April 28, 2006

Mary Rasenberger, Esq.
Policy Advisor for Special Programs
U.S. Copyright Office
James Madison Memorial Building
LM-401
101 Independence Avenue, SE
Washington, D.C. 20559-6000

DELIVERED VIA EMAIL

Re: Written Submission of John Wiley & Sons, Inc. ("Wiley") to the Section 108 Study Group.

The following is submitted pursuant to the Federal Register Volume 71, No. 31 notice of Wednesday, February 15, 2006. It is submitted as a supplement to the comments of Roy Kaufman made during the public roundtable discussion held in Washington, D.C. on March 16, 2006.

General Comments

The creation of broad new copyright exceptions for activities that otherwise would be infringing is an extreme measure. From the perspective of the copyright holder, exceptions, if not carefully circumscribed, may (1) interfere with the normal commercial exploitation of works, (2) interfere with customer relations, (3) limit potential new revenue sources, and therefore (4) limit investment in new products and initiatives. Exceptions also present risks to users. In order to avoid liability, exceptions must be rigorously followed. Moreover, they can discourage the creation of new market solutions to complex problems. None of this is meant to argue that properly-crafted exceptions do not serve valid, and in some cases necessary, public interests. Rather, it is meant to emphasize the importance of getting it right.

It is important to remember that not all works are the same. Exceptions must address pressing public needs while avoiding unintended negative consequences, such as removing incentives for copyright owners to invest in new formats and archival initiatives.

While reading the comments below, it may be useful to consider copyrighted works as falling into three (over-generalized) categories. Category 1 consists of works for which there is no library or archival market per se. Category 1 includes vast amounts of ephemera such as promotional materials, product brochures, and political campaign literature. It also includes "ephemeral" website content such as blogs and commercial online catalogs. Materials in Category 1 are the most "at risk" of loss, and the economic consequences to copyright owners of new library/archival exceptions are relatively minimal. Also, exceptions for this category will not generally violate the Berne "three-step test."[1]

Category 2 contains materials for which libraries constitute an important, but not the most important, or primary, market. Most popular media, such as trade fiction, musical CDs, motion picture DVDs and general interest magazines are in Category 2. Category 2 works present unique challenges in balancing the competing interests. Unlike Category 1, the copyright proprietor has a strong interest in maintaining the exclusivity afforded by law, but the proprietor does not always have an obvious direct financial incentive for collaborating with libraries and archives. The big risk for Category 2 proprietors is that exceptions may harm the larger markets.

Category 3 comprises the bulk of academic books, journals, reference works, databases, electronic books, and online offerings, including the majority of works published by university

[1] The Berne "three-step test" provides: *"It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works (i) in certain special cases, provided that such reproduction (ii) does not conflict with a normal exploitation of the work and (iii) does not unreasonably prejudice the legitimate interests of the author"* (numbers added). Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, art. 9(2)(1967 revision).

presses. Libraries are a primary market here. Nevertheless, these are the works where the interests of copyright owners are most critically implicated by new library and archival exceptions – at least some of which may run afoul of the Berne "three-step test." Moreover, given the close relationship between the producers of the content and the library customers, this is the area where we believe that legislative "solutions" to problems are least needed. In other words, solutions are more likely to derive from collaboration than from new unilateral exceptions.

Wiley produces works in all three categories.

Library Defined

The 1976 Copyright Act granted certain exceptions to libraries but did not actually define the term "library." While today it seems quaint, in 1976 we all knew what a "library" was. In 1976, the library was a physical place, usually owned by a governmental entity, a university, or occasionally as a separate, not-for-profit entity. Commercial libraries and libraries owned by for-profit corporations were not expressly excluded, but were at least partially excluded by inference from the language in 108(a)(1), which excludes library reproductions made for any "direct or indirect commercial advantage," and 108(a)(2), which requires collections to be "open to the public."[2]

The world has changed vastly since the 1976 Act, and, as we discuss granting new or expanded exceptions, we believe that there is a pressing need to define "libraries" and "archives". While it may be difficult to define them in a comprehensive way for all purposes, for purposes of an exception to the Copyright Act we believe that it is relatively simple. We propose that libraries and archives be defined as either "independent not-for-profit entities, or part of larger not-for-

