

Orphan Works and the Google Book Search Settlement – an International Perspective

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Tout le monde ne peut pas être orphelin
Jules Renard, *Poil de carotte* (1893)*

Abstract : *The orphan works aspects of the Google Book Search settlement are analyzed with respect to international treaties on copyright. We argue that the exploitation of orphan works can only be permitted under some exception or limitation to exclusive rights. However, exceptions or limitations have to satisfy the constraints of the three-step test, and we further argue that the proposed settlement does not, since it does not take into account new models of exploitation of works, such as open access, that have become "normal" in the digital world. This analysis is then extended to non-orphan in-copyright works, for which the opt-out solution of the settlement agreement conflicts with the no-formalities requirement of the Berne Convention, taking into account the historical and practical intent of this requirement. We also show that, unless they are illegitimately granted the right to enforce payment on orphan and unregistered works – and this could undermine the legitimacy of copyright itself with the public – the parties to the settlement will have a vested interest in limiting access to the searchable on-line Books Database identifying books, thus severely curtailing its usefulness.*

DRAFT

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* <http://www.gutenberg.org/ebooks/4559>

1.Context and motivations

The issue of orphan works became significant primarily because of the need to digitize whole library collections. The first question was whether that was permitted without the author's consent. The European directive on copyright did allow it for all works, for preservation purposes.¹ Although it involves reproducing works without requesting authors consent, it was probably deemed harmless to the rights holders' interests, and therefore an allowable exception under existing constraints defined in intention by the three-step test of international treaties². This avoided any special treatment of orphan works, *works whose rights holders cannot be identified or found*.

The same reasoning should probably hold as regards digitization for the production of indexes and search tools: they do not harm the authors and will, at worst, improve exploitation of the works provided that it is done in an open and competitive way³ so as to avoid the possibility of any control on the works market. On the other hand, since it does turn a profit, it may not be unreasonable that the rights holders should get a share, though it is a rather unusual interpretation of copyright since it makes economic and practical or technical sense only in a collective way. This issue was actually the object of the initial lawsuits.⁴

This lawsuit evolved into a class action and a settlement agreement that extended Google service into actual sale of (access to) digital versions of works, mainly books or book inserts. While this raises obviously no problem for works in the public domain, or for work actually exploited by known rights holders who can decide on the terms of this exploitation, it leaves open the question of whether works can be included without explicit permission from the rights holders, when these right holders are not known. This concerns of course orphan works, but also the works whose rights holders do not make their ownership explicitly known by registering with a registry set up for this purpose. The latter are not considered orphan because their rights holders could be found by a reasonably diligent search. The class action settlement agreement actually authorizes inclusion of all works, with a provision allowing rights holders to opt out explicitly if they wish. This is critical for the project since the cost of identifying and contacting rights holders far outweighs the cost of digitization and index building, whether the works are orphan or not.

Orphan works constitute a significant part of our in-copyright literary heritage. Thus it is a general concern everywhere that orphan works should be exploited and made available to the public, at least in digital form in e-libraries, rather than left to rot in libraries until they are promoted to public domain at a time most people will no longer be interested, or even aware of their existence. There is a general consensus that the latter should be avoided, but much less consensus on how to handle this issue. This is the object of much international debate, at various levels, and it is not our purpose here to give a complete review. Rather,

1 Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonization of certain aspects of copyright and related rights in the information society. Official Journal of the European Communities 22.6.2001. In article 5.2(c) : "*[Member States may provide for exceptions or limitations to the reproduction right provided for in Article 2 ...] in respect of specific acts of reproduction made by publicly accessible libraries, educational establishments or museums, or by archives, which are not for direct or indirect economic or commercial advantage;*"

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2001:167:0010:0019:EN:PDF>

2 See footnotes 38 to 41 below.

3 This is disputable in the case of Google who tends to burn bridges after crossing them, via contractual or economic devices.

4 Authors Guild, Inc. v. Google, Inc., No. 1:2005cv08136 (S.D.N.Y. filed Sept. 20, 2005).
McGraw-Hill Cos. v. Google, Inc., No. 1:2005cv08881 (S.D.N.Y. filed Oct. 19, 2005).

we are trying to analyze the issue in the context of the Google Book Search settlement (GBS settlement),⁵ by contrasting it with the author's experience of the debate in the French context.⁶

Existing literature on orphan works raises two main issues:

- how is it determined that a work is orphaned ?
- how is exploitation of orphan works to be managed ?

We will explore these issues, mainly in relation with the Berne Convention, hence also the WIPO Treaty on Copyright and the TRIPS agreement that include the substantive provisions of the Berne Convention.⁷ Then we extend the perspective of the discussion to other aspects of the GBS settlement agreement, and particularly to the case of unregistered rights holders whose (non-orphan) works are included without explicit consent. However, for simplicity, we will at first not take into account the fact that the Berne Convention is not self-executing – it can be ignored by the court – and we will come back to that point in the later sections of this analysis.

2. Asserting the orphan status of a work.

A work is said to be *orphan* when some of its rights holders cannot be identified or found, even after a diligent search, so that it is not possible to obtain a license for exploiting any protected use of the work. The problem with this definition is that it is negative: even though it may have been impossible to contact the right owner up to now, at whatever cost, nothing proves that it will not be possible tomorrow. One way to avoid the difficulty could be to require registration by the rights holders, so that they can be easily found. However, for reasons that are further explained below,⁸ this is prevented by article 5(2) of the Berne Convention⁹ that stipulates that “The enjoyment and the exercise of these rights shall not be subject to any formality.” Indeed, the existence of orphan works in the U.S.A. is often attributed to a large extent to the 1976 changes in the U.S. copyright law, doing away with copyright registration, in order to comply with the Berne Convention.¹⁰

5 Settlement Agreement, The Authors Guild, Inc., Association of American Publishers, Inc., et al. v. Google Inc., No. 1:2005cv08136 (S.D.N.Y. Oct. 28, 2008). [hereinafter “GBS settlement”] <http://www.googlebooksettlement.com/intl/en/Settlement-Agreement.pdf>

6 Similar discussions also take place at the European level, and have led to conclusions that are considerably more open-ended than in the French case. See: Final Report on Digital Preservation, Orphan Works, and Out-of-Print Works, High Level Expert Group Copyright Subgroup, i2010: Digital Libraries, June 4, 2008.

http://ec.europa.eu/information_society/activities/digital_libraries/doc/hleg/reports/copyright/copyright_subgroup_final_report_26508-clean171.pdf

and other documents at

http://ec.europa.eu/information_society/activities/digital_libraries/experts/hleg/meetings/index_en.htm

7 The TRIPS agreement does not include article 6bis of the Berne Convention on moral rights.

8 See page 5 and footnote 21 below.

9 http://www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html#P109_16834

Actually, pursuant to article 5(3), a country can impose formalities for enjoying copyrights on a work only if it is the “*country of origin*” of the work. For the United States, in a nutshell, this excludes works first published in another country than the U.S.A., or simultaneously published in another country, when the U.S.A. have the longer term of protection. Canada is an example of such a country. Article 3(4) further specifies that “simultaneously” means within 30 days of the first publication. The notion is instantiated to the case of the United States in the definition of a “*United States work*” in 17 U.S.C. § 101, which is specifically intended to keep formalities required by 17 U.S.C. § 411 within the limits allowed by the Berne Convention.

<http://www.copyright.gov/title17/92chap1.html#101>

10 Free the Orphans: A Look at the Case of Kahle v. Ashcroft, Richard Koman, May 06, 2004.

For this reason, the legislations that have been studied or enacted to allow exploitation of orphan works require that the orphan status of the work be first established by the failure of a diligent search – the wording may vary – to determine the whereabouts of the rights holders. The protection, that is then awarded to the exploiter of the work against infringement suits, damages and remedies, should the right owner reappear, is contingent upon search evaluation criteria that may be evaluated before or after actual exploitation, depending on the actual or proposed laws.¹¹

Some people propose to side-step this problem and the heavy cost of diligent search by having recourse to some form of compulsory licensing through mandatory or extended collective management of copyright. Mandatory Collective Management (MCM) requires all works on the relevant type to be collectively managed in a given country by a Collective rights Management Organization¹² (CMO) which negotiates royalties on each author's or rights holder's behalf. Extended Collective Management (ECM) is a bit less constraining : it gives the right to a representative CMO to negotiate the royalties in the absence of any opposition from the rights holder. This is actually quite close to the scheme proposed for the GBS settlement, with the Registry in the role of the ECM organization.

However, ECM is apparently used only in the form of Extended Collective Licensing,¹³ i.e., for blanket licenses for a given type of works, whereas the antitrust analysis of Fraser notes that "ASCAP and BMI are the closest litigated examples of situations like that in the Google Books settlement" and that "the music organizations have been forbidden since 1941 from offering only blanket licenses",¹⁴ as is intended by the GBS settlement for subscriptions to institutions. A survey of Extended Collective Licensing in Nordic countries¹⁵ shows that it is used in contexts usually calling for some form of limitation or exception, or for the availability of blanket licensing, such as broadcasting, retransmission, reprography, education or libraries. But, if blanket licensing, or fair use exemption, is necessary to build an effective index and offer a book search service, there little need of it to offer digital access to books.¹⁶ It is also noted by Gervais that ECM is "an interesting model for countries where [...] a great part of the material that is the object of licenses comes from foreign countries",¹⁷ which is not the case for the GBS settlement.

Of course, the problem with such schemes is that they are clearly imposing conditions on the enjoyment or exercise of the rights, though these rights are

<http://www.oreillynet.com/pub/a/policy/2004/05/06/kahleversusashcroft.html>

11 Examples of such legislations are article 77 of the Canadian Copyright Act, article 67 of the Copyright law of Japan, or the two Orphan Acts recently discussed in the US Congress.

12 "Collective Management of Copyright and Related Rights", Daniel Gervais (ed), Kluwer Law Int., ISBN 904112358 X.

13 The Extended Collective License as Applied in the Nordic Countries, Henry Olsson (The Ministry for Justice, Stockholm), Kopinor 25th Anniversary International Symposium, Grand Hotel, Oslo, Friday, May 20, 2005.

http://www.kopinor.org/opphavsrett/artikler_og_foredrag/kopinor_25_ar/kopinor_25th_anniversary_international_symposium/the_extended_collective_license_as_applied_in_the_nordic_countries

14 Antitrust and the Google Books Settlement: The Problem of Simultaneity, Eric M. Fraser, University of Chicago - Law School & Booth School of Business, June 23, 2009. See section III.B.2.b), Subscription pricing, page 19. <http://ssrn.com/abstract=1417722>

15 Collective Management in the Nordic Countries, Tarja Koskinen-Olsson, in "Collective Management of Copyright and Related Rights" (footnote 12 above), pp. 257–282.

16 From an antitrust point of view, it might be wise to oppose this vertical integration of the book search service and the digital access to the books themselves, whether by sale or access subscription. The control of the Books Database could also be separated from the rest.

17 The Changing Role of Copyright Collectives, Daniel Gervais, in "Collective Management of Copyright and Related Rights" (cf footnote 12 above), pp. 3–36. See section 3.4, The extended Repertoire System, page 29.

supposed to be exclusive. Some law scholars do argue that enjoyment of the rights remains exclusive, and only their management or exercise is concerned. But as demonstrated unequivocally by Ficsor,¹⁸ since some provisions of the Berne Convention (such as article 11bis) do specify explicitly situations when exercising the rights may be limited, this implies a contrario that such exercise is not to be limited in other cases.

We shall show below that this loss of control over the exercise of the exclusive rights goes far beyond the simple loss of royalties negotiation power, as asserted by several legal scholars,¹⁹ so that it may impinge qualitatively rather than quantitatively on the rights holder's use of his exclusive rights. This becomes clearly a matter of enjoyment, not just of exercise.

