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April 4, 2006

VIA E-MAIL

Ms. Mary Rasenberger
Policy Advisor for Special Programs
United States Copyright Office
101 Independence Avenue, SE
Washington D.C. 20559
Section108@loc.gov

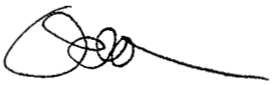
Re: Section 108 Study Group Written Comments

Dear Ms. Rasenberger:

Following our March 8 roundtable discussions in Los Angeles, I have prepared, on my own behalf, the attached written comments addressing the issues raised at those discussions.

With kind regards.

Sincerely yours,



David Nimmer

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Enclosures

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Suite 900
Los Angeles, California 90067

I thank the Section 108 Copyright Study Group for the opportunity to participate in Public Roundtable No. 1. At the request of Mary Rasenberger of the U.S. Copyright Office, these written comments amplify my oral interventions on that occasion.

This presentation is made solely on my own, rather than on behalf of any client or organization. Although I have informally circulated it to others who were present at the Public Roundtable to solicit their reactions, the ultimate recommendations contained herein reflect solely my personal views.

At this stage, these recommendations are tentative. The proposal set forth below is in the nature of a "discussion draft" rather than a considered conclusion. I remain open to input from interested parties—which may, at the end of the day, convince me to alter or jettison this proposal.

BACKGROUND

Representatives of both content industries and user groups offered comments at Public Roundtable No. 1. The former emphasized the need to prevent wide-scale dissemination of their works.

To appreciate the magnitude of that concern, it is first vital to situate the library exemption within the context of copyrightable works as a whole. In addition to Sony Pictures and AOL-Time Warner (whose representatives presented at the Public Roundtable), one could compile a list of several hundred motion picture studios, book publishers, record companies/music publishers, and software developers representing the bulk of the "copyright industries." That list might well account for over 90% of the revenues earned by copyrightable works. Nonetheless, even if one were to aggregate all the hundreds of thousands of works owned by all the companies on that list, it would still account for but a tiny fraction of 1% of all the works subject to U.S. copyright protection. *See* David Nimmer, *Copyright in the Dead Sea Scrolls*, 38 Hous. L. Rev. 1, 177-192 (2001).

Accordingly, the interests of archives in disseminating their collections and of content owners in protecting their works conflict only in an infinitesimal fraction of all the circumstances that theoretically could arise. It should therefore be possible to carve out a statutory scheme that simultaneously maximizes the interests of both content industries and user groups.

Some concrete examples illustrate. Consider the contrast between the following two hypothetical categories:

Category 1

- *The Topeka Public Library*. Since the 1930s, the Topeka Public Library has maintained subscriptions to a variety of magazines and has augmented its collection with a variety of books and records.

- *The Betamax Archive*. One of the first video stores in the United States was a mom-and-pop operation in Winslow, Arizona. After the VHS format replaced Betamax, the collection languished in the owners' garage. After the recently

death of the last survivor, their daughter has dusted off the collection and rechristened it as "the Betamax Archive."

Category 2

- *The Marxist Nightmare*. This archive contains television commercials created from the dawn of the medium until the present.

- *The Appliance Archive*. This archive is particularly proud of its comprehensive collection of toasters from 1940-1980. Included are toasters in a wide variety of shapes and designs. Also included are instructions that were printed up and sold in the boxes along with the toasters. Finally, it has preserved the boxes in which the toasters were sold, replete with artwork and text copy.

- *The Winesburg Memory*. For the 50 years ending in 1986, a dedicated archivist collected materials from the private citizens of Winesburg, Ohio. Included are their photographs, diaries, wedding snapshots, first drafts of the great American novel, screenplays, and a variety of other productions.

The works in Category 1 were created in order to be commercialized over time. To the extent that the goal of an amendment to section 108 is to respect the rights of content owners who succeeded in realizing that long-term commercialization, then these matters should fall outside the new safe harbor.

Conversely, Category 2 represents works that were not created to be commercialized over time. Instead, they contain works that were designed to be commercialized briefly and then discarded (the Marxist Nightmare) or works that were intended to be commercialized only as an ancillary byproduct of a different commercial design (the Appliance Archive) or that were not designed to be commercialized at all (the Winesburg Memory). Accordingly, the goal here is to allow maximum dissemination of those works.

PROPOSAL

Title 17, United States Code, Section 108, shall be amended to include the following at the end:

> (j) A library shall be subject solely to the remedies set forth in section 514 of this title for any infringement of a work in its collection that the library, after a reasonable investigation, concludes is non-commercialized. A work, other than one which the library holds pursuant to an obligation of confidentiality, shall be considered non-commercialized to the extent that its copyright owner has not significantly exploited it for the previous twenty years.

