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Unlisted: Orphan Works and the Growing Crisis of Utility

In today's world of rapid digitization, online archiving, and cultural mash-ups, the ability to access and use copyrighted works has become both easy and fraught with legal uncertainty. Making use of a work may require a potential user to navigate a tangle of licenses or to track down a recalcitrant, or even unknown, copyright holder. This task is made particularly difficult and expensive in the case of orphan works, those for which the rights holder cannot be found or even determined, a situation which makes it impossible for a potential user to determine the consequences of using the work.

Traditional copyright laws are being challenged by users and technology companies who call for a new, more open method for making use of orphan works. A decade of litigation and attempts at legislative reform have yet to result in a solution to the problem. The recent Settlement Agreement in the Google Books lawsuit, which potentially covers vast amounts of existing orphaned books, has only complicated matters. Many practical, and some not so practical, suggestions for reform have been mooted but a solution has yet to emerge that effectively meets the needs of potential users without abrogating the rights of absent authors.

This paper will explore the interplay of copyright terms, registration, and records-keeping with the policy concerns of consumer welfare and public access to orphan works. As the quantity of copyrightable material on and offline expands dramatically, I will argue that some new registration regime is warranted in order to ensure that orphan works are not out-of-reach for the average consumer simply for lack of any information on ownership.

I. Permission Denied: Hidden Transaction Costs and the Licensing Quagmire of Copyrighted Works

A user wishing to make use of a copyrighted work will encounter a number of logistic and legal issues that often make acquiring rights prohibitively expensive. These issues are only compounded when the rights holder cannot be traced. Unless the potential user has notice that the work has entered the public domain,¹ the possibility of a copyright holder emerging to file an infringement suit may well be too large of a risk to justify use, no matter how extensive.² Even hiring a reputable search service may not be sufficient to allay the risk of a later suit.

Making matters more complicated is the lack of information that may be available on whether the rights holder is the original author or a media corporation or rights clearing house. As one commentator puts it, “everything is protected by copyright and it is almost impossible to figure out whom to ask for permission.”³ In recent litigation, the publishing and music industries have admitted that they cannot even come up with a list of the copyrighted works over which they claim ownership.⁴

¹ The removal of the registration requirement in copyright, discussed in the next section, has greatly exacerbated the problem of determining the date of creation as well as determining whether obscure authors are alive. William F. Patry and Richard F. Posner, “Fair Use and Statutory Reform in the Wake of Eldred,” 92 Calif. L. Rev. 1639, 1654 (December 2004).

² Lawrence Lessig, “Little Orphan Works,” *New York Times*, May 20, 2008.
<http://nyti.ms/all8GE>

³ Jessica Littman, “Sharing and Stealing,” *Hastings Comm. & Ent. L.J.* 27, no. 1, 22 (2004-2005).

⁴ Littman at 21, citing to *A & M Records v. Napster*, 239 F.3d 1004 (9th Cir. 2001). In the *Napster* litigation, the record companies disclosed their inability to identify all of the copyrighted material they claimed to own.

The music and publishing industries have long had to deal with the issue of locating rights holders for the purposes of reissuing media materials. The move to new digital mediums and platforms has exacerbated the problem, as companies struggle to renegotiate older contracts which only contemplate conventional mediums.⁵ Authors may rely on provisions that give them “exclusive rights” or a slice of profits for future exploitations to demand “additional compensation” from a media company that has seeks to license a work for a new use.

Case law concerning these attempts at digitization of printed works under existing contracts only seems to complicate the issue. For example, in *Boosey & Hawkes*, the Second Circuit claimed it was using “neutral principles of contract interpretation rather than solicitude for either party” while still putting the burden on the grantor of a license to exclude new rights.⁶ But in a later case, *Random House v. Rosetta Books, LLC*, the same court held that interpreting the breadth of a license for new uses required further fact-finding as to the “technical processes and uses” for the new format, as well looking to the “customs, practices, usages and terminology” of the particular industry to determine reasonable expectations at the time of contracting.⁷ In *New York Times Co. v. Tasini*, the Supreme Court ruled against an attempt by the New York Times to license articles for digitization where the initial license made no mention of use in an electronic form but only anticipated print uses.⁸ And in *Stewart v. Abend*, the Supreme Court held that an author, or his successors in copyright, is entitled to renewal rights, even where the author had previously assigned his rights to another party who also sought to exploit the work.⁹

⁵ Littman at 21.

