

# **REMEMBERING THE CLASSICs:**

## **Impact of the CLASSICs Act on Memory Institutions, Orphan Works, and Mass Digitization**

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### ABSTRACT

The Music Modernization Act (MMA) promised to revolutionize the role of copyright in the music industry for artists, businesses, and entertainment lawyers alike. Title II of the MMA, the Classics Protection and Access Act (CLASSICs Act), extended federal copyright protection to pre-1972 sound recordings. Advocates for the CLASSICs Act focused largely on its impact for pre-72 sound recording artists, who now possess a federally protected digital performance right in their recordings. In the wake of the CLASSICs Act, however, scholars and practitioners will need to reckon with the Act's consequences for the millions of pre-72 sound recordings held and preserved by another group: American memory institutions.

Museums, libraries, archives, and other memory institutions have long advocated for federalization of copyright in pre-72 sound recordings as a superior alternative to the fifty-state patchwork that previously governed their collections. Now that federalization has happened—and tens of millions of sound recordings have been pulled within the umbrella of federal copyright protection—it is time to evaluate whether and how the CLASSICs Act helps memory institutions to engage in publicly beneficial uses of their pre-72 sound recording collections.

This paper considers the impact of the CLASSICs Act on memory institutions' ability to combat two of the most significant legal challenges that they face: orphan works and mass digitization. Although the CLASSICs Act is at best a partial solution for orphan works and mass digitization, it has fundamentally changed the landscape for memory institution use of pre-72 sound recordings. A thorough understanding of the Act's implications will be crucial not only for memory institutions attempting to comply with copyright law, but also for the scholars and practitioners looking to advance future research and copyright reforms.

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## INTRODUCTION

For well over a decade, artists, scholars, and practitioners alike have lamented the failure of copyright law to keep pace with the digital world.<sup>1</sup>

1 See e.g., US COPYRIGHT OFFICE, SECTION 108 OF TITLE 17: A DISCUSSION DOCUMENT OF THE REGISTRAR OF COPYRIGHTS I (Sep. 2017) [hereinafter *Section 108 Discussion Document*], <https://www.copyright.gov/policy/section108/discussion-document.pdf> [https://

Music copyright was labelled a relic of the piano roll age, a badly outdated and inefficient system that hamstrung not only the creation of new music, but the preservation and public enjoyment of historical works.<sup>2</sup> For libraries, archives, museums, and other institutions tasked with public education and preservation of historic sound recordings, outdated copyright laws presented a daunting obstacle. The gap between best practices and uses allowed by copyright became so broad that, in 2010, the National Recording Preservation Board declared: “Were the law strictly enforced, it would brand virtually all audio preservation as illegal.”<sup>3</sup> Memory institutions<sup>4</sup> found it “virtually impossible to reconcile their responsibility for preserving and making accessible culturally important sound recordings with their obligation to adhere to copyright laws,” resulting in a legal landscape that respected neither artists’ rights nor the overarching goals of copyright.<sup>5</sup>

The Music Modernization Act (MMA) was signed into law on October 11, 2018, and lauded as “the most important [music] legislation in a generation” for artists and songwriters.<sup>6</sup> This paper addresses Title II of the MMA, also known as the “Classics Protection and Access Act” (CLASSICs Act), which extends federal protection to sound recordings fixed before February 15, 1972. Prior to passage of the CLASSICs Act, pre-72 sound recordings were governed by a patchwork of state law.<sup>7</sup> Post-CLASSICs Act, all state laws concerning the “covered activities” of the new U.S.C. Title 17, Chapter 14 are preempted,

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perma.cc/XU3X-H3S3] (“For over a decade, the U.S. Copyright Office and other groups have explored the operation of section 108 of the U.S. Copyright Act (exceptions for libraries and archives) with an eye toward updating the provision for the digital age.”).

2 See ROB BAMBERGER & SAM BRYLAWSKI, NAT’L RECORDING PRES. BD., *THE STATE OF RECORDED SOUND PRESERVATION IN THE UNITED STATES: A NATIONAL LEGACY AT RISK IN THE DIGITAL AGE* (Aug. 2010) [hereinafter *The State of Recorded Sound Preservation*], <http://www.loc.gov/programs/static/national-recording-preservation-board/documents/pub148.pdf> [<https://perma.cc/N2B5-WU87>].

3 *Id.* at 7.

4 This paper will refer collectively to museums, libraries, archives, and other nonprofit institutions with the primary purpose of preserving and increasing access to cultural heritage as “memory institutions,” a term kept purposefully vague to avoid the kind of false dichotomy between museums, archives and libraries present in Section 108, see *infra* Part III.

5 See *The State of Recorded Sound Preservation*, *supra* note 3.

6 Hatch, Alexander: Senate Passes “Most Important Legislation in a Generation” to Help Songwriters Be Paid Fair Market Value for Their Work, SEN. LAMAR ALEXANDER: PRESS RELEASE (Sep. 18, 2018), <https://www.alexander.senate.gov/public/index.cfm/pressreleases?ID=31E44A3F-991F-4665-98B3-E194F8812AAB> [<https://perma.cc/4QS8-Q4DK>].

7 It is important to note that state law continues to govern rights ownership and public performance rights outside the scope of digital audio transmissions. See generally 17 U.S.C. § 1401.

and rights owners of pre-1972 sound recordings are entitled to the same basic protections anywhere in the country.<sup>8,9</sup>

Popular press on the CLASSICs Act has focused on the Act's consequences for pre-72 sound recording artists, who now possess a federally protected digital performance right in their recordings.<sup>10</sup> The Act's less-discussed impact on memory institutions, however, is immense—and of far broader public concern than how much money Dionne Warwick receives in royalties from Pandora.<sup>11</sup> The Society for American Archivists estimates that there are approximately 46 million sound recordings housed in American cultural institutions, the vast majority of which have never been published.<sup>12</sup> These recordings encompass far more than commercial music recordings (the copyright status of which is complicated by separate musical composition rights); sound recordings also include interviews, ethnographic field recordings, private home recordings,

