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## HAVE ORPHAN WORKS FOUND A HOME IN CLASS ACTION SETTLEMENTS?\*

### I. INTRODUCTION

In October 2008, Google announced that it had reached a landmark settlement to resolve two class action lawsuits filed against it.<sup>1</sup> The lawsuits, filed two years prior, came in response to Google's announcement of the ambitious Google Book project,<sup>2</sup> in which Google aimed to digitize the world's libraries and make them accessible to everyone—a noble goal indeed. While the project sparked a buzz as to its innovation, it also sparked a great deal of controversy.<sup>3</sup> Authors, publishers, and copyright owners the world over envisioned the loss of their rights if Google was able to usurp them in the name of “access.”

Google's name and the potential for a large damages award drew a great deal of public attention. When Google proudly announced its settlement agreement, however, legal scholars and copyright owners still felt ill at ease.<sup>4</sup> Yes, the parties to the lawsuits were pleased, but questions emerged as to the breadth of the settlement. One of the issues raised was the settlement's inclusion and treatment of works over which no one had a voice: orphan works.<sup>5</sup> Orphan works are those that are “protected [by copyright], but for which no copyright owner can be identified or located.”<sup>6</sup> The Google Book Settlement Agreement (“Agreement”) may have inadvertently created a solution to allow access to and use of these works.

Although the most recent version of the Agreement was rejected on March 22, 2011,<sup>7</sup> this Comment explores whether a judicially-imposed class action settlement, such as the Google Book settlement, is an appropriate or necessary method for dealing with the copyright issues raised by orphan works. Part II.A explains the constitutional

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1. Press Release, Authors Guild, Authors, Publishers, and Google Reach Landmark Settlement (Oct. 28, 2008), available at [http://www.authorsguild.org/advocacy/articles/settlement-resources.attachment/press\\_release\\_final\\_102808/press\\_release\\_final\\_102808.pdf](http://www.authorsguild.org/advocacy/articles/settlement-resources.attachment/press_release_final_102808/press_release_final_102808.pdf).

2. Press Release, Google Inc., Google Checks Out Library Books (Dec. 14, 2004), available at [http://www.google.com/press/pressrel/print\\_library.html](http://www.google.com/press/pressrel/print_library.html).

3. See, e.g., Oren Bracha, *Standing Copyright on Its Head? The Googlization of Everything and the Many Faces of Property*, 85 TEX. L. REV. 1799, 1800-01 (2007).

4. E.g., Press Release, Open Book Alliance, Diverse Coalition Unites to Counter Google Book Settlement (Aug. 26, 2009), available at <http://www.openbookalliance.org/news/diverse-coalition-unites-to-counter-google-book-settlement/>.

5. E.g., Pamela Samuelson, *Legally Speaking: The Dead Souls of the Google Booksearch Settlement*, O'REILLY RADAR (April 17, 2009), <http://radar.oreilly.com/2009/04/legally-speaking-the-dead-soul.html>.

6. U.S. COPYRIGHT OFFICE, REPORT ON ORPHAN WORKS (2006), available at <http://www.copyright.gov/orphan/orphan-report.pdf>.

7. Authors Guild v. Google Inc., No. 05 Civ. 8136, 2011 WL 986049, at \*1 (S.D.N.Y. Mar. 22, 2011).

basis for copyright law, how U.S. copyright law has evolved such that a class of orphan works exists, and the issues this class creates. Part II.B provides a statutory review of the current copyright law that controls the disposition of copyright rights subsisting in orphan works. Part II.C reviews past legislative attempts to resolve the issues raised by orphan works and the inroads created toward a resolution. Part II.D explores how the Google Book Agreement developed, the concerns it raised regarding orphan works, and how it responded to those concerns through subsequent modifications.

Part III discusses the practical implications of the Google Book Agreement and whether it suggests that judicially-imposed class action settlements can adequately address the issues raised by orphan works. More specifically, Part III juxtaposes the Google Book Agreement with current copyright law and legislative attempts to rectify the orphan works problem to determine which, if any, produces the optimal result.

## II. OVERVIEW

### A. *Copyright Law and Its Historical Development*

The Constitution grants Congress the enumerated power “[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors . . . the exclusive Right to their respective Writings.”<sup>8</sup> Copyright protection is “intended to motivate the creative activity of authors . . . by the provision of a special reward, and to allow the public access to the products of their genius after the limited period of exclusive control has expired.”<sup>9</sup> Thus, in a limited sense,<sup>10</sup> copyright protection functions as a quid pro quo.<sup>11</sup> Authors are given exclusive rights to their works in exchange for creating works which qualify for copyright protection.<sup>12</sup> These exclusive rights are delineated in section 106 of the Copyright Act.<sup>13</sup> With respect to literary works, the exclusive rights given to copyright owners are the rights to reproduce the work,<sup>14</sup> create derivative works,<sup>15</sup> distribute the work,<sup>16</sup> perform the work publicly,<sup>17</sup> and display the work publicly.<sup>18</sup>

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8. U.S. CONST. art. I, § 8, cl. 8.

9. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984).

10. *See Eldred v. Ashcroft*, 537 U.S. 186, 189 (2003) (noting distinctions between quid pro quo inherent in grants of patent and copyright rights).

11. *See N.Y. Times Co. v. Tasini*, 533 U.S. 483, 519–20 (2001) (Stevens, J., dissenting) (citing Stephen Breyer, *The Uneasy Case for Copyright: A Study of Copyright in Books, Photocopies, and Computer Programs*, 84 HARV. L. REV. 281, 282 (1970) (discussing twin goals of copyright law—protecting desire for access to ideas and providing incentives for authors to produce them)).

12. *See id.* at 520 (providing authority to support idea that copyright protection is granted in exchange for public dissemination of work).

13. The Copyright Act of 1976, Pub. L. No. 94-553, § 106, 90 Stat. 2541, 2546 (codified as amended at 17 U.S.C. § 106 (2006)).

14. *Id.* § 106(1).

15. *Id.* § 106(2).

16. *Id.* § 106(3).

17. *Id.* § 106(4).

18. *Id.* § 106(5).

Prior to the Copyright Act of 1976,<sup>19</sup> copyright protection was contingent upon, inter alia, registering the work with the Copyright Office,<sup>20</sup> placing notice of copyright protection on the work,<sup>21</sup> and renewing filings when the initial period of protection expired.<sup>22</sup> The renewal requirement, specifically, “served as a filter that passed certain works . . . into the public domain.”<sup>23</sup> These pre-1976 formalities were removed, however, to bring U.S. copyright law into compliance with the Berne Convention for the Protection of Literary and Artistic Works (“Berne Convention”).<sup>24</sup> Removing the formalities secured equal copyright protection abroad for U.S. copyright owners under the laws of the signatory nations.<sup>25</sup>

The 1976 Copyright Act, which affected works created on or after January 1, 1978, eliminated the registration requirement and granted copyright protection to works from the moment they are fixed in a tangible medium of expression.<sup>26</sup> The Copyright Renewal Act of 1992 (“CRA”) then eliminated the renewal requirements for works created between 1964 and 1977.<sup>27</sup> Eliminating the renewal and registration requirements extended the terms of copyright protection for both registered and unregistered works, including orphan works.<sup>28</sup> The Sonny Bono Copyright Term Extension Act (“CTEA”)<sup>29</sup> further extended the term of copyright protection to the life of the author plus seventy years, generally.<sup>30</sup> In doing so, the number of works falling into the public domain decreased.<sup>31</sup>

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19. Pub. L. No. 94-553, 90 Stat. 2541 (codified at 17 U.S.C. §§ 101–810, and scattered parts of 5 U.S.C. and 18 U.S.C.).

20. 17 U.S.C. § 6 (1976), *repealed by* Copyright Act of 1976, Pub. L. No.94-543, 90 Stat. 2541.

21. *Id.* §§ 10, 19.

22. *Id.* § 24; *see also* 2 JOHN GLADSTONE MILLS III ET AL., PATENT LAW FUNDAMENTALS § 6:115 (2d ed. 2010) (“As originally enacted, the Copyright Act of 1976 required all copyrights that were *in their first term [under a previous act]* on January 1, 1978, be formally renewed during the last . . . year of the original term to receive their maximum statutory duration.” (emphasis added)); *Kahle v. Gonzales*, 487 F.3d 697, 699 (9th Cir. 2007) (noting Copyright Renewal Act of 1992 eliminated copyright renewal requirements such as notice and registration).

23. *Kahle*, 487 F.3d at 699.

24. Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853; *see also* *Eldred v. Ashcroft*, 537 U.S. 186, 195 (2003) (noting 1976 Copyright Act brought U.S. copyright law into compliance with Berne Convention by removing registration formalities); Lindsay Warren Bowen, Jr., Note, *Givings and the Next Copyright Deferment*, 77 FORDHAM L. REV. 809, 816–17 (2008) (stating Berne Convention required registration-free copyright protection for signatory nations).

25. Bowen, *supra* note 24, at 816.

26. 17 U.S.C. §§ 302(a), 101 (2006).

27. Copyright Renewal Act of 1992, Pub. L. No. 102-307, § 102, 106 Stat. 264 (codified as amended at 17 U.S.C. § 304(a) (2006)).

28. *Kahle*, 487 F.3d at 699.

29. Sonny Bono Copyright Term Extension Act, Pub. L. No. 105-298, 112 Stat. 2827 (1998) (codified as amended in scattered sections of 17 U.S.C.).

30. 17 U.S.C. § 302(a). While this is the general rule, in the case of joint works, copyright protection is afforded for the life of the last surviving author plus seventy years. *Id.* § 302(b). Additionally, works for hire, anonymous works, and pseudonymous works are protected for 95 years after first publication or 120 years after creation, whichever comes first. *Id.* § 302(c).

31. *Kahle*, 487 F.3d at 700.

*B. How Copyright Law Developments Produced Orphan Works*

Many orphan works were expected to, but did not, fall into the public domain because of the 1976 Copyright Act, the CRA, and the CTEA.<sup>32</sup> Many of these works were either (1) under copyright from the moment they were fixed in a tangible medium per the Copyright Act of 1976 or (2) created between 1964 and 1977 and granted automatic copyright renewal under the CRA.<sup>33</sup> Since works created after the passage of the 1976 Act did not have to be registered with the Copyright Office or include the author's contact information to receive copyright protection,<sup>34</sup> the rights owners to an inestimable number of works cannot be located.<sup>35</sup> If the owners cannot be found and their permission cannot be obtained, others who would like to use the works are either forced to curtail their use,<sup>36</sup> infringe the copyright, or forgo use of the works altogether.<sup>37</sup>

Specifically, in the case of works orphaned upon the enactment of the CRA, even where the work is registered with the Copyright Office, subsequent rights transfers may not have been recorded, compounding the difficulties in identifying the rightsholder.<sup>38</sup> Additionally, where the author is identified but the work is unregistered,<sup>39</sup> unrecorded transfers may create yet another dead-end search for the rightsholder. While there is no guarantee that, if located, a given copyright owner would grant permission to use the work,<sup>40</sup> "concerns have been raised that productive and beneficial use of the work is forestalled."<sup>41</sup> In this vein, the progress of science and the useful arts is certainly impeded—a result contrary to the goals of affording copyright protection.<sup>42</sup>

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32. U.S. COPYRIGHT OFFICE, *supra* note 6, at 41–44.

33. See *infra* notes 34–35 and accompanying text for a discussion of how works granted copyright protection while registration requirements were in place might become orphaned.

