak

⁵ See Google Books Library Project, GOOGLE, <http://books.google.com/googlebooks/library.html>; See also Emily Anne Proskine, Google's Technicolor Dreamcoat: A Copyright Analysis of the Google Book Search Library Project, 21 Berkeley Tech. L.J. 213, 220-21 (2006) (describing the Google Books Project).

⁶ The Authors Guild v. Google Inc., 770 F. Supp. 2d 666 (S.D.N.Y. 2011).

⁷ See *id.*

⁸ The AAP plaintiffs in the suite included the following: McGraw-Hill, Pearson Education, Penguin Group USA, John Wiley & Sons, and Simon & Schuster.

⁹ Publishers Drop Mass Book Digitization Suit Against Google. Authors’ Class-Action Continues, THE AUTHORS GUILD, <http://www.authorsguild.org/advocacy/publishers-drop-mass-book-digitization-suit-against-google-authors-class-action-continues/> (Oct. 4, 2012). Unlike the class action settlement that was rejected by Judge Chin in 2008, this private settlement between the parties did not require judicial approval. See *Google Books*, 770 F. Supp. 2d (denying final approval of the Amended Settlement Agreement).

for copyright owners."¹⁰ In response to inquiries about the settlement, the publishers said that the deal "shows that digital services can provide innovative means to discover content while still respecting the rights of copyright-holders."¹¹ Without the support of the publishers, it is unclear how the authors will fair in court against Google. Furthermore, Google's divide-and-conquer strategy may do additional damage to defendants in future class action suits involving mass digitization projects in terms of standing: authors will have a much more difficult time arguing that they represent the rights of all authors where there is a clear divergence between the interests of individual authors and those of the publication associations.

After having won the battle on the HathiTrust front in October, Google recycled its fair use argument and applied it on appeal in the Second Circuit to overturn Judge Chin's certification of the class of authors in Google Books.¹² The certified class of authors represented by the Author's Guild consisted of "[a]ll persons residing in the United States who hold a United States copyright interest in one or more Books reproduced by Google as part of its Library Project, who are either (a) natural persons who are authors of such Books or (b) natural persons, family trusts or sole proprietorships who are heirs, successors in interest or assigns of such authors."¹³ Judge Chin certified the class of authors over Google's objections that not all authors would disagree with Google's use of their copyrighted works and that questions of ownership and fair use were not amenable to categorical resolution.¹⁴ Specifically, Google asserted that 1)

¹⁰ Timothy B. Lee, Publishers Abandon Fight Against Google Book Scanning, ARS TECHNICA (Oct. 4, 2012, 10:35am CDT), <http://arstechnica.com/tech-policy/2012/10/publishers-abandon-fight-against-google-book-scanning/>.

¹¹ *Id.*

¹² *The Authors Guild v. Google, Inc.*, 282 F.R.D. 384 (S.D.N.Y. 2012) (certifying class of plaintiffs), *leave for appeal granted by* No. 12-3200, (2d Cir. Aug. 14, 2012). Further district court proceedings have been stayed until resolution of the appeal. *Id.*

¹³ Opinion, No. 05 Civ. 8136 (DC), No. 10 Civ. 2977 (DC), (May 31, 2012).

¹⁴ Opinion, *supra* note 13, at 26-31.

ownership of copyright can only be determined on an individual factual basis in the case of works for hire, joint ownership, and transfers of ownership; and 2) that fair use could only be proved through individual inquiries and would therefore be overly burdensome to prove up in the context of class action proceedings.¹⁵ Judge Chin certified the class reasoning that individual considerations did not predominate over the common issues involved in the class action suit.¹⁶

On appeal—taking cues from the court’s fair use analysis in HathiTrust—Google argues that certification of the class is improper, because it will deny Google the opportunity to prove that its use of the copyrighted works was transformative on a book-by-book basis under the fair use defense.¹⁷ Considering that the October order granting summary judgment for Google on fair use in HathiTrust relied on an analysis of the transformative uses rather than the relevant copyrighted works, Google will likely lose its appeal of the granting of class certification on the same grounds. What is more, the court’s order in HathiTrust gave no guidance as to an acceptable solution for dealing with the orphan works problem.¹⁸

B. HathiTrust

In HathiTrust the plaintiffs brought a copyright infringement claim against a consortium of university libraries that had allowed Google to make digital copies of their books for use in the Google Books Project.¹⁹ In exchange, Google offered to digitize the libraries’ archives, and

¹⁵ *Id.*

¹⁶ Opinion, *supra* note 13, at 30.

¹⁷ Brief for Appellant, *The Authors Guild v. Google, Inc.*, No. 12-3200, 2nd Circuit, Nov. 9, 2012, *available at* <http://www.scribd.com/doc/112954463/Google-Appeal-Brief-on-Cert>.