- 8 Covered activities under the CLASSICs Act include “any activity that the copyright owner of a [post-1972] sound recording would have the exclusive right to do or authorize under section 106 or 602, or that would violate 1201 or 1202.” 17 U.S.C. § 1401(I)(1). Those who engage in “unauthorized acts” are subject to the same remedies provided by Sections 502-505 and 1203 for copyright infringers, although statutory damages and attorneys’ fees are available to the rights owner only after the owner has filed with the Copyright Office and only for use occurring after the end of a 90-day period beginning when the filing is indexed into the Copyright Office’s public records.
- 9 The protection offered by the CLASSICs Act is sui generis rather than copyright, in large part because of Takings Clause concerns raised by the shift from state to federal law. This means that although the CLASSICs Act is very similar to copyright, there are certain areas in which the CLASSICs Act will function differently than copyright. No doubt with this possibility in mind, drafters of the CLASSICs Act explicitly incorporated various copyright exceptions and limitations into the legislation, including Sections 107, 108, 109 (first sale), 110 (exemption of certain performances and displays), 112 (ephemeral reproductions), 114 (the digital performance compulsory license), and 512 (the OSP safe harbor).
- 10 See generally Robert Levine, *Senate Introduces Bipartisan CLASSICS Act Covering Pre-1972 Recordings*, Billboard (Feb. 2, 2018), <https://www.billboard.com/articles/business/8098693/senate-bipartisan-classics-act-pre-1972-recordings> [<https://perma.cc/UW3M-T755>]; Copyright Alliance, *Copyright Alliance Commends Introduction of CLASSICS Act in Senate* (Feb. 7, 2018), <https://copyrightalliance.org/news-events/press-releases/classics-act-senate> [<https://perma.cc/A67Q-4W6K>]; Jonathan Bailey, *Understanding the CLASSICS Act*, Plagiarism Today (July 20, 2017), <https://www.plagiarismtoday.com/2017/07/20/understanding-classics-act> [<https://perma.cc/H7EN-QVTC>].
- 11 Dionne Warwick testified before Congress in favor of the CLASSICs Act, citing her 1967 hit “I Say A Little Prayer.” See generally *Justice For Legacy Musicians: U.S. Senate Moves To Close Decades-Old Loophole For “Pre-72” Recordings With CLASSICS Act*, SOUNDExchange (Feb. 7, 2018), <https://www.soundexchange.com/news/justice-legacy-musicians-u-s-senate-moves-close-decades-old-loophole-pre-72-recordings-classics-act> [<https://perma.cc/WM5N-ZX86>].
- 12 US COPYRIGHT OFFICE, FEDERAL COPYRIGHT PROTECTION FOR PRE-1972 SOUND RECORDINGS: A REPORT OF THE REGISTER OF COPYRIGHTS 53 (Dec. 2011) [hereinafter *Pre-72 Sound Recordings Report*], <https://www.copyright.gov/docs/sound/pre-72-report.pdf> [<https://perma.cc/MU64-72WM>].

oral histories, and even scientific audio experiments.<sup>13</sup> Moreover, unlike other copyrighted materials in the United States, “virtually no pre-1972 sound recordings have entered the public domain.”<sup>14</sup> This means that American memory institutions are sitting atop a veritable gold mine of cultural and historical materials—but nearly all uses of this material risk running afoul of copyright law.

Federalization of copyright in pre-72 sound recordings has long been supported by memory institutions as superior to the 50-state-patchwork that previously governed use of their pre-72 sound recording collections.<sup>15</sup> Now that federalization has happened, it is time to evaluate whether and how the CLASSICs Act helps memory institutions engage in desired uses of copyrighted material and avoid copyright infringement. In its 2011 report recommending federalization of pre-72 sound recordings, the Copyright Office identified two overarching goals for memory institutions with sound recording collections: 1) ensuring preservation of pre-72 sound recordings, and 2) providing public access to pre-72 sound recordings.<sup>16</sup> This paper assesses the CLASSICs Act’s impact on memory institutions’ ability to combat two of the most significant legal challenges to preservation and access projects: orphan works (or works without a readily identifiable rights holder) and mass digitization.

This paper proceeds in five parts. Part I outlines the legal obstacles presented by orphan works and mass digitization and how these obstacles impede the ability of memory institutions to engage in desired preservation and access projects. Part II discusses the primary infringement defenses currently employed by memory institutions—Section 108 and fair use—and evaluates the ways in which those defenses succeed and fail to serve the interests of modern memory institutions. Part III outlines the CLASSICs Act’s response to the orphan works problem, as well as the role of the Section 108 and fair use defenses post-CLASSICs Act for small-scale use of orphan works. Part IV considers mass digitization and the CLASSICs Act, concluding that neither the CLASSICs Act nor the fair use defense provides a workable mass digitization framework, and that Section 108 revision will be vital to enable preservation-and-access oriented mass digitization projects.

Finally, the conclusion explains that the legacy of the CLASSICs Act for memory institutions will hinge on legal developments outside of the Act’s control, including the Copyright Office’s recently published regulations,<sup>17</sup> much-needed Section 108 reform, and further litigation on mass digitization and fair use. The CLASSICs Act is far from a solution to either the orphan works or mass digitization problems, but it does fundamentally change the landscape for

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13 *Id.* at 52.

14 *Id.* at 50.

15 *The State of Recorded Sound Preservation*, *supra* note 3, at 243.

16 *Pre-72 Sound Recordings Report*, *supra* note 13, at 50.

17 37 C.F.R. § 201.37 (2019).

memory institution use of pre-72 sound recordings. The potential of pre-72 sound recordings to expand our understanding and enjoyment of American cultural heritage is difficult to overstate—whether copyright law will allow this potential to be realized is uncertain. A thorough examination of the CLASSICs Act is crucial not only for memory institutions attempting to comply with copyright law, but for the scholars and practitioners looking forward to future research and copyright reforms.

## I. DUAL PROBLEMS FOR PRESERVATION AND ACCESS: ORPHAN WORKS AND MASS DIGITIZATION

The utility of the CLASSICs Act for memory institutions should be evaluated in relation to those institutions' goals, which, for purposes of this paper, will be broadly sorted into two categories recognized by the Copyright Office: 1) preserving collections of pre-72 sound recordings, and 2) providing public access to pre-72 sound recordings. The meaning of “public access” for a particular memory institution can vary; the “public” could include scholars, students, other researchers, artists, or the general population, and “access” could be remote or onsite, in a variety of formats. It is critical to recognize that infringement can occur in the course of both ‘pure’ preservation projects and in user access projects. Simply making a digital copy of a pre-72 sound recording for preservation could constitute actionable infringement, and distribution of that copy outside the institution is even more risky. Memory institutions can eliminate liability for specific uses of copyrighted materials by obtaining ex ante permission from rights holders—but doing so requires a set of conditions that are far from given. First, there must actually be an identifiable rights holder(s) for the copyrighted work(s): this is the orphan works problem. Second, the project must be structured so that identifying rights holders and obtaining permissions for relevant works is logistically feasible: this is the mass digitization problem.

### A. *Orphan Works: Scope of the Problem Pre-CLASSICs Act*

Defined by the Copyright Office as original works of authorship “for which a good faith prospective user cannot readily identify and/or locate the copyright owner(s) in a situation where permission from the copyright owner(s) is necessary as a matter of law,” orphan works are one of the most complex and pervasive challenges facing the modern copyright system.<sup>18</sup> A classic example of an orphan sound recording is an unidentified disc, found in an abandoned box without any discernible mark of authorship. The artist or author who locates and wishes to use the disc faces what amounts to a

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18 US COPYRIGHT OFFICE, ORPHAN WORKS AND MASS DIGITIZATION: A REPORT OF THE REGISTRAR OF COPYRIGHTS 9 (June 2015) [hereinafter *Orphan Works and Mass Digitization*], <https://www.copyright.gov/orphan/reports/orphan-works2015.pdf> [<https://perma.cc/UM88-XUMV>].

convoluted and high-risk gamble, juggling the danger that a rights holder could appear with the fuzzy boundaries of the fair use defense and the looming possibility of statutory damages and attorneys' fees. A memory institution, which is likely to possess scores of orphan sound recordings,<sup>19</sup> faces similar risks on an exponential scale. Performing these recordings in exhibitions or making them available to researchers and visitors could render the institution liable for copyright infringement—keeping the recordings locked away severely undercuts the value and potential uses of the collection.