Other scholars argue that, in the case of ECM, there is no real loss since the rights holder can always opt out. They further argue that this is not a formality prohibited by the article 5(2) of the Berne Convention since the opt out procedure can be very simple and one always has to go through some steps to exercise one's rights.²⁰ This is wrong in two respects:

- one may want to exercise one's rights by actually not doing anything at all ;
- it is in opposition with the very substance of article 5(2).²¹ The purpose

18 Collective Management of Copyright and Related Rights in the Digital, Networked Environment: Voluntary, Presumption -Based, Extended, Mandatory, Possible, Inevitable ?, Mihály Ficsor, in "Collective Management of Copyright and Related Rights" (footnote 12 above), pp. 37–83. See section 2, Mandatory Collective Management, page 41 & 42.

19 See for example: Mandatory Collective Administration of Exclusive Rights – A Case Study On Its Compatibility With International and EC Copyright Law, Silke von Lewinski, UNESCO e-Copyright Bulletin, January - March 2004.
http://portal.unesco.org/culture/en/files/19552/11515904771svl_e.pdf/svl_e.pdf

20 See footnote 17 above. In section 3.4, The Extended Repertoire System, pages 33-35, Daniel Gervais states that " *"Enjoyment" is thus the very existence of the right while exercise refers in particular to enforcement. It would be patently incongruous to read Article 5(2) as preventing the mandatory doing of anything. Should authors just have to walk into a courtroom (itself a "formality") without having to file a statement of claim? Not have to deal with foreign publishers and distributors because those are "formalities"? Not have to deal with foreign tax authorities to avoid deductions at source in a foreign country? Not have to deal with foreign collectives to ensure the protection of their rights in cases where they cannot or do not want to join a world-wide system through their national collective (if any)? That is clearly not the intent or meaning of Article 5(2). Those are all normal acts that authors and other copyright holders must perform routinely to exploit their copyright works and not - as was made abundantly clear during the adoption and revision of the convention -, "formalities" prohibited under Article 5(2). [...] ERS [Extended Repertoire System] is not a prohibited formality under Berne. If it is a restriction at all, ERS is a mild one. It guarantees an orderly exploitation of the repertoire that will be licensed but offers authors the option of going back to Level 0 [Full Individual Exercise] by sending a simple notice, perhaps even as simple as an email.*" This is forgetting that there are now other ways of exercising the rights, and CMOs will not currently consider them (see footnote 66 below), nor would they manage (certainly not for free) the opt out request with all ERS or ECM systems on the planet.

21 This is quite clear in the Report of the 1908 Berlin Conference on Copyright from a comment on article 2(2) of the 1886 Convention (at the Paris conference) which is the ancestor of the current article 5(2) of the Berne Convention. It states, about this 1886 article, which still imposed to accomplish the conditions and formalities required by the country of origin to enjoy the protection in other countries of the Berne Convention Union: " *This was already a great simplification which will be appreciated if it is recalled that there was a time not so long ago when, to guarantee a work protection in a foreign country, even by virtue of an international convention, it was necessary to register and often even to deposit that work in the foreign country within a certain time limit.*" Reported in WIPO, Berne Convention Centenary: 1886-1986 (Geneva: International Bureau of Intellectual Property, 1986), quoted by Daniel Gervais (footnote 17 above) In section 3.4, The Extended Repertoire System, page 32.

of this article is to avoid constraining the rights holder to check the exercise of his rights in each country. Since extended collective management is country based (until now), it means that the rights holder has to actually check each country, with potential linguistic problems and – even small – variations in procedures, to keep control of the exercise of his rights. This is hardly simple, even with the help of modern communication media. Furthermore, given the nature of the problem addressed, the formality prohibition is necessarily intended to apply to any type of national formality, however instituted.

Still, it should be noted that given the worldwide availability of the Internet, the institution of an open international world registry, common to the member countries of the Berne Convention Union, would probably not be objectionable pursuant article 5(2) of the Convention, at least in substance. Such a world registry should be accessible in all the major languages of the planet so that any copyright holder would be nearly certain to be able to use one of them. This alone would not solve other issues, but might contribute to a solution.

Last, but not least, these CMO based solutions rest on the hypothesis that the CMOs represent homogeneous population of rights holders, basically sharing the same interests and economic models, and differing only marginally in their views of proper rights management. While this may have been true in the paper printing past, it is clearly no longer the case in the current digitized context, the same one that is giving rise to the settlement agreement at hand. Hence, the legitimacy of CMOs to represent the interests of rights holders becomes highly disputable, especially when they pretend that their representativity can be extended to rights holders who have not chosen to be represented by them.²²

See also the historical introduction, section I.B, page 2, of the Survey of National Legislation on Voluntary Registration Systems for Copyright and Related Rights, SCCR/13/2, November 9, 2005. Prepared by the Secretariat of the Standing Committee on Copyright and Related Rights, Thirteenth Session, Geneva, November 21 to 23, 2005.

http://www.wipo.int/edocs/mdocs/copyright/en/sccr_13/sccr_13_2.pdf

²² This evolution is best explained in physicist terms. The “natural” socio-economic laws of the copyright world may be seen as describing a physical system. Until recently, the only way to disseminate works, books in particular, was through their materialization on a concrete tangible medium. This has a significant cost in production and transport, and thus can be done only in a commercial setting fueled by the revenue from copyright exploitation. The advent of digitization and the Internet has made this cost negligible, especially for books, thereby *changing one fundamental law of our physical system*, so that dissemination and some forms of exploitation do not necessarily require extracting a revenue from copyright, and enforcing copyright exclusivity may even become counterproductive. This change in the physics of copyright is akin to a *phase transition* in physics, for example when water freezes, so that excellent devices like pumps, conceived for the physics of liquids, no longer work as well.

Furthermore, we encounter another physical phenomenon, often associated with phase transition, that is still to be further analyzed in the physics of copyright: *symmetry breaking*. This essentially means that some elements of our physical system, in this case some characteristics of the rights holders, that were formerly essentially not discernible, are now distinct. This refers precisely to the fact that in the new physics, the best interest of some rights holders - not all - requires other policies than enforcement of copyright, formerly unavoidable. This translate into new models of creation and exploitation like open access to academic literature, open source software, open collaboration like Wikipedia, to name the better known examples. We have reasons to believe that this symmetry breaking actually takes also other forms, with other consequences for rights holders, but this is still being investigated.

Our purpose here is not to dispute the usefulness of CMOs. However, like our water pump, a CMO is a device built on copyright physics. Given the phase transition undergone by copyright, it must be ascertained that CMOs are still working as they used to, and particularly that they remain uniformly representative of the same communities. We contend that this is not the case, even without taking orphan works rights holders into account (see the end of

3. Exploiting orphan works

There is a strong lobby in France taking the position that some private organization(s) should be entrusted with some form of guardianship over orphan works, and manage them in place of the actual rights holder, granting licenses and collecting fees.²³ There is however a consensus, shared by the Canadian Copyright Act,²⁴ that the licenses should not be exclusive.²⁵ This consensus is to be contrasted with the settlement proposal which, though not formally exclusive, would place the parties to the settlement in a globally privileged position that may not be attainable again by normal contractual procedure or even a legal defense based on the GBS settlement precedent, thus resulting in a de facto monopoly.²⁶

According to that French lobby, these guardian organizations should naturally be CMOs. But the purpose is only to control the management of orphan works, not to simplify their access and use. Hence they do not propose anything like MCM or ECM, which might limit the exclusive rights of rights holders of non-orphan works, and they explicitly require the preservation of the costly constraint for diligent search of rights holders. To summarize, they propose a form of MCM that is mandatory only for orphan works, thus requiring the diligent search. The only public benefit would be the possibility of getting a license at cost, while the guardian CMO would keep the fees for some time in case the rights holders reappear, then use them for their usual purposes (paying other artists, supporting publishers, promoting creation are the official presentation of such purposes).

This extremist, one sided solution, has the advantage of exhibiting where the CMOs see *their* best interest, which does not necessarily represent that of the whole community, as we shall see.

Apparently, their main concern is that free access to orphan works would be unfair competition to other works, but this economic argument does not really hold, especially where digital versions are concerned.²⁷ There is also the idea

section 6 and footnote 66 below). And it does raise the question of where these rights holders would stand in these distinct sub-communities, or subclasses in class action terminology, in addition to the specificity of owning orphan works.

23 Rapport de la Commission sur les oeuvres orphelines, Jean Martin (Président) et Sophie-Justine Lieber (Rapporteur), Conseil Supérieur de la Propriété Littéraire et Artistique (CSPLA), March 19, 2008. <http://www.cspla.culture.gouv.fr/CONTENU/rapoeuvor08.pdf>

See also : Livre blanc pour la relance de la politique culturelle, Commission pour la Relance de la Politique Culturelle (CRPC), February 22, 2007, pages 70 to 74.

<http://www.crpc.free.fr/C.R.P.C/page24/files/Livre%20Blanc.pdf>

24 Canadian Copyright Act, article 77, "Owners Who Cannot be Located".

http://lois.justice.gc.ca/fr/showdoc/cs/C-42/bo-ga:l_VII-gb:s_77/en#anchorbo-ga:l_VII-gb:s_77

25 The CSPLA report (see footnote 23 above) addressed the issue in section III.1.3-b), page 19. It rejected exclusivity, even for a very limited time intended to compensate the cost of the diligent search required to assert the orphan status, since this cost is normally incurred only by the first licensee, arguing that it goes against the purpose of this exception to exclusive rights on orphan works. Article 77(2) of the Canadian Copyright Act (see footnote 24 above) also stipulates that licenses cannot be exclusive.

26 This is one of the major criticisms of the settlement, emphasized by many authors. See for example: The Google Book Search Settlement: Ends, Means, and the Future of Books, James Grimmelmann, ACS (The American Constitution Society for Law and Policy), April 2009, at II.B., page 10. <http://www.acslaw.org/files/Grimmelmann%20Issue%20Brief.pdf>

Or also: The Google Book Search Settlement: A New Orphan-Works Monopoly?, Randal C. Picker, U. of Chicago Law & Economics, Olin Working Paper No. 462, April 16, 2009, revised July 2009. <http://ssrn.com/abstract=1387582>

27 This economic point is further explored and developed on pages 19 to 25 in "L'exploitation des oeuvres orphelines dans les secteurs de l'écrit et de l'image fixe", Bernard Lang (INRIA, AFUL), 17 mars 2008. Annex to the CSPLA report (footnote 23 above)

that the public should not take unfair advantage of the fact that the work is orphan, though the same people do not consider it unfair to do it themselves.²⁸

Of course, another untold motivation is that any revenue that can be extracted from the public is good to take, even though it is actually unlikely to increase the total revenue. Generally it only changes the slicing of a cake with a fixed size. Ironically, trying to make a profit on orphan works may even be a lose-lose proposition: less works are accessible to the public, and less money is available to pay authors of non-orphan works, since some of the profit on orphan works will be used for other purposes, and, in the case of the GBS settlement, since authors are limited in the extra revenue they can receive.²⁹

As we are discussing this issue in the context of the Google Book Search settlement, it is interesting to note that both the Authors Guild and the Association of American Publishers publicly stated their opinion on this issue. The Authors Guild stated: "*This fee amounts to an unnecessary tax on users if no owner comes forward*".³⁰ The Association of American Publishers wrote in a joint statement: "*since copyright holders will be unlikely to come forward to claim the money in true "orphan work" situations, the payments function more like a user "tax" that discourages, rather than encourages, efforts to use these works*".³¹ These opinions seem to be in contradiction with the proposed GBS settlement they are now supporting.