⁶ *Boosey & Hawkes Music Publrs., Ltd. v. Walt Disney Co.*, 145 F.3d 481, 487 (2d Cir. 1998).

⁷ Hannibal Travis, “Building Digital Libraries,” 33 Pepp. L. Rev. 761, 808 (2006).

⁸ 533 U.S. 483 (2001).

⁹ 495 U.S. 207 (1990).

Such legal ambiguities can effectively place copyrighted works in limbo, preventing their reissue or licensing to third-parties. In the publishing industry, the modern trend towards large media companies buying up smaller publishing houses often places older works in a legal “never-never land,” contacting authors for permission may be impossible, the cost of researching ownership may be prohibitive, and the company may simply keep poor records of contracts and ownership.¹⁰ By one estimate, as many as 70 percent of books that are still protected by copyright are out of print, often because the rights holders cannot be located.¹¹ And in 1999, it was estimated that only one percent of books ever published were still in print and 100 million books were out of print.¹² A similar crisis of locating ownership rights has emerged in the music, television, and film industries, with vast numbers of works being lost in a legal morass.^{13 14}

II. Copyright Term Extensions and the Registration Requirement

The extension of copyright terms in recent decades can fairly be described as meteoric. The statute primarily responsible for this expansion is the Copyright Term Extension Act (CTEA), passed in 1998 and also known as the Sonny Bono Copyright Term Extension Act. For works created after December 31, 1977, the CTEA provides for a copyright term of 70 years after the author’s death and for works-for-hire or other corporate works, the term is 95 years from the first

¹⁰ Travis at 801.

¹¹ Jerry Hausman and J. Gregory Sidak, “Google and the Proper Antitrust Scrutiny of Orphan Works,” 5 J. Competition L. & Econ. 411, 420 (September 2009).

¹² Travis at 801.

¹³ Travis at 803.

¹⁴ A 2006 report commissioned by Library of Congress found that over eighty-four percent of sound recordings issued before 1965 are inaccessible and cannot be reissued without permission from the copyright owner. Joel Rose, “Copyright Laws Severely Limit Availability of Music,” National Public Radio, (January 9, 2006).

<http://www.npr.org/templates/story/story.php?storyId=5139522&ft=1&f=2>

publication or 120 years from first creation, whichever is shorter. While the CTEA only extended the terms of copyrights by 20 years from those provided for in the Copyright Act of 1976, it also extended the terms of works published between January 1, 1923, and December 31, 1977 (and thereby covered by the 1909 Copyright Act) by another 67 years, preventing these works from falling out of copyright until at least January 1, 2019 and ,at the latest, 2073.¹⁵

The CTEA was the most recent in a series of copyright term extensions passed in the last 50 years. Congress has been willing to extend terms with increasing frequency, passing nine such extensions for existing copyrights and two for future copyrights since 1962.¹⁶ Yet for all these changes in gthe last few decades, the term of copyright was relatively static up until recently, with nearly all works over 32 years old passing into the public domain for most of the nation’s history.¹⁷

Because not a single work created after 1923 will fall out of copyright until 2019, the most recent works that are publicly available are nearly a century old. This makes for a public domain that is effectively frozen in time. Such a state of affairs “bias[es] research and culture towards the obsolete”¹⁸ and puts the United States at a cultural and economic disadvantage with regards to harnessing works that might otherwise be available for public use.

These constraints on the public domain have only been compounded by the removal of the registration requirement by the 1976 Copyright Act. Registration not only provided notice of ownership to potential users, it also provided a hurdle that prevented many works of no or

¹⁵ Patry at 1640.

¹⁶ Megan Bibb, “Adverse Possession Can Help Solve the Orphan Works Crisis,” 12 Vand. J. Ent. & Tech. Law. 149, 155-156 (Fall 2009).

¹⁷ Travis at 797.

¹⁸ Travis at 801.

minimal commercial value from being protected.¹⁹ Of the approximately 3,350,000 copyright registrations from 1923 to 1942, only 13% were renewed.²⁰ By one account, this would make the renewal requirement responsible for efficiently moving over 85% of copyrighted works into the public domain.²¹

The public domain has been severely constrained by the “double blow”²² of successive copyright extensions and the removal of the registration requirement. The resulting system is effectively one of automatic, perpetual copyright: all works, no matter what their commercial value, gain protection without any affirmative steps by the author and remain in copyright for indefinite, continually lengthening terms. Unsurprisingly, these drastic changes in the formalities and duration of copyright led to a proliferation of court cases, attempts at legislative action, and calls for new approaches to copyright.