Widespread scholarly and government attention to orphan works over the last two decades reflects a near-universal dissatisfaction with the current status quo. Orphan works have been referred to as the “20th-century digital black hole,”<sup>20</sup> and, in the more measured words of the Copyright Office, “a frustration, a liability risk, and a major cause of gridlock in the digital marketplace.”<sup>21</sup> The process of identifying a work as an ‘orphan’ inevitably involves “an unsuccessful and often costly search [for rights holders].”<sup>22</sup> Older and unpublished works present a particularly difficult challenge, as identifying information associated with the sound recording may long since have been lost.<sup>23</sup> To put the problem in context, the Society of American Archivists has determined that the number of unpublished sound recordings held by American cultural institutions “far surpass[s] the number of commercially published sound recordings that have *ever been released*.”<sup>24</sup> Yet for nonprofit archival institutions, the cost and legal uncertainty involved in even the first step of orphan works use—determining whether the work is or is not a true ‘orphan’—often becomes prohibitive. This logistical reality means that “projects relying upon orphan works often do not go forward,” despite their clear ability to advance an institution’s preservation and access goals.<sup>25</sup> Legal uncertainty (and the cost of combating it) results in a landscape where orphan works in memory institution collections not only stay orphans, but stay hidden from public view, at the tragic risk of being lost to our cultural history altogether.

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19 *Id.* at 38 (“Studies of library collections of printed, published books and similar works estimate that between 17% and 25% of published works and as much as 70% of specialized collections are orphan works.”).

20 *See generally* MAURIZIO BORGHI & STAVROULA KARAPAPA, COPYRIGHT AND MASS DIGITIZATION: A CROSS-JURISDICTIONAL PERSPECTIVE (2013), Rebecca J. Rosen, *The Missing 20th Century: How Copyright Protection Makes Books Vanish*, ATLANTIC (Mar. 30, 2012), <https://www.theatlantic.com/technology/archive/2012/03/the-missing-20th-century-how-copyright-protection-makes-books-vanish/255282> [<https://perma.cc/YHA2-RNK6>].

21 *Orphan Works and Mass Digitization*, *supra* note 19, at 35.

22 *Id.* at 36.

23 *Id.* at 10.

24 *Pre-72 Sound Recordings Report*, *supra* note 13, at 53.

25 *Id.* at 36.

### B. *Mass Digitization: Scope of the Problem Pre-CLASSICs Act*

Mass digitization projects are complicated at the start by the fact that such projects do “not lend [themselves] to a precise definition.”<sup>26</sup> There is little agreement on just how “massive” a digitization project must be to qualify, nor on what purpose a mass digitization project should serve. In general, mass digitization involves copying large numbers of analog materials in digital form; the digital copies can then be permanently stored and used for a near-infinite variety of public or restricted-access archives, functions, and programs. Exemplary mass digitization projects available to the public include the Internet Archive,<sup>27</sup> Open Library,<sup>28</sup> the Open Content Alliance,<sup>29</sup> Europeana,<sup>30</sup> and Google Books.<sup>31</sup> Despite the lack of any clear legal framework for mass digitization in the United States, the Library of Congress has joined the fray, collaborating with UNESCO on the World Digital Library<sup>32</sup> and making thousands of its own collection items—sound recordings included—available online.<sup>33</sup> For its proponents, mass digitization holds the explosive potential to “provide free global access to ‘all the significant literary, artistic, and scientific works of mankind’” to anyone with an Internet connection.<sup>34</sup> For its opponents, mass digitization “turn[s] copyright on its head,” destroying the *ex ante* permissions on which the system is based.<sup>35</sup>

The potential of mass digitization to serve memory institutions’ larger goals of preservation and access is clear. For sound recordings in particular, effective preservation “means, for all practical purposes, digital preservation.”<sup>36</sup> However, the possibility of mass infringement damages arising from mass digitization has previously limited the scope of projects that memory institutions are willing and able to engage in.<sup>37</sup> Such projects involve significant resource

26 *Orphan Works and Mass Digitization*, *supra* note 19, at 72.

27 See INTERNET ARCHIVE (last visited Mar. 8, 2019), <https://archive.org> [<https://perma.cc/HXM6-J9MC>], for access to these projects.

28 See OPEN LIBRARY (last visited Mar. 8, 2019), <https://openlibrary.org> [<https://perma.cc/9353-S5XD>], for access to these projects.

29 For access to these projects, see OPEN CONTENT ALLIANCE (last visited Mar. 8, 2019), <https://archive.org/details/opencontentalliance> [<https://perma.cc/LL52-3KVV>].

30 For access to these projects, see EUROPEANA COLLECTIONS (last visited Mar. 8, 2019), <https://www.europeana.eu/portal/en> [<https://perma.cc/H36F-V4UR>].

31 For further discussion, see Busse, *infra* note 80, at 131.

32 See WORLD DIGITAL LIBRARY (last visited Mar. 8, 2019), <https://www.wdl.org/en> [<https://perma.cc/KH83-2BZ7>].

33 For access to these projects, see LIBRARY OF CONGRESS (last visited Mar. 8, 2019), <https://www.loc.gov/search/?q=> [<https://perma.cc/4E3Z-LP2K>].

34 Busse, *infra* note 80, at 132.

35 *Orphan Works and Mass Digitization*, *supra* note 19, at 74.

36 *Pre-72 Sound Recordings Report*, *supra* note 13, at 59.

37 *Id.* at 74. Indeed, because of the practical impossibility of securing clearances on a work-by-work basis, current mass digitization projects in the United States either are limited to public domain works or rely on the fair use doctrine to justify copying and

investment up front, and the sheer quantity of works being copied renders securing clearances on a work-by-work basis a “practical impossibility.”<sup>38</sup> This logistical problem is compounded by the presence of orphan works in memory institution collections, for which no amount of searching will produce a rights holder. Uncertainty about the level of public access that will be legally permissible makes mass digitization funding a difficult pitch for donors, on whom memory institutions rely to initiate projects.<sup>39</sup> In practice, the possibility of infringement renders all but the most niche digitization projects to be high-stakes legal gambles.<sup>40</sup> Some institutions, the Library of Congress included, are going ahead with these projects anyways—but as with any gamble, the odds of losing big continue to deter potential players and to limit the size of the bets.

Although the Copyright Office has expressed its support for an extended collective licensing program (ECL) to deal with mass digitization, no model legislation has been proposed, and the possibility of an ECL solution remains remote.<sup>41</sup> This means that the CLASSICs Act is the most recent legislation affecting mass digitization in memory institutions—if only for pre-72 sound recordings—and may remain so for years to come.

## II. SECTION 108 AND FAIR USE: THE PRIMARY INFRINGEMENT DEFENSES FOR MEMORY INSTITUTIONS PRE-CLASSICs ACT

The Copyright Act provides a variety of statutory defenses to infringement that can be specifically invoked by memory institutions, including Sections 107, 108, 109, 110, 121, 504(c)(2), and 602(a)(3)(C). Of these defenses, Section 108, “Reproduction by libraries and archives,” and Section 107, “Fair use,” are most relevant to a discussion of memory institutions and pre-72 sound recordings under the CLASSICs Act. In the following Part, I discuss the mechanics and shortcomings of both defenses prior to passage of the CLASSICs Act. This discussion provides the framework for my assessment in Parts III and IV of how these defenses will continue to function post-CLASSICs Act in the context of orphan works and mass digitization.

