

# NOTES & COMMENTS

## THE AUTHORS GUILD V. HATHITRUST: A WAY FORWARD FOR DIGITAL ACCESS TO NEGLECTED WORKS IN LIBRARIES

by  
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*Due to changes in copyright law since the United States joined the Berne Convention, a growing number of copyright holders cannot be located. This leads to a market failure in which those who would pay a reasonable licensing fee nevertheless cannot make use of the works. While past literature has focused on desired commercial uses of these so-called orphan works, the recent case of The Authors Guild v. HathiTrust has brought the issue of educational, nonprofit uses of these works to the fore. This Comment begins by describing the HathiTrust Orphan Works Project and what it renames the neglected works problem. Next, it examines the legality of the project under current copyright law, focusing mainly on fair use under section 107, and concludes that it is unclear whether the project violates copyright law. Finally it analyzes whether this result fits the policy goals of copyright, and because it does not, proposes both legislative and judicial changes to copyright law to make it clear that in the proper circumstances, nonprofit, educational uses of neglected works do not violate copyright law.*

I.	INTRODUCTION: HATHITRUST AND THE ORPHAN WORKS PROJECT.....	1318
II.	THE NEGLECTED WORKS PROBLEM.....	1320
	A. <i>The Source of the Problem</i> .....	1321

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B.	<i>The Response So Far</i> .....	1323
C.	<i>The Unique Position of Libraries</i> .....	1324
III.	THE CURRENT LEGAL STATUS OF THE ORPHAN WORKS PROJECT.....	1325
A.	<i>Rights Implicated</i> .....	1326
B.	<i>Section 108 Defenses</i> .....	1327
C.	<i>Fair Use Under Section 107</i> .....	1329
1.	<i>Purpose and Character of the Use</i> .....	1330
2.	<i>The Nature of the Copyrighted Work</i> .....	1332
3.	<i>Amount and Substantiality of the Taking</i> .....	1333
4.	<i>Effect on the Market</i> .....	1334
5.	<i>The Factors Considered Together</i> .....	1334
D.	<i>Other Possible Defenses</i> .....	1335
E.	<i>Conclusion</i> .....	1336
IV.	SHOULD HATHITRUST'S PROPOSED USE BE EXCUSED? .....	1336
A.	<i>The Purposes of Copyright</i> .....	1337
B.	<i>The Use of Neglected Works</i> .....	1338
V.	A WAY FORWARD .....	1339
A.	<i>Legislative Proposals</i> .....	1340
1.	<i>Revert to Formalities</i> .....	1340
2.	<i>A Limit on Remedies or an Exception to Infringement?</i> .....	1342
3.	<i>Balancing Search Costs</i> .....	1343
B.	<i>Judicial Proposals</i> .....	1345
1.	<i>Expand the Interpretation of Fair Use</i> .....	1345
2.	<i>Expand the Laches Defense</i> .....	1346
VI.	CONCLUSION.....	1346

## I. INTRODUCTION: HATHITRUST AND THE ORPHAN WORKS PROJECT

In 2008, the group of university research libraries that participated in the Google Books project formed a partnership they named HathiTrust.<sup>1</sup> A major goal of this partnership is to create a centralized, comprehensive database of the member libraries' digitized copies of books in their collections.<sup>2</sup> Initially, these digital copies came from the Google Books project, but the database now includes works scanned by the Internet Archive, Microsoft, and in-house initiatives of the member libraries.<sup>3</sup> This centralized database allows for full-text searching of

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<sup>1</sup> *Our Partnership*, HATHITRUST, <http://www.hathitrust.org/partnership>. Hathi is the Hindi word for elephant, referencing elephants' famed long-term memory. *Help—General*, HATHITRUST, [http://www.hathitrust.org/help\\_general](http://www.hathitrust.org/help_general).

<sup>2</sup> *Mission and Goals*, HATHITRUST, [http://www.hathitrust.org/mission\\_goals](http://www.hathitrust.org/mission_goals).

<sup>3</sup> *Our Partnership*, *supra* note 1.

millions of works from some of the largest research libraries in the United States.<sup>4</sup>

A further goal of the project is to facilitate access to the works in the member libraries, particularly by students, faculty, and staff of the member institutions.<sup>5</sup> To this end, the HathiTrust Digital Library provides full, public access to public domain works. The partnership has also negotiated licenses to provide limited or full access to a number of in-copyright works. This access is in many cases limited to users affiliated with the institutions or those who access the site from within the library.<sup>6</sup>

HathiTrust's most ambitious project to further access, however, has been its Orphan Works Project, which has been spearheaded by the University of Michigan Library.<sup>7</sup> The basic plan for this project was to conduct a thorough, diligent search for the copyright holder of various works in the HathiTrust database.<sup>8</sup> If the copyright holder could not be found, the work would be listed on a website for 90 days as an "orphan works candidate."<sup>9</sup> If no rights holder stepped forward, no license could be negotiated, and full text access to the work would be unavailable, likely for decades to come. Rather than let these works simply lie in general disuse in the few libraries in the world that own them, HathiTrust proposed that it would allow full text access to the works if it received no objection within 90 days.<sup>10</sup> HathiTrust received its objection in the form of a lawsuit for copyright infringement by the Authors Guild, the Australian Society of Authors, the Québec Union of Writers, and several individual authors.<sup>11</sup>

This case highlights a neglected aspect of the so-called orphan works problem. Literature until now has focused heavily on the ways that

<sup>4</sup> There are currently over 10.5 million volumes, 5.5 million book titles, and 275,000 serial titles in the database. HATHITRUST, <http://www.hathitrust.org/home>. For a list of the more than 60 member institutions, see *Partnership Community*, HATHITRUST, <http://www.hathitrust.org/community>.

<sup>5</sup> *Mission and Goals*, *supra* note 2.

<sup>6</sup> See *Access and Use Policies*, HATHITRUST, [http://www.hathitrust.org/access\\_use](http://www.hathitrust.org/access_use); *Copyright*, HATHITRUST, <http://www.hathitrust.org/copyright>.

<sup>7</sup> *Orphan Works Project*, U. MICH. LIBR., <http://www.lib.umich.edu/orphan-works>.

<sup>8</sup> The works were all published between 1923 and 1963 and have been identified as in copyright by the Copyright Review Management System (CRMS), another project run by University of Michigan Library. *Id.* For an overview of the CRMS, see *Copyright Review Management System—IMLS National Leadership Grant*, U. MICH. LIBR., <http://www.lib.umich.edu/imls-national-leadership-grant-crms>.

<sup>9</sup> *Orphan Works Project—FAQ*, U. MICH. LIBR., <http://www.lib.umich.edu/orphan-works/faq>.

<sup>10</sup> *Id.* The works would only be available outside of the physical library to students, faculty, and staff of member institutions that own a physical copy of the book. See *id.*

<sup>11</sup> *Complaint, Authors Guild, Inc. v. HathiTrust*, No. 11 CIV 6351 (S.D.N.Y. Sept. 12, 2011). Additional author organizations from the U.S., U.K., Sweden, Norway, and Canada later joined the suit as plaintiffs. First Amended Complaint, *HathiTrust*, No. 11 CIV 6351 (HB) (S.D.N.Y. Oct. 6, 2011).

commercial uses of orphan works are hindered.<sup>12</sup> However, libraries present the most pressing need for an answer to the orphan works problem. Libraries cannot afford to gamble on uses of copyrighted works without clear guidance on legality, which is truly lacking in this area.<sup>13</sup> Further, the proposed nonprofit, educational uses of these works benefit society as a whole by providing greater and more convenient access to the wealth of knowledge that would otherwise be available only to those able to visit a large research library in person.

Unfortunately, the case has failed to resolve any of the orphan works issues presented by it. The parties exchanged a host of dispositive motions along with briefs by the American Library Association as amicus and the National Federation of the Blind as intervenor defendants.<sup>14</sup> Recently, the court granted summary judgment in favor of HathiTrust, though it disposed of the orphan works claims on jurisdictional grounds, finding a lack of ripeness.<sup>15</sup>

In this Comment, I examine the unresolved issues in the *HathiTrust* litigation by looking at the legality of making nonprofit, educational uses of works, the copyright holder of which cannot be located—an issue I call the neglected works problem. I begin in Part II by describing the source of the problem in our current laws, the political response so far, and the reasons why libraries are uniquely situated in this dispute and deserving of particular focus. I analyze the current legality of the Orphan Works Project in Part III, focusing primarily on the section 108 and fair use defenses, but also examining other reasonable defenses. I conclude in that Part that there is no clear defense to HathiTrust's use of these works. I then examine the purpose behind copyright in Part IV, and conclude that preventing uses of this type does not further, and likely hinders that purpose. Moreover, I argue that allowing this type of use would further the purpose of copyright. Since copyright law currently does not clearly allow this use, I finally propose changes to current copyright law in Part V, including both legislative and judicial proposals, and suggest that while a judicial response is the most likely to occur, a legislative change is ultimately needed.

## II. THE NEGLECTED WORKS PROBLEM

The essence of the neglected works problem is the inability, following a diligent, good faith effort, to locate the copyright holder of a work in order to negotiate a licensed use of the work. Such works are typically referred to as orphaned.<sup>16</sup> This highly charged word, implying a

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<sup>12</sup> See *infra* notes 43–45 and accompanying text.

<sup>13</sup> See *infra* Part III.

<sup>14</sup> Authors Guild, Inc. v. HathiTrust, No. 11 CV 6351(HB), 2012 WL 4808939, at \*1 (S.D.N.Y. Oct. 10, 2012), *appeal filed*, Notice of Appeal (Nov. 8, 2012), ECF No. 167.

<sup>15</sup> *Id.* at \*7–8, \*15.

<sup>16</sup> See, for instance, the very name of the Orphan Works Project at HathiTrust.

need for the Government to step in and act *in loco parentis* to protect the work, skews the discussion toward protection.<sup>17</sup> “Use of the term ‘orphan’ inaccurately conjures up an emotional need to protect these works against those who would use them without the copyright owner’s permission, even though the ‘parents’ long ago dropped any interest in them.”<sup>18</sup> Moreover, this morally loaded term furthers the misleading metaphor of the author as genius giving birth to the work.<sup>19</sup>

“Neglected works” more accurately reflects the realities of the situation. The author has created the work, released it in some way, and then failed to provide the information needed to locate the owner—i.e., he has neglected it. If the author was interested in commercially exploiting the work, he would have done something to allow potential licensees to find him. For that reason, in the hope of changing the focus of the debate, I propose the term “neglected works,” and refer to them this way throughout this Comment.