III. Legal Challenges, and Failures, to Extension of Copyright Terms

The constraints that the CTEA placed upon the public domain and potential users of the affected works were a central aspect of the arguments made by the petitioners in *Eldred v. Ashcroft*. *Eldred* challenged the CTEA under both the Copyright Clause's prescription that copyrights be of "limited Times" and the First Amendment's free speech guarantee. The concern of the petitioners in *Eldred* was not the effect of the CTEA on future works but the retroactive effect of extending the terms for existing works.²³

¹⁹ Patry at 1640.

²⁰ Patry at 1640.

²¹ Patry at 1641.

²² Patry at 1640.

²³ 537 US 186 (2003).

Arguing that the prescription of “limited Times” in Article I, Section 8, Clause 8 was “the most carefully articulated clause”²⁴ in the Copyright Clause, the *Eldred* petitioners opposed the government’s view that Congress may extend copyright whenever it chooses, so long as it is for some period less than perpetuity. The petitioners counseled the Court that the statute provided Congress with “a perpetual right to determine who may use our culture freely, and who must license before they may speak,” with the effect that the “public domain thus becomes a matter of legislative grace.”²⁵

The First Amendment claims by the *Eldred* petitioners also focus on the statute’s negative implications for the public domain. Petitioners and their amici, which included publishers and film, internet, and book preservationists and archivists, claimed that their activities, both for-profit and non-profit, drew upon the public domain.²⁶ By caving to the intense lobbying of the Walt Disney Company and other copyright owners who sought to prevent the copyrights of their works from lapsing, Congress was alleged to have unfairly chosen one favored group of speakers over another.²⁷

None of these arguments received traction with the Supreme Court, which held the CTEA constitutional in a 7-2 decision. The Court’s majority agreed with the government’s argument that the statute did not violate the “limited Times” prescription because the extension was for some period less than perpetuity. In so holding, the Court found precedent for the CTEA’s retroactive extension in the copyright extension acts of 1831, 1909, and 1976.²⁸ And pointing to the growing importance of intellectual property in international trade, the Court placed special

²⁴ *Eldred v. Ashcroft*, No. 01-618, Reply Brief for the Petitioners, 2001 U.S. Briefs 618, 7 (September 4, 2002).

²⁵ *Id.*

²⁶ *Id.* at 34-35.

²⁷ *Id.*

²⁸ *Eldred v. Ashcroft*, 537 U.S. 186, 195 (2003).

importance on the fact that the statute brought U.S. copyright terms in line with European Union law and was passed, in part, to ensure that U.S. copyrights received the same treatment in the European Union.²⁹

The function of copyright relative to other types of intellectual property was an important element of the Court's rejection of the argument that copyright extensions stifle innovation. Citing to a long line of decisions upholding the extension of patent terms,³⁰ the majority distinguished the different effect of patents and copyright on the public domain, stating that while patents "prevent full use by others of the inventor's knowledge, [...] copyright gives the holder no monopoly on any knowledge."³¹ The Court's reasoning was that copyright does not prevent a reader of a book from making use of information in that book whereas patent removes knowledge completely from the public domain.³² But this misreads the often-narrow line courts must draw between protected expression and unprotected ideas.³³ This reasoning also overlooks the different ways in which copyright treats the medium of expression. While a user might freely make use of information in printed sources, the prudent user cannot even make use of a two second snippet of a recorded work, for fear of a copyright claim.³⁴

Of the two dissents in *Eldred*, the opinion of Justice John Paul Stevens most carefully analyzes the statute's effect on the public domain and on the accessibility of orphan works.

²⁹ *Id.* at 196.

³⁰ *Id.* at 198, citing *McClurg v. Kingsland*, 42 U.S. 202 (1843).

³¹ *Id.* at 217.

³² *Eldred* at 217, citing W. Copinger, *Law of Copyright* 2 (7th ed. 1936).

³³ Travis, note 255. "See *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 582-605 (Brennan, J., dissenting)(noting that "distinction between literary form and information or ideas is often elusive in practice," and that by too generously protecting expression, the majority has "curtailed" the "free use of knowledge and of ideas.")

