

## Legislative Alternatives to the Google Book Settlement

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The audacity of the Google Book Search (“GBS”) initiative, under which Google has scanned millions of in-copyright books from the collections of major research libraries in order to index their contents and serve up snippets in response to search queries, was surpassed only by the audacity of the proposed settlement of the class action lawsuit that challenged this scanning.<sup>1</sup> Approval of the settlement would, among other things, have given Google the right to commercialize virtually every out-of-print book in the corpus (unless rights holders came forward to say no).<sup>2</sup>

An especially attractive feature of the settlement was its plan to develop an institutional subscription database (“ISD”) of these out-of-print books.<sup>3</sup> Members of the general public would have benefited from this ISD because the settlement committed Google to provide one free public access terminal for the GBS ISD per public library, as well as giving Google the right

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\* Richard M. Sherman Distinguished Professor of Law, Berkeley Law School. As a member of the class affected by the Google Book Settlement, I submitted two letters to the court stating objections to it, principally on the ground that the Authors Guild did not adequately represent the interests of academic authors in negotiating the settlement agreement. A full set of my writings and presentations critical of the Google Book Settlement can be found on my website. PAMELA SAMUELSON, <http://www.ischool.berkeley.edu/~pam> (last visited Mar. 28, 2011). I wish to thank Jane Ginsburg and June Besek for the opportunity to participate in the Kernochan Center’s conference on *Collective Management of Copyright: Solution or Sacrifice?* I wish also to thank participants in the Google Book Settlement and the Public Interest seminar I co-taught with my colleague Pat Hanlon for their ideas about possible legislative alternatives to the settlement. I am also grateful to Ivy Anderson, Jack Bernard, Peter Brantley, Robert Darnton, Lolly Gasaway, Daniel Gervais, Bobby Glushko, James Grimmelman, Pat Hanlon, Jonas Herrell, Melissa Levine, Kate Spelman, and Diane Zimmerman for helpful comments on an earlier draft, as well as Kathryn Hashimoto for invaluable research.

<sup>1</sup> See Settlement Agreement, *Authors Guild v. Google Inc.*, 93 U.S.P.Q.2d 1159 (S.D.N.Y. 2009) (No. 05 CV.8136(DC)) [hereinafter Original Settlement Agreement]. After the U.S. Department of Justice (“DOJ”) raised serious concerns about the settlement, the parties renegotiated key terms and reached an Amended Settlement Agreement. See Statement of Interest by the U.S. Dept. of Justice Regarding the Proposed Settlement at 10, *Authors Guild, Inc. v. Google, Inc.*, Case No. 05 CV 8136 (DC) (S.D.N.Y. Sept. 18, 2009), 2009 WL 3045979 (hereinafter DOJ Statement of Interest I); Amended Settlement Agreement, *Authors Guild*, 93 U.S.P.Q.2d 1159 (No. 05 CV.8136(DC)).

<sup>2</sup> Amended Settlement Agreement, *supra* note 1, art. 4.

<sup>3</sup> *Id.* art. 4.1.

to display up to twenty-percent of the texts of out-of-print books when search queries yielded results from these books.<sup>4</sup> Persons with print disabilities would have benefited because Google promised to make the ISD books accessible to them.<sup>5</sup> Students, faculty, and researchers at institutions of higher education would have benefited from the ISD because these institutions would similarly have been eligible for some free public access terminals, although they would have had to pay license fees to get full access to the GBS ISD for all of their patrons.<sup>6</sup> Universities that allowed Google to scan books from their collections for GBS were particularly eager to provide online access to the ISD because students nowadays, as well as professors, expect to be able to access all manner of works online and not to have to resort to pulling musty old books from the metal shelves in library stacks.<sup>7</sup>

The prospect of the ISD was attractive to authors and publishers because it would have provided a new revenue stream for out-of-print books that have not been generating revenues for rights holders. The settlement would have established a Book Rights Registry (“BRR”) to receive sixty-three percent of the revenues Google expected to earn from ISD subscriptions and other commercialization projects. The proposed settlement charged BRR with paying out appropriate sums (less its costs) to registered rights holders, as well as searching for rights holders whose books were generating revenues to offer them opportunities to participate in the registry.<sup>8</sup>

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<sup>4</sup> *Id.* art. 4.3, 4.8.

<sup>5</sup> *Id.* art. 3.3(d), 7.2(g).

<sup>6</sup> *Id.* art. 4.1. Nonprofit researchers would also have benefited from the right to engage in non-consumptive research with the GBS corpus, either at one of the two host sites for the full GBS corpus or at their home institutions if those institutions had received Library Digital Copies of books from their collections. *Id.* art. 7.2(b), 7.2(d).

<sup>7</sup> *See e.g.*, Letter from Michael A. Keller to Judge Chin at 3, *Authors Guild*, 93 U.S.P.Q.2d 1159 (No. 05 CV.8136(DC)).

<sup>8</sup> Amended Settlement Agreement *supra* note 1, art. 4.5, 4.6, 5.4, 6.1, 6.2.

The ISD was attractive to Google as a way to recoup its investment in the Google Book initiative through license fees.<sup>9</sup> Because the ISD was expected to include millions of out-of-print books—and perhaps even tens of millions of books—it seemed likely to become a “must have” information resource for libraries of all types.<sup>10</sup> The settlement would have given Google the power to set prices of the ISD, in consultation with BRR, at rates that would maximize revenues to rights holders while at the same time ensuring broad availability of books in the corpus.<sup>11</sup>

The fate of the ISD envisioned in the GBS settlement is now up in the air because in March 2011 Judge Denny Chin ruled against the proposed agreement.<sup>12</sup> Although the judge recognized that “the digitization of books and the creation of a universal digital library would benefit many,” the settlement “simply goes too far” in reordering the default rules of copyright.<sup>13</sup> Changes this substantial are, he opined, more suitable for legislative action than judicial review of a class action settlement.<sup>14</sup> Although Google and the plaintiffs may submit a revised settlement to Judge Chin in coming months, he has signaled that he is more likely to approve a revision if the new settlement is based on the premise that copyright owners must opt in to forward-looking commercial arrangements, such as the ISD, even if Google would prefer to have

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<sup>9</sup> Google’s net share of revenues collected under the Amended Settlement Agreement would have been thirty-seven per cent. *Id.* art. 4.5. However, Google would not have had to share revenues with rights holders for most ads served up when GBS books are displayed in response to search queries. *Id.* art. 3.14, 4.4.

<sup>10</sup> See Comments of Disability Organizations of or for Print-Disabled Persons in Support of the Proposed Settlement, *Authors Guild, Inc. v. Google, Inc.*, No. 05-CV-8136-DC (S.D.N.Y. Sept. 8, 2009) at 1 (estimating that as many as twenty million books might become available to the public if the GBS settlement was approved) [hereinafter Disability Comments], available at <http://thepublicindex.org/docs/letters/NFB.pdf>

<sup>11</sup> Amended Settlement Agreement, *supra* note 1, art. 4.1(a). My first letter objecting to the settlement discussed the risk that over time prices for the ISD would become excessive, notwithstanding this dual objective. See Letter from Pamela Samuelson, Law Professor, Univ. of Cal., Berkeley, Sch. of Law to The Honorable Denny Chin, Judge, S. Dist. N.Y., at 3-5 (Sept. 3, 2009), available at <http://thepublicindex.org/docs/letters/samuelson.pdf>.

<sup>12</sup> *Authors Guild v. Google, Inc.*, No. 05-Civ.-8136 (DC) (S.D.N.Y. March 22, 2011), slip op. at 1, 29. Rule 23(e) of the Federal Rules of Civil Procedure requires judicial review and approval of any class action settlement to determine that the settlement agreement is “fair, reasonable, and adequate” to the class on whose behalf it was negotiated. Judge Chin ruled that the GBS class action settlement did not satisfy this standard. *Id.*

<sup>13</sup> *Id.* at 1-2.

<sup>14</sup> *Id.* at 22-24.

blanket permission to commercialize all out-of-print books, as the settlement proposed.<sup>15</sup> The switch from an opt-out regime to an opt-in regime for these books would have profound implications for the envisioned ISD, for this switch would mean that Google would have to obtain permission from rights holders on a book-by-book basis and could not include all of these books in an ISD from the get-go.

Underlying this Article is the premise that it would be desirable to bring about broader public access to a corpus of out-of-print books akin to the GBS ISD.<sup>16</sup> The main goal of this Article is to consider various component elements of a legislative package that might enable the creation of an ISD akin to that envisioned in the GBS settlement, and to do so without the anticompetitive and other socially undesirable aspects of that deal.<sup>17</sup>

Part I briefly reviews the GBS initiative, the lawsuit that challenged it, and core parts of the settlement agreement. Part II discusses respects in which the GBS settlement resembles and is different from an extended collective licensing (“ECL”) regime. It considers whether an ECL regime should be part of a legislative package to enable the creation of a digital library that could provide broad public access to the contents of in-copyright books. Part III considers other desirable elements of a legislative package for a digital public library. This package might also allow Google and other entities to undertake mass digitization projects under certain conditions.

## **I. The Boldness of GBS and the Proposed Settlement**

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<sup>15</sup> *Id.* at 46.

<sup>16</sup> *See, e.g.*, Pamela Samuelson, *The Google Book Settlement as Copyright Reform*, 2011 WIS. L. REV. (forthcoming April 2011) (arguing that the GBS settlement should not be approved for failure to comport with the strictures of Rule 23 of the Federal Rules of Civil Procedure); Robert Darnton, *A Library Without Walls*, NYR BLOG (Oct. 4, 2010, 9:20 AM), <http://www.nybooks.com/blogs/nyrblog/2010/oct/04/library-without-walls/>.

<sup>17</sup> Several submissions to the court about the proposed Google Book settlement raised concerns about socially harmful implications of approving it. *See, e.g.*, Brief Amicus Curiae of Consumer Watchdog in Opposition to the Proposed Settlement Agreement, *Authors Guild*, 93 U.S.P.Q.2d 1159 (No. 05 CV.8136(DC)); Brief of Amicus Curiae Public Knowledge in Opposition to the Proposed Settlement, *Authors Guild*, 93 U.S.P.Q.2d 1159 (No. 05 CV.8136(DC)) (raising antitrust and other policy concerns about the GBS settlement).

Google began scanning books from the collections of major research libraries, including eight million books from the library of the University of Michigan, in 2004. Under its library partner agreements, Google promised to provide its partners with library digital copies (“LDCs”) of the books from each partner’s collections that Google scanned for GBS.<sup>18</sup> Google has made digital indexes of the contents of GBS books in order to make the books searchable online. Google’s users can see an entire digital copy of works that Google has determined are in the public domain (which constitute about twenty percent of books in the corpus), and indeed, users can download pdf copies of these books without charge. For in-print works as to which Google has specially contracted with rights holders (about five percent of the books digitized from library collections), users can typically see up to twenty percent of the contents of these books through GBS. For out-of-print but in-copyright books (which constitutes approximately seventy-five percent of GBS books derived from library collections), Google serves up to three short snippets of their texts relevant to a user’s search query (although Google will honor a direction from rights holders not to serve snippets). Google has also been making nonexpressive uses of GBS books for purposes such as improving its search technologies and refining automated search tools.<sup>19</sup> Google has been prepared to defend these activities as fair uses.<sup>20</sup> Assuming Congress eventually passes legislation to allow free uses of orphan works (that is, books whose

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<sup>18</sup> See, e.g., COOPERATIVE AGREEMENT BETWEEN GOOGLE, INC. AND THE REGENTS OF THE UNIVERSITY OF MICHIGAN 3–4 (Dec. 14, 2004), available at <http://thepublicindex.org/docs/libraries/michigan.pdf>.

<sup>19</sup> The Amended Settlement Agreement designates these uses as “non-display uses.” See Amended Settlement Agreement, *supra* note 1, art. 1.94.

<sup>20</sup> Under 17 U.S.C. § 107, uses of copyrighted works, if held fair, are noninfringing even if the uses implicate one of the exclusive rights of copyright owners set forth in 17 U.S.C. § 106. 17 U.S.C. §§ 106, 107 (2006). Google’s CEO publicly defended GBS scanning as fair use. See, e.g., Eric Schmidt, *Books of Revelation*, WALL ST. J., Oct. 18, 2005, at A18. Google’s CEO said:

We have the utmost respect for the intellectual and creative effort that lies behind every grant of copyright. Copyright law, however, is all about which uses require permission and which don’t; and we believe . . . that the use we make of books we scan through the Library Project is consistent with the Copyright Act, . . . without [the need for] copyright-holder permission.

*Id.*

rights holders could not be found after a reasonably diligent search), Google is likely to provide greater access to orphan books in the GBS corpus.<sup>21</sup>

The Authors Guild and the Association of American Publishers (“AAP”) were quick to denounce the GBS project as copyright infringement.<sup>22</sup> In the fall of 2005, the Guild, along with three of its members, brought a class action lawsuit to challenge the scanning of in-copyright books, as well as the serving up of snippets from in-copyright books.<sup>23</sup> Soon thereafter, five major trade publishers, including McGraw-Hill and Macmillan, brought a similar lawsuit against Google.<sup>24</sup>

At first blush, Google’s fair use defense for scanning millions of in-copyright books might seem implausible.<sup>25</sup> Google’s purpose in scanning these books can be viewed as commercial, which tends to weigh against fair use.<sup>26</sup> Whole works were being copied on a systematic basis, which tends to disfavor fair use.<sup>27</sup> Harm to the market is often presumed from

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<sup>21</sup> Orphan works are discussed *infra* notes xx and accompanying text. The Amended Settlement Agreement contains a provision that would have enabled Google to take advantage of orphan works legislation if it were eventually enacted. Amended Settlement Agreement, *supra* note 1, art. 3.8. Given the expansive view of fair use shown through the GBS initiative, Google might well have come to believe that even without legislation, making noncommercial uses of orphan works would be fair use, especially given that there would be no meaningful harm to the rights holders’ market if the rights holders could not be found. *See Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 450–51 (1984) (“[A] use that has no demonstrable effect upon the potential market for, or the value of, the copyrighted work need not be prohibited in order to protect the author’s incentive to create. The prohibition of such noncommercial uses would merely inhibit access to ideas without any countervailing benefit.”)