34. U.S. COPYRIGHT OFFICE, *supra* note 6, at 22 (noting common obstacles faced with respect to orphan works include: "(1) inadequate identifying information on a particular copy of the work; (2) inadequate information about copyright ownership because of a change of ownership or a change in the circumstances of the owner; (3) limitations of existing copyright ownership information sources; and 4) difficulties researching copyright information").

35. See *id.* at 23 (stating practical effect of 1976 Act was that numerous works had no information about author or owner of copyright).

36. See *infra* Part II.C.4 for a discussion of the fair use exemption and its limited applicability.

37. See U.S. COPYRIGHT OFFICE, *supra* note 6, at 15 (describing cost-benefit considerations when deciding whether to risk potential infringement or forego use of work).

38. See 17 U.S.C. § 204(a) (2006) (requiring rights transfers be in written instrument signed by author but not requiring that such documents be filed).

39. See *id.* § 201(a) (vesting initial copyright ownership in author of work).

40. See generally *Salinger v. Colting*, 641 F. Supp. 2d 250 (S.D.N.Y. 2009) (exemplifying situation where copyright owner has no desire to grant license for derivative work).

41. U.S. COPYRIGHT OFFICE, *supra* note 6, at 15; see also Christian L. Castle & Amy E. Mitchell, *Unhand That Orphan: Evolving Orphan Works Solutions Require New Analysis*, ENT. & SPORTS L., Spring 2009, at 1, 21 (explaining current trend regarding orphan works that are used substantially and commercially is "to require a user to get a license, go before a government body, or not use the work").

42. See *supra* note 9 and accompanying text for an explanation of the twin goals of copyright protection.

C. *Statutory Analysis of Current Copyright Law and the Provisions Regarding Orphan Works*

1. The Constitutionality of the CTEA

In *Eldred v. Ashcroft*,<sup>43</sup> a group of individuals and businesses whose products and services built on copyrighted works that had fallen into the public domain unsuccessfully challenged the constitutionality of the CTEA.<sup>44</sup> The petitioners argued that the CTEA violated the “limited Times” provision of the Copyright Clause and their First Amendment rights.<sup>45</sup> The Copyright Clause argument was premised on the fact that the CTEA enlarged the term of protection for works with existing copyrights.<sup>46</sup> They urged that the time period in effect when a copyright is secured is the constitutional boundary that ensures compliance with the “limited Times” clause.<sup>47</sup>

The U.S. Supreme Court held, however, that the CTEA’s extension of existing copyrights does not exceed Congress’s power under the Copyright Clause.<sup>48</sup> The “limited Times” clause does not require Congress to grant protection only to new works, but confers it the power to “secure the same level and duration of protection for all copyright holders.”<sup>49</sup> When Congress passed the CTEA, its intent was “to ensure that American authors would receive the same copyright protection in Europe as their European counterparts.”<sup>50</sup> The CTEA was also justified on the idea that it would “provide greater incentive for American and other authors to create and disseminate their work in the United States.”<sup>51</sup>

Having found the CTEA to be a rational exercise of Congressional authority, the Court noted that it “defers substantially to Congress”<sup>52</sup> and its legislative determinations.<sup>53</sup> The Court further rejected the idea that “extend[ing] existing copyrights allows [Congress] to evade the ‘limited Times’ constraint by creating . . . perpetual copyrights through repeated extensions.”<sup>54</sup> Finally, the Court rejected the argument “that Congress may not extend an existing copyright absent new consideration from the author.”<sup>55</sup> The Court noted that it is not its “role to alter the

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43. 537 U.S. 186 (2003).

44. *Eldred*, 537 U.S. at 193.

45. *Id.*

46. *Id.*

47. *Id.*

48. *Id.* at 199, 208.

49. *Id.* at 199; *see also* Kahle v. Gonzales, 487 F.3d 697, 701 (9th Cir. 2007) (noting that “‘limited Times’ is determined by weighing the impetus provided to authors by longer terms against the benefit provided to the public by shorter terms”).

50. *Eldred*, 537 U.S. at 205–06. *See also infra* notes 213–15 and accompanying text for a discussion of how passing the CTEA guaranteed greater protection to American works abroad.

51. *Eldred*, 537 U.S. at 206.

52. *Id.* at 188 (citing *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984)).

53. *Id.* at 208 (“[W]e are not at liberty to second-guess congressional determinations and policy judgments of this order, however debatable or arguably unwise they may be.”).

54. *Id.*

55. *Id.* at 210; *see also id.* at 210–17 (rejecting petitioners’ consideration argument by dismissing their three theories in support thereof).

delicate balance Congress has labored to achieve,”<sup>56</sup> because “it is generally for Congress, not the courts, to decide how best to pursue the Copyright Clause’s objectives.”<sup>57</sup>

## 2. The Requirement That Works Be Registered Prior to Litigation

Certain provisions of the current Copyright Act merit review insofar as they pertain to the orphan works problem. To begin, section 411(a) of the Copyright Act<sup>58</sup> provides that “no action for infringement of the copyright in any United States work shall be instituted until preregistration or registration of the copyright claim has been made.”<sup>59</sup> In *In re Literary Works in Electronic Databases Copyright Litigation*,<sup>60</sup> the Second Circuit held that federal courts lack jurisdiction to certify a class containing unregistered, copyrighted works.<sup>61</sup> While the Second Circuit’s ruling was in accord with several other circuits,<sup>62</sup> the Supreme Court reversed, holding that section 411(a) is not jurisdictional.<sup>63</sup>

In *Literary Works*, the plaintiffs filed a class action suit against the defendants alleging copyright infringement through the use of an electronic database service.<sup>64</sup> The parties agreed that the majority of the works covered by the settlement agreement were not registered with the Copyright Office.<sup>65</sup> These works, the most numerous in the class, were classified as “Category C claims”<sup>66</sup> and received disparate treatment under the terms of the agreement.<sup>67</sup> The Second Circuit interpreted section 411(a) and held that federal courts lack “jurisdiction to certify a class consisting of claims arising from the infringement of unregistered copyrights [or] to approve a settlement with respect to those claims.”<sup>68</sup>

However, in *Reed Elsevier, Inc. v. Muchnick*,<sup>69</sup> the U.S. Supreme Court reversed the Second Circuit’s interpretation of section 411(a) and held, instead, that this provision is merely a precondition to a copyright owner’s ability to sue for

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56. *Id.* at 212–13 (quoting *Stewart v. Abend*, 495 U.S. 207, 230 (1990)).

57. *Id.* (“[I]t is Congress that has been assigned the task of defining the scope of [rights] that should be granted to authors or to inventors in order to give the public appropriate access to their work product.” (alterations in original) (quoting *Sony*, 464 U.S. at 429)).

58. 17 U.S.C. § 411(a).

59. *Id.*

60. 509 F.3d 116 (2d Cir. 2007).

61. *In re Literary Works*, 509 F.3d at 118.

62. *Reed Elsevier, Inc. v. Muchnick*, 130 S. Ct. 1237, 1241 (2010), *rev’g In re Literary Works in Elec. Databases Copyright Litig.*, 509 F.3d 116 (2d Cir. 2007) (noting First, Fourth, Fifth, Sixth, Tenth, and Eleventh Circuits held section 411(a) to be jurisdictional when case was decided).

63. *Id.* at 1247.

64. *In re Literary Works*, 509 F.3d at 118.

65. *Id.* at 120.

66. *Id.* Category C claims include both works that were never registered and those registered after December 31, 2002. *Id.*

67. *See id.* (“[I]f the cost of all claims . . . exceeds \$18 million, then the amount paid to Category C claimants is reduced—potentially to zero—before the claims of Category A and B claimants are affected. This feature is called the ‘C-reduction.’”).

68. *Id.* at 118.

69. 130 S. Ct. 1237 (2010).

infringement because it is not labeled as “jurisdictional” nor is it located in a “jurisdiction-granting provision.”<sup>70</sup> Thus, section 411(a) does not strip a federal court of jurisdiction to certify a class or approve a settlement agreement that includes unregistered copyrighted works.<sup>71</sup>

Section 411(a) pertains to orphan works because the difficulties faced in finding orphan works result from inadequate identification information about the rightsholder.<sup>72</sup> As the Court held in *Reed Elsevier*, these works could legally be included in a class action settlement.<sup>73</sup>

### 3. Other Relevant Provisions

Beyond section 411(a), other provisions of the Copyright Act apply to and perhaps provide a solution for the unpredictability of infringement damages with regard to orphan works.<sup>74</sup> Section 108(h) creates an infringement exemption for libraries or archives who act for the purposes of preservation, scholarship, or research.<sup>75</sup> It provides that these institutions may, in the last twenty years of a copyright, “reproduce, distribute, display, or perform in facsimile or digital form a copy or phonorecord of such work, or portions thereof.”<sup>76</sup> However, such acts are not authorized if “the work is subject to normal commercial exploitation”<sup>77</sup> or “a copy or phonorecord of the work can be obtained at a reasonable price.”<sup>78</sup> Section 108 reduces the “access” problem associated with orphan works by allowing libraries and archives to create copies of works but limits authorized infringement such that a library or archive may not commercially benefit by selling the work or granting licenses to it.<sup>79</sup> Additionally, section 504(c)(2) limits statutory damages “based on the user’s knowledge and the reasonableness of the user’s beliefs.”<sup>80</sup>

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70. *Reed Elsevier*, 130 S. Ct. at 1247.

71. *See id.* at 1246–47 (noting that section 411(a) is like other threshold requirements that have been found to be nonjurisdictional).

72. The difficulties involved in locating rightsholders of orphan works stem, in part, from the fact that many orphan works are not registered with the Copyright Office. *See* 17 U.S.C. § 409 (2006) (demonstrating wealth of information available for registered rightsholders, such as name and address of copyright claimant, statement of ownership in case of transfers, dates of death for authors if applicable, and year in which work was completed).

73. *See Reed Elsevier*, 130 S. Ct. at 1247 (holding that registration requirements in section 411(a) do not bar jurisdiction).

74. *See* U.S. COPYRIGHT OFFICE, *supra* note 6, at 44 (noting sections 108(h), 115(b), 504(c)(2), 203, 304(c), and 304(d) apply to orphan works though not labeled as orphan works provisions).

75. 17 U.S.C. § 108(h)(1).

76. *Id.*

77. *Id.* § 108(h)(2)(A).

78. *Id.* § 108(h)(2)(B).

79. *See id.* § 108(h)(3) (specifying that library and archive exception “does not apply to any subsequent uses by users other than such library or archives”); U.S. COPYRIGHT OFFICE, *supra* note 6, at 46 (explaining that section 108(h) allows infringement exception for library and archival use so long as the “work is not subject to normal commercial exploitation”).

