October 9, 2015

United States Copyright Office
101 Independence Avenue S.E.
Washington, DC 20559-6000
Via electronic delivery

Re: Docket 2015-3: Mass Digitization Pilot Program; Request for Comments

Introduction

This comment was jointly drafted by Barron Oda and Katherine E. Lewis in response to the United States Copyright Office's Notice of Inquiry published in the Federal Register on June 9, 2015, and Extension of Comment period published on July 29, 2015.

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Katherine E. Lewis is Chair of the Museum and Arts Law Committee. She worked as an Attorney Advisor for the Smithsonian Institution's Office of Contracting for three and half years; her practice is primarily copyright law and she has specific experience in issues of information technology and mass digitization.

Barron Oda and Katherine E. Lewis are submitting this comment in their personal capacities. Their opinions on aspects of the U.S. Copyright Office's Mass Digitization Pilot Program as presented in this comment do not reflect the opinions of their employers or the American Bar Association.

The U.S. Copyright Office ("Office") published its *Orphan Works and Mass Digitization: A Report of the Register of Copyrights* report in June 2015 in which it recommended two distinct and separate approaches for orphan works and mass digitization. For orphan works, it recommended a statutory framework that limits liability of good faith users of orphan works over a compulsory licensing approach because it noted, *inter alia*, that such an approach would be "highly inefficient"[1] and that of five countries that had such a system available (Canada, Hungary, the United Kingdom, Japan, and Korea), it found that "substantially fewer than 1,000 total licenses [were] granted to date[.]"[2] For mass digitization, the Office recommended a pilot project to explore the efficacy of a scheme known as "extended collective licensing" or "ECL" despite the fact that the same informational issues that led the Office to

[1] *Orphan Works and Mass Digitization: A Report of the Register of Copyrights*, p. 48 (2015), *available at* http://copyright.gov/orphan/reports/orphan-works2015.pdf .

[2] *Id.*

reject a compulsory licensing approach to orphan works as "highly inefficient" are latently present within mass digitization endeavors. In its report, the Office stated, "[i]n the case of mass digitization, the issue is not so much a lack of information as it is a lack of efficiency in the marketplace."[3]

The Office is requesting comments on:

1. Examples of projects and criteria for qualifying collections, eligibility and access, and security requirements;

2. Dispute resolution process;

3. Distribution of royalties;

4. Diligent search; and

5. Other issues.

This comment is structured accordingly.

1. Examples of Projects and Criteria for Qualifying Collections, Eligibility and Access, and Security Requirements

a. Examples of Projects and Criteria for Qualifying Collections

We agree with the Office's position of restricting the scope of this pilot program for non-profit, educational, research, and uses otherwise in the public interest. A non-profit *use*, rather than a non-profit *user* restriction would also allow for-profit entities to engage in projects for the benefit of the public and is therefore flexible, practical, and in the public interest.

Currently, due in large part to fear of infringing the rights of an orphan work rightsholder, many of the completed, ongoing and planned mass digitization projects which we are aware of have focused on works that are (1) in the public domain; (2) objects, artifacts and specimens to which copyright protection would not apply; and/or (3) works which are protected by copyright and the necessary rights have been obtained. In the last instance, we have seen a shift in museums and other collecting institutions collections and acquisition policies, emphasizing the need to obtain broad intellectual property licenses to use and make copies of the work in furtherance of the mission at the time of acquisition.

With regard to types of works, the Office proposed limiting the pilot program to three categories of published material: literary works, embedded pictorial or graphic works, and photographs. The Office explained that restricting the pilot program to published material would help with the commercial valuation of licenses while respecting a creator's exclusive "dormant" right of determining when to publish his or her work. We agree with the Office's position,

[3] *Supra* note 1 at p. 5

especially with regard to respecting a creator's right to determine when to publish his or her work. Such a right is not enumerated in 17 U.S.C. § 106, yet it is almost universally accepted that the decision of whether and when to publish a work is reserved exclusively for the creator of that work. We suggest, however, that the Office consider excluding photographs from the pilot program at this time. Probably more than any other medium, photographs by their nature are the most susceptible to orphaning, which could pose significant challenges even with the presumed benefit of a CMO's involvement in the pilot program to identify rightsholders. Further, unless the photograph is part of a larger work (such as a magazine or book), the publication status of a given photograph may be difficult to determine, which poses a corresponding challenge to the user's involvement in the pilot program. Indeed, the bulk of photographs in most archive and museum collections are unpublished and possess a higher likelihood of being orphaned making them a particularly impractical category of this pilot program.

