

Symposium: Collective Management of Copyright: Solution or Sacrifice?

If Mass Digitization Is the Problem, Is Legislation the Solution? Some Practical Considerations Related to Copyright

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INTRODUCTION

Copyright law is intended to be “technology neutral.” Despite that, technological development is clearly putting pressure on certain aspects of copyright. Readily available technological tools make digital copying and distribution simple and seamless. This can make the legal “obstacles” to the full use of those tools resulting from the need to comply with copyright seem inconvenient and archaic. In particular, the issues arising in connection with mass digitization projects, where compliance can require identifying and locating large numbers of copyright owners and seeking appropriate permissions, are complicated. We hear often about the potential benefits that could be derived from mass digitization projects; we hear less often about some of the risks they may create. But the widespread interest in facilitating such projects, at least for certain purposes, is clear. Collective licensing schemes may be one way to accomplish that; targeted exceptions to copyright may be another. Either may require making changes to current copyright law.

Many discussions about issues related to current copyright law are taking place. There are discussions about extensive, overall “reform” and about less “global” approaches as well. Significant work has been done with respect to several aspects of the present law that are relevant to mass digitization initiatives. The orphan works study, report and legislative recommendations of the Copyright Office

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looked at possible changes to the law that would create an exception, in certain circumstances, for works still in copyright for which the owner could not be located.¹ The Section 108 Study Group, which was formed under the auspices of the Library of Congress, examined library privileges under the current copyright law and, in its March 2008 report, suggested ways that section of the copyright law could be changed to, among other things, facilitate the uses of digital technologies by libraries.²

The role of licensing often comes up in these discussions. Copyright has always been managed through licensing (and sometimes through assignments or copyright transfers, although that is a topic for another day). Publishing agreements, for example, are just a specialized form of license agreement. Digital technologies make licensing particularly relevant. Digital dissemination necessarily involves copying, and the right to make or authorize the making of copies is the key exclusive right granted to copyright owners. The only way that a third party can acquire the right to make copies of works protected by copyright (absent an exception or limitation) is through a license.³ The traditional, one-to-one, negotiated transactional licenses that have been the way that copyright owners managed their rights still have an important place, but they also have clear limitations and have to be supplemented by other tools, particularly in a digital context.

Individual licenses present obvious challenges for mass digitization and, in view of the fact that collective licensing has been successfully used for many other purposes, it is often mentioned as a way of addressing those challenges. For those other purposes, collective licensing offers efficiencies that are appealing. Rights are “pre-cleared” and in many cases “pre-priced.” In a well thought out collective licensing system, there is predictability, transparency and simplicity. Copyright Clearance Center (“CCC”) is the best example of that in the United States, although CCC could perhaps be described more precisely as a collective rights management system, rather than true collective licensing. CCC was originally formed in

1. See REGISTER OF COPYRIGHTS, U.S. COPYRIGHT OFFICE, REPORT ON ORPHAN WORKS (2006), available at <http://www.copyright.gov/orphan/orphan-report-full.pdf> [hereinafter REPORT ON ORPHAN WORKS]. In response to a request from Senators Orin Hatch and Patrick Leahy, the Copyright Office prepared and, on January 31, 2006, submitted to the Senate Judiciary Committee, a *Report on Orphan Works*. See Letter from Senator Orrin G. Hatch, Chairman, Subcomm. on Intellectual Prop., Comm. on the Judiciary & Senator Patrick Leahy to Marybeth Peters, Register of Copyrights, U.S. Copyright Office (Jan. 5, 2005), in REPORT ON ORPHAN WORKS, *supra*; see also *Orphan Works*, U.S. COPYRIGHT OFF., <http://www.copyright.gov/orphan/> (last visited Feb. 22, 2011). The report was based on a study of the issue conducted by the Copyright Office during 2005. See *id.* Further information about the study and report can be found on the website of the U.S. Copyright Office. *Id.*

2. SECTION 108 STUDY GROUP, THE SECTION 108 STUDY GROUP REPORT (2008), available at <http://www.section108.gov/docs/Sec108StudyGroupReport.pdf> [hereinafter SECTION 108 STUDY GROUP REPORT]. The Section 108 Study Group was a committee of copyright experts convened as an independent group by the National Digital Information Infrastructure and Preservation program of the Library of Congress and the U.S. Copyright Office. See SECTION 108 STUDY GROUP, <http://www.section108.gov/> (last visited Feb. 22, 2011). Further information about the Study Group can be found on its website. *Id.*

3. Permissions are also a form of license, although usually on a limited, nonexclusive basis.

response to a legislative mandate, but, importantly, it has always acquired the right to fulfill that mandate through voluntary, contractual arrangements with both rights holders and users.⁴ In the area of music performance, BMI and ASCAP are other examples of successful collective rights management in the United States, although there are particular issues presented by music licensing, related in part to the antitrust decrees under which each organization operates, that keep those collective licensing systems from fairly being described as “simple.”⁵

But in connection with mass digitization projects, especially in the United States, collective licensing, and in particular extended collective licensing, may not be the best, or in some cases even an appropriate, solution for the concerns that have been expressed by rights holders and users.⁶ It is one of a number of possible approaches that could be used to manage rights in a way that can facilitate the use of digital technologies in connection with mass digitization projects without ignoring the legitimate concerns of rights holders.