### A. *The Source of the Problem*

The neglected works problem is a relatively new creation in copyright law. Under the Copyright Act of 1909, authors received protection only if they either published the work and included a copyright notice on every copy, or if they deposited a copy of the unpublished work and registered it.<sup>20</sup> Publication without the notice would cause the work to fall into the public domain, and except for mistaken lack of notice, could not be cured.<sup>21</sup> Moreover, the copyright term was set at 28 years from the date of first publication and could be renewed for a further term of 28 years only by applying for a renewal and extension within one year of the expiration of the original term.<sup>22</sup>

The Copyright Act of 1976,<sup>23</sup> the Berne Convention Implementation Act of 1988,<sup>24</sup> the Copyright Renewal Act of 1992,<sup>25</sup> and the Sonny Bono Copyright Term Extension Act<sup>26</sup> dramatically changed this structure.

<sup>17</sup> This can be seen in the Authors Guild’s use of the term “Orphan Row” to describe the Orphan Works Candidates, apparently analogizing to death row. *Orphan Row: Now It’s Your Turn*, AUTHORS GUILD (Sept. 14, 2011), <http://blog.authorsguild.org/2011/09/14/orphan-row-now-its-your-turn-2/>.

<sup>18</sup> WILLIAM PATRY, MORAL PANICS AND THE COPYRIGHT WARS 77 (2009); *see also id.*, at 76–78.

<sup>19</sup> *See generally id.* at 69–78.

<sup>20</sup> Copyright Act of 1909, ch. 320, §§ 9, 11, 35 Stat. 1075, 1077–78.

<sup>21</sup> *Id.* § 20, 35 Stat. at 1080.

<sup>22</sup> *Id.* § 23, 35 Stat. at 1080.

<sup>23</sup> Pub. L. No. 94-553, 90 Stat. 2541 (completely replacing the Copyright Act of 1909).

<sup>24</sup> Pub. L. No. 100-568, 102 Stat. 2853 (removing the need for formalities and otherwise bringing U.S. copyright law into line with the Berne Convention).

<sup>25</sup> Pub. L. No. 102-307, 106 Stat. 264 (removing the renewal requirement).

<sup>26</sup> Pub. L. No. 105-298, 112 Stat. 2827 (1998) (extending the term of copyright protection).

Currently, the only thing required to obtain protection is fixation of the work in “any tangible medium of expression.”<sup>27</sup> Since the statute defines this as requiring only that the work’s “embodiment in a copy” be “sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration,”<sup>28</sup> this fixation happens almost completely without effort. Simply typing this Comment on a computer so that the words are stored in its random-access memory (RAM) is sufficient to meet this incredibly low standard.<sup>29</sup> This change has the very important effect of greatly increasing the number of works that enter into copyright protection in the first place. Assuming this Comment were never published, and that I had no desire to register for copyright protection, before 1978, this Comment would never have been protected by federal copyright law.<sup>30</sup> However, under the current system, every draft I write is protected by copyright as I write it, since it is “fixed” immediately into the computer’s RAM.

Moreover, the default term of protection is no longer 28 years, but 70 years beyond the death of the author,<sup>31</sup> and requires no renewal to obtain this maximum term. Assuming I have an average lifespan, I will live for another 49 years,<sup>32</sup> and my copyright in this Comment will not expire for 119 years, more than twice the maximum protection term under the 1909 Act. This means first that the much larger number of copyrighted works stay copyrighted much longer than they ever did before. Second, the lack of any requirement for an affirmative act on the part of the author to maintain this incredibly long term means that works an author releases into the wild, but then neglects, will nonetheless remain protected. Previously, the renewal requirement dramatically cut the length of protection for the vast majority of works, which were never renewed.<sup>33</sup> The renewal requirement also made it easy to determine when copyright protection lapsed.

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<sup>27</sup> 17 U.S.C. § 102(a) (2006).

<sup>28</sup> *Id.* § 101.

<sup>29</sup> See *MAI Sys. Corp. v. Peak Computer, Inc.*, 991 F.2d 511, 517–19 (9th Cir. 1993) (interpreting the same provision to determine whether or not a copy of software was made).

<sup>30</sup> State copyright law, typically called “common law copyright” even if it was statutory, would provide some protection. This protection generally extended to the right of first publication and lasted indefinitely. For an overview of common law copyright, see Lysle R. Dirrim, *The Common-Law Copyright and Its Limitations*, 30 *DICTA* 108 (1953). State copyright law is now preempted in most cases. See 17 U.S.C. § 301.

<sup>31</sup> 17 U.S.C. § 302(a). For anonymous, pseudonymous, and corporate works, the term is 95 years from publication or 120 years from creation, whichever is sooner. *Id.* § 302(c).

<sup>32</sup> See the life expectancy for a 28-year-old male at *Period Life Table, 2007*, SOC. SEC. ADMIN., <http://www.ssa.gov/oact/STATS/table4c6.html>.

<sup>33</sup> PATRY, *supra* note 18, at 68–69. On average, only about 15% of copyrights were renewed, with an even lower rate for books. The effect of this low renewal rate was to reduce the effective average term of protection to only 32.2 years, far short of the 56

In sum, the changes to the copyright laws have made it so that any given work is much more likely to have been protected at some point and also much more likely to still be protected at any point in the future. Moreover, since works become protected without publication or registration, and continue to be protected without renewal, it is much more likely that the copyright holder of a work will not be identifiable or discoverable. Publication with notice, registration, and renewal all provide useful and fruitful avenues for locating the copyright holder or at least an agent of the copyright holder. Renewal in particular was helpful, because it updated the contact information halfway through the term. In short, it is much more likely under our current statutory regime that anyone wanting to use a work will need to obtain permission and be unable to locate the copyright holder in order to do so.

### B. *The Response So Far*

Recognizing the growing problems caused by these changes in the law, the Copyright Office sought public comment to determine the nature and scope of the problem, as well as whether legislative or regulatory action was needed to address it.<sup>34</sup> After receiving written comments, the Office sought further views through public roundtable discussions.<sup>35</sup> After this intensive public comment period, the Office concluded that legislative action focused on limiting remedies available for uses of neglected works was needed to address the core problems identified by the participants.<sup>36</sup>

Congress's response to the Copyright Office proposal has been lukewarm at best. The Orphan Works Act of 2006 was introduced shortly after the Copyright Office released its report, and largely followed the Office's recommendations.<sup>37</sup> This act never moved past the Judiciary Committee.<sup>38</sup> Nearly identical provisions were also included in the Copyright Modernization Act of 2006, which also never moved out of committee.<sup>39</sup> In the next Congress, on the same day both houses introduced largely identical bills, which also mostly followed the Office's recommendation to focus on remedies. In the House, that bill, the

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years contemplated by the statute, and shorter still than the current length of protection. Christopher Sprigman, *Reform(aliz)ing Copyright*, 57 STAN. L. REV. 485, 519–23 (2004).

<sup>34</sup> Orphan Works, 70 Fed. Reg. 3739 (Jan. 26, 2005).

<sup>35</sup> Orphan Works, 70 Fed. Reg. 39,341 (July 7, 2005).

<sup>36</sup> U.S. COPYRIGHT OFFICE, REPORT ON ORPHAN WORKS 7–8 (2006), *available at* <http://www.copyright.gov/orphan/orphan-report.pdf>.

<sup>37</sup> H.R. 5439, 109th Cong. (2006).

<sup>38</sup> *Bill Summary & Status*, — 109th Congress (2005–2006) — H.R. 5439, THOMAS, <http://thomas.loc.gov/cgi-bin/bdquery/z?d109:H.R.5439:@@X>.

<sup>39</sup> H.R. 6052, 109th Cong. §§ 201–204 (2006); *Bill Summary & Status*, — 109th Congress (2005–2006) — H.R. 6052, THOMAS, <http://thomas.loc.gov/cgi-bin/bdquery/z?d109:H.R.6052:@@X>.

Orphan Works Act of 2008, also never moved out of committee.<sup>40</sup> The Senate version, the Shawn Bentley Orphan Works Act of 2008, fared somewhat better and actually passed the Senate, but never moved past the House Committee on the Judiciary.<sup>41</sup> No legislation related to the issue has been introduced since 2008. A legislative response to the neglected works problem has thus completely stalled.<sup>42</sup>

### C. *The Unique Position of Libraries*

A great deal of the focus among those looking at the neglected works problem has been on the needs of commercial users of copyrighted works, particularly uses by subsequent creators. “The typical scenario might involve an author or publisher that wishes to include a photograph in a new book, or a movie studio that wishes to create a film version of an obscure novel.”<sup>43</sup> Due to the market inefficiencies in place, these people are unable to make use of the works, or must risk suit. Even when it comes to providing mass access to neglected works, the discussion has focused strongly on Google Books, a commercial enterprise.<sup>44</sup> In particular, supporters of reform in this area have focused discussion on antitrust concerns about the proposed settlement in the Google Books case.<sup>45</sup> That is, they do not want Google to be the only entity in the country that can make use of neglected works without facing liability.

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<sup>40</sup> H.R. 5889, 110th Cong. (2008); *Bill Summary & Status, — 110th Congress (2007–2008)* — H.R. 5889, THOMAS, <http://thomas.loc.gov/cgi-bin/bdquery/z?d110:H.R.5889:@@X>.

<sup>41</sup> S. 2913, 110th Cong. (introduced April 24, 2008, passed the Senate Sept. 26, 2008); *Bill Summary & Status, — 110th Congress (2007–2008)* — S. 2913, THOMAS, <http://thomas.loc.gov/cgi-bin/bdquery/z?d110:S.2913:@@X>.

<sup>42</sup> Following developments in both *HathiTrust* and the Google Books litigation, the Copyright Office has begun another round of public comment, focusing specifically on mass digitization. Orphan Works and Mass Digitization, 77 Fed. Reg. 64,555 (Oct. 22, 2012). The request for comment provided two questions, one of which focused on mass digitization: “Please comment on potential orphan works solutions in the context of mass digitization. How should mass digitization be defined, what are the goals and what, therefore, is an appropriate legal framework that is fair to authors and copyright owners as well as good faith users? What other possible solutions for mass digitization projects should be considered?” *Id.* at 64,561.