### A. *Section 108: Reproduction by Libraries and Archives*

Section 108, sometimes referred to as the “Library Exception,” outlines an exception to the exclusive rights of copyright holders for certain uses

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using works or parts of works without the rights holders’ advanced authorization. *Id.*

38 *Id.* at 74.

39 *The State of Recorded Sound Preservation*, *supra* note 3, at 7 (“The perception that recordings held by institutions are unlikely to be accessible discourages private collectors from depositing their holdings with institutions” and from donating money.)

40 See Busse, *infra* note 80, at 143 for a discussion of “niche digitization projects.”

41 *Orphan Works and Mass Digitization*, *supra* note 19, at 72 (“[W]e are recommending the adoption of an extended collective licensing pilot program that would provide full-text access to works under conditions to be agreed upon between rightsholder and user representatives.”).

by libraries and archives.<sup>42</sup> Specifically, Section 108 states that “it is not an infringement of copyright for a library or archives, or any of its employees acting within the scope of their employment, to reproduce no more than one copy or phonorecord of a work . . . or to distribute such copy or phonorecord,” so long as (1) the reproduction is made without any purpose of commercial advantage, (2) the institution’s collections are open to the public or to unaffiliated researchers, and (3) the reproduction includes a notice of copyright.<sup>43</sup> A library or archive may make additional copies (up to 3, and subject to a litany of conditions) of an unpublished work or of a published work that is damaged, deteriorating, lost, stolen, or in an obsolete format.<sup>44</sup> Subsections 108(d),(e), and (g) lay out the conditions for a library or archive to permissibly share copies with users or to participate in an interlibrary loan program, and Subsection 108(h) allows for relatively broad use of noncommercially exploited works in their last 20 years of copyright protection.<sup>45</sup>

At its best, Section 108 “carves out a complex but workable framework for library reproduction and distribution of copyrighted works in a variety of common archival and lending situations.”<sup>46</sup> For eligible memory institutions—which notably do *not* include museums or universities—demonstration that a particular reproduction or distribution is authorized by Section 108 functions as an affirmative defense to an infringement action. Particularly as it concerns individual, physical user copies and interlibrary loans, Section 108 provides a much needed “modicum of certainty for libraries . . . [in the uses] necessary for day-to-day operations.”<sup>47</sup> Subsections 108(b) and (c) are particularly well-suited to small-scale preservation projects of traditional print materials, and subsection 108(f)—which eliminates library/archive liability for the unsupervised copying of library/archive patrons—insulates covered institutions from a potentially crippling source of liability.

Remarkably little litigation has tested the boundaries of Section 108.<sup>48</sup> Some actors have argued that, since libraries and archives are so rarely sued for copyright infringement, it does not matter whether they are technically engaged in illegal activity or not.<sup>49</sup> Of course, this attitude undoubtedly

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42 Laura N. Gasaway, *Amending the Copyright Act for Libraries and Society: The Section 108 Study Group*, 70 ALB. L. REV. 1331, 1334 (2007).

43 17 U.S.C. § 108(a) (2012).

44 *Id.* § 108(b)–(c).

45 See Gasaway, *supra* note 43, at 1135–38 (a member of the Section 108 Study Group summarizing 17 U.S.C. §§ 108(d), (e), (g), and (h)).

46 David R. Hansen, *Copyright Reform Principles for Libraries, Archives, and Other Memory Institutions*, 29 BERKELEY TECH. L.J. 1559, 1567 (2014).

47 *Id.* at 1579.

48 *Id.* at 1572 (“Westlaw reports only thirty opinions actually citing to section 108. Of those, only two, *Authors Guild, Inc. v. HathiTrust* and *Ass’n of Am. Med. Colleges v. Carrey*, have interpreted section 108 in a lawsuit involving a nonprofit library or archive.”).

49 *Pre-72 Sound Recordings Report*, *supra* note 13, at 70.

“foster[s] disrespect for copyright law,” and provides “little more than cold comfort” to memory institutions attempting to minimize their potential liability.<sup>50</sup> Assuming that memory institutions wish to operate within the confines of the law, commentators tend to agree “that section 108 has been asked . . . to provide library-like institutions with a useful, clear, and unambiguous exception that practicing librarians can employ to make decisions about the use of copyrighted works in recurring library situations”—an exception which operates in tandem with fair use and other infringement defenses.<sup>51</sup> Given this purpose, the effectiveness of Section 108 as a tool for memory institutions will be evaluated here in context of two inquiries: (1) whether the Section 108 exception truly is clear and unambiguous in application; and (2) whether the specific reproductions and distributions permitted under Section 108 correspond with the reproductions and distributions that memory institutions are regularly asked to, or aim to, undertake.

#### B. *Shortcomings of Section 108 Protection*

Section 108 has been targeted as an area for copyright reform by memory institutions, universities, the Copyright Office, and even the U.S. Patent and Trademark Office since the early 2000s.<sup>52</sup> Complaints about (and suggested reforms to) the current form of Section 108 can be broadly sorted into three categories of concern: eligibility, preservation and replacement, and user access. In each area, current application of Section 108 is relatively clear. However, widening gaps between best practices employed by memory institutions and the specific uses protected under Section 108 are rendering the “Library Exception” increasingly obsolete, at risk of becoming a “useless appendage to the Copyright Act, an exception so narrowly tailored to bygone technologies that it will be functionally irrelevant.”<sup>53</sup>

##### 1. Eligibility: Section 108(a)(2)

Currently, the only institutions eligible for Section 108 protection are libraries and archives that meet the requirements of Section 108(a)(2).<sup>54</sup> Libraries or archives that exist within a larger museum may be eligible, but the museum itself is not, which—for larger institutions especially—can raise legal obstacles to cooperative programming. Moreover, smaller museums that do not have affiliated libraries or archives fall completely outside the scope of Section

50 *Id.*

51 Hansen, *supra* note 47, at 1563.

52 *Id.* at 1576–77.

53 Laura Gasaway et al., *Session 1: The Legal Landscape*, 36 COLUM. J.L. & ARTS 527, 529 (2013).

54 17 U.S.C. § 108(a)(2) requires that “the collections of the library or archives are (i) open to the public, or (ii) available not only to researchers affiliated with the library or archives or with the institution of which it is a part, but also to other persons doing research in a specialized field.” 17 U.S.C. § 108(a)(2) (2007).

108, despite the fact that they “have the same need [as libraries and archives] to reproduce and distribute copies of works to researchers and scholars.”<sup>55</sup> The level of public accessibility that an institution provides and the scope of professional services offered—both of which could conceivably be higher for a given museum than a given archive or library—are not relevant considerations for eligibility. The question of virtual-only memory institutions, which are particularly relevant to sound recordings,<sup>56</sup> is left entirely unaddressed.