I. RIGHTS CURRENTLY MANAGED THROUGH COLLECTIVE LICENSING

For text materials, at least in the United States, collective licensing has been used to manage rights that provide incremental revenue, but that are not the primary revenue generators or core business activities of the right holder. These “noncore” rights have included licensing of excerpts (as opposed to entire works) for specified uses (such as educational use). For example, collective licensing has been used to permit the inclusion of portions of works in course packs or e-reserve systems, but not typically for licensing entire works for print or e-book distribution. It is sometimes used for reprints (analog or digital) of certain individual articles, but not

4. Copyright Clearance Center (“CCC”) was founded in 1978 as a not-for-profit corporation. *See About Us: CCC Facts*, COPYRIGHT CLEARANCE CENTER, <http://www.copyright.com/viewPage.do?pageCode=au13> (last visited Feb. 22, 2011). It “[p]rovides licenses to academic institutions, businesses and other organizations for the rights to share copyrighted material” for certain purposes, and collects and pays compensation to “authors, publishers and other content creators for the use of their works.” *Id.* The services provided by CCC include pay-per-use permissions services to corporations and universities and annual copyright licenses to academic institutions and businesses. *See Products & Solutions*, COPYRIGHT CLEARANCE CENTER, <http://www.copyright.com/viewPage.do?pageCode=au1> (last visited Feb. 22, 2009).

5. The American Society of Composers, Authors and Publishers (“ASCAP”) and Broadcast Music Inc. (“BMI”) (along with the much smaller Society of European Stage Authors and Composers (“SESAC”)) are performing rights organizations that license and collect royalties for the performance of their members’ music.

6. “Extended collective licensing” refers to the types of collective management systems that exist through legislation in certain countries in Europe and that permit the collective rights manager to grant licenses on behalf of both the “registered rights holders” that are members of the organization and “unregistered rights holders” who hold rights to works in the same category as those represented by the collective management organization. When thinking about the appropriateness of such a system, it is important to keep in mind that rights holders and users are not distinct and separate groups. For example, authors often incorporate (“use”) materials owned by others in their works. Libraries (in the past, the classic example of “users” of copyright materials) now often engage in activities that are hard to distinguish from publishing.

usually for republication of entire issues. And this is the case even though this form of collective licensing is entirely voluntary.

The terms of the Google Book Settlement include an expansion of the category of rights that are now being licensed collectively.⁷ The Book Rights Registry that is created by the not-yet-approved Amended Settlement Agreement would have the right to license, on behalf of a very large group of rights holders, rights to use the full text of copyrighted works in a variety of ways.⁸ Since the Book Rights Registry would be formed as part of a class action settlement, it uses an “opt out” rather than an “opt in” mechanism for determining whose rights will be represented. This is clearly a departure from the more typical forms of collective licensing in the United States, which rely on express and voluntary right holder participation.

The creation of the Book Rights Registry as part of the Google Book Settlement, and in particular the fact that it was agreed to by rights holders, is important and will influence future developments in this area whether the Google Book Settlement is approved or not. But there are a few factors to keep in mind. First, the settlement was negotiated by representatives of rights holders in that case (the Association of American Publishers and the Authors Guild), but with minimal input from many rights holders—including many publishers and authors—who were not directly represented in the lawsuit. This is evidenced by the fact that objections to the settlement came from parties at all points in the spectrum, including many rights holders. Second, the Google Book Settlement covers only “books,” as that word is defined in the Amended Settlement Agreement.⁹ There are, therefore, many copyrighted works that the settlement does not cover and the Book Rights Registry cannot license, including: other types of text works

7. In the fall of 2005, the Authors Guild and the Association of American Publishers filed separate lawsuits in the Southern District of New York against Google. Class Action Complaint, *Authors Guild, Inc. v. Google, Inc.*, 93 U.S.P.Q.2d 1159 (S.D.N.Y. 2009) (No. 05 CV 8136 (DC)), 2005 WL 2463899 [hereinafter *Authors Guild Complaint*]; Complaint, *McGraw-Hill Cos. v. Google, Inc.*, No. 05 CV 8881 (S.D.N.Y. Oct. 19, 2005) [hereinafter *AAP Complaint*]. Both lawsuits alleged that Google’s activities in connection with its “Library Project” (which involved the scanning of the full text of copyrighted works, the use and delivery of portions of those scanned texts in online searches and the delivery of copies of the works scanned to the libraries that had provided the analog copies for scanning) were infringing. See *AAP Complaint*, *supra*, at 1–4, 13–15; *Authors Guild Complaint*, *supra*, at 2–3, 10–13. The Authors Guild suit was filed as a class action. *Authors Guild Complaint*, *supra*. In the fall of 2008, it was announced that a settlement had been agreed to in both actions, adopting the class action mechanism of the Authors Guild suit. See Settlement Agreement, *Authors Guild, Inc.*, 93 U.S.P.Q.2d 1159 (No. 05 CV 8136 (DC)), [hereinafter *Original Settlement Agreement*]. The parties subsequently amended the Original Settlement Agreement, and it is the Amended Settlement Agreement that is currently under consideration by the court. Amended Settlement Agreement, *Authors Guild, Inc.*, 93 U.S.P.Q.2d 1159 (No. 05 CV 8136 (DC)); see also *Authors Guild, Inc. v. Google, Inc.*, 92 U.S.P.Q.2d 1956 (S.D.N.Y. 2009) (granting preliminary approval of Amended Settlement Agreement). Further information about the Google Books Settlement can be found on the settlement administration website. GOOGLE BOOK SETTLEMENT, <http://www.googlebooksettlement.com/> (last visited Feb. 22, 2011).