¹⁸ Opinion & Order, *The Authors Guild v. HathiTrust*, No. 11 CV 6351 (S.D.N.Y. 2012). The court also declined to rule on the legality of the Orphan Works Project deeming the legal issues involved to be unripe. *Id.*

¹⁹ Opinion & Order, *supra* note 20. The HathiTrust is part of the University of Michigan and the universities involved in the suit were the University of California, the University of Wisconsin, Indiana University, and Cornell University. *See id.*

the HathiTrust provided online access to all of these copied works to the participating universities via the HathiTrust Digital Library (HDL).²⁰ In contrast to the suit against Google, the plaintiffs' claims against HathiTrust involved the use of the copyrighted works by the libraries in the HDL and not Google's use of those works.²¹ According to HathiTrust, the purposes of the HDL were to preserve the copyrighted works, enable full-text searches, and provide access to those works for the sight-impaired.²² To facilitate these functions, Google made copies of the books in a scanned image file and a readable text file that would work with software to convert the text into a computer-generated audio transcription.²³

As a side project of the HDL, HathiTrust and the University of Michigan Library initiated the Orphan Works Project (OWP) to allow permit full access to orphan works in their collection provided the copyright holder could not be located under its established procedures.²⁴ The process for determining whether a work was an orphan involved: 1) "an attempt to contact the copyright holder" for all works not commercially available; 2) "if . . . that attempt failed, then HathiTrust would list the bibliographical information for the work on the HathiTrust Orphan Candidates webpage for ninety days, after which time the work would have become available for 'Full view' on HathiTrust"²⁵ When this litigation began, HathiTrust suspended the OWP indefinitely.²⁶

On October 10, 2012, Judge Baer of the United States District Court of the Southern District of New York granted summary judgment for the defendants on three counts: 1) domestic

²⁰ See *id.* See generally HATHITRUST DIGITAL LIBRARY, <http://www.hathitrust.org/> (last visited Nov. 12, 2012).

²¹ See Opinion & Order, *supra* note 20.

²² *Id.*

²³ *Id.*

²⁴ *Id.*

²⁵ *Id.*

²⁶ *Id.*

associational plaintiffs did not satisfy the requirements for statutory standing under the Copyright Act, 2) the infringement claim relating to the OWP was not ripe for adjudication, and 3) the use of the copyrighted works in the HDL constituted fair use.²⁷

First, the court held that The Authors Guild, as an association representing authors, did not have standing to assert the copyrights of authors as a third party.²⁸ Despite the lack of statutory standing, the domestic associational plaintiffs were held to have constitutional standing.²⁹ In analyzing standing for the foreign associational plaintiffs, however, the court held that the requirements for both constitutional and statutory standing were satisfied.³⁰ Under the “national treatment” provision of the Berne Convention, the foreign associational plaintiffs were afforded the same constitutional standing as the domestic associational plaintiffs.³¹ Although the court determined in dicta that statutory standing for the foreign associational plaintiffs should be determined under relevant foreign law,³² the court declined to consider the issue sua sponte, because the defendants had not argued it.³³

Second, the court granted summary judgment for the defendant on the infringement claim relating to the OWP stating, “The mere possibility that one of plaintiffs’ works might be included on a future list of orphan works or made available is not enough.”³⁴ Crucial to the court’s analysis of the ripeness issue was HathiTrust’s apparent plans to discontinue the OWP project

²⁷ *Id.*

²⁸ *Id.*

²⁹ *Id.* Some of the associational plaintiffs, including the Author’s Guild, are also copyright holders in works digitized and used in the HDL. *See id.*

³⁰ *Id.*

³¹ *Id.* (citing Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, 1161 U.N.T.S. 3, art. 5(1) (as revised on July 24, 1971, and amended on Sept. 28, 1979) [hereinafter Berne]).

³² *Id.* (citing *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82 (2d Cir. 1998)).

³³ *Id.*

³⁴ *Id.* (internal quotation marks omitted).

and the lack of specificity concerning what works would be included.³⁵ The last update to the OWP web site in July of 2012 indicates that the Copyright Office at the University of Michigan Library is continuing to develop a method for identifying orphan works in the HDL collection, but that there are no plans to make them available online.³⁶

Third, and most importantly with respects to the implications of the court’s decision on future mass digitization cases, the court held that the fair use defense (§107) was available to defendants in addition to the libraries exception (§ 108) and granted summary judgment for defendants on the issue of fair use. As Judge Baer explained,

The enhanced search capabilities that reveal no in-copyright material, the protection of Defendants’ fragile books, and, perhaps most importantly, the unprecedented ability of print-disabled individuals to have an equal opportunity to compete with their sighted peers in the ways imagined by the ADA protect the copies made by Defendants as fair use to the extent that Plaintiffs have established a *prima facie* case of infringement.³⁷

The court’s fair use analysis centered on the first and fourth factors—“the purpose and character of the use” and “the impact on the market for or value of the works.”³⁸ In determining that the uses of the copyrighted works in the HDL were transformative, the court found that the facilitation of searching and scholarly research was unlikely to affect the value of the original use of the works.³⁹

Even assuming as a matter of policy that the outcome of the case was correct, the decision in HathiTrust does little for legal certainty with regards to orphan works. Judge Baer’s conclusion that no genuine issue of material fact existed as whether the HDL constituted a fair

³⁵ *Id.*

³⁶ MLIBRARY, Orphan Works Project – Press Releases, <http://www.lib.umich.edu/orphan-works/press-releases> (last visited Feb. 3, 2013).