## 2. Preservation and Replacement: Sections 108(b), (c), and (h)

Under the current form of Section 108, a library or archive may make up to three copies of an *unpublished* work for preservation and security purposes—the library or archive may not make preservation copies of a published work.<sup>57</sup> Published works may be *replaced* with up to three copies under Section 108(c), but only if: (1) the work is already damaged, deteriorating, lost, stolen, or in an obsolete format; and (2) the library or archive has determined that an unused replacement copy cannot be obtained at a fair price.<sup>58</sup> If a preservation copy of an unpublished work or a replacement copy of a published work is reproduced in a digital format, that digital copy may not be made available outside the physical premises of the library or archive.<sup>59, 60</sup>

The limited and outdated nature of Section 108’s preservation and replacement exceptions is apparent even upon passing inspection—and, upon further reflection, alarming. These exceptions were undoubtedly “developed with analog materials in mind . . . [and] do not adequately address the preservation of digital materials or the ways in which digital technology can facilitate the preservation of analog works.”<sup>61</sup> The three copy limit in both Sections 108(b) and (c), for example, is based on the microfilm preservation practices that dominated the field during the passage of the DMCA<sup>62</sup>; it is barely workable in the context of digital copies—which are the primary modern preservation mechanism for sound recordings<sup>63</sup>—because digital copies are made

55 Gasaway, *supra* note 43, at 1339.

56 The digital-only Internet Archive, for example, has more than 2 million sound recordings currently available to its users, the copyright status of which varies. See *Community Audio*, INTERNET ARCHIVE (last visited Mar. 8, 2019), [https://archive.org/details/opensource\\_audio](https://archive.org/details/opensource_audio) [<https://perma.cc/2HGL-BQLH>].

57 17 U.S.C. § 108(b) (2012).

58 *Id.* § 108(c).

59 *Id.* §§ 108(b)–(c).

60 SECTION 108 STUDY GROUP, SECTION 108 STUDY GROUP RPT. 17 (2008), <http://www.section108.gov/docs/Sec108StudyGroupReport.pdf> [<https://perma.cc/AAN2-BTBM>] (citing S. Rep. No. 105–190 at 62 (1998)).

61 *Id.* at 17 n.43.

62 “The three-copy limit under the current section 108 was a DMCA amendment intended to address the need to make digital copies and was based on microfilm preservation practices.” *Section 108 Discussion Document*, *supra* note 2, at 25.

63 *Pre-72 Sound Recordings Report*, *supra* note 13, at 59.

and remade each time a digital work is accessed, transmitted, or used.<sup>64</sup> For a work “born digital,” which “must be copied many times over, at its acquisition and throughout its life . . . [lest it] become irretrievable and inaccessible,” the three copy limit completely forecloses Section 108 protection.<sup>65</sup> Furthermore, the published/unpublished distinction between Sections 108(b) (preservation) and (c) (replacement) implies that preservation copies of published works are unnecessary; it assumes that if the work is published, then it is also commercially available outside the memory institution, and additional copies beyond the confines of Section 108(a) are not justified by a need for preservation or security. This assumption is untenable in the context of orphan and out-of-print works, which—published or not—can be lost to history if not preserved by memory institutions.<sup>66</sup>

For sound recordings, the publication status of which may be especially difficult to determine,<sup>67</sup> the published/unpublished dichotomy results in a decidedly unattractive set of options. A library or archive may (1) hope that a sound recording is unpublished and make preservation copies at risk of infringement, or (2) assume that the sound recording is published, then wait until the recording is damaged or deteriorating to attempt to replace/preserve it. This dilemma could probably be avoided by resort to fair use. In fact, opponents of Section 108 reform have suggested that changes to Sections 108(b) and (c) are unnecessary for this reason.<sup>69</sup> However, this very argument reveals the Achilles’ heel of Section 108’s preservation and replacement exceptions: they are so limited in application that it would be best to rely on something else entirely.

One other subsection of 108 bears on memory institutions’ ability to preserve and replace works in their collections: Section 108(h). Added to Section 108 as part of the Sonny Bono Copyright Term Extension Act in 1998, Section

64 *Section 108 Study Group Report*, *supra* note 61, at 44.

65 *Id.* at 44, 100.

66 “[T]here are instances in which a preservation copy of a published work may be necessary, such as when that work is out-of-print or is orphaned.” *Section 108 Discussion Document*, *supra* note 2, at 27.

67 For a further discussion of the difficulties of determining when a work has or has not been published, see Aaron C. Young, *Copyright’s Not So Little Secret: The Orphan Works Problem and Proposed Orphan Works Legislation*, 7 *CYBARIS INTELL. PROP. L. REV.* 202, 209 (2016).

68 “‘Publication’ occurs when copies or phonorecords of a work are distributed to the public by sale or other transfer of ownership or by rental, lease, or lending. Publication also occurs when a copyright owner offers to distribute copies or phonorecords of a work to a group of persons for the purpose of further distribution or public performance. A public performance of a musical composition does not, in and of itself, constitute publication.” U.S. COPYRIGHT OFFICE, *Circular 50: Copyright Registration for Musical Compositions* 3 (2017), <https://www.copyright.gov/circs/circ50.pdf> [<https://perma.cc/5TPS-VABF>].

69 *Section 108 Discussion Document*, *supra* note 2, at 11.

108(h) provides expanded rights of reproduction, distribution, display, and performance to libraries and archives when a work is within the last 20 years of its copyright.<sup>70</sup> These rights apply “for purposes of preservation, scholarship, or research,” and at first glance provide an enormous workaround of the limitations of Sections 108(b) and (c). Like the rest of Section 108, however, Section 108(h) is subject to critique. The exception is conditioned a set of “onerous” requirements, which include the following:

No reproduction, distribution, display, or performance is authorized under this subsection if—

the work is subject to normal commercial exploitation;

a copy or phonorecord of the work can be obtained at a reasonable price; or  
the copyright owner or its agent provides notice pursuant to regulation promulgated by the Register of Copyrights that either of the conditions set forth in subparagraphs (A) and (B) applies.<sup>71</sup>

The time and resources necessary to determine whether a work is subject to “normal commercial exploitation” (or what, in fact, ‘normal’ commercial exploitation legally means) represent a significant barrier for memory institutions seeking to invoke Section 108(h) protection. The additional requirement that a copy or phonorecord of the sound recording cannot be obtained elsewhere at reasonable price (with the definition of ‘reasonable’ also up for debate) renders the Section 108(h) inquiry so burdensome that “few libraries have actually taken advantage” of its broad protections up to this point.<sup>72</sup>

### 3. User Copies: Sections 108(d), (e), and (i)

Yet another critique of Section 108 is that the exception restricts user access to the collections of memory institutions beyond what is necessary to protect the interests of rights holders. Sections 108(d) and (e) lay out the conditions under which a library or archive may transfer a single copy of part of a work (Section 108(d)) or an entire work (Section 108(e)) to a user. Both subsections allow for a single copy to be made by the library or archive upon request of the user and to become the property of the user after it is transferred; a library or archive may not retain copies made under Sections 108(d) and (e) and must ensure that whatever user-request mechanism it provides contains a prominent copyright notice. A copy of an entire work is authorized under Section 108(e) only after a library or archive “has first determined, on the basis of a reasonable investigation, that a copy or phonorecord of the copyrighted work cannot be obtained at a fair price,” and copies under both Sections 108(d) and (e) must be used solely for private study, scholarship, or research.<sup>73</sup>

70 17 U.S.C. § 108(h) (2012).