Another motivation to propose collective management of orphan works (which is, to some extent, what the proposed settlement would amount to) is to prevent abuse of the orphan status to justify copyright infringement. This is apparently plaguing the still images community (illustrators, photographers, etc.) which was most vocal against the U.S. Orphan Works Acts,³² and a strong supporter in France of the proposed scheme for collective management of orphan works. However, the collective management policy proposed in France seems ineffective and possibly self-defeating since the orphan status is always non-obvious,³³ unless based on a registry system as proposed by the settlement agreement but opposed by the visual artists.³⁴ Hence, it is most likely that the still images community would be strongly opposed the settlement if orphaned graphic works, particularly photographs, were to be included; but not including them may in itself be a problem,³⁵ albeit a smaller one in the U.S. context.

<http://www.datcha.net/orphan/oeuvres-orphelines-BLang.pdf>

Some of the arguments are presented in section 6 of this document.

28 Ibid. page 18.

29 See section 6.3 of GBS settlement: Unclaimed Funds and Public Domain Funds.

30 Re: Notice of Inquiry Concerning "Orphan Works" – Reply Comments, contribution by The Author's Guild to the U.S. Copyright Office Inquiry, May 9, 2005, page 7.

<http://www.copyright.gov/orphan/comments/reply/OWR0135-AuthorsGuild.pdf>

31 RE: Notice of Inquiry Concerning "Orphan Works", joint contribution lead by the Association of American Publishers (AAP), March 24, 2005, page 6.

<http://www.copyright.gov/orphan/comments/OW0605-AAP-AAUP-SIIA.pdf>

32 How the Orphan Works Bills Affects Visual Artists,

<http://capwiz.com/illustratorpartnership/issues/bills/?billid=11320236>

33 Collective management of orphan works does not give any new leverage against abuse of the orphan status (see section 4.5 in Lang's report, footnote 27 above):

- either the rights holder is reachable and then orphan work legislation is irrelevant, but no one can act unless explicitly mandated by the rights holder, as usual;
- or it actually is an orphan work, but no one will be willing to pay a diligent search to prove it, which will prevent any action. And even if someone were willing to pay the search, collective management of orphan works would enable new possibilities for action against (ab)use only when the work is actually orphan (upon failure of the diligent search), i.e., precisely when its exploitation is not really harming anyone.

34 See footnote 32 above.

35 Modifying the books by removing still images may be considered an alteration of the work, which may not be acceptable under the moral rights of some countries.

Whatever one may think of these motivations, or any other, on whether they are fair, logical, or make any economic sense, is a topic for long discussions.³⁶ There are also opposite arguments. One should probably take into consideration that attributing the benefits derived from the work of an author to third parties, and particularly to other authors, may be demeaning the rights of authors, since there is no longer a true link between the work and the benefits from the work: this is a dangerous path for authors in the long term. It may degrade what is currently considered in a sui generis human right³⁷ into a mere right to payment. Besides, given that the increase of orphan works is a direct consequence of the reduction of the public domain due to longer terms of copyright, the least that could be done would be to compensate the public domain when it is at no cost to the rights holders.

4. Infringement and bypassing exclusive rights

From a purely legal point of view, any management of authors legal or economic rights without a mandate to do so is an infringement on those exclusive rights by all existing standards. If it is deemed necessary to institute some form of trusteeship or guardianship for orphan works so has to prevent their freezing (at everyone's loss), this has to respect some basic principles:

- any trusteeship should be instituted primarily on the basis of preserving the interest of the party, goods or estate placed under this trusteeship, taking into account the policy motives for its institution.

The motivations so far identified for supporting collective management do not obey that rule. They are purely concerned with non orphan works and their rights holders : avoiding competition, making more money or curbing piracy of non-orphan works. There is no real consideration for the best interest of orphan works and their rights holders. Nor is there any consideration for the public, who is supposed to be the next interested party: a work is primarily a communication between an author and his audience;

- no solution to the orphan problem will be found without some change to the current statu quo regarding copyright, at least where orphan works are concerned. This being acknowledged, it seem natural to look for a solution which will require minimal change to the existing rules.

This kind of situation is already addressed in the existing treaties on copyright, under "*exceptions and limitations*", where the allowable exceptions or limitations to exclusive rights are defined in intention by a set of constraints nicknamed the "*three-step test*". The concept was introduced in the Stockholm Intellectual Property Conference in 1967³⁸, and was incorporated in several international agreements, including the Berne Convention³⁹, the WIPO Copyright Treaty⁴⁰ and the TRIPS agreement.⁴¹ The terminology is used in civil law and in reference to these international treaties. From the point of view of United

36 Cf. Lang's report, footnote 27 above.

37 Universal Declaration of Human Rights, article 27(2): "*Everyone has the right to the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.*" <http://www.un.org/en/documents/udhr/index.shtml#a27>

38 Stockholm Intellectual Property Conference, 1967: Records of the Intellectual Property Conference of Stockholm, June 11 to July 14, 1967, World Intellectual Property Organization, Geneva, 1971.

39 Berne Convention for the Protection of Literary and Artistic Works, Article 9(2). http://www.wipo.int/treaties/en/ip/berne/trtdocs_wo001.html#P140_25350

40 WIPO Copyright Treaty, Article 10(2). http://www.wipo.int/treaties/en/ip/wct/trtdocs_wo033.html#P83_10885

41 WTO Uruguay Round Agreement, Trade Related Aspects of Intellectual Property Rights (TRIPS), Article 13. http://www.wto.org/english/docs_e/legal_e/27-trips_04_e.htm#article13

States common law, exceptions and limitations often translate into “fair use”⁴² which is a kind of open-ended catch-all clause for situations not supposed to harm significantly the rights holders. There is however a number of other specific limitations on exclusive rights which are listed in extension in the treaties and in the US Copyright Law to organize exploitation of works in specific situations.⁴³ The three-step test is a balancing test to be used by courts or legislative bodies to assess new exceptions and limitations, with regard to the international treaties allowing such exceptions and limitations to exclusive rights.⁴⁴

The three-step test specifies that exceptions and limitations to exclusive rights are for special cases: orphan works can certainly be seen as a special case. However, the idea that an exception should be limited to a special case indicates that it should be motivated by that special case, and that the motivations should be explicit or obvious – anything could otherwise be construed as a special case.⁴⁵ This also implies that *the exception should be minimal*, i.e., limited in extent to whatever steps are necessary to meet the need that motivates this exception. And the other two steps of the test also indicate that disruption of the interests of rights holders should be minimal.

Those interests should be assessed in the context of the exception, taking into account the nature of the exception and the situations or issues that justify it. These principles do not seem to have guided either the solution proposed in France, or the proposed GBS settlement agreement, where orphan works are concerned. Furthermore, in this specific case of missing rights holders, the responsibility of managing the works should not be entrusted to a private party having a clear conflict of interest. Such a conflict is quite transparent in the case of the French lobby, claiming the trusteeship of orphan works (directly or indirectly) while largely motivating their choice of policies by their own interest. The effective position of the authors/publishers class in the settlement seems very similar, if less candid.⁴⁶

5. The settlement and the three-step test

This being taken into consideration, let us go back to the GBS settlement. It

42 Copyright Law of the United States of America, § 107.

<http://www.copyright.gov/title17/92chap1.html#107>

Note that fair use is about the free use of works in specific ways and circumstances.

Exceptions and limitation have the same open ended logic controlled by a balancing test, but not necessarily for free, non paying uses.

43 Copyright Law of the United States of America, § 108-112, 117, 119 121, 122.

<http://www.copyright.gov/title17/92chap1.html>

44 The relation between fair use and the three-step test is further analyzed in: Book Search is Beautiful?: An Analysis of Whether Google Book Search Violates International Copyright Law., Jennifer Suzanne Bresson Bisk, Albany Law Journal of Science & Technology 17:271-310 (2007). Section IV.B. <http://www.albanylawjournal.org/sub.php?id=13>

45 Mihály Ficsor, "Collective Management of Copyright and Related Rights in the Digital, Networked Environment: ..." (footnote18 above), section 5.2., First step: the meaning of "special cases", page 61. On the basis on the context and the debates as reflected in the records of the 1967 Stockholm Revision Conference (footnote 38 above), Mihály Ficsor states *"that the concept of "special cases" includes two aspects: first, an exception or limitation must be limited as regards to its coverage as no broad exception or limitation with a general impact is permitted and, second, it must be also special in the sense that there must be a specific and sound legal-political justification for its introduction. "Sound legal-political justification" means that exceptions and limitations cannot serve any kind of political objective. There is a need for a clear and well-founded justification, such as freedom of expression, public information, public education and the like for an author's rights may not be curtailed in an arbitrary way."*

46 This conflict of interest has also been noted by James Grimmelman, see footnote 26 above, section III.C, p. 15.

would clearly create a situation that will be infringing on the exclusive rights of the rights holders of works included in the registry base without explicit consent, including orphan works. This calls for two remarks:

1. The proposed settlement as a class action would in effect authorize systematic infringement on the exclusive rights of two specific subclasses, one being the subclass of orphan works rights holders, which, by its very characterization, cannot have anyone representing it and its interests in this lawsuit.
2. International treaties are very clear that such infringement is permissible only under exceptions and limitations to copyright, and such exceptions and limitations are permissible only if they pass the three-step test. This is the point we develop here.

A first point is that an exception or limitation to exclusive rights should be a general rule, applying to all, and not a special decision exclusively in favor of a single party. As noted by Ficsor⁴⁷, "*there must be a specific and sound legal-political justification for its introduction*": an international rule, enforced by 3 treaties, cannot take exception favoring one private interest.

Even if we were to ignore the prohibition on formalities of the Berne Convention, and accept the principle of a class action binding rights holders by default, this would hardly be applicable to orphan works, since they are excluded by nature from opting out, and cannot be represented at any time. Then, how could it be possible to rule in favor of a settlement that runs contrary to international treaties by allowing a clear copyright infringement, without the cover of a recognized exception or limitation? Such a limitation could only exist as some form of fair use in United States law, since there is no other explicit provision for it. However, the settlement is precisely intended to avoid having to decide on whether Google has been acting within the limits of fair use, regarding all works under copyright, including orphan ones.

It could be argued that a fair-use claim in the settlement would differ from the original fair-use claim of the law suit. But the difference is mainly that fair-use would be invoked only for orphan works, since, by not opting out, the rights holders of other unregistered works are supposedly agreeing to Google's exploitation.⁴⁸ Thus a major part of the agreement would still concern the original fair-use issues, precisely for the very subclass that is not being represented. Furthermore, the settlement involves actual exploitation of the works rather than a simple book search service, and fair use can hardly be invoked to justify direct commercial exploitation.

Of course, the United States can introduce new exceptions or limitations, either by extending fair use through some ruling, which is actually what the GBS settlement tries to avoid, or through some new act in Congress, which is what the Orphan Works Act attempted without success so far. This failure can even be interpreted a contrario as indicating that there is currently no applicable exception or limitation in the US legal system, even limited to the case of orphan works and that a court ruling could well run afoul of international regulations. If at all possible, introducing new exceptions or limitations would make them available to all, thus resolving some of the antitrust aspects of the case.

From the point of view of U.S. law, the class action strategy chosen by the parties seems to be an elegant way of circumventing at one fell swoop most legal difficulties.⁴⁹ The GBS settlement agreement, if sustained, would result in

47 See footnote 45 above.

48 Actually we also dispute in this document the assertion that all rights holders of non-orphan works are properly represented by the CMOs party to the GBS settlement. See footnotes 22 above and 66 below.