³⁷ *Id.* at 21.

³⁸ *See id.*

³⁹ *See id.* (citing *Perfect 10 v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir. 2007); *Kelly v. Arriba Soft Corp.*, 336 F. 3d 811, 819 (9th Cir. 2003)).

use of copyrighted works relied heavily on the presumption that the high transaction costs associated with locating authors and licensing effectively preclude the creation of a valuable market.⁴⁰ This solution misses the point: rather than attempting to establish a legal standard for balancing the rights of copyright holders and those of mass digitizers, the decision in HathiTrust creates a categorical exception to copyright protection for certain uses that the court determined to be desirable. Judges should not be trying to shoehorn an exception to copyright infringement for mass digitizers into the statutory fair use defense for two reasons: judicial activism is an inappropriate way to establish copyright policy, and the exercise does substantial and irreversible harm to the clarity of copyright law.

Part II: Mass Digitization and Orphan Works in the European Union: The Directive

A. Purpose

On October 25, 2012, the European Union passed Directive 2012/28 permitting certain uses of orphan works as one part of a two-pronged approach “to promote the digitisation and making available of the collections of European cultural institutions (libraries, museums and archives).”⁴¹ The intent of the legislation was to facilitate access to European cultural works to “develop[] its knowledge economy,” to aid visually-impaired individuals, and to promote the Europeana digital archive.⁴² Both the European Parliament and the Commission were able to

⁴⁰ *Id.* (explaining that costs of such a license would be around \$569 million).

⁴¹ Impact Statement on the Cross-Border Online Access to Orphan Works, Brussels, SEC(2011) 615 final (May 24, 2011) [hereinafter Impact Statement]; Directive 2012/28, of the European Parliament and of the Council of 25 October 2012 on Certain Permitted Uses of Orphan Works, 2012 O.J. (L 299) 5 [hereinafter Directive].

⁴² Press Release on A Single Market for Intellectual Property Rights Boosting Creativity and Innovation to Provide Economic Growth, High Quality Jobs and First Class Products and

quickly agree upon the provisions of the Directive that would allow libraries and digital archives to easily access orphan works and protect them from copyright infringement claims. The reason for the speed and efficiency with which the European Union was able to pass orphan works legislation is apparent from the language of the Impact Statement provided with the proposed version of the directive lauding the achievements of Google and its Google Books Project:

The urgency of the current initiative on orphan works in the print sector stems from the fact that Google, by virtue of the proposed Google Books Settlement, will not require prior permission for the making available of text-based orphan works. This would allow Google to forge ahead and develop a sophisticated fully indexed and searchable online library. If this were to happen, Europe would struggle to fill in the emerging knowledge gap.⁴³

Although the EU's anxiety over losing the arms race to supply researchers with access to digital archives of educational materials is at least somewhat less urgent as litigation over the Google Books Project continues, it is clearly the driving force behind the EU orphan works initiative and the provisions contained in the Directive.⁴⁴

As is the case for all EU Directives, Directive 2012/28 is not self-executing, and the legislature of each EU member state must enact national laws in compliance with the Directive's provisions no later than October 29, 2014.⁴⁵ The provisions of the Directive provide minimum standards as well as options for the national legislatures to consider in enacting positive laws to effect the aforementioned goals. The main components of the Directive are 1) the definition of orphan works, 2) the requirements for a diligent search, and 3) the exception and limitations to

Services in Europe, at 13-14, COM (2011) 287 final (May 24, 2011) [hereinafter Press Release]. Europeana is an online digital archive that provides users access to European films, paintings, books, and other cultural works. EUROPEANA, <http://www.europeana.eu/portal/> (last visited Dec. 9, 2012).

⁴³ Impact Statement, *supra* note 42 at 7.

⁴⁴ See Impact Statement, *supra* note 42 at 6-9.

⁴⁵ Directive, *supra* note 42 art. 9(1).

national copyright laws. The harmonization of laws has been a major tenet of the European Union’s systematic efforts to reduce interregional trade barriers and, accordingly, the Directive is meant to harmonize copyright laws of EU member states.⁴⁶ However, the ambiguities inherent in the language of the Directive itself may result in disharmonious national laws that may hinder the European Union’s progress in digitizing and making available orphan works.