<sup>43</sup> U.S. COPYRIGHT OFFICE, *supra* note 36, at 36.

<sup>44</sup> See, e.g., Katharina de la Durantaye, *Finding a Home for Orphans: Google Book Search and Orphan Works Law in the United States and Europe*, 21 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 229 (2011); Bernard Lang, *Orphan Works and the Google Book Search Settlement: An International Perspective*, 55 N.Y.L. SCH. L. REV. 111 (2010-2011); Doug Lichtman, *Google Book Search in the Gridlock Economy*, 53 ARIZ. L. REV. 131 (2011); Randal C. Picker, *The Google Book Search Settlement: A New Orphan-Works Monopoly?*, 5 J. COMPETITION L. & ECON. 383 (2009); Ryan Andrews, Note, *Contracting out of the Orphan Works Problem: How the Google Book Search Settlement Serves as a Private Solution to the Orphan Works Problem and Why It Should Matter to Policy Makers*, 19 S. CAL. INTERDISC. L.J. 97 (2009); Alessandra Glorioso, Note, *Google Books: An Orphan Works Solution?*, 38 HOFSTRA L. REV. 971 (2010).

<sup>45</sup> See, e.g., Picker, *supra* note 44 at 384–85.

Libraries have different needs, however, and are already treated differently in copyright law.<sup>46</sup> The risk of liability for using a copyrighted work without a license in the commercial context is merely decreasing profitability. Despite the risk, in the right situations, going ahead when a copyright holder cannot be located can make real business sense. For libraries, the risk is huge, since there is no profit expectation and library budgets are so small.<sup>47</sup> The question of fair use is also often very close and uncertain, making the likelihood and amount of liability hard to quantify.

The harm caused by not allowing the use is also different. In the commercial context, the harm is preventing someone from profiting off the works of another. This certainly represents market inefficiency, but maximizing profit of commercial actors is not a goal of copyright. In a library, the harm is preventing broad access to the work altogether. The harm is severely limiting the number of people who will ever see the work. This harm touches much more directly the fundamental purpose of copyright law—“[t]o promote the Progress of Science.”<sup>48</sup> For these reasons, libraries need clear guidance on their use of neglected works.

### III. THE CURRENT LEGAL STATUS OF THE ORPHAN WORKS PROJECT

In order to see how clear that guidance is under current law, it is helpful to evaluate HathiTrust’s Orphan Works Project. By looking closely at whether the project violates authors’ copyrights, we can see whether and in what ways the law needs to be changed. The analysis that follows focuses solely on the neglected works aspect of the HathiTrust partnership. The Authors Guild’s complaint raises additional questions of whether or not scanning books in the first place, recognizing text on the scans, putting that information into a database, and making the variety of copies required to make the database redundant constitute copyright violations.<sup>49</sup> Since these concerns are already being fully

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<sup>46</sup> See 17 U.S.C. § 108 (2006).

<sup>47</sup> Academic libraries in the United States spend a total of \$6.8 billion per year. Tai Phan et al., *Academic Libraries: 2010 First Look*, NAT’L CTR. FOR EDUC. STATISTICS, 11 (Dec. 2011), <http://nces.ed.gov/pubs2012/2012365.pdf>. In contrast, TimeWarner, Inc. alone spent \$23.169 billion in 2011. *Time Warner Inc. Reports Strong Results for 2011 Fourth Quarter & Full Year*, TIMEWARNER (Feb. 8, 2012), <http://ir.timewarner.com/phoenix.zhtml?c=70972&p=irol-newsArticle&ID=1658256> (subtract operating income from revenue).

<sup>48</sup> U.S. CONST. art. I, § 8, cl. 8.

<sup>49</sup> First Amended Complaint, *supra* note 11, ¶¶ 62–72. The Authors Guild identifies at least 12 copies made during the process of including a work in the HathiTrust Digital Library, before the work is ever made available to the end user. *Id.* ¶ 72. The court found that all of these copies were protected by fair use. *Authors Guild, Inc. v. HathiTrust*, No. 11 CV 6351(HB), 2012 WL 4808939, at \*14 (S.D.N.Y. Oct. 10, 2012).

addressed in the Google Books litigation and are not unique to either neglected works or libraries, I leave them for others to discuss.

Rather, the question I seek to answer is whether or not HathiTrust would violate copyright law by making available to end users the full text of neglected works, after a diligent, good faith search for the copyright owner is unsuccessful.

#### A. *Rights Implicated*

As a starting point for this analysis, it is important to identify which exclusive rights HathiTrust may be violating. At a minimum, the project violates the reproduction right,<sup>50</sup> since the HathiTrust site creates a copy of the work in the RAM of its servers, which it transmits over a network. That copy is sufficiently fixed to constitute infringement of the reproduction right.<sup>51</sup> That copy is also “distributed” to the end user, implicating the distribution right.<sup>52</sup>

The Authors Guild also claims that the Orphan Works Project violates the display right,<sup>53</sup> and it is likely correct on this point. This right, which applies only to certain types of works, including literary works, encompasses “display[ing] the copyrighted work publicly.”<sup>54</sup> “Display” means “to show a copy of it, either directly or by . . . any . . . device or process.”<sup>55</sup> To display a work “publicly” means either (1) to display the work at a place open to the public or (2) to “transmit or otherwise communicate” the display to the public “by means of any device or process,” whether the public receives the display “in the same place or in separate places and at the same time or at different times.”<sup>56</sup>

As contemplated, HathiTrust would be “showing” a copy of the work, or at least parts of it, through HathiTrust’s website, which is a “device or process.” That display would, in most instances, not be viewed in a place open to the public, but HathiTrust would “transmit” the display to the

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<sup>50</sup> 17 U.S.C. § 106(1).

<sup>51</sup> *MAI Sys. Corp. v. Peak Computer, Inc.*, 991 F.2d 511, 518 (9th Cir. 1993).

<sup>52</sup> 17 U.S.C. § 106(3); *see also* *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1162–63 (9th Cir. 2007) (finding Google’s display of thumbnails in the Google image search implicates the distribution right, but the display of the full image, which is merely communicated by hypertext markup language pointing to a copyrighted work, does not). Similar to Google’s use of thumbnails, HathiTrust directly communicates the copyrighted work to the end user, meaning the distribution right is implicated.

<sup>53</sup> First Amended Complaint, *supra* note 11, at 27 (“WHEREFORE, Plaintiffs demand that: . . . this Court declare that: . . . Defendants’ distribution and *display* of copyrighted works through the HathiTrust Orphan Works Project will infringe the copyrights of Plaintiffs . . . .” (emphasis added)).

<sup>54</sup> 17 U.S.C. § 106(5).

<sup>55</sup> *Id.* § 101.

<sup>56</sup> *Id.*

public, since the display would be available to a broad group of people, including members of the general public who come into the library.<sup>57</sup>

HathiTrust could argue that the display right was intended solely to forbid transmission via means, such as television broadcast, that do not also reproduce the work. Specifically, the drafters of what became the 1976 Act were concerned that someone might broadcast a copyrighted work over television without ever creating a copy, thereby avoiding liability.<sup>58</sup> When, as here, the display is simultaneous and co-extensive with the reproduction, the two rights collapse into one. However, the exclusive rights frequently overlap, and the Ninth Circuit has held that transmitting images to a computer infringes the display right.<sup>59</sup> Given the lack of case-law on the display of literary works, it is uncertain, but likely that the display right is implicated by HathiTrust's proposed use.

Because the Orphan Works Project violates at least one of the exclusive rights, this use is infringing unless one of the limitations on the exclusive rights contained in sections 107 to 122 excuses it.<sup>60</sup>

### B. Section 108 Defenses

An obvious place to begin looking for an exception is section 108,<sup>61</sup> which provides limited exceptions for libraries and archives.<sup>62</sup> However, section 108(a) makes clear that this exception only reaches unauthorized reproduction and distribution, not display.<sup>63</sup> Assuming the display right is not violated, section 108(b) allows the copying of unpublished works for preservation or deposit in another library. However, the books in the HathiTrust member libraries have most, if not all, been published, so this

<sup>57</sup> See *Orphan Works Project—FAQ*, *supra* note 9. For an overview of the display right as applied to internet services, see generally R. Anthony Reese, *The Public Display Right: The Copyright Act's Neglected Solution to the Controversy over RAM "Copies"*, 2001 U. ILL. L. REV. 83.

<sup>58</sup> H. COMM. ON THE JUDICIARY, 89TH CONG., COPYRIGHT LAW REVISION: PART 6: SUPPLEMENTARY REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW: 1965 REVISION BILL 20–21 (Comm. Print 1965) (noting that there is some case-law supporting the idea that broadcasting is “copying,” but concluding that it is arguable that “the showing of a copyrighted photograph or musical score on television or a projector is not infringement today”).

<sup>59</sup> *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1159–60 (9th Cir. 2007).

<sup>60</sup> 17 U.S.C. § 501(a) (“Anyone who violates any of the exclusive rights of the copyright owner as provided by sections 106 through 122 . . . is an infringer of the copyright . . .”).

<sup>61</sup> *Id.* § 108.

<sup>62</sup> “Library” and “archive” are not defined in the statute, but as a digital collection of literary works, which are available for the use of its patrons, HathiTrust almost certainly qualifies as a library or archive under section 108, and neither party disputes the applicability of section 108.

<sup>63</sup> *Id.* § 108(a) (“[I]t is not an infringement of copyright for a library or archives . . . to reproduce no more than one copy or phonorecord of a work, . . . or to distribute such copy or phonorecord, under the conditions specified by this section.”).

exception cannot apply. Section 108(c) allows the copying of published works solely to replace a copy that is “damaged, deteriorating, lost, or stolen.” However, since these books are in good enough shape to scan, they are not damaged, deteriorating, lost, or stolen, and this exception cannot apply.