³⁴ In the wake of *Bridgeport Music, Inc. v. Dimension Films*, it would appear (at least from the prudent user's perspective) that using even the smallest snippets of a recorded work might trigger a claim. 410 F.3d 792 (6th Cir. 2005).

Stevens links the “limited Times” language in Article I, Section 8, Clause 8 to the Clause’s overall goal of promoting the “Progress of Science and useful Arts,” by stating that the purpose of a limited term “guarantee[s] that those innovations will enter the public domain as soon as the period of exclusivity expires.”³⁵ Stevens also makes reference to patent rights, determining that an “essential purpose of the Clause” is moving inventions to the public domain as quickly as possible.³⁶

The CTEA’s effects on potential users of works is discussed by Stevens in some detail. He outlines many of the problems encountered by those seeking permission for the use of older works, including the prohibitive cost of locating owners and obtaining permission, a task made more acute with as term extensions dramatically affect the number of rights holders.³⁷ Stevens worries that preventing older works that are likely of great value to archivists, academics, and database operators from entering the public domain “will dramatically increase the size of the costs just as -- perversely -- the likely benefits from protection diminish.” In other words, copyright extensions diminish transaction costs for using older, more valuable works, but at the same time, the older the work, “the less likely it is that a sense of authors' rights can justify a copyright holder's decision not to permit reproduction.”³⁸ In the end, Stevens predicts, a great deal of cultural output will be condemned “to a kind of intellectual purgatory from which it will not easily emerge.”³⁹

Despite the ruling in *Eldred*, further legal challenges to the CTEA and retroactive extension of copyright terms have emerged. In *Golan v. Ashcroft*, the petitioners asserted

³⁵ *Eldred* at 223, Stevens J. dissenting.

³⁶ *Id.* at 224 Stevens J. dissenting, citing *Pennock v. Dialogue*, 27 U.S. 1, (1829).

³⁷ *Id.* at 249-250 Stevens J. dissenting.

³⁸ *Id.* at 251 Stevens J. dissenting.

³⁹ *Id.* at 252 Stevens J. dissenting.

Copyright Clause, First Amendment, and due process claims against the CTEA and §514 the Uruguay Round Agreements Act (URAA), which brought back the copyrights of foreign works that had not met certain U.S. formalities and would otherwise have been covered by the Berne Convention.⁴⁰ The CTEA claims were dismissed by both the district and circuit courts, following the *Eldred* Court's distinction between copyright and patent. But in applying First Amendment scrutiny to the URAA, the Tenth Circuit determined that the statute had abridged the claimant's rights by "making the cost of performance or creation of new derivative works based on [the public domain work] prohibitive."⁴¹

Although *Eldred* had found copyright's built-in free speech safeguards to be generally sufficient in addressing First Amendment concerns,^{42 43} the Tenth Circuit determined that "the idea/expression dichotomy and the fair use defense are not designed to combat the threat to free expression posed by §514's removal of works from the public domain."⁴⁴ Though it does not touch on orphan works or the much broader copyright implications of the CTEA, this application of *Eldred* by the Tenth Circuit is novel in its extension of First Amendment protections to users claiming their rights are abridged by retroactive copyright extensions.⁴⁵ As will be discussed below, the First Amendment may provide a useful reinforcement to the existing protections afforded by fair use and the innocent infringer defense.

⁴⁰ 310 F. Supp. 2d 1215 (D. Colo. 2004).

⁴¹ *Golan v. Gonzales*, 501 F.3d 1179,1193.

⁴² *Eldred* at 221.

⁴³ Even while holding that copyright law did not necessarily trigger First Amendment protections, the *Eldred* Court rejected the D.C. Circuit's holding that First Amendment review is only triggered when copyright's traditional safeguards are challenged. Pinard at 423.

⁴⁴ *Id.* at 1194.

⁴⁵ J. Blake Pinard, "Defending the Public Domain-The First Amendment, the Copyright Power, and the Potential of *Golan v. Gonzales*," 61 *Olka. L. Rev.* 395 (Summer, 2008).