B. Defining an “Orphan Work”

The Directive defines “orphan work” as a work whose author could not be located or, if located, could not be identified after a recorded diligent search.⁴⁷ Once recorded, the orphan status of the work is recognized in every EU member state.⁴⁸ The work must be under copyright in a member state as of October 29, 2014, and have some point of attachment with the member state.⁴⁹ The national copyright laws of the relevant member state which determine ownership of a copyrighted work must be considered to prove that a work is an orphan—i.e., that all rights holders are consenting, unlocatable, or unidentifiable.⁵⁰ Works eligible for orphan status are also limited to published written works (e.g., books, journals, newspapers, magazines), cinematographic, and audiovisual works in collections of eligible institutions.⁵¹ Photographs and other images may not be granted orphan status, although the Directive leaves room for eligible

⁴⁶ Directive, *supra* note 42 at para. 8; *see also* Directive 2001/29, of the European Parliament and of the Council of 22 May 2001 on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society, at 10, O.J. (L 167).

⁴⁷ *Id.* art. 2(1).

⁴⁸ *Id.* art. 4.

⁴⁹ *Id.* art. 1(2) - (4), 8. Under the Directive, an work has a point of attachment with a member state if it was first published, made publicly accessible with the consent of the rights holders, or, if unpublished, first broadcast in the member state. *See id.*

⁵⁰ *Id.* art. 2(2).

⁵¹ *Id.* art. 1(2).

subject matter to be expanded after one year.⁵² The scope of orphan works is well defined under the Directive and will probably be adopted wholesale by member states in their national laws. However, one phrase in the definition in particular could prove to be troublesome: the “diligent search”.

C. The Diligent Search

A permitted user of an orphan work must perform a diligent search in good faith to find the copyright holder.⁵³ For a search to be considered diligent and in good faith, it must be conducted in the member state with which the work has some point of attachment⁵⁴ and must include a review of all the “appropriate sources for the category of works” to be set forth by the relevant member states’ national legislatures “in consultation with rights holders and users, and shall include at least the relevant sources listed in [Appendix I of the Directive].”⁵⁵ The Annex to the Directive designates the following sources for locating and identifying the copyright owner of a published book:

- (a) legal deposit, library catalogues and authority files maintained by libraries and other institutions;
- (b) the publishers' and authors' associations in the respective country;
- (c) existing databases and registries, WATCH (Writers, Artists and their Copyright Holders), the ISBN (International Standard Book Number) and databases listing books in print;
- (d) the databases of the relevant collecting societies, in particular reproduction rights organisations;

⁵² *Id.* art. 10.

⁵³ *Id.* art 2(1).

⁵⁴ *See id.* art. 3(3). However, “If there is evidence to suggest that relevant information on rightholders is to be found in other countries, sources of information available in those other countries shall also be consulted.” *Id.* art. 3(4).

⁵⁵ *Id.* art 2(2); *see* Directive, *supra* note 44, app. I.

(e) sources that integrate multiple databases and registries, including VIAF (Virtual International Authority Files) and ARROW (Accessible Registries of Rights Information and Orphan Works)⁵⁶

The minimum requirements for the sources that a user must check in conducting a diligent search under the Directive vary depending on the subject matter of the work, but they all include records from both public and private institutions.⁵⁷ Naming the institutions to be checked in national laws may allow for more precision in the search itself, as each country may have its own systems of registries of copyright information depending on the works protected and the interested public and private organizations formed within each country. On the other hand, that the orphan works problem exists is at least partially a result of the inadequacies of existing registries,⁵⁸ and there is room for private companies to move into this space. Considering all of the existing and newly created registries, which ones will be most comprehensive? How will access to these registries be made and kept affordable for permitted users if required? In consideration of this second point, the Directive also allows permitted users to generate revenues from orphan works to help pay for the costs of the required search, but it does not limit the ways in which those revenues can be earned.⁵⁹

After an eligible organization completes the required search without successfully identifying and locating all of the rights holders, the following information must be recorded in

⁵⁶ *Id.* at 12.

⁵⁷ *See id.*

⁵⁸ The abandonment of formalities for copyright has starved existing registries of the necessary information for locating and identifying authors. In conjunction with the Directive and Europeana, the European Union has fostered the creation of the Accessible Registries of Rights Information and Orphan Works Towards Europeana (ARROW) to digitally archive copyright holder information. *See generally* ARROW, <http://www.arrow-net.eu/> (last visited Nov. 13, 2012).

⁵⁹ *Id.* art 6(2).

the publicly accessible online database administered by the European Union's Office for Harmonization in the Internal Market⁶⁰:

- (a) the results of the diligent searches that the organisations have carried out and which have led to the conclusion that a work or a phonogram is considered an orphan work;
- (b) the use that the organisations make of orphan works in accordance with this Directive;
- (c) any change [regarding the cancellation by the rights holder] of the orphan work status of works and phonograms that the organisations use;
- (d) the relevant contact information of the organisation concerned.⁶¹

However, without providing some guidelines for *what* a permitted user must search for, having some record of the search for reference in case of an infringement suit may not be enough to shield users from liability. Adding to the burden on permitted users, the Directive requires that “[i]f there is evidence to suggest that relevant information on rightholders is to be found in other countries, sources of information available in those other countries shall also be consulted.”⁶²

No definition is given for evidence that would trigger the provision.