49 "*Laundering orphan works legislation through a class action lawsuit is both a brilliant response to legislative inaction and a dangerous use of the judicial power.*" See footnote 26 above,

exceptions or limitations to the exclusive rights without explicit consent of rights holders. But, with respect to international treaties, it is immaterial which law is invoked to achieve such a result: any national law that leads to this result should be bound by the constraints of the treaties.⁵⁰

It is not obvious to see how this settlement could be acceptable as is, according to international constraints. However, it is worth considering whether it can be amended into a more open solution, i.e., giving no specific privilege to anyone, and interpretable as a new allowable exception or limitation. Again, whether it is instituted by a class action rather than a legislative Act seems immaterial from the point of view of international instruments.

Of course this concerns all in-copyright books scanned and otherwise exploited without explicit permission, i.e., without registration by the rights holders. However we first continue restricting the discussion to the case of orphan works alone.

So, what should be an adequate policy regarding orphan works. Since it should conform to the principle of exceptions and limitations, the policy choices should be guided by the three-step test:

- it should be limited to a special case ;
- it should not conflict with a normal exploitation of the work ;
- it should not unreasonably prejudice the legitimate interests of the rights holder.

We have to understand what that can mean in the case of orphan works, and particularly for digitized orphan works, since the settlement is only about digitization, and digitized works ?

Why do we want an exception or limitation for the special case of orphan works ? What are the legitimate interests of a creator or a rights holder who cannot be reached and is most likely not to be reachable in the future ? What is normal exploitation of the work ?

Regarding the special case of orphan works, the motivation should be clear : no one wants them to be frozen, since it deprives everyone in the culture ecology (the public, scholars, new authors, cultural industries, ...) without any benefit to the rights holders. Thus the exception should provide a way of making the work exploitable, even though the rights holder is not available to grant a license to do so,⁵¹ or to collect royalties. This being the motivation, any proposed exception policy should both be useful to that end and pass the other 2 steps of the test.

6.The payment of exploitation fees

Canadian and Japanese⁵² law implement such an exception by entrusting the

introduction page 2.

50 Indeed, the very fact that international instruments might be invoked in defense of the exclusive property rights of people in the class that is supposed to benefit from the class action settlement gives a strange, questionable, flavor to this settlement. It seems that an alternative settlement could have allowed the indexing of all works, as well as the sale of digital versions of registered works, when so desired by the rights holders, without infringing the usual exploitation rights of unregistered rights holders.

51 A generally accepted rule is that the work must have been legally disclosed at some point since an author might not want his work disclosed at all – see Canadian Copyright Act (footnote 24 above) for example. This does not necessarily mean that the work was previously published.

52 Copyright Law of Japan, Copyright Research and Information Center (CRIC), March 2008, translated by Yukifusa Oyama et al., section 8: "Exploitation of Works under Compulsory License", article 67, "Exploitation of works in the case where the copyright owner thereof is

management of the rights to a court of justice that can grant non-exclusive exploitation licenses, and fix a fee to be paid. While Japan always requires the fee to be paid and kept in escrow, the Canadian law is more flexible: the fee may be null, may be postponed until the rights holder reappears, or may have to be paid and kept in escrow for the missing rights holder.

It must be kept in mind, however, that both laws are quite old (24 years for Canada and 39 years for Japan) and predate the digital world as we know it, with the Internet and the possibility of exploiting works without marginal cost. Both laws are actually seldom used.⁵³

Imposing a reasonable fee at the time was not really an issue. The whole printing and publishing industry started from the fact that exploiting works in a material world requires investment and has a non negligible per unit cost. It is necessarily a business. Whether the author benefited from the fee or not, the very existence of the fee did not change much the economics of the exploitation system and the availability of the works. Furthermore, the law was addressing professionals⁵⁴: in many cases, for professionals, works are much more substitutable than they may be for the public or for libraries, and the fee may indeed prevent unfair competition of orphan works with non orphan works.

This no longer holds in the digital world, especially where libraries and the public are concerned. For them, the works are not substitutable means to do business. Whatever they are able to save on works available for free can be spent on works that are not. Making orphan works available for free would eliminate the competition with other works, rather than increase it⁵⁵. This remark should do

unknown" and article 74 "Deposit of compensation".

http://www.cric.or.jp/cric_e/clj/cl2_2.html#cl2_2+S8

53 Only 42 licenses have been granted since 1970 under the Japanese law: Agency for Cultural Affairs, Description of the past decisions result.

http://www.bunka.go.jp/1tyosaku/c-l/results_past.html

The Canadian law has done somewhat better with 233 licenses in 20 years: Unlocatable Copyright Owners - Decisions/Licences issued to the following applicants.

<http://www.cb-cda.gc.ca/unlocatable/licences-e.html>

54 The Changing Role of Copyright Collectives, Daniel Gervais (cf footnote 20 above), pp. 3-36.

In section 2.1., page 4, The copyright paradox, Daniel Gervais remarks that "*copyright rights (and related rights) apply in specific cases and, in theory, with the view of organizing access, not denying it,*" and that new problems are now encountered in the context of the digital world of the Internet "*because copyright was used by (or against) and transacted between professionals of the copyright industries, such as authors, publishers, producers, distributors and professional pirates, not individual end-users.*" He insists at length on this point in the subsequent discussion, and states for example on page 6, that "*even if the droit d'auteur tradition can be seen as a child of the Enlightenment tradition of individual human rights, Josef Kohler made it clear that copyright's purpose was to be used by and between professionals,*" referencing J. Kohler, *Das Autorrecht* (1880), p, 230.

He further notes in section 2.2, page 7, that "*In many cases, these professionals were intermediaries with no interest in the content itself (i.e., they could have sold shoes or food instead of books or music).*" While Gervais' point is mainly to analyze the inadequacies or lack of effectiveness of existing copyright law in the digital world, our own point is more to show that one cannot use the same economic analysis for professionals and for end-users.

55 The effects of competition are very different depending on whether the concerned goods are substitutable. For example, if two compatible – hence substitutable – text processors are available on the same market, lowering the price of one, or making it available for free, will reduce the sales revenue of the other, since no one needs both. On the other hand, songs and singers are not substitutable: if two singers are competing on the market, and one of them decides to give his songs for free, that will leave more customer money available for buying the songs of the other singer and increase his revenue. The point we are making is that material – non digitized – exploitation is necessarily a business; hence works are pretty much substitutable when they have the same commercial value, making it more profitable for the printer/publisher – actually acting as a gatekeeper – to give preference to works that require no fee at the expense of works with known rights holders. This was for example observed in

away with the competition objection, though it is not actually a legal issue.

Regarding the second step of the test, one could argue that orphan works are not being exploited at all, and that the issue of conflicting with normal exploitation is thus immaterial. However, one could also further argue that conflicts should also be avoided with future exploitation of the work, in the rare cases when the rights holder reappears, but this is an unsolvable question if the purpose is to actually make the work exploitable in case he does not. Indeed, the very purpose of the exception is to enable normal exploitation of the work, and the only meaningful question is to define what normal exploitation may be, and to preserve the economic rights and other interests of the rights holder as much as makes sense. Concretely, some organization, possibly a court as in Japan and Canada, must be assigned the management of the rights, with the dual task of achieving the stated goals of the exception – actually exploiting normally the works – and not unreasonably prejudicing the legitimate interests of the rights holders, which do include their economic rights.

As we noted above, it was considered quite normal, twenty or thirty ago, to impose a fee on such exploitation, and to request this fee to be escrowed before the exploitation begun, even though that was not a compulsory rule in Canada. Indeed, except for rare cases, paying a fee for exploiting a work was the norm, and the economics of any exploitation were such that a reasonable fee had no adverse effect on this exploitation. Hence, according to the three-step test, and short of other considerations as found in other kinds of exceptions or limitations, this was naturally part of a normal exploitation permitted under an orphan exception. However, even at that time, one could have questioned whether the exploitation license should be conditioned on just fixing a price to be paid to resurfacing rights holders, or whether the fee had necessarily to be escrowed (and then how it was to be used when not claimed).

However, as remarked by Mihály Ficsor, changing technology changes the conditions of exploitation⁵⁶, thus also what a normal exploitation may be, and that

the nineteenth century, when U.S. Copyright did not protect foreign works: Nineteenth-Century British and American Copyright Law, Philip V. Allingham, Faculty of Education, Lakehead University, Thunder Bay, Ontario, Canada, 5 January 2001.
<http://www.victorianweb.org/authors/dickens/pva/pva74.html>

When dealing directly with the public, as is possible with digitized works over the Internet, the works are generally no longer substitutable and the absence of a fee on orphan works will leave more purchasing power for other works. In addition it should be recalled that the very purpose of copyright is to promote original creation. Substitutability is hardly the hallmark of original creation in literary work ; it should not call for special economic protection beyond that provided by copyright.

56 Mihály Ficsor (footnote 18 above) states in section 1., Introduction, pages 39-40:

"Digital technology, and in particular the ever more widespread use of the Internet, on the one hand, has raised complex challenges to the rightsholders, and on the other hand, individual exercise of rights – through the application of technological protection measures (TPMs), electronic rights management information (RMI), and their combination as complex digital rights management systems (DRMs) – has become possible and practical in a broadening field. This influences the scope of those exceptions to and limitations of exclusive rights that may be justified and acceptable on the basis of the "three-step test" provided for in Article 9(2) of the Berne Convention for the protection of literary and artistic works (Berne Convention), Article 13 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), Article 10 of the WIPO Copyright Treaty (WCT) and Article 16 of the WIPO Performances and Phonograms Treaty (WPPT). For example, the distribution of copies through interactive transmissions supported by DRM - resulting in what is regarded now as "private copying" - is becoming a basic form of exploitation of works; therefore, in the cases where rightsholders apply DRM systems, and in particular TPMs, it would not be in accordance with the requirements of the "three-step test" to reduce the exclusive right of reproduction, in general, to a mere right to remuneration." It should however be remarked that this analysis does not hold regarding DRM, as they have since proved largely ineffective technically and even counter-productive socially and commercially. Nevertheless, this does not affect Ficsor's

necessarily changes the interpretation of the three-step test. Indeed, in the context of digital exploitation of works, which is the only one directly concerned with the settlement, we are dealing with new economic structures that allow exploitation with no marginal cost. That is not the only possible mode of exploitation, of course, and other forms of exploitation may be concerned, but it has become one of the normal forms of exploitation of works, literary or otherwise. Furthermore, the absence of significant marginal cost has led many authors (or rights holders) to make their works freely available on the Internet, as witnessed by many examples, such as the ever growing open access to academic literature,⁵⁷ the free availability in digital form of the novels of the popular science fiction author Cory Doctorow,⁵⁸ or the set of high-school mathematics textbooks developed by Sésamath⁵⁹ and available in both printed and digital form. And we are only witnessing the early beginning of this evolution.

Actually, many authors get more indirect benefits from a larger audience permitted but such new models, than they might by making their works available for a fee. The fact that open access or free use of work under copyright is a relevant economic model has actually been recognized in *Jacobsen v. Katzer* in the case of software.⁶⁰ Hence, even in the restricted economic interpretation of the WTO panel⁶¹, it is a *normal exploitation* in the sense of the second step,⁶² with

fundamental point that changes in the technology may modify the possible forms of exploitation, and “ *this influences the scope of those exceptions to and limitations of exclusive rights that may be justified and acceptable on the basis of the "three-step test" “.*

57 See for example: Open access (publishing) in Wikipedia,

[http://en.wikipedia.org/wiki/Open_access_\(publishing\)](http://en.wikipedia.org/wiki/Open_access_(publishing)) . Though the emphasis is often on periodicals, many books of all types are now published under open access licences.

