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U.S. Copyright Office
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Re: Copyright Office Notice of Inquiry: Orphan Works and Mass Digitization, *Federal Register* (October 22, 2012), Vol. 77, No. 204: 64555-64561. [Docket No. 2012-12]

Carnegie Mellon University appreciates the opportunity to reply to the initial comments submitted in response to the Notice of Inquiry. After carefully reading the comments, we continue to recommend legislation to address orphan works. Setting public policy through litigation can neither properly balance interests nor provide solutions for stakeholders outside the litigation. In framing the legislation, we urge the Copyright Office and Congress to keep in mind that:

- The primary objective of copyright is facilitating access to and use of copyrighted works.[1]
- The orphan works problem is really two problems: (1) acquiring permission to use orphaned copyrighted material on an occasional basis and (2) discovering orphaned copyrighted material worthy of use.[2] The different problems require different solutions.
- Many uses of orphan works will not invoke copyright law[3] and many uses that do invoke the law will be fair uses or uses that rights holders would license for free. Focusing on minimizing risks to rights holders posed by uses for which they might seek compensation will fail to achieve the public policy goals driving orphan works legislation.
- Steps taken to enable discovery and use of orphan works should entail incentives to reduce the number of orphan works going forward.

The conditions under which a work may be identified and used as an orphan and the remedies available if the copyright owner comes forward after use has commenced must establish clear expectations and appropriate incentives. Our reply comment focuses on:

- Enabling occasional uses of orphan works
- Enabling mass digitization projects that include orphan works

[1] Rewarding copyright owners is a secondary consideration. See U.S. v. Paramount Pictures, 334 U.S. 131, 158 (1948). http://supreme.justia.com/cases/federal/us/334/131/case.html#158 Accessed January 11, 2013.

[2] C. Cooper, "Orphan Works: Half a Loaf," *CNET News*, May 20, 2008. http://news.cnet.com/8301-10787_3-9948731-60.html Accessed December 14, 2012.

[3] Viewing an image, listening to a song, reading a book, or building on the ideas presented do not invoke copyright law.

- Averting licensing schemes
- Conducting additional inquiries

ENABLING OCCASIONAL USES OF ORPHAN WORKS

Definition and Scope of Orphan Works

Carnegie Mellon University urges the Copyright Office to replace the vague notion of a "good faith, reasonably diligent search" with more clearly defined legal terms "bad faith" and "due diligence." Requiring users to exercise due diligence and to not act in bad faith provides a legal framework for assessing their efforts. In particular, due diligence recognizes that what users need to do will vary with circumstances. Should the user and the copyright owner who later comes forward fail to reach an agreement regarding use of the work, the court will decide, based on the facts of the case and in consultation with appropriate experts, if the user acted with intentional dishonesty (bad faith) and if s/he met the measure of prudence, activity, or assiduity properly expected and exercised by a reasonable and prudent person in that particular circumstance (due diligence).[4]

We propose defining an orphan work as an original work for which a prospective user

- is in a situation where permission from the copyright owner is required by law,
- is exercising due diligence and not acting in bad faith,
- cannot identify or locate the copyright owner, or
- does not receive a response from the copyright owner after repeated requests over a designated time (e.g., three requests over a six-month period).[5]

When the above conditions are met, the user may use the work. The definition should apply to all types of works, users, and uses. Limiting the types of works, users, or uses would fail to incentivize stakeholders appropriately and reduce the public benefits of the legislation.

The Exercise of Due Diligence

Carnegie Mellon University agrees with the 2012 Notice of Inquiry respondents who argued that legislative requirements to identify orphan works must be simple to understand, easy to perform, and able to remain relevant as norms, tools, and market solutions evolve. If the burden of compliance exceeds the benefit of use, orphan works will not be used, defeating the purpose of the legislation.

[4] We assume that if a license for use of the work is readily available or the copyright owner's current contact information is readily available, the user will not have met the measure of due diligence (or will have acted in bad faith) and the work cannot be considered an orphan with infringement subject to limited remedies under the law.

[5] Carnegie Mellon challenges copyright owners' purported right to do nothing to preserve their property interests. This so-called right conflicts with the social utility and justice that copyright law aims to establish. Copyright owners who ignore or dismiss as spam user requests for permission should not be granted financial compensation from that user.

We recommend that would-be users be ***required*** to do all of the following:

- Follow appropriate best practices.
- Search appropriate databases and registries.
- Consult appropriate experts.