SAMPLE APPLICATIONS

Before parsing the various terms of this proposal, its broad sweep should be explicated. First, consider how it would apply to the uses hypothesized above:

- *The Topeka Public Library*. Inasmuch as all the works in this collection were intended to be commercialized, a red light arises as to each. Books fall outside the scope of the safe harbor, except to the extent that they have been out of print for over two decades and not otherwise commercially exploited to any significant degree by their copyright owners.

  The same consideration applies to sound recordings. But here the scope of permissible utilization is even more constricted, given the need for both the sound recording and musical composition to have been non-commercialized for twenty years.

  As to the magazines, the considerations are slightly different. With respect to *National Geographic*, for example, the recent publication of a CD-ROM set incorporating over a century of magazine publications means that all of those works are currently commercialized. As to other magazine titles, case-by-case determination would be required. To the extent that, for example, the issues of *Popular Mechanics* of the 1940s have not been commercially exploited since a few years after their initial publication, then those works would be subject to exploitation under this proposal.

- *The Betamax Archive*. Inasmuch as the Betamax format has not been the subject of wide-scale exploitation for decades, the owner of this archive might believe that her works can be exploited pursuant to this proposal. She would be mistaken in that conclusion. For the proposal only applies to *works* that have not been commercialized, not to *copies* that remain uncommercialized.

  To appreciate the difference, consider copies of *The Sting* and *Funny Girl* in Betamax format. The work subject to copyright protection in each instance is the motion picture. That motion picture could be embodied in copies fixed in a variety of media—35 mm celluloid, Betamax tapes, VHS tapes, computer hard-drives, and DVDs, to name a few.

  The proposed safe harbor arises only to the extent that the work itself has not been commercialized for over 20 years. Because both *The Sting* and *Funny Girl* have presumably been subject to exploitation by their copyright owners during that interval, the fact that the Betamax is obsolete is of no moment. These works fall outside of the proposal.

- *The Marxist Nightmare*. As in all instances, a case-by-case evaluation is necessary. An armchair theorist would conclude that television commercials from the 1980s and earlier have not been subject to any significant commercial exploitation by their copyright owners for over two decades. To the extent that

reasonable investigation bears out that suspicion, then all of these works fall inside the proposed safe harbor.

- *The Winesburg Memory*. On the assumption that the archive obtained these materials outright (rather than subject to the testator, for instance, mandating confidentiality), then by definition all of the works in this collection are non-commercialized. They therefore are free for wide-scale dissemination under the proposal.

- *The Appliance Archive*. Copyright protection may apply to the ornamental design of a toaster as opposed to its functionality. In addition, presumably the artwork on the box is subject to copyright protection, as well as the text on the box and in the instructions.

  Nonetheless, the same armchair speculation would conclude that none of those matters relating to toasters sold from the 1940s through 1980 would have been commercialized over the last 20 years. To that extent, all of these matters fall within the statutory safe harbor.

DISCUSSION

Turning to the precise language used in the proposal, the intent of the particular terms used is as follows:

"A library"

The reference is to qualifying libraries and archives. Given the concerns voiced at Public Roundtable No. 1, the language of the statute might be broadened to include museums and other entities. However the statutory language finally rests, the reference to "library" in this section should be deemed to include the expanded version.

One proposition that I advanced at Public Roundtable No. 1 is that, as currently formulated, section 108 does not permit outsourcing. I continue to believe that the statute should be amended to allow qualifying libraries to subcontract permissible exploitations to third parties. The following quotation from the legislative history confirms the need for an amendment: "Similarly, it would not be possible for a non-profit institution, by means of contractual arrangements with a commercial copying enterprise, to authorize the enterprise to carry out copying and distribution functions that would be exempt if conducted by the non-profit institution itself." H.R. Rep. 94-1476, at 74 (1976).

It is my understanding that this issue will be redressed in the larger context of amending section 108. For that reason, the language of proposed subparagraph (j) does not specifically address this point.

"subject solely to the remedies"

This proposal creates neither an exemption from liability nor a compulsory license. Instead, that which was actionable as copyright infringement before its enactment remains

likewise actionable thereafter. However, it severely constricts the remedies available for qualifying exploitations. To that extent, it constitutes a safe harbor for the benefit of libraries, by analogy to the safe harbor contained in section 512 of the Copyright Act for the benefit of online service providers.