58 The site of Cory Doctorow includes his regularly published novels under a variety of digital formats, including some translations by fans and audio editions. <http://craphound.com/>

59 <http://www.sesamath.net/>

60 *Jacobsen v. Katzer*, 535 F.3d 1373, 1381 (Fed. Cir. 2008).

<http://jmri.sourceforge.net/k/docket/cafc-pi-1/08-1001.pdf>

“Traditionally, copyright owners sold their copyrighted material in exchange for money. The lack of money changing hands in open source licensing should not be presumed to mean that there is no economic consideration, however. There are substantial benefits, including economic benefits, to the creation and distribution of copyrighted works under public licenses that range far beyond traditional license royalties.” The court decision includes a long discussion of the increasing role of open exploitation of works, not limited to software, noting that it *“serves to advance the arts and sciences in a manner and at a pace that few could have imagined just a few decades ago.”*

61 Report of the Panel on United States Section 110(5) of the US Copyright Act, WT/DS160/R, World Trade Organization, 15 June 2000.

http://www.wto.org/english/tratop_e/dispu_e/1234da.pdf &

http://www.wto.org/english/tratop_e/dispu_e/1234db.pdf .

This panel had a predominantly economic interpretation of the three-step test. See for example: *The Role of the Three-Step Test in the Adaptation of Copyright Law to the Information Society*, Christophe Geiger, UNESCO e-Copyright Bulletin, January - March 2007.

http://portal.unesco.org/culture/en/files/34481/11883823381test_trois_etapes_en.pdf/test_trois_etapes_en.pdf

62 The second step is analyzed by Mihály Ficsor (footnote 18 above) in section 5.3., Second step: the meaning of “[conflict with] normal exploitation”, page 61-62:

“What requires interpretation in this context is rather the adjective "normal". It may be understood in two different ways: either as an empirical conclusion about what is common in a given context, or as an indication of some normative standards. The records of the Stockholm Revision Conference, in the form of the following statement, clearly indicate that the latter meaning was taken into account: "all forms of exploiting a work, which have, or likely to acquire, considerable economic or practical importance, must be reserved to the authors" [emphasis added].” (cf. footnote 38 at 112)

With technological development, it is becoming even clearer that the adjective "normal" simply cannot be of a mere descriptive, empirical nature, and that it is rather a normative requirement. New means and forms of reproduction keep emerging, and when, at the

its own economic importance for the authors or rights holders,

One can make an even stronger case, though naturally not an economic one, where orphan works are concerned. Since, from experience, the rights holders seldom reappear, the only interest they may have in the work is their intellectual influence, even anonymous, and the memory or fame that the work may associate with their name. Most likely, they will never benefit from whatever fee could be extracted from the exploitation of the works. Any unnecessary constraint, whether legal or economic, that restrict the exploitation of their work will then unreasonably prejudice their only remaining legitimate interests, as well as defeat the very purpose of an orphan works exception, thus undermining the justification of its very existence. It must be noted that rights holder generally means the author or his inheritors since, in most cases, no digital rights were ever granted for the simple reason that they did not exist.

This is not to say that the economic interests of the unreachable rights holders should be ignored, but that they should be considered in a very balanced way, compatible with all models of normal exploitation of the works, as was indeed proposed in the Orphan Works Act. Without going into details, one characteristic of the Act was that it did require fixing a price for the exploitation of works, but did not require any actual payment unless claimed the rights holder within a reasonable time frame. Hence, claiming a fee still remains the decision of the rights holder, and all models of exploitation are left open until then. Indeed, the currently proposed variants⁶³ for an Orphan Works Act appears to be the closest one can get to a balanced exception to the exclusive rights on orphan works, with due consideration of the three-step test in the current technological environment.⁶⁴

However, this seems difficult to implement if digitized works are to be made available over the Internet: keeping track of all the people who get a copy of a work, so as to make them pay individually at some later time in case the rights holder is found, seems very difficult, unreliable and costly, and is likely to entail intractable privacy issues.⁶⁵ Hence the solution of fixing a price that may have to be paid, should probably be reserved to cases when the work is further exploited commercially rather than just accessed by end users.

Indeed, in the case of accessibility of orphan works via a Google server, it is actually Google who is exploiting commercially the works, even when not actually selling copies. Given that Google does turn a profit from such an exploitation, as admitted in the proposed settlement, part of this profit could be used to cover the rare claims of authors who reappear, rather than be given without cause to parties who have no rights on those works.

Regarding the definition of the classes in this class action, it calls for some remarks based on the discussions of this section and of footnote 22 above:

- In the new context of dissemination of digitized work over the Internet,

beginning, they are applied for the first time, certainly it would be difficult to speak about a form of exploitation that might be described – in the empirical sense of the word – as "usual", "typical" or "ordinary". At the same time, these new forms of reproduction may be very important for the owners of copyright to extract market value from the right of reproduction, the more so because they usually replace some other, more traditional forms."

63 There have been several proposals for an Orphan Works Act, the last two, very similar, being The Shawn Bentley Orphan Works Act of 2008 (S. 2913)

<http://www.publicknowledge.org/pdf/110-s-ow-20080424.pdf>

and The Orphan Works Act of 2008 (H.R. 5889)

<http://www.publicknowledge.org/pdf/110-hr-ow-20080424.pdf>

64 However, this is not intended as an assessment of all other aspects of the proposed Orphan Works Acts.

65 Though it does require prior payment, the Google on-line access scheme also entails unacceptable privacy issues, which represented authors could well find objectionable regarding their own work.

the CMOs constituting one party to the class action represent only those rights holders who wish to exploit their rights by perceiving royalties in the traditional publishing way. They cannot claim to be representing rights holders who use other means to exploit or disseminate their work. The compatibility of new copyright management models with existing CMOs has been analyzed in the French context in a CSPLA committee. This work lead for several reasons to negative conclusions.⁶⁶ It is to be noted, in particular that traditional CMOs (like those involved in the GBS settlement) need resources to operate, and that this is not straightforwardly compatible with new rights management models.

- Given that CMOs can represent only the “traditional” rights holders, there is no way to know whether the rights holder of an orphan work would have his rights managed in the CMO way, or would rather use a new right management model for exploiting his works, now that there is a choice. Hence no one knows whether he is adequately represented in the class action.
- In the specific situation of orphan works authors (or even authors' heirs), our analysis shows that their remaining interest is better served by new exploitation models based on open access than by an exploitation restricted by financial constraints. Even when the right have been transferred, the unreachable rights holder has nothing to win and the author has much to lose. But authors or rights holders of orphan works are unlikely to speak for themselves.
- Its is of course in the interest of the CMOs party to the class action to settle successfully by asserting that they represent the whole gamut of concerned rights holders. They also have a clear financial interest in including true orphan rights holders, or even unwary authors (often precisely those that do not wish to enforce their copyright) in the registry system so as to benefit from their works.

It should be finally recalled that the technical and economic changes that lead to this analysis are precisely the same ones that now allow the new type of practices that lead to the GBS settlement. *It would therefore make little sense to assess the settlement without taking into account all the known consequences of this new context on the copyright ecology.*⁶⁷

7. Exploiting unregistered works

Our preceding analysis is about orphan works only, and several commentators have expressed their own concern about the role and future of orphan works in this settlement. Unfortunately there is often some confusion about the type or scope of the works concerned, and it is probably useful to make some points more precise. Note that we talk of works rather than books throughout this discussion

66 La Mise à Disposition Ouverte des Oeuvres de l'Esprit, Rapport de la Commission spécialisée sur la mise à disposition ouverte des oeuvres, Valérie-Laure Benabou and Joëlle Farchy (Présidentes), Damien Bottegghi (Rapporteur), Conseil Supérieur de la Propriété Littéraire et Artistique (CSPLA), June 2007.

<http://www.cspla.culture.gouv.fr/CONTENU/miseadiposouverterapp.pdf>

The relations between open access and CMOs are analysed in chapter 3.1.3.2, § 69 to 77. It is summarized in §10 of the findings at the end of the report: “*L'articulation des licences ouvertes avec la gestion collective est, en l'état des pratiques, problématique. ... [Les SPRD] considèrent que les systèmes de mise à disposition ouverte ne sont pas compatibles avec leurs règles actuelles de fonctionnement, ...*”, transl.: “*Coordination of open licensing and collective management is problematic in the current state of practices. ... [CMOs] estimate that open access systems are not compatible with their current management procedures, ...*”.

67 Returning to the physicist view of footnote 22 above, this would be akin to analyzing an ice processing device on the basis of the physical laws governing liquid water.

for the simple reason that the settlement may also bear on inserts.⁶⁸ Even the so-called "Book Database" is actually for both books and inserts. But we do not mean to consider other kinds of works than those concerned by the GBS settlement agreement.

So far, our analysis has been distinguishing 3 types of works : public domain, (in-copyright) orphan, and in-copyright non-orphan. But this is inconsistent with the GBS settlement agreement which considers another classification into 3 types of works: public domain, unregistered, and registered.⁶⁹

Indeed, the settlement agreement is a denial of the existence of orphan works. Although it is found in the title of many commentaries about the GBS settlement agreement, the word "orphan" itself appears only four times in the whole document, including attachments, and only in reference to the possibility of a future Orphan Act. This is somewhat surprising, given the recent and considerable interest in orphan works worldwide. It may be explained by the analysis below, which also supports dissenting views of what should be done with unregistered works.

Thus, there are actually 4 types of works and corresponding rights holders:

- public domain – no rights holders
- (in-copyright) orphan – unreachable inactive rights holders
- unregistered non-orphan – inactive rights holders that could be reached
- registered – active rights holders

The unregistered works are thus composed of a mix of all orphan works and some of the in-copyright, non-orphan works whose rights-holders could be found if one were willing to pay the cost of a diligent search. To make things even fuzzier, it is not always easy or even possible to determine whether a work is still in copyright, but this is probably a less important issue, which we shall ignore for the sake of simplicity.

Much of the literature about the settlement has been somehow equating orphan works with unregistered works, considering all unregistered in-copyright works as orphan, including all works willfully or unwittingly ignored by their rights owners.⁷⁰ But the accepted definition works the other way around: it is up to a prospective user to seek diligently the rights holders, and he may find them even though they did not know they had any such rights.

The confusion between unregistered and orphan is quite understandable. Many people feel instinctively and probably rightly that the concept of orphan work, and any legislation based on this concept, *"simply wouldn't do much good [...] because the cost of a "diligent effort" is not going to be cheap."*⁷¹ Hence they much prefer to rely on explicit interest expressed by the rights holders by registering. The confusion may also stem from a memory for the opt-in copyright system that was used until 1978 in the United States, avoiding orphan works altogether, and somewhat similar to the Registry system of the GBS settlement agreement. But unregistered works were then left in the public domain, which is not the case with the proposed Registry take over.

68 GBS settlement agreement (footnote 5 above) §1.72 p. 9.

69 Throughout this document, the words "registered" or "unregistered" applied to a work or a right holder refer to registration with the Registry of the GBS settlement agreement. When registration with the Copyright Office is meant, it will be made explicit.

70 Why the Google Books Settlement is Better Than Orphan Works Legislation, Peter Hirtle, LawLibrary Blog (May 27, 2009). <http://blog.librarylaw.com/librarylaw/2009/05/why-the-google-books-settlement-is-better-than-orphan-works-legislation.html>

71 Little Orphan Artworks, Lawrence Lessig, The New York Times, May 20, 2008.

<http://www.nytimes.com/2008/05/20/opinion/20lessig.html> .

Lessig's comment is indeed supported by the very small number of orphan licences that have been requested or awarded in both Canada and Japan (cf footnote 53 above).