80. U.S. COPYRIGHT OFFICE, *supra* note 6, at 49–50 (noting, for example, that “if the user is an employee of a library who is contemplating a use that will infringe a work if it is not fair use, but the user has reasonable grounds for believing, and actually does believe, that the contemplated use is fair use, the user can

Moreover, the rights termination provisions of sections 203 and 304<sup>81</sup> address “situations in which a person with an interest in a work cannot be located.”<sup>82</sup> Section 203 grants the author of a work an “inalienable right” to terminate a transfer or license in his work if the work was created on or after January 1, 1978.<sup>83</sup> Likewise, section 304(c) empowers an author to terminate licenses and transfers where the work was in its first renewal term on January 1, 1978.<sup>84</sup> Section 304(d) gives the author the power “to terminate a transfer of the additional 20 years of protection provided by the [CTEA].”<sup>85</sup>

#### 4. The Fair Use Defense

The fair use defense is perhaps the most important of the provisions of the Copyright Act that provide an existing solution to the orphan works problem.<sup>86</sup> The defense functions as a limitation on the exclusive rights set forth in section 106 of the Copyright Act.<sup>87</sup> There are four statutory factors to consider in determining whether a particular use of a work is fair such that there is, functionally, no infringement.<sup>88</sup> The four factors are:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.<sup>89</sup>

The four factors are not to be considered in isolation, but rather assessed and weighed together.<sup>90</sup>

The first factor in the fair use analysis is the purpose and character of the use.<sup>91</sup> This inquiry looks to

whether the new work merely “supersede[s] the objects” of the original creation . . . or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or

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go forward with the use without fear of the ordinary minimum statutory damage award, which under section 504(c)(1) is \$750”).

81. 17 U.S.C. §§ 203, 304(c)–(d).

82. U.S. COPYRIGHT OFFICE, *supra* note 6, at 50.

83. 17 U.S.C. § 203.

84. *Id.* § 304(c).

85. U.S. COPYRIGHT OFFICE, *supra* note 6, at 50; *see also* 17 U.S.C. § 304(d).

86. *See* 17 U.S.C. § 107 (delineating fair use defense). *See also infra* Part II.D for a discussion of the Shawn Bentley Orphan Works Act of 2008 and its mandate that, where the fair use defense is applicable, damages-limiting measures are not necessary.

87. 17 U.S.C. § 106. *See supra* Part II.A for a description of the exclusive rights granted to the owner of a copyright in a work.

88. 17 U.S.C. § 107.

89. *Id.* § 107(1)–(4).

90. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 (1994).

91. 17 U.S.C. § 107(1).



message; it asks, in other words, whether and to what extent the new work is “transformative.”<sup>92</sup>

Transformative use is not absolutely necessary, but such a finding may be viewed as furthering the promotion of science and the arts.<sup>93</sup> Thus, the more transformative the allegedly infringing work is, the less other factors, such as commercial nature of the use, militate against a finding of fair use.<sup>94</sup> Conversely, where the original work is used merely to “get attention or to avoid the drudgery in working up something fresh,” a fair use claim diminishes, and considerations such as the commercial nature take on more weight.<sup>95</sup> Finally, while commercial use of copyrighted material is “presumptively unfair,” non-commercial uses are not.<sup>96</sup>

The second factor in the fair use analysis considers the nature of the copyrighted work.<sup>97</sup> In this evaluation, it is more difficult to establish the fair use of works that are “closer to the core of intended copyright protection.”<sup>98</sup> This inquiry makes note of two distinctions.<sup>99</sup> The first is whether the underlying work is expressive/creative or more factual in nature.<sup>100</sup> The more the underlying work is based in factual information, the more likely it is that subsequent copying will be considered fair use.<sup>101</sup> The second distinction is whether the work is published or unpublished.<sup>102</sup> In this inquiry, the unpublished nature of a work decreases the chance a later work will be considered fair use because the author has not had the right of first publication.<sup>103</sup> In essence, an infringer who publishes the work before the author has had a chance to do so has completely “stolen” the work, the fruit of the author’s labor.

The third factor in the fair use analysis is the amount and substantiality of the portion used in relation to the copyrighted work as a whole.<sup>104</sup> The extent of permissible copying varies with the purpose and character of the use.<sup>105</sup> Here, quantity,<sup>106</sup> quality, and importance of the copied material to the original work are

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92. *Campbell*, 510 U.S. at 579 (alteration in original) (quoting *Folsom v. Marsh*, 9 F. Cas. 342, 348 (C.C.D. Mass. 1841) (No. 4,901); Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1111 (1990)).

93. *Id.*

94. *Id.*

95. *Id.* at 580.

96. *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 451 (1984).

97. 17 U.S.C. § 107(2).

98. *Campbell*, 510 U.S. at 586 (juxtaposing fictional short stories with factual works, soon-to-be published memoirs with published speeches, motion pictures with news broadcasts, and creative works with mere factual compilations).

99. See *Blanch v. Koons*, 467 F.3d 244, 256 (2d Cir. 2006) (quoting 2 HOWARD B. ABRAMS, *The Law of Copyright* § 15:52 (2006)) (noting distinctions and describing them).

100. *Blanch*, 467 F.3d at 256.

101. *Id.*

102. *Id.*

103. *Id.*

104. 17 U.S.C. § 107(3).

105. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 586–87 (1994).

106. *Id.* at 589 (noting no more should be taken than necessary).

relevant.<sup>107</sup> Additionally, “whether ‘a substantial portion of the infringing work was copied verbatim’ from the copyrighted work” is relevant because it sheds light onto the first and fourth factors of a fair use inquiry.<sup>108</sup> In this inquiry, “context is everything.”<sup>109</sup>

The fourth factor of the fair use inquiry is the effect that use of the work has upon the potential market for or value of the copyrighted work.<sup>110</sup> Here, one must consider both the extent of market harm caused by the infringer and “whether unrestricted and widespread conduct of the sort engaged in by the defendant . . . would result in a substantially adverse impact on the potential market’ for the original [work].”<sup>111</sup> The potential market for a work includes licensing for or creation of derivative works.<sup>112</sup> Where an infringing use is commercial and involves mere duplication of the original work, it serves as a “market replacement” for the original work and makes it likely that “cognizable market harm” will occur.<sup>113</sup> On the other hand, where the use is “transformative,” market harm is less certain and therefore necessitates proof of harm.<sup>114</sup> Finally, there is no protectable market for criticism of a work.<sup>115</sup>

#### D. Past Attempts to Deal with Orphan Works

In response to the 2006 Report on Orphan Works,<sup>116</sup> the 110th Congress considered legislation in 2008 that was drafted to resolve the orphan works problem. The Shawn Bentley Orphan Works Act of 2008<sup>117</sup> proposed a limitation on remedies for cases involving orphan works.<sup>118</sup> Specifically, the Act limited remedies to “reasonable compensation”<sup>119</sup> or injunctive relief.<sup>120</sup> While the bill remains stalled in Congress, the proposed limitation on remedies sheds light on possible solutions to the orphan works problem.

The proposed limitation on remedies is conditioned upon the infringer having “prove[n] by a preponderance of the evidence that before the infringement began, the infringer . . . performed and documented a qualifying search, in good faith, to locate

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107. *Id.* at 587 (“In *Harper & Row*, for example, the Nation had taken only some 300 words out of President Ford’s memoirs, but we signaled the significance of the quotations in finding them to amount to ‘the heart of the book,’ the part most likely to be newsworthy and important in licensing serialization.” (citing *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 564–66, 568 (1985))).

108. *Id.* (quoting *Harper & Row*, 471 U.S. at 565).

109. *Id.* at 589.

110. 17 U.S.C. § 107(4).

111. *Campbell*, 510 U.S. at 590 (omission in original) (quoting MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.05[A][4] (1993)).

112. *Id.*

113. *Id.* at 591.

114. *Id.*

115. *Id.* at 592.

116. U.S. COPYRIGHT OFFICE, *supra* note 6.

117. S. 2913, 110th Cong. (2008) (unenacted but referred to the House Committee on the Judiciary, Sept. 27, 2008).

118. *Id.* § 514.

119. *Id.* § 514(c)(1)(A).

120. *Id.* § 514(c)(2).

and identify the owner of the infringed copyright; and was unable to locate” the owner.<sup>121</sup> Additionally, the infringer must have (1) provided attribution if the legal owner could be ascertained and (2) included a symbol or notice of the infringing work.<sup>122</sup> The limitation on remedies would not apply where the infringer received notice of a claim of infringement,<sup>123</sup> yet failed to (1) negotiate in good faith regarding compensation with the rightsholder<sup>124</sup> or (2) render payment after reaching an agreement with the rightsholder.<sup>125</sup>

An acceptable search in this context is “a diligent effort that is reasonable under the circumstances.”<sup>126</sup> A “diligent effort” requires, at a minimum, a search of the Copyright Office records and other reasonably available sources of copyright authorship, ownership, and licensor information.<sup>127</sup> In addition, “appropriate” technology and databases must be used.<sup>128</sup>

“Reasonable compensation” under the Act is not required where (1) the “infringer is a nonprofit educational institution, museum, library, archives, or a public broadcasting entity”<sup>129</sup> that did not infringe for commercial advantage,<sup>130</sup> (2) the infringement was educational, religious, or charitable in nature,<sup>131</sup> and (3) the infringement ceased upon notice of a claim.<sup>132</sup> Injunctive relief is not permitted where the infringer relied on the work, paid reasonable compensation, and attributed the work to the rightsholder.<sup>133</sup> Finally, the Act preserves the fair use defense<sup>134</sup> and states that, where it is available, it applies instead of the limitation on remedies.<sup>135</sup>

The House of Representatives’ counterpart to the Shawn Bentley Orphan Works Act was the Orphan Works Act of 2008.<sup>136</sup> As with the Senate bill, the House bill likewise sought to limit damages as a remedy where the infringer performed a reasonably diligent search for the copyright owner, filed a Notice of Use where such searches proved futile, and provided attribution to the copyright owner where his name could be ascertained.<sup>137</sup>

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121. *Id.* § 514(b)(1)(A)(i).

122. *Id.* § 514(b)(1)(A)(ii)–(iii).

123. *See id.* § 514(a)(1) (defining “notice of claim of infringement”).

124. *Id.* § 514(b)(1)(B)(i).

125. *Id.* § 514(b)(1)(B)(ii).

126. *Id.* § 514(b)(2)(A)(i).

127. *Id.* § 514(b)(2)(A)(ii)(I).

128. *Id.*

129. *Id.* § 514(c)(1)(B).

130. *Id.* § 514(c)(1)(B)(i).

131. *Id.* § 514(c)(1)(B)(ii).

132. *Id.* § 514(c)(1)(B)(iii); *see also id.* § 514(a)(1) (defining “notice of claim of infringement”).

133. *Id.* § 514(c)(2)(B).

134. 17 U.S.C. § 107 (2006). *See supra* Part II.C.4 for a discussion of the fair use defense.

135. S. 2913 § 514(d).

136. H.R. 5889, 110th Cong. (2008) (unenacted but forwarded to Full Committee on the Judiciary, May 7, 2008).

137. *Id.* § 514(b)(1)(A).

E. *The Google Book Settlement Agreement*

In 2004, Google partnered with several libraries and publishers around the world to begin its Library Project which it announced in December of that year.<sup>138</sup> The announcement stated that Google had entered agreements with several libraries under which Google would digitize and make available online the books in the libraries' collections.<sup>139</sup> In response to the Library Project, two lawsuits were filed: a class action suit filed by the Authors Guild<sup>140</sup> and another suit filed by five publishers as representatives of the members of the Association of American Publishers (AAP).<sup>141</sup> In their complaints, the plaintiffs alleged that Google's unauthorized use and plan to continue using copyrighted books and materials from the libraries' collections, constituted copyright infringement against the plaintiffs.<sup>142</sup>

1. How the Settlement Agreement Came About

On October 28, 2008, the Authors Guild,<sup>143</sup> AAP,<sup>144</sup> and Google announced that they had reached a settlement agreement to resolve the two lawsuits against Google.<sup>145</sup> The Settlement Agreement ("Agreement"), which came after two years of negotiations between the parties,<sup>146</sup> was rejected on March 22, 2011.<sup>147</sup> Although rejection of the Agreement would seem to render this analysis moot, the specific provisions of the Agreement are analyzed not in terms of whether Google's version is *the* vehicle to resolve the orphan works problem. Instead, the Agreement is analyzed to assess whether a settlement agreement could ever adequately resolve the issues presented by orphan works.