Forging ahead, section 108(d) allows copying for private use of patrons. These copies are limited to articles or other contributions in a collection, or copies of a small part of a copyrighted work. This clearly does not cover copying an entire book as HathiTrust proposes. Section 108(e) comes the closest, allowing copies of an entire work if it “cannot be obtained at a fair price.” These copies must “become[] the property of the user.”<sup>64</sup> No court has interpreted this provision,<sup>65</sup> so nothing certain can be said about its availability. However, if the work is available at all on the second-hand market, it is likely available at a fair price (applying the general rule that the prevailing market price is a fair price).<sup>66</sup> It is likely that some, or even most, of the works HathiTrust would be interested in making available would be available on a second-hand market, meaning this exception likely does not apply.<sup>67</sup>

Even if a court were to be persuaded that section 108(e) excuses the copy, section 108(g) imposes an additional limit on all of the copying allowed by the other subsections. It provides that the copying allowed by section 108 is limited to, “isolated and unrelated reproduction or distribution of a single copy . . . of the same material on separate occasions.”<sup>68</sup> Moreover, it does not extend to “concerted reproduction or distribution of multiple copies . . . of the same material, whether made on one occasion or over a period of time, and whether intended for aggregate use by one or more individuals or for separate use by the individual members of a group.”<sup>69</sup> Such a concerted reproduction is an expected consequence of the Orphan Works Project, so section 108(e) cannot apply.<sup>70</sup>

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<sup>64</sup> *Id.* § 108(e).

<sup>65</sup> A search in the Westlaw database ALLFEDS for the phrase “cannot be obtained at a fair price” revealed four cases, none of which addressed section 108(e).

<sup>66</sup> Since Congress included the word “unused” in section 108(c), but not in section 108(e), it is reasonable to infer that even used copies must be unavailable at a fair price. However, this reading does nothing to limit harm to authors, since the used market for books gives no benefit to authors, and for that reason a court may not be convinced to read “unused” into section 108(e).

<sup>67</sup> In searches conducted at ABEBOOKS.COM, <http://www.abebooks.com/>, on April 18, 2012, I discovered that of the first ten works listed at *Orphan Row: Now It's Your Turn*, *supra* note 17, all but one is available for purchase, and for most works, multiple copies are on sale, most for no more than a few dollars.

<sup>68</sup> 17 U.S.C. § 108(g).

<sup>69</sup> *Id.* § 108(g)(1).

<sup>70</sup> Jonathan Band, in a brief *amici curiae*, argues that section 108(e) excuses HathiTrust's use, but addresses neither the limitation to works that “cannot be obtained at a fair price,” nor section 108(g)'s effect on section 108(e), and for those reasons his arguments are unpersuasive. Brief for American Library Association et al.

Finally, section 108(h) allows copying for “preservation, scholarship, or research” of any published work in the last 20 years of its copyright protection, provided certain requirements are met. However, only works published 1936 and earlier are currently in the last 20 years of their terms.<sup>71</sup> It will not be until 2039 that the newest of the works in the project, from 1963, will enter the last 20 years of their terms. Only 35.7% of the orphan work candidates first proposed were published in 1936 or earlier.<sup>72</sup> Without severely limiting the scope of the works included in the project, HathiTrust cannot plausibly take advantage of this exception. In short, the section 108 defenses likely provide no relief.

### C. *Fair Use Under Section 107*

The Authors Guild argues that section 108 is the sole and exclusive avenue for library copying.<sup>73</sup> Relying on the statutory construction maxim that the specific governs the general, the Guild argues that section 107 is simply unavailable to libraries.<sup>74</sup> This is despite the fact that section 108(f) states that “[n]othing in this section . . . in any way affects the right of fair use as provided by section 107.” According to the Guild, this savings clause “cannot be permitted to supplant the specific limitations on library copying contained in Section 108.”<sup>75</sup> The Guild’s far-reaching interpretation of these sections would, however, make the savings clause meaningless, and for that reason alone, is unlikely to be adopted by a court.

Moreover, there is ample evidence that the legislative intent was that sections 107 and 108 act in tandem:

The Register of Copyrights has recommended that the committee report describe the relationship between [section 107] and the provisions of section 108 relating to reproduction by libraries and archives. *The doctrine of fair use applies to library photocopying*, and nothing contained in section 108 “in any way affects the right of fair use.” *No provision of section 108 is intended to take away any rights existing under the fair use doctrine.* To the contrary,

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as Amici Curiae in Opposition to Plaintiffs’ Motion for Partial Judgment on the Pleadings at 21–22, Authors Guild, Inc. v. HathiTrust, No. 11 CIV 6351 (HB) (S.D.N.Y. Apr. 20, 2012) [hereinafter Brief for Amici Curiae].

<sup>71</sup> Works published before 1978 are protected for a maximum term of 95 years. *Id.* § 304(b). The term expires on January 1 the year following the 95th year. *Id.* § 305. So, works published in 1936 will enter the public domain on January 1, 2032, somewhat less than 20 years from now.

<sup>72</sup> See the list of orphan work candidates along with the publication date in *Orphan Row: Now It’s Your Turn*, *supra* note 17.

<sup>73</sup> Memorandum of Law in Support of Plaintiffs’ Motion for Partial Judgment on the Pleadings at 21–23, Authors Guild, Inc. v. HathiTrust, No. 11 CIV 6351 (HB) (S.D.N.Y. Feb. 28, 2012).

<sup>74</sup> *Id.* at 21.

<sup>75</sup> *Id.*

section 108 authorizes certain photocopying practices which may not qualify as a fair use.

The criteria of fair use are necessarily set forth in general terms. In the application of the criteria of fair use to specific photocopying practices of libraries, it is the intent of this legislation to provide an appropriate balancing of the rights of creators, and the needs of users.<sup>76</sup>

All three of the leading copyright treatises also generally agree that section 107 fair use is available to libraries in situations not covered by section 108.<sup>77</sup> Since no court has interpreted the savings clause in section 108(f)(4) in the manner suggested by the Guild, and such an interpretation strains the language of the statute, contradicts the legislative history, and opposes leading copyright scholars, I will proceed under the assumption that the fair use defense, if it applies, is available to HathiTrust.<sup>78</sup>

The question whether a use is fair is fact-specific and based on a non-exclusive list of statutory factors:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.<sup>79</sup>

In the rest of this Part, I consider each of these factors in turn.

### 1. *Purpose and Character of the Use*

In many cases, the first factor reduces to a question of how transformative a use is.<sup>80</sup> However, there is almost no transformation

<sup>76</sup> S. REP. NO. 94-473, at 67 (1975) (emphasis added). This language was copied verbatim into the House Report. H.R. REP. NO. 94-1476, at 74 (1976).

<sup>77</sup> See, e.g., 2 PAUL GOLDSTEIN, GOLDSTEIN ON COPYRIGHT § 7.2.2.1 (3d ed. 2012) (“[A] use that fails to qualify under section 108 may nonetheless qualify as a fair use of the copyrighted work under the terms of section 107.”); 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.05[E][2] (2012) (“[I]f a qualifying library or archive engages in photocopying practices that exceed the scope of the Section 108 exemption, the defense of fair use may still be available.”); 4 WILLIAM F. PATRY, PATRY ON COPYRIGHT § 11:3 (2012) (“[S]ection 108 authorizes photocopying that would not otherwise be permitted under section 107.”).

<sup>78</sup> Though not examining the claims about the Orphan Works Project, the court in *HathiTrust* likewise concluded the fair-use defense was available to libraries. *Authors Guild v. HathiTrust*, No. 11 CV 6351 (HB), 2012 WL 4808939, at \*8–9 (S.D.N.Y. Oct. 10, 2012).

<sup>79</sup> 17 U.S.C. § 107.

<sup>80</sup> See *Campbell v. Acuff-Rose Music, Inc.* 510 U.S. 569, 578–79 (1994) (“The central purpose of [the first factor] is to see . . . whether the new work merely

here—HathiTrust is merely displaying an exact digital replica of a physical book. Such an exact copy can be transformative if it is used in a different context, serving a different function than the original.<sup>81</sup> But that is not the case here. Displaying the books online serves exactly the same function as printing the books in the first place—communicating the information within them. This is merely a conversion to a different medium, which is not transformative.<sup>82</sup>

Transformation is not the only consideration, however, as the statute also states that whether the use is for “nonprofit educational purposes” is relevant to this factor.<sup>83</sup> HathiTrust is clearly a nonprofit, educational institution, and this should have some bearing on the discussion, but it is important to realize that it is the nonprofit, educational nature of the *use* that matters, not the nonprofit, educational nature of the *user*.<sup>84</sup>

What then is HathiTrust’s proposed use of the works? It is making the text of the work available to all of the students, faculty, and staff of the member libraries, as well as any public patron who is in the physical library, whenever those people want to access it.<sup>85</sup> The purpose of this use

‘supersede[s] the objects’ of the original creation (‘supplanting’ the original), or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message; it asks, in other words, whether and to what extent the new work is ‘transformative.’” (alteration in original) (citations omitted)).

<sup>81</sup> See *HathiTrust*, 2012 WL 4808939, at \*11 (finding the creation of the database transformative because “the purpose is superior search capabilities rather than actual access to copyrighted material”); see also *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1165 (9th Cir. 2007) (“[E]ven making an exact copy of a work may be transformative so long as the copy serves a different function than the original work.”); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 818–20 (9th Cir.2003) (“Arriba’s use of the images serves a different function than Kelly’s use—improving access to information on the internet versus artistic expression.”); *Núñez v. Caribbean Int’l News Corp.*, 235 F.3d 18, 22–23 (1st Cir. 2000) (“[P]laintiffs’ photographs were originally intended to appear in modeling portfolios, not in the newspaper; the former use, not the latter, motivated the creation of the work.”).

<sup>82</sup> See *Infinity Broad. Corp. v. Kirkwood*, 150 F.3d 104, 108 (2d Cir. 1998) (finding retransmission of a radio broadcast over telephone to not be transformative); *UMG Recordings, Inc. v. MP3.com, Inc.*, 92 F. Supp. 2d 349, 351 (S.D.N.Y. 2000) (finding the conversion of CD audio to MP3 files to not be transformative); Pierre N. Leval, Commentary, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1111 (1990) (arguing that use that “merely repackages or republishes the original” is unlikely to be fair). As the *HathiTrust* court concluded, putting the text of the books into a searchable database is certainly transformative, because the copyrighted material is being used not to communicate the contents, but to facilitate searching and locating information—the very kind of transformation at issue in *Perfect 10. HathiTrust*, 2012 WL 4808939, at \*11. The difference in *Perfect 10*, which led the court to find even the display of the work transformative, is that the displaying of the image is an essential part of searching for images. That argument may stretch as far as displaying snippets of text in context, but the same cannot be said for displaying an entire book, as proposed by HathiTrust.

<sup>83</sup> 17 U.S.C. § 107(1).

<sup>84</sup> See WILLIAM F. PATRY, PATRY ON FAIR USE § 3:7 (2010).