Straightforward guidelines such as these will encourage use of orphan works and incentivize the development of best practices and trusted registries.[6] The guidelines balance the burden imposed by the legislation, with some burden placed on the would-be user and some placed on the owners of would-be orphan works. In the absence of mandatory registration of copyrighted works, copyright transfers, etc., orphan works legislation must incentivize the development of best practices, registries, metadata standards, and other tools to help would-be users identify and locate copyright owners and to help copyright owners identify their works and their rights. Ideally, we need a rights information infrastructure of networked, searchable, verified, easy-to-understand metadata of copyright status, ownership, transfers, name changes, etc. for all types of works, media, and industries. In the meantime, we agree with other respondents that the Copyright Office should maintain an up-to-date list of approved best practices and free or affordable registries, continue to digitize and integrate its historic records, and simplify and reduce the cost of copyright registration and updates.

Obligations on Users of Orphan Works

Carnegie Mellon University recommends that orphan works legislation grant users who meet the above conditions the non-exclusive right to use the work for the specific use for which they conducted their search for the copyright owner.[7] Users should be ***required*** to provide attribution – acknowledging the author and the copyright owner of the work – if this information is available, and ***strongly encouraged*** to document their efforts for future reference as evidence that they exercised due diligence and did not act in bad faith.

Because of the potential for negative unintended consequences and the probability that the cost will exceed the benefits, we recommend that users ***not*** be required to

- Identify the work used as an orphan because the status will change if the copyright owner comes forward to claim the work.
- Post a report of their search for the copyright owner because other users of the same work will be required to conduct their own search.
- Continue to search for the copyright owner throughout the period of using the work because this will be overly burdensome, discourage use, and render the granting of the use right meaningless.
- Post a notice of use or intent to use the work because this will encourage copyright trolls and unsubstantiated copyright claims, create a perverse incentive for copyright owners to encourage

[6] Requiring users to consult existing registries and best practices is acceptable, but postponing the effective date of orphan works legislation until registries and best practices are available is not acceptable because it will provide no incentive to stakeholder communities to develop needed registries or best practices.

[7] The right should extend to successors in interest, e.g., publishers, distributors, and licensees, but not to other users or subsequent uses, which should require a new search for the copyright owner.

infringers they could easily identify, require ongoing maintenance if the copyright owner comes forward, and turn efforts to locate and negotiate with copyright owners into a list of orphan works to be exploited or commercialized in aggregate.

Limited Remedies

Orphan works legislation should stipulate that:

- Copyright owners who come forward and prove ownership of the work may reclaim the work and seek remedies for infringement.
- If a court determines the user's search for the copyright owner was conducted in bad faith or without due diligence, full remedies apply.
- If a court determines the user did exercise due diligence and honestly attempt to locate the copyright owner, then limited remedies apply.

Carnegie Mellon University continues to recommend that orphan works legislation provide a safe harbor for noncommercial users making noncommercial uses of orphan works. Copyright owners should be entitled to financial compensation, but not statutory damages, from commercial users and direct and indirect commercial uses of their work. In any case, we recommend that statutory damages be remitted if the user exercised due diligence and did not act in bad faith. Furthermore, we recommend that:

- Financial compensation for prior use be capped at a realistic and attainable rate. The cap should be high enough to encourage users to exercise honesty and due diligence in searching for the copyright owner, but not so high that it discourages use of orphan works. The cap should be low enough to encourage copyright owners to take steps to assert their whereabouts and to respond to user requests for permission.[8]
- The availability of financial remedies for prior use have a termination date to encourage the development of best practices and trusted registries that facilitate identifying and locating copyright owners. The date should be far enough in the future to give stakeholder communities a realistic amount of time to develop registries and tools to simplify locating copyright owners.[9]
- Up to the termination date, courts have discretion in determining the financial compensation for prior use of the work. Their discretion should take into consideration:
    - The user's attempt to find the rights holder to negotiate a license for use.
    - The copyright owner's efforts to assert his whereabouts and to respond to the user's requests for permission.
    - The copyright owner's recent exploitation of the work.[10]

[8] The problem of litigating small copyright claims is a separate issue. Though related, the expense of litigating infringement claims in federal courts should not drive the framing of orphan works legislation.

[9] For example, as of January 1, 2025, if copyright owners come forward, they will not be compensated for prior use of the work, only for ongoing use of the work if use does not cease.

[10] Compensation for use of older or out-of-commerce works should ***not*** be based on the current industry rate for that type of work and type of use. Orphan works legislation should not encourage rent seeking or levy disproportionate remedies.

- The moral and economic harm the use caused the copyright owner.
- The extent to which use of the work as an orphan fostered a market for the work.