<sup>22</sup> *See, e.g.,* Patricia Schroeder, *Google Cannot Rewrite U.S. Copyright Laws*, WALL ST. J., Oct. 25, 2005, at [page number] (asserting that GBS scanning of in-copyright books was copyright infringement). Schroeder was at the time the President of the AAP.

<sup>23</sup> Class Action Complaint, *Authors Guild, Inc. v. Google, Inc.*, *Authors Guild*, 93 U.S.P.Q.2d 1159 (No. 05 CV.8136(DC)).

<sup>24</sup> Complaint, *McGraw Hill Cos. Inc. v. Google, Inc.*, No. 05 CV 8881 (S.D.N.Y. Oct. 19, 2005).

<sup>25</sup> *See, e.g.,* Robin Jeweler, *The Google Book Search Project: Is Online Indexing Fair Use?*, CONG. RES. SERVICE (Dec. 28, 2005), available at <http://www.au.af.mil/au/awc/awcgate/crs/rs22356.pdf> (reviewing pro and con arguments).

<sup>26</sup> The Supreme Court has sometimes viewed commercial uses as cutting against fair use. *See Harper & Row Publishers, Inc. v. Nation Enterprises*, 471 U.S. 539, 562 (1985).

<sup>27</sup> *See, e.g., Am. Geophysical Union v. Texaco, Inc.*, 60 F.3d 913, 917–24 (2d Cir. 1994) (holding systematic copying of articles by research scientists unfair).

an unauthorized use.<sup>28</sup> It was also plausible that some harm might result from Google’s use of the books (e.g., if hackers “liberated” the books by cracking technical protections on Google’s servers, the books could then circulate freely on the Internet).<sup>29</sup> Moreover, digitizing books to serve snippets might be a new licensing market for rights holders.<sup>30</sup>

Yet, Google had reason to believe that digitizing in-copyright books for purposes of indexing their contents and providing snippets was fair use because of some appellate court rulings in search engine cases. In *Kelly v. Arriba Soft Corp.*, for instance, the Ninth Circuit ruled that a search engine had made fair use of Kelly’s photographs when making thumbnail-sized replicas of them.<sup>31</sup> Arriba Soft’s thumbnails were said to be “transformative,” in part because they were smaller in size and lower in resolution than the photographs on Kelly’s website.<sup>32</sup> The thumbnails also “serve[d] a different function than Kelly’s use” because Arriba Soft had created the thumbnails to “improv[e] access to information on the internet,” not to supplant demand for the aesthetic experience that Kelly’s photos might evoke.<sup>33</sup> Kelly had voluntarily published his photographs on the open Internet. It was, moreover, “necessary for Arriba [Soft] to copy the entire image to allow users to recognize the image and decide whether to pursue more

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<sup>28</sup> Until recently, it has been common for courts in copyright cases to presume harm from unauthorized commercial uses of protected works. *See, e.g.*, *Triad Sys. Corp. v. Se. Express Co.*, 64 F.3d 1330, 1335 (9th Cir. 1995). However, this ruling is arguably inconsistent with the Supreme Court’s decision in *eBay, Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006) (holding that plaintiffs in patent cases bear the burden of proving all four elements of traditional principles of equity, including proof that harm will be irreparable if an injunction does not issue, relying on its prior rulings in copyright cases). The Second Circuit has concluded that harm should no longer be presumed in copyright cases. *See Salinger v. Colting*, 607 F.3d 68 (2d Cir. 2010).

<sup>29</sup> *See, e.g.*, Doug Lichtman, *Copyright as Information Policy: Google Book Search from a Law and Economics Perspective*, in 9 INNOVATION POLICY AND THE ECONOMY 55 (2009) (raising security concerns about GBS).

<sup>30</sup> *Texaco*, 60 F.3d at 926–31 (arguing new licensing market would be thwarted if photocopying articles was held fair).

<sup>31</sup> *Kelly v. Arriba Soft Corp.*, 336 F.3d 811 (9th Cir. 2003).

<sup>32</sup> *Id.* at 818–19.

<sup>33</sup> *Id.* at 819.

information about the image or the originating web site.”<sup>34</sup> Because Arriba Soft helped prospective purchasers find Kelly’s photos, there was no harm to Kelly’s market.<sup>35</sup>

*Kelly* augured well for Google’s fair use defense in the *Authors Guild* case.<sup>36</sup> Like Arriba Soft, Google was scanning in-copyright works for purposes of facilitating better access to them. Copying the entirety of the works was necessary to create an index of their contents. Google was displaying only a small number of words (“snippets”) from the books in response to user queries, akin to the thumbnails in *Kelly*. There was consequently very little risk of supplanting demand for the books. Indeed, as in *Kelly*, the links that Google was providing to sites from which the works could be purchased was likely to enhance the market for the plaintiffs’ works. Although the *Kelly* and *Authors Guild* cases were different in that Kelly, unlike the authors who sued Google, had voluntarily posted his works on the Internet, subsequent decisions have provided further support for Google’s fair use defense.<sup>37</sup>

No one would seriously contend that Google’s fair use arguments were slam dunk winners—because of course, they were not—but the Authors Guild’s and trade publishers’ challenges to GBS were not slam dunk winners either. It was consequently relatively unsurprising that within months after the Guild and publishers sued Google, discussions about a

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<sup>34</sup> *Id.* at 821.

<sup>35</sup> *Id.* at 821–22.

<sup>36</sup> Most commentators have argued that the GBS scanning, indexing and snippet-providing is fair use. See, e.g., Jonathan Band, *The Long and Winding Road to the Google Books Settlement*, 27 JOHN MARSHALL REV. INTELL. PROP. L. 227, 237–60 (2009); Matthew Sag, *The Google Book Settlement and the Fair Use Counterfactual*, 55 N.Y.L. SCH. L. REV. 19, 23 (2010); Hannibal Travis, *Google Book Search and Fair Use: iTunes for Authors or Napster for Books?*, 61 U. MIAMI L. REV. 87, 91–94 (2006).

<sup>37</sup> See, e.g., *Perfect 10 v. Google, Inc.*, 416 F. Supp. 2d 828 (C.D. Cal. 2006), *aff’d in part, rev’d in part sub nom.* *Perfect 10 v. Amazon.com*, 508 F.3d 1146 (9th Cir. 2007) (holding that a search engine’s making and displaying of thumbnail images of in-copyright works was fair use, even though the right holder had not posted the images on open sites on the Internet); *Field v. Google, Inc.*, 412 F. Supp. 2d 1106 (D. Nev. 2006) (holding that scanning in-copyright works for purposes of indexing contents and serving up snippets in response to search queries was fair use). See also *Parker v. Google, Inc.*, No. 06-3074, 2007 WL 1989660 (3d Cir. July 10, 2007) (affirming dismissal of direct and indirect infringement claims for Web-crawler copying of writings freely available on the Internet). *Kelly* has been cited with approval in some decisions in the Second Circuit. See, e.g., *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605 (2d Cir. 2006); *United States v. Am. Soc’y Composers, Authors & Publishers*, 599 F. Supp. 2d 415 (S.D.N.Y. 2009).

settlement commenced. Thirty months later, the parties announced that they had reached a settlement of the now combined lawsuits, with the Authors Guild and a few of its members representing the interests of an author subclass and the AAP representing the interests of a publisher subclass.<sup>38</sup>

For the purposes of this Article, three features of the proposed GBS settlement are the most salient. First, the settlement would have given Google a license to scan in-copyright books, to make nondisplay uses of these books (e.g., indexing their contents), to give LDCs of the books to library partners, and to commercialize the out-of-print books in the GBS corpus (unless rights holders asked them not to do so).<sup>39</sup> Second, the settlement would have committed Google to create an ISD of books covered by the settlement that Google planned to license to institutions of higher education, among others.<sup>40</sup> The ISD was expected to make millions of books available to patrons of subscribing institutions.<sup>41</sup> Third, Google had pledged to pay sixty-three percent of the revenues it earned from commercializing these books, including the ISD subscription fees, to a new collecting society, to be known as the Book Rights Registry (“BRR”).<sup>42</sup> The settlement would have required BRR to distribute funds received from Google to registered rights holders

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<sup>38</sup> Paul Aiken, Executive Director of the Authors Guild, testified before Congress that it had taken thirty months to negotiate this settlement. *See Competition and Commerce in Digital Books: Hearing Before the H. Comm. on the Judiciary*, 110th Cong. 32 (2009). The GBS settlement was first announced on October 28, 2008. *See Press Release: Authors, Publishers, and Google Reach Landmark Settlement*, GOOGLE (Oct. 28, 2008), [http://www.google.com/intl/en/press/pressrel/20081027\\_booksearchagreement.html](http://www.google.com/intl/en/press/pressrel/20081027_booksearchagreement.html) [hereinafter Settlement Press Release].

<sup>39</sup> Amended Settlement Agreement, *supra* note 1, art. 2.2, 3.1, 3.3, 3.12.

<sup>40</sup> *Id.* art. 3.7, 4.1.

<sup>41</sup> *See, e.g.*, Disability Comments, *supra* note xx at 1 (estimating that approval of GBS might make as many as twenty million books available to print-disabled persons).

<sup>42</sup> Amended Settlement Agreement *supra* note 1, art. 2.1(a). The GBS settlement would also have resolved a serious dispute between publishers and authors about who has what rights to authorize and benefit from new digital uses of the books, such as e-books; it would have provided for revenue-sharing as between authors and publishers for these books. *Id.*, att. A.

for uses Google made of their books, as well as to look for rights holders who had not yet claimed their books so they could participate in revenues from GBS.<sup>43</sup>

Google pledged \$45 million to provide compensation to rights holders of books it had scanned as of May 5, 2009, for their release of claims against it for copyright infringement, \$60 per book and \$15 per insert (such as forewords or separately authored chapters in an edited book).<sup>44</sup> It also committed to pay \$34.5 million to establish the BRR.<sup>45</sup> The remaining \$45.5 million in settlement funds was to be paid to the lawyers representing the Author and Publisher Subclasses.<sup>46</sup>

Although litigants are generally free to settle lawsuits without approval from the courts, the procedure is different in class action cases. Before a class action settlement agreement that would release class member claims for monetary damages can take effect, Rule 23(e) of the Federal Rules of Civil Procedure requires that class members be given notice of the proposed settlement and an opportunity to opt out of or object to the settlement.<sup>47</sup> The settling parties then have an opportunity to respond to objections posed by class members and to make a case for

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<sup>43</sup> *Id.* art. 6.1.

<sup>44</sup> *Id.* art. 2.1 (b).

<sup>45</sup> *Id.* art. 2.1(c). However, the costs of giving notice to class members and otherwise administering the settlement process were to be deducted from this sum; as of November 13, 2010, \$12 million had already been spent on administration of the settlement process. *Id.*

<sup>46</sup> *Id.*, Attachment I, § 19. Google expected to pay \$30 million to the lawyers for the author subclass and \$15.5 million to the lawyers for the publisher subclass. *Id.* (The difference in amounts to be paid was mainly attributable to the fact that the publisher subclass lawyers were getting paid an hourly rate during the litigation, whereas the author subclass lawyers took the GBS case on a contingency fee basis.) Notice that the lawyers who brought the case were scheduled to get more from the settlement than all of the book rights holders combined.

<sup>47</sup> The settling parties began giving notice to members of the class in January 2009. Under the original schedule, members of the class had until May 5, 2009, to opt out of the settlement or to object to its terms. Judge Chin granted a four month extension after receiving letters requesting such an extension. Under the extended schedule, opt outs and objections had to be filed by September 3, 2009, and the fairness hearing was scheduled for early October. In mid-September, the Justice Department filed a brief with the court expressing several reservations about it. See DOJ Statement of Interest, *supra* note xx. Soon thereafter, the settling parties asked the judge for a postponement of the fairness hearing to allow them to renegotiate some terms of the settlement in response to the Justice Department's concerns. The parties then provided a supplemental notice about the amended settlement to class members, and a new opt out and objection period was set for January 28, 2010. The settling parties' briefs were filed with the court on February 11, 2010. All of the filings pertinent to the settlement can be found at THE PUBLIC INDEX, <http://www.thepublicindex.org> (last visited Mar. 28, 2011).

approval. After these filings are complete, the judge presiding over the case is required to hold a hearing to determine whether the settlement is “fair, reasonable, and adequate” to the class on whose behalf it was negotiated.<sup>48</sup>

The fairness hearing about the GBS settlement was held February 18, 2010.<sup>49</sup> Because the DOJ took a strong position against the settlement, as did the governments of France and Germany, hundreds of authors and publishers, as well as some of Google’s most prominent competitors and various public interest organizations, it was unsurprising that Judge Chin ultimately rejected the GBS settlement in March of 2011.<sup>50</sup>

Disapproval of the settlement has disappointed the expectations of many who had been looking forward to substantially greater public access to the millions of out-of-print books from the collections of major research libraries that Google had planned to make available through the

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<sup>48</sup> FED. R. CIV. P. 23(e).