8. On February 18, 2010, a fairness hearing was held before Judge Chin in the Southern District of New York, so that the Judge could decide whether to approve the Amended Settlement Agreement. As of February 22, 2011, no decision has yet been published.

9. See Amended Settlement Agreement, *supra* note 7, at 4, art. 1.19.

(journals, newspapers, conference proceedings, etc.); works in other media; and books registered for copyright in the United States or published in the United States, the United Kingdom, Canada or Australia after January 5, 2009. Finally, the Book Rights Registry exists in concept, but the reality of managing a huge number of rights for exploitation in a wide variety of ways is very complicated. Creating the necessary database is enormously difficult, but in some ways that's the easy part. The information that has to be collected is not static. It is dynamic and changes constantly. Rights are assigned or revert; companies are bought and sold; individuals move, get married and divorced and eventually die. All those changes have to be tracked in the database for millions of works, individuals and entities. As anyone at CCC can tell you, that is a tremendously complex process. The Book Rights Registry's success, if and when it gets truly started, is not a foregone conclusion. And it should not be assumed that the owners of the rights to other kinds of content would accept the type of broad collective licensing that the Book Rights Registry contemplates.

II. "COLLECTIVE MANAGEMENT" SHOULDN'T BE CONFLATED WITH "AGENCY"

Collective management organizations sometimes license more broadly on behalf of rights holders, but not under a true collective licensing scheme. Sometimes, the collective management organization acts as a traditional "agent," brokering transactions on behalf of an owner within the perimeters of a contract between the agent and the principal. Although there may be some standardized or "industry practice" aspects to those arrangements, they are entirely voluntary and contractual and are not really classic examples of "collective management." The key point here is that collective approaches can, and do, take different forms, and a voluntary, agency approach lends itself to applications that would be problematic in an "opt out" or extended collective system. With the possible exception of the Book Rights Registry (which, as discussed above, is part of a settlement that has not yet been approved), broad rights licenses in the United States are now voluntary. The passage of legislation that mandates that kind of licensing would be a sea change in how rights are currently managed.

This is one of the reasons that the Google Book Settlement was so controversial, even among some of those who seemed to be in a position to benefit from it. Clearly those negotiating the settlement on behalf of authors and publishers believed that they were solving both a legal problem (by getting Google to take a "license" for its past scanning activities and certain other activities like the delivery of excerpts in response to search queries that it had claimed to be doing under "fair use") and creating a revenue stream (through the payments for past scanning and, more relevantly for this discussion, by licensing a variety of uses to Google through the Book Rights Registry). But for many, this "collective-ish" approach to broad rights management was both unfamiliar and threatening. After all, the case being settled was about whether the scanning of whole works, the delivery of "snippets" from those works as part of search results and the delivery of full copies of those

works in digital form to the libraries that gave Google access to the analog copies, was “fair use.” But the settlement was in large part about licensing future activities. The “fair use” legal issue was not definitively resolved by the settlement.¹⁰

III. “ORPHAN WORKS” NOT SYNONYMOUS WITH “OUT OF PRINT” WORKS

“Orphan works” are works that are still protected by copyright, but for which the copyright owner cannot be located. While many “orphan works” are “out of print” not all “out of print” works are “orphans.” When the Copyright Office did its “orphan works” study in 2005, it discovered that forty percent of the comments filed that purported to describe “orphan works” situations did not actually identify instances in which the copyright owner could not be located.¹¹ In other words, the owner was located; she just said “no” or chose not to reply at all or wanted a license fee that the user felt was too high. Or, in other situations, difficulties arose in determining the copyright status of the work. These circumstances may raise other issues, but they don’t make a work an “orphan.” “Out of print” works are works that are no longer being commercially exploited in the same way as when they were originally published. But in many, if not most, cases there is still a right holder (often the author of the work, to whom the rights have reverted) that has an interest in how the rights to those works are managed.

Extended collective license arrangements are being used in some countries as one way of addressing orphan works issues, by permitting the collective management organization to represent unregistered rights holders whose works fall within that organization’s area of responsibility. It isn’t clear, however, that a collective rights approach is preferable to creating an exception as a way of addressing this issue.