"set forth in section 514 of this title"

The reference here is to the proposal set forth in the Copyright Office's Report on Orphan Works (Jan. 2006). In particular, section 514 promulgated therein includes limited remedies to the extent that the "parents" of a copyrightable work cannot be located.

The invocation of section 514 here betokens the conceptual similarity between orphan works, on the one hand, and archival exploitation of works that have not been exploited for twenty years or more, on the other. The former refers to works whose parents are dead or have vanished. The latter brings to mind a "deadbeat dad," *i.e.*, a parent who might be known and locatable, but who declines to invest financial resources in his progeny.

Although the language of proposed section 514 has not yet been adopted into law, the current proposal draws on it as a shorthand, on the assumption that the Orphan Works Report will move on a faster Congressional track than revision of section 108. Still, even if Congress does not adopt the Report on Orphan Works, it could still incorporate section 514 into Title 17, United States Code, incident to an amendment of section 108.

The Copyright Office has already vetted the language of section 514 through the three-step test mandated by TRIPs. Accordingly, the instant proposal should not cause the United States to fall afoul of its treaty obligations.

"any infringement"

The basic rights in which a library would engage to exploit works in its collection are reproduction and public distribution. However, in an age of digital exploitation, the distinction between those rights, on the one hand, and performance and public distribution, on the other, can be evanescent. To avoid an undue technological limitation on this safe harbor, the proposed language incorporates all rights under the blanket term "any infringement.

The further question arises whether the right of adaptation should be included in the proposal. Inasmuch as it is difficult to predict future technologies, it seems best not to carve that right out from the proposed language. For instance, in the future, it might be possible that scripts for unproduced plays would be publicly disseminated not in the current form of literary works embodying stage directions, but instead through dramatization via cyber-thespians. Such exploitation could implicate the copyright owner's adaptation right. For that reason, that right is not carved out from the bill.

"a work in its collection"

At Public Roundtable No. 1, Jeremy Williams raised the specter of fans who purchase copies of their favorite shows and label the resulting collection along the lines of "Jenny Jones'

Star Trek Archive." Taking the words of the statute literally, the various episodes in that collection could form part of a covered "library."

To the extent that Paramount continues to popularize the adventures of the USS Enterprise, then the subject works would remain commercialized. Therefore, Ms. Jones would fall outside the proposed safe harbor. Nonetheless, if Paramount decided instead to abandon all exploitations of *Star Trek*, then after the passage of twenty years Ms. Jones would be able to invoke the proposed safe harbor. She would remain subject to damages as determined by the court at that juncture.

"a reasonable investigation"

This language is drawn from existing section 108(c)(1), which requires "a reasonable effort."

"which the library holds pursuant to an obligation of confidentiality"

This language is designed to prevent libraries from disseminating such materials as the letters of J.D. Salinger. *See Salinger v. Random House, Inc*., 811 F.2d 90 (2d Cir. 1987). If it were eliminated from the proposal, the affected library would only be subject to limited damages for copyright infringement resulting from disseminating such works as Salinger letters, but would still be subject to the full range of damages for breach of contract, breach of trust, *etc*.

On balance, though, it is recommended that this language be included. Long ago, the United States Supreme Court observed, "The owner of the copyright, if he pleases, may refrain from vending or licensing and content himself with simply exercising the right to exclude others from using his property." *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932). Given enactment of the current proposal, that observation will remain largely accurate. (Of course, there is nothing immutable about *Fox Film Corp. v. Doyal*'s construction of the 1909 Act; Congress could, if it so chooses, enact the opposite into the Copyright Act tomorrow.)

In other words, even under the proposed safe harbor, the owners of unpublished works can still content themselves with simply exercising the right to exclude others from using their property. The various unpublished works invoked above, for instance, could be maintained by their copyright owners in attics and drawers instead of being donated to the Winesburg Memory. Alternatively, those copyright owners could donate the works to Winesburg Memory subject to an obligation of confidentiality. It is only when the owners take the affirmative step of disseminating copies of their works or giving away the original without restriction as to further use that they abandon their right to exclude others.

Insofar as works at the Marxist Nightmare and the Appliance Archive are concerned, their copyright owners have the ability under this proposal to exclude others only for twenty years. Note that those owners had elected in the past not to take advantage of the option to "refrain from vending or licensing." That past choice now forfeits the ability that they otherwise would have had to exclude others from accessing their works.

“its copyright owner”

The reference here is designed to be inclusive and dynamic over time. As to any given work, numerous parties might have exclusive licenses to exploit it in different domains. As long as any has engaged in significant effort, the calendar begins to run anew for another twenty years.