[2] 17 U.S.C. § 108(a)(1) & (2). For detailed analysis, see Report of the Register of Copyrights – Library Reproduction of Copyrighted Works (17 U.S.C. 108), at 86 (1983).

profit entities or public institutions, which have significant collections of copyrightable works, and which are open or generally accessible to the public."[3]

Extension to Museums

Wiley supports extending the Section 108 exceptions to museums, subject to the same not-for-profit criteria as are placed on libraries and archives. We note, however, that the phrases "archival copying" and "at risk materials" may have unique meanings in the context of original artworks, and the right of museums to copy such works, if granted at all, should be limited. For example, many site-specific works are intentionally "at risk"; designed by the artists to age, change and decompose. Exceptions that allow museums to "recreate" these works would be inappropriate.

Sovereign Immunity

The "elephant in the room" raised in the Washington, D.C. roundtable discussions is sovereign immunity. For copyright owners to support extensions of exceptions, we need some meaningful recourse for violations; yet many libraries currently can assert sovereign immunity against copyright claims. We believe that in order to avail itself of any extended privileges afforded to a library or archive (or museum) under revised Section 108, a library or archive that is otherwise entitled to sovereign immunity should be required to waive that immunity with respect to copyright damages. Wiley has no strong preference as to whether such waiver should take effect (1) immediately upon any purported exercise of exceptions set forth in revised Section 108, (2) expressly as part of any required certification process, or (3) as a result of the assertion of a Section 108 affirmative defense. Such a requirement is absolutely critical to protect the interest

[3] See, e.g. 17 U.S.C. §108(a)(2)

of Category 3 publishers, whose main markets are educational and governmental, and is also important to Category 2 publishers.

Third Party Outsourcing

The Section 108 Study Group asked whether Section 108 should explicitly permit "outsourcing" of activities subject to exceptions. We believe that existing "principal/agency" law does permit some subcontracting of archival work, with important common law limitations. We fear that a broader enactment of legislative permission for "outsourcing" may be misconstrued, and we oppose it for that reason.

We feel it important to note that Wiley as a company participates in many programs to try to meet the needs of our library customers. In our experience, the most successful archiving projects to date are the ones that have been either performed by the rights-holders themselves, or have resulted from collaborative efforts between rights-holders and users. Those efforts will continue, and continued participation and involvement of third-party vendors will undoubtedly be helpful. A broad new exception, however, allowing libraries to act with third parties, but without rights-holders, may remove publishers and authors from such activities.

Other consequences may flow also from a broad new "outsourcing" exception. For example, for-profit companies may seek to copy massively from publishers' and authors' materials under the guise of the new "exceptions." The Kinko's and Texaco cases are particularly instructive.[4] In those cases, the for-profit entities attempted to rely on downstream "fair use" arguments. The

[4] See, *Basic Books Inc. v. Kinko's Graphics Corp.*, 758 F. Supp. 1522, 1531 (S.D.N.Y. 1991); *American Geophysical Union v. Texaco Inc.*, 60 F.3d 913, 916, 931 (2d Cir. 1994). See also, *L.A. News Serv. v. Tullo*, 973 F.2d 791, 797 (9th Cir. 1992); *Princeton Univ. Press, MacMillan, Inc. v. Mich. Document Servs. Inc.*, 99 F.3d 1381, 1389 (6th Cir. 1996).

courts, recognizing the ready availability of existing and future licensing options, found infringement.

If a new "outsourcing" exception is allowed, it will need to be very narrowly circumscribed. Certification, personal liability, and restrictions against copy retention by contractors would be essential.

Further Restrictions

The current restrictions set forth in Section 108(a)(1) and (2) should continue to apply regardless of how and if the words "library," "archive" or "museum" are defined.[5] A further restriction is in order, however. Exceptions under Section 108 should not be used or interpreted to displace a market solution. See, e.g., the Texaco and Kinko's cases, above. Accordingly, new language should be added to (a)(1) clarifying that reproduction or distribution by a library or archive may not be made where a reasonable marketplace solution is available.