While this Comment discusses specific provisions of the Agreement below,<sup>148</sup> the content of the Agreement raised general concerns regarding its potential implications

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138. See Press Release, Google Inc., *supra* note 2.

139. *Id.*

140. Class Action Complaint, Authors Guild v. Google Inc., No. 05-CV-8136 (S.D.N.Y. Sept. 20, 2005).

141. Complaint, McGraw-Hill Cos. v. Google Inc., No. 05-CV-8881 (S.D.N.Y. Oct. 19, 2005).

142. *Id.* ¶¶ 37–40 (alleging Google willfully infringed Plaintiffs' copyrights by unlawfully reproducing, distributing, and displaying their work); Class Action Complaint, *supra* note 140, ¶¶ 33–35 (alleging that through willful and unauthorized digitization and display of copyright-protected works, Google has and will continue to infringe Plaintiffs' copyrights, depreciate value in those works, cause lost profits and opportunities, and damage Plaintiffs' goodwill and reputation).

143. The Authors Guild is a professional society that represents more than 8,000 writers. The Authors Guild represents these writers and also lobbies for their interests in copyright law. *History*, AUTHORS GUILD, <http://www.authorsguild.org/about/history.html> (last visited April 5, 2011).

144. The Association of American Publishers is a trade association within the U.S. publishing industry. Its mission includes nurturing creativity by protecting and strengthening intellectual property rights, and aiding AAP members in exploring the challenges and opportunities of emerging technologies. *About AAP*, ASS'N AM. PUBLISHERS, <http://publishers.org/about/> (last visited Mar. 5, 2011).

145. Press Release, Authors Guild, *supra* note 1.

146. *Id.*

147. Authors Guild v. Google Inc., No. 05 Civ. 8136, 2011 WL 986049, at \*1 (S.D.N.Y. Mar. 22, 2011).

148. See *infra* Parts II.D.2–4 for a discussion of the provisions in the Google Book settlement agreement which affect orphan works.

on copyright,<sup>149</sup> antitrust,<sup>150</sup> and international law.<sup>151</sup> The copyright issues arose from the Agreement's treatment of orphan works, as the Agreement restricted class membership to works registered with the Copyright Office.<sup>152</sup>

For purposes of this Comment, the Google Book Agreement that will be analyzed is the version dated October 28, 2008.<sup>153</sup> Analytically, it is important to note that the Agreement underwent modifications in response to the U.S. Government's Statement of Interest<sup>154</sup> prior to being rejected by the district court on March 22, 2011.<sup>155</sup> This Comment largely limits itself to exploration of the provisions under the October 28, 2008 version of the Agreement. Specific reference will be made to the November 9, 2009 agreement where it so affects this analysis as to require inclusion.<sup>156</sup>

## 2. Works That Are Affected by the Settlement Agreement

In relation to orphan works, the Agreement covered books and inserts which met certain criteria. The Agreement defined "books" that came under its purview as U.S.

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149. See, e.g., Objections to Class Action Settlement and Notice of Intent to Appear on Behalf of Class Members Harold Bloom, et al. at 4–5, *Authors Guild*, No. 05-CV-8136 (S.D.N.Y. Sept. 8, 2009) (arguing proposed settlement goes against intended purpose of copyright protection); Objections of Microsoft Corporation to Proposed Settlement and Certification of Proposed Settlement Class and Sub-Classes at 6–8, *Authors Guild*, No. 05-CV-8136 (S.D.N.Y. Sept. 8, 2009) (arguing proposed settlement fundamentally alters the rights of copyright owners across the world without their participation or approval).

150. See, e.g., Statement of Interest of the United States of America Regarding Proposed Class Settlement at 16–18, *Authors Guild*, No. 05-CV-8136 (S.D.N.Y. Sept. 18, 2009) (noting proposed settlement agreement implicates several antitrust concerns).

151. See, e.g., Objection of Canadian Standards Association to Proposed Settlement, *Authors Guild*, No. 05-CV-8136 (S.D.N.Y. Sept. 8, 2009) (explaining objections of large Canadian organization that owns vast number of international copyrights); Objection to the Proposed Settlement and to Certification of the Proposed Settlement Class and Sub-Class by Members of Japan P.E.N. Club, et al. at 25–26, *Authors Guild*, No. 05-CV-8136 (S.D.N.Y. Sept. 8, 2009) (arguing proposed settlement agreement subverts meaning of an international treaty meant to protect international copyrights by using that same treaty to undermine international copyright protection).

152. FAQs, GOOGLE BOOK SETTLEMENT, no. 11, <http://www.googlebooksettlement.com/help/bin/answer.py?answer=118704&hl=en#q11> (last visited April 6, 2011) (highlighting the restriction of class membership based on registration).

153. Settlement Agreement, *Authors Guild*, No. 05-CV-8136, (S.D.N.Y. Oct. 28, 2008).

154. The Statement of Interest outlined various concerns the government had with the breadth of the settlement. See Statement of Interest of the United States of America Regarding Proposed Class Settlement, *supra* note 150, at 1–2 (noting proposed settlement agreement was one of the most expansive class action settlements, and that its size and amount of people and organizations affected raise "significant legal concerns"); see also Amended Settlement Agreement, *Authors Guild*, No. 05-CV-8136 (S.D.N.Y. Nov. 9, 2009) (incorporating changes suggested by objectors to the settlement).

155. *Authors Guild v. Google Inc.*, No. 05 Civ. 8136, 2011 WL 986049, at \*1 (S.D.N.Y. Mar. 22, 2011). As noted *supra*, the analysis below focuses on the terms and potential ramifications of the Agreement to determine whether such an agreement could ever adequately address the orphan works problem.

156. The November 9, 2009 version of the Settlement Agreement came in response to widespread opposition to certain provisions of the October 28, 2008 version. Most notably, the U.S. government filed a Statement of Interest in the Southern District of New York expressing concern with, inter alia, the breadth of the Agreement and its likely violations of copyright and antitrust law. Statement of Interest of the United States of America Regarding Proposed Class Settlement, *supra* note 150, at 1–2, 16–22. Pursuant to this Statement of Interest, the parties involved in the Settlement Agreement found themselves back at the negotiation table.

works that (1) have been registered with the Copyright Office, (2) were published or distributed to the public under the authorization of the copyright owner, and (3) are subject to a copyright interest.<sup>157</sup> The Agreement also covered “inserts,” which it defined as U.S. works (1) registered with the Copyright Office, (2) contained in a book, public domain book, or government work, and (3) published or distributed to the public.<sup>158</sup> The Agreement stated that if the Copyright Act is amended to allow public use of orphan works without legal ramifications, participating libraries<sup>159</sup> in agreement with Google could use the work.<sup>160</sup>

All books and inserts that so qualify were included in the Agreement unless the Rightsholder affirmatively opted-out of the settlement.<sup>161</sup> Accordingly, Rightsholders

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157. Settlement Agreement, *supra* note 153, art. 1.16. As noted in the Agreement:

“Book” means a written or printed work that (a) if a “United States work,” as defined in 17 U.S.C. § 101, has been registered with the United States Copyright Office as of the Notice Commencement Date, (b) on or before the Notice Commencement Date, was published or distributed to the public or made available for public access as a set of written or printed sheets of paper bound together in hard copy form under the authorization of the work’s U.S. copyright owner, and (c) as of the Notice Commencement Date, is subject to a Copyright Interest. The term “Book” does not include: (i) Periodicals, (ii) personal papers (*e.g.*, unpublished diaries or bundles of notes or letters), (iii) written or printed works in which more than thirty-five percent (35%) of the pages contain more than fifty percent (50%) music notation and lyrics interspersed, if any (for purpose of this calculation, “music notation” means notes on a staff or tablature), (iv) written or printed works in, or as they become in, the public domain under the Copyright Act in the United States, or (v) Government Works. References in this Settlement Agreement to a Book include all Inserts contained in the Book, except where this Settlement Agreement provides otherwise.

*Id.* (emphasis omitted).

158. *Id.* art. 1.72. As noted in the Agreement:

“Insert” means the following content, if and to the extent such content is independently Protected by the Copyright Act and, if a “United States work” as defined in 17 U.S.C. § 101, is covered by a registration with the United States Copyright Office as of the Notice Commencement Date, and is either (a) contained in a Book if there is no Person who has a Copyright Interest in such content and a Copyright Interest in such Book’s Principal Work, (b) contained in a Public Domain Book, or (c) contained in a Government Work that, on or before the Notice Commencement Date, was published or distributed to the public or made available for public access: (i) text, such as forewords, afterwords, prologues, epilogues, essays, poems, quotations, letters, song lyrics, or excerpts from other Books, Periodicals or other works; (ii) children’s Book illustrations; (iii) musical notation (*i.e.*, notes on a staff or tablature); and (iv) tables, charts and graphs. The term “Insert” does not include (1) pictorial works, such as photographs, illustrations (other than children’s Book illustrations), maps or paintings, or (2) works that are in, or as they become in, the public domain under the Copyright Act in the United States.

*Id.* (emphasis omitted).

159. *Id.* art. 1.58. According to the Agreement:

“Fully Participating Library” means a library physically located within the United States and organized as or within a not-for-profit or government entity that (a) has signed or signs a Digitization Agreement with Google not later than two (2) years after the Effective Date (unless an extension of such time is approved by the Registry) and (b) enters into a Library-Registry (Fully Participating) Agreement.

*Id.* (emphasis omitted).

160. *Id.* art. 7.2(b)(v).

161. *Id.* art. 17.33. Per the agreement,

[i]f all of the members of the Settlement Class who have a Copyright Interest in a particular Book or Insert opt out of the Settlement by the Opt-Out Deadline, then neither this Settlement

were defined as members of the Settlement Class who did not opt out of the settlement.<sup>162</sup> Rightsholders' books and inserts would be classified as "No Display,"<sup>163</sup> if commercially available (as determined by Google),<sup>164</sup> or "Display,"<sup>165</sup> if not commercially available.<sup>166</sup> If a work was classified as a "Display" book, the Agreement gave Google the right to all "Display" and "Non-Display" uses of the work.<sup>167</sup> Where a work was classified as a "No Display" book, the Agreement gave Google the right to all "Non-Display" uses of the work.<sup>168</sup>

### 3. What the Settlement Agreement Does

The Agreement gave Google the non-exclusive right to digitize all works falling within the scope of the settlement.<sup>169</sup> It also gave Google the right to allow third parties to display snippets served by Google.<sup>170</sup> In the case of Display Books, Google could make Snippet Display, Front Matter Display, Access Uses, and Preview Uses.<sup>171</sup> Snippet Displays allowed Google to display up to three different excerpts of approximately three to four lines of text from a work.<sup>172</sup> Front Matter Displays allowed Google to display the title page, copyright page, and any pages prior to the table of contents.<sup>173</sup> Access Uses allowed Google to display Protected material,<sup>174</sup> which included material protected under the rights owner's section-106 exclusive rights.<sup>175</sup> Finally, Preview Uses also allowed Google to display Protected material.<sup>176</sup>

The Agreement prohibited Google from (1) making displays that might constitute the creation of derivative works, (2) providing hyperlinks to other sources if doing so might detract from revenues under the Agreement, and (3) altering text.<sup>177</sup> However, the Agreement only prohibited Google from these uses if it was not so permitted in

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Agreement nor any Library-Registry Agreement authorizes or prohibits the use of such Book or Insert, no Claims with respect to such Book or Insert are released by this Settlement Agreement or the Final Judgment and Order of Dismissal or any Library-Registry Agreement, and this Settlement Agreement will, after the Opt-Out Deadline, no longer apply to such Book or Insert.