IV. LEGISLATIVE PROPOSALS FOR DEALING WITH ORPHAN WORKS

Some advocate the use of collective licensing to alleviate problems related to orphan works and, therefore, facilitate mass digitization. To be effective in addressing orphan works, such a system would have to be based on “opt out” rather than “opt in” and would thus require legislation.¹² In its report and

10. As is typical in settlement agreements, there is language in the Amended Settlement Agreement that states explicitly that neither party is conceding the legal positions that underlay the defense, and prosecution, of the litigation. See Amended Settlement Agreement, *supra* note 7, at 1. If for some reason the pending case does not settle, either under the current Amended Settlement Agreement or on some other terms, the fair use question would still have to be litigated. Even if the settlement is approved, the fair use issue may come up in a separate litigation over similar conduct, between different parties.

11. REPORT ON ORPHAN WORKS, *supra* note 1, at 21.

12. Depending on the ultimate ruling in the Google Books case, an alternative means might be through a class action settlement. But even if the court approves the use of a class action mechanism, it

recommendations on orphan works, the Copyright Office recommended a carefully crafted copyright exception, rather than some form of collective or compulsory licensing, to address the issue. Mass digitization has also been considered in the context of the copyright exceptions provided in § 108 of the Copyright Act for libraries and archives.¹³ The approach recommended there was also to work on specific, limited exceptions.

The orphan works study conducted by the Copyright Office in 2005 resulted in both a detailed report and in draft legislation. After considering other approaches, the Copyright Office recommended that a carefully crafted exception be adopted, based on limitation of liability.¹⁴ If the owner of a work could not be located after a “reasonably diligent search” the user could begin use, subject only to an obligation to pay a reasonable license fee if the owner ultimately came forward.¹⁵ If the owner did come forward, the burden of demonstrating that a “reasonably diligent search” had been conducted was placed on the user.¹⁶ The Copyright Office considered literally hundreds of comments and suggestions, and ultimately rejected those that would have added a requirement that the user “prepay” for the use, or apply for permission, or even publish a formal “notice” of the intended use.¹⁷

This is different from the system adopted in Canada, through which the government both grants the license to and collects a license fee from the user, creating both cost and administrative burdens for the user of the orphan work.¹⁸ The U.S. Copyright Office recommended approach also has some advantages for users over extended collective licensing, the solution adopted in the Scandinavian countries for at least some works and uses. Under the Copyright Office proposal, the user is not required to pay up front; indeed, unless the owner comes forward, there is no need to ever make a payment for the use of the work. However, those benefits for users are balanced by the “reasonably diligent search” requirement. That is arguably a burden for users, although one wonders how much of a burden, given the wide availability of databases and digital resources.¹⁹ Clearly, the

is difficult, if not impossible, to contemplate what a separate settlement in a separate not-yet-instituted legal action would look like.

13. 17 U.S.C. § 108 (2006).

14. REPORT ON ORPHAN WORKS, *supra* note 1, at 127 (recommending specific statutory language).

15. *Id.*

16. *Id.* at 96.

17. *Id.* at 92–121.

18. Copyright Act, R.S.C. 2011, c. C-42, § 77 (Can.). Additional information about the Canadian approach to orphan works can be found at the website of the Copyright Board of Canada. *Unlocatable Copyright Owners*, COPYRIGHT BOARD CAN., <http://www.cb-cda.gc.ca/unlocatable-introuvables/index-e.html> (last visited Feb. 22, 2011).

19. Among the proposals discussed in the report and in subsequent negotiations over the language of the legislation were the possibilities that registries of works could be established, that the Copyright Office’s own records could be made more readily available and complete for online searching and that individual industries could develop and publicize “best practices” for searching for copyright owners, all with a view toward facilitating searches and clarifying whether a particular search had met the standard of “reasonable diligence.” *Promoting the Use of Orphan Works: Balancing the Interests of Copyright*

“reasonably diligent search” requirement is more of a burden if the user wants to do mass digitization. That problem could, in theory, be addressed by having special provisions in the legislation for mass digitization projects. But if the legislation were to create specific exceptions for mass digitization, it would create another problem: is it appropriate to absolve huge-scale exploiters while subjecting more modest entrepreneurs to higher costs?

Although the orphan works legislation has not yet been enacted, the approach it adopted was supported by a broad spectrum of affected parties, including many (although not all) major content provider groups, such as the publishing and film industries. A key element for those supporters was that the legislation provided that the copyright owner could come forward after use commenced, be paid an amount of money equal to a reasonable license fee and, equally important, decide whether to continue to authorize the use. In effect, therefore, the proposed legislation included an “opt out” provision.²⁰

V. LIBRARY DIGITIZATION FOR PRESERVATION PURPOSES

The passage of orphan works legislation could have ameliorated many concerns related to the digitization of analog works. As I will discuss below, mass digitization projects may be undertaken for a variety of reasons, and it is important as a matter of policy to determine which of those purposes provide sufficient public benefit to support the creation of copyright exceptions or limitations. But, in my view, the area in which the need for addressing mass digitization issues is most pressing is in the context of library preservation. The Section 108 Study Group spent a great deal of time discussing this need and it was one of the areas in which the group was able to reach a consensus.