71 *Id.* § 108(h)(2); Gasaway, *supra* note 43, at 1336.

72 Gasaway, *supra* note 42, at 1336.

73 The archive is not liable for subsequent use so long as it does have notice that the copy

Like the rest of Section 108, Sections 108(d) and (e) were “drafted with analog copying in mind, principally photocopying.”<sup>74</sup> Since digital copying requires the creation of multiple, incidental and temporary copies, digital copying is not currently authorized by Sections 108(d) and (e)—despite the fact that digital copying is the current method of choice for reproducing a sound recording. Section 108(i) further states that the rights of reproduction and distribution for user copies under Sections 108(d) and (e) “do not apply to a musical work, a pictorial, graphic or sculptural work, or a motion picture or other audiovisual work other than an audiovisual work dealing with news.”<sup>75</sup> This limitation means that Section 108 provides no mechanism for libraries and archives to copy most non-text-based works for their users. Although sound recordings themselves do not qualify as “musical works” under the Copyright Office’s current definition,<sup>76</sup> the compositions and lyrics underlying those recordings are musical works with independent copyright status. Subsection 108(i) consequently forecloses an important avenue that memory institutions might have used to circumvent limitations on digital copying of sound recordings for research: a library may not send the sheet music or lyrics underlying a sound recording to a researcher as a substitute for that recording. Ultimately, the nexus of limitations created by Sections 108(d), (e), and (i) ensures a very narrow sound recording exception: to be authorized under Sections 108(d) or (e), a sound recording copy would have to be nondigital, fully transferable to the user (not streamed) and either incomplete (under Section 108(d)) or currently unavailable on the market (under Section 108(e)); to be authorized under Section 108(i), this nondigital, fully transferable, and either incomplete or unavailable sound recording must also be in a format that does not implicate an underlying musical work. Given these restrictions, it is no wonder that the current form of Section 108 creates “a disproportionate impact on some academic disciplines, such as music and art scholarship.”<sup>77</sup> Even in cases when a particular sound recording does meet the requirements of Sections 108(d) or (e), these subsections “are little used by public libraries,” who actually face less chance of liability (under Section 108(f)) when they allow users to make explicitly infringing copies on their own.<sup>78</sup>

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would be used for a purpose other than private study, scholarship, or research. 17 U.S.C. § 108(e) (2012).

74 *Section 108 Study Group Report*, *supra* note 61, at 100.

75 17 U.S.C § 108(i) (2012).

76 Although a “musical work” is not defined in the Copyright Act, it is defined by the Copyright Office as “original compositions and original arrangements or other new versions of earlier compositions to which new copyrightable authorship has been added.” *Circular 50: Copyright Registration for Musical Compositions*, *supra* note 69, at 1.

77 *Section 108 Study Group Report*, *supra* note 61, at 107.

78 Gasaway, *supra* note 43, at 1350.

C. *Fair Use, Campbell, and Development of the “Transformative” Standard*

Given the limited nature of the Section 108 exemption, museums, libraries, and archives increasingly rely on fair use to protect themselves from copyright liability. At its core, the fair use defense acknowledges that, in some situations, “the underlying purpose of copyright law—to benefit the public by promoting the progress of creative works—supersedes the exclusive rights of the copyright owner.”<sup>79</sup> Fair use is a balancing act between the copyright holder’s interest and the public interest, and “[t]he less adverse effect that an alleged infringing use has on the copyright owner’s expectation of gain, the less public benefit need be shown to justify the use.”<sup>80</sup> As codified in 17 U.S.C. Section 107, the fair use defense is established through a four factor inquiry, in which courts consider:

- (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>81</sup>

The defining Supreme Court case for the four-part Section 107 inquiry was *Campbell v. Acuff-Rose Music, Inc.*, which concerned 2 Live Crew’s 1989 rap parody (titled “Pretty Woman”) of the 1964 rock ballad “Oh, Pretty Woman.”<sup>82</sup> 2 Live Crew had successfully established fair use before the District Court, but the Court of Appeals for the Sixth Circuit reversed, holding that “‘the admittedly commercial nature’ of the parody ‘require[d] the conclusion’ of unfair use under *Sony Corp. of America v. Universal City Studios, Inc.*”<sup>83</sup> In a unanimous opinion, the Supreme Court reversed the Sixth Circuit and remanded the case, holding that the Sixth Circuit erred both in its conclusion “that the commercial nature of 2 Live Crew’s parody of ‘Oh, Pretty Woman’ rendered it presumptively unfair . . . [and] in holding that 2 Live Crew had necessarily copied excessively from the Orbison original, considering the parodic purpose of the use.”<sup>84</sup>

The *Campbell* court established that, although “transformative use is not absolutely necessary for a finding of fair use . . . [transformative works] lie at the heart of the fair use doctrine’s guarantee of breathing space within the

79 Timothy J. Busse, *Crossing the Digital Rubicon: Google Books and the Dawn of an Electronic Literature Revolution*, 18 Hous. Bus. & Tax L.J. 119, 123 (2018).

80 *MCA, Inc. v. Wilson*, 677 F.2d 180, 183 (2d Cir. 1981).

81 17 U.S.C. § 107 (2012).

82 *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 571–72 (1994).

83 *Id.* at 574 (citing *Acuff-Rose Music, Inc. v. Campbell*, 972 F.2d 1429, 1437 (6th Cir. 1992)).

84 *Id.* at 594.

confines of copyright.”<sup>85</sup> The more transformative the new work is, the less significance other factors weighing against fair use hold, including the commercial versus noncommercial use determination under Section 107(1).<sup>86</sup> Emphasizing that the fair use activities outlined by Section 107—criticism, comment, news reporting, teaching, scholarship, and research—“are generally conducted for profit in this country,”<sup>87</sup> the *Campbell* court concluded that “Congress could not have intended” a presumption that all commercial uses are unfair uses—a “presumption [that] would swallow nearly all of the illustrative uses.”<sup>88</sup> Instead, “fair use would be a true multi-factor test in which factors two, three, and four would be assessed and weighed in line with the degree of transformativeness of the use, rather than the market-centered presumptions set out in *Sony* and *Harper & Row*.”<sup>89</sup>

The “transformative” test articulated in *Campbell* remains the governing framework for the fair use inquiry today; if a work is deemed “transformative,” the rest of the Section 107 factors tend to fall in line.<sup>90</sup> However, as is perhaps inevitable with any “true multi-factor test,” the fair use inquiry has received substantial criticism—pre- and post-*Campbell*—for its uneven and unpredictable application across time and jurisdictions. A series of empirical studies published over the last decade suggest that lower courts “largely ignored” the *Campbell* framework until around 2005, at which point a “gradual shift began toward a focus on transformative use” began.<sup>91</sup> Scholars have referred to the resulting body of doctrine as “billowing white goo,” in which “[b]ounded copyright rights have flowed out all over the place” and fair use has contorted itself into whatever shape necessary to provide a defense.<sup>92</sup> In the words of David Nimmer, “reliance on the four statutory factors to reach fair use decisions often seems naught but a fairy tale”—and an expensive fairy tale at that.<sup>93</sup> Knowing that a “transformative use” will be allowed is different than knowing whether a particular use will be considered “transformative,” and litigation, win or lose, may be the only way to find out.