D. Limitations on the Right of Reproduction

The key, and ironically the most ambiguous, provision of the Directive requires member states to provide exceptions and/or limitations to copyright under their national laws for the right of reproduction (“for the purposes of digitisation, making available, indexing, cataloguing, preservation or restoration”) and the right of making available to the public for the permitted use

⁶⁰ *Id.* art. 3(6).

⁶¹ *Id.* art 2(5).

⁶² *Id.* art 3(4).

of orphan works.⁶³ The limitations and exceptions for liability only apply to the permitted uses for orphan works.⁶⁴ Otherwise, the Directive does not affect other copyright management mechanisms used by particular member states, including those concerning fair dealings (i.e., freedom of the press and freedom of expression in the media).⁶⁵ The manner in which a member state limits the copyrights of orphan works under its national laws is left up to the individual member in contrast to earlier drafts of the proposal which specifically mentioned a limitation on damages.⁶⁶ Although the European Union meant to provide member states with flexibility in this regard, the EU Commission and Parliament were careful to draft the language of Article 6(5) of the Directive to make sure that the limitation would comply with the three-part test under Berne and TRIPS.⁶⁷ Notwithstanding their foresight to establish in the Directive that the digitization of orphan works was a “certain special case” and “does not conflict with a normal exploitation of the work,” the Commission gave no guidance for member countries in the Directive as to what kind of limitation would not “unreasonably prejudice the legitimate interests of the author.”⁶⁸ Whatever method of limitation of rights a member country chooses,⁶⁹ this could potentially lead

⁶³ *Id.* art 6.

⁶⁴ *See supra* note 45.

⁶⁵ *Id.* art 1(5), 7.

⁶⁶ *Id.* art. 6(5). An earlier proposal required “fair compensation” to be based on actual damages to the owner of the orphan work caused by the non-commercial permitted use. *See* Press Release, *supra* note 45.

⁶⁷ *See* discussion, *infra* Part III; The EU Commission explained, “In order to avoid conflict with the three-step-test, the exception must be drafted more narrowly and the list of beneficiaries needs to be curtailed, at a minimum excluding those that engage in digital displays for commercial gain.” *See* Impact Assessment, *supra* note 42.

⁶⁸ Directive, *supra* note 44; Berne, *supra* note 32, art. 9; TRIPS, art. 13.

⁶⁹ *See* discussion, *infra* Part III.B.

to challenges concerning the “reasonableness” of the limitations to be left to interpretation by the courts⁷⁰.

Even after a work has been granted orphan status, a rights holder must be provided the opportunity to reclaim the copyright and sue for infringement.⁷¹ Under the Directive member states must provide for fair compensation for rights holders who assert a copyright claim on an orphan work, and “[t]he level of the compensation shall be determined, within the limits imposed by Union law, by the law of the Member State in which the organisation which uses the orphan work in question is established.”⁷²

Finally, it is unclear whether the exception and limitations provided under a country’s national laws would extend to a for-profit private user partnered with an entity authorized to use an orphan work. The Directive clarifies in the preamble that “[s]uch agreements should not impose any restrictions on the beneficiaries of this Directive as to their use of orphan works and should not grant the commercial partner any rights to use, or control the use of, the orphan works.”⁷³ If—as in the case of the Google Books Project—the commercial partner is given a copy of the orphan work in exchange for their digitization services, then the agreement would probably run afoul of this provision. However, what if a commercial partner jointly controls the administration of the digital archives of orphan works? Would that amount to a right to use or control the use of the works? The European Union may have recognized the benefits of allowing private-public partnerships in mass digitization projects (à la Google Books), but the line between allowing commercial partners to help with digitizing orphan works and granting

⁷⁰ Specifically, a copyright holder might challenge the member country’s laws allowing the digitization of their work in courts at the national or regional (European Court of Justice) level.

⁷¹ See Berne, *supra* note 32, art. 6(5).

⁷² *Id.*

⁷³ *Id.* para. 22.

them rights in those works is not so easily drawn, and member states may have trouble implementing this restriction in drafting precise language in their national laws.