IV. Legislative Proposals for Orphan Works Reform

Legislative attempts at untangling the web of rights and licenses that limit the growth of the public domain have been no more successful than those in the courts. The first legislative response to the CTEA was the 2003 Public Domain Enhancement Act (PDEA) which would have created an initial copyright term of fifty years with no registration, after which the holder would need to register the work and pay a nominal fee of one dollar for successive ten year periods up to the maximum copyright term.⁴⁶ While the PDEA ultimately foundered in Congress, it helped spur interest in the pressing need for orphan works reform and prompted the Copyright Office to release a Report on Orphan Works in 2006.⁴⁷

The Report outlined how the elimination of the registration requirement served policy goals of bringing the U.S. in line with the Berne Convention and preventing the loss of valuable copyrights but that it also exacerbated the orphan works problem.⁴⁸ Removal of the registration requirement negatively impacts potential users because they must assume all works are under copyright protection. Potential users may no longer rely upon the registration and renewal records of the Copyright Office to determine if the works are in the public domain.⁴⁹

The Orphan Works Report presents two recommendations to lift the strain on potential users of orphan works. First, it outlines the threshold requirements that a user should follow in making a reasonably diligent search for the rights holder.⁵⁰ A user must complete the search before the alleged infringing use begins, the user has the burden of demonstrating that a search

⁴⁶ Bibb at 157.

⁴⁷ Bibb at 157-158.

⁴⁸ Report on Orphan Works, Copyright Office, 3 (January 2006).

⁴⁹ *Id.* at 3-4.

⁵⁰ *Id.* at p. 8.

was performed and that it was reasonable. If a rights holder is contacted but does not respond, the work no longer need be considered orphaned.⁵¹ The Report offers less guidance as to what a reasonably diligent search might constitute, stating it is “a very general standard” that will “have to be applied on a case-by-case basis,” suggesting that this definition would be a matter for the courts to interpret.⁵² Secondly, the Report recommends a limitation of damages for a user that meets the burden of demonstrating he or she performed a reasonably diligent search and provided attribution to the author. Monetary relief is to be limited to “reasonable compensation” for the use, with no relief when the use is noncommercial and the user stops the infringing use upon notice from the holder.⁵³ The Report also suggests that injunctive relief should be limited where there has been some transformative use, such as creating a derivative work, so that the user may continue to use exploit the derivative work.⁵⁴

An Orphan Works Act, drafted by Congressman Lamar Smith and incorporating most of the Orphan Work Report recommendations, was introduced to the House of Representatives in 2006. The Act was consolidated into the more comprehensive Copyright Modernization Act and was withdrawn a few months later.⁵⁵ Similar bills were introduced in the House and Senate in 2008, both of which contained similar limitations on liability and vague definitions of a diligent search. The House and Senate bills also called for the creation of a searchable, online registry of works by the Copyright Office but did not provide for whether holders would be required to opt-

⁵¹ *Id.* at 8-9.

⁵² *Id.* at 9.

⁵³ *Id.* at 11.

⁵⁴ *Id.* at 11.

⁵⁵ Norman Oder “Orphan Works Bill Postponed,” *Library Journal*, November 1, 2006 <http://www.libraryjournal.com/article/CA6382993.html>

in.^{56 57} While the Senate bill was eventually passed on September 26, 2008, it stalled in the House and eventually died there.⁵⁸ No bills on orphan works are currently pending in Congress.

The proposals contained in the Report on Orphan Works and the Congressional bills have attracted both positive and negative responses. Artists' rights groups such as the National Press Photographers Association⁵⁹ remain firmly opposed to the limitation of liability provisions in the bills. Writing in the New York Times on May 20, 2008, Lawrence Lessig critiqued the bill's "diligent effort" standard, essentially calling it useless for the average user.⁶⁰ Lessig warned that the bill provided little guidance to either the potential user or the copyright owner, stating that the "bill instead would have us rely on a class of copyright experts who would advise or be employed by libraries. These experts would encourage copyright infringement by assuring that the costs of infringement are not too great."⁶¹ Steven Hetcher of Vanderbilt Law School views the Orphan Works Report as a practical compromise to the arguments of fair use and blanket infringement presented by the two sides in the Google Books litigation.⁶² Hetcher does not share the concerns of many artists' rights lobbies, finding that the Report plainly protects the rights of copyright holders and that it has the potential to "lead to a regime of increased transactions between owners and potential users."⁶³

⁵⁶ "Orphan Works Act of 2008," H.R. 5889, 110th Congress, latest version: May 7, 2008
<http://www.govtrack.us/congress/bill.xpd?bill=h110-5889>

⁵⁷ "Shawn Bentley Orphan Works Act of 2008," S. 2913, 110th Congress, latest version: Sep 27, 2008

<http://www.govtrack.us/congress/billtext.xpd?bill=s110-2913>

⁵⁸ Bibb at 158.