<sup>85</sup> See *supra* note 5.

is to facilitate access to the works in furtherance of the patrons' research, scholarship, and education.<sup>86</sup> This type of use clearly furthers a nonprofit, educational purpose, which means this factor should favor a finding of fair use.

## 2. *The Nature of the Copyrighted Work*

The second factor often focuses on where the work in question falls on a spectrum from informational to creative.<sup>87</sup> This dichotomy arises from a belief that more creative works should be more strongly protected, which is reflected in other copyright doctrines, such as the idea-expression distinction and the merger doctrine.<sup>88</sup> From the titles of the original candidates, it appears that most of the books are informational,<sup>89</sup> as would be expected of works in an academic library. It is likely that some creative works, particularly works of literature, will be a part of the project, however, so this factor is somewhat unclear. If HathiTrust were to focus only on informational material, this factor would favor a finding of fair use.<sup>90</sup>

Beyond the content of the work, courts have considered the fact that a work is out of print or not generally available on and unlikely to return to the market as relevant to this factor and favoring a finding of fair use.<sup>91</sup> By definition, neglected works are out of print, and HathiTrust's investigation process specifically excludes from inclusion in the project

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<sup>86</sup> Using the works to create the full text database is quite different, and the purpose of that use is to facilitate finding useful information that might otherwise remain undiscovered. Once the database reveals that a source is likely useful, it is merely more convenient to immediately display the text of the work in the web browser rather than require the user to locate the physical book.

<sup>87</sup> See, e.g., *Brewer v. Hustler Magazine, Inc.*, 749 F.2d 527, 529 (9th Cir. 1984) ("The scope of the fair use defense is broader when informational works of general interest to the public are involved than when the works are creative products."); *Gulfstream Aerospace Corp. v. Camp Sys. Int'l, Inc.* 428 F. Supp. 2d 1369, 1378 (S.D. Ga. 2006) (finding that this factor favors fair use in copying of jet aircraft maintenance manuals, because the manuals are "predominantly factual rather than creative").

<sup>88</sup> 2 PATRY, *supra* note 77, §§ 4:29–4:53.

<sup>89</sup> See *Orphan Row: Now It's Your Turn*, *supra* note 17. Some examples are *Between Two Wars: 1861–1921*, *Band Instrument Repairing Manual*, *Typographer's Desk Manual*, and *Engineering Mathematics*. Approximately 9% of the works in the HathiTrust Digital Library are prose fiction, poetry, or drama. *Authors Guild, Inc. v. HathiTrust*, No. 11 CV 6351 (HB), 2012 WL 4808939, at \*12 (S.D.N.Y. Oct. 10, 2012).

<sup>90</sup> Analyzing this factor exposes the difficulty of approaching the litigation from what is essentially a class action perspective. Ordinarily, there will be particular works at issue, and determination of the informational vs. creative nature of the work will be a simple process. However, in the procedural posture of this case, the analysis must focus on the project as a whole.

<sup>91</sup> See *Peter Letterese & Assocs., Inc. v. World Inst. of Scientology Enters., Int'l*, 533 F.3d 1287, 1313–14 (11th Cir. 2008) (noting that a book being out of print "would tend to favor [defendant's] claim of fair use").

any in-print works.<sup>92</sup> This element of this factor therefore favors a finding of fair use. Moreover, these works have the unique nature of being “neglected,” that is, their owners have ceased all exploitation of the works. This is a species of out-of-print works that is least deserving of protection. No court has specifically considered this status in a fair use analysis, so its applicability here is uncertain, but given the current treatment of out-of-print books, adding this additional weight to the factor likely means that it will favor fair use.

### 3. *Amount and Substantiality of the Taking*

This factor is on its face the most unfavorable of all. HathiTrust’s proposal is to copy and display entire books, the greatest and most substantial amount possible. Verbatim copying of an entire work is not necessarily unfair, however. For instance, the Supreme Court has found copying an entire television show for time-shifting purposes to be fair.<sup>93</sup> Lower courts have found that when the entire work is needed for the legitimate use to which the work is put, this factor favors fair use even when the entire work is copied.<sup>94</sup> However, copying of the work is not, in this case, truly necessary for accomplishing the purpose of the use, but simply more convenient.<sup>95</sup> In *Sundeman v. Seajay Society, Inc.*, the court found that this factor favored fair use when the defendant copied a manuscript that was falling apart in order to prepare a critical review.<sup>96</sup> In *Perfect 10 v. Amazon.com, Inc.*, the court considered this factor neutral, since copying less than an entire image would be useless for an image search engine.<sup>97</sup> This use is readily distinguishable from those uses—the works are not fragile manuscripts, many of the users likely do not need the entire book for their research, and the display of the entire book, as opposed to parts of it, is unnecessary for identifying relevant sources.

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<sup>92</sup> *Documentation*, U. MICH. LIBR., <http://www.lib.umich.edu/documentation> (last modified July 24, 2012).

<sup>93</sup> *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 449–50 (1984).

<sup>94</sup> *See, e.g.*, *Sundeman v. Seajay Soc’y, Inc.*, 142 F.3d 194, 205–06 (4th Cir. 1998) (finding that copying an entire book that was falling apart for the purpose of writing a scholarly research paper “did not exceed the amount necessary”); *see also* *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605, 613 (2d Cir. 2006) (finding this factor neutral since copying entire concert posters in biography was tailored to the transformative purpose); *Perfect 10, Inc. v. Amazon.com, Inc.*, 508 F.3d 1146, 1167–68 (9th Cir. 2007) (finding the copying of entire images to be fair because doing so was necessary to create an image search engine); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 821 (9th Cir. 2003) (same); *Núñez v. Caribbean Int’l News Corp.*, 235 F.3d 18, 24 (1st Cir. 2000) (discounting importance of factor when entire image was copied for use in a news story, since copying less than entire image would be useless); *HathiTrust*, 2012 WL 4808939, at \*12.

<sup>95</sup> In some instances, displaying the entire work is necessary to provide access at all, such as when a patron is blind, or in some way unable to come to the library. This is most likely a small minority of uses of HathiTrust, however.

<sup>96</sup> *Sundeman*, 142 F.3d at 205–06.

<sup>97</sup> *Perfect 10*, 508 F.3d at 1167–68.

Because use of the entire book is not tied directly to a legitimate purpose, this factor likely disfavors fair use.<sup>98</sup>

#### 4. *Effect on the Market*

The final factor considers the extent of the market harm caused by the defendant directly or that would occur if unrestricted and widespread conduct of the sort were to occur.<sup>99</sup> It is clear that there can be no effect on any existing market, since there is by definition no existing market for neglected works. However, not only existing markets, but also potential markets are considered. Thus, when considering a rap parody of a song, the market for non-parodic rap versions of the song, though currently non-existent, is relevant.<sup>100</sup>

But not every conceivably possible market is relevant. If that were the case, this factor would always disfavor fair use, because there is always a possible licensing market for the complained-of activity. Rather, if enough time elapses without entry into the market, it is reasonable to say that it is not a market the copyright holder would ever be interested in entering. “At some point . . . delay becomes a decision to leave the market untapped . . . .”<sup>101</sup> Thus, the market for nude, sexualized versions of Mattel’s Barbie dolls is not relevant, since it is not one into which Mattel would ever enter.<sup>102</sup>

In this case, not only have the copyright holders declined to enter the digital book market, but they have also withdrawn from the primary market for books altogether. With no current market and dim prospects for any kind of future market, in print or digitally, HathiTrust’s provision of digital versions of the books cannot be said to have any effect on a relevant market, for there is none.<sup>103</sup> For that reason, this factor most likely favors a finding of fair use.

#### 5. *The Factors Considered Together*

Courts typically weigh the fair use defense as a whole, considering how each of the factors relates to the others. This analysis does not simply tally how many factors favor each side, but considers the totality of the

<sup>98</sup> Even if a court were persuaded that the amount used was necessary, this factor would then merely be neutral. *See id.* at 1168 (“[T]he district court did not err in finding that this factor favored neither party.”); *Kelly*, 336 F.3d at 821 (“This factor neither weighs for nor against either party . . . .”); *Núñez*, 235 F.3d at 24 (“[W]e count this factor as of little consequence to our analysis.”). *But cf. Sundeman*, 142 F.3d at 206 (finding this factor favors fair use).

<sup>99</sup> *Campbell v. Acuff-Rose Music, Inc.* 510 U.S. 569, 590 (1994).

<sup>100</sup> *Id.* at 592–93.

<sup>101</sup> PATRY, *supra* note 84, at § 6:7.

<sup>102</sup> *Mattel Inc. v. Walking Mountain Prods.*, 353 F.3d 792, 805 (9th Cir. 2003).

<sup>103</sup> One might be tempted to argue that HathiTrust could actually improve the market for these works, since greater access would presumably lead to greater demand. However, outside the case of highly transformative uses, such as indexing a book in a database, this argument is unlikely to be successful. *See* PATRY, *supra* note 84, at § 6:11.

circumstances.<sup>104</sup> In this case, HathiTrust has a nonprofit, educational purpose, but is using more of the works than is strictly necessary. A court is likely to see the non-transformative, wholesale reproduction, distribution, and display of a large number of copyrighted works as unfair, regardless of the worthwhile purpose behind the copying. HathiTrust's best argument is that there is no market harm. When this fact is combined with the educational purpose of the use, HathiTrust may be able to prevail, but this is far too uncertain. The risk of liability is clearly present, and due to the potential magnitude of liability, few clients would be well advised to undertake a project like the Orphan Works Project.

#### D. Other Possible Defenses

The Copyright Act contains many more exceptions to the exclusive rights in sections 109–122. Of them, only one is potentially useful, section 121, which provides for the duplication and distribution of copies of nondramatic literary works in formats specially designed for the blind.<sup>105</sup> Even so, this exception applies to a very narrow subset of what the Orphan Works Project aims to do, so its usefulness is minimal at best.

Equitable defenses would seem to be a promising avenue, since the premise on which HathiTrust is operating is that the copyright holder has neglected his right to exploit the work. However, laches, the defense that seems to fit best, has typically been denied as long as the case has been brought within the statute of limitations. In those cases that have allowed the defense, the situation has involved a significant delay *after* the infringement began,<sup>106</sup> which is clearly not the case here. Equitable estoppel is likewise unavailable, since the copyright holder has not made a representation on which HathiTrust is relying.<sup>107</sup>

HathiTrust's best argument is actually a lack of standing. Assuming HathiTrust accurately determines that an author has neglected the work, that copyright holder is unlikely to (1) realize the work is being copied by HathiTrust, and (2) care enough to file suit. If such a copyright holder steps forward, it is likely the work was in fact not neglected.<sup>108</sup> Standing is statutorily limited to the "legal or beneficial owner of an exclusive right

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<sup>104</sup> *Id.* § 10:157.