<sup>49</sup> See Transcript of Fairness Hearing, *Authors Guild v. Google Inc.*, 93 U.S.P.Q.2d 1159 (S.D.N.Y. 2009) (No. 05 CV.8136(DC)) [hereinafter Fairness Hearing Transcript].

<sup>50</sup> See Statement of Interest of the United States of America Regarding Proposed Amended Settlement Agreement, *Authors Guild*, 93 U.S.P.Q.2d 1159 (No. 05 CV.8136(DC)) (asserting that the court lacks power to approve a settlement that deals with matters so far beyond the issues in litigation, as well as raising serious questions about whether the requirements of Rule 23 have been satisfied and about the consistency of the settlement with the antitrust laws) [hereinafter DOJ Statement of Interest II]. The submissions of the governments of France and Germany as well as the many other class member objections and amicus curiae briefs can be found at *Documents*, THE PUBLIC INDEX, [thepublicindex.org/documents](http://thepublicindex.org/documents) (last visited Mar. 28, 2011). Even if Judge Chin had approved the GBS settlement acting in his capacity as a District Court judge, this ruling would probably be reversed on appeal. The DOJ, among others, questioned whether the GBS settlement can be approved under the “identical factual predicate” used in Second Circuit cases to determine whether to approve class action settlements that go beyond the claims and relief sought in the complaint. See DOJ Statement of Interest II, *supra* note 48, at 6, 11. See, e.g., *Wal-Mart Stores, Inc. v. Visa U.S.A., Inc.*, 396 F.3d 96, 108 (2d Cir. 2005) (upholding a class action settlement that sought to release claims against the defendant credit card companies beyond those raised in the complaint because the claims arose out of the identical factual predicate set forth in the complaint); *Nat’l Super Spuds, Inc. v. N.Y. Mercantile Exch.*, 660 F.2d 9 (2d Cir. 1981) (disapproving class action settlement that aimed to release claims as to both liquidated and unliquidated futures contracts even though the complaint had only alleged violations as to liquidated contracts); *UniSuper Ltd. v. News Corp.*, 898 A.2d 344 (Del. Ch. 2006) (upholding objection to release of claims beyond the operative set of facts that have happened in the past). Under this test, it would be difficult for the GBS settlement to be approved because the settlement deals with so many matters beyond the facts pleaded, the claims made, and the remedies sought in the *Authors Guild* lawsuit. The decision disapproving the GBS settlement also casts doubt on whether the settlement would satisfy Second Circuit standards. *Authors Guild*, slip op. at 16-17.

ISD.<sup>51</sup> Legislation would seem to be necessary to make a comparable corpus of books available to the public in a similar manner to that envisioned in the GBS settlement.<sup>52</sup>

## II. Extended Collective Licensing as a Mechanism for Achieving Digital Library Goals

If Congress wanted to authorize the creation of an ISD of in-copyright, out-of-print books, such as that contemplated in the GBS settlement, without the necessity of clearing rights on a book by book basis, one option would be to adopt an extended collective licensing (ECL) regime akin to those authorized in several Nordic countries. ECL regimes typically authorize the grant of broad licenses to make specified uses of in-copyright works for which it would be unduly expensive to clear rights on a work-by-work basis (e.g., photocopying in-copyright articles in library settings).<sup>53</sup> This section explains some basic features of ECL regimes and then considers ways in which the forward-looking aspects of the GBS settlement resemble and differ from ECL regimes. It then assesses the pros and cons of an ECL approach to licensing out-of-print, in-copyright works to develop a corpus of books such as the GBS ISD.

### A. Basic Elements of ECL Regimes

The core idea underlying ECL regimes is that as long as a collecting society represents a substantial number of rights holders, that society may negotiate licenses with prospective users

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<sup>51</sup> See, e.g., Adam Gorlick, *Stanford Libraries Disappointed with Ruling in Google Case, But University Plans to Continue Digitizing Books*, STANFORD U. NEWS, March 23, 2011, available at <http://news.stanford.edu/news/2011/march/google-book-ruling-032311.html>. Numerous letters and amicus curiae briefs were submitted by nonparties in support of the settlement; they are available at *Original Settlement Agreement Documents*, THE PUBLIC INDEX, <http://thepublicindex.org/documents/responses> (last visited Mar. 28, 2011).

<sup>52</sup> As the DOJ representative stated at the fairness hearing: “If there is going to be a fundamental shift in the exclusive right of the copyright holder to require advanced permission, if we’re going to establish compulsory licensing, that should be done by Congress, particularly in this instance . . . when it is not necessary to settle the underlying dispute.” Fairness Hearing Transcript, *supra* note 47, at 125. Judge Chin agreed with DOJ on this point. *Authors Guild*, slip op. at 22-24.

<sup>53</sup> See, e.g., Tarja Koskinen-Olsson, *Collective Management in the Nordic Countries*, in COLLECTIVE MANAGEMENT OF COPYRIGHT AND RELATED RIGHTS (Daniel Gervais ed., 2d ed. 2010) [hereinafter COLLECTIVE MANAGEMENT]; Henry Olsson, *The Extended Collective License as Applied in the Nordic Countries*, KOPINOR (Oct. 3, 2010), <http://www.kopinor.no/en/copyright/extended-collective-license/documents/The+Extended+Collective+License+as+Applied+in+the+Nordic+Countries.748.cms>.

that extend not only to copyrighted works whose owners are society members, but also to works owned by non-members for the same set of uses.<sup>54</sup> The society is typically authorized to act on behalf of foreign as well as domestic rights holders.<sup>55</sup>

An important advantage of ECL regimes is that users have assurance that the license they get from the collecting society will cover all specified uses as to all relevant rights holders without the need to incur transaction costs of negotiating with each individual right holder.<sup>56</sup>

After granting ECL licenses to users, the collecting society has the responsibility of collecting license fees from users, divvying up these funds in an equitable manner among its members and paying members their fair shares.<sup>57</sup> Yet, rights holders are entitled to share in remuneration for ECL-licensed uses of their works, even if they are not members of the collecting society, so funds must be set aside for nonmembers.<sup>58</sup> Collecting societies that operate ECL regimes have an obligation to represent nonmember rights holders fairly.<sup>59</sup> Rights holders generally also have the right to opt out of the ECL.<sup>60</sup>

Among the uses for which ECLs have been granted in Nordic countries are licenses to cover broadcast television uses of in-copyright works, cable retransmission of television signals, photocopying of printed materials for educational purposes or business uses, and certain uses of protected works at or by libraries that would, unless licensed, be infringing.<sup>61</sup> The government

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<sup>54</sup> See, e.g., Daniel Gervais, *Collective Management of Copyright: Theory and Practice*, in COLLECTIVE MANAGEMENT, *supra* note 53, at 21. Gervais suggests that it should not be necessary for the collecting society to represent a majority of pertinent rights holders, but only a substantial number. *Id.*

<sup>55</sup> Thomas Riis & Jens Schovsbo, *Extended Collective Licenses and the Nordic Experience—It's a Hybrid, But Is It a Volvo?*, 33 COLUM. J. L. & ARTS 471, § 4.4 (2010).

<sup>56</sup> Koskinen-Olsson, *supra* note 53, at 291–92. Most ECL regimes provide for the right of copyright owners to opt out of an ECL if they so choose. Gervais, *supra* note 55, at 21.

<sup>57</sup> Gervais, *supra* note 55, at 5–10.

<sup>58</sup> Koskinen-Olsson, *supra* note 53, at 291.

<sup>59</sup> *Id.* at 293–94.

<sup>60</sup> Gervais, *supra* note 54, at 3.

<sup>61</sup> Koskinen-Olsson, *supra* note 53, at 298–302.

of Norway has quite recently adopted an ECL regime to enable mass digitization of books in the collection of its national library.<sup>62</sup>

## B. Comparing the Google Book Settlement to an ECL Regime

The GBS settlement resembles an ECL in several respects.<sup>63</sup> Google is a user that wants a license to copy, display, and commercialize a large body of in-copyright, out-of-print works without incurring the very high transaction costs of clearing rights on a book by book basis.<sup>64</sup> The settlement would have given Google a license to undertake these activities as well as obliging Google to pay a substantial share of the revenues earned from commercializing the books to a collecting society (namely, BRR). Among the goals for BRR were attracting rights holders to register with it, assessing what revenues were due to which rights holders, and making pay outs accordingly. Funds owed to unregistered rights holders would be escrowed for a period of years.<sup>65</sup> The settling parties also anticipated that BRR would license other firms besides Google over time.<sup>66</sup> The settlement would also have given rights holders the right to opt out of the GBS commercialization regime.<sup>67</sup>

The GBS settlement regime was, however, distinguishable from ECL regimes in some significant respects. Among the largest differences was that ECLs have typically been authorized by legislative action, and all are subject to government oversight, whereas apart from

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<sup>62</sup> See, e.g., Alain Strowel, *The European "Extended Collective Licensing" Model*, 34 COLUM. J.L. & ARTS [pincite] (2011).

<sup>63</sup> I am not the first commentator to have noted this resemblance. See, e.g., Bernard Lang, *Orphan Works and the Google Book Search Settlement: An International Perspective*, 55 N.Y.L. SCH. L. REV. 111, 118 (2010); Diane Leeheer Zimmerman, *Cultural Preservation: Fear of Drowning in a Licensing Swamp*, in WORKING WITHIN THE BOUNDARIES OF INTELLECTUAL PROPERTY 29 (Rochelle C. Dreyfuss et al. eds., 2010).

<sup>64</sup> See, e.g., Band, *supra* note 33, at 229 (estimating rights clearance costs as exceeding \$1000 per book).

<sup>65</sup> Amended Settlement Agreement, *supra* note 1, art. 6.3. Unregistered rights holders would have been entitled to compensation for Google's uses of their works during the period before they became BRR registrants, as in ECL regimes.

<sup>66</sup> See, e.g., Aiken Testimony, *supra* note 36, at 51.

<sup>67</sup> The first opportunity to opt out of the GBS settlement was made available as a matter of class action law. See FED. R. CIV. P. 23 (e). But the GBS settlement also contemplated that rights holders who did not opt out of the settlement could ask for their books to be removed from the GBS corpus; they could also ask Google not to commercialize their out-of-print books. Amended Settlement Agreement, *supra* note 1, art. 3.5.

the initial judicial review of the overall fairness of the settlement to class members, the GBS deal would have been privately administered.<sup>68</sup>

A second big difference was that the BRR has yet to be established and hence does not yet represent a substantial number of rights holders, so the usual rationale for extending a license to similarly situated rights holders does not apply.<sup>69</sup> There are, moreover, reasons to be concerned about whether the BRR would be receptive to the interests of many class members, especially to those of academic authors whose open access preferences for out-of-print books may not be welcomed by BRR.<sup>70</sup> It is also questionable whether BRR would ever represent a substantial number of book rights holders.<sup>71</sup>

A third significant difference between the GBS settlement regime and typical ECLs is that the collecting society that would have been established by the settlement lacked the power to negotiate with or grant an extended license to other potential users. Indeed, BRR would not even have had the power under the settlement to grant an extended license to Google; the grantor of this license would instead have been the settling class. BRR would only have administered the ECL created by the settlement for the benefit of Google. While the settling parties expected that the BRR would, over time, have been authorized to grant licenses to third parties for books of

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<sup>68</sup> See, e.g., Koskinen-Olsson, *supra* note 53, at 296–300.

<sup>69</sup> ECL regimes assume that because collecting societies already represent a substantial number of rights holders as to a particular licensable activity, the society's representation of registered rights holders provides some assurance that the society will adequately represent the interests of all relevant rights holders. *Id.* at 291–94.

<sup>70</sup> See, e.g., Letter from Pamela Samuelson to Judge Denny Chin on Behalf of Academic Authors, *Authors Guild v. Google Inc.*, 93 U.S.P.Q.2d 1159 (S.D.N.Y. 2009) (No. 05 CV.8136(DC)) (discussing academic authors' concerns with the GBS settlement). Judge Chin was persuaded that the Authors Guild and the Author Subclass lawyers may not have adequately represented the interests of academic authors in the course of the negotiations, pointing to their divergent views about open access. *Authors Guild*, slip op. at 28-29.