Injunctive relief should also be available to copyright owners who come forward. We recommend that it be tailored carefully in consideration of the user's reliance on an orphan work used in creating a derivative work.

Explicit Savings Clause

Orphan works legislation should address only uses where fair use or other limitations or exceptions in copyright law do not apply. It should include an explicit savings clause that nothing in the provision in any way affects the right of fair use or other limitations or exceptions in the law.[11]

Litigating Small Copyright Claims

Carnegie Mellon University appreciates the expense of litigating copyright claims and agrees that copyright enforcement should not be limited to rights holders who can afford it. However, this problem is not limited to orphan works and should be addressed separately, as the separate inquiry by the Copyright Office acknowledges. We suggest that efforts to address the exorbitant cost of copyright enforcement go forward in parallel with efforts to create a less litigious environment through the development of educational programs, easy-to-use tools that enable would-be users to find copyright owners and negotiate voluntary licenses, and copyright reforms that align the law with current technologies, behaviors, professional practices, and business models.

ENABLING MASS DIGITIZATION PROJECTS THAT INCLUDE ORPHAN WORKS

Replacing the vague notion of conducting a good faith, reasonably diligent search with exercising due diligence and not acting in bad faith would provide orphan works legislation with legal clarity. This change would also enable a definition of an orphan work that encompasses the collection-level assessments proposed by some respondents to the 2012 Notice of Inquiry, and clarify that what constitutes due diligence in pursing one copyright owner is significantly different from what constitutes due diligence in pursuing hundreds or thousands of copyright owners. However, given the resistance and disparagement that some respondents articulated, Carnegie Mellon is not persuaded that

[11] Some respondents to the 2012 Notice of Inquiry argued that orphan works legislation was unnecessary because the right of fair use was sufficient to accommodate mass digitization of orphan works in special collections held by libraries and archives, i.e., limited remedies are redundant with U.S. 17 §504(c)(2) which gives courts discretion to reduce or remit statutory damages if the user believed and had good reason to believe the use was fair use. Other respondents suggested that amending §504(c)(2) to include discretion to reduce or remit statutory damages if the user conducted a reasonably diligent search would be sufficient to address the orphan works problem. Carnegie Mellon's issue with these suggestions is the narrow applicability (notwithstanding the vagary of what constitutes a reasonably diligent search). Section 504(c)(2) applies only to specific users in specific circumstances. This approach to the orphan works problem would disenfranchise many potential users and uses and is therefore inequitable and inadequate. We would support amending 504(c)(2) to apply to ***any user*** who believed and had reasonable grounds to believe her use was fair use or who had exercised honest due diligence but failed to identify, locate, or receive a response from a copyright owner.

stakeholder communities will support orphan works legislation that relies on the skills, diligence, and professional ethics of librarians and archivists to handle works in their collections appropriately.

Because of this resistance, we continue to recommend amending 17 U.S.C. §108 to allow libraries and archives to digitize works in their collection and make the digital copies freely available on the Internet.[12] The provision should apply to all types of material in their collection. A legislative exception is necessary to address the second orphan works problem: the discovery of orphaned copyrighted material worthy of use. An educational and cultural heritage exception will facilitate discovery and encourage use of orphan works by providing the broadest possible dissemination of the material and delivering the material in the format users want. Downstream use of the material can be restricted to non-commercial personal or educational use and uses allowed by other exceptions or limitations in copyright law, e.g., fair use. Other uses would require the user to exercise due diligence and not act in bad faith in searching for the copyright owner.

For orphan works legislation to achieve the public benefits afforded by mass digitization projects, the requirements for identifying orphan works must scale.[13] Ideally the solution to the discovery and access problem should apply to all entities, but given copyright owners' understandable concerns about market harm and lost compensation, an initial step would be to allow eligible non-profit institutions to address this problem while registries and best practices are developed to reduce the number of works likely to be identified as orphans and to give copyright owners time to claim works mistakenly identified as orphans. As some respondents noted, making material available online can help identify copyright owners. At some future date, the exception granted to eligible non-profits could be extended to commercial entities that, as some respondents noted, have the financial resources to undertake huge projects. The Copyright Office should conduct an inquiry into stakeholder concerns about commercial mass digitization projects.

If a definition of mass digitization is required, it should not be based on an arbitrary threshold on the volume of material digitized, but on alignment with the eligible institution's mission and the public policy goals driving the legislation. We suggest that programmatic digitization might be a better term than mass digitization. (See Conditions and Requirements below.)