<sup>105</sup> 17 U.S.C. § 121 (2006).

<sup>106</sup> See 3 NIMMER & NIMMER, *supra* note 77, § 12.06[A].

<sup>107</sup> See 4 NIMMER & NIMMER, *supra* note 77, § 13.07[A].

<sup>108</sup> This is the case with at least one of the individual plaintiffs in the suit. See First Amended Complaint, *supra* note 11, ¶ 29. For other likely copyright owners from the original batch of "orphan work candidates" whom the Authors Guild allegedly found, see *Orphan Row Update: Another Living Author, Two Books in Print, Literary Estates Held by Charities, Etc.*, AUTHORS GUILD (Sept. 15, 2011), <http://blog.authorsguild.org/2011/09/15/orphan-row-update-another-living-author-two-books-in-print-literary-estates-held-by-charities-etc/> [hereinafter *Orphan Row Update*].

under a copyright,"<sup>109</sup> so an association, such as the Authors Guild, does not have standing to challenge HathiTrust's actions generally. It can at most object to specific uses of specific works owned by its members.<sup>110</sup>

However, foreign law frequently grants associations standing to sue on behalf of any of their members.<sup>111</sup> Courts, including the *HathiTrust* court, have concluded that the Berne Convention and the Universal Copyright Convention require the United States to grant such associations standing, despite the limits provided in the Copyright Act.<sup>112</sup> For this reason, lack of statutory standing is an incomplete defense.

### E. Conclusion

HathiTrust certainly has viable arguments in its defense, fair use and standing being the strongest. However, the entire situation is so uncertain that banking on the success of those arguments is incredibly risky. With potential liabilities reaching \$30,000 per work infringed,<sup>113</sup> including anything more than a modest number of works in a project like this would quickly expose a library to the possibility of very large claims,<sup>114</sup> to say nothing of the legal fees involved. In a commercial setting, such costs can readily be accepted in the right circumstances, but for most nonprofit institutions like HathiTrust, these costs preclude taking the risk.

In brief, no defense clearly excuses HathiTrust from making the works available digitally to its patrons.

## IV. SHOULD HATHITRUST'S PROPOSED USE BE EXCUSED?

Should there be a clear defense to infringement for nonprofit, educational uses of neglected works? In order to evaluate this question, it is helpful to begin by determining what results copyright law aims to

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<sup>109</sup> 17 U.S.C. § 501(b).

<sup>110</sup> See Defendant's Motion for Judgment on the Pleadings Based Upon Lack of Subject Matter Jurisdiction, *Authors Guild, Inc. v. HathiTrust*, No. 11 CIV 6351 (S.D.N.Y. Dec. 30, 2011). The defendants contend that associational standing is not allowed by the statute at all, but even if it were, that none of the plaintiffs have standing with regard to the Orphan Works Project, because no work was ever made available under this project. *Id.* at 6–18. The court has yet to rule on HathiTrust's motion to dismiss.

<sup>111</sup> *Authors Guild, Inc. v. HathiTrust*, No. 11 CV 6351(HB), 2012 WL 4808939, at \*7 n.13 (S.D.N.Y. Oct. 10, 2012).

<sup>112</sup> *Id.* at \*6–7 (citing *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82, 90–94 (2d Cir. 1998)).

<sup>113</sup> 17 U.S.C. § 504(c)(1).

<sup>114</sup> If a court were to agree with the Authors Guild that HathiTrust acted willfully, HathiTrust would face up to \$150,000 per work infringed, meaning just seven works could add up to more than \$1 million in damages. *Id.* § 504(c)(2); see also First Amended Complaint, *supra* note 11, ¶ 83 ("Defendants' infringing acts have been and continue to be willful, intentional and purposeful . . .").

achieve. From that foundation, it will then be possible to examine whether forbidding libraries from providing digital access to neglected works helps or hinders achieving those results.

### A. *The Purposes of Copyright*

The Copyright Clause is the only one of the enumerated grants of power that states both the purpose of the power and means of achieving it: “The Congress shall have Power . . . To promote the Progress of Science . . . by securing for limited Times to Authors . . . the exclusive Right to their . . . Writings . . . .”<sup>115</sup> Thus, the “Progress of Science” should be the starting point of the inquiry.<sup>116</sup> This phrase requires that, at a minimum, copyright law should not hinder the development of knowledge, and should ideally lead to a greater development of knowledge. It is remarkable that this focus on the Progress of Science means that the public interest is the ultimate beneficiary of copyright protection, not the authors. Rather, authors enter into the equation on the other side—they are the means to the desired end.

The primary assumption underlying copyright law is that, by giving authors a limited monopoly on their works, they will better be able to exploit their works, providing an economic incentive for creativity.<sup>117</sup> Since intellectual property is a non-excludable good,<sup>118</sup> a sub-optimal amount of it will be created unless potential authors are given a chance to recoup the initial cost of production.<sup>119</sup> By giving authors a temporary monopoly, they will be able to charge a cost higher than the marginal cost of distribution (nearly \$0 in the digital age), potentially leading to large profits. This possibility, it is thought, will make more people create and release creative works to the public.<sup>120</sup>

<sup>115</sup> U.S. CONST. art. I, § 8, cl. 8.

<sup>116</sup> Science should be understood in the broader sense of the word, meaning knowledge, as contrasted with technical skill (i.e., the “useful Arts”), which are properly the subject of patent protection. The word science derives from the Latin verb *scire*, to know. WEBSTER’S THIRD NEW INTERNATIONAL DICTIONARY 2032 (2002).

<sup>117</sup> See generally Shyamkrishna Balganesh, *Foreseeability and Copyright Incentives*, 122 HARV. L. REV. 1569, 1577–81 (2009); Stewart E. Sterk, *Rhetoric and Reality in Copyright Law*, 94 MICH. L. REV. 1197, 1198–1204 (1996) (describing the use of incentives rhetoric to justify copyright since its inception). This belief has a long history in copyright law, from the Statute of Anne itself. Statute of Anne, 1710, 8 Ann. c. 19 (Gr. Brit.) (stating that the act is in part “for the Encouragement of Learned Men to Compose and Write useful Books”).

<sup>118</sup> Intellectual property is non-excludable in that it is generally not possible to prevent people who have not paid the owner from accessing and making use of it. See Balganesh, *supra* note 117, at 1577.

<sup>119</sup> *Id.* at 1577–78.

<sup>120</sup> There is serious reason to question this incentives story, and a number of scholars have done so. See, e.g., WILLIAM PATRY, HOW TO FIX COPYRIGHT 77–80 (2011) (arguing that external signals from copyright law have no impact on the decision to create); Gregory N. Mandel, *To Promote the Creative Process: Intellectual Property Law and the Psychology of Creativity*, 86 NOTRE DAME L. REV. 1999 (2011) (arguing that intrinsic

Balanced with this incentive theory is an access theory—the belief that when authors are able to access and build upon prior works, there will be greater Progress of Science. In other words, by “standing on the shoulders of giants,” today’s authors will be able to further develop our wealth of knowledge. This function is served by releasing works into the public domain after the period of exclusivity has ended.<sup>121</sup> It is also directly in conflict with the popular understanding of the incentive theory. That is, providing greater access necessarily reduces the incentive to create. Scholars refer to this as the incentive–access tradeoff.<sup>122</sup>

With these two competing concerns, we can begin to see what a policy that promotes the Progress of Science would look like. It must either increase access to works, or create incentives for authors to create. Alternatively, a policy that decreases access to works without providing a countervailing benefit through incentives would at a minimum not promote progress. More likely, such a policy would in fact inhibit progress.

### *B. The Use of Neglected Works*

Forbidding libraries from using neglected works in the way HathiTrust has proposed, or at least leaving it uncertain whether such a use is allowed, is just such a policy that inhibits progress. Regardless of what one thinks of the incentives copyright protection can provide, it is unreasonable to conclude that anyone would be more inclined to create because of this policy. Preventing people from using a work that is not being exploited economically provides no reward of any kind to the author. Without a reward, there can be no incentive to authors. Indeed, one can scarcely imagine an author deciding to create or distribute creative works because HathiTrust is forbidden from making this use.

At the same time, this policy limits access to the works. Fewer people will ever read the books, meaning fewer people will consume the ideas within them, meaning fewer people will synthesize and build upon those ideas. The end result is that fewer people will stand on the shoulders of these giants. Therefore, preventing libraries from providing access to

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motivation is far more important to creativity psychologically than extrinsic); Diane Leenheer Zimmerman, *Copyrights as Incentives: Did We Just Imagine That?*, 12 THEORETICAL INQUIRIES L. 29 (2011) (arguing that economic incentives have little do with the decision to create works). For the purposes of this Comment, I assume that this incentive story has some basis in reality, but if it is in fact flawed, then the conclusions below will have even stronger force.

<sup>121</sup> This function is also served by limits on copyrightability, such as the exclusion of works by the U.S. Government or pure ideas separate from their expression.

<sup>122</sup> WILLIAM M. LANDES & RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 20–21 (2003).

digital versions of neglected works is the worst of both worlds—it provides no incentive to creators and inhibits the flow of knowledge.<sup>123</sup>

What would be the result if libraries were allowed to make such uses of neglected works? The incentive to authors would be unchanged—they would still expect to maintain the monopoly as long as they took the minimal steps needed to prevent their work from being neglected. In fact, the most basic economic incentive—sales of the book—would guarantee the work not being neglected and therefore not copied in a project like this.<sup>124</sup> In addition, access to the work would increase dramatically, leading to greater exposure of the ideas contained within, leading to greater creative output.

In short, the purpose of copyright is substantially furthered by allowing this sort of use, but hindered by forbidding it. Given this result, our copyright law requires a change clarifying that this sort of use is allowed. In what remains of this Comment, I propose some possible changes.