<sup>71</sup> Google has already recruited more than 40,000 publishers to become members of the Google Partner Program ("GPP"). Two key advantages of the GPP over possible registration with BRR would be that GPP members could bypass the administrative fee that BRR would have taken from rights holders' earnings from Google's commercialization of their books, and GPP members could also negotiate other details with Google rather than being stuck with the default terms of the GBS settlement. See *Information for Authors and Publishers*, GOOGLE BOOKS, <http://www.google.com/googlebooks/publishers.html> (last visited Mar. 6, 2011).

registered rights holders, it lacked power to grant an extended license to third parties without congressional authorization.<sup>72</sup>

Some other differences are worth noting. BRR would have had authorization to negotiate with Google concerning future revenue models for exploiting books within the settlement, whereas collecting societies that administer ECLs generally are only authorized to grant licenses for specific uses.<sup>73</sup> To be eligible for payouts from the extended license for GBS, rights holders would, moreover, have had to become registrants with BRR, whereas ECL regimes allow rights holders to obtain remuneration without joining the collecting society.<sup>74</sup> However, collecting societies administering ECLs do not typically have a responsibility to look for rights holders for whom the societies have collected monies for licensed uses, whereas BRR would have been charged with this responsibility.<sup>75</sup> BRR would also have been unusual in having the right under the settlement to participate in price-setting decisions of the user who had been granted an extended license, as well as to engage in various other activities affecting rights holders under the GBS regime.<sup>76</sup> Excess funds owed to unregistered rights holders under the GBS settlement would, moreover, have been paid out, after ten years, to literacy charities, rather than being used to fund prizes, cultural events and the like, as ECL-authorized collecting societies often do.<sup>77</sup> One final difference worth noting is that virtually every dispute between rights holders and the holder of the extended license (i.e., Google) or BRR could only have been adjudicated through a compulsory arbitration regime established by the settlement.<sup>78</sup>

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<sup>72</sup> Yet, the settlement anticipated that BRR would be able to grant an extended license to use orphan books if Congress passed orphan works legislation. Amended Settlement Agreement, *supra* note 1, art. 6.2(b)(i).

<sup>73</sup> Olsson, *supra* note 53, at 3.

<sup>74</sup> Amended Settlement Agreement, *supra* note 1, art. 5.4.

<sup>75</sup> *Id.* art. 6.1(c). BRR is supposed to make “commercially reasonable efforts” to locate rights holders.

<sup>76</sup> *Id.* art. 4.1(a)(vi). The settlement would have given BRR many responsibilities that are atypical for ECL-granting collecting societies. *See, e.g., id.* art. 3.13, 4.1(a)(viii), 4.7, 6.1.

<sup>77</sup> *Id.* art. 6.3(a)(i); Gervais, *supra* note 54, at 1, 6–10.

<sup>78</sup> Amended Settlement Agreement, *supra* note 1, art. 9.

### C. An ECL Regime for Digital Libraries of Out-of-Print Books?

Proponents of the GBS settlement recognized the social desirability of creating a database of millions of out-of-print books from collections of major research libraries that could be made broadly available to the public. They envisioned that some of this access would be free (e.g., through public access terminals in public libraries and colleges), and some would be subject to license fees. Even though individual books in an ISD might presently be commercially fallow, proponents of the GBS settlement thought that an aggregation of them in an ISD would be valuable both as an intellectual resource and as a commercial product. Now that the GBS settlement has failed, the only feasible way to develop and implement a digital database of out-of-print books approximating the GBS ISD would be through legislative action. This subsection considers an ECL regime as a means to overcome the copyright obstacles to achieving this goal.<sup>79</sup>

That such an approach is feasible is illustrated by the ECL regime adopted in Norway to enable public access to in-copyright works for a national digital public library initiative. In 2009 the Norwegian National Library concluded an ECL agreement with Kopinor, a collecting society that represents a substantial number of authors and publishers of works exploited in Norway.<sup>80</sup> This license allows the National Library to provide access to its digital database of in-copyright works to residents of Norway. Members of the Norwegian public can read or view works in this database, but not download or print out pages if the works are in-copyright.<sup>81</sup> The Library has agreed to pay a fixed fee per page for use of in-copyright works for the two year initial period of

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<sup>79</sup> The Librarian of Congress and the Acting Register of Copyrights have written to two key legislators about possible legislative alternatives to the GBS settlement; this letter mentions extended collective licensing as an option worth exploring. See Letter from James H. Billington and Maria Pallante to Senators Leahy and Grassley, April 1, 2011, at 3-4 (hereinafter “Billington-Pallante Letter”).

<sup>80</sup> Marianne Takle, *The Norwegian National Digital Library*, ARIADNE (July 2009), available at [http://www.ariadne.ac.uk/issue\\_60/takle/](http://www.ariadne.ac.uk/issue_60/takle/).

<sup>81</sup> *Id.*

the ECL agreement.<sup>82</sup> Kopinor is responsible for allocating revenues received from the Library to appropriate rights holders. Norway has had successful experiences with ECLs for a number of other uses of in-copyright works.<sup>83</sup>

The United States, by contrast, has no experience with ECL regimes, so it would be a novelty to do this to enable the creation of a digital database of books akin to the GBS ISD. In part because this concept is unfamiliar in the U.S., this Article does not offer a fleshed model for an ECL regime that would enable the American public to have greater access to in-copyright works through a digital library database. Instead, it identifies several issues that should be addressed before the U.S. adopted an ECL regime for this purpose. Congress should ask the U.S. Copyright Office to study this possibility and report back to Congress about its recommendations.<sup>84</sup> Such a study should address several key questions.

One is whether U.S.-based rights holders and prospective users would find this approach attractive. Insofar as the ECL was aimed at making out-of-print books more broadly available to the public and at providing some compensation to rights holders for digital library uses of their works, the answer would probably be yes, as these works are presently generating no revenues for rights holders and prospective users have only limited access to the works. The fact that the Authors Guild and AAP agreed to the creation of a quasi-ECL for books and that major research libraries were willing to become ISD licensees provides evidence that an ECL approach would be attractive to these groups.

A second question is who would administer such an ECL. ECL regimes in other countries are typically administered by collecting societies. The GBS settlement proposed to

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<sup>82</sup> *Id.*

<sup>83</sup> Koskinen-Olsson, *supra* note xx, at xx.

<sup>84</sup> The Office and the Library of Congress have already expressed a willingness to undertake such a study. See Billington-Palante Letter, *supra* note xx.

establish a brand new collecting society, the BRR, to administer the quasi-ECL that the settlement would have established. However, because it is very difficult and complicated to set up a wholly new organization of this sort that could be effective in carrying out the many responsibilities that would attend this task, this may not be the optimal option.<sup>85</sup> An alternative would be for an existing U.S. collecting society or other institution to take on new licensing functions for book digitization.

The Copyright Clearance Center (“CCC”) is an obvious candidate to take on ECL responsibilities to authorize a digital library ISD akin to that proposed in the GBS settlement.<sup>86</sup> CCC already has existing relationships with a substantial number of rights holders of printed works, including books, as well as a database of information about these works, their rights holders, and revenues collected and paid out by CCC.<sup>87</sup> This organization also has a track record of competence in distributing significant revenues to rights holders from specified uses of their works.<sup>88</sup> It also has relationships with collecting societies based outside the U.S. and through them, has made payments to foreign rights holders.<sup>89</sup> CCC also has relationships with many

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<sup>85</sup> Daniel Gervais, *Keynote Address: The Landscape of Collective Management Schemes*, 34 COLUM. J.L. & ARTS [pincite] (2011).

<sup>86</sup> CCC is not, however, a classic collective management organization (CMO). CMOs tend to have a broader set of functions than CCC. *See, e.g.*, Glynn S. Lunney, Jr., *Copyright Collectives and Collecting Societies: The United States Experience*, in COLLECTIVE MANAGEMENT, *supra* note 53, at 340, 370–73; Gervais, *supra* note 54, at 5. Gervais writes:

Over time the role of CMOs [collective management organizations] has evolved to oversee copyright compliance, fight piracy, and perform various social and cultural functions. Collective management has also allowed authors to use the power of collective bargaining to obtain more for the use of their work and negotiate on a less unbalanced basis with large multinational user groups.

*Id.* (internal citation omitted). CCC, by contrast, typically works as an agent for individual copyright owners who set individual license fees and terms for licensable uses of each work, whereas CMOs elsewhere typically set standard fees for extended licenses for particular types of uses and users. Lunney, *supra*, at 341.

<sup>87</sup> *See, e.g.*, Tracey L. Armstrong, *The Practical Difficulties of Implementing Collective Management*, 34 COLUM. J.L. & ARTS [pincite] (2011). Armstrong emphasized the importance of high quality databases of metadata in making collecting societies successful with rights holders and users. *See id.*

<sup>88</sup> In fiscal year 2010, CCC collected more than \$215 million in license fees from users, and distributed more than \$154 million to rights holders. COPYRIGHT CLEARANCE CENTER, RIGHTS: ANNUAL REPORT 2010 at 15, available at <http://www.copyright.com/content/dam/cc3/marketing/documents/annual-reports/index.html>.

<sup>89</sup> *Id.* at 2, 14.

libraries, although they and associations that represent their interests may have some reservations about CCC as an ECL administrator for an ISD, particularly in view of its recent investment in litigation challenging the electronic reserve policies of a university in Georgia; in their view, this litigation would erode fair use significantly and upset the balance of interests.<sup>90</sup> And while the CCC clearance system solves some efficiency problems, particularly compared to individual rights holder transactions, libraries complain that “the [CCC] process remains burdensome and rights holder royalty pricing models are unclear.”<sup>91</sup> However, some of these concerns might be allayed if the libraries and CCC could reach agreement on a fair mechanism for setting and reviewing prices and other terms of access.

In crafting an ECL to enable a digital public library, the experiences of JSTOR may offer some lessons. JSTOR offers institutional subscriptions to a relatively comprehensive database of back issues of scholarly journals.<sup>92</sup> When JSTOR was established, rights holders recognized that

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<sup>90</sup> Peter Hirtle, *Who Infringed at Georgia State?* LIBRARYLAW BLOG (Oct. 4, 2010), <http://blog.librarylaw.com/librarylaw/2010/10/who-infringed-at-georgia-state.html>. Andrew Albanese of Publishers Weekly reported that director Charles Lowry of the Association of Research Libraries (ARL) sent a letter to CCC expressing “deep disappointment” with CCC’s role in the lawsuit, which would send the message that “CCC no longer seeks to serve the interests of all of the partners in the scholarly communications enterprise,” and encouraging CCC to reconsider its position in future. Andrew Albanese, *Libraries Urge CCC to Reconsider Its Funding of E-Reserve Copyright Case*, PUBLISHERS WEEKLY (Nov. 19, 2010), <http://www.publishersweekly.com/pw/by-topic/digital/copyright/article/45257-libraries-urge-ccc-to-reconsider-its-funding-of-e-reserve-copyright-case.html>. See Letter from Charles B. Lowry, Executive Director, Association of Research Libraries, to Tracey L. Armstrong, President and Chief Executive Officer, Copyright Clearance Center (Nov. 11, 2010), available at <http://www.arl.org/bm~doc/lcccc-final.pdf>.

<sup>91</sup> J. Christopher Holobar & Andrew Marshall, *E-Reserves Permission and the Copyright Clearance Center: Process, Efficiency, and Cost*, 11 PORTAL 517 (2011).

<sup>92</sup> JSTOR was the brain-child of William G. Bowen, President of the Andrew W. Mellon Foundation, who in 1993 proposed an investigation of how technology could help educational institutions with storage of information resources. ROGER C. SCHONFELD, *JSTOR: A HISTORY* 1 (2003); Michael P. Spinella, *JSTOR: Past, Present, and Future*, 46 J. LIBR. ADMIN. 55, 57–58 (2007). The Mellon Foundation funded a pilot project and selected the University of Michigan as a grantee to develop software and manage the process of digitizing and preserving scholarly journals. The Mellon Foundation played an important role in the initial development and governance of JSTOR in two ways: first, by acting as a nonprofit “incubator,” analogous to a venture capitalist role, and providing all the funding needed to develop the database, which JSTOR was not required to repay; and second, by using Mellon staff to form relationships with publishers and universities and provide other operational and administrative functions. Roger C. Schonfeld, *JSTOR: a case study in the recent history of scholarly communications*, 39 PROGRAM: ELECTRONIC LIBRARY AND INFORMATION SYSTEMS 337, 339–41 (2005). JSTOR has recently begun expanding its repertoire to include university press books. *University Presses to Publish Books Online at JSTOR*, WEEKLY NEWS DIGEST (Jan. 13, 2011), <http://newsbreaks.infotoday.com/Digest/University-Presses-to-Publish->

research communities would benefit from greater access to these back issues. Because the back issues were past their economic prime and not likely to generate substantial revenues in the future, these rights holders were willing to give JSTOR permission to make a database of the journals without requiring upfront payments. In licensing this database to institutions, JSTOR aims to recoup its costs and generate a steady revenue stream for rights holders; yet license prices and terms are perceived to be fair and consistent with norms and expectations of research communities.<sup>93</sup>

The out-of-print books envisioned for the GBS ISD or its post-settlement counterpart are similarly past their economic prime, and as with the journals in JSTOR, it would be socially beneficial if these works could be more widely available at reasonable prices, enough to recoup costs and share a reasonable revenue stream with rights holders.<sup>94</sup>

A third question is whether there would be one ECL-authorized ISD or more than one. The GBS settlement envisioned the creation of one ISD that Google expected to license to its library partners and other higher educational institutions.<sup>95</sup> This ISD would have been available through some free public access terminals at higher education institutions and the one-free-

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[Books-Online-at-JSTOR-73211.asp](http://newsbreaks.infotoday.com/Digest/Books-at-JSTOR-Initiative-Grows-74585.asp); *Books at JSTOR Initiative Grows*, WEEKLY NEWS DIGEST (Mar. 28, 2011), <http://newsbreaks.infotoday.com/Digest/Books-at-JSTOR-Initiative-Grows-74585.asp>.