*Id.*

162. *Id.* art. 1.132.

163. *Id.* art. 1.88. See also *infra* note 168 and accompanying text for a discussion on what uses are allowed per the Agreement with respect to "No Display" works.

164. *Id.* art. 3.2(d)(i).

165. Settlement Agreement, *supra* note 153, art. 1.47–1.48. See *infra* notes 171–76 and accompanying text for a discussion as to what constitutes permissible use of "Display" works.

166. Settlement Agreement, *supra* note 153, art. 3.2(b).

167. *Id.* art. 3.3(a).

168. *Id.* art. 3.4(a). Non-Display uses include non-expression uses, such as displaying a work's bibliographic information. *Id.* art. 1.91.

169. *Id.* art. 3.1(a)(i).

170. *Id.* art. 3.9(a).

171. *Id.* art. 1.48.

172. *Id.* art. 1.147.

173. *Id.* art. 1.57.

174. *Id.* art. 1.1.

175. *Id.* art. 1.114.

176. *Id.* art. 1.106.

177. *Id.* art. 3.10.

other sections of the agreement. Since the Display Uses, and most specifically, Access Uses, allowed Google to display Protected material, Google was expressly permitted to make such uses of Display Books.<sup>178</sup>

Notwithstanding these prohibitions, Google was authorized to sell subscriptions to its database, sell individual books, place advertisements on its book pages, and make other commercial uses of books.<sup>179</sup> The Agreement also relieved Google and its partners of all liability to members of the Agreement for such uses.<sup>180</sup> Failure to opt-out of the Agreement relegated all members of the Agreement to final and binding arbitration.<sup>181</sup>

The November 2009 Agreement added that “with respect to any dispute between or among Rightsholders and Claimants, the parties to such dispute may elect to resolve such dispute in court.”<sup>182</sup> By contrast, all claims made against Google and its partners had to be resolved through arbitration.<sup>183</sup> The November 2009 Agreement, however, allowed parties who had not opted out and who disputed, for example, the rights to a particular work, to resolve such issues in the manner of their choice—the Agreement did not force them to arbitrate.<sup>184</sup>

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178. *Id.*

179. *Id.* art. 2.1(a).

180. *Id.* art. 10.2(a). The release stated:

Without further action by anyone, as of the Effective Date, the Rightsholder Releasors, for good and sufficient consideration, the receipt and adequacy of which are hereby acknowledged, shall be deemed to have, and by operation of law and the Final Judgment and Order of Dismissal shall have, fully, finally, and forever released, relinquished, settled, and discharged (i) the Google Released Claims against each and every one of the Google Releasees, except as provided in Section 3.5(b)(vii) (Government Works and Public Domain Works), (ii) the Fully Participating Library Released Claims against each and every one of the Fully Participating Library Releasees, (iii) the Cooperating Library Released Claims against each and every one of the Cooperating Library Releasees, (iv) the Public Domain Library Released Claims against each and every one of the Public Domain Library Releasees, (v) the Other Library Released Claims against each and every one of the Other Library Releasees, provided that no Other Library Released Claims are released, relinquished, settled or discharged against any Other Library Releasee if and to the extent such Other Library Releasee, at any time, makes any infringing use of a Digital Copy, (vi) all Claims against the Google Releasees, Fully Participating Library Releasees, Cooperating Library Releasees, Public Domain Releasees, Class Counsel and Plaintiffs that relate in any way to the commencement, prosecution, defense or settlement of the Action or to the negotiation or execution of this Settlement Agreement, the Library-Registry Agreements or the Supplemental Agreement Regarding Right to Terminate, and (vii) any and all Claims for attorneys’ fees, costs or disbursements incurred by Class Counsel or other counsel representing Plaintiffs in connection with or related in any manner to the Action, the settlement of the Action, including the negotiation and execution of this Settlement Agreement, the Author-Publisher Procedures, the Library-Registry Agreements or the Supplemental Agreement Regarding Right to Terminate, or the administration of the Action provided that in the case of this clause (vii) Google meets its payment obligations under Section 5.5 (Attorneys’ Fees).

*Id.* (emphasis omitted).

181. *Id.* art. 9.

182. *Id.*

183. *Id.*

184. *Id.* art. 9.1(a) (allowing parties to resolve disputes between Rightsholders and Claimants in court or by other dispute resolution procedures).



#### 4. How the Settlement Agreement Would Be Administered

According to the original Agreement, Google would set up a Registry “responsible for locating and collecting information from Rightsholders, [and] identifying and coordinating payments to Rightsholders.”<sup>185</sup> Google would take thirty-seven percent of the revenue generated in the sale of a book or insert and pay the Rightsholders sixty-three percent.<sup>186</sup> The Registry would hold unclaimed funds in trust for five years and distribute them first to defray the Registry’s operational costs, then distribute them on a proportional basis to Registered Rightsholders of books, and, finally, distribute the remaining funds to charitable organizations.<sup>187</sup>

The November 2009 Agreement deleted this “unclaimed funds” provision and provided that unclaimed funds collected by the Registry would be held for the benefit of the Rightsholders until they registered and claimed their works.<sup>188</sup> Additionally, up to twenty-five percent of the funds collected could be used to locate Rightsholders if the funds went unclaimed for at least five years.<sup>189</sup> Instead of the profit mechanism described above, the November 9, 2009 Agreement provided that funds unclaimed for at least ten years could be passed on to literacy-based charities in various countries.<sup>190</sup>

### III. DISCUSSION

Having set forth the constitutional basis for copyright law, the past legislative attempts to resolve the orphan works problem, and the terms of the Google Book Settlement Agreement (“Agreement”), this Comment now turns to the dilemmas faced in the search for a lawful and sound resolution to the orphan works problem. First, it argues that the practicality of the current Copyright Act militates against solutions based on modifying the Act. Second, it sets forth the inadequacies of Congress’s past attempts to rectify the orphan works problem. Third, it explores the inability of class action settlements to encompass all orphan works and the international law implications raised by attempts to do so. Finally, it concludes by suggesting that the current statutory scheme already provides an adequate solution to the orphan works problem.

#### A. *The Practicality of the Current Copyright Act Compounds the Orphan Works Problem.*

Since Congress is the governmental body charged with creating copyright law,<sup>191</sup> and federal courts defer to rational exercises of that authority,<sup>192</sup> Congress is the

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185. Settlement Agreement, *supra* note 153, art. 2.1(c); *see also id.* art. 6.1(a)–(f) (outlining Registry’s functions).

186. Settlement Agreement, *supra* note 153, art. 2.1(a).

187. *Id.* art. 6.3(a)(i).

188. Amended Settlement Agreement, *supra* note 154, art. 6.3(a)(i)(1).

189. *Id.* art. 6.3(a)(i)(2).

190. *Id.* art. 6.3(a)(i)(3).

191. U.S. CONST. art. I, § 8, cl. 8.

192. *See Eldred v. Ashcroft*, 537 U.S. 186, 208 (2003) (stating U.S. Supreme Court will not “second-guess congressional determinations and policy judgments”).

appropriate body to correct the orphan works problem that its past legislation created.<sup>193</sup> The simplest approach would be to turn back the clock and re-impose the statutory provisions whose removal orphaned innumerable works. Unfortunately, it is not that easy. Copyright law does not function in a vacuum, but rather is the result of larger legal and policy developments, including efforts by U.S. lawmakers to comply with international law for the benefit of U.S. authors.<sup>194</sup>

The Copyright Act of 1976's elimination of the registration requirement<sup>195</sup> aligned U.S. copyright law with the international standard of the Berne Convention for the Protection of Literary and Artistic Works ("Berne Convention").<sup>196</sup> If Congress were to replace the registration requirement, it would no longer be compliant with the Berne Convention, which provided for formality-free copyright protection in all signatory nations.<sup>197</sup> However, the policy objective of the formality-free requirement imposed by the Berne Convention is "to ensure that member countries . . . afford the same copyright protection to foreign authors as they provide their own authors."<sup>198</sup> Being a signatory nation to the Berne Convention thus ensures that U.S. copyright owners are given the same protection for their works abroad as they receive in the United States. It also likely increases the amount of foreign works that are released in the United States.<sup>199</sup> Therefore, insofar as copyright policy's goal is to increase access to works to promote the "Progress of . . . [the] useful Arts,"<sup>200</sup> the re-imposition of the registration requirement would not be an effective course of action.

The CRA, passed in 1992, lifted the requirement that a copyright owner formally renew his copyright to secure a second term of protection.<sup>201</sup> The works that generally went un-renewed were those of little commercial value, and the rights owners to those works had little incentive to renew the copyright.<sup>202</sup> The renewal requirement could be re-imposed, thereby re-creating the "filter that passe[s] . . . works . . . into the public domain" after a shorter period of protection.<sup>203</sup> But this too would violate the Berne

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193. See *supra* Parts IIA and IIB for a discussion of copyright law's development and how this development produced orphan works; see also *Authors Guild v. Google Inc.*, No. 05 Civ. 8136, 2011 WL 986049, at \*8 (S.D.N.Y. Mar. 22, 2011) (finding Congress to be better suited than court for establishing mechanism for managing orphan works).

194. See *supra* notes 24–25 and accompanying text for a discussion of the Berne Convention Implementation Act which brought U.S. copyright law into compliance with the Berne Convention for the Protection of Literary and Artistic Works.

195. See *Eldred*, 537 U.S. at 231 n.7 (Stevens, J., dissenting) (noting Copyright Act originally required registration as prerequisite to copyright protection).

196. *Id.* at 195.

197. Bowen, *supra* note 24, at 816.

198. *Golan v. Gonzales*, 501 F.3d 1179, 1182 (10th Cir. 2007).

199. If U.S. copyright law did not provide protection for its copyright owners, authors abroad may find it in their self-interest to keep their work out of the United States because if they have not registered the work with the Copyright Office they would have no rights to control the disposition of the work within the United States.

200. U.S. CONST. art. I, § 8, cl. 8.

201. Copyright Renewal Act of 1992, Pub. L. No. 102-307, § 102, 106 Stat. 264 (codified as amended at 17 U.S.C. § 304(a) (2006)).

202. *Kahle v. Gonzales*, 487 F.3d 697, 699 (9th Cir. 2007).

203. *Id.*

Convention insofar as it would constitute an imposition of a formality upon copyright protection.<sup>204</sup>

Even though reinstating the renewal requirement might reduce the propagation of orphan works,<sup>205</sup> it would not resolve the issue as to how to increase access to and usability of works which are already orphaned.<sup>206</sup> For example, how would it *de-orphan* a work which was orphaned from the moment it was created?<sup>207</sup> Similarly, how would it *de-orphan* a work whose owner was not required to renew his rights<sup>208</sup> and was given extended protection under the CTEA?<sup>209</sup> Perhaps Congress could impose the renewal requirement at the end of the current term, in violation of the Berne Convention. Doing so, however, still leaves the work orphaned for what could be several decades, a highly undesirable result given the current pressure to increase access to orphan works.