Current U.S. copyright law has no provision permitting libraries to make preservation copies of published works. Preservation copies are limited to unpublished works; replacement copies can be made of published works if the work is damaged or lost, but only if an unused copy cannot be located at a fair price.²¹

Among the group’s recommendations, in its March 2008 report, was that libraries be permitted to create digital copies of works that have been “publicly

Owners and Users: Hearing Before the Subcomm. on Courts, the Internet, and Intellectual Prop. of the H. Comm. on the Judiciary, 110th Cong. 19–29 (2008) (statement of Marybeth Peters, Register of Copyrights).

20. The *Report on Orphan Works* included recommended statutory language. REPORT ON ORPHAN WORKS, *supra* note 1, at 127. A bill designed to implement the Copyright Office recommendations, with the addition of some other provisions dealing with the documentation of the “reasonable search” and the “reasonable compensation” requirement, was introduced in 2006. Orphan Works Act of 2006, H.R. 5439, 109th Cong. (2006). A different version of the bill, which attempted to address some of the issues raised by visual artists, was introduced in 2008. Orphan Works Act of 2008, H.R. 5889, 110th Cong. (2008); Shawn Bentley Orphan Works Act of 2008, S. 2913, 110th Cong. (2008). Although no legislation is currently pending, the orphan works issue remains important and it is hoped that legislation will eventually be passed.

21. 17 U.S.C. § 108(b)–(c) (2006).

disseminated” for preservation purposes.²² There were some qualifications included in the consensus recommendation, such as:

- The archive or library doing the scanning had to be a “qualified” entity, meaning it had a preservation mission and the capability of establishing and maintaining the preservation archive.²³ This meant that not every library would be permitted to do scanning for preservation purposes under the proposed exception. Certain specifics related to the concept of a “qualified” entity were subject to further discussion.
- The works scanned for preservation had to be “at risk.”²⁴ This was seen as both a protection for rights holders and a means of encouraging efficient uses of limited library resources.
- The resulting archive had to be subject to access limitations and could not be used to create replacement copies or other copies for further distribution unless permitted by another provision of the law.²⁵

There was ample room for further refinement of the proposal through the legislative process, but the key element is that consensus was reached not only on the underlying issue, but also on many of the conditions and principles that would have to be addressed in implementation. The members of the Study Group, representing libraries, archives, rights holders for a variety of different media types and other interested parties, all agreed libraries and archives needed help through an exception to copyright to fulfill their important preservation role.²⁶

VI. OTHER REASONS FOR MASS DIGITIZATION OF ANALOG WORKS

Preservation by libraries is one of many reasons for which mass digitization may be undertaken. But there are other reasons, and those situations present other issues

22. In the course of its discussions, the Section 108 Group concluded that the Copyright Act’s distinction between “published” and “unpublished” works was problematic in the context of certain types of digital distribution, since it hinges on whether a work has been distributed “in copies.” The group concluded that a more appropriate approach was to look at whether the right holder had “publicly disseminated” the work, whether that dissemination was accomplished through the making of copies or another means (like broadcast or streaming). See SECTION 108 STUDY GROUP REPORT, *supra* note 2, at 47–51.

23. See *id.* at 73–77.

24. The definition of “at risk” was discussed at length in the Study Group meetings and in the final report. The group was able to agree on certain criteria for determining if a work was “at risk,” including rarity and risk that the library or archive’s copy might be lost due to instability of the format or medium or technological obsolescence. See *id.* at 72–73. There was also considerable discussion, but no ultimate consensus, about whether commercial availability and the inclusion of the work in a right holder managed preservation program should also be considered. *Id.*

25. See *id.* at 77–78. The *Section 108 Study Group Report* includes a full discussion of the proposed “preservation only” exception. See *id.* at 69–79.

26. Recommendations (with fewer qualifications, given the nature of the materials to be preserved) were also agreed to in connection with the preservation of born-digital materials like publicly available websites. See *id.* at 80–87.

and may or may not present equally compelling cases for legislative action.

Many rights holders have undertaken significant and expensive digitization projects to take advantage of digital technology to distribute their own materials more efficiently. For example, scholarly journal publishers had invested substantially in digitizing older issues of their publications so that users can gain convenient access to those materials. The publishers may license access to those materials directly, or through aggregators or both. They may also decide to give a collective rights manager (in this instance, CCC) the right to license the use of excerpts of those works or even of whole articles for certain limited, typically educational, purposes. Eventually, other types of content (like film and other audiovisual works) may be available more readily through this type of entirely voluntary collective licensing. A more robust voluntary collective licensing system could provide benefits to both rights holders and users by simplifying permissions processes and facilitating access. Obviously, however, a system based on the explicit agreed participation of each right holder does not address orphan works issues.