⁵⁹ NPPA Press Release (May 7, 2008) <http://bit.ly/dC9BWA>

⁶⁰ Lawrence Lessig, Little Orphan Works, New York Times, May 20, 2008.
http://www.nytimes.com/2008/05/20/opinion/20lessig.html?_r=2

⁶¹ *Id.*

⁶² Steven Hetcher, "Orphan Works and Google's Global Library Project," 8 Wake Forest Intell. Prop. L.J. 1, 6 (Winter, 2007).

⁶³ Hetcher at 13.

It is unclear why the proposals contained in the Orphan Works Report did not translate into legislative action. Gigi Sohn of Public Knowledge feels the Copyright Modernization Act, and its predecessor the Orphan Works Act, foundered due to “a combination of pressure from consumer electronics, public interest and broadcast groups, the recording industry and artists and songwriters who are just now learning how the bill would harm them.”⁶⁴ Vocal and committed lobbying by artists groups almost certainly had an impact. But perhaps the legislative proposals fell short because they struck a poor balance between the needs and limitations of potential users and the rights of copyright owners. As Lawrence Lessig points out, legislative-made safe harbors for “diligent” users are hardly helpful if they don’t provide definitions that give some reliance to the potential user. Regardless of the cause, the repeated failure of orphan works legislation has made the courts the primary battleground for future attempts at reform.

V. Google Books: Champion or Antagonist?

Concurrent with the legislative and judicial endeavors at reform of the orphan works crisis, Google began a project that would drastically alter the legal landscape of the public domain by offering to scan and make digitally available entire libraries of books. Now known as Google Books and purportedly numbering upwards of ten million books,⁶⁵ the project was audacious in its financial and legal risks.⁶⁶ Google may not have been the only technology company to have undertaken a book scanning project--Microsoft scanned 750,000 books in its

⁶⁴ Gigi Sohn, “Copyright Modernization Act Update, Public Knowledge, “September 15, 2006 <http://bit.ly/a66EhR>

⁶⁵ Sergey Brin, “A tale of 10,000,000 books,” The Official Google Blog (October 9, 2009) <http://googleblog.blogspot.com/2009/10/tale-of-10000000-books.html>

⁶⁶ By one estimate, Google has spent more than \$100 million on scanning. Hausman at 412.

own digitization effort before abandoning the project in 2008--but as one of the first, and certainly the largest, it was almost guaranteed to court challenges from copyright holders.⁶⁷

Google first revealed its plans for a service to be called Google Print in 2004, stating it had already begun scanning books from over a dozen major publishers and planned make excerpts available online.⁶⁸ Shortly thereafter, Google announced it had made agreements to scan all or part of the libraries of the University of Michigan, Stanford, Harvard, the New York Public Library, and Oxford University in England.⁶⁹ In September and October of 2005, the Authors Guild and five major publishing companies filed claims of copyright infringement.^{70 71} By merely making snippets of text available for indexing purposes, Google claimed it was within the limits of fair use and was in fact “increas[ing] the awareness and sales of books, directly benefiting copyright holders,”⁷²

The Author’s Guild, the Association of American Publishers, and the other principal plaintiffs announced a settlement agreement with Google on October 28, 2008 whereby Google would pay \$125 million in damages in return for a comprehensive, and extremely complex arrangement over rights, licensing, and revenue streams.⁷³ The Settlement Agreement, which was amended on November 13, 2009 after objections from the Justice Department, is still subject

⁶⁷ Helft, Miguel, “Microsoft Will Shut Down Book Search Program, *New York Times* (May 24, 2008) <http://nyti.ms/dbaOvN>

⁶⁸ Ackman, Dan, “Google Print: The Next Big Thing,” *Forbes.com* (October 7, 2004) http://www.forbes.com/2004/10/07/cx_da_1007topnews.html

⁶⁹ Locklear, Fred, “Google to announce library database collaborations,” *ArsTechnica.com* (December 14, 2004) <http://arstechnica.com/old/content/2004/12/4462.ars>

⁷⁰ *The Authors Guild, Inc., et al. v. Google Inc.*, Case No. 05 CV 8136 (S.D.N.Y.)

⁷¹ Picker at 388.