Part III: International Copyright Treaties: Berne and TRIPS

A. Harmonization of National Copyright Laws

The Berne Convention for the Protection of Literary and Artistic Works was first drafted in 1886 in an attempt to harmonize national copyright laws.⁷⁴ Recognizing the importance of this goal, the World Trade Organization (WTO) incorporated Articles 1 through 21 of Berne into its own basic principles under the Agreement on the Trade-Related Aspects of Intellectual Property, which came into effect on January 1, 1995.⁷⁵ There are currently 165 members to the agreement, including the United States, which implemented the provisions of Berne in the U.S. Copyright Act in 1988.⁷⁶ Before Berne, the United States generally took an isolationist approach to developing its copyright laws, but despite its distaste for the provisions on moral rights⁷⁷ and prohibiting formalities,⁷⁸ it did away with notice, registration, and renewal requirements for copyright protection and adopted the (albeit minimal) provisions of Berne leveling the playing field for foreign copyright holders under U.S. law.⁷⁹ The theory behind Berne was to establish

⁷⁴ Berne, *supra* note 32.

⁷⁵ Agreement on Trade-Related Aspects of Intellectual Property Rights, Dec. 15, 1993, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments--Results of the Uruguay Round vol. 31, 33 I.L.M. 81 (1994) [hereinafter TRIPs].

⁷⁶ Berne Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853 (codified at 17 U.S.C. § 101 note).

⁷⁷ Berne, *supra* note 32, art. 6*bis*.

⁷⁸ Berne, *supra* note 32, art. 5(2).

⁷⁹ Berne Implementation Act. All copyright formalities in the United States have been abolished save for registration as a prerequisite to filing suit and legal deposit. Copyright Act of 1976 as amended.

national treatment and minimum standards of copyright protection on which copyright laws in all member countries would be based.⁸⁰

The principle of national treatment ensures that “Authors shall enjoy, in respect of works for which they are protected under this Convention, in countries of the Union other than the country of origin, the rights which their respective laws do now or may hereafter grant to their nationals, as well as the rights specially granted by this Convention.”⁸¹ The minimum standards for copyright law cover a broad range of topics, including: choice of law for infringement actions,⁸² term of protection,⁸³ right of reproduction,⁸⁴ right of public performance,⁸⁵ right of resale,⁸⁶ and restoration.⁸⁷ In addition to outlining the smallest “bundle of rights” that can be offered in a Berne member country, the provisions define where protections can be tailored to fit the contours of a member state’s specific copyright laws.

B. Limitations and Exceptions to Copyright

Berne has both specific and general requirements for granting limitations and exceptions for an author’s right of reproduction. In particular, articles 2bis, 10, 10bis, and 11bis(2) and 13 of Berne set forth instances where an author’s right to prohibit reproductions of his work will not apply.⁸⁸ Article 2bis provides an option for member countries to exempt political speeches and

⁸⁰ See Berne, *supra* note 32.

⁸¹ See *id.* art. 5(1).

⁸² *Id.* art 5(2).

⁸³ *Id.* art 7. The minimum term for copyright for known authors under Berne is the life of the author plus fifty years. See *id.*

⁸⁴ *Id.* art 9.

⁸⁵ *Id.* at 11.

⁸⁶ *Id.* art. 14*ter*.

⁸⁷ *Id.* art. 18.

⁸⁸ The Rome Convention also allows certain copyright exceptions: e.g., for private uses, teaching, and scientific research. Rome Convention for the Protection of Performers, Producers

speeches in legal proceedings from copyright protection.⁸⁹ Articles 10 and 10bis permit a member state to allow reproductions of a copyrighted work without the author's consent for quotations, educational illustrations, and news reporting broadcasts.⁹⁰ Articles 11bis(2) and 13 describe compulsory licensing schemes that a member could choose to implement to exempt public broadcasts and performances and "cover" recordings.⁹¹

In juxtaposition to these explicit provisions, Berne also gives general guidelines for statutory limitations and exceptions to copyright under national laws, also known as the three-part test: "It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author."⁹² As is typical for the Berne requirements, the general language of article 9(2) is designed to give member countries enough wiggle room to fashion appropriate copyright limitations and exceptions; however, whether a country has complied with Berne in providing limitations and exceptions to copyright is often unclear.

There has only been one case of a copyright exception under U.S. law reviewed for compliance with the three-part test, although there are many others candidates (e.g. the fair use doctrine and the libraries and archives exception.) The WTO dispute relating to an application of

of Phonograms and Broadcasting Organizations, Oct. 26, 1961, 496 U.N.T.S. 43 [hereinafter Rome Convention]. There are currently ninety-one members of the Rome Convention, including all twenty-seven European Union countries but not the United States. Contracting Parties, WIPO, http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=17 (last visited Nov. 12, 2012).

⁸⁹ *Id.* art. 2bis.

⁹⁰ *Id.* arts. 10 - 10bis.

⁹¹ *Id.* arts. 11bis(2), 13.

⁹² *Id.* art. 9(2); accord TRIPS, *supra* note 76, art. 13.

the three-part test to the “homestyle” exception under U.S. copyright law involved a particularly illuminating discussion of how the Berne requirements should be interpreted.

