

Symposium: Digital Archives: Navigating the Legal Shoals

Orphan Works, Extended Collective Licensing and Other Current Issues

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Good morning. My name is Maria Pallante and I work at the Copyright Office in Washington, D.C. If you are not familiar with the Copyright Office, we administer the copyright law, we are housed in the Library of Congress and, as far as we know, we are in the legislative branch. I would like to thank Columbia Law School, the Kernochan Center and the Rockefeller Archive for inviting me to participate. I am always impressed by the symposia that Columbia puts together because, in my experience, it is one of the few places where we get to see lawyers, professors, students and nonlawyer archivists all come together, which is great for everybody.

It is particularly great for me in my perch as a policy advisor to hear what's on your minds. I will have some questions for you as I do my presentation. I see a lot of old friends in the audience. I know that there are IP counsel from some of the preeminent cultural organizations here today. I saw people from Washington, D.C., Philadelphia and New York. I saw some former archivist colleagues. Who are the rest of you? Raise your hand if you are a student. Law students? OK. Archivists, library professionals, museum professionals? OK, great. Foreign governments? No, OK.

I spend a lot of time in New York working in what I would say is a “nuts and bolts” legal practice of copyright transactions: trying to license, trying to get

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licenses, trying to further publications and working for authors. I also spent, as some of you know, a lot of time working in a collecting institution, the Guggenheim Museum, which is obviously a copyright owner. I am also aware of the inherent frustration that comes with having a mission and a lot of public pressure to make the things in your collection accessible—your study collections or your archival collections—and not knowing if you have the right to do that legally, or if you have the tolerance to take the risk, or who gets to make that decision. Also, even if you get to the point of putting something up on the Web and taking a deep breath and thinking that it will be OK, the next level comes when people get all excited about it and say, “Now, I’d like to use that in a film or a book. Can you give me permission? If you can’t give me permission, could you indemnify me?” Of course, the answer is, “Absolutely not.” So, I am aware of all that and I would like you to start from the premise that in D.C. the policymakers and the people who advise them really would like to make orphan works easier for you. That has been my experience. I have no reason to doubt that it is going to continue. The question is all about how we do that.

The topic that I was assigned is orphan works. So, these are my questions for you, because I hear conflicting things. I would like to know what you—archives, museums, libraries—want when you’re making works accessible. You just heard a beautiful presentation on § 108, in which Mary said what we all experience: that we are a little confused about whether people want § 108 updated.¹ In fact, we are a little confused about what archives, museums and libraries want at all. Do you want fair use? Do you want to preserve the possibility that not only preservation activity, but also making things available publically, is fair use? You should want to preserve the possibility, but does that provide enough certainty for you and can you find a way to have that sit alongside other possibilities? Do you want an exception? An exception for certain narrow educational uses, for example, even if it is online, could work. However, one thing that we heard quite a lot during our orphan works discussion on Capitol Hill was that nonprofits, collecting institutions in particular, are keenly aware that the way business flows, an exception might not work for everybody. What does that mean? Well, let’s say that you’re making something available in a book and you are publishing as part of your mission as an archive or museum. In your view, you are publishing it as a noncommercial activity that might fit within an orphan works exception that we could craft. The question is: when it comes time to distribute that book, are you using a for-profit distributor? Are you using Random House to distribute your books or a foreign distributor to distribute them abroad? If so, what good does it do you if you have an exception but you cannot pass it through to the next entity in the business chain. They may say to you, “It is terrific that you are taking advantage of an exception, but now we want you to indemnify us or clear the rights or we are not distributing your books.” So, it creates a little bit of a real world gridlock. Therefore, in the orphan works context, an outright exception for everyone was off the table. The

1. 17 U.S.C § 108 (2006); Mary Rasenberger, *Copyright Issues and Section 108 Reform*, 34 COLUM. J.L. & ARTS 15 (2010).

theory behind that is that you cannot have an exception that is so broad that it swallows the rule. If you are going to talk about an exception it would have to by its nature be limited to certain users and certain uses.

Next: analysis and assumption of risk. This is what you do now. Raise your hand if you like it. It is hard, right? It requires auditing the works in front of you. In my experience these audits of your materials, the ownership, the copyrightability and whether it is in the public domain generally happen around projects, right? You don't sit down and say, "Today I'd like to audit all ten million works in our university archive." You do it around grant money that you have received to put certain things online. You do it around exhibitions, when you are publishing a book or putting certain things on your homepage. Even so, it is a lot of materials, and every one of those materials may have multiple right holders. It may be American; it may be foreign origin; it may be published; it may be unpublished. All of these things obviously affect the question of whether it is still under copyright and whether you can assume the risk.