Definition of Orphan Work

Carnegie Mellon continues to believe that a legislative exception to allow mass digitization requires a categorical definition of an orphan work. As stated in our initial comment:

[12] If the ruling in the Authors Guild v. HathiTrust lawsuit holds, libraries and archives can digitize copyrighted books, create full-text indexes, and enable text mining and computational research under fair use. However, they cannot provide public access to the full text.

[13] Some respondents to the 2012 Notice of Inquiry noted that Section 108 already enables libraries and archives to create preservation copies (including digital copies) of works in their collections under specified conditions. This is true, but use of these copies is restricted. In reality, the making of preservation copies does not proceed on a mass scale because of the expense. Those who fund mass digitization efforts expect the digitized works to be broadly available for use.

> Carnegie Mellon University suggests a categorical definition based on date and if the work was publicly disseminated its commercial availability. The initial date should be set conservatively and the date extended over time to rescue works for which electronic rights will be ambiguous or contested….
>
> We suggest that the line be drawn initially at 1963, the year at which published works entered the public domain if their copyright were not renewed….[14]
>
> Most of these works are no longer copyright protected,[15] which means the risk to rights holders of making these works discoverable and available for use is minimal.

Conditions and Requirements

As noted in our initial response, if necessary the amendment to Section 108 could include stipulations that stakeholders participating in the Section 108 Study Group agreed upon in 2008:

- The eligibility criteria.[16]
- The preservation criteria.[17]
- The criteria for public and private sector collaborations.[18]

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[14] Copyright renewal records for books published in the United States between 1923 and 1963 can be searched at http://collections.stanford.edu/copyrightrenewals/.

[15] See B.A. Ringer. June 1960. Study No. 31: Renewal of Copyright. In 1 *Studies on Copyright*, Arthur Fisher Memorial Ed.: 513-514. Reprinted in Library of Congress Copyright Office. *Copyright Law Revision: Studies Prepared for the Subcommittee on Patents, Trademarks, and Copyrights of the Committee on the Judiciary, United States Senate, Eighty-sixth Congress, first [-second] session*. Washington: U.S. Government Printing Office, 1961. See also W.M. Landes and R.A. Posner. August 2002. "Indefinitely Renewable Copyright." John M. Olin Law & Economics Working Paper No. 154: 2. https://www.law.upenn.edu/fac/pwagner/ip/2003sp/downloads/landes-posner_indefinite.pdf Accessed January 18, 2013.

[16] Eligible libraries and archives must have a public service mission, employ a trained staff, provide professional services normally associated with libraries and archives, and possess a collection of lawfully acquired or licensed materials. U.S. Copyright Office, *The Section 108 Study Group Report*, March 2008: iv. http://www.section108.gov/docs/Sec108StudyGroupReport.pdf Accessed December 14, 2012. Congress might consider the eligibility of other organizations with public service missions, such as museums.

[17] The Section 108 Study Group agreed to the following criteria for digital preservation of publicly disseminated works:

- Maintain the digital copies in a secure, managed, and monitored environment utilizing recognized best practices.
- Provide an open, transparent means of auditing archival practices.
- Possess a demonstrable commitment to and the ability to fund long-term preservation.
- Provide a succession plan for copies in the event the qualified library or archives ceases to exist or can no longer adequately manage its collections.

The Section 108 Study Group Report: vii.

[18] To achieve the public policy goals driving the proposed exception, eligible libraries and archives should be allowed to authorize outside contractors to perform on their behalf ("outsource") activities allowed under the proposed exception. The Section 108 Study Group stipulated the following conditions for allowable outsourcing:

- The contractor acts solely as the provider of a service for which compensation is made by the eligible library or archive, and not for any other direct or indirect commercial benefit.
- The contractor is contractually prohibited from retaining copies other than as necessary to perform the contracted-for service.

In addition, we recommend that eligible libraries and archives be ***required*** to

- Provide attribution (acknowledge the author and copyright owner) if possible.
- Provide contact information to enable copyright owners to contact them.
- Make materials digitized under this amendment publicly available at no cost and without requiring users to register or subscribe.[19]
- Take appropriate privacy measures, e.g., protection against disclosure, limited tracking, transparency and enforceability.

Conditional Safe Harbor

If the above conditions and requirements are ***not*** met, full remedies should be available to the copyright owner. However, if the above conditions and requirements are met, libraries and archives should be provided a safe harbor. If copyright owners come forward, they cannot receive statutory damages or financial compensation for the prior use. If they provide proof of ownership they can request that their work be removed from online public access. The courts should be empowered to balance equities and tailor injunctive relief so that the library or archive's efforts and investment are not threatened with immediate dissolution. The safe harbor is necessary to meet the public policy goals of programmatic digitization for public access.