The CTEA also lengthened the period of time during which access and licenses to orphan works are unobtainable.<sup>210</sup> Shortening the protection period, however, presents the same issues that re-imposition of the renewal requirement would. A shorter congressionally-prescribed protection period would not pass orphan works into the public domain any sooner if they are already protected for the life of their author plus seventy years.<sup>211</sup> Again, while it may stop the creation of new orphan works, shortening the terms of protection will not de-orphan works if the new legislation does not also cut off protection to currently orphaned works.<sup>212</sup> Finally, the CTEA was enacted to ensure that “American authors would receive the same copyright protection in Europe as their European counterparts.”<sup>213</sup> If the protection period were shortened, U.S. law would be in contravention of the Berne Convention by failing to extend the

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204. U.S. COPYRIGHT OFFICE, *supra* note 6, at 60–61.

205. This proposition assumes that the orphan works problem stems from the fact that copyright owners are difficult to locate because they have abandoned the work or, at a minimum, have not pursued exploiting their work.

206. See *supra* note 9 and accompanying text for a discussion of the twin goals of copyright law.

207. A work may have been so orphaned if it was created after the passage of the Copyright Act of 1976 and thus qualified for copyright protection from the moment it was fixed in a tangible medium of expression. See 17 U.S.C. §§ 302(a), 101 (2006).

208. See Copyright Renewal Act of 1992, Pub. L. No. 102-307, § 102, 106 Stat. 264, 264–66 (codified as amended at 17 U.S.C. § 302(a)) (discussing copyright renewal provisions).

209. See *supra* Part II.C.1 for a discussion of the terms of copyright protection given to rights owners under the CTEA.

210. Sonny Bono Copyright Term Extension Act, Pub. L. No. 105-298, § 102, 112 Stat. 2827 (1998) (codified as amended at scattered sections of 17 U.S.C.).

211. See *id.* (extending term of copyright protection from life of the author plus fifty years to life of the author plus seventy years).

212. The idea of only shortening the period of protection for orphan works raises subsidiary issues as to how Congress could possibly differentiate the two. For example, Congress might say works only have twenty years of protection once they have been orphaned. Realistically, however, there is no way to determine which works are orphaned, and, if they are, how long they have been orphaned. Any such attempt, therefore, would likely be futile.

213. *Eldred v. Ashcroft*, 537 U.S. 186, 205–06 (2003). See also *supra* notes 24–25 and accompanying text for a discussion of how passing the Copyright Act of 1976 guaranteed greater protection to American works abroad.

appropriate protection to foreign works.<sup>214</sup> Thus, rights owners of U.S. works will not be treated as nationals of the signatory nations abroad and will not receive equal protection under their laws.<sup>215</sup> Retracting the extended terms of protection granted by the CTEA would necessitate weighing the benefits it created against the smaller subset of complications it presents.

*B. Past Legislative Attempts to Resolve the Orphan Works Problem Were Inadequate.*

Since simply re-imposing the statutory provisions whose repeal created orphan works is not a practical approach to resolving the orphan works problem,<sup>216</sup> other avenues have been explored as a means to provide an adequate solution. Congress is in the process of passing legislation specific to orphan works, but has not yet done so.<sup>217</sup> Two of the overarching issues with orphan works are that they (1) contain inadequate identification information and (2) are unregistered with the Copyright Office, thereby making it difficult to locate the rights owner.<sup>218</sup> Congress's proposed orphan works legislation, therefore, seeks to limit damages for those who try, in good faith, to locate the rights owner but cannot do so.<sup>219</sup> While limiting damages and liability for an infringing use would likely increase the amount of people who are willing to take the risk of using a work without permission,<sup>220</sup> the Shawn Bentley Orphan Works Act of 2008<sup>221</sup> and the Orphan Works Act of 2008<sup>222</sup> create a host of foreseeable problems.

The first problem centers around how a work's status as an orphan will be determined. Under the Shawn Bentley Orphan Works Act, remedies are limited where, prior to the infringement, the infringing user made a reasonable search in which he diligently tried—to no avail—to locate and identify the owner of the work.<sup>223</sup> Under the Act, it is up to the user to document his search and determine whether the use of a

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214. See KINNEY & LANGE, P.A., INTELLECTUAL PROPERTY LAW FOR BUSINESS LAWYERS 587–88 (2007) (describing Berne Convention's reciprocal nature).

215. *Id.*

216. See *supra* Part III.A for a discussion of the reasons why reimposing the statutory provisions whose repeal created orphan works will not resolve the issues orphan works present.

217. See *supra* Part II.D for a discussion of past legislative attempts to deal with the orphan works problem.

218. U.S. COPYRIGHT OFFICE, *supra* note 6, at 22 (noting common obstacles faced with respect to orphan works include: "(1) inadequate identifying information on a particular copy of the work; (2) inadequate information about copyright ownership because of a change of ownership or a change in the circumstances of the owner; (3) limitations of existing copyright ownership information sources; and (4) difficulties researching copyright information").

219. See, e.g., S. 2913, 110th Cong. § 514(b) (2008) (unenacted but referred to H. Comm. on the Judiciary, Sept. 27, 2008) (limiting damages award to rights owner where infringing user appropriately thought work was orphaned).

220. See Elizabeth Herbst Schierman, *Orphan Works: Congress Considers Lessening Penalties for Copyright Infringers*, ADVOC., Mar.-Apr. 2009, at 16, 16 (discussing possibility that would-be infringer will not use a work if uncertain of possible future liability).

221. S. 2913.

222. H.R. 5889, 110th Cong. (2008) (unenacted but forwarded to Full Comm. on the Judiciary, May 7, 2008).

223. S. 2913 § 514(b).

work will qualify for the orphan works limitation on damages.<sup>224</sup> It thus leaves open the possibility that the would-be infringer could be wrong: if he mistakenly thinks the work is not copyrighted and does not make a good faith effort to locate the rightful owner, he would not receive the damages limitation.<sup>225</sup>

Congress's orphan works legislation also differentiates between good- and bad-faith infringers. Under the proposed language of the statute, failure to find the rights owner through good-faith, diligent efforts will adequately qualify a work as an orphan work. Ensuring that people search the appropriate databases thoroughly enough, however, demands bureaucratic oversight. The requisite oversight is neither created nor acknowledged by the proposed legislation.

To circumvent a bureaucratic nightmare, users could simply document their search, keep their own records, and bring forth the documentation upon a Notice of Claim by the rights owner.<sup>226</sup> On the other hand, this could create situations where the user fabricates search documents upon a Notice of Claim because he was caught infringing and, coincidentally, the rights owner would have been very difficult to locate had the user actually tried to do so.<sup>227</sup> While the Shawn Bentley Orphan Works Act tries to eliminate this possibility with the requirement that attribution be provided to the original work,<sup>228</sup> one can imagine situations where it simply would prove impractical to do so.<sup>229</sup> Would the limitation on damages still apply then?

If personal recording and documentation of good-faith searches will not provide would-be infringers with enough certainty to use a work and risk litigation, perhaps the Copyright Office could record these searches before the infringer uses the work. This would reduce the risk that bad-faith searches could slip through the cracks.<sup>230</sup> However, it would ultimately be burdensome on the users, infringers, and the Copyright Office, which would have to manage these claims.<sup>231</sup>

Another core problem with the orphan works legislation, is that it strips away some of the protection afforded to copyright holders by essentially compelling them to grant licenses, albeit without their knowledge. Surely, if a rights owner denies licenses to use his work to all those who ask, Congress would not pass legislation to cut off his

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224. *Id.*

225. See Schierman, *supra* note 220, at 17 (noting two situations where Shawn Bentley Orphan Works Act of 2008 does not protect an infringer: (1) where infringer cannot determine if work is copyrighted at all, and (2) where infringer erroneously believes that work is orphaned after rights owner does not respond to requests for license).

226. See S. 2913 § 514(b)(1)(A)(i) (requiring that infringer prove by preponderance of evidence that good-faith qualifying search was performed and documented).

227. See Castle & Mitchell, *supra* note 41, at 24 (remarking that disingenuousness of infringers seeking limitation on damages is widespread concern among opponents of orphan works legislation).

228. See S. 2913 § 514(b)(1)(A)(ii)-(iii) (requiring reasonable attribution to legal owner and notice that infringer's use comports with Act).

229. Elizabeth Schierman discusses a common such scenario where even good faith, diligent, and exhaustive searches may not be sufficient to identify the copyright owner. Schierman, *supra* note 220, at 16, 18.

230. See U.S. COPYRIGHT OFFICE, *supra* note 6, at 6 (noting proposals to establish voluntary or mandatory user registries in which users file notice of their intention to infringe a work which they believe to be orphaned).

231. See *id.* (noting registries are inefficient for users and burdensome on owners).

rights or otherwise compel him to grant a license. Exclusive copyright rights are not contingent upon a rightsholder's promise to make the work available during the period he has protection.<sup>232</sup> While it is certainly desired that, in exchange for the protection of rights to the work, he will allow others to access it or make reasonable uses of it in the name of progress of the useful arts, this is not required.<sup>233</sup> If Congress chooses to change that balance, that is within its discretion,<sup>234</sup> but doing so only with respect to orphan works seems to chip away at the protection granted to copyright holders at large.<sup>235</sup>

*C. Class Action Settlement Agreements Are Not the Appropriate Vehicle to Resolve the Orphan Works Problem.*

Since Congress has not yet resolved the issue, private parties have tried creating their own solutions to the orphan works problem. The most recent private attempt to fashion a solution to the inaccessibility of orphan works,<sup>236</sup> and the focus of this Comment, is the Google Book Settlement Agreement of October 28, 2008.<sup>237</sup> Because it is impractical to re-impose the statutory provisions whose repeal created orphan works,<sup>238</sup> and because past legislative attempts to resolve the issue have created subsidiary issues that limit their efficacy,<sup>239</sup> the next question is whether a class action settlement could legally resolve the orphan works problem.

1. A Class Action Settlement Agreement Could Legally Encompass Orphan Works Under Current Law.

The Google Book Agreement was filed in the Second Circuit.<sup>240</sup> The U.S. Supreme Court recently held that section 411(a) is nonjurisdictional, and thus, unregistered works can be included in a certified class, as well as a settlement agreement.<sup>241</sup> This ruling reversed the Second Circuit's prior holding that only

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232. See *Eldred v. Ashcroft*, 537 U.S. 186, 216–17 (2003) (noting that while patents are given as quid pro quo for inventors' release to public, copyrights are not so contingent).

233. See *id.* (stating disclosure is desired objective, but not required for copyright).

234. See *supra* notes 52–53 for cases in which the Supreme Court announced its deference to Congress on copyright matters.

235. For example, Congress could make copyright protection contingent upon a rights owner granting licenses to use their work. Doing so, however, would decrease the level of protection currently granted to rights owners insofar as the current Act leaves such matters to their discretion. It is impossible to imagine how Congress could limit a compulsory license requirement to orphan works without imposing the mandate on all copyright holders. The rights to all orphan works are, at one time, owned by someone. That person has no obligation to do anything with his work. Subjecting a work to a compulsory license requirement would take that discretion away from the rights owner, thereby chipping away at copyright protection for everyone.

236. See Press Release, Authors Guild, *supra* note 1 (announcing settlement agreement will expand access to millions of copyrighted books).