In addition, it is no defense that party X owns the copyright today and X has never exploited the work, to the extent that X bought the work from party Y, who fifteen years ago significantly exploited the copyright. Under those circumstances, X would have to remain inactive for an additional five years to trigger the proposed safe harbor.

“significantly”

A mere isolated or token exploitation should not cause the calendar to run anew. Rather, it is only significant exploitation that counts.

“exploited”

The connotation here is exercise of any of the copyright owner’s rights. Thus, to the extent that the copyright owner of a novel issues a paperback version, that counts as an exercise of the reproduction right. To the extent that it licenses a motion picture to be made of the novel, that counts as an exercise of the adaptation right. To the extent that it licenses a play to be staged based on the novel, that counts as an exercise of the public performance right.

On the other hand, to the extent that second-hand copies of an old printing of the novel remain available for purchase at book stores or on e-Bay, that does not constitute an exercise of the copyright owner’s distribution right. Rather, that activity is non-infringing as a matter of law under copyright law’s first-sale doctrine. *See* 17 U.S.C. § 109.

Of particular note is that the subject exploitation is not limited to the United States. Nonetheless, the question remains, given the nature of a particular work, whether the continued pendency of distribution rights in Sri Lanka, for example, counts as “significant” exploitation of the copyright. For a novel of Ceylonese origin, the answer might be affirmative; for a U.S. motion picture, the opposite conclusion might pertain.

“the previous twenty years”

Obviously, any time frame is arbitrary. Currently, section 108(h)(1) limits the rights of copyright owners during the last twenty years of copyright subsistence. The proposal, in a sort of mirror image to that language, limits the rights of copyright owners, but never during the first twenty years of copyright subsistence.

Let us imagine a given work created in 1980 by an author who dies in 2010, and which is actively exploited until 2020. As to that work, the proposed safe harbor begins to operate in 2040. Inasmuch as the copyright term for that work will subsist until 2080 under current law, the proposal exerts effect for four decades of consequences as to this work.

EXAMPLES

1. Unbeknownst to the curator at the Winesburg Memory, some of the photographs disseminated by that archive were also uploaded to the copyright owner's blog.

In the normal course of affairs, it is extremely difficult to identify the provenance of photographs. Given the supposition that a reasonable investigation would not have been able to identify those photographs, the subject use falls within the safe harbor.

Nonetheless, section 514 allows for the entry of an injunction against the Winesburg Memory to remove the subject photographs prospectively. In addition, it allows the award of actual damages. On the assumption that there is no active market for these unknown photographs as portrayed on the blog, one may anticipate that the actual damages are nil and, therefore, the plaintiffs' monetary recovery should amount to zero in this instance.

2. The Winesburg Memory enjoyed so many hits to its website featuring the previously unknown *Diary of Wing Biddlebaum* that it soon became a cult classic. The heirs of Biddlebaum decide to join the bandwagon and themselves license its print publication. Thereafter, they demand that the Winesburg Memory take down the subject materials from its website.

The proposed safe harbor contains no special provision for reliance parties (*compare* 17 U.S.C. § 104A(c)). The reason is that it is structurally unnecessary. When the Winesburg Memory first digitized and uploaded the *Diary of Wing Biddlebaum*, that old work had never been commercialized. Accordingly, its usage fell within the safe harbor. Nothing in the proposal requires a take-down in response to notification (*compare* 17 U.S.C. § 512(c)(3)). Therefore, the library may continue to maintain the *Diary* on its web site even after it receives the demand from Biddlebaum's heirs that future access be disabled.

On the other hand, once the the Winesburg Memory learns that the *Diary of Wing Biddlebaum* has been commercialized, it may not thereafter invoke the safe harbor as to future exploitations. So it may not in the future, for example, stage a performance of the *Diary* using cyber-thespians.

3. Two years after this proposal is adopted, a consortium issues a guide to *Best Practices for Researching Books in Print*. That guide becomes the gold standard observed nationwide. The Topeka Public Library conducts a thorough investigation pursuant to nine of the ten guidelines recommended thereunder.

The question arises why the library failed to investigate the tenth criterion. Assuming that due diligence on the tenth factor would have uncovered that the work was still being exploited, then this utilization falls outside the statutory safe harbor. Accordingly, the Topeka Public Library is subject to all the remedies of the Copyright Act, including statutory damages if applicable.

4. Given wide-scale dissatisfaction over *Best Practices for Researching Books in Print*, the Copyright Office holds public hearings and publishes in the *Federal Register* the six points commonly agreed upon as constituting a reasonable

investigation. The Topeka Public Library conducts a thorough investigation pursuant to those six points, but ignoring the other guidelines recommended in *Best Practices for Researching Books in Print*.