#### V. A WAY FORWARD

Legislatively, there are three basic ways to effect a change that would allow this type of use: 1) eliminating some of the root reasons why neglected works exist in the first place, 2) limiting the remedies available when a work is neglected, or 3) adding an exception to infringement. It is also possible that a change in the law could come about judicially, either by interpreting current doctrines in ways that explicitly account for uses of neglected works, or by developing a new equitable defense. Such judicially-created rules could be more likely to actually be adopted, but would be subject to Congress' power to legislate them away.<sup>125</sup> Thus, ultimately a legislative fix is likely required.

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<sup>123</sup> It could be argued that the same can be said for *any* use of a neglected work. However, the Orphan Works Project is focused solely on making these works more widely and readily available. Other uses, such as adapting a novel into a movie, while certainly productive and worthwhile, do not further the access side of the incentive-access dichotomy as fundamentally as this use. In addition, the commercial nature of many other desired uses of neglected works is not palatable to many.

<sup>124</sup> HathiTrust specifically excludes in-print books from consideration for the Orphan Works Project. *Documentation*, *supra* note 92. There could still be situations where an in-print work could be considered “neglected,” such as if the publisher were unable to grant licenses and also could not locate the author. In such situations, the market failure inherent to the neglected works problem is still present, but the argument for allowing unauthorized use of the work is much less persuasive, since access to the work is readily available at a (presumably) fair market price.

<sup>125</sup> The Supreme Court has indicated a strong deference to Congress' determination that certain legislation will or will not “promote the Progress of Science.” *See* *Golan v. Holder*, 132 S. Ct. 873, 887–89 (2012); *Eldred v. Ashcroft*, 537 U.S. 186, 204–05 (2003) (“[W]e turn now to whether it is a rational exercise of the legislative authority conferred by the Copyright Clause. On that point, we defer substantially to Congress.”).

## A. *Legislative Proposals*

### 1. *Revert to Formalities*

A logical, perhaps ideal solution to this neglected works problem would be to eliminate its source, to require some sort of formality in order to obtain the maximum term of protection. Lawrence Lessig proposed in 2003 that copyright holders be required to pay a relatively nominal maintenance fee 50 years after the work was first published. After the 53rd year, if no payment had been made, the work would enter the public domain.<sup>126</sup> This would prevent neglected works from arising in two important ways: first by letting works fall into the public domain when the copyright holder fails to make a minimal effort to maintain protection, and second by providing contact information for those copyright holders who do make that effort.

The advantage of this proposal is that it addresses the neglected works problem for all uses, not just libraries. With the works falling into the public domain, they could be used by anyone for any purpose without infringing copyright. It also maintains automatic protection for unpublished works—the maintenance fee is only required once the work is published. However, there would still likely be neglected works, since copyright in a work could last well over 50 years beyond the time required for payment of the maintenance fee,<sup>127</sup> and libraries would be unable to use these without uncertainty as well. Expanding the proposal to require a maintenance fee every 50 years or to require fees more often as the term progresses would alleviate this problem.

A more fundamental problem with the proposal, as pointed out by Jerry Brito and Bridget Dooling, is that requiring formalities would likely violate the Berne Convention.<sup>128</sup> Indeed, the Convention clearly states that “[t]he enjoyment and the exercise of [the exclusive] rights shall not be subject to any formality.”<sup>129</sup> Christopher Sprigman has proposed a

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<sup>126</sup> Lawrence Lessig, *Protecting Mickey Mouse at Art's Expense*, N.Y. TIMES (Jan. 18, 2003), <http://www.nytimes.com/2003/01/18/opinion/protecting-mickey-mouse-at-art-s-expense.html>. A host of other copyright scholars have also called for a return to formalities of one form or another, often combined with a reduction in the copyright term. See, e.g., PATRY, *supra* note 120, at 192–209; Sprigman, *supra* note 33. These arguments are not always tied directly to the neglected works problem, but are often tied to perceived inequities in the current system generally.

<sup>127</sup> If someone created a work at age 18 and lived to be 100, the copyright term would be 152 years. Terms well in excess of 100 years will likely be commonplace in the coming years.

<sup>128</sup> Jerry Brito & Bridget Dooling, *An Orphan Works Affirmative Defense to Copyright Infringement Actions*, 2 MICH. TELECOMM. & TECH. L. REV. 75, 91–97 (2005).

<sup>129</sup> Berne Convention for the Protection of Literary and Artistic Works art. 5, Sept. 9, 1886, S. TREATY DOC. NO. 99-27, at 4, 1161 U.N.T.S. 3, 35. Given the European Union's strong response to a relatively modest change in licensing requirements for playing music in restaurants, it could be expected that a change in US law that violates the Berne Convention would be met with strong international resistance. See Panel Report, *United States—Section 110(5) of the US Copyright Act*,

scheme of nominally voluntary formalities accompanied by inexpensive, default licenses that apply if the copyright holder does not comply.<sup>130</sup> He believes this system would not violate the Berne Convention,<sup>131</sup> but as he acknowledges, there are reasonable arguments on the other side,<sup>132</sup> and Congress is unlikely to pass a law that would run such a risk of putting the U.S. out of compliance. Since the United States only joined this long-standing convention in 1988, it is also unlikely to withdraw, especially for so narrow an issue.

However, the neglected works problem is global, and perhaps a fundamental change to the international copyright system is what is really needed. Other countries have begun enacting changes to deal with neglected works, and requiring formalities does not seem to be an approach they have contemplated. For instance, France passed a law providing compulsory licenses to copy and distribute digital copies of out-of-print books from the 20th Century.<sup>133</sup> The European Union also has passed legislation to address the problem.<sup>134</sup> That directive requires member states to allow limited uses of neglected works after a diligent search for the copyright holder.<sup>135</sup> The limited uses only reach “publicly accessible libraries, educational establishments and museums, as well as . . . archives, film or audio heritage institutions and public-service broadcasting organizations.”<sup>136</sup> The directive also limits the uses to

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WT/DS160/R (June 15, 2000) for an overview of the WTO dispute the EU brought because of that law.

<sup>130</sup> Sprigman, *supra* note 33, at 555–56.

<sup>131</sup> *Id.* at 556–68.

<sup>132</sup> See Brito & Dooling, *supra* note 128, at 91–97.

<sup>133</sup> Lucie Guibault, *France Solves Its XXe Century Book Problem!*, KLUWER COPYRIGHT BLOG (Apr. 13, 2012), <http://kluwercopyrightblog.com/2012/04/13/france-solves-its-xxe-century-book-problem/>; see also Loi 2012-287 du 1 mars 2012 relative à l’exploitation numérique des livres indisponibles du XXe siècle [Law 2012-287 of Mar. 1, 2012 on the Digital Exploitation of Unavailable Books from the 20th Century], JOURNAL OFFICIEL DE LA RÉPUBLIQUE FRANÇAISE [J.O.] [OFFICIAL GAZETTE OF FRANCE], Mar. 2, 2012, p. 3986. The details of the program will be worked out by the Minister of Culture, but the Bibliothèque Nationale de France will maintain an online database listing out-of-print books published before January 1, 2001. Authors and publishers have six months to opt-out once a book is listed in the database. If a publisher objects, it must exploit the work within two years or the book will be returned to the database. After the six months are up, a collective rights society will have the right to grant nonexclusive, five-year, renewable licenses to publish the works digitally. The collective society then has the obligation to try to locate the author to pay a royalty of 50%. If, after 10 years, a rights holder cannot be located, the society will be able to grant royalty-free licenses to publicly accessible libraries. There are additional circumstances under which the author or publisher can withdraw a work from the system. Guibault, *supra*.

<sup>134</sup> Directive 2012/28/EU of the European Parliament and of the Council of 25 October 2012 on Certain Permitted Uses of Orphan Works, 2012 O.J. (L 299) 5 [hereinafter EU Directive].

<sup>135</sup> *Id.* arts. 3, 6.

<sup>136</sup> *Id.* art. 1(1).

“making available,” digitizing, preserving, etc.<sup>137</sup> If the European Community thus successfully addresses some of the major problems in this area, it will be particularly disinclined to join in a substantial amendment of the Berne Convention. For these reasons, the resurrection of formalities, though perhaps most desirable from a policy standpoint, is the least likely of all the proposals to come to fruition.

## 2. *A Limit on Remedies or an Exception to Infringement?*

Since it appears that solving the neglected works problem at its source is not possible, there remain two basic approaches to a legislative solution: limiting the remedies available or creating a new defense to infringement. The Copyright Office decided to focus on remedies, though it did not articulate a reason for doing so.<sup>138</sup> It is possible the Copyright Office made this choice because it was seeking to address all uses of neglected works, not just nonprofit, educational uses like HathiTrust’s. Excusing infringement altogether for commercial uses of neglected works would not be politically feasible.

Even if an amendment were tailored to noncommercial uses, structuring it as a limit on remedies would be preferable to creating a new exception to infringement. This is because, regardless of what monetary damages are available, the copyright holder should be able to obtain an injunction stopping future use of the work.<sup>139</sup> After all, if the user had been able to locate the copyright holder, he could have refused to license the use, and should be able to once he discovers the use. While this could be done through an exception to the exception, a limit on remedies would be simpler. Structuring the amendment this way could also lead to less opposition from authors, who would likely see an exception to infringement as a greater encroachment on their rights than a limit on remedies.

Moreover, a limit on remedies is preferable, because users of neglected works should have to pay for their uses if the copyright holder eventually comes forward.<sup>140</sup> The current statutory damages are clearly excessive in this situation, but a reasonable licensing fee would be appropriate. This should be a specific amount per copy set by the Copyright Royalty Board,<sup>141</sup> rather than a hypothetical arm’s length

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<sup>137</sup> *Id.* art. 6. Though the initial proposal would have allowed member countries to authorize further uses as well, *Proposal for a Directive of the European Parliament and of the Council on Certain Permitted Uses of Orphan Works*, art. 7, COM (2011) 289 final (May 24, 2011), that provision was removed in the final directive, EU Directive, *supra* note 134.

<sup>138</sup> U.S. COPYRIGHT OFFICE, *supra* note 36, at 93.

<sup>139</sup> 17 U.S.C. § 502(a) (2006).

<sup>140</sup> The EU requires “fair compensation” is due to rightholders who come forward and “put an end to the orphan work status of their works.” EU Directive, *supra* note 134, art. 6(5).

<sup>141</sup> The Copyright Royalty Board is charged with setting royalty rates for licenses created under a variety of provisions of the Copyright Act. *See* 17 U.S.C. §§ 801–05.

licensing fee, because the best evidence of a reasonable license—the amount charged in other licenses for the work—would necessarily be absent in these cases. Such royalty rates should naturally take account of the purpose of the use.