With regard to age of works, we believe the pilot program will have the most utility if there is no age limit imposed as a criterion for qualification. This is, of course, without regard to works already in the public domain. Indeed, the works at greatest risk of loss and most in need of preservation through digitization are older works because the media they have been fixed upon are likely to experience a greater probability of degradation through the passage of time.

With regard to the size of the project, we do not believe that a minimum number of objects or rightsholders should be the criterion for qualification. In its report, the Office alluded to the potential for use of the pilot program by those who would otherwise be able to obtain licenses notwithstanding the size of the collection to be digitized.[4] To prevent this type of mis-use of the pilot program, there should be some type of minimum qualifying standard with regard to size of the project. However, every mass digitization project is unique and will, in time, present its own unique organizational challenges, it would be inflexible and impractical to establish a minimum qualifying standard based on some type of quantity (e.g., number of photographs, amount of pages, estimated number of rightsholders). In order to keep the pilot program's intent of being a solution for large-scale digitization projects while acknowledging and accommodating the unique circumstances of every project, a minimum qualifying standard could be a ratio of the amount of time reasonably estimated to perform a diligent search for rightsholders compared to the amount of time reasonably estimated to digitize all works in the project. Such a standard would remain flexible enough to accommodate various types of projects while providing quantifiable criteria that can be used to evaluate a project's fitness for the pilot program. For example, a massive collection of recent works by one rightsholder would yield a very low ratio of search time to digitization time, while a smaller collection of older works by a number of authors might yield an even or high ratio of search time to digitization time. The ratio of a given project can be used as a basis for determining the practicality or impracticality of obtaining rights clearances independently (and thus eligibility for the pilot program). By using ratios as a qualifying standard, diverse collections of varying size and composition can be evaluated in the same manner and consistent results with respect to eligibility for the pilot program can be achieved.

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[4] "This additional requirement would prevent a licensee from using the system to avoid seeking individual permissions in situations where they could be obtained notwithstanding the number of works involved – for example, where a collection consists of works owned by a single author." *Supra* note 1 at p. 89.

b. Eligibility, Access, and Security Requirements

We agree with the Office that protecting against unauthorized reproduction and use of digitized material should be a priority. If the ECL scheme is to gain legitimacy in the eyes of rightsholders, it must be able to adequately protect their interest in their copyrighted work. While we offer no specific technical recommendations for digital security measures, we recommend limiting end users and access in the following ways to maximize public utility and security of digitized collections.

The Office sought comments on whether to limit access to digitized collections to certain classes, such as students, faculty, researchers, employees of the digitizing institution, and other similarly credentialed individuals. We believe the approach which would provide the most public utility is to allow public access in a controlled manner. Limiting access to a certain class of individuals excludes a significant portion of the public while not providing any meaningful assurance of protection against unauthorized duplication or use of digitized collections. The security emphasis should not be on restricting end users, but on restricting access and having the appropriate technological mechanisms in place to ensure access is controlled and users are accountable. By allowing the public controlled access to digitized collections, public utility is maximized while retaining control over security.

One suggested method to accomplish this goal is to make the digitized collections available only at the digitizing institution (i.e. a user must go to the digitizing institution to view the digitized collection). Such access would also be in harmony with the Copyright Act as it exists today. Public access at the digitizing institution would allow the institution great level of control over security. For example, the institution could provide public terminals for viewing digitized collections. The institution could limit the public terminals' online access to prevent end users from uploading digitized materials to outside sites. It could disable the public terminals' USB and other peripheral ports to prevent duplication of digital materials onto physical media and can control printing from these terminals. The institution could also specify reasonable public hours for viewing digitized collections – such temporal control puts the institution in a position to ensure it has proper resources available for security, such as adequate staff to assist the public.

Acknowledging the growing urge to grant virtual visitors access to institution collections, we recommend that the Office establish minimum technology requirements for any digital collections open to remote access through the digitizing institution's website, the CMO's website or through a central online access portal, including minimum standards for building and maintaining such portals or online applications, data and privacy security standards and user registration requirements. In order to ensure some level of end user accountability in this example, and maximize the protections of the rightsholder, users should register and verify their identity prior to being granted access to the digitized collection in a similar manner to how many software applications function already. In this way, if a user unlawfully takes or copies an image, at a minimum there is some level of accountability. Depending on the institution, this process might be easily integrated into already existing user accounts on the institution website and may offer tangential benefits to membership, curatorial, programming and outreach efforts. In this

example, the proper protection is being afforded to the rightsholder, the proper care is being taken with the digitized collection and there is no need to limit access to the digitized collection.