237. Settlement Agreement, *supra* note 153.

238. See *supra* Part III.A for a discussion as to why simply turning back the clock on copyright legislation is impractical.

239. See *supra* Part III.B for a discussion of the subsidiary problems created by past legislative attempts to resolve the orphan works problem.

240. Settlement Agreement, *supra* note 153.

241. *Reed Elsevier, Inc. v. Muchnick*, 130 S. Ct. 1237, 1247 (2010).

registered works may be included in settlement agreements.<sup>242</sup> To comply with the Second Circuit's holding, the parties to the Agreement imposed a requirement that all U.S. works included in the Agreement be registered with the Copyright Office.<sup>243</sup> With the U.S. Supreme Court's new ruling, however, inclusion in the Agreement would likely be expanded to all copyrighted works. The *legal* inclusion of unregistered orphan works in the Agreement, however, would likely compound the orphan works problem insofar as it would increase access to these works yet not extend limited liability to those who want to use them.<sup>244</sup> Finally, a decision not to "opt out" of the Agreement may not have been made with proper notice.<sup>245</sup>

## 2. The "Opt Out" Nature of a Class Action Settlement Agreement Might Violate the Berne Convention for the Protection of Literary and Artistic Works.

The Agreement, with its "opt out" nature, reinstated formalities as a condition precedent to copyright protection, an approach at odds with the Berne Convention.<sup>246</sup> While a private settlement agreement does not involve the government imposing such formalities, it nevertheless presents a practical problem if a U.S. court allows private parties to impose formalities on copyright owners if they wish to keep their rights. Copyright protection, granted from the moment a work is fixed in a tangible medium of expression, is automatic.<sup>247</sup> The term of copyright protection is not contingent upon a rights owner renewing his rights,<sup>248</sup> filing for registration with the Copyright Office,<sup>249</sup> or placing notice of copyright upon his work.<sup>250</sup>

Essentially, copyright protection is an "opt out" system itself—a rights owner automatically has protection, and then may either elect to sue when someone infringes his rights or "opt out" of enforcing those rights.<sup>251</sup> By requiring copyright owners to "opt out" of a settlement agreement to maintain their right to sue for infringement, the Agreement imposed a formality upon rights owners. Under the Agreement, the rights owners could no longer enjoy contingent-free protection of their copyright, but had to take action and actively protect their own rights. Such a class action settlement agreement creates an "opt in" system for copyright protection. Such a formality would

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242. *Id.* at 1243, 1247–49; *see also In re Literary Works in Elec. Databases Copyright Litig.*, 509 F.3d 116, 118 (2d Cir. 2007) (holding federal circuits lack jurisdiction to certify class or approve settlement agreement which includes claims based on unregistered copyrights), *rev'd sub nom. Reed Elsevier*, 130 S. Ct. 1237.

243. *FAQs*, *supra* note 152, no. 11 (highlighting the restriction of class membership based on registration).

244. *See infra* Part III.C.3 for a discussion of the Google Book settlement agreement's inability to relieve end users of liability for copyright infringement.

245. Issues of proper notice in class action settlements are beyond the scope of this discussion, but the point is raised to illustrate the inadequacy of such a settlement agreement as it pertains to orphan works.

246. *See supra* Part III.A for a discussion of why the reimposition of registration requirements violates the Berne Convention for the Protection of Literary and Artistic Works.

247. 17 U.S.C. §§ 302(a), 101 (2006).

248. *Id.* § 302.

249. *See id.* § 408(a) (noting that registration is not a condition of copyright protection).

250. *See generally id.* § 405.

251. *See id.* § 501 (defining "infringer" and cause of action for rights holder).

put U.S. Copyright law at odds with its status as a signatory of the Berne Convention.<sup>252</sup>

3. The Private Nature of a Class Action Settlement Agreement Might Result in the Parties Acting in Their Own Interests.

If the Google Book Agreement is representative of a class action settlement's capacity to resolve the orphan works problem, the private nature of such an agreement raises several points of contention. These include the potentially incorrect assessments of a work's orphan status, the self-interested results of the Agreement's profit mechanisms, and the inability to relieve end users of liability.<sup>253</sup>

The first issue raised by the private nature of the Agreement is the potential for incorrect assessments of a work's orphan status. Under the Agreement, Google and its partners would make the determination of a work's status as commercially available or unavailable.<sup>254</sup> The issues raised by the private determination of a work's orphan status echo the issues raised by Congress's recent attempts to resolve the orphan works problem.<sup>255</sup> Under the Agreement, it is no longer individuals making the determination, but corporate Google and its partners.<sup>256</sup> If history is any indication, it is most likely that orphan works will fall into the commercially unavailable category,<sup>257</sup> which, under the Agreement, would be classified as Display works.<sup>258</sup> Classification as a Display work allowed Google to make the most numerous and infringing uses of the work, including displaying and previewing protected material for sale.<sup>259</sup>

This issue, much like the prospect of individuals determining a work's orphan status under Congress's proposed legislation, raises the question, what if Google is wrong? The Agreement was fashioned such that anyone who did not "opt out" was bound by its terms and the possibility of a lawsuit for infringement no longer existed.<sup>260</sup> Thus, it is hard to see how a rights owner, whose work was mischaracterized as a Display work, could circumvent the agreement and sue for improper uses of his

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252. See *supra* notes 24–25 and accompanying text for a discussion of the Berne Convention Implementation Act, which brought U.S. Copyright law into compliance with a treaty requiring registration-free copyright protection.

253. Aside from these copyright issues, the Google Book settlement agreement also raises antitrust and international law concerns. See *supra* notes 150–51 and accompanying text for references to U.S., Canadian, and Japanese objections to the proposed settlement agreement.

254. See *supra* Parts II.D.2–3 for a discussion of how Google will make the commercially available or unavailable distinction and the corresponding level of infringement allowed based on this distinction.

255. See *supra* Part III.B for a discussion of the problems posed when infringers attempt to determine a work's orphan status.

256. Settlement Agreement, *supra* note 153, art. 3.2(d)(i).

257. One can hardly think of a reason why a work would be orphaned if it had been commercially successful. In such a situation, the rights owner will be far more likely to micromanage his rights. See *supra* Part III.A for a discussion of the CRA and how the filter it created generally passed works of little commercial value into the public domain.

258. Settlement Agreement, *supra* note 153, art. 3.2(b).

259. See *supra* Part II.E.3 for a discussion of the infringing uses allowed with respect to a Display work under the Google Book settlement agreement.

260. See *supra* notes 180–81 and accompanying text for the provisions which release Google and its partners from liability.



work.<sup>261</sup> While arbitration was still a possibility under the Agreement, its ability to restore a person's rights is questionable because he or she might not be able to receive damages for infringing uses per the terms of the Agreement. A natural corollary of this issue is the possibility that the private parties' motivation to serve their own interests will underlie the determinations as to whether a work is "commercially available."

The second issue presented by the terms of the Agreement is that it was in Google's self-interest to classify a work as a Display work, thereby opening the door for Google to make commercial uses of the book.<sup>262</sup> A similar self-interest existed for the class representatives who potentially stood to make a profit off unclaimed funds from the commercial uses of orphan works.<sup>263</sup> True, the class representatives might not actually see any profit if orphaned works did not garner commercial viability through the increased access afforded to them by Google's Book Project. It may be precisely that increased access, however, which would create demand for and, in turn, a profit from the sale of orphaned works. Even though a rights owner might come forward if he catches wind that his work is making money, the profits would be distributed amongst the members of the class action.<sup>264</sup>

The November 2009 Agreement deleted this profit-sharing mechanism, and thereby slightly reduced the inadequacy of a class action settlement agreement as a solution to the orphan works problem.<sup>265</sup> If this change was made simply to decrease public opposition to the agreement and ease passage of such a landmark settlement agreement, it is possible that a similar mechanism will be included in future settlement agreements. Thus, the point still bears heavily on the adequacy of a settlement agreement as a solution to the orphan works problem. While the change made the Agreement less disconcerting, the parties' desire to include such a clause at all offers insight into what future parties might attempt.

The last issue presented by the private nature of a class action settlement agreement, or at least the Google Book Agreement, is that it did not release end users other than Google and its partners from liability. In fact, while a settlement agreement such as the Google Book Agreement would increase access to orphan works, it would likely further compound the orphan works problem. In essence, it would give people access to millions more books but still would not resolve the problem of what they

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261. See *supra* Part II.E.3 for a discussion of the provision in the November 9, 2009 version of the settlement agreement which provides that Rightsholders and Claimants are not limited to arbitration where they are disputing amongst themselves.

262. See *supra* Part II.E.3 for a discussion of the expansive uses allowed when a work is classified as Display under the Google Book settlement agreement; see also *Authors Guild v. Google Inc.*, No. 05 Civ. 8136, 2011 WL 986049, at \*9 (S.D.N.Y. Mar. 22, 2011) (finding interests of class members at odds with those of class representatives and that parties have little incentive to identify owners of unclaimed works because fewer opt-outs would increase unclaimed funds for Google to exploit).

263. See *supra* Part II.E.4 for a discussion of the treatment of unclaimed funds in the Google Book settlement agreement.

264. See *supra* Part II.E.4 for a discussion of the profit-sharing mechanism prescribed by the Google Book settlement agreement.

265. See *supra* Part II.E.4 for a discussion of the November 9, 2009 Agreement's treatment of "unclaimed funds."

might do with them. Potential end users must still forgo use of the work, violate the law, or tailor their use to fit within current statutory limitations.<sup>266</sup>

*D. The Current Statutory Scheme Provides a Framework Within Which the Orphan Works Problem May Be Resolved.*

Not only is a class action settlement an inadequate and inappropriate way to resolve the orphan works problem, but both it and legislative action are largely unnecessary given the framework provided by the current statutory scheme. As this Comment has argued: (1) the statutory provisions that created orphan works when they were repealed cannot be re-imposed lest U.S. copyright law violate the Berne Convention;<sup>267</sup> (2) past legislative attempts provide inadequate solutions;<sup>268</sup> and (3) a class action settlement agreement does not provide an adequate solution to the orphan works problem.<sup>269</sup> If the trilemma faced by would-be end users of copyrighted material is that they must curtail their use of a work, forgo use of the work, or violate the law, the most appropriate way to find a solution is to evaluate current copyright law to see what solutions it already creates.

The first provision indicating that the current copyright scheme adequately addresses the orphan works problem is section 108. Section 108 provides a limitation on the exclusive rights granted by section 106 for reproductions of copyrighted works by libraries and archives.<sup>270</sup> This provision creates an infringement exemption where the library or archive acts for the “purposes of preservation, scholarship, or research.”<sup>271</sup> The exemption is qualified,<sup>272</sup> however, and a few of these qualifications are worth exploring. First, the library or archive must not act with “any purpose of direct or indirect commercial advantage.”<sup>273</sup> Second, the library or archive must be open to either the general public or specialized researchers.<sup>274</sup> Third, the reproduction or distribution must have a notice of copyright or, where the status is unknown, acknowledge that the material may be copyrighted.<sup>275</sup>

Section 108, therefore, already alleviates part of the “access” problem associated with orphan works. By acknowledging that copyright status may in fact be unknown, the statute acknowledges and encompasses orphan works.<sup>276</sup> Moreover, while the

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266. See *supra* Part II.C.4 for a discussion of how the fair use defense allows end users to make use of a work without infringing upon the rights of its owner.