<sup>93</sup> Schonfeld, *supra* note xx, at 341. Users most often access JSTOR through institutional subscriptions. As of January 2011, JSTOR counts nearly 3,000 U.S. institutions and close to 4,000 international institutions, representing 159 countries, as participants. *JSTOR by the Numbers*, JSTOR: ABOUT US, <http://about.jstor.org/about-us/jstor-numbers> (last visited Apr. 8, 2011). It has a value-based pricing approach, with a two-tier fee structure to libraries: 1) a one-time archive capital fee (ACF) and 2) an annual access fee, gauged according to the size of the institution. (The U.K. arrangement is slightly different, involving amortization over time.) The ACF is applied to a variety of purposes relating to the archives: adding content, preservation, upgrades, research. Michael P. Spinella, *JSTOR and the changing digital landscape*, 36 INTERLENDING AND DOCUMENT SUPPLY 79, 84 (2008).

<sup>94</sup> Another interesting feature of JSTOR, which may have some pertinence to an ISD of digital books made available through an ECL, is its “moving wall” policy, under which greater access is provided to the contents of in-copyright works in its repository as time passes. Zimmerman, *supra* note xx, at 50 (pointing to JSTOR as a possible model and discussing its moving wall concept); *JSTOR’s Moving Wall*, JSTORNEWS (June 2006, No. 10, Issue 2), [http://news.jstor.org/jstornews/2006/06/june\\_2006\\_no\\_10\\_issue\\_2\\_jstors\\_1.html](http://news.jstor.org/jstornews/2006/06/june_2006_no_10_issue_2_jstors_1.html).

<sup>95</sup> Amended Settlement Agreement, *supra* note 1, art. 4.1(a).

access-terminal-per-public-library.<sup>96</sup> Thousands of educational institutions and public libraries would likely be willing—indeed eager—customers for an ISD of digital books, as long as it was reasonably priced.<sup>97</sup>

Yet, the proposed GBS settlement would also have authorized Google to make specialized ISDs for corporate or government licensees.<sup>98</sup> Government agencies, nonprofit organizations, and even profit-making firms are among the other types of institutions that might be interested in an ISD customized to their needs and interests (e.g., oil and gas or computer science). Google may be among the firms interested in preparing customized ISDs for corporate or governmental customers. An advantage of a true ECL regime for digital books would be that more firms than just Google could get licenses to offer ISDs.

Under the proposed GBS settlement, Google would also have been allowed to sell individual books in the ISD to individual consumers.<sup>99</sup> Whether an ECL regime should be designed to authorize this or other uses (e.g., the right to serve up ads to readers of books in the ISD) is an important question which the Copyright Office should explore as part of its study of this possibility.

A key player in any regime designed to make out-of-print but in-copyright books more broadly available to research communities is likely to be the HathiTrust, a nonprofit organization formed among a consortium of fifty research libraries. It currently hosts and curates a digital repository of more than eight million volumes, which includes the LDC copies of books that

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<sup>96</sup> *Id.*, art. 4.8.

<sup>97</sup> *See, e.g.*, Library Ass'n Comments on the Google Book Settlement at 2, *Authors Guild v. Google Inc.*, 93 U.S.P.Q.2d 1159 (S.D.N.Y. 2009) (No. 05 CV.8136(DC)) (representing 139,000 libraries in the United States). Although these library associations supported approval of the settlement, they expressed concern about the risk of price gouging for ISD prices because Google would have de facto monopoly control over the ISD licensing and might be tempted, as for-profit journals had been, to charge prices beyond the ability of most libraries to pay. *Id.* at 1, 6–9.

<sup>98</sup> Amended Settlement Agreement, *supra* note 1, art. 4.1(a)(v).

<sup>99</sup> *Id.*, art. 4.2.

Google has delivered to its library partners as well as digital materials from other sources.<sup>100</sup> HathiTrust makes the contents of this repository available to its member institutions for all uses that are permitted by copyright law and its agreements with third parties. The HathiTrust may emerge as a trusted intermediary through which to provide an appropriate ISD for use in institutions of higher education and nonprofit research communities. The HathiTrust would likely be more careful than Google has been about ensuring that such an ISD would have high quality scans and metadata about books and their copyright status; it would also be more attentive to the needs and norms of research communities than Google.

One of the principal concerns about the proposed GBS settlement was about the risk that the ISD would be priced at excessive levels.<sup>101</sup> To provide some assurance that pricing will be reasonable, it may be wise to consider some mechanism for governmental oversight of pricing decisions for ISD licenses, which would only be invoked if the ECL administrator and prospective users were not able to conclude a mutually acceptable agreement voluntarily.<sup>102</sup>

An ECL administrator would have to collect data about usage of ISDs in order to make decisions about how to allocate revenue streams to particular rights holders. ECL administrators typically make such allocation decisions through statistically rigorous sampling techniques or through fixed percentages rather than collecting data on each and every usage of being made of in-copyright works.<sup>103</sup> An ECL administrator for a digital books ISD would not need to engage in as extensive a monitoring of book usages as Google planned under the GBS settlement, as the

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<sup>100</sup> HathiTrust, <http://www.hathitrust.org/about>.

<sup>101</sup> Samuelson, *Future of Books*, *supra* note xx, 1333-36.

<sup>102</sup> It is common for collective licensing pricing to be subject to some government oversight. *See, e.g.*, Gervais, *supra* note 54, at 1, 7-8.

<sup>103</sup> Nathalie Piaskowski, *Collective Management in France*, in COLLECTIVE MANAGEMENT, *supra* note xx, at 190-94; Stanley M. Besen, Sheila N. Kirby, & Steven C. Salop, *An Economic Analysis of Copyright Collectives*, 78 VA. L. REV. 383 (1992).

ECL administrator would not have the same interest in profiling user data for purposes such as serving targeted advertising to book users as Google planned with GBS.<sup>104</sup>

Many other details would need to be worked out for an ECL to be a viable option. The ECL administrator would need to establish a registry system for works in the ISD corpus, criteria for determining which books were eligible for the ECL by virtue of their out-of-print status, a governance structure to ensure that the interests of unregistered rights holders would be fairly represented, criteria for setting pricing and licensing terms that would be regarded as fair by both rights holders and ISD users, technical measures for ensuring the security of in-copyright ISD books, a reasonable formula for distributing funds to rights holders, and standards for ensuring accountability to its users and to rights holders.

Although the merits of the ECL option are considerable, it is worth noting that there are some reasons to doubt that this mechanism would transplant well from the Nordic countries to the United States.<sup>105</sup> First, the U.S. copyright culture is significantly different from the copyright cultures in other countries; in particular, collective management of rights is common in other countries, but relatively uncommon in the U.S.<sup>106</sup> Copyright owners would have to be willing to compromise to make this happen; yet, it is worth noting that the Authors Guild and AAP were willing to do this in negotiating the GBS settlement. Second, it would be challenging to ensure that non-members, especially foreign rights holders, would be fairly represented under a U.S.-devised ECL for the creation of digital libraries.<sup>107</sup> Third, questions have arisen as to whether

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<sup>104</sup> See, e.g., SIVA VAIDHYANATHAN, *THE GOOGLIZATION OF EVERYTHING (AND WHY WE SHOULD WORRY)* 82-114 (2010) (discussing Google's surveillance technologies and uses Google makes of information about individuals from this surveillance).

<sup>105</sup> Riis & Schavbo, *supra* note xx, sec. 4.3.2, 5-6.

<sup>106</sup> Gervais, *supra* note xx, at 2-6; Lunney, *supra* note xx. The Nordic countries have copyright cultures that are small, homogenous, well-organized, and experienced with collective management of rights. Riis & Schavbo, *supra* note xx, at sec. 5.

<sup>107</sup> Riis & Schavbo, *supra* note xx, sec. 4.4. The interests of foreign rights holders might be accommodated, in part, through representation on the governing board for the ECL administrator. The ECL administrator might also

ECLs are consistent with the strictures of the Berne Convention and U.S. obligations under the World Trade Organization Agreements.<sup>108</sup>

Even so, it would be unfortunate if legislators failed to consider an ECL option as a means to enable the development of a digital library akin to the GBS ISD, which would be such a phenomenal resource for learning and new knowledge creation. We should not let “the inflexibility of our domestic and international copyright systems . . . become a roadblock to achieving some truly major opportunities that new technologies are opening up for us.”<sup>109</sup> The ECL model is worth considering as part of a legislative package addressing the challenges that the GBS project and settlement have posed. An ECL would be a cost-effective way of creating a digital book ISD without running roughshod over copyrights.

### **III. A Legislative Package to Enable Mass Digitization to Approximate the GBS ISD**

This Part makes several suggestions about component parts of an integrated legislative package that would achieve most of the positive features of the GBS settlement while averting its most troublesome features. It would clarify the legal status of Google’s initial GBS project, as

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develop relationships with collecting societies in other nations and provide compensation to foreign rights holders through those societies whose members were entitled to a share of the ECL revenues.

<sup>108</sup> Commentators have raised two issues about the consistency of ECLs with treaty obligations. One is that ECLs, insofar as they effectively offer more protection to registered than unregistered rights holders, may conflict with Art. 5(2) of the Berne Convention for the Protection of Literary and Artistic Works. This article proscribes formalities that interfere with the enjoyment and exercise of copyright. A second is that ECLs may be a species of exception or limitation to copyright that may be inconsistent with Art. 9(2) of the Berne Convention, which establishes a 3-step test for judging whether limitations and exceptions are acceptable: the exception must be 1) for certain special cases, 2) that do not interfere with normal exploitation of the work, or 3) otherwise prejudice the legitimate interests of rights holders. Most commentators have opined that ECLs are consistent with the Berne Convention, especially if there is an opportunity for rights holders to opt out of the ECL. *See, e.g.*, Gervais, *supra* note xx, at 26-27; Riis & Schovsbo, *supra* note xx, at §§ 4.1-4.3, Strowel, *supra* note xx, at xx. *But see* Mihaly Ficsor, *Collective Management of Copyright and Related Rights from the Viewpoint of International Norms and the Acquis Communitaire* at 61-65 in COLLECTIVE MANAGEMENT, *supra* note xx (raising questions about the consistency of some ECLs with Berne Convention norms).

<sup>109</sup> Zimmerman, *supra* note \_\_\_\_, at 54.

well as allowing Google’s library partners to use their LDCs in a manner that would be consistent with the legislation and copyright rules more generally.

### **A. Broadening Copyright Privileges to Allow Digitization for Preservation Purposes**

Congress should authorize qualified entities to digitize in-copyright analog works for purposes of preserving their contents for future generations.<sup>110</sup> Although 17 U.S.C. § 108 of U.S. copyright law does not presently permit this across the board, the idea of such a privilege is by no means a radical one, for EU law already permits copying works for preservation purposes.<sup>111</sup> The social benefit of ensuring the preservation of cultural heritage is very strong, and the risk of economic harms from preservation copies is very small, particularly since rights holders typically have little interest in or incentive to engage in preservation activities, which are often expensive and difficult.<sup>112</sup>

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<sup>110</sup> See Zimmerman, *supra* note \_\_\_\_, at 31–32 (explaining the importance of preservation of cultural heritage). See also Bobby Glushko, *Pushing Libraries and Archives to the Edge of the Law* 9–11, available at [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1659853](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1659853). Concerns have been raised about the quality of the GBS scans and metadata. See, e.g., Karen Coyle, *Mass Digitization of Books*, 32 J. LIBRARIAN, preprint available at <http://www.kcoyle.net/jal-32-6.html>; Geoffrey Nunberg, *Google’s Book Search: A Disaster for Scholars*, CHRON. HIGHER EDUC., Aug. 31, 2009, <http://chronicle.com/article/Googles-Book-Search-A/48245/>. To ensure that preservation goals are accomplished, it is important that institutions with long-term professional commitments to high quality preservation and metadata about works, such as libraries and archives, have the opportunity to digitize works for preservation purposes.

<sup>111</sup> 17 U.S.C. § 108(c) permits libraries to make copies of published works to replace copies that have been damaged, lost or stolen if an unused replacement cannot be found at a fair price and replacement copies are only accessible on library premises. In the last twenty years of a work’s copyright term, libraries and archives can make copies of published works for preservation purposes, 17 U.S.C. § 108(h), although this exception too is limited if the work is still commercially available at a reasonable price. See 17 U.S.C. §§ 108(c), (h) (2006). The Section 108 Study group reached consensus on broadening § 108 to allow digitization for preservation purposes, but would have limited it to “at risk” works. See THE SECTION 108 STUDY GROUP REPORT 18–20 (2008) [hereinafter SECTION 108 STUDY]. Yet, U.S. law does permit the making of archival copies of computer programs; thus, there is some precedent in U.S. law for a general preservation exception. See 17 U.S.C. § 117(a). See also Directive 2001/29, art. 5(2), of 22 May 2001 on the Harmonization of Certain Aspects of Copyright and Related Rights in the Information Society, 2001 O.J. (L 167) 10 (EC); Stef van Gompel & P. Bernt Hugenholtz, *The Orphan Works Problem: The Copyright Conundrum of Digitizing Large-Scale Audiovisual Archives and How to Solve It*, 8 POPULAR COMM. 61, 62 (2010) (pointing to this privilege and its implementation in some national laws).

<sup>112</sup> Zimmerman, *supra* note \_\_\_\_, at 32, 40–41.