Then, there are situations in which the rights to the works to be digitized are owned by an individual or entity other than the party that wants to do the digitization, and the reason for digitizing those works is to make those materials available (in whole or in part) to third parties. The most obvious example is Google Library Project, which ultimately became the basis of the lawsuit that led to the Google Book Settlement. And it is here that the orphan works issue becomes arguably relevant. Google could have sought permission from the rights holders to the works it was scanning; it chose not to, preferring to rely on a “fair use” defense. It should be noted, however, that Google did have or subsequently acquired explicit permission to scan and include in its database some of the implicated works. At the same time that it was first undertaking the Library Project (but before that project became publicly known), Google began entering into agreements with publishers for what is now known as its “Partner Program.”²⁷ Participants in that program give permission for the entire text of their works to be scanned and for portions of those works to be made available in search results in exchange for certain promotional considerations.²⁸ But explicit permission cannot be acquired for works for which the rights holders cannot be located. And the effort involved in attempting to locate a right holder for each work among the millions included in the library collections scanned by Google would undoubtedly be substantial. So, it can be argued this is one “use case” for compulsory or extended collective licensing, with or without an “opt out” mechanism, if the decision is made that the uses being

27. Participation in the “Google Partner Program” is available to individual authors as well, so that authors of books to which the rights have reverted can participate on a voluntary basis.

28. The terms offered by Google to participants in the “Partner Program” have changed over time. Google can, of course, also enter into separately negotiated agreements with, for example, large publishers controlling the rights to a substantial number of books. For a general, but limited, overview of the current terms of the Partner Program, see *Google Books Partner Program Overview*, GOOGLE BOOKS, <http://books.google.com/support/partner/bin/answer.py?hl=en&answer=106167> (last visited Feb. 25, 2011).

made by the third party digitizer (Google, in this example) are of sufficient value to society and have sufficiently minimal impact on the rights holders' normal exploitation of their works, to justify legislation.²⁹ This also raises the important question of what uses are to be permitted by the "collective manager." If the collective manager is only authorizing "snippet" use, or the display of more extensive excerpts in response to a search query, there may be less concern. But if the collective manager is authorizing display and download of entire works, or significant portions, this is the kind of use that is most likely to interfere directly and substantially with the right holder's ability to control the use of, and compensation for uses of, her work.

Finally, the mass digitization may be done for the purpose of making aggregated use of the digitized materials. These types of uses are called "non-consumptive research" in the Google settlement and include such uses as research to enhance search capabilities (apart from the question of "snippet delivery") in word use and frequency, automated translation and text mining.³⁰ These nonconsumptive/research uses are a particularly interesting situation. On the one hand, each individual work is not as important since these uses do not typically depend on the work as a whole. But the inclusion of each work is important because the value of these uses may depend on completeness. This is the use case for which an "opt out" may be most problematic for the digitizer.³¹

VII. BALANCING THE CONCERNS OF CREATORS, PUBLISHERS AND OTHER RIGHTS HOLDERS

Digitization (mass or otherwise) was a topic of considerable discussion and debate during the Section 108 Study Group meetings. As would be expected, those representing libraries and archives seeking the right, under an exception to the copyright law, to digitize copies for either preservation or replacement purpose pressed hard for the ability to make a wide range of uses of those copies. Rights holders representatives, particularly in the context of those discussions, which involved copying that would be done under an exception and therefore with no associated remuneration, pressed just as hard for limitations on those uses. Although the context is different when you are talking about collective licensing schemes, the concerns expressed by rights holders are still relevant. They included:

29. Obviously, U.S. legislation creating exceptions to copyright has to be evaluated in the context of its treaty obligations under the Berne Convention and the TRIPS Agreement. Whether extended collective licensing is truly an "exception" that is subject to the Berne three-step test has been the subject of several very interesting articles and presentations. See, e.g., Thomas Riis & Jens Schovsbo, *Extended Collective Licenses and the Nordic Experience: It's a Hybrid but Is It a Volvo or a Lemon?*, 33 COLUM. J.L. & ARTS 471 (2010).

30. See Amended Settlement Agreement, *supra* note 7, at 14, art. 1.93.

31. It is perhaps for this reason that the Amended Settlement Agreement places a time limit on a right holder's ability to request "removal" of a work from the Google database. Removal requests must be made within twenty-seven months of the Notice Commencement Date; requests made afterward will be honored only if the work has not yet been digitized. See *id.* at 35–36, art. 3.5(a).

- Limiting access to preservation copies to maintenance of the archive and for certain research purposes;
- Limiting off-site access to replacement copies (with exceptions for copies on tangible media like CDs, where the original copy could have been lent off site) with particular concerns about electronic or online access.³²

The basis of those concerns was that if unfettered online access to digital copies made under an exception were permitted, a direct competition could result between the libraries' activities and the right holder's normal exploitation of its rights. Creators and rights holders are becoming more and more dependent upon revenues generated through electronic distribution; if the library could digitally distribute copies made under an exception without controls and limitations, it would be competing with the right holder's core uses and revenue streams. That is why this is relevant to the discussion of collective licensing, since the same underlying concern is present.³³

I realize this may seem inconsistent with the plans and dreams we have heard described about a "national digital library" that will give the public direct access to the accumulated knowledge of the world. The benefits of such a plan have been discussed at length, but perhaps not enough attention has been paid to the risks. The roles of libraries and creators/publishers have always been complimentary. The creator makes the first contribution, obviously, by creating a work worth disseminating. When a reader (or user) wanted long term convenient access to a work, and if she had the necessary resources, she could purchase a copy. When temporary access, with some associated inconvenience, was sufficient, or when financial resources were limited, the library met the need. But digital technology can make libraries and creators competitors by eliminating all of the distinctions between library and right holder enabled access *except* cost. It is virtually impossible to compete with "free."