1. The WTO’s Interpretation of the Three-Part Test

Congress created the “homestyle” exemption to copyright with the Fairness in Music Licensing Act of 1998, limiting the exclusive rights of copyright holders in the public performances of radio and television transmissions in business establishments.⁹³ The very next year, the European Communities brought a claim against the United States in front of the WTO dispute settlement body arguing that § 110(5) violated article 13 of TRIPS.⁹⁴ In deciding that the business exemption did not meet the three-part test, the WTO panel offered its opinion on how the test should be applied.⁹⁵

Under the first part of the test the panel considered the plain meaning of the terms “certain” and “special.”⁹⁶ In determining the plain meaning of the terms, the panel found that “certain” meant “clearly defined” so as to ensure a “sufficient degree of legal certainty” and “special” connotes a “limited field [of] application or exceptional in . . . scope.”⁹⁷ On application to § 110(5)(B), the European Communities relied on U.S. Congressional surveys showing that about 70 percent of all eating and drinking establishments and 45 percent of all retail establishments were eligible for the homestyle exemption.⁹⁸ The panel found that the number of businesses that could potentially take advantage of the exemption made it clear that

⁹³ 17 U.S.C. § 110(5) (2006); Fairness in Music Licensing Act of 1998, Pub. L. No. 105-298, Title II, 112 Stat. 2827.

⁹⁴ Report of the Panel, WTO, WT/DS160/R (June 15, 2000) [hereinafter WTO report].

⁹⁵ *See id.*

⁹⁶ *Id.*

⁹⁷ *Id.* (citing The New Shorter Oxford English Dictionary, Oxford (1993), p. 364).

⁹⁸ *See id.*

this was not a certain or special case.⁹⁹ Furthermore, the panel regarded the scope of works under subparagraph B to include “all music played on the radio or television” as opposed to subparagraph A, which only applied to enumerated types of musical works, such as operas and musicals.¹⁰⁰ Therefore, subparagraph B of the homestyle exemption was found to conflict with the certain and special case requirements of article 13 of TRIPS.¹⁰¹

Without citation to any precedent, the second part of the test—“not [in] conflict with a normal exploitation of the work”—was interpreted to mean not “enter[ing] into economic competition with the ways that right holders normally extract economic value from [the copyright] and thereby deprive them of significant or tangible commercial gains.”¹⁰² Seemingly unperturbed by the lack of survey evidence on this second point, the WTO panel found that subparagraph A met the second part of the test, because it was unlikely that dramatic musical works “could acquire economic or practical importance of any considerable dimension for the right holders of musical workers.”¹⁰³

Finally, the last part of the analysis was based on the supposition that “unreasonably prejudice the legitimate interests of the right holder” suggested an “unreasonable loss of income to the copyright owner.”¹⁰⁴ After both the United States and the European Communities offered statistics relating to the U.S. music royalties attributable to European copyright holders, the panel

⁹⁹ *See id.*

¹⁰⁰ *Id.*

¹⁰¹ *Id.*

¹⁰² *Id.*

¹⁰³ *Id.*

¹⁰⁴ *Id.* To be fair, the panel described its view of the last factor to be “incomplete and thus conservative.” *Id.*

decided that the relevant market share was de minimis, and therefore the exemption did not “unreasonably prejudice” their copyright interests.¹⁰⁵

Notably, even after the WTO decided that subparagraph B failed the three-part test, the United States refused to change the language of § 110(5) and paid the EU countries damages instead.¹⁰⁶ What is more, the United States Supreme Court clearly had a different view on the appropriateness of the “homestyle” exception when it decided *Twentieth Century Music Corp. v. Aiken*—the basis for Congress’s codification of § 110(5).¹⁰⁷ Although this violation of TRIPS (and Berne) was clearly not much of a concern for the United States at the time, the Supreme Court has indicated that the United States should reconsider harmonizing U.S. copyright law with international minimum standards under Berne.¹⁰⁸

2. Applying the WTO Interpretation of the Three-Part Test: The Fair Use Doctrine v. The Libraries and Archives Exception

In the United States, the fair use doctrine was a common law exception to a prima facie case of copyright infringement that was eventually codified in the Copyright Act of 1976.¹⁰⁹ In short, it strikes a balance between the copyright protection for authors of works and First Amendment rights for users of those works¹¹⁰ and can help to “[t]o promote the Progress of

¹⁰⁵ *Id.*

¹⁰⁶ See Alain J. Lapter, *The WTO’s Dispute Resolution Mechanism: Does the United States Take It Seriously? A TRIPS Analysis*, 4 CHI.-KENT J. INTELL. PROP. 217 (2005).

¹⁰⁷ See 422 U.S. §151 (1975).

¹⁰⁸ See, e.g., *Golan v. Holder*, 131 S.Ct. 1600 (2011) (holding that Congress had a legitimate purpose for implementing section 514 of the URAA in the Copyright Act in complying with U.S. treaty obligations under Berne).

¹⁰⁹ 17 U.S.C. § 107 (2006).