Now, assuming the risk usually means asking, "What is the worst thing that can happen to us?" You cannot ask that question in the United States about a copyrighted work without saying, "What is the likelihood that it has been registered with the U.S. Copyright Office?" That is important because if it has been registered prior to the infringement (or the use), or if it has been registered within three months of publication, then the owner is eligible for what we call "statutory damages" and "attorney's fees."² That is important because it means that they do not have to prove actual damage.³ If you are not using it in a particularly commercial way, and yet it is not fair use and does not fit within another exception, you are basically asking, "What is the harm and how do you assess it?" Statutory damages strike fear into the hearts of archivists everywhere, unless you really know your collection and you're really, really sure that that work is not very likely to have been registered.

Two additional concepts: first, limited exposure. This is something that we picked up and built a proposal around for orphan works, but there is some limited exposure already in the Copyright Act for certain noncommercial users, and I'll show you that in a moment. And then collective licensing: is this something that you want? I just came from a meeting in the European Union on this same topic—digitization of cultural materials and a lot of the same kinds of topics—except they also had a bit of an anti-American theme running throughout the entire thing which goes something like, "We have to digitize things fast or the Americans will and then sell it back to us," which we have to admit is a particularly American possibility.

But collective licensing is a little bit different than other animals. I think we've become accustomed in this country, at least until the Google Books case, to defining orphan works as works for which you cannot find an owner after you have

2. See 17 U.S.C. §§ 504, 505 (2006) (providing, respectively, that copyright owner may elect to recover statutory damages, and that the court may award full costs or reasonable attorney's fees).

3. See 17 U.S.C. § 504.

tried diligently to locate the owner in order to ask permission prior to the use. There is another definition, though, which is: an orphan work is a work for which someone doesn't show up and both assert ownership and claim money that might be sitting in a registry, right?⁴ That's the Google Books model, but it's also a form of collective licensing and we have forms of that already in place for photocopying—the Copyright Clearance Center, for example. But we also are hearing more and more about it as a potential solution, not for all orphan issues, but for mass digitization projects, for example, at least for books. The kinds of uses where a search on a case-by-case basis for all of the right holders prior to the use isn't cost effective and isn't efficient. Now, the policy backlash to this is: who said copyright was easy? Just because it's hard for you doesn't mean you shouldn't undertake it. So what's the appropriate balance? At what point does that search for the copyright owner make sense, and at what point might Congress look at some other kinds of possibilities and if they do, for whom and for what uses?

I just wanted to mention that I have given my friends at the Kernochan Center an audit checklist that I assume they'll make available somehow online. It provides a suggested approach if you've never audited the copyrights in your works and you're being told to put them up online. For example, you've gotten a grant, but you don't know how to assess the rights landscape. It really just takes you through how you begin that process. What are you looking for? What are the questions you're asking yourself? And then, again, what might the risk assessment be? There are also some existing possibilities under the law for limiting your exposure if you act in good faith. This is currently § 504(c)(2).⁵ This says: in a case where the infringer was not aware and had no reason to believe that his or her acts constituted an infringement, the court may reduce the award of statutory damages to not less than \$200.⁶ Well, that's not bad. People use this provision. These never go to court—it's \$200—but if you look at this in aggregate and you're putting up hundreds and hundreds of photos, for example, this may not make sense.

OK. Here's the rest of it: "The court shall remit statutory damages in any case where an infringer believed and had reasonable grounds for believing that his or her use of the copyrighted work was a fair use . . ."⁷ So this is a moving standard, right? As fair use decisions are handed down, your reasonableness may change, and the requirement is that the employee or agent of a nonprofit has infringed by reproducing the work in copies or phonorecords. So, for law students out there: if you are advising someone who is putting things on the Web, what's the limitation with this? Right, this addresses the reproduction right only and this is one of those things that I have found that often collecting institutions don't focus on. The limitation here applies to users who implicate the reproduction right only, but not the display right or distribution right, by comparison.

4. See *Authors Guild v. Google*, No. 05 Civ. 8136 (S.D.N.Y. Nov. 19, 2009) (granting preliminary approval of Amended Settlement Agreement).

5. 17 U.S.C. § 504(c)(2).

6. *Id.*

7. *Id.*

Moving on. Contracts. There are many versions of them. In a typical archive contract you're taking on the risk, but you're also passing through a little bit of it to end users, and you're also kind of warning people that if you really aren't comfortable with the uses that they may make—let's say you're making something available under fair use in your mind—then you may reserve the right that they have to come back to you to show that they've cleared the rights. So, you're not trusting them on the back end. I believe that the thinking here is that you are achieving your mission because you are getting materials out, but you're doing it in a conservative way. There are many versions of this kind of approach, obviously, and everybody has their own.