Libraries and archives are the most obvious candidates for a preservation privilege under a possible expansion of § 108. A copyright privilege to allow copying for preservation purposes should probably extend to museums as well.<sup>113</sup> Yet, these may not be the only entities interested in preserving information stored in books and the like; even for-profit firms such as Google might be prepared to undertake such an effort.<sup>114</sup> Congress should consider whether the societal goal of preserving cultural heritage can better be achieved if institutions beyond libraries and archives are able to qualify for this privilege, given the high costs and technical process needed to undertake substantial projects of this sort.<sup>115</sup>

And if at least one purpose of the legislation is to authorize uses of the GBS corpus for some purposes, including authorizing uses of the LDCs that Google has provided to its library partners, it would make sense to create a privilege that would allow Google to scan books for this purpose and to transfer the preserved corpus to library partners, as these entities are more likely than Google to have a long-term commitment to preservation of cultural heritage. Such a privilege should not, of course, be granted only to Google. If, for example, Microsoft or the Internet Archive wanted to scan books for preservation purposes, this should be as permissible for them as for Google.

The preservation privilege should, however, probably be available only to those willing to commit to fulfilling certain responsibilities. Prospective preservers should be prepared to show, for instance, that they have adequate security measures in place to protect a digitized corpus of books, perhaps along the lines set forth in the GBS settlement.<sup>116</sup> They should also be required to make commitments to abide by a set of evolving best practices guidelines for

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<sup>113</sup> SECTION 108 STUDY, *supra* note 89, at 31 (recommending this).

<sup>114</sup> The Internet Archive might also have such an interest.

<sup>115</sup> *See, e.g.,* Zimmerman, *supra* note \_\_\_\_, at 47.

<sup>116</sup> Amended Settlement Agreement, *supra* note 1, art. 8.

preserving materials and to storage of preserved materials in more than one secure site to minimize the risk that the failure of one set of computers would thwart the preservation project.<sup>117</sup> The privilege might also be limited in other ways, for instance, to publicly disseminated works or to works in the collections of libraries, museums and archives and thus already subject to the cultural stewardship that these institutions provide.<sup>118</sup>

### **B. Establishing a Privilege to Allow Snippet Displays and Nonexpressive Uses**

The GBS settlement would have authorized Google to make certain display uses of GBS books as well as computational uses of books in the corpus. Google has, moreover, been providing snippets for most in-copyright books in the corpus. This section considers whether a general privilege to enable such activities should be part of an overall digital library legislative package.

A small number of snippets served up in response to search queries obviously displays some expression from copyrighted works, but not enough to undercut the market for the overwhelming majority of books.<sup>119</sup> Indeed, snippet views are likely to enhance the marketability of books, as users are made aware of relevant books of which they previously were ignorant and of sites from which the books can be purchased or otherwise lawfully acquired.<sup>120</sup>

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<sup>117</sup> Zimmerman, *supra* note \_\_\_, at 47–48.

<sup>118</sup> Unpublished manuscripts or letters of prominent authors in the collections of research universities are examples of works that should perhaps be digitized for preservation purposes. See SECTION 108 STUDY, *supra* note \_\_\_, at 61 (recommending that some unpublished works should be included in an expanded preservation privilege).

<sup>119</sup> There are relatively few types of books for which snippet views might pose harms to the copyright owners' market. Examples are dictionaries, thesauruses and books of famous quotations. These types of works could be excluded from any snippet privilege. Sag, among others, has argued that snippet display should be considered fair use. Matthew Sag, *Copyright and Copy-Reliant Technology*, 103 Nw. U. L. Rev. 1607, 1622 (2009).

<sup>120</sup> Although courts sometimes dismiss arguments that an infringement can be excused because the use might enhance the market for the original, these dismissals generally occur when the defendant has been commercially exploiting the work in a different market segment. See, e.g., *Metro-Goldwyn-Mayer, Inc. v. Showcase Atlanta Coop. Prods., Inc.*, 479 F. Supp. 351 (N.D. Ga. 1979) (holding stage satire of *Gone with the Wind* unfair). When the work is not being so exploited, courts have sometimes taken a more positive view of the potential of uses to enhance

It should matter if a service provider links, as Google has done, to sites from which the books can be lawfully acquired, either by purchase or through library lending.

While it would be possible for an ECL to extend to snippet displays, it would be very difficult—and perhaps impossible—to calculate the amount of compensation that should go to rights holders when only a few short snippets are displayed in response to random user search queries. Because of this and because of the potential that a small number of snippet displays per book will enhance the market for books, it would make more sense to create a privilege to allow snippet displays as long as rights holders had an opportunity to opt out of snippet displays if they wished.<sup>121</sup> While snippet displays could also be accommodated through the fair use doctrine, as Google has asserted, it would create more certainty in the law if Congress established a privilege for qualified users to provide snippet displays (unless rights holders objected).

Nonexpressive uses of works, such as the automated processing of texts to improve search technologies, pose even less risk of supplanting the market for copyrighted works than snippet displays.<sup>122</sup> In some recent cases, the inputting of copyrighted works into a computer system for nonexpressive purposes has resulted in fair use rulings owing in large part to the lack of market harm.<sup>123</sup> Copyright law protects the interests of authors and their assigns from many unauthorized exploitations of the *expression* in their works; nonexpressive uses of these works fall outside of copyright's core concerns.<sup>124</sup> In fact, if anything, nonexpressive uses may well advance the overall goals of copyright law by promoting innovation, as when it results in

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the market for a protected work. *See, e.g.,* Kelly v. Arriba Soft Corp., 336 F.3d 811, 821 (9th Cir. 2002) (a search engine's use of photographs may help the copyright owner to sell high resolution versions of them).

<sup>121</sup> Sag regards an opt out choice as an important factor in assessing whether nonexpressive uses of in-copyright works should be deemed noninfringing. Sag, *supra* note 98, at 1675–78.

<sup>122</sup> *Id.* at 1628.

<sup>123</sup> *See, e.g.,* A.V. v. iParadigms, L.L.C., 544 F. Supp. 2d 473 (E.D. Va. 2008) (finding it a fair use to upload student papers for purposes of checking for plagiarism); Field v. Google, Inc., 412 F. Supp. 2d 1106 (D. Nev. 2006) (holding search engine's caching of content posted on websites to be noninfringing).

<sup>124</sup> Sag, *supra* note 98, at 1628 (“[O]nce it is understood that copyright's primary function is to protect the author from the threat of expressive substitution, the case in favor of nonexpressive uses becomes almost self-evident.”).

improved search algorithms and automated translation tools. One advantage of establishing a general privilege to make nonexpressive uses of copyrighted works would be that Google's competitors could, at least in principle, take advantage of this privilege, which would then promote competition as well as innovation. Thus, this Article recommends that Congress enact legislation to permit such uses.

### **C. Opening Up Access to the GBS Corpus to Other Search Technologies**

The grant of a privilege to allow search engines and the makers of related technologies to make nonexpressive uses of digital forms of copyrighted works may be a step in the direction of promoting competition and innovation in these technological fields, but it would only go so far. The stark reality today is that Google has a corpus of 15+ million books on which it routinely conducts searches. It has, moreover, a considerable head-start in using this corpus to improve its search technologies.

The legitimacy of Google's acquisition of this corpus was, of course, questioned in the *Authors Guild* litigation. Although it is certainly possible that this issue will finally be tested in court, the more likely outcome is a new settlement that would give Google the right to commercialize books in the corpus only if the appropriate rights holder has affirmatively agreed to this.<sup>125</sup> If the new settlement includes terms that would legitimize Google's nonexpressive uses of the corpus, this would put Google's competitors who refrained from scanning in-copyright books out of respect for others' copyrights at a significant competitive disadvantage.

In its memorandum opposing approval of the GBS settlement, the Open Book Alliance ("OBA") raised concerns about the unfair competitive advantage Google now has over the

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<sup>125</sup> In his opinion rejecting the GBS settlement, Judge Chin signaled that the switch from an opt out to an opt in regime would ameliorate the concerns expressed by many objectors. *Authors Guild* slip op. at 46.

makers of other search engines because of its nonexpressive uses of these in-copyright works.<sup>126</sup>

In discussing the antitrust implications of the proposed settlement, Judge Chin noted that “Google’s ability to deny competitors the ability to search orphan books would further entrench Google’s market power in the online search market.”<sup>127</sup> In order to level the playing field in the search market, Congress should consider requiring Google to grant a license to other search engines to make nonexpressive uses of works in the GBS corpus. It might ask the Antitrust Division of the Department of Justice to work with the parties on appropriate terms of a license.

#### **D. Improving Access to Orphan Works**

Some commentators have endorsed the idea of adopting an ECL regime for making orphan works available to the public.<sup>128</sup> In a sense, the proposed GBS settlement would have done something akin to this.<sup>129</sup> The settling class would have given Google a license to commercialize orphan books, both through the ISD and through sales of individual books, as long as Google provided sixty-three percent of the revenues to BRR; BRR would then have escrowed funds owed to unregistered rights holders and been prepared to pay them if and when the rights holders later came forward.

The GBS settlement anticipated that some of the unclaimed funds would be used to search for unregistered rights holders in order to sign them up to enjoy revenue streams from Google.<sup>130</sup> Although some proponents of the GBS settlement have characterized the orphan works problem as “a myth,” a more objective view is that somewhere between several hundreds

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<sup>126</sup> See, e.g., Supplemental Memorandum of Amicus Curiae Open Book Alliance in Opposition to the Proposed Amended Settlement at 16–20, *Authors Guild v. Google Inc.*, 93 U.S.P.Q.2d 1159 (S.D.N.Y. 2009) (No. 05 CV.8136(DC)) (explaining why Google’s nonexpressive uses of books in the GBS corpus give it an unfair advantage in the search market).

<sup>127</sup> *Authors Guild* slip op. at 37.

<sup>128</sup> See, e.g., Hugenholtz & van Gompel, *supra* note \_\_\_\_.

<sup>129</sup> See *supra* notes \_\_\_\_ and accompanying text. One of Judge Chin’s principal reasons for rejecting the GBS settlement was that Congress was the proper forum in which decisions should be made about how to make orphan works available to the public. *Authors Guild* slip op. at 22-24.

<sup>130</sup> Amended Settlement Agreement, *supra* note \_1\_, art. 6.3(a)(i)(2).

of thousands or many millions of out-of-print books in the GBS corpus would turn out to be orphans, even if BRR tried to track down their rights holders.<sup>131</sup>

There is some appeal in the approach that the GBS settlement would have taken to addressing the orphan works problem. At the outset, no one could know which out-of-print books in the GBS corpus would prove to be orphans and which ones were owned by persons who could be located through a reasonably diligent search. The settlement assumed that while some rights holders would come forward on their own initiative to register with BRR, BRR would have had to search for others to sign them up for payouts from Google's exploitations of their books. Yet, the settlement also contemplated that at least some rights holders of GBS books would be searched for but not found, as is evident from the settlement's provisions on unclaimed funds.<sup>132</sup> This process would over time have revealed which books were orphans.

It is a clever idea to use some of the money owed to unregistered rights holders to try to find them as a way to sort out which books are orphans and which are not. But what should happen to books once it becomes known they are orphans?

Under the original settlement, BRR would have paid out the funds owed to unregistered rights holders to BRR registrants.<sup>133</sup> The DOJ pointed out that this aspect of the settlement created a conflict of interest between BRR and registered rights holders on the one hand, and unregistered rights holders on the other because BRR and its registrants would have little

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<sup>131</sup> Fairness Hearing Transcript, *supra* note \_\_\_\_, at 138 (characterizing orphan works as a myth). Estimates of the number or proportion of works in GBS that are likely to be orphans varies widely. *See, e.g.*, Band, *supra* note \_\_\_\_, at 294 (estimating that seventy-five percent of the books in the GBS corpus will be unclaimed and hence virtually orphaned); Michael Cairns, *580,388 Orphan Works—Give or Take*, PERSONANONDATA (Sept. 9, 2009, 1:03 AM), <http://personanondata.blogspot.com/2009/09/580388-orphan-works-give-or-take.html> (estimating that fewer than 600,000 books will be orphans). The best-informed estimate of the likely percentage of orphans in the GBS corpus can be found in a recent study by the Executive Director of the HathiTrust. *See* John P. Wilkin, *Bibliographic Indeterminacy and the Scale of Problems and Opportunities of "Rights" in Digital Collection Building*, COUNCIL ON LIBRARY AND INFORMATION RESOURCES, Feb. 2011, <http://www.clir.org/pubs/ruminations/01wilkin/wilkin.html> (estimating that 50% of the volumes in the HathiTrust corpus derived from GBS LDC copies will be orphans).

<sup>132</sup> Amended Settlement Agreement, *supra* note 1, art. 6.2, 6.3.

<sup>133</sup> Original Settlement Agreement, *supra* note 1, art. 6.3.

incentive to look for unregistered rights holders if they would benefit financially if the latter did not show up.<sup>134</sup>

In response to the DOJ's concerns, the settling parties negotiated an amended GBS settlement, which sought to avoid this conflict in two ways: through the designation of an unclaimed work fiduciary ("UWF") to represent the interests of unregistered rights holders, and through provisions authorizing pay outs of unclaimed funds after ten years to literacy charities.<sup>135</sup> Two aspects of UWF approach to the orphan works problem were particularly objectionable.<sup>136</sup> First, no one could know with certainty what orphan book rights holders would want done with their books, so it was questionable whether an UWF could really act as a fiduciary for their interests. Second, and more importantly, it would be more consistent with the utilitarian tradition of American copyright law, as well as with recommendations made by the U.S. Copyright Office to Congress, for known orphan books to be available on an open access basis, as no known right holder would be available to deserve compensation for uses of these works.<sup>137</sup> Rather than charging profit maximizing prices for orphan books till the end of their copyright terms and giving unclaimed funds to literacy charities, these books should be available on an open access basis. To allow broad public access to orphan works through libraries and educational institutions would promote the "Progress of Science" much more than the approach taken in the GBS settlement.<sup>138</sup>

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<sup>134</sup> Statement of Interest, *supra* note 48, at 8–9.