⁷² Comments of David Drummond, Google Chief Legal Officer, “Publishers sue Google over copyright dispute” *Reuters*, October 20, 2005 <http://bit.ly/aLiwa8>

⁷³ Helft, Miguel and Motoko Rich, “Google Settles Suit Over Book Scanning,” *New York Times*, (October 29, 2008) <http://nyti.ms/1WlQ07>

to the ruling of Southern District Court Judge Denny Chin, who has not yet issued a ruling from a fairness hearing on February 18, 2010.^{74 75}

The Settlement Agreement gives Google a license to exploit the works of active rights holders, as well as orphan works.⁷⁶ First, the class action is settled by giving rights holders a 27-month window to opt out of the settlement, whereby the holder will not be subject to the terms of the Agreement and the holder's works will be removed from Google Books.⁷⁷⁸ This feature has major benefits for Google with regards to its rights to the orphan works and the future scanning of books. By making holders take the active step of opting out, "the class action mechanism allows Google to sidestep neatly the problem of orphan works, as the holders of those works will not opt out of the settlement" and effectively giving Google control over all orphan works.⁷⁹ Judge Chin seemed to agree with this analysis, stating at the February 18th, 2010 fairness hearing, "I would surmise that Google wants the orphan books and this is what it is about -- orphan books that will remain unclaimed."⁸⁰ Of course, for Google and its supporters, the right to exploit the orphan works is justified by the benefits created by Google Books digitization and indexing efforts.

⁷⁴ Kang, Cecilia, "Judge puts off ruling on Google's proposed digital book settlement," *Washington Post*, February 19, 2010) <http://bit.ly/ciLzeS>

⁷⁵ Further delaying the ruling, the nomination of Judge Chin to the Second Circuit was confirmed by the Senate on April 22, 2010. Andrew Albanese, "Judge Presiding Over Google Settlement Moves Up," *Publisher's Weekly*, April 22, 2010. <http://bit.ly/a40EZX>

⁷⁶ Picker at 393.

⁷⁷ Picker at 393.

⁷⁸ The final opt-out date was January 28, 2010, with more than 6,500 authors choosing to do so. Alison Flood, "Thousands of authors opt out of Google book settlement," *The Guardian* (February 23, 2010) <http://www.guardian.co.uk/books/2010/feb/23/authors-opt-out-google-book-settlement>

⁷⁹ Picker at 393.

⁸⁰ *Id.*

The class action settlement benefits Google's right to continue scanning in the future by setting as the class any book published before January 5, 2009. The result of this broad interpretation of class is "to give Google control of a body of works that is many times larger than the 7 million books that were originally at issue," and allowing Google to scan nearly any book in existence, throughout the world.⁸¹

Google's right to exploit the scanned works and prevent others from doing so is subject to an even more confusing structure in the Settlement Agreement. Rights holders opting in to the Agreement will be given one digital copy of the work and Google will retain its own copies in a collection known as the Research Corpus.⁸² Research or exploitation of the Research Corpus is limited by the Settlement Agreement, with Google retaining broad powers to consent to for-profit use of all works in the Research Corpus.⁸³ Potential users wishing not to contract with Google may always seek out the active rights holders, who are free to take advantage of the Agreement's non-exclusivity but, clearly, this is not possible with regards to orphan works.⁸⁴ In other words, Google becomes the effective rights holder for the orphan works, with the exclusive right to license any uses and Google will also enjoy broad discretion to grant licensing of the works of active rights holders.

The Agreement's provisions for the revenue stream generated by Google Books have further implications for orphan works. Google's damages would partially fund a collective registry, called the Books Rights Registry, for paying out revenues, with a split of thirty-seven percent going to Google and sixty-three percent going to publishers and authors. While the

⁸¹ Statement of Marybeth Peters, Register of Copyrights, before the House Committee on the Judiciary, (September 10, 2009) 2 Lindley on Entertainment, Publ. & the Arts sec. 5:285 (3d ed.)

⁸² Picker at 394.

⁸³ Picker at 395.

⁸⁴ Picker at 396.

revenue from all public domain works will go fittingly to Google, the Agreement exploits the revenue from the orphan works by paying out seven percent to the active rights holders. Thus, the agreement effectively “turn[s] orphan works into a kind of private public domain,” allowing Google to freely exploit the orphan works and to use a portion of the revenue stream generated from them to appease active rights holders.