Undercutting the financial incentives to creation and the ability of a creator to recoup its investment will not eliminate all creativity. Copyright and creativity are not just about money. But many individual creators do require remuneration in order to permit them to continue to create. And there are many types of works that require substantial economic investment, and the likelihood of recouping that investment, before they will come into existence. Many scholars (who write for reasons other than direct financial gain) will continue to write; a great deal of user-generated content (from blog musings to cute cat videos) will continue to be produced. But many individuals will find their ability to create compromised by

32. Other issues mentioned included the concern that the library would in fact have "greater rights" to the copied work than the publisher, for example, had to the original (i.e. the publisher would not necessarily have the e-rights to the work, and the sale of the original copy to the library did not include a license to the library to create and distribute "e-books"). For a more detailed discussion of these issues, from the perspective of both libraries and rights holders, see SECTION 108 STUDY GROUP REPORT, *supra* note 2, at 57-60, 66-68.

33. Except for music licensing (which is different in many regards), U.S. rights holders have been willing to participate in collective licensing only to accomplish objectives that they cannot effectively accomplish individually. Where direct licensing is available and effective, it is preferred.

their need to make a living. And many works that require substantial upfront investment (from basal reading programs that cost millions of dollars to produce to films like *The King's Speech* that cost even more) simply won't exist.

VIII. DISTINCTIONS BASED ON COMMERCIALIZATION AND PUBLIC DISSEMINATION

Copyright protects a very broad range of works, including published works, unpublished works and works never intended for publication. "Orphan works" can fall into any of those categories; "out-of-print" works were by definition published at one time, but may no longer be "commercialized."

As part of the Section 108 Study Group process, several round tables were held and comments were sought through notices published in the Federal Register.³⁴ Among the comments received and considered by the Study Group were those from several experts (David Nimmer among them) who suggested that revisions to the statute acknowledge that a valid distinction can be drawn between works that are being "commercialized" and those that are not.³⁵ Ultimately, the Study Group chose another way to approach this issue, partly in light of the difficulties in determining whether a work was or was not being currently "commercialized" and partly because a work's status in that regard could change over time. Concern was also expressed that over-reliance on "commercialization" would devalue the noneconomic aspects of copyright, such as the creator's right to decide whether and when a work is made publicly available.³⁶ But this approach, nevertheless, has considerable appeal, as demonstrated by the fact that the distinction between works that are "commercially available" and those that are not is important in the Amended Settlement Agreement for the Google Books case. It determines the scope of the rights that can, by default, be exercised by Google with respect to the work in question.³⁷

The Section 108 Report does draw a clear distinction between works that had been "publicly disseminated" and those that had not been. Those words were

34. See Notice of a Public Roundtable with Request for Comments, 71 Fed. Reg. 70,434 (Dec. 4, 2006); Notice of Public Roundtables with Request for Comments, 71 Fed. Reg. 7999 (Feb. 15, 2006).

35. See COMMENT OF DAVID NIMMER (Apr. 4, 2006), available at <http://www.loc.gov/section108/docs/Nimmer.pdf>. Additional public comments in response to the notices are available on the Section 108 Study Group's website. *Public Comments*, SECTION 108 STUDY GROUP, <http://www.section108.gov/comments.html> (last visited Feb. 9, 2011).

36. SECTION 108 STUDY GROUP REPORT, *supra* note 2, at 29–30.

37. The Amended Settlement Agreement defines a "commercially available" book as one being offered by a right holder or its agent "for sale new . . . through one or more then-customary channels of trade to purchasers within the United States. . . ." Amended Settlement Agreement, *supra* note 7, at 6, art. 1.31. If a book is not "commercially available," unless otherwise instructed by the right holder or its agent, Google may make "display uses" of the book (which uses include making the book available in full text). *Id.* at 28–33, art. 3.2. How the status of a work (i.e. whether it was or was not commercially available) was to be determined was a controversial subject, and the definition of the term and the ability of a right holder to challenge Google's initial determination of a work's status were among the provisions that were changed when the original settlement agreement was amended by the parties. See Original Settlement Agreement, *supra* note 7, at 23–27, art. 3.2.

chosen carefully, so as not to conflate their meaning with the “published/unpublished” distinction in copyright law. “Published” in that context means distributed in copies, which means that many works made available in broadcast or similar formats may be widely made available but technically “unpublished.” Works that have been “publicly disseminated” should be, the group concluded, included in preservation schemes whether or not they had been “published.” Works that have not been “publicly disseminated” may present special issues, since distribution of those works under a library exception could usurp the creator’s ability to determine the appropriate circumstances for the first publication of her work or, indeed, if she intends the work to be published at all.³⁸

Although copyright protection applies equally to works whether they have been or are being commercialized, and whether they have been or are being publicly disseminated, the concerns of the rights holders may be different in considering whether such works should be covered by an exception or made subject to mandated (as opposed to voluntary) collective licensing. Although determining the category into which a particular work falls may place a burden on the collective manager or user, the compensating benefit could be greater flexibility in the permitted uses acceptable to rights holders.