¹¹⁰ See *Suntrust Bank v. Houghton Mifflin Co.*, 268 F.3d 1257, 1263 (11th Cir. 2001) (citing *Eldred v. Reno*, 239 F.3d 372, 375 (D.C.Cir.2001)).

Science and useful Arts.”¹¹¹ In *Folsom v. Marsh*, Justice Story gave the first American pronouncement on fair use:

In short, we must often, in deciding questions of this sort, look to the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work.¹¹²

The codification of the doctrine established an analytical guide to determining fair use by breaking it down into four non-exclusive factors to be balanced and weighed against one another under the particular facts of each case¹¹³:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.¹¹⁴

Accordingly, there are a few specific uses that are considered by the courts and/or under statute to be per se fair uses: i.e., parody¹¹⁵, “criticism, comment, news reporting, teaching, . . . scholarship, or research.”¹¹⁶

Under the WTO’s interpretation of article 13 of TRIPS, it is unlikely that the fair use doctrine would pass the certain special case requirement of the three-part test. The problem is that § 107 generally defines fair use with the four non-exclusive statutory factors that establish nothing more than a standard for comparison. Because the fair use inquiry is a balancing test,

¹¹¹ *Id.* at 1283 (citing US CONST., art. I, § 8, cl 8.).

¹¹² 9 F. Cas. 342, 348 (C.C.D. Mass. 1841).

¹¹³ *See Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 577-78 (1994).

¹¹⁴ 17 U.S.C. § 107.

¹¹⁵ *See Campbell*, 510 U.S. 569 (finding that parody of Roy Orbison’s song, “Pretty Woman” was a fair use).

¹¹⁶ 17 U.S.C. § 107.

the factors provide little in the way of legal certainty or limits on the scope of application that would satisfy the certain and special requirement of the three-part test. On the other hand, the illustrative examples enumerated in § 107 may qualify as certain cases; although whether such uses as parody and criticism are special cases is not as clear.

In contrast, the libraries and archives exception in the Copyright Act is much more specific and would likely qualify as a certain special case. First, the scope of the exception is limited to a certain number of unauthorized copies of the work that can be made.¹¹⁷ Second, the exception is clearly defined in § 108 as only applying to libraries and archives and their employees. The exception would also likely satisfy the second and third elements of the three-part test, because it can only be used for non-commercial purposes that would likely not be “unreasonably prejudicial” to the copyright owners commercial interests or “in conflict with the normal exploitation of the work” under the WTO’s interpretation.¹¹⁸ Therefore it is likely that the libraries and archives exception would satisfy the three-part test under the WTO’s interpretation of article 13 of TRIPS.

Conclusion

Whether mass digitization “promote[s] the Progress of Science and useful Arts”¹¹⁹ or merely creates economic value in intellectual property made useless by market inefficiencies, there are strong, unyielding forces pushing the United States, as well as Europe, towards redrafting copyright laws to allow the unlicensed reproduction of orphan works in limited circumstances. Blame could be placed on the courts for failing to correctly apply the limitations

¹¹⁷ *Id.* § 108(a).

¹¹⁸ *Id.* § 108(a)(1).

¹¹⁹ US CONST., art. I, § 8, cl 8.

and exceptions to copyright currently existing under the Copyright Act in the Google Books cases, but the fair use doctrine and the libraries exception are clearly inadequate mechanisms for the job. Although some would say that only a poor worker blames his tools, the courts should not be held solely responsible for a problem that has developed in large part because of the evolution of societal values and technological change. What is more, writing laws enshrining the prevailing public norms falls squarely within the duties of Congress.

Under the Berne and TRIPS minimum standards and the three-part test, Congress must be sure to draft a law that clearly defines the exceptions to and limitations on the economic interests of copyright holders. In considering the remedies for copyright holders who reclaim their orphan works, Congress needs to make it clear who has standing to assert copyright (and under what laws) and what kind and amount of damages will be available to them. Some proponents of allowing uses of orphan works have proposed limiting the term of orphan works, while others have sought to limit statutory and consequential damages. In either case, member countries of the European Union will soon implement these kinds of provisions under the provisions of the Directive, and it would be appropriate and wise to follow those developments closely while deciding on an appropriate solution under U.S. copyright law. In particular, if Congress makes a “diligent search” a pre-requisite to using orphan works as it did in the Shawn Bentley Act of 2006, it must be sure to clearly define where the search needs to be made, what information the user should seek to find, and how and where the information should be recorded. The EU Directive also provides guidance on a “diligent search” system, and provides useful insight into how public-private partnerships could help relieve the burden on government to maintain records and make the information itself more accessible and efficient. By taking advantage of the lessons learned from the implementation of the E.U. Directive over the next few years, Congress

may be able to implement a system under U.S. copyright law that both facilitates mass digitization for library users benefiting society at large and continues to protect the legitimate interests of copyright holders in orphan works.