It is unsurprising that a settlement with such wide implications has attracted a great deal of criticism. Assistant Attorney General William F. Cavanaugh, speaking of the Justice Department’s opposition to portions of the settlement, stated that the Settlement Agreement “creates benefits that Google could not have achieved in the marketplace.”⁸⁵ Cavanaugh critiqued the broad interpretation of class which allowed a deal to be formed on behalf of absent rights holders and characterized the broad discretion granted to Google to exploit orphan works as a form of compulsory licensing.⁸⁶

Marybeth Peters, the Register of Copyrights, similarly compared the deal to “a private structure that is very similar to a compulsory license” and strongly objected to the broad definition of class which “permits new activities for years to come, and removes the judicial remedies of millions of authors and publishers that are otherwise afforded by the Copyright Act.”⁸⁷ Peters pointed out the danger that, in treating all unclaimed works as orphan works, the Agreement will create a false and inaccurate listing of orphan works in the form of the Books Rights Registry.⁸⁸

⁸⁵ Testimony of Deputy Assistant Attorney General William F. Cavanaugh, February 18, 2010 Fairness Hearing, *Patent, Trademark & Copyright Daily* (February 19, 2010).

⁸⁶ *Id.*

⁸⁷ Peters.

⁸⁸ Peters.

Perhaps the most damaging aspect of the Settlement Agreement with regards to orphan works is not contained in the provisions of the Agreement but rather it is the very existence of a settlement of the suit. By settling, Google sets its fair use claims to the orphan works aside, leaving unresolved a fair use claim that was heretofore unseen in its scope.⁸⁹ Fair use is by no means a failsafe strategy for potential users of orphan works and the likely result should Google have pursued its claim at trial is far from certain. But the settlement of such a major use claim will undoubtedly have a large impact on future fair use claims for use of orphan works.

VI. Other Solutions

What then, is the best solution to a problem that has been litigated, legislated, lobbied, and researched at such length to no avail? Relying upon fair use as a defense, even in conjunction with a registry of rights holders,⁹⁰ does not provide a broad enough, not to mention infallible, safe harbor for the would be user of a work. The First Amendment protection that *Golan* appears to have created may prove effective but the circuit court split on the issue makes for an unreliable litigation strategy.

First and foremost, a new registration system is warranted to fill in the blank that has become copyright notice. A new registry, particularly one administered by a private entity for efficiency and accuracy, would provide potential users with the resources to determine what is in the public domain and what is an orphan work.

⁸⁹ Siva Vaidhyanathan, *The Googlization of Everything and the Future of Copyright*, 40 U.C. Davis L. Rev. 1207 (March 2007)

⁹⁰ See Patry at 1651, where he proposes expanded use of fair use defense along with the creation of a private registry.

Though making the new registry nonvoluntary may implicate the elimination of the registration requirement in the 1976 Copyright Act and the Berne Convention, the Google Books Settlement arguably implicates this law, unless limited to only U.S. copyright holders. A registry that is merely voluntary would necessarily be less extensive but would have the advantage of not requiring legislation and the ostensibly fierce opposition of copyright holders.⁹¹

A safe harbor for potential users that is as broad as that sought by the petitioners in *Eldred* and *Golan* and contained in the various orphan works bills may not come to fruition. But the courts should recognize the strain on potential users of orphan works by delineating what a reasonably diligent search would constitute and limiting damages in some manner where the potential user adheres to this standard, which may very well prove useful to litigants employing an innocent infringer defense.⁹²

With regards to licenses of copyrighted works, courts must take the needs of future users into account, interpreting licenses such that both owners and users can “unambiguously determine what rights exist.”⁹³ The courts must prevent contracts with ambiguous terms for future exploitation and rights from preventing works from being exploited by potential users.⁹⁴ As noted by Stevens in his dissent in *Eldred*, obtaining rights (or licenses) to use older works necessarily involves higher transaction costs. For a user or organization with limited resources, “the cost in time and expense of obtaining a license may exceed the private value of the license even though the social value of publication might be substantial.”⁹⁵ While creating a solution to ambiguous licensing terms may prove to be beyond the reach of the courts, further efforts in this area should open up new opportunities for both rights holders and potential users.

⁹¹ Patry at 1660.

⁹² *Id.*

⁹³ Travis at 809.

⁹⁴ Travis at 809.

⁹⁵ Patry at 1650.

These solutions will not completely ameliorate the strain on non-profit and for-profit entities wishing to make use of orphan works but they may drive down the transaction costs of undertaking rights research, a goal that is laudable in itself. The present crisis over the rights to exploit orphan works, and the looming threat posed by a technology giant, should drive legislators, judges, and concerned individuals alike to action.