The settlement agreement is itself the best reason not to make a distinction. The works in consideration are essentially part of the long tail⁷² of works that will be exploited only in digital form. Since this form of exploitation of works is permitted by the settlement agreement without their rights holders permission and to the benefit of Google and the registered rights holders, no one will ever have an incentive to search for them, diligently or otherwise, even though the GBS settlement agreement does make a weak statement that the Registry "*will attempt to locate Rightsholders with respect to Books and Inserts*,"⁷³ without further indication as to the means.⁷⁴ Hence, for all practical purposes, there is no really useful distinction to be made between unregistered and orphan, for works or rights holders.

The obvious consequence is that most of what has been said about orphan works, here or in other contributions to the analysis of the GBS settlement, applies as well to all unregistered works. This is certainly true of our conclusion that the best interest of rights holders is to have a larger public, even a non-paying public, when they are not (willing) to be paid. Given that, when not being paid, it is better for an author, and not any worse for an indifferent rights holder, to have a larger public, *the default situation should be to leave the works freely available to the public*, since those rights holders who wish to be paid can register, while those whose interest is not to be paid (to someone else !) often cannot make it known.⁷⁵ Of course, the practical details need to be worked out. For example, the free access could be put on hold for something like five years, so as to give rights holders the time to react to the change.

The absence of significant differences may also be considered true of antitrust analysis based on the fact that, short of a class action, it is impossible to contract with the rights holders of orphan works. It may not be impossible to do so with the non-orphan unregistered rights holders, but this requires a diligent search for all unregistered rights holders, including orphans since one cannot know them beforehand. All rights holders having to be diligently searched, including all orphans works, the cost of contracting separately with all of the non-orphan rights holders is so high that it can only be seen as a theoretical possibility, not a practical one, even assuming these rights holders would be willing to contract.

These close similarities between orphan and unregistered works certainly contribute to the terminology confusion that we observed. However, there is a difference regarding the legal situation with respect to international instruments. Things becomes increasingly problematic.

The creation of a book search index was the only purpose of Google to begin with. It does require a blanket license for scanning copies of the works.⁷⁶ Furthermore,

72 The Long Tail, Chris Anderson, Wired, Issue 12.10, October 2004.

<http://www.wired.com/wired/archive/12.10/tail.html>

73 GBS settlement agreement (footnote 5 above) §6.1(c) p. 65.

74 Actually, one could consider using the revenue of unregistered rights holders to perform the diligent search to find some of them. But it is not clear that the revenue would be sufficient to help significantly, given their expected number of approximately 4.75 million unregistered books, about two thirds of the scanned corpus, according to Peter Brantley's evaluation. Hence it seems wiser to look for another more effective solution, if any. It is however conspicuous that the the authors of settlement agreement had only other uses in mind for that resource. The Orphan Monopoly, Peter Brantley, 15 March 2009.

<http://blogs.lib.berkeley.edu/shimenawa.php/2009/03/15/the-orphan-monopoly>

75 This point is further discussed in chapter 8 on page 24 below.

76 The blanket license is needed to avoid "*the enormous cost associated with trying to track down copyright owners to ask their permission, especially for out-of-print and orphan works.*" (see footnote 44 above, section III.D.). As we saw in section 2, page 4, this is a typical situation for Extended Collective Licensing, which is what the opt-out solution would amount to, provided it is available to all competitors, given that the revenue is shared. But exceptions and limitations do not necessarily require a sharing of revenue – fair use is an example – and it

these copies are really technical “non consumptive” copies, and their use is specific enough that it may be considered for a limitation on exclusive rights (first step of the three-step test). And it seems rather obvious that it passes the rest of the three-step test with flying colors since, at worst, it improves the normal exploitation of the work, without prejudicing in any significant way the interest of rights holders – unless any use is considered as prejudicing, with is contradicted by the very existence of fair use. And to boot, it is also significantly useful for the public.⁷⁷ Of course, turning the creation of a book search index into an allowable exception or limitation would imply that it is permitted to anyone, thus eliminating any antitrust issue.

Hence the U.S. court could recognize, within the constraints of international instruments, that the building of an index for the book search project is a form of fair use.. Alternatively, a specific limitation could be instituted by Congress. Google was arguably within the range allowed by international law,⁷⁸ provided it was implemented by U.S. law, and still is regarding the book search part of the GBS settlement agreement.

Scanning the works to make them available in digital form, i.e., *Display Uses*,⁷⁹ is a more complex matter. There is of course no problem for registered works, when it is done according to the wishes of the rights holders. For orphan works, which are necessarily unregistered, there seem to be a consensus (at least for textual works⁸⁰) that it is a special case that could be handled by an appropriate exception or limitation. We have seen however that there is less consensus on how this exception or limitation should be implemented.

The last remaining case is that of non-orphan unregistered (in-copyright) works. The first immediate observation is that there is nothing specific about these works, nothing other than having been or being scanned by Google.

Making these works available, with or without payment, on paper or on the Internet, is just a normal and very plain form of exploitation, that does not call for any specific provision or help. With rights or permission, anyone can do it, for any number of works. In other words, there is no reason that might justify an exception or limitation to exclusive rights for exploiting digitized version, if the work is not known as orphan.

There is however a way out for some works. Article 5(2) of the Berne Convention, precluding formalities for the enjoyment and the exercise of the rights, does not apply in the country of origin of the works.⁸¹ Thus, whenever the country of origin is the United States, i.e. for *United States works*,⁸² formalities can be imposed for the enjoyment and the exercise of exclusive rights, so that the settlement can indeed be implemented. Of course, this obviously applies to orphan works, so that in this case, no specific exception or limitation was really needed, at least where international agreements are concerned.⁸³

However, the works being considered in the settlement are not all United States

can even be disputed whether the *technical* digital copy needed is an infringement.

77 It probably is a good example of the “*new exceptions and limitations that are appropriate in the digital network environment*” that are provided for in Article 10 of the WIPO Copyright Treaty of 1996, as commented in the Agreed statement concerning Article 10.

http://www.wipo.int/treaties/en/ip/wct/trtdocs_wo033.html#P86_11560

78 Jennifer S. Bresson Bisk does not quite agree with this conclusion regarding the initial Book Search that led to the class action. See footnote 44 above, section V.

79 GBS settlement agreement §1.48 p. 7.

80 The visual artists object to the creation of such an exception or limitation, but their objections are related more to their perception of the defense of the interests of rights holders of non orphan visual works than to the criteria of the three step test.

81 See footnote 9 above.

82 Ibid.

83 This is apparently why Lawrence Lessig suggested solving the orphan works problem for U.S. works by requiring registration, rather than the Orphan Works Act. Cf footnote 71 above.

Display Uses of digitized works	United States work		not a United States work	<i>legal solution</i>
	unregistered with © office	registered with © office		
public domain				no problem
orphan			impractical	exception or limitation
unregistered non-orphan			no solution	no exception or limitation
registered				explicit agreement
<i>legal solution</i>	excluded from GBS agreement		protected against formalities by Berne art.5(2)	
	Formalities may be imposed by U.S. legal system			

works, so that this can only remain a partial solution. For example, a book by a US author, even registered with the U.S. Copyright Office, but published the first time simultaneously in the U.S.A. and in Canada, will have Canada as country of origin.

One straightforward solution is to modify the settlement agreement so that it applies only to United States works. This leads us to another classification of works:

1. United States works not registered with the U.S. Copyright Office;
2. United States works registered with the U.S. Copyright Office;
3. works that are not United States works.

The definition of "Book" in the GBS settlement agreement is explicitly limited to the latter two kinds (provided they are in-copyright).⁸⁴ A "jurisdictional" interpretation by the courts of the registration requirement in 17 U.S.C. § 411 does prevent the inclusion of the first kind of works.⁸⁵ And these works can be safely excluded under 17 U.S.C. § 412.

Putting our two classifications together, we see that the formality problem remains only for unregistered works (unregistered with the settlement agreement Registry) that are not United States works. This is very precisely what the Berne article 5(2) is supposed to avoid. It is somewhat disconcerting that the U.S. Congress would go through such efforts and legal disruption to adapt the U.S. Code to the constraints of the Berne Convention – and the other international agreements that include its articles – only to have its will and the corresponding legislative work circumvented by a class action.

One simple solution would be to exclude from digital exploitation under the settlement all works other than United States works, unless their rights holders choose to register with the settlement Registry.⁸⁶ After all, the settlement

⁸⁴ See § 1.16, page 3 of the settlement agreement.

⁸⁵ An Informal Rant About Formalities, James Grimmelman, The Laboratorium,, January 2, 2009. http://www.laboratorium.net/archive/2009/01/02/an_informal_rant_about_formalities

⁸⁶ Of course, a proper exception or limitation on orphan works could theoretically allow keeping their exploitation in the settlement agreement, but it is not really practical to do it massively, given the cost of their identification.

already excludes United States works that have not been registered with the Copyright Office – apparently more to accommodate a legal glitch than to implement a consistent choice. This does not necessarily preclude indexing all these works, which is legally defensible as we saw above. Furthermore, it is clearly not in the interest of rights holders or authors to be excluded from a major book search facility.

A more constructive and global solution would have to be an international one: to keep the existing prohibition on formalities outside the country of origin, but to institute a single worldwide international Book Database where rights should be declared before they can be exercised.⁸⁷ This is now technologically feasible, and would essentially solve problems, for all countries, with minimal change to existing legislation. And it would also be a greater resource for scholars and culture in general than the already acclaimed Book Database of the GBS settlement agreement.

8. Enforcing the exploitation fee

From the the analysis of the previous section it appears that, though their legal status may be different, there may not be much practicality in attempting to distinguish between orphan works and unregistered works. The difference is largely dependent on the definition of the diligent search, which may be more or less reasonably diligent. In other words, there is really a continuum, which does suggest, as we already observed, that policies appropriate for orphan works might be worth considering for all unregistered works, provided it can be made legally acceptable. Hence, we first consider the case of orphan works, for which there is a fairly large consensus that an exception or limitation could be appropriate, even though there may not be a consensus on the modalities.

Fixing a license fee to be paid immediately to its guardian for the use of an orphan work is of course meaningless if there is no provision to enforce the payment. The French lobby on orphan works is aware of the issue, and their choice of CMOs for the trusteeship of orphan works is explicitly intended to make sure that the trustee will have the right and the will to prevent unauthorized uses of these orphan works.⁸⁸ Otherwise, any would-be exploiter would have no strong incentive to actually pay the trustee, especially after performing a diligent search (considered compulsory in any case) indicating that the rights holder is unlikely to ever be found.

Actually, things are somewhat more complex as enforcement does have unexpected counter-productive aspects: it is also an incentive to ignore the diligent search altogether, at least for all minor exploitations of works that seem likely to be orphan, since no one is then likely to be legally able to enforce payment; alternatively, it is an incentive not to publish the result of a fruitless search, since the trustee organization is powerless to request the fee as long as the orphan status is not effectively known to it, and it would most likely be unwilling to pay on its own the cost of a diligent search.⁸⁹

87 To keep in line with article 5 of the Berne Convention, this should be required only for works that have Earth as planet of origin.

88 Les oeuvres Orphelines dans le Secteur de l'Écrit, Groupe de travail CFC, note d'étape, 2 octobre 2007., page 4.

<http://bat8.inria.fr/~lang/orphan/documents/france/CFC-NOTE-D-ETAPE-2007.10.02.pdf>

89 Enforcement of the prohibition of uses without explicit authorization from rights holders seems seldom accounted for in the literature. Many countries have no provision for it, while others do allow it, but with quite different modalities. Looking for example at the Nordic countries, that seem to have similar approaches to these issues, we see significant differences. This prohibition can be enforced in Norway by organizations in charge of Extended Collective Licensing, "*in the absence of any objection from the rightholder*," as stated by § 38b of the Norwegian Copyright Act. http://www.kopinor.org/opphavsrett/norwegian_copyright_act
In Sweden, enforcement can be requested "*by a party that, on the basis of a license, has the*

Of course, none of this should occur if the minimality principle is followed.⁹⁰ As we argued above, imposing payment of license fees not claimed by the rights holders is defeating the very purpose of an orphan exception or limitation without benefiting these rights holders. It would also be a further infringement on the exclusive rights of the orphan works rights holders to grant any organization the right to enforce such payment. And again, that would be detrimental to the purpose of the exception without benefit to the rights holders. Thus it should clearly be avoided.