2. Dispute Resolution Process

Our comments with respect to a dispute resolution process are as follows:

(a) The Copyright Royalty Board is uniquely situated to resolve royalty disputes, which is likely to be the most prevalent type of dispute under the pilot program;

(b) Although alternative dispute resolution (mediation and arbitration) is generally thought to be less expensive, there are also significant costs associated with these processes. Therefore, we recommend that any proposed dispute resolution process take this into account and consider providing for shared costs as between the licensee and the CMO; and

(c) There is a notable disparity of bargaining power between licensees and CMOs. Consistent with the Office, we foresee situations under the ECL scheme where a CMO might demand unreasonable licensing terms or where licensees may want to be able to collectively negotiate with CMOs to increase their bargaining power relative to CMOs. The Office has recommended that an antitrust exception be included in the pilot program to allow the licensees to collectively negotiate with the CMOs. We believe that it is prudent to attempt to bring parties closer to equality with respect to bargaining power to minimize the chance of unreasonable licensing terms.

3. Distribution of Royalties

We do not believe we are in a position to opine on what schedule royalties distribution should follow and defer to industry professionals in this regard, but will address (a) adequate negotiation opportunity for the rightsholder; (b) the related opt-out provision at this time as it is relevant to the subject of royalties distribution; and (c) the rights of non-member rightsholders for whom the CMO has collected royalties in the correspondingly number subsections below.

(a) As it is with security, if the ECL process is to gain legitimacy in the eyes of rightsholders, it must be able to adequately protect their interest in their copyrighted work, which extends to royalties due. If a rightsholder wishes to negotiate on his or her own behalf, he or she should be able to do so. Not providing a mechanism to allow for this negotiation would undoubtedly conflict with 17 U.S.C. § 106 which provide the rightsholder ability to commercialize his or her work.

(b) Although the opt-out provision should be considered an essential part of the ECL scheme, it could also lead to confusion among licensees if they are not given adequate notice. The Office recommends that specific opt-out procedures be established through regulations and emphasizes that minimum costs and burdens should be

placed on the rightsholder.[5] To provide the greatest utility to the pilot program, we recommend that the opt-out provision include a requirement to provide notice to the Office and be publicly available so that licensees may directly engage the opted-out rightsholder in licensing negotiations. Giving notice to the Office (whether as part of or in addition to an opt-out notice to CMOs) (with no associated fee or cost for doing so) would better serve licensees and the opted-out rightsholders, and would also minimize the potential for their works to be orphaned in the future because the information provided to the Office in the notice.

(c) With regard to non-member rightsholders for whom the CMO has collected royalties, the Office recommends that the CMO should be required to conduct diligent searches for such individuals. We are very much in support of the Office's recommendation that a list of orphaned works licensed under this pilot program be maintained and be made publicly available[6] but are concerned about the practicality of naming or titling each work in a way that would enable a rightsholder to identify its work in the list, especially if photographs remain an included category. Many institutions catalogue photographs, specimens and objects with a numeric system that would not be understood by a lay person and it is often the case that collections of individual photographs may not be catalogued separately, but rather as part of a smaller collection. Although we agree that such a list ideally provides notice to rightsholders so they may come forward and be identified, there should be enough information in the list to enable the rightsholder to identify his or her work. In acknowledgment of this challenge, we recommend that rightholders be afforded the maximum allowable time to come forward and collect any royalties due from the use of his or her work from the CMO. At a minimum, rightsholders should have the ability to come forward and collect royalties for the term of the pilot program.

4. Diligent Search

The Office's proposed orphan works statutory framework of limited liability for good faith users and this pilot program is not the first time special treatment of orphan works are being contemplated. Long before the Shawn Bentley Orphan Works Act of 2008 and its predecessor were proposed, Section 113 of the Copyright Act[7] contemplated scenarios where rightsholders could not be located and required a "diligent, good faith attempt,"[8] providing guidance on what

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[5] *Supra* note 1 at p. 93

[6] *Supra* note 1 at pp. 99-100

[7] 17 U.S.C. § 113(d)(1)(B) states in relevant part: "If the owner of a building wishes to remove a work of visual art… the author's rights under paragraphs (2) and (3) of section 106A(a) shall apply unless… the owner has made a diligent, good faith attempt without success to notify the author of the owner's intended action affecting the work of visual art…"

[8] *Id.*

constituted a "diligent, good faith attempt."[9] Other than Section 113, we are not aware of any other provision in the Copyright Act that describes the essential features of a diligent search. As the Office is aware, however, numerous organizations have published statements of best practices in recent years with regard to orphan works. These statements do not carry the authority of law, but do represent what is accepted as ideal procedure.