267. See *supra* Part III.A for a discussion of why the statutory provisions whose repeal facilitated the creation of orphan works cannot be reimposed.

268. See *supra* Part III.B for a discussion of why past legislative attempts to cure the orphan works problem create a host of subsidiary problems.

269. See *supra* Part III.C for a discussion of how class action settlement agreements provide neither an adequate nor an appropriate solution to the orphan works problem.

270. 17 U.S.C. § 108 (2006).

271. *Id.* § 108(h)(1).

272. See *id.* § 108(a)–(c) (setting forth various conditions on library and archive infringement).

273. *Id.* § 108(a)(1).

274. *Id.* § 108(a)(2).

275. *Id.* § 108(a)(3).

276. See *id.* § 108(a)(3) (providing that a work may still be reproduced without notice of its copyright so long as reproducer “includes a legend stating that the work may be protected by copyright”).

exemption is limited to libraries and archives and does not apply to private institutions, it is entirely reasonable that people desiring access to orphan works look to libraries and archives to find them.

The second provision of the current copyright scheme which pertains to orphan works is section 504(c)(2). Section 504(c)(2) provides a limitation on damages based on the infringer's reasonable belief that his acts did not constitute copyright infringement.<sup>277</sup> Where the court finds that infringement was committed willfully, damage awards may be increased up to \$150,000.<sup>278</sup> In contrast, if the court finds that the infringer "was not aware and had no reason to believe" that he infringed a copyright, the court may, in its discretion, lower the damages award to \$200.<sup>279</sup>

Given the provisions of section 504(c)(2), it is interesting that orphan works legislation was considered at all because it would have a largely cumulative effect.<sup>280</sup> While section 504(c)(2) might not limit damages with respect to all orphan works,<sup>281</sup> one could certainly make the argument that when a person believes they have identified the copyright owner, and the "owner" never responds to requests for a license, perhaps the "owner" is no longer alive and the work has fallen out of copyright.<sup>282</sup> This provision provides a safety net for those people who genuinely do not believe they infringed a copyright, and thus provides a step in the right direction with respect to the orphan works problem.

The third copyright provision which applies to the orphan works problem is section 203. Section 203 provides an author with the inalienable right to terminate transfers of his rights or licenses he has granted.<sup>283</sup> Under this provision, the author may terminate the grant of rights to another "at any time during a period of five years beginning at the end of thirty-five years from the date of execution of the grant."<sup>284</sup> The author is given this right if he serves notice of the termination and otherwise complies with the statutory requirements.<sup>285</sup> However, the author is limited where the person created a derivative work based on the grant of rights.<sup>286</sup>

Under section 203, if an orphan works issue arises where the author of a work is identifiable and locatable, but has long since transferred his rights and does not like how the transferee is managing those rights, he may terminate the grant. This means that the author can terminate a grant of rights and grant subsequent licenses, effectively

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277. *Id.* § 504(c)(2).

278. *Id.*

279. *Id.*

280. See *supra* Part II.D for a discussion of past legislative attempts to resolve the orphan works problem by, among other things, providing a limitation on damages.

281. For example, a rights owner might argue that anyone who searches for a copyright owner at all proceeds under the assumption that the work is actually copyrighted, thereby complicating the applicability of the provision.

282. See Schierman, *supra* note 220 (discussing situation of infringer who cannot determine whether work is copyrighted or if rights owner simply has not responded to requests for license).

283. 17 U.S.C. § 203. Rights in copyrighted material initially vest in the author, or, in the case of a work made for hire, in the employer for whom the work was made. *Id.* § 201(a)–(b).

284. *Id.* § 203(a)(3).

285. *Id.* § 203(a)(4).

286. *Id.* § 203(b)(1).

de-orphaning the work. As a means of protection for end users, the statute prevents an author from terminating a grant of rights where the transferee or licensee has relied on the grant in preparing a derivative work, at least with respect to the continued rights to their work product.<sup>287</sup>

Sections 304(c) and (d) likewise give the author of a work the right to terminate transfers and licenses which cover the extended renewal period granted by the CTEA and renewal rights that terminated by statute before the CTEA was enacted.<sup>288</sup> In so doing, the statute casts a wider net and allows authors to terminate grants of rights predating both the CRA and the CTEA, when a great number of works were orphaned. These sections thus provide an identifiable author the power to de-orphan a work, and, if the right is to go to anyone at all, it should be him.

Finally, section 107 articulates the fair use defense which provides the most adequate solution yet to the orphan works problem.<sup>289</sup> The fair use defense allows end users to make infringing uses of a work without liability if the work so qualifies.<sup>290</sup> While the defense does not provide much certainty as to whether it will be available before an infringing use is made, it does provide a framework—in the form of a four-factor balancing test—for what will and will not be allowed.<sup>291</sup>

Under the first factor, end users of orphan works are more likely to qualify for the fair use defense where they make transformative uses of the original work.<sup>292</sup> This factor simply asks that end users add something new, alter the purpose of the original work, or give it new meaning.<sup>293</sup> In this respect, an end user who utilizes an orphan work to produce something distinct will more likely not be liable for an infringement. By contrast, the first factor of the fair use defense will not benefit an end user who merely copies, reproduces, or sells the original work, as such use would not be transformative.<sup>294</sup> The first factor of the fair use defense, therefore, keeps with the constitutional mandate that copyright protection be granted “[t]o promote the Progress of . . . [the] useful Arts”<sup>295</sup> by requiring end users to add something more than that which already existed in the orphan work.

Under the second factor of the fair use analysis, end users are more likely to qualify for the defense where they treat the orphan work fairly. An end user that merely appropriates an unpublished orphan work will be less likely to obtain the benefits of the

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287. *Id.*

288. *Id.* § 304(c)–(d).

289. *Id.* § 107. It is worth noting here that Google did not pursue the fair use defense as it might relate to its project when it created the Agreement. It has been argued that the uses allowed by Google in the settlement agreement would exceed fair use. 2 Alexander Lindey & Michael Landau, *Lindey on Entertainment, Publishing, and the Arts* § 5:285 (3d. ed. 2009) (reproducing *Competition and Commerce in Digital Book: Hearing Before the H. Comm. on the Judiciary, 111th Cong. 1* (2009) (statement of Marybeth Peters, Register of Copyrights, U.S. Copyright Office)).

290. 17 U.S.C. § 107.

291. *Id.* § 107(1)–(4). See *supra* Part II.C.4 for a discussion of the four factors.

292. *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994).

293. *Id.*

294. See *id.* at 579–81 (distinguishing parody from a situation in which author “merely uses” a work “to get attention or to avoid the drudgery in working up something fresh”).

295. U.S. CONST. art. I, § 8, cl. 8.

defense<sup>296</sup> than an end user who uses a published orphan work.<sup>297</sup> This factor of the fair use defense is also more forgiving of infringing uses which do not exploit the “heart” of the original work. Thus, an end user who takes exactly that which the orphan work’s author contributed to society, that which gave the orphan work any value—societal, commercial, or otherwise—will have more difficulty obtaining the benefits of the defense.<sup>298</sup> This factor, applied to orphan works, is entirely fair. Stealing or misappropriating an orphan work, simply because the rights owner might not be around to object, should not be rewarded with a limitation on damages. In this respect, fair use builds into current copyright law a good- and bad-faith distinction that will assist those orphan work users who should be assisted: namely, those who act in good-faith and want to contribute something, not those who simply want to capitalize on the efforts of the original author.

The third factor of the defense will benefit end users that do not extensively copy an orphan work verbatim.<sup>299</sup> Thus, where a person simply wants to “steal” the original work, the fair use defense will be of little recourse.

The final factor of the fair use defense, calling for an analysis of “the effect of the use upon the potential market for or value of the copyrighted work,”<sup>300</sup> will likely be extremely influential in cases involving orphan works. Orphan works are much less likely than other works to have an existing market. In situations where the infringing use creates an otherwise non-existent market and value for the underlying orphan work, the end user will be more likely to obtain a finding of fair use.<sup>301</sup> Where, however, the infringing use merely serves as a “market replacement,” it is less likely that a fair use will be found.<sup>302</sup>

While the fair use defense requires people to curtail their use of orphan works when they cannot obtain permission from the rights owners, there is absolutely no guarantee that rightsholders would grant a license to their work at all if asked. It is a faulty assumption that not being able to find the rightsholder stops use of the work—it simply preserves the rightsholders’ rights to sue for infringing uses of the work. Additionally, the fair use defense provides a safety net for people who make what society deems useful or good-faith uses of a copyrighted work and weeds out those who simply exploit an orphan work for their own benefit.

#### IV. CONCLUSION

This Comment explored whether class action settlements are an appropriate or necessary method to resolve the orphan works problem and concluded that they are not.

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296. See generally *Blanch v. Koons*, 467 F.3d 244 (2d Cir. 2006).

297. Cf. *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 549–54 (1985) (explaining that “unpublished nature of a work” will lend support to a finding against fair use).

298. See generally *id.*

299. *Campbell*, 510 U.S. at 587.

300. 17 U.S.C. § 107(4).

301. An infringing work might create the market and value for a copyrighted work if the infringing work gains popularity and, consequently, the material taken from the original copyrighted work is highlighted, gaining parallel popularity.

302. *Campbell*, 510 U.S. at 591.

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By contrast, the current statutory scheme and the legal doctrines underlying the developments therein create a strong framework within which solutions to the orphan works problem can fit. While Congress could and has attempted to modify the current statutory scheme to limit damages for those who wish to use orphan works, these legislative attempts leave a host of issues unresolved.

The public's desire for access to orphan works left private parties to grapple with the orphan works problem. The most contemporary and highly publicized of these attempts is the Google Book Agreement. After careful analysis of the Agreement, however, this Comment shed light onto its criticisms, explained why they are valid, and concluded that such a class action settlement could not adequately resolve the orphan works problem. As a potential solution to the problem, the Google Book Agreement ran afoul of both current copyright law and international law. In addition, the Agreement's private nature left open the question of whether Google and its partners were acting too much in their own self-interest.

While it seems as though there is no solution to this ubiquitous issue, in reality, one need look no further than the current statutory scheme to resolve the orphan works problem. Copyright law, as it now stands, provides damages limitations to people who find themselves litigating their use of what they reasonably thought was an uncopyrighted work. Those who rely on such assumptions and contribute something more to society through their use of the work receive a damages limitation. These determinations are not made generally, but rather on a case-by-case basis, taking into consideration the various factors that led the end-user to believe he was not infringing upon a work. Additionally, the current statutory scheme exempts the appropriate institutions from infringement liability where their work increases access to works, including orphan works, for the public at large. Finally, the fair use defense in the current statute provides people who make "fair use" of copyrighted material an affirmative defense to infringement. Thus, people who use copyrighted materials responsibly and for the public "good," are not held accountable for infringement damages.

Insofar as current copyright law rewards people by not holding liable those who use orphan works in a socially beneficial manner and holding accountable those who do not, it is a viable solution to the orphan works problem. It is constitutional. It does not violate international treaties to which the U.S. is a party. It is not the brain-child of private parties acting in their own interests. It does not strip anyone of his or her legal rights. It does not require further consumption of legislative time; and, when all is said and done, it is practical. In conclusion, there is not, as many believe, a dire need for an overhaul of copyright law. Nor is there a need for private parties to step in as a last resort and strip owners of their rights. Where a class action settlement agreement fails to resolve the orphan works "problem," current copyright law has already done so.