This line of reasoning can also be repeated regarding the use of technical devices to control the dissemination of works, such as digital right management tools (DRM). Using such devices without explicit consent from the rights holders would be a further infringement on the exercise of their exclusive rights, and it would be defeating rather than furthering the purpose of an orphan exception. Hence, while Google has the right to use such devices on public domain works, it should be restrained from doing so on orphan works, which is the declared intent of their technical business model.⁹¹ However this question is probably largely rhetorical since it is doubtful whether there exists any technical mean to control the dissemination of the written word. Unlike most other works, text is naturally digital since writing was invented, and it can be reproduced without loss of information if it can be read at all. At worst, this can be made inconvenient. Nevertheless the question is not so rhetorical where privacy issues are concerned, given the technical remote access model intended by the clauses of the settlement agreement. Actually, like all form of DRM or other digital control, this is just another incentive to access works by other channels.⁹²

This does not mean that Google cannot require payment or make advertising profit for the service of making works available on-line, which they intended to digitize anyway for indexing purposes, but only that they cannot exert further control on those works, nor differentiate the payment according to the nature of the works.

The situation is naturally a bit different when considering all unregistered works. We assume that their (Display) use is somehow made (internationally) legal by some device, such as a registry, whether that of the settlement or an international one as we suggested. Even though we are no longer considering a limitation or exception, nor a special case as required by the three-step test, such use is still infringing on what is generally intended to be an exclusive right. Hence the policy intent, i.e., the motivation for this infringement, should be made clear and the minimality principle should also be followed

right to exploit the work," according to Article 53 b of the Swedish Act on Copyright in Literary and Artistic Works, as amended up to April 1, 2009. <http://www.sweden.gov.se/sb/d/6015>
In Denmark, enforcement is "*at the instance of the aggrieved party*", which seems to mean the rights holders, according to Section 81 of the Danish Consolidated Act on Copyright, No. 763 of June 30, 2006. <http://www.wipo.int/clea/en/details.jsp?id=1181>
However, exclusive rights are generally understood as covering both the right to authorize and the right to prohibit, which is natural since the right to prohibit can open the door to forms of censorship – explicitly allowed for Governments only by article 17 of the Berne Convention. This understanding is made explicit as "*the exclusive right to authorise or prohibit*" in the Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 (footnote 1 above) [Swedish law is apparently not compliant]. The exclusive character of the right to prohibit is even more important in the digital world, where an increasing number of authors wish to have their work widely disseminated and read, rather than be paid and have to manage authorizations, which is far from obvious to many, especially when considering that the legal status of automated licensing often remains to be clarified.

90 See section 4, page 10,

91 This is detailed in section 4.2 (Consumer Purchases) of the GBS settlement agreement, cf footnote 5 above.

92 This has been remarked independently by numerous people, including this author: La face cachée de la loi sur le droit d'auteur, Bernard Lang, le snesup, N° 544, April 2006, page 23. <http://www.datcha.net/ecrits/liste/face-cachee-droit-auteur-snesup.pdf>

accordingly in this case, limiting the infringement to the steps necessary to achieve the policy objectives. Of course, this is discussed from the point of view of international instruments, but it makes little sense in the context of a U.S. class action settlement agreement, which is not intended to implement a policy and does not consider such uses as unauthorized to begin with. The difference is precisely the heart of our problem.

Assuming that the primary policy justification is the better use of our cultural heritage – the very reason why so many people support the general idea of this settlement even when criticizing its modalities – will confirm what we said previously,⁹³ that the default situation should be to leave unregistered work freely available to the public, with appropriate initial modalities. It is after all close to the current policy of the U.S. Copyright Office under 17 U.S.C. Chapter 4, and particularly § 411 and § 412. One may actually wonder why there should be two registries, except for the fact that the first was instituted by Congress according to international agreements and is a prerequisite for copyright enforcement for U.S. works, while the second is intended to channel royalties to rights holders, under conditions that circumvent international agreements. This questionable and inconsistent redundancy is yet another argument in support of Grimmelmann's remark that the "*Google Book Search settlement [...]* is a judicial solution to a legislative problem."⁹⁴

Finally, as in the case of orphan works, Google and the Registry should be restrained from any unnecessary further infringement, such as exerting further control over the unregistered works made available through Display Use, or basing their profit of the nature of the works rather than the service provided.

To summarize, assuming that works can be made legally accessible in digital form, no work should be made available for a price covering more than the access service, or fettered with some form of DRM, without explicit consent of the rights holder. This is not quite returning the works to the public domain, since this availability can be assorted with clauses that return the work under the control of its resurfacing rights owners, or set conditions on for profit uses, in the line of what has been proposed or implemented for orphan works so far. It can nevertheless be seen as a compensation – without cost to the neglectful rights holders – to the public domain for the increases of copyright term, which are largely the cause of the problem to begin with.

This conclusion is actually reinforced by other considerations, which relate directly to the context of the GBS settlement agreement, without even considering international instruments. The settlement agreement – if sustained – would give an exploitation license to Google for orphan works and unregistered works⁹⁵, but it does not give anyone the rights holders' exclusive right to enforce payment for the use of these works⁹⁶. Hence, for any work that is not claimed in the

93 Cf chapter 7, page 19 above.

94 See footnote 26 above, section III, p. 12.

95 At this point of the discussion, it is not worth distinguishing orphan and unregistered works, for the reasons expounded in the previous section, and simply because the GBS settlement agreement does not make any difference.

96 The class action settlement states explicitly on page 21, § 3.1(a), that "*nothing in this Settlement Agreement or a Library-Registry Agreement shall operate to transfer any copyright ownership in Books or Inserts.*" It is intended only to grant Google permission to exploit the works in various ways, sharing the revenue with the Registry, while all rights holders do retain their exclusive rights. Indeed, much of the debate about the settlement concerns the possibility for other interested parties to get exploitation rights under conditions as favorable as those obtained by Google, given that no one has authority to speak for orphan works rights holders, outside the very disputable device of a class action settlement. The settlement describes in considerable detail how users will be contractually constrained in their use of the digitized books provided by Google, independently of whether they are in-copyright. However, these are only contractual constraints that do not have the strength and the wide protection of copyright. It is doubtful that these constraints can be enforced in any way against any third

searchable online Books Database⁹⁷ of the Registry, individual users would have a significant incentive not to pay anything, given that the rights holder is very unlikely to reappear and that the individual prejudice is very small when making or exchanging one copy. In other words, it should be expected that digital versions of works known to be orphan or simply unregistered will be widely exchanged for free over the Internet. And it will probably be an impossible task to convince anyone that there is anything wrong with it, since there is no real legal or moral basis to prevent it and to leave the privilege of benefiting from unregistered works to the class action parties.⁹⁸ Furthermore, attempts at enforcement might severely undermine the public perception of the legitimacy of general copyright enforcement on the Internet, and all efforts to educate the public about the rightfulness of such enforcement. That is probably true even in the case the settlement were to transfer to the parties the rights holders' exclusive right to enforce payment for the use of unregistered works.

The Books Database is useful primarily to Google and the registered rights holders.⁹⁹ There is no reason its cost should be covered by revenues on the works of the rights holders that do not benefit from it. The fact that it can help some authors or rights holders to make known their rights on some works does not change this, since they are then no longer unregistered, and can thus contribute rightly to the Books Database that helped them.

On the other end, the parties to the class action settlement will want to preserve the revenue they can expect from unregistered works (if the court sustains the settlement as is). The obvious way is to make it unsafe for would-be users of unregistered works by restraining access to the Books Database, so that they will not be able to know whether works are registered or not, nor even whether they are in the public domain.

Consequently, the class action parties would all have a vested interest in limiting significantly the accessibility of the Books Database, thus severely curtailing its usefulness to the cultural and academic ecology.¹⁰⁰ As maintainers of the Books Database, they would also have a vested interest in not trying too

party who has somehow obtained a copy of a digitized book, short of a copyright action by a rights holder, which naturally would not be possible in the case of orphan or public domain work. Of course, Google can probably try to invoke the most controversial aspect of the DMCA, namely DRM protection unwarranted by any right on the protected material. But this has a limited geographic impact and will further confuse copyright issues at a time they rather need clarification and justification in the public.

97 Settlement agreement § 3.1(b)(ii). Note that despite its name, this database contains books metadata, but not the books themselves.

98 See footnote 50 above.

99 Indeed, there is no indication in the settlement that it might be made available to anyone else. As remarked by Pamela Samuelson, "*There is too little specificity in the Agreement about how transparent the BRR will be about what books are in or out of copyright, in or out of print, who the rights holders for particular books are, how to contact them, and what books are true "orphans."* This information could be important to academic researchers. A scholar, for instance, may want to digitize her collection of books on a given subject, which she believes are orphan works. It is unclear whether she would be able to get up-to-date information from the BRR to determine if a rights holder has come forward for any of those books or to get from Google or the BRR information that they might possess about the "orphan" status of particular books." in Pamela Samuelson's letter to Judge Denny Chin, Re: Authors Guild v. Google Inc., No. 05-civ-8136 (DC), April 27, 2009.

<http://www.scribd.com/doc/14744864/Samuelson-Letter-to-Judge-Chin-42709>

100 "Public goods should be widely available. Just by providing the search and download services and by processing payments, Google and the Registry will assemble some immensely useful databases about book copyright information. These databases are classic public goods, and neither Google nor the Registry will need exclusive rights over them as an incentive." In "How to fix the Google Book Search Settlement", James Grimmelmann, Journal of Internet Law, 12-10, April 2009, p.1 and pp. 11-20.

http://works.bepress.com/cgi/viewcontent.cgi?article=1022&context=james_grimmelmann

hard to determine whether a work is public domain rather than orphan or unregistered.¹⁰¹ And one should keep in mind that, according to some estimates, unregistered works could well constitute between half¹⁰² and two thirds¹⁰³ of the corpus of works being considered in this settlement.

9. Does it matter ?

The analysis presented here rest largely on international considerations and aspects of the copyright treaties. Does it matter for this class action ?

For one thing, these treaties are not self-executing,¹⁰⁴ so that U.S. court are under no obligation to take them into account. However, the very nature of this class action is to allow the institution of practices that would actually require new legislation in many other countries. And new legislation is not supposed to ignore international instruments.¹⁰⁵ It may also be questionable whether the settlement of a class action can actually involve by default the exclusive property rights of someone who did not chose to be party to this action. It does look very much like a very good deal for the parties to the GBS settlement, those effectively participating. It looks so good that it might lead other people to consider staging a class action just to get this kind of result. How else could have they hoped to get control of orphan works, and of the profit they may bring ?¹⁰⁶ And if they claimed the profit to be small,¹⁰⁷ then why bother creating obstacles to their access that defeat the very purpose they pretend to be helping ?

It is not a question of underestimating¹⁰⁸ the invaluable contribution to culture

101Google would even have a vested interest in not indexing, or ranking poorly, copies of orphan works made available on the web by any other party, Furthermore, there is no provision for allowing anyone else to check that the registry is properly maintained, for example as regards public domain works.

102The Google Book Search Settlement: Ends, Means, and the Future of Books, James Grimmelmann, see footnote 26 above.