IX. AMELIORATING OR ADDRESSING RIGHT HOLDER CONCERNS

In the United States, rights management is usually done through voluntary, transaction based, licensing. Many rights holders would undoubtedly view legislatively mandated extended collective licensing schemes or additional copyright exceptions designed to facilitate mass digitization and digital distribution of their works with considerable suspicion. There are, however, certain provisions that could be included that would anticipate and address, at least in part, some of those concerns:

- Requiring that a reasonably diligent search be done for the copyright owner is important. Indeed, the inclusion of that provision in the proposed orphan works legislation was instrumental in achieving broad right holder support.³⁹ With that said, the narrower the “right” being exercised, the less critical this element may become. It is useful to keep in mind that the orphan works legislation, as proposed, permitted broad uses once this requirement was satisfied.
- It may be possible to draw distinctions based on the nature or status of the work being used or licensed. For example, whether the work is no longer subject to commercial exploitation, or was previously publicly

38. For a discussion of the “published/unpublished” distinction in the current law and of the “publicly disseminated” terminology, see SECTION 108 STUDY GROUP REPORT, *supra* note 2, at 50–51.

39. The inclusion of a “reasonable search” requirement may also be important to ensure that an exception permitting the use of orphan works complies with the international treaty obligations of the U.S., in particular the Berne Convention and TRIPS Agreement. See REPLY COMMENT OF JANE C. GINSBURG & PAUL GOLDSTEIN (May 9, 2005), available at <http://www.copyright.gov/orphan/comments/reply/OWR0107-Ginsburg-Goldstein.pdf>.

disseminated will be relevant to determining whether the use being made under license or exception is likely to have a negative impact on the right holder's normal exploitation of that work.

- Provisions for voluntary participation would generally be preferred, but at a minimum the ability of the right holder to "opt out" of particular uses, either before or after they commence, could be important. There may be some uses for which "opt out" is not appropriate, but those should be limited in scope and designed to avoid creating competition between the right holder and the beneficiaries of any exception.
- In the case of mandated or extended collective licensing schemes, 1) there should be limitations on purposes for which the collective management agency can grant licenses and on the rights that can be licensed, and 2) in many cases, the collective manager should be limited to granting nonexclusive licenses, so that the potential licensee can approach the right holder directly in appropriate situations.

This list is not exhaustive by any means. But each of these suggestions goes to the key underlying issue, which is to achieve a balance. One of the goals to be accomplished by any legislation of this type should be to ensure that the interests of creators and publishers are considered along with those of potential users.

X. CONCLUSION

In the United States, we are dealing with enormous demand for materials in digital form, and impatience with the time and effort necessary to comply with copyright. We also have history in a few (but only a few) areas of successful collective rights management on an entirely voluntary, often nonexclusive, contractual basis. In this context, statutory, mandated and extended collective licensing schemes have a certain appeal. But they should, nevertheless, be approached with caution.

On the one hand, collective licensing schemes have provided, and can continue to provide, a means for rights holders to be given at least some compensation for certain uses that are now being accomplished through infringement or overly broad applications of "fair use." The extension of this approach into a broader range of uses may increase the likelihood that the right holder will receive remuneration for certain uses of her work, and they may reduce some of the pressure we are seeing on copyright law generally, including arguments for greatly expanded copyright exceptions and broader applications of "fair use," by increasing the ease of availability of and access to copyrighted works.

On the other, if not carefully crafted, they may further damage the ability of creators to fund the creation of future works by undercutting or eliminating current or future markets. The detriments that would result from that should be measured against the possible benefits of ease of access that may accrue. It is important to keep in mind that in the United States, copyright is not entirely an economic right. We do not have a strong moral rights regime here, so copyright is the tool used not only to ensure fair remuneration for uses, but also to manage the use of works for

other, noneconomic reasons. There is a danger to the creation of future works if exclusive rights degenerate into remuneration rights, while at the same time there is a corresponding inability to charge market rates for exploitations that once were included in those exclusive rights.

For those reasons, it should also be kept in mind that for some purposes, a properly limited exception could be a more effective, less costly and simpler-to-implement solution. Voluntary collective licensing has been an excellent resource for many users and rights holders, facilitating the availability of many copyrighted works for use in specific circumstances that do not encroach directly on the core markets and critical revenue streams for those works. But too much focus on *mandated* collective solutions may cause a loss of interest in crafting exceptions for important issues (such as, in my view, orphan works and library preservation) that might best be addressed not solely through licensing, but also through limited, carefully defined copyright exceptions.