Proposals to limit remedies have failed to even get to the floor of the House three times already, however.<sup>142</sup> Although the reason these proposals have failed to gain traction is unclear, it is strongly possible that the scope of the proposals has been too broad. By reducing the remedies for any and all uses, the proposal could be seen as a major reduction in the rights available to copyright holders. If the proposal were modified, similar to the EU Directive, to apply only to noncommercial uses, or only to uses by libraries, archives, museums, and other educational organizations, it would likely be far more palatable to rights holders and more likely to pass. This limited proposal would reach what is for copyright policy the most important use—increasing access to works—rather than attempting to address all uses.

### 3. *Balancing Search Costs*

Regardless of what form and scope the legislation has, the primary contention would be how to balance the burdens required in order for the limit on remedies to apply. On one end, in an approach taken by the Copyright Office, the user could be required to demonstrate that he undertook a “good faith, reasonably diligent search.”<sup>143</sup> Defining what a good faith, reasonably diligent search looks like is perhaps the most important part of this approach, though the Copyright Office left it undefined in its proposed statutory language. The Office suggested including general guidance in the legislative history of the bill.<sup>144</sup> However, leaving the requirements this vague simply reintroduces the uncertainty we are seeking to avoid. Developing guidelines that are flexible enough to accommodate new technologies, but also clear enough to provide certainty is essential to making this proposal a workable solution. Stakeholders generally opposed formal rulemaking to define a diligent search,<sup>145</sup> but the Copyright Office would be best positioned to develop clear guidelines, preferably with a safe harbor. By giving users certainty, they will be able to make informed decisions about the risks of using copyrighted works.

The primary advantage of this proposal is that nothing new is required of copyright holders to maintain maximum protection of their works. The proposal also creates an incentive for copyright holders to make themselves easy to find. A significant disadvantage is that it places the burden of locating copyright holders entirely on the users, even

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<sup>142</sup> See *supra* notes 37–41 and accompanying text.

<sup>143</sup> U.S. COPYRIGHT OFFICE, *supra* note 36, at 127. The EU likewise took this approach in its proposal. EU Directive, *supra* note 134, arts. 2–3.

<sup>144</sup> U.S. COPYRIGHT OFFICE, *supra* note 36, at 98–110.

<sup>145</sup> *Id.* at 108–10.

though there is no systematic way of going about this. The task of trying to locate copyright holders is time-intensive, potentially costly, and fraught with error.<sup>146</sup> A proposal with lower total search costs would be preferable and more socially beneficial.

On the other end would be a proposal where anyone who wished to use a neglected work could submit a notice of intended use to a registry maintained by the Register of Copyrights. After a certain amount of time—say three years, the length of the statute of limitations<sup>147</sup>—with no objection to the proposed use, the limitation on remedies would apply.<sup>148</sup> This proposal is roughly analogous to a prescriptive easement from the law of real property.<sup>149</sup> Under this doctrine, after adverse, open, and continuous use of another's land for a specified period of time, an easement is created in the user's benefit.<sup>150</sup> The essence of this doctrine is that, if a use goes unchallenged for long enough, the property owner can be said to have surrendered his rights. Similarly, if a copyright holder neglects his work, and someone openly expresses intent to use it, the law should provide a time limit for preventing that use.

The primary advantage of this proposal is that users could be certain before undertaking their use that they fall within the limit on remedies—in the previous proposal, there would in most cases be a fight over how reasonable and diligent the search was. However, all copyright holders would have to constantly check this registry to make sure their works were not included. In addition, potential users would have to wait considerably longer than under the other proposal, and subsequent users would also have to wait, meaning those who get into the registry first would get a significant advantage over other potential users.

The best solution would be to require those who want to use the work to perform a basic search for the copyright holder, including making sure that the work is out of print and that the copyright holder cannot be located using information in the Copyright Office's records. The specifics of what searching is required would be developed through rulemaking by the Copyright Office. After demonstrating that this search has been unfruitful, a prospective user would be able to register his intent to use the work. After three years,<sup>151</sup> the prospective user would be

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<sup>146</sup> This is well evidenced by the fact that HathiTrust developed a detailed protocol to try to locate copyright holders, *Documentation*, *supra* note 92, but added a number of works to its Orphan Works Candidate List that were in fact not neglected, see *Orphan Row Update*, *supra* note 108.

<sup>147</sup> 17 U.S.C. § 507 (2006).

<sup>148</sup> See Aryeh L. Pomerantz, *Obtaining Copyright Licenses by Prescriptive Easement: A Solution to the Orphan Works Problem*, 50 JURIMETRICS 195, 220–27 (2010).

<sup>149</sup> For a more detailed look at the application of prescriptive easements to copyright, see *id.* at 220–22.

<sup>150</sup> JON W. BRUCE & JAMES W. ELY, JR., *THE LAW OF EASEMENTS AND LICENSES IN LAND* § 5:1 (2012).

<sup>151</sup> Although users would certainly want a shorter period of time, three years is not very long in the grand scheme of copyright terms. Further, it seems appropriate

granted the limit on remedies. Any subsequent party who wanted to use the work could simply register his intent, which would be granted three years after the first notice was registered.

This solution has the benefit of requiring something of both sides—prospective users must conduct a basic search, and copyright holders must check the registry at least once every three years. In addition, this would create an incentive for copyright holders to keep the work in print or the contact information in the Copyright Office up to date, since doing so would make even checking the registry unnecessary. This balance minimizes total search costs, thereby maximizing the social benefit obtained from the system. In addition, it does not grant a monopoly to any one user.

### *B. Judicial Proposals*

Given the deadlock in the legislature,<sup>152</sup> it is unlikely that any legislative proposal will actually come to fruition. However, immediate reform is possible in the form of judicial opinions. Unfortunately, the only way to get these is to upset the status quo and instigate litigation, which has been very sparse, particularly among libraries. *HathiTrust* was perhaps the best opportunity to change the law judicially, but unfortunately the posture of the case prevented a meaningful review of the Orphan Works Project.

#### *1. Expand the Interpretation of Fair Use*

One way the judiciary could address the neglected works problem would be to take a work's neglected status into account in the fair use analysis more explicitly. The Supreme Court considered the parodic purpose of a use as fundamentally changing the other factors. The nature of the copyrighted work was “not much help[,] . . . since parodies almost invariably copy publicly known, expressive works.”<sup>153</sup> The defendant was allowed to copy the “heart” of the work because doing so is necessary for parody.<sup>154</sup> Similarly, a court could acknowledge that providing access to neglected works is socially beneficial and consider the other factors in light of that purpose. Upon doing so, the creative nature of the work and the fact that the entire work is copied would become less important, making both those factors favor fair use.

Given how close the fair use analysis already is without this added weight,<sup>155</sup> this slight adjustment would most likely excuse the types of uses contemplated by *HathiTrust*. But it would likely not affect uses of works outside of this nonprofit, educational context. Commercial uses of

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to give copyright holders at least the statute of limitations period before reducing the remedies available to them.

<sup>152</sup> See *supra* notes 37–41 and accompanying text.

<sup>153</sup> *Campbell v. Acuff-Rose Music, Inc.* 510 U.S. 569, 586 (1994).

<sup>154</sup> *Id.* at 586–89.

<sup>155</sup> See *supra* Part III.C.

neglected works would continue to be almost certainly unfair. While this proposal would not provide guidance as clear as statutory changes might, it has the advantage of being fast moving and narrowly tailored to the facts before the court. While we wait for the political process to play out, this is likely the best that we can hope for.

## 2. *Expand the Laches Defense*

Another possibility would be to expand the laches defense to cover activity within the statute of limitations. Laches is an equitable doctrine similar in effect to a statute of limitations, but developed at common law.<sup>156</sup> While some courts have determined that laches, as a judicial doctrine, should not be available within the limitations period set by the legislature,<sup>157</sup> others have developed exceptions to this general rule.<sup>158</sup> The neglected works situation provides an excellent reason to apply the doctrine of laches within the statute of limitations.

The essence of the defense is that there is 1) inexcusable delay and 2) resulting prejudice to the defendant.<sup>159</sup> If HathiTrust were to post notice of its intent to provide access to a work for a sufficient period of time,<sup>160</sup> widely publicize this list, and then rely on the silence of the authors included in the notice, the two elements would arguably be met. The authors would have constructive notice of the proposed use, making a sufficiently long delay inexcusable. The library would then be prejudiced by the author's delay, because it would materially change its position in reliance.

The primary disadvantage of this approach is that, as an equitable doctrine, laches requires a situation-specific inquiry. Slight changes in the full facts and circumstances could change the outcome, and thus no length of time could be relied upon as definitely establishing "inexcusable delay." Also, because of the circuit split on the applicability of laches within the limitations period, this proposal would have varying effect around the country. Because of the uncertainty behind this approach, a modification of the fair use doctrine would be preferable.

## VI. CONCLUSION

In the end, it is almost certain that legislative action will be needed to address the neglected works problem definitively. While nonprofit, educational uses could potentially fit within existing doctrines, that is

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<sup>156</sup> See 3 NIMMER & NIMMER, *supra* note 77, § 12.06[A].

<sup>157</sup> See, e.g., *Lyons P'ship, L.P. v. Morris Costumes, Inc.*, 243 F.3d 789, 797–98 (4th Cir. 2001).

<sup>158</sup> See, e.g., *Chirco v. Crosswinds Cmty., Inc.*, 474 F.3d 227, 234 (6th Cir. 2007); *Danjaq LLC v. Sony Corp.*, 263 F.3d 942, 954 (9th Cir. 2001).

<sup>159</sup> 27A AM. JUR. 2D *Equity* § 124 (2008).

<sup>160</sup> This would likely need to be longer than the 90 days HathiTrust gave authors for its first batch of candidates. Something closer to the statute of limitations period, three years, would be preferable.

almost certainly not the case for commercial uses, and legislation will therefore be required to address the entire problem. However, addressing both nonprofit and commercial uses at the same time has thus far failed to work politically. Advancing a proposal narrowly tailored to nonprofit, educational uses like HathiTrust's is likely the best way to begin crafting a solution.

Going forward, I hope the debate about how to fix the neglected works problem focuses, as I have, on the balance of where search costs are imposed. It is in this balance that the key to finding a solution that is satisfactory to all stakeholders resides.