Let me talk for a minute now about the U.S. orphan works proposal. How many of you are already familiar with the proposal that came out of the Copyright Office and ended up in legislation?⁸ Ten of you! How quickly you forget. I will spend two minutes talking about it. So, there are two bills from the 110th Congress: Senate Bill 2913 and H.R. 5889.⁹ (Two different Congresses looked at this.¹⁰ These are the latest reiterations.) You can look these up on Thomas.gov.¹¹ The whole point here was that after a study done by the Copyright Office, the proposal was not an exception for the reasons I described; not something really overly bureaucratic because Congress actually did want archives and museums in particular to get the materials out. They didn't want it to be so cumbersome that you would just say, "This doesn't change anything for us." So, a reduced remedy—reducing your liability. And in exchange for that you would have to do a diligent search.

Now the Copyright Office recommendation—and I wasn't there at the time, so I can say this—I thought was just brilliant because it was one page.¹² It basically said, "You do a diligent search, you act in good faith, you get the advantage of having limited exposure on the back end."¹³ The search requirements that are in the Senate Bill 2913 and H.R. 5889 are, well, I think they run four-and-a-half pages.

So, over the years the search requirement became a real focal point. And rather than let the courts figure out what that standard is and let best practices begin to determine what the standard is, stakeholders basically went to the Hill and asked for line items: "We want every user to do the following ten things." And then on the user side, they'd say, "We only want to do things that are free." Neither approach makes perfect sense, depending on the use. So, the way that the compromise was struck was—if you read the bills—there's a series of minimum

8. THE REGISTER OF COPYRIGHTS, REPORT ON ORPHAN WORKS (2006), available at <http://www.copyright.gov/orphan/orphan-report-full.pdf>.

9. Shawn Bentley Orphan Works Act of 2008, S. 2913, 110th Cong. (2008); Orphan Works Act of 2008, H.R. 5889, 110th Cong. (2008).

10. See S. 2913; H.R. 5889. See also Orphan Works Act of 2006, H.R. 5439, 109th Cong. (2006).

11. See THOMAS (LIBRARY OF CONGRESS), <http://thomas.loc.gov> (last visited Oct. 19, 2010).

12. THE REGISTER OF COPYRIGHTS, *supra* note 8.

13. *Id.*

steps that everybody has to take, although they're not very specific except for a couple.¹⁴ And then there's a second layer of kind of following best practices, which include technological tools, but to the degree that it's reasonable under the circumstances.¹⁵

So, the reasonable standard runs through the whole thing. For example, one of the minimum requirements is that you search the Copyright Office records.¹⁶ Well, you should want to do that anyway just in case it has been registered, but they're not all online, right? You know this if you've done a search. The post-'78 records are available through our website.¹⁷ Pre-'78 are not yet, in part because they are just in all different forms and varieties and sizes and they're very difficult to scan and OCR. But we're working on that.

Separate from that, though, even if the work has been registered and you can find it online—well, in order to find it online, I should say—you have to have certain information. You have to know the author, the publisher, the registration number or the publication date.¹⁸ I think I've got those fields right. I could have them wrong. And if you have an image or a sound recording or something for which you have no identifying information, you can't do that search, right? You can't begin to do the search. All you have is something that maybe your curators can look at and say, "That's circa 1939. Looks like it's foreign. I think I recognize the train station in the back of the photo. Looks like Berlin." You know, curators are just brilliant at this; they're much better than lawyers.

But the point is: the degree of diligence required has to be somewhat flexible to allow for the different facts that each user has in front of them. And the technology was embedded into best practices and not into regulations, for example, in this proposed structure because it would change. And we decided—and there were lots of discussions about how the Copyright Office should really sign off and what the technological tools should be—and we said, "We have no idea what they should be. We can't even keep up with them." Not a good use of government. What you really want are the stakeholders coming and saying, "Use these tools. These tools work. Use these search engines. Use these databases."

And then embedded in that was a discussion, as I said, as to whether a user should always have to use something if it's expensive. If you're going to put an image of an artwork in a catalog, and you're going to sell the catalog at cost, and the image is embedded on page 435 in a very small way, but you do believe you need to clear the rights for that, the question is: should you have to pay \$2500 to hire a search company to search the records or to upload the image to a particular, commercial database? So, these are all the balancing discussions that we went through.