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85 *Id.* at 579.

86 *Id.*

87 *Id.* at 584 (citing *Harper & Row v. Nation Enters.*, 471 U.S. 539, 592 (1985)).

88 *Campbell*, 510 U.S. at 584.

89 Neil Weinstock Netanel, *Making Sense of Fair Use*, 15 LEWIS & CLARK L. REV. 715, 723 (2011).

90 Of course, it is entirely possible that courts continue to make the subjective judgment of what feels like a “fair” outcome in an infringement case before conducting any kind of “transformative” analysis, then apply the transformative label retroactively to achieve the desired outcome. See generally Matthew Sag, *Predicting Fair Use*, 73 OHIO STATE L.J. 47 (2012).

91 Busse, *supra* note 80, at 128.

92 Jessica Litman, *Billowing White Goo*, 31 COLUM. J.L. & ARTS 587, 596 (2008).

93 David Nimmer, “*Fairest of Them All*” and *Other Fairy Tales of Fair Use*, 66 LAW & CONTEMP. PROBS. 263, 287 (2003).

D. *Fair Use by Memory Institutions: Potential Benefits for Memory Institutions and Critiques*

Not all assessments of fair use doctrine are as pessimistic as Nimmer's fairy tale. In fact, opponents of Section 108 reform have repeatedly assured the Copyright Office that "many libraries and archives are comfortable with [an] approach" in which fair use is relied upon to fill gaps in Section 108 coverage.<sup>94</sup> On the other hand, fair use "does not provide certainty to those who do not have the legal or monetary resources to analyze each potential fair use . . . [and] leave[s] libraries and archives without a robust, certain safe harbor for their essential, everyday activities."<sup>95</sup> The most relevant fair use considerations for the purposes of this paper are: (1) whether a memory institution can reliably predict the outcome of the fair use inquiry and apply that prediction to enable its activities, and (2) what existing doctrine can tell us about the viability of the fair use defense in the context of orphan works and mass digitization. The following section considers both of these questions pre-CLASSICs Act, providing a foundation from which to discuss the impact of the CLASSICs Act on fair use defenses for orphan works and mass digitization projects in Parts III and IV.

1. Can a Memory Institution Reliably Predict the Outcome of the Fair Use Inquiry and Apply That Prediction to Enable Its Activities?

The simple and unsatisfying answer is: It depends. Memory institutions so rarely appear in court that the accuracy of their fair use predictions is impossible to deduce from case law. From a policy perspective, the fair use argument on behalf of memory institutions is compelling, because the core mission of such institutions—to preserve cultural heritage, enable research and scholarship, and expand public access to historical knowledge and works—is aligned with the very purpose of copyright, to "promote the progress of science and useful arts."<sup>96</sup> Most uses of copyrighted material by memory institutions can be considered noncommercial and educational, which weighs in favor of fair use under Section 107(1). Moreover, the types of memory institution uses most likely to lead to infringement damages—such as reproduction and distribution of "orphan" works that turn out not to be orphans—are arguably motivated by the "nature of the work" as a valuable historical artifact not currently accessible to the public at large.<sup>97</sup> A rights holder will be hard-pressed to demonstrate,

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94 *Section 108 Discussion Document*, *supra* note 2, at 14.

95 *Id.* at 15.

96 U.S. Const., Art. I, Sec. 8, Cl. 8.

97 See Jennifer M. Urban, *How Fair Use Can Help Solve the Orphan Works Problem*, 27 BERKELEY TECH. L.J. 1379, 1394 (2012) ("This more probing approach to the nature-of-work factor has much to recommend it, especially in orphan works cases. In general, such an inquiry can illuminate whether copyright's creation and dissemination goals are

for example, that a library's copying and distributing of a presumed-to-be-orphan sound recording to a handful of researchers has a substantial impact on the potential market for that work.

As compared to Section 108, however, the fair use defense has serious drawbacks, chief among them the uncertainty and expense of potential litigation. Even assuming that fair use doctrine is fully coherent, fair use is a highly fact-specific inquiry; the size, reach, purpose, type of collections, nonprofit status, and technological sophistication of a particular memory institution are all relevant (but certainly not exclusive) considerations for a court.<sup>98</sup> Unless a high-on-identical memory institution has engaged in the same type of use with the same type of works on the same scale—and successfully defended that use as fair use in court—a memory institution seeking to evaluate and minimize its potential liability for infringement is left with only conjecture. Best practices documents, which often provide a compendium of current industry practice and guidance for future behavior, are of some help in this area and can be cited as evidence supporting fair use. However, such best practices “run the risk of being more of an aspirational document—what a community believes fair use *ought* to be—than a descriptive one.”<sup>99</sup> If all the libraries in the world agreed on the same definition of fair use, that definition would be no more legally binding than the one proposed by a single rights-holding plaintiff, and could only be truly relied upon after it had been tested in court.

In the end, a memory institution's ability to rely on predicted fair use outcomes will depend on the type and scale of the activity in which it wishes to engage, as well as the type of memory institution that it is. Small-scale projects, such as digitizing a series of letters or exhibiting a handful of sound recordings onsite, are less likely to draw the ire of rights holders or to produce damages sufficient to justify a lawsuit. Uses that alter the format or purpose of a work, or that provide identifiable commentary on the work, will have a stronger case for fair use than uses that simply copy. State sovereign immunity renders many state-owned memory institutions immune from copyright damages,<sup>100</sup> which allows those institutions to be less risk-averse than their nonstate-owned peers. In general, however, the larger the scope of a potentially-infringing project is, the fewer memory institutions will be willing or able to rely on an uncertain fair use defense to pursue it. This means that for some large-scale, socially beneficial projects—especially those involving orphan works and mass

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furthered by allowing the copyright owner full control or instead allowing fair use, and relatedly, whether the defendant's use is likely to invade a 'traditional, reasonable, or likely to be developed' market under the market-harm factor.”)

98 See, e.g., *Authors Guild v. Google, Inc.*, 804 F.3d 202 (2d Cir. 2015) [hereinafter *Google Books*].

99 *Orphan Works and Mass Digitization*, *supra* note 19, at 45.

100 SECTION 108 STUDY GROUP, *supra* note 61, at 30.

digitization—a lack of predictability can render the fair use defense essentially ‘useless.’

## 2. What Can Existing Doctrine Tell Us About the Viability of the Fair Use Defense in the Context of Orphan Works and Mass Digitization?