<sup>135</sup> Amended Settlement Agreement, *supra* note 1, art. 6.2(b)(iii), 6.3(a)(i)(3).

<sup>136</sup> *See, e.g.*, Pamela Samuelson, *Academic Author Objections to the Google Book Settlement*, 8 J. TELECOMM. & HIGH TECH. L. 491, 503-08 (2010) (analyzing the UWF provisions and criticizing some of the powers the UWF would have been given and not given in the amended settlement).

<sup>137</sup> REGISTER OF COPYRIGHTS, U.S. COPYRIGHT OFFICE, REPORT ON ORPHAN WORKS 11 (2006), available at <http://www.copyright.gov/orphan/orphan-report.pdf> (hereinafter Orphan Works Report). For suggested refinements of the Office's proposal, *see, e.g.*, Jane C. Ginsburg, *Recent Developments in U.S. Copyright Law: Part I—“Orphan” Works*, 31 COLUM. J.L. & ARTS 409 (2008).

<sup>138</sup> U.S. CONST. art. I, § 8, cl. 8.

Yet, Congress might consider adapting the GBS approach to orphan works to achieve a similar but better outcome. Congress could authorize the creation of an ECL for out-of-print books, as noted above; unclaimed funds from these books could be escrowed for a period of years; and after efforts to locate owners during those years failed, the works should be designated orphans and made available on an open access basis.<sup>139</sup> If a book rights holder later came forward, he or she should be able to change the open access designation for such works.<sup>140</sup>

### **E. Resolving the Author-Publisher eBook Rights Controversy**

One factor that contributes to the orphan works problem is the legal unclarity as to who, as between authors and publishers, owns the rights to control the making and selling of e-book versions of published books. Of course, this unclarity also affects a great many rights holders who are readily findable.<sup>141</sup> The problem arises because most publishing contracts drafted in the twentieth century did not contemplate the evolution of a market for e-books and hence did not resolve who owned these rights when the e-book market emerged. The only judicial decision interpreting common grant language in trade publishing contracts has ruled that authors own the right to authorize e-books, but publishers hotly contest this decision.<sup>142</sup> The GBS settlement contained provisions that aimed to resolve this controversy through a revenue-sharing

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<sup>139</sup> Information sharing about the orphan status of works is important to the success of any program aimed at enhancing access to these works. It would be socially wasteful for every prospective user of orphan works to have to make an independent costly search for rights holders.

<sup>140</sup> Orphan Works Report, *supra* note xx, at 12-13 (discussing options if an orphan work owner later came forward). The Office recommended that monetary and injunctive relief be limited when users reasonably believed the works were orphans. The Office suggested no compensation be awarded for past uses by libraries and archives, as long as these institutions took down the protected work if and when the orphan owner showed up. The Office believed that injunctive relief should be limited if transformative uses were made of works believed to be orphaned. *Id.*

<sup>141</sup> Elsewhere I discuss the unclarity of the e-book rights problem at greater length. Samuelson, *Settlement as Reform*, *supra* note xx, at 496-500.

<sup>142</sup> *Random House, Inc. v. Rosetta Books LLC*, 283 F.3d 490 (2d Cir. 2002). Publishers contest this decision. See, e.g., Motoko Rich, *Legal Battles over E-Book Rights to Older Books*, N.Y. TIMES, Dec. 12, 2009, <http://www.nytimes.com/2009/12/13/business/media/13ebooks.html>.

arrangement under which authors would get sixty-five percent and publishers thirty-five percent of revenues Google earned from its exploitation of books published before 1987, with a fifty-fifty split for books published after that date.<sup>143</sup> It would be desirable for Congress to address this issue as part of the legislative package to address the digital copyright issues discussed in this Article; it would obviously affect who would be entitled to share in revenue streams from the ECL regime. Perhaps a compromise akin to the GBS settlement would be a fair outcome of this controversy.

#### **F. Updating Library Privileges**

Congress should update library privileges for the digital age in other ways besides allowing libraries to digitize works to preserve them, to make nonexpressive and nonconsumptive research uses of these copies and to have access to an ISD of out-of-print books under an ECL. Some additional recommendations of the Section 108 Study Group may be worth including in the legislative package considered in this Article.<sup>144</sup> Although the amendments recommended in this Article may obviate the need for some of the Section 108 group's proposals, some of its recommendations might be useful supplements to the legislation proposed here. The Section 108 study might provide some guidance in refining proposals recommended in this Article.

One additional update to existing library privileges that should be considered as part of the legislative package is one that would permit lending of digital copies of out-of-print books, subject to appropriate restrictions.<sup>145</sup> Libraries should, for example, be able to engage in digital

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<sup>143</sup> Amended Settlement Agreement, *supra* note 1, att. A. *See also* Samuelson, *Settlement as Reform*, *supra* note xx, at 518-19 (discussing Attachment A).

<sup>144</sup> SECTION 108 STUDY, *supra* note \_\_\_\_, at 31–131.

<sup>145</sup> The Internet Archive and the Boston Public Library have begun to lend digital copies of books in their collections. *See, e.g.*, Geoffrey A. Fowler, *Libraries Have a Novel Idea*, WALL ST. J., June 29, 2010, available at <http://online.wsj.com/article/SB10001424052748703279704575335193054884632.html>.

lending only as to books physically present in their collections; they should not engage in digital lending of more copies of in-copyright books than they actually possess; and they should use technical protection measures to disable further use of digitally lent books after the expiration of the normal period for lending at their institutions. This would be a natural extension of the long-standing right of these institutions to lend books in their collections.

### **G. Improving Access for Persons With Print Disabilities**

One especially appealing aspect of the GBS settlement was the promise it held out of greatly improving access to books for persons who have print disabilities.<sup>146</sup> Although U.S. copyright law presently has an exception allowing certain entities to make and distribute copies of previously published literary works in specialized formats for use by persons with print disabilities, this exception is considered by organizations representing this community as too limited in scope, and as a consequence, relatively few books have been made available under its auspices.<sup>147</sup>

Fewer than one million books are currently available in a format accessible to print-disabled persons.<sup>148</sup> Approval of the GBS settlement would have potentially increased the accessibility of books to as many as twenty million volumes.<sup>149</sup> Once books are digitized, it is relatively simple to create programs to enhance the size of the fonts for displaying their texts, to render them aurally, or to make them accessible through Braille technologies.<sup>150</sup> Enhanced

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<sup>146</sup> Amended Settlement Agreement, *supra* note 1, at art. 1.114 (defining print disabilities), 3,3(d). The settlement would also have allowed fully participating libraries to provide enhanced access for print-disabled persons. *Id.* art. 7.2(b)(ii). For a discussion of the appeal of this aspect of the settlement, *see, e.g.*, Letter from the Am. Ass'n of People with Disabilities to Judge Chin, *Authors Guild v. Google Inc.*, 93 U.S.P.Q.2d 1159 (S.D.N.Y. 2009) (No. 05 CV.8136(DC)).

<sup>147</sup> 17 U.S.C. § 121 (2006). *See* Comments of Disability Organizations, *supra* note 39, at 6–8.

<sup>148</sup> *Id.* at 16.

<sup>149</sup> *Id.* at 1.

<sup>150</sup> Fairness Hearing Transcript, *supra* note \_\_\_\_, at 16.

access to these books would enable persons with print disabilities to have greater access to educational opportunities and enable them to become more productive members of society.<sup>151</sup> It is no wonder, then, that a coalition of organizations claiming to represent an estimated thirty million persons who suffer from print disabilities was among the most fervent supporters of the proposed GBS settlement.<sup>152</sup>

Disapproval of the GBS settlement has acutely disappointed the hopes and expectations of this coalition and others (e.g., libraries and schools) that are committed to promoting broad public access to knowledge. Because of the substantial public benefits that would be made possible by enhanced access to books by print-disabled persons, it would be desirable for any legislative initiative addressing copyright digitization problems to include a provision to expand access for print-disabled persons along the lines set forth in the GBS settlement. This expansion of access might suitably be covered by the ECL discussed above. If Congress endorsed a measure that enhanced access to books for persons who have print disabilities, this might well improve the prospects for an international treaty to improve access to books for such persons.<sup>153</sup>

## H. Privacy Protections for Users of Digitized Books

Among the least appealing and most worrisome aspects of the GBS settlement was its lack of commitment to privacy protections for users of GBS books.<sup>154</sup> This is significant because

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<sup>151</sup> Comments of Disability Organizations, *supra* note 39, at 11.

<sup>152</sup> See Fairness Hearing Transcript, *supra* note \_\_, at 14–17.

<sup>153</sup> See, e.g., Press Release: WIPO & U.S. Copyright Office Course Address Access to Copyright-protected Works by Visually Impaired Persons, WIPO (Mar. 16, 2010), [http://www.wipo.int/pressroom/en/articles/2010/article\\_0005.html](http://www.wipo.int/pressroom/en/articles/2010/article_0005.html).

<sup>154</sup> See, e.g., Brief Amicus Curiae of the Center for Democracy & Technology in Support of Approval of the Settlement and Protection of User Privacy, *Authors Guild v. Google Inc.*, 93 U.S.P.Q.2d 1159 (S.D.N.Y. 2009) (No. 05 CV.8136(DC)) [hereinafter CDT Amicus]. In his decision ruling against the GBS settlement, Judge Chin said these privacy concerns were “real.” He intimated that any revised settlement should include additional privacy protections. *Authors Guild* slip op. at 39-40.

the settlement called for extensive monitoring of the usage of GBS books.<sup>155</sup> While Google announced that its general privacy policy would apply to GBS, privacy advocates were not satisfied with this because that policy would allow Google to “track a reader’s past and present online actions and locations through some unstated combination of cookies, IP addresses, referrer logs, and numerous distinguishing characteristics of a reader’s hardware and software.”<sup>156</sup> Tracking this data would allow Google to know “what books are searched for, which are browsed (even if not purchased), what pages are viewed of both browsed and purchased books, and how much time is spent on each page.”<sup>157</sup> Google might well have aggregated that data with other information it had collected about users of other Google products or services.<sup>158</sup> This would further undermine user privacy interests.

Although some usage monitoring might have been necessary so that Google and/or BRR could determine how funds from Google’s commercialization of books covered by the settlement should be allocated among rights holders, some commentators on the settlement offered specific proposals about how users privacy protections might be built in to an online reading environment such as GBS.<sup>159</sup> These proposals should be considered as part of the legislative package envisioned in this Article.<sup>160</sup> Among other things, digital book service providers should minimize the data they collect about book usage; inform users about the purposes for which data is being collected and will be used, flush data from the system after a set period of time (e.g.,

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<sup>155</sup> See, e.g., *Google Book Settlement and Privacy*, ELECTRONIC PRIVACY INFO. CENTER, <http://epic.org/privacy/googlebooks/default.html> (last visited Mar. 28, 2011) (showing chart of GBS settlement provisions for monitoring usages of GBS books).

<sup>156</sup> Privacy Authors and Publishers’ Objection to Proposed Settlement at 8, *Authors Guild*, 93 U.S.P.Q.2d 1159 (No. 05 CV.8136(DC)) [hereinafter Privacy Objection]. See *Google Books Privacy Policy*, GOOGLE BOOKS (Dec. 6, 2010), <http://www.google.com/googlebooks/privacy.html>.

<sup>157</sup> Privacy Objection, *supra* note \_\_, at 8.

<sup>158</sup> *Id.*

<sup>159</sup> See, e.g., *id.*, at 20–24 (making numerous recommendations for GBS user privacy rules); CDT Amicus, *supra* note \_\_, at 14–24 (recommending a dozen changes to the GBS settlement to protect user privacy).

<sup>160</sup> Another way that Congress could address reader privacy in the online world be to authorize the Federal Trade Commission to develop standards for reader privacy protections. The grantor of any ECL license to make out-of-print books available through an ISD should require licensees to make commitments to protect reader privacy.

when it is no longer needed for the purposes for which it was collected); establish effective security for user data during the time it is in the collector's possession; and require that the government or third parties make a strong showing of need and appropriateness before book usage data is turned over to government agents.<sup>161</sup>

Readers of books have traditionally been protected from invasions of their privacy, in part, by the technical infeasibility of monitoring the usage of purchased books. Although libraries have long collected data about patron usage of books, this data has traditionally been protected by library codes of ethics and by state laws prohibiting disclosure of this data.<sup>162</sup> The right to read anonymously should continue to be respected in the digital environment.<sup>163</sup> Any legislation to regulate digital libraries or repositories of books should provide comparable privacy protections that those readers have traditionally enjoyed.<sup>164</sup> Indeed, new kinds of privacy protections may be needed because social media now allow individuals to share book annotations, tags, links, and the like with their friends or other confederates.<sup>165</sup>

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<sup>161</sup> See, e.g., *In re Grand Jury Subpoena to Amazon.com Dated Aug. 7, 2006*, 246 F.R.D. 570, 573 (W.D. Wisc. 2007) (quashing subpoena seeking book purchaser identity); *Tattered Cover v. City of Thornton*, 44 P.3d 1044, 1059 (Colo. 2002) (requiring government not only to have a warrant, but also to show a compelling need for book records).