14. S. 2913; H.R. 5889.

15. S. 2913 § 2(a); H.R. 5889 § 2(a).

16. S. 2913 § 2(a); H.R. 5889 § 2(a).

17. *About the Catalog*, U.S. COPYRIGHT OFF., <http://www.copyright.gov/records/about.html> (last visited Oct. 19, 2010).

18. *Id.*

There was also a safe harbor.¹⁹ The safe harbor was in there primarily because museums, libraries and archives were at the table on this. And what they said is, “OK, we accept the limitations on remedies as the general model. But we also want a mini-exception because sometimes, in the aggregate, even reasonable compensation is too much.” And they want to be able to have some option of just removing the use. The Copyright Office recommended a limited safe harbor, and Congress thought about it. And both bills did have a safe harbor, although one of them began to be negotiated, which I’ll tell you about in a second.²⁰ There was an offline discussion happening by some stakeholders that went something like this: “All archives and museums and libraries want to do is sell tote bags and T-shirts, and there’s no good policy incentive in that.” And also wrapped up in that was the textile manufacturers coming and saying, “We have a lot of borderline copyrightable material that we sell and we’re not so sure that this isn’t going to destroy our business.” It became a kind of labor issue. And because the kinds of uses that the Copyright Office and Congress were really focused on were educational uses, this was an easy kind of carve out that some Members thought made sense.

And then there were a lot of protections against bad-faith users. So, one of the requirements of the bill is that you have to do a search in good faith and actively try to find the owner.²¹ And so these provisions really are the good-faith user gone bad because they start out as a good-faith user, they do the search, but then the owner shows up—let’s say it’s a photographer—and says, “That’s my work.” And you say, “You know, I’ll get around to cutting you the check,” or “I think I’d like to negotiate what reasonable compensation is.” And the photographer may say, “Here’s what I sell my other works for—that’s an appropriate standard,” or “Here’s what I have licensed these same kinds of uses for. I’ve done that research,” or “I’ve talked to other institutions and I know what the standard is; it’s \$500.” And you (the good user gone bad) may say, “Well, I’m only going to pay you fifty dollars.” So, these are really real-life solutions that some individual copyright owners said they face all the time—that more often than not, when they showed up, big institutions just ignored them. Now, it’s not been my experience that museums ever do that, but photographers are an important stakeholder in this discussion about orphans, and clearly some of them had experienced this.

So, here’s the safe harbor.²² The only thing I want to mention about this is that in the house bill, there was an additional provision added that said even if you’re nonprofit and the use is primarily educational, religious or charitable, and you

19. See J. Paul Getty Trust, et al., *E-mail to Jule Sigall, Associate Register for Policy & International Affairs, U.S. Copyright Office* (May 9, 2005), U.S. COPYRIGHT OFF., <http://www.copyright.gov/orphan/comments/reply/OWR0122-ArtMuseums.pdf>. See also *Orphan Works: Proposals for a Legislative Solution: Hearing before the Subcomm. on Courts, the Internet and Intellectual Prop., S. Comm. on the Judiciary*, 106th Cong. (2006) (statement of Associate General Counsel and Director of Licensing, Solomon R. Guggenheim Foundation, Maria Pallante-Hyun).

20. See S. 2913 § 514(c)(1)(B); H.R. 5889 § 514(c)(1)(B).

21. S. 2913 § 514(b)(1)(A)(i)(I).

22. H.R. 5889 § 514(c)(1)(B).

stop—that if there are proceeds attributable to the use, you have to pay the portion of those proceeds to the copyright owner.²³ And so, that might seem reasonable, but what museums quickly realized, and archives, was that it could render the provision useless because if you have to do that level of accounting, you’re already spending more than perhaps you may be paying in reasonable compensation. And in fact, it could end up with this perverse effect where you’re paying more under this disgorgement of proceeds than you would be paying under reasonable compensation. So that was one thing that was in the house bill that would have had to be fixed in order for everyone to move forward.²⁴ I will skip any more on this out of time.

The other issue that I just want you to be aware of—because this will surface again—is the house bill also contained something called a “notice of use.”²⁵ The senate bill did not.²⁶ This became a very, very contentious point at the end of the session and my assessment is that if not for this, the legislation would have passed. The notice of use was another one of those balancing issues that right holders put forward saying, “You know what? People lie about searches all the time. They’re going to say they did a search. They didn’t. We think they should send the search documentation to the Copyright Office. And in addition, we think they should file a notice of intent to use.”