Certain libraries, for example, currently offer "inter-library loan" ("ILL") of journal articles, wherein the libraries photocopy and deliver articles on request to "borrowers." This was originally allowed under Section 108, so long as the copies did not "substitute for a subscription to or purchase of such work."[6] At the time, ILL was not systematic, and publishers did not make available or sell individual articles. Neither is still true. Today, libraries assert an "ILL exception" to create large, centralized document delivery services. In many cases, they charge

[5] § 108. Limitations on exclusive rights: Reproduction by libraries and archives

(a) Except as otherwise provided in this title and notwithstanding the provisions of section 106, it is not an infringement of copyright for a library or archives, or any of its employees acting within the scope of their employment, to reproduce no more than one copy of phonorecord of a work, except as provided in subsections (b) and (c), or to distribute such copy or phonorecord, under the conditions specified by this section, if-

(1) the reproduction or distribution is made without any purpose of direct or indirect commercial advantage.

(2) the collection of the library archives are (i) open to the public, or (ii) available not only to researchers affiliated with the library or archives or with the institution of which it is a part, but also to other persons doing research in a specialized field…

[6] 17 U.S.C. § 108 (g)(2).

"service fees" comparable to those set by for-profit document suppliers. However, the libraries do not charge or pay copyright fees, so practically speaking they "compete" unfairly on total price. Additionally, a large number of publishers now offer (and sell) articles individually, either "*a la carte*" on their websites or within licensing packages and options. Despite this, publishers are forced to "compete" with "ILL" services that do not charge copyright fees. While we believe these libraries exceed the scope of Section 108 as currently drafted, given the proliferation of these quasi-commercial services offered by libraries, Wiley welcomes legislative clarity on this issue.

Duplication for Preservation and Security Purposes - Unpublished Works

Properly securing and preserving unpublished materials is critical to ensuring the future availability of materials that are inherently at risk. Authors, scholars, and students need continued access to unpublished materials. Wiley strongly supports liberal rules for making preservation copies of unpublished works.

Replacement Copies of Published Works – Section 108(c) Conditions Precedent

Wiley believes that the current conditions precedent for making replacement copies need to be modified and clarified.

Currently, Section 108 (c) (1) requires that a library or archive make a reasonable effort to acquire "an unused replacement … at a fair price." Today, there are many easy to use search engines for rare and out-of-print books, e.g. abebooks.com. On those sites, words like "used" and "unused" are not particularly relevant. A library should be required to determine if a copy *in good condition*, including a "print on demand copy," can be obtained at a fair price. If so, no digital copy should be authorized or made.

Also, we believe that before making a digital copy of an analogue work, the library or archive must first inquire whether a digital copy is available for purchase or license. If a licensed copy or licensing option is available, the library should be required to acquire a copy or a license as offered, and any "fair" or reasonable terms, including limitations on remote access, should be honored.

The same principle should hold true for digital copies which libraries seek to "migrate" to new platforms. For example, before making a copy of a work for use with a new operating system, the library should first be required to determine whether the copyright owner itself offers copies compatible with the new operating system.

Replacement Copies of Published Works – Remote Use

Wiley believes that limiting access to digital replacement copies of printed works to the physical premises of the library makes logical sense, but is unrealistic. Accordingly, so long as a library has fulfilled necessary steps and made reasonable efforts to acquire replacement copies of works (see above), we believe that libraries should be entitled to enable remote access -- within defined and limited user communities.

Put differently, if there is to be a broader use here, the user communities need to be properly defined. For example, a university librarian should be allowed to make an electronic copy of material available remotely to a faculty member on sabbatical in Italy, but not to all students at the Italian university where the professor is teaching. In licenses, publishers and libraries have been able to collectively define user communities in a variety of manners, all of which meet the

needs of both constituencies. Those licenses can serve as a model for any new statutory language.[7]

Replacement Copies of Published Works – Remote Use - Concurrent Users

Remote access to replacement copies must, in fairness, be limited to one user at a time. These copies, after all, "replace" single print copies, for which concurrent use would be impossible. If libraries seek the right to enable more concurrent use, then that in all likelihood would be available. Most publishers would be glad to license multiple users under appropriate circumstances. However, nothing supports an expansion of usage rights beyond one user at a time.