103Cf footnote 74 above.

104This is stated very explicitly in section 2 of The Berne Convention Implementation Act of 1981. <http://www.copyright.gov/title17/92appii.html>

However, though it states in §2(3) that "*the amendments made by this Act, together with the law as it exists on the date of the enactment of this Act, satisfy the obligations of the United States in adhering to the Berne Convention and no further rights or interests shall be recognized or created for that purpose*", this does not mean that US legislation can be later changed without regard for the Convention. The same situation holds for the WIPO Treaty on Copyright and the WTO TRIPS agreements.

105Grimmelmann notes "[t]he Google Book Search settlement, then, is a judicial solution to a legislative problem. [...] But [...] legislative problems demand legislative solutions", and suggest that "[w]e should also think about going back to Congress." (See footnote 26 above, section III, pp. 12 and 16). But that is not an option for achieving this result, if Congress is to respect the current international commitments of the country.

106It could be argued that a class action is only a way of doing more effectively and quickly what could be achieved by contractual means. But there is no way a contract could ever be signed with an orphan copyright holder. And it is indeed strange that the consequences of a class action settlement will be to allow infringement on the property of those members of the class that is supposed to benefit from it.

107Let's Not Lose Our Heads Over a "Monopoly" of Orphans, Roy Blount, Authors Guild, June 24, 2009. <http://www.authorsguild.org/advocacy/articles/roy-blount-on-google-orphans.html>

108Many commentators (see for example the introduction in James Grimmelmann's article, footnote 26 above) largely overestimate the benefits of the settlement, by considering it a first order improvement, when it actually is only second order in a very mathematical sense. E-libraries are coming anyway, and Google was prepared to create the index even without actually selling access to books. The only benefit of the settlement is that this evolution may come a bit earlier, a matter of "when", not of "if", of how fast we get there, not of whether we will. Hence, the cost of the settlement is to be balanced against this differential, and not

and scholarship that would be brought by the availability of these books. As a scientist, as an academic, as a book lover, and for many other reasons, the author will never deny this. But the fact is that this is coming anyway, in some form or other, probably more slowly than Google is making it, as witnessed by other e-library projects around the world. So the impression remains that is a matter on jumping on the opportunity at the best possible conditions before anyone else moves. It is good business, but is it good policy ?

The main argument of this analysis is that the world of creation has just been through a drastic change : works must no longer be necessarily paid for to be disseminated, because digitization has done away with marginal cost. There are positive consequences such as open access, free software or the possibility to have the world literary heritage available on-line. There are also unfortunate ones such as the development of non-commercial individual piracy, a phenomenon nearly unknown, and certainly not cared for before the digital age. Some are less visible. Other actors try to take advantage of this revolution, and the parties to the settlement are no exception. The game is changing and it is a time for all kinds of abuses – some more systemic than individual piracy – unless the referee steps in and interprets accordingly the rules of the game to preserve a fair, acceptable and enforceable balance between the players, authors, public, publishers, libraries, and between the different ways, especially new ones, of playing the game. This may not mean preserving situations no longer warranted.

Actually, the settlement to a class action is supposed to be just that: "fair, reasonable, and adequate."¹⁰⁹ The three-step test is a balancing test intended to achieve precisely that purpose and which has been designed and analyzed by copyright specialist for the very type of situation that is being discussed. That should be enough to consider using it, even if the requirement is not self-executing.

Copyright as we know it is primarily the daughter of the printing press and its economic models. Before then there were no reasons for authors to enforce anything but moral rights. Indeed, being copied was rather an honor and a better chance for influence, fame and survival for one's work. If, with the printing press, copyright became a source of revenue for some authors, it became also for all of them the best chance to ensure fame, or at least survival, by financing dissemination.¹¹⁰ But this justification for copyright is now gone – others remain – and the best chance for readership and intellectual survival in the digitized world is open access, coupled with good search facilities. Digitization and Internet are a revolution of the same order as the printing press, and there is no chance that it will leave copyright unchanged, nor most of the activities revolving around it.

In this changing context, the principles of constitutional and international instruments, intended to protect the author's rights without being too specific regarding the nature of those rights, are more likely to give appropriate general guidelines. The three-step test does have this characteristic,¹¹¹ and so does article I.8.8 of the United States Constitution, which says nothing about giving the benefits of exclusive rights to anyone other than the authors. And "*the progress of science and useful arts*" will certainly be better promoted by giving better access to knowledge, when it is at no loss to rights holders.

against the global value of digitized access to book collections.

109Federal Rules of Civil Procedure (2007), §23(e)(2).

<http://www.law.cornell.edu/rules/frcp/Rule23.htm>

110This explains why copyright started with the stationers: they were doing the dissemination.

111The WTO panel (footnote 61 above) did give a strongly economic reading of the three-step test, but that is to be appreciated in context. The WTO is only concerned with economic issues, as witness the fact that it explicitly did not include in the TRIPS agreements article 6bis on moral rights of the Berne Convention. But the three-step test appears in several others treaties (e.g., WCT), and would likely have other emphasis, if legally invoked before the corresponding international bodies.

Arbitration by international instruments is also advisable in a context that will necessarily be international, because of the international role of Google¹¹², even more because of the international character of the authorship in the concerned libraries, and because it will necessarily concern an international public.

Regarding this last point, a major issue is to preserve, internationally, the legitimacy of copyright. While anyone can understand that an author needs to make a living, or simply may want some concrete reward for his contribution, any attempt to arbitrary collection of monies by people or organizations who have no legitimate rights demeans copyright itself and the will to respect its constraints. The technological context will make it nearly impossible to enforce copyright on works, especially written works, when it will be known that it does not even benefit the author or any legitimate rights holder. Nothing can be more noxious than a law or a rule that is perceived to be unwarranted, unfair and unenforceable, not to mention the fact that the implementation proposed in the settlement will add insult to injury by jeopardizing the privacy of the public.¹¹³

Finally, it is rather strange to see such a taste for collectivism coming out of the United States. The initial law suit against Google was based on a collective reading of copyright, rather innovative, since indexes have only collective meaning. The GBS settlement aims at a collective management of orphan works, in the interest of the collective rather than that of the individual authors. The digital revolution will change copyright, but one would have expected that the extra individual freedom would have consequences in another direction.

10. Bridging the transition

The U.S. reader of this paper may naturally feel that it was absurd to abandon the registration system in the late seventies only to come back to it less than 30 years later, out of necessity. This very analysis may seem a confused mess to many reader, as it first did to its author. But there is a good logic to it.

The legal systems, whether common law, civil law or international instruments are only a technology built on the natural laws (technical and socio-economics) of their domain of applicability. But as we said earlier, the natural socio-economic laws of copyright have been changed with the development of the digital world, at least where that digital world is concerned. Hence our analysis has to account simultaneously for two states of the world that do not mix much better than ice and water: the digital world of the Internet and the physical world of tangible goods. And this may explain why this analysis may look more like a shapeless granita than like an ice pop or a glass of soda.

The digital world of the Internet cannot be a legal no-man's land. But that does not imply that the applicable judiciary laws should be identical to the laws so far used in the physical world. Indeed, it is not even clear that the judiciary laws of the physical world make any sense in the digital world, not any more than the text of a law or a contract will have the same effect when interpreted in different legal systems. The most prominent example is the concept of a copy itself, which is at the heart of copyright, and gave it its name even though copyright now extends much beyond making copies. The reason was that copy were the primary cost for making works available, as the stationers or the monks could confirm. Even then, copyright was created for the stationers, but not for the monks even though their copies were more expensive, and that should give some

112"Of course, a project such as the one envisioned by Google--the world's information online-- would necessarily intersect with copyright laws across the planet and across time." In section II, page 5, of *The Google Book Search Settlement: A New Orphan-Works Monopoly?*, Randal C. Picker (footnote 26 above).

113After Amazon's "1984" unintended demonstration, it is unlikely that the public will trust future corporate statements to the contrary, especially if there is no possibility of control: Amazon Erases Orwell Books From Kindle, Brad Stone, *The New York Times*, July 18, 2009. <http://www.nytimes.com/2009/07/18/technology/companies/18amazon.html>

food for thought. Copyright was created when making copies became an industry. It was more an art than an industry for the monks, and it ceased to be an industry in the digital world because it did not cost anything. What remained an "industry" was selling copies, not producing them. Actually, the making of copies is part of the very existence of digital entities, because of rapid physical or logical obsolescence if nothing else, because of the permanent need to make back-ups, because of all the tools to manage efficiently digital entities such as caching, because of the needed interoperability between the fast changing variety of material tools used for digital content. This is so true that the lawmakers are now distinguishing copies with "*no separate economic value of their own*" or "*no independent economic significance*",¹¹⁴ and the GBS settlement itself has created the concept of "*non-consumptive*" use of a work.¹¹⁵ None of this was needed with the physical world of tangible goods. At worst, even with technological change, the very cost of material copies still prevented technology from changing so fast as to be a problem.

The constraints of the Berne Convention do make good sense as long as we are confined to the physical world that we have known until the Internet. The "no formality" constraint of article 5.2 is the only way to ensure that individuals will see their work protected everywhere, at least within the confines of the Convention members, without having to endure the excessive legal hassle of satisfying to the formalities of each country. And, without computers and the Internet, it is unthinkable to have a single unified formality system available worldwide. Orphan works are not too much of a problem because they can be accessed in libraries, and it is very seldom the case that anyone would want to exploit them: exploiting anything is expensive, and preference is generally given to the more popular works, more likely to be cared for by their rights holders – there is no long tail. And given the cost of exploitation, spending some money to find the rights holders, or to conduct a fruitless diligent search, as in Canada or Japan, can remain a sensible decision. Similarly, since it is impossible to disseminate the works without making copies at cost, hence without protecting the investment with copyright, even when no profit is sought, it can be a reasonable assumption that copying without explicit permission is always undesirable.

But all this changes in the digital world. To begin with, it becomes technologically sensible to consider a single world database to register in-copyright works, including at least, for a start, books and other textual works. Then the arguments developed by some law scholars¹¹⁶ to suggest that formalities are not really a problem do make sense, and we can reasonably follow Lawrence Lessig's suggestion¹¹⁷ to revert back to registration, not just for American works, but for all, which eliminates de facto all problems related to the country of origin. With a world registration of works, orphan works disappear to become either public domain or in-copyright, thus increasing accessibility and making everybody's life simpler and cheaper. But creation of copies and dissemination of works is made cheap, practically costless. Hence it can no longer be assumed that a fee is required by the rights holder. He may not care, or he may even actually prefer to maximize his public by giving free and open access to his work, or he may have economic models that depend on free access, such as shared production, not to mention technical copies that are part of the medium rather than part of the copyright economy. The very idea of controlling digital copies probably has to be reconsidered in context. The point is not to do away with copyright, but to understand how it can be best implemented to benefit authors and "to promote progress of science and useful arts."

So, joining the Berne Convention 30 years ago did make sense for any democratic country believing in copyright worldwide. But some parts of the Berne convention, and other treaties, have to be rethought and reinterpreted, if not rewritten, to

114European Directive on Copyright (footnote 1 above), recital (33) and article 5.1(b).

115GBS settlement agreement (footnote 5 above), §1.90 pp 11-12.

116See footnote 20 above.

117See footnote 83 above.

fit the very structure of the digital world while preserving the tradition of a balanced copyright. It does not necessarily imply changes when the physical world alone is concerned. This must be an international undertaking. The Google Book Search settlement is raising a host of good questions, but the settlement agreement itself is unlikely to be the right answer. Still, properly amended, it could provide a strong incentive and even leadership for a global solution taking into account the new reality of the copyright world and contributing even more to a better use of our literary heritage than would the current GBS settlement agreement.