The standards and procedures the Office decides to require in CMOs' diligent searches of non-member rightsholders should, at the very least, be no less stringent than what the Office would require of licensees under its proposed orphan works legislation. We support the Office's belief that as part of the obligation of CMOs to diligently search for non-member rightsholders, a list of licensed works for which rightsholders have not been identified or located should be maintained and publicly available, as discussed in the previous section of this comment.

6. Other Issues

Orphan Works

The ECL process has one fundamental limitation: it does nothing to solve the orphan works issue latent within mass digitization projects, instead it merely pushes the burden to the CMOs. Therefore, the "lack of efficiency in the licensing marketplace"[10] this pilot program seeks to resolve is addressed only insofar as it will speed up and streamline the licensing process for licensees, including licensing for known orphan works, but it does not address the problem of orphan works in any meaningful way.

To give this pilot program the greatest chance of success, it would be ideal to have solid orphan works legislation already in place to serve as a foundation the CMOs can ultimately rely on, and harmonize the pilot program's applicable provisions (such as those relating to diligent search) with it. Without this piece in place, the problem of orphan works is the same whether it arises under the proposed orphan works legislation or whether addressed under the mass digitization pilot program, but the way it is dealt with could depend on how it is used and by whom, leading to potentially inconsistent outcomes.

Sunset

The Office recommends a five-year trial period of the pilot program and has done an excellent job evaluating the need for the pilot program and seeking input from all interested stakeholders. We correspondingly recommend that in order to more fully contemplate the scope and effect of the pilot program, the Office should provide additional information to the public and stakeholders regarding how it arrived at the pilot term; how the pilot program will be promoted; what outreach will be done and by whom to make it known to the public (as this is such a significant change in practice); provide pilot milestones and evaluation criteria; establish

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[9] "For purposes of subparagraph (A), an owner shall be presumed to have made a diligent, good faith attempt to send notice if the owner sent such notice by registered mail to the author at the most recent address of the author that was recorded with the Register of Copyrights pursuant to paragraph (3)." *Id.*

[10] *Supra* note 1 at p. 5

opportunities for CMO and stakeholders progress meetings and mechanisms for the public and other stakeholders to provide feedback on the success and/or challenges of implementing the pilot program; and details regarding how the pilot program will be either extended or wrapped up depending on its ability to meet the established evaluation criteria and/or in the event Congress finds the pilot program has been ineffective or otherwise harmful to the problem it sought to address.

Specifically with respect to the term of the pilot program, there are many factors that cannot be determined at this point in time, such as how many organizations are expected to express interest as CMOs; the involvement and depth of the Office's approval process for CMOs; the amount of time the Office expects it will take to approve mass digitization projects, and the size of those mass digitization projects. Given the uncertainty of these and what are likely to be many other variables, five years may not be a sufficient amount of time to be able to properly implement and evaluate the pilot program.

In the event the pilot program is not extended beyond five years, it would be helpful to consider how the established CMOs would handle ongoing or pending digitization requests and how rightsholder claims which accrue during the pilot but are brought after the CMO may have been dismantled would be addressed.

Conclusion

The Office's efforts to initiate a mass digitization pilot program are commendable, but its plan does not directly address the issue as equally significant as "a lack of efficiency in the licensing marketplace" related to orphan works. It is certainly, however, a significant step in the right direction to overcome a uniquely 21st century copyright issue. This pilot program, if implemented, could digitally preserve thousands of works that might otherwise be lost as the physical media they are fixed upon continue to degrade with the passage of time. There are numerous areas for improvement in this pilot program and necessary information on the particulars of the pilot program itself in order to better evaluate its likelihood of success and its impact. This comment respectfully identifies some issues and offers recommendations based on our unique perspectives that we view as an important part of this discussion.

Our culture, our collective knowledge, our environment, and the world are continually changing and evolving. The field of museology interprets the past for today, and preserves today for the future. Mass digitization has the awesome potential to preserve the past for today, and to preserve today for the future. The legal issues of rights clearances and the inability to identify and/or locate rightsholders is the single biggest impediment to accomplishing this goal. This pilot program represents the most ambitious effort thus far to lift this "chill." We support the intent of this pilot program and eagerly look forward to its refinement.