<sup>162</sup> See, e.g., CAL. GOV'T CODE §§ 6267, 6254(j) (West 2008); AM. LIBRARY ASS'N, CODE OF ETHICS (2008), available at <http://www.ala.org/ala/issuesadvocacy/proethics/codeofethics/codeethics.cfm>. Senator Leland Yee has recently introduced a bill in the California legislature that would protect reader privacy in the online world. See SB 602 (Yee), The Reader Privacy Act of 2011.

<sup>163</sup> See, e.g., Julie E. Cohen, *A Right to Read Anonymously: A Closer Look at "Copyright Management" in Cyberspace*, 28 CONN. L. REV. 981 (1996).

<sup>164</sup> See, e.g., Cindy Cohn and Kathryn Hashimoto, *The Case for Book Privacy Parity: Google Books and the Shift from Offline to Online Reading*, HARV. L. & POL'Y REV. (May 16, 2010), <http://hlpronline.com/2010/05/the-case-for-book-privacy-parity-google-books-and-the-shift-from-offline-to-online-reading/>.

<sup>165</sup> See, e.g., Jane Hunter, *Collaborative Semantic Tagging and Annotation Systems*, in ANNUAL REVIEW OF INFORMATION SCIENCE AND TECHNOLOGY, AMERICAN SOCIETY FOR INFORMATION SCIENCE & TECHNOLOGY (2009) (discussing the rise of social media uses of existing texts). The GBS settlement would have limited users' ability to annotate GBS books and to share their annotations. Amended Settlement Agreement, *supra* note 1, art. 3.1(c)(ii)(5). Insofar as legislation allowed annotation sharing of online library books, it should address the privacy interests of users as to monitoring of annotations and annotation sharing.

## I. Safe Harbor for Good Faith Determinations of Public Domain or Orphan Work

### Status

The GBS settlement would have created a safe harbor for Google insofar as the firm made a good faith determination that a book was in the public domain, when in fact it was still in copyright, or that a book was not commercially available (and hence eligible for commercialization by Google), when in fact it was commercially available.<sup>166</sup> A similar safe harbor should be adopted for mistaken characterizations of works as public domain or orphans in the legislative package recommended here. Upon being notified that a particular work is not, in fact, in the public domain or not an orphan, the work should no longer automatically be available for free downloads or under open access licenses, but as long as the relevant users complied with the rights holders' preferences going forward, there should be no injunctive or monetary damages awarded, at least against nonprofit educational institutions, libraries, and archives.<sup>167</sup>

## IV. Concluding Thoughts

The GBS initiative and the proposed settlement of the *Authors Guild* litigation have fundamentally changed the copyright landscape.<sup>168</sup> Nothing will ever be the same. Even the recent judicial disapproval of this settlement cannot restore the status quo that existed before Google began the GBS initiative in 2004.

The most significant facts on the ground are these: Google has created a corpus of fifteen million books, which it intends to grow to many millions more. Google is making extensive

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<sup>166</sup> Amended Settlement Agreement, *supra* note 1, art. 3.2 (d). The settlement would have committed Google to correct mistakes promptly insofar as its good faith determinations were wrong. *Id.* The GBS agreement also limited Google's liability insofar as certain kinds of security breaches occurred. *Id.* art. 8.4, 8.5. It also contained an extensive set of releases of claims against Google and its library partners. *Id.* art. 10.1.

<sup>167</sup> This is consistent with the Copyright Office's recommendations to limit remedies against users who reasonably believed works were orphans. Orphan Works Report, *supra* note xx, at 12-13.

<sup>168</sup> Since Google began its mass-digitization project, other nations have commenced similar projects to build national digital libraries. *See infra* notes xx and accompanying text.

nonexpressive uses of these books as well as serving up snippets from books whose rights holders have not objected to this practice. Google has delivered to its library partners an LDC of books scanned from their collections. A consortium of Google's library partners has formed the HathiTrust to pool their LDCs, curate this corpus, and make as many lawful uses of the books in this corpus as they can. Public domain books are now freely available from GBS, among others. Google is, moreover, sponsoring academic research using the GBS corpus. Members of the public have become accustomed to accessing books through GBS.

Approval of the settlement would, of course, have ratified these acts and led to the implementation of the GBS ISD which would then have been available through public access terminals at public libraries and institutions of higher education as well as through subscriptions. Judicial disapproval of the settlement means the full promise of and societal benefits from the envisioned GBS ISD cannot be fulfilled without legislative action. Legislation will take time, if it can be done at all. In the meantime, Google seems intent on continuing to build the GBS corpus and supplying its library partners with digital copies of books from their collections.

Thus, even assuming that the Authors Guild and publishers resumed litigation against Google in the aftermath of settlement disapproval, the important facts on the ground are likely to prevail for many years. Very little discovery has been conducted in the lawsuits, and discovery would likely be time consuming and costly. The Authors Guild would soon have to persuade a court to certify a class similar to that claimed in the GBS settlement; in view of the diversity of interests within the class revealed by the hundreds of objections to the proposed settlement, class certification might be difficult.<sup>169</sup> It is, moreover, unclear that the Guild or the publishers have the resources, will and stamina to resume full-dress litigation against a resource-rich company

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<sup>169</sup> In ruling against the GBS settlement, Judge Chin cast some doubt on the certifiability of the class because of divergent interests within it. *Authors Guild* slip op. at 20-21, 28-29.

such as Google and concomitantly, to undermine the public good that would flow from preserving works from the collections of major research libraries; these actors seem more likely to be interested in a second, albeit less ambitious, settlement.<sup>170</sup>

Yet even if the Guild and publishers did resume litigation, resolution of the copyright claim arising from GBS scanning would be many years away. Google stands, in my view, a good chance of winning that litigation.<sup>171</sup> Yet, even if the Guild and publishers eventually won, it seems unlikely, given the public interest in access to GBS, that a court would order Google to destroy the corpus or would grant such a substantial monetary award as to bankrupt the company. A more appropriate remedy under these circumstances might well be an award of damages or an agreement to pay ongoing royalties for the challenged uses, rather than an injunction to stop all uses of in-copyright books in the GBS corpus.<sup>172</sup>

Because Google's library partners are not parties to the *Authors Guild* lawsuit, the HathiTrust would still have the LDC copies of the books; it would require a new round of litigation to enjoin uses of the HathiTrust corpus. Because of their nonprofit status, the libraries might have stronger fair use arguments than Google. Moreover, most of Google's library partners would be immune from damage awards because of the Supreme Court's Eleventh Amendment jurisprudence; this would make them a less attractive litigation target than Google.<sup>173</sup>

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<sup>170</sup> Judge Chin has signaled that he would prefer to see a revised settlement than further litigation in the *Authors Guild* case, particularly if a revised settlement was structured to require rights holders to opt in to the forward looking commercial venture contemplated by the settling parties. *Id.* at 15 ("Public policy, of course, favors settlements"), 46 ("[M]any of the concerns raised in the objections would be ameliorated if the ASA were converted from an 'opt-out' settlement to an 'opt-in' settlement.").

<sup>171</sup> My fuller assessment of Google's fair use defense can be found in Part I-B of Samuelson, *Settlement as Reform*, *supra* note xx. Other scholars have generally supported Google's fair use defense. *See infra* note xx.

<sup>172</sup> *See, e.g.,* *Tasini v. New York Times Co.*, 533 U.S. 483, Part IV (2001)(favoring a compensatory award over an injunction to promote balance of interests of freelance writers and of the public in continued access to their works).

<sup>173</sup> State-related universities are likely to be immune from damage awards in copyright litigation for reasons explained in Samuelson, *Settlement as Reform*, *supra* note xx, Part I-A.

Because litigation is an expensive and time-consuming way to resolve complex issues such as those posed by the GBS project and the proposed settlement, it would be worth considering legislation to achieve many of the positive outcomes envisioned in the GBS settlement, particularly the ISD. This Article has offered some suggestions about component elements of legislation to accomplish these goals, including an ECL regime that would enable the creation of a digital public library, as well as potentially to authorize other digitization projects.

Google would have reason to support legislation of this sort, as it would dispel the cloud of potential liability that hangs over it because of GBS. Legislation might also enable it to make some uses of GBS books beyond those for which Google was prepared to argue fair use. The Authors Guild and AAP, among other rights holders' groups, would have reason to support such legislation, as they remain interested in obtaining compensation for copyright-significant uses of books that are currently generating no revenues. Libraries and higher education institutions, as well as civil rights groups and public interest organizations, would have reason to support legislation because this would promote greater public access to books. Google's competitors might also support such legislation as long as they could take advantage of any legislatively authorized ECL regime that, unlike the proposed (and now rejected) settlement, would benefit more actors than just Google.

The proposals discussed in this Article are not, of course, the only legislative options Congress could consider. One additional option would be for the Library of Congress ("LOC") to recommend that Congress authorize it to undertake a mass digitization project for the twenty-eight million books in its collection, akin to similar initiatives undertaken by the Norwegian and

Japanese Parliaments, and ask for funding to enable this.<sup>174</sup> This could be another way to bring about a digital public library to broaden public access to the cultural heritage in the LOC collection.<sup>175</sup> A second option would be for Congress to enact legislation requiring Google to provide a complete copy of the GBS corpus to the LOC (with compensation, of course) and to grant licenses to competitors so they too could use the corpus to improve their search engine technologies.

There are, of course, many reasons to doubt that Congress would enact legislation of the sort recommended here. It is generally difficult for Congress to enact legislation in virtually all fields, particularly when a lot of money is at stake and diverse interests are affected. The public choice problems with copyright legislation are well known, making these general difficulties more daunting when it comes to copyright reform.<sup>176</sup> Any effort to enact a bill aimed at enabling the creation of a digital public library would seemingly face a stiff uphill struggle. Yet, with some enlightened leadership and support of a broad coalition of organizations, this legislation could happen. A necessary first step to accomplishing this objective is to imagine and formulate a legislative package that could make this possible.

Yet, even without legislation, it may be possible to start building a digital public library to promote broader public access to our cultural heritage by beginning with public domain works.<sup>177</sup> A coalition of libraries, among others, could undertake to determine which works published between 1923 and 1963 are in the public domain for failure to renew copyrights, so these books can be included in a digital public library. Similar efforts could be made to

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<sup>174</sup> Robert Darnton, *How Google Can Save America's Books*, NYR BLOG (Nov. 23, 2010, 3:15 PM), <http://www.nybooks.com/blogs/nyrblog/2010/nov/23/how-google-can-save-americas-books/> (mentioning other national digital library initiatives).

<sup>175</sup> Professor Zimmerman has recommended a “moving wall” approach to providing digital library access to out-of-print books, such as JSTOR provides, so that after a certain period of time post-publication, greater access is available to in-copyright works. Zimmerman, *supra* note \_\_\_\_, at 50.

<sup>176</sup> See, e.g., JESSICA LITMAN, *DIGITAL COPYRIGHT* 22–69 (2001).

<sup>177</sup> See, e.g., Darnton, *supra* note xx.

determine which books are orphans. A digital public library should be able to include orphan works as well. Information sharing among library consortium partners about public domain and orphan works should ensure that others besides those responsible for building digital public libraries will be able to make use of those works.

Universities can and should take a leadership role in facilitating greater public access to books written by their faculty members and/or published by their university presses. The books written by academics are likely to be of valuable components of a digital public library, as these authors typically write books to contribute to the progress of knowledge in their fields. Faculty authors of out-of-print books may already have rights to authorize digitization of their books for a digital public library by virtue of reversion clauses in their book contracts or use of comparable language to that found to be a limited grant in the *Random House v. Rosetta Books* decision.<sup>178</sup> They may also be eligible to terminate transfers of copyrights for some of their out-of-print books and to insist that any books published in the future should be included in a digital public library.<sup>179</sup> Academic senates could adopt resolutions to promote open access for faculty publications and provide links to sites where their works could be designated for inclusion in a digital public library on open access terms.<sup>180</sup> Academic presses are currently reluctant to make their backlists available on open access terms, but this too could change.<sup>181</sup>

As Harvard's Librarian Robert Darnton has pointed out, a digital public library will not solve all of the problems besetting libraries and institutions of higher education. But it could

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<sup>178</sup> *Random House, Inc. v. Rosetta Books LLC*, 283 F.3d 490 (2d Cir. 2002).

<sup>179</sup> See 17 U.S.C. §§ 203, 304(c) (2006).

<sup>180</sup> See, e.g., Letter from Univ. of Cal. Faculty to Judge Chin at 4–5, *Authors Guild v. Google Inc.*, 93 U.S.P.Q.2d 1159 (S.D.N.Y. 2009) (No. 05 CV.8136(DC)) (discussing open access preferences of many faculty authors and support for efforts to expand open access).

<sup>181</sup> Some university presses are now allowing even in-print books to be available on an open access basis. Yochai Benkler's book, *The Wealth of Networks*, was published by Yale University Press; yet, it is available without charge on the Internet. See Yochai Benkler—*The Wealth of Networks*, BERKMAN CENTER INTERNET & SOC'Y HARVARD U., [http://cyber.law.harvard.edu/wealth\\_of\\_networks/Main\\_Page](http://cyber.law.harvard.edu/wealth_of_networks/Main_Page).

“open the way to a general transformation of the landscape in what we now call the information society,” which could create “a new ecology, one based on the public good . . . .”<sup>182</sup> This goal is achievable if the will can be mustered to make it so.

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<sup>182</sup> Darnton, *supra* note 147.