Well, the notice of intent was quickly discarded because I think Congress recognized that there could be all kinds of ramifications from that. People would show up to review and monitor the notices and say, “I think that’s my work;” or lawyers would drum up business and say, “That’s my client’s work,” and it would just slow down the whole process. But the concept of a dark archive that could contain all of the search documentation became important, and a lot of right holders continue to believe it’s the right balance. What archives, museums and libraries have said—and this is something you should keep thinking about—is that “If we have to do that, then we’re paying the government. There is probably no right holder, and we’ve already agreed that if they show up, we’ll pay them, but now you’re asking us to pay the government to take in our search information or a filing of some sort.” And the right holder said, “But you may never pay a right holder because there may never be a right holder, so you should have to pay the government.” Well, that was the kind of a formalistic approach that was rejected in the copyright office study, but something that was very clearly on the record from stakeholders and resurrected.

Secondly—and this got less attention but was something that I think troubled us in our office—it became clear that the search documentation would become evidence that might end up being used against the good-faith user. So, if you’re not a lawyer, and you’re filing something with the Office and you’re saying, “I did the following things,” but you didn’t get your description of what you actually did

23. *Id.*

24. *Id.*

25. *Id.* § 514(b)(1)(A)(ii).

26. *See* S. 2913.

completely right, (you didn't put down everything that you did on the form), and you sent it in; and then later you say, "But I did these things, and I can show it;" the owner's only going to look at what you actually filed.²⁷ So, it just became kind of a dangerous tool, and we still don't know how this concept will play out.

Mockup copies. For documentary filmmakers, this was huge. And then others began to realize it as well. If you do any kind of publishing, for example, of any kind, you often do in-house mockup copies with different works because you're trying them out. "Should I use this image on the cover? Should I use this image in the documentary film? Should I use this music?" And you're sending it around internally, right? And maybe you're sending it out of your office to a partner of yours or a sister office across the country. You're doing these kinds of things routinely. Well, the legislation very clearly says you only get into orphan works if you meet the eligibility.²⁸ So, you do a search. That is step one. And then there is a symbol that you would have to use (which doesn't exist yet, but the Register was charged with coming up with an orphan work symbol for transparency), and you would also have to provide attribution to the copyright owner if known. You would have to do all of these things or you're not in. And thus we have this sort of strange situation where if you read the legislation, it's possible that a filmmaker or other user could be knocked out if one or more mockups don't qualify, even though your public use has all of the requirements.²⁹

I will say that certain big content owners were so concerned about the slippery slope of this—not in this context, but how that might be used downstream in other contexts, for example, to suggest that all private copying or intermediate copying are not infringing, that they could not budge on this. All we can hope is that, for most good-faith users, the judge would exercise discretion.

Collective extended licensing. I promised I would mention it. I am sorry for going over. Collective extended licensing is basically a form of statutory licensing. Instead of the government setting the rate, the parties—who are representative of the people who should be at the table—come together; they negotiate the rate on behalf of all similarly situated stakeholders. Imagine the Authors Guild, the publishers and Google all coming together and saying, "We represent the majority or a significant number of people in our field. We are going to come together and we are going to negotiate a rate." The extension is that it extends to people not literally at the table, those who are not their members. Also, right holders can opt out. This kind of licensing exists in the Nordic countries already for certain kinds of uses.³⁰ The European Union is very strongly looking at this as a reaction to Google Books, just for books.³¹ The questions here are, "Is it acceptable to do a search after the use, instead of before? Does collective licensing

27. *Id.* § 2(a).

28. *Id.*

29. *Id.*

30. See Gunnar Karnell, *Extended Collective License Clauses and Agreements in Nordic Copyright Law*, 10 COLUM. J.L. & ARTS 73 (1985) (describing the collective extended licensing system in Nordic countries).

31. Report on Europeana—the Next Steps, EUR. PARL. DOC. (INI 2158) 9 (2010).

comply with international treaties? Is that compromising rights too much?” These regimes are monopolistic by nature, so we have had some discussions on Capitol Hill about this. Could it work? What would it look like? What people see is price fixing—these giant institutions are coming together and setting rates.

The question I would end with is—because I started out asking you this—if a search is not realistic, which is something I hear all the time from archives for mass digitization projects, what do you want? If you do not want to do a search, do you want licensing and have you thought through what that could mean? Do you want some kind of statutory license? Do you want to pay? Do you want to risk that things you do not pay for now might suddenly be licensed? Do you want a framework where licensing exists for maybe your for-profit partners and maybe in name a license exists for you, too, but you’re not actually paying: there are government discounts or something or the licenses are free—is it that something you want? So, I will leave you with these questions and if you could get back to me I would appreciate it. Thank you very much.