Preservation Only Exceptions

A new, broad "self-help" exception for "at risk" materials threatens the balance of protections afforded to copyright proprietors under Section 108. If "at risk" materials must be copied immediately, the library or archive must subsequently be required to attempt to acquire a replacement copy or a license from the copyright proprietor. Moreover, the library should respect the wishes of the proprietor should said proprietor object to the copy and ask that it be deleted/destroyed. This is particularly important in those cases where obsolescence of the format is inherent in media used, e.g. VHS videotapes. Here, the content usually remains available, but on a different medium or in a different format – hence a determination that the subject matter is "at risk" would seem unfounded in any event. Moreover, such copying should only be done

[7] For example, we use the following definition in licenses for our Wiley InterScience service, which authenticates library users primarily by Internet Protocol ("IP") address:

> "Authorized Users must be bona fide faculty members, students, researchers, staff members, librarians, executives or employees of the Licensee, or contractors engaged by the Licensee, provided such contractors have been informed of, and agree to abide by, the Terms and Conditions of Use set forth herein and they access Wiley InterScience via the Licensee's secure network. Walk-in Users from the general public or business invitees may also be permitted by the Licensee to access Wiley InterScience from designated terminals with a Licensee-controlled IP address. These designated terminals shall be physically located in libraries or similar physical premises directly controlled by the Licensee."

under tightly controlled circumstances by, as the Section 108 Study Group has suggested, a library subset of "trusted institutions." The Library of Congress might serve as one such "trusted institution," for example.

Website Preservation Exceptions

Website preservation exceptions, like "at risk" preservation exceptions, need to be tightly controlled and should not apply to all forms of electronic "content". If covered by Section 108, an exception would be appropriate for Category 1 works, but only for websites publicly available and accessible to browsers on the World Wide Web, or successors thereto. Websites for which access is (1) allowed under license, (2) allowed with payment of fees or other consideration, (3) behind firewalls, or (4) granted following the entry of information (such as registration) should not be subject to exceptions. The use of such materials by the library or archive must also be constrained, and "appropriate copy" restrictions must be imposed.

Archived copies of website content should be available only for bona fide research purposes, and should not be re-published on the Internet, where out-of-date information can harm the reputations of the copyright proprietors. For example, Wiley's "Frommers.com" offers users free access to travel information. (Much of this content is also sold in book format.) If a library's servers were to cache the version of Frommers.com from December 1, 2004 and then make such information available on the web on December 1, 2005, consumers might be confused between the old copy and the then-current (i.e. "appropriate") copy. Wiley's valuable "Frommers" brand name would be damaged by re-publishing *out-of-date* information. We have no objections to proper researchers using the content for research purposes, but unless it is in a closed environment, the users, content providers and publishers could all suffer.

Conclusion

Next year, Wiley will celebrate its 200th anniversary. Wiley has been involved in debates concerning copyright legislation since 1807. We applaud the efforts of the Copyright Office and of the Section 108 Study Group to try to adopt rules for the future, and welcome any further questions and opportunities to participate in the process.

About John Wiley & Sons, Inc.

Founded in 1807, John Wiley & Sons, Inc., provides must-have content and services to customers worldwide. Its core businesses include scientific, technical, and medical journals, encyclopedias, books, and online products and services; professional and consumer books and subscription services; and educational materials for undergraduate and graduate students and lifelong learners. Wiley has publishing, marketing, and distribution centers in the United States, Canada, Europe, Asia, and Australia. The Company is listed on the New York Stock Exchange under the symbols JWa and JWb. Wiley's Internet site can be accessed at www.wiley.com.

Respectfully Submitted,

Roy Kaufman
Legal Director
John Wiley & Sons, Inc.
Hoboken, New Jersey 07030-5774