Explicit Savings Clause

Pursuant to 17 U.S.C. §108(f)(4), the proposed amendment to allow libraries and archives to digitize and provide online public access to works in their collection will not undermine their right of fair use or their contractual obligations related to works in their collection.

AVERTING LICENSING SCHEMES

Carnegie Mellon continues to contend that licensing is not appropriate for enabling occasional use or mass digitization of orphan works. Many uses of orphan works will be fair uses. Requiring payment upfront for what courts might deem fair use undermines the scope and operation of fair use and threatens lawful uses, including some mass digitization projects. Furthermore, copyright owners might have licensed use of their work at no charge.

Extended collective licensing (ECL) has been suggested as a way to enable mass digitization projects. We urge the Copyright Office not to pursue ECL. The United States does not have the technical infrastructure or an established and trusted licensing organization to administer ECL covering the full range of rights and works. The effort required to mount ECL – should it be approved by Congress –

- The agreement between the library or archives and the contractor preserves a meaningful ability on the part of the rights holder to obtain redress from the contractor for infringement by the contractor.

The Section 108 Study Group Report: iv.

[19] The legislation should prevent the digitized materials from becoming privatized or monetized.

would significantly delay the effective date of the legislation. ECL is an expensive and unnecessary gatekeeping activity that will discourage use and the benefits orphan works legislation aims to achieve. Furthermore, ECL will be prone to the corruption, mismanagement, lack of transparency, and confiscation of funds that many respondents to the 2012 Notice of Inquiry reported with existing licensing schemes and organizations.[20] In the orphan works context, licensors will benefit more from *not* locating copyright owners to whom they would be required to distribute funds. If they honestly exercise due diligence in searching for copyright owners, they will incur the same costs as would-be users, i.e., the touted advantage of reduced transaction costs is nonsense. Licensing in this context could encourage rent-seeking, especially from heirs. ECL will discourage, not facilitate, mass digitization projects by imposing a tax on use by the very institutions that are already paying to preserve and provide access to the nation's intellectual and cultural heritage. Taxing these users and rewarding copyright owners who apparently abandoned their work or a licensing collective that did nothing to create the work is not good public policy.[21]

If orphan works legislation is well crafted, few copyright owners will come forward to claim their work and compensation for its use, making upfront payments and their management a significant waste of resources. Orphan works legislation should aim at restoring balance in copyright law and serving the public good, not further tipping the scale in favor of the commercial interests of rights holders or collective rights organizations. Carnegie Mellon's preferred approach is to incentivize the development of registries and best practices to help users find copyright owners.

CONDUCTING ADDITIONAL INQUIRIES

Carnegie Mellon University encourages the Copyright Office to continue its inquiry into litigating small copyright claims. We encourage the Copyright Office to initiate additional inquiries to explore:

- Reinstituting formalities to acquire copyright protection or expanding formalities to be eligible for full remedies under the law.
- Resolving disputed ownership of rights and conflicts of interest between authors/creators and publishers.
- Reverting rights, including reversion when authors and creators transferred rights to publishers that no longer exist or cannot be located.
- Reforming statutory damages.
- Mounting an effective campaign to educate both copyright owners and copyright users about their rights and responsibilities under the law and the consequences of their behavior.
- Enabling commercial mass digitization projects.

[20] An interesting example is the Copyright Clearance Center's conflicting claims that purported orphan works are only temporarily lost, but they are unable to identify or locate rights holders of material contained in collective works.

[21] Should Congress pursue collective licensing, users who acquire a license must be protected. Copyright owners should only be able to claim damages from the licensing entity and the licensing entity should not have standing to litigate use of orphan works, i.e., become the gatekeeper on use of orphan works.

CONCLUSION

We remind the Copyright Office that the orphan works problem is really two problems: (1) acquiring permission to use orphaned copyrighted material on an occasional basis and (2) discovering orphaned copyrighted material worthy of use. To achieve the public policy goals of orphan works legislation, both of these problems must be addressed. Carnegie Mellon recommends solving the first problem by granting all potential users the right to use orphan works under specified conditions. We recommend solving the second problem by granting eligible libraries and archives the right to digitize and provide public access to orphan works in their collections under specified conditions. We encourage the Copyright Office to recommend legislation that avoids unnecessary delays, balances competing interests, and preserves the right of fair use. To succeed, the burden of the legislative requirements must fall equitably on the shoulders of copyright owners and copyright users and incentivize steps that will reduce the number of orphan works going forward.

We thank the Copyright Office for this inquiry into orphan works and mass digitization and look forward to participating in the discussion as the inquiry proceeds.

Sincerely,



Denise Troll Covey
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