The target has now changed. Having followed the recommendations of the Copyright Office, the Topeka Public Library should not be held to the standards embodied elsewhere. Its exploitation falls within the safe harbor.

5. The Topeka Public Library wishes to upload its recording of Edith Wilson singing "He May Be Your Man (But He Comes to See Me Sometimes)." Its investigation reveals that the copyright owner has not exploited that sound recording since 1963. After uploading it, the library finds itself sued by the copyright owner of the musical composition, which has been collecting ASCAP royalties through the present.

Had the owner of the sound recording filed suit, the library would have been able to find refuge in the safe harbor. But its uploading of necessity implicated the copyright interests of the composer, as well as the performer. The composition fails to qualify as non-commercialized. Accordingly, the library will not be able to find shelter in the safe harbor.

If the facts were changed to a recording of Beethoven's *Ninth Symphony*, then the musical work would be in the public domain. Under those circumstances, failure to exploit a sound recording for twenty years would place it within the safe harbor.

6. The acme of Marxist Nightmare is its collection in the Tobacco Room. Included therein are television commercials for cigarettes throughout the 1960s. The archive has just produced a new documentary entitled *A Decade of Death*, drawing upon numerous cigarette commercials in snippets ranging from five to sixty seconds long. The general counsel has determined that all commercialization of those television commercials anywhere in the world has been forbidden since the FCC ban on tobacco advertising went into effect in the 1970s. Subsequently, the copyright owner brings a constitutional challenge to the bar on that exploitation in the form of research DVDs, and it is *pro tanto* overturned.

The Marxist Nightmare reached a reasonable conclusion under the circumstances. It should not be held to knowledge of subsequent events. Accordingly, its exploitation falls within the statutory safe harbor. Given that *A Decade of Death* amounts to a new work using those television commercials as primary materials, it is not susceptible to injunction pursuant to the terms of section 514.

However, the possibility of actual damages remains. To the extent that the subject utilization reduced the license fee to be paid by research DVDs to the copyright owner from $1,000 to $750, then the archive would be liable for $250 in damages.

7. The Wichita Library possesses old acetates of *Amos 'N Andy* television shows. For decades, the copyright owner has refused to license those works, given the sea change in racial sensibilities since they were first aired. When the copyright

owner learns of the Wichita Library's plans to disseminate the works, it sends a cease-and-desist letter, informing the library that it has recently licensed their use at the upcoming NAACP annual banquet for a segment to be entitled "Overcoming Racism." The Wichita Library nevertheless proceeds to exploit the works.

In this case, the copyright owner has not exploited the subject works for decades, except for the license for one night at a banquet. That latter exploitation would appear to fall far short of being significant. For that reason, the Wichita Library's usage falls within the statutory safe harbor.

8. Every year, a new version of *Bob's Beer Guide* is published. This year marks the 42d edition. A library decides that the 20th edition, in its collection since publication in 1984, has not been commercialized for over twenty years and uploads it.

It would seem that this case must be resolved on the basis of substantial similarity. To the extent that the 1984 publication of the 20th edition was revamped entirely such that the 21st edition published in 1985 was not substantially similar to it as a matter of copyright law, then it would be true to say that the 20th edition had not been significantly commercialized in over twenty years. But if the facts are different—such that, say, the 20th edition was substantially similar to the 30th edition published in 1995—then it would seem that significant exploitation of the 20th edition (through exploitation of portions of it incorporated into the 30th edition) has taken place within the past twenty years.

9. *Machu Picchu in Revista* is a coffee-table book first published in Peru in 1951. It has been out of print in the United States since 1962. Nonetheless, a small imprint in Lima continues to produce copies at present. The Topeka Public Library, unaware of that last fact, disseminates the work within the United States.

In this case, the continued exploitation of the work in one country constitutes a significant exploitation of the copyright. The failure of the Topeka Library to investigate that utilization places it outside the proposed safe harbor. It is therefore subject to the full panoply of remedies that copyright law affords.

10. *My Man Godfrey* fell into the U.S. public domain, but was resurrected pursuant to the Uruguay Rounds Restorations Act. To date, its copyright owner has only chosen to license theatrical runs of the film in Lima, Peru. The Topeka Library disseminates it pursuant to this proposed safe harbor.

Unlike the prior case, the exploitation of a U.S. movie solely in Peru would not seem to constitute a significant utilization of the market. For that reason, the Topeka Library's utilization falls within the proposed safe harbor.