Despite a robust body of scholarship on fair use and orphan works, no court has issued a definitive ruling on the subject.<sup>101</sup> Some scholars have argued that fair use promises a “powerful tool for freeing the orphans” languishing in memory institution’s collections<sup>102</sup>; the Library Copyright Alliance (LCA) has asserted that “recent advances in fair use law [outside the context of orphan works] sufficiently address LCA needs.”<sup>103</sup> Moreover, courts have indicated a general willingness to consider copying of fragile works for preservation purposes fair use,<sup>104</sup> and it is arguable that preservation copies of orphan works serve an even more compelling public interest than preservation copies of non-orphan works, “as with no owner to preserve them or give permission for others to do so, orphans are at particular risk of being lost.”<sup>105</sup> The Copyright Office, however, remains convinced that fair use will provide only limited utility to potential orphan-works users who wish to “ensure peace of mind, avoid unpredictability, or, more likely, to avoid exposure to liability.”<sup>106</sup> Certain, specific uses of orphan works are likely to be fair uses; others are not, and the uncertain risk of liability continues to deter what may well be totally harmless uses.<sup>107</sup>

In contrast, recent litigation has provided substantial insight into the interaction of fair use and mass digitization. The most famous (or infamous) mass digitization project pre-CLASSICs Act was the “Google Books” project, which in 2004 “embarked on an unprecedented feat to digitize and index virtually all of the world’s literary works”—a feat that continues today.<sup>108</sup> Many of the books that Google Books makes available to its users are still protected by copyright, although most are out of print.<sup>109</sup> Depending on the copyright status of the work, Google Books may provide a full view, limited preview, snippet view, or no preview of a book’s text.<sup>110</sup> The Google Books search func-

101 *Orphan Works and Mass Digitization*, *supra* note 19, at 42–43.

102 URBAN, *supra* note 98, at 1429.

103 Aaron C. Young, *Copyright’s Not So Little Secret: The Orphan Works Problem and Proposed Orphan Works Legislation*, 7 CYBARIS INTELL. PROP. L. REV. 202, 238 (2016).

104 *See, e.g.*, *Sundeman v. Seajay Soc’y, Inc.*, 142 F.3d 194 (4th Cir. 1998).

105 URBAN, *supra* note 98, at 1417.

106 *Orphan Works and Mass Digitization*, *supra* note 19, at 40–41.

107 Helen Sedwick, *The Problem of Orphan Works*, HELEN SEDWICK (last visited Mar. 8, 2019), <http://helensedwick.com/the-problem-of-orphan-works> [<https://perma.cc/N9ZY-VQ8F>].

108 Busse, *supra* note 80, at 121.

109 *Google Books*, 804 F.3d at 207–08.

110 Busse, *supra* note 80, at 134, *citing What You’ll See When You Search on Google Books*,

tion, which allows users to search for any string of text anywhere in the millions of books in the Google Library Project's digital corpus, enables instant access to identifying information "otherwise not be obtainable in lifetimes of searching."<sup>111</sup> Google's "ngrams" research function, which allows users to track the frequency of word and phrase usage over time, has become an "instrument of pioneering linguistic research."<sup>112</sup>

In September of 2005, the Authors Guild filed a putative class action against Google Books on behalf of rights-owning authors whose books had been digitized and uploaded to Google Books' digital corpus.<sup>113</sup> The Second Circuit's eventual holding in *Authors Guild v. Google, Inc.* (decided in 2015 and typically referred to as *Google Books*) established the defining framework for fair use and mass digitization. On appeal, the Authors Guild presented five distinct arguments against fair use:

First, [the Authors Guild argued] that Google's digitization of in-copyright books and display of snippets on its website are not transformative under *Campbell*. Second, that Google's commercial intentions preclude a finding of fair use, specifically because Google utilizes digitized books to expand its dominance in the Internet search engine market. Third, that Google's digitization and display of snippets infringe the copyright holder's derivative rights. Fourth, that Google's use expose the copyright holder's to a significant risk of infringement if the digitized copies were ever lost to hackers or the like. Finally, Google's distribution of digitized copies to its member-libraries is not transformative and exposes copyright holders to loss of sales to libraries.<sup>114</sup>

In a landmark ruling, the Second Circuit rejected all five of these arguments and declared the entirety of Google Books' mass digitization project to be fair use.<sup>115</sup> Writing for a unanimous panel, Judge Leval defined *Campbell's* "transformative use" as a use "that communicates something new and different from the original *or* expands its utility."<sup>116</sup> Expanding on its prior decision in *HathiTrust*,<sup>117</sup> the Second Circuit declared Google Books' search function to have "highly transformative purpose."<sup>118</sup> Although Google's digitized books were exact copies of the original, copyrighted works, the process of digitization resulted in copies that "served a different purpose than the original" and allowed a level of research and scholarship impossible absent the

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GOOGLE BOOKS (last visited Mar. 8, 2019), <https://books.google.com/googlebooks/library/screenshots.html> [<https://perma.cc/TU2P-VPQM>].

111 *Google Books*, 804 F.3d at 207, 209.

112 Busse, *supra* note 80, at 135.

113 *Google Books*, 804 F.3d at 202.

114 Busse, *supra* note 80, at 138.

115 *Google Books*, 804 F.3d at 202.

116 *Id.* at 214 (emphasis added).

117 *Authors Guild, Inc. v. HathiTrust*, 755 F.3d 87, 97 (2d Cir. 2014).

118 *Google Books*, 804 F.3d at 216.

projects unique and added functions.<sup>119</sup> In the “absence of significant substitutive competition with the original,” the commercial purpose of the Google Books project was outweighed by the project’s “highly *convincing* transformative purpose”<sup>120</sup>; because Google Books provided only searchable snippets of the copyrighted works, its copies were not considered “meaningful substitute[s]” for libraries or the public at large.<sup>121</sup> Finally, Google books did not infringe on authors’ derivative works rights because “[t]he copyright resulting from the Plaintiffs’ authorship of their works does not include an exclusive right to furnish the kind of information about the works that Google’s programs provide to the public.”<sup>122</sup> The exposure-to-piracy argument, while a “theoretically sound” component of the fair use analysis, was “not supported by the evidence” and would need to be addressed, if at all, in the context of a demonstrable risk that lack of security could result in Google’s copies becoming meaningful (and piratable) substitutes for the original works.<sup>123</sup>

Although the Second Circuit’s decision in *Google Books* reads as a ringing endorsement of fair use and mass digitization, the legacy of the case remains unclear. The mass digitization project in *Google Books* was evaluated and authorized—as all fair uses are—only on a “case-by-case” basis.<sup>124</sup> Parties relying on *Google Books* to support a fair use defense are left wondering which aspects of the Google Books project actually tipped the scales in favor of fair use. Was it the ngrams function? The snippets view? The security measures that Google employed to prevent user abuse of the system? Just a few months before passage of the CLASSICs Act, another Second Circuit decision in *Fox News Network, LLC v. TVEyes, Inc.* shed light on these questions—and not in the way that proponents of the *Google Books* decision might have hoped. TVEyes, which advertises itself as “the search engine for broadcast,”<sup>125</sup> was sued by Fox News for copyright infringement of Fox News’ audiovisual content. Two functions of the TVEyes service were at issue: a text-based search function, which Fox did not challenge on appeal, and a “Watch” function, which it did. Users of the Watch function were able to search for clips containing certain search terms, then watch up to 10 minutes of recorded content with an accompanying transcript; they could also archive and email clips to nonsubscribers. Fox alleged that TVEyes users could essentially watch live Fox content in high resolution on the site for free, and that by providing full

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119 *HathiTrust*, 755 F.3d at 97.

120 *Google Books*, 804 F.3d at 219 (emphasis added).

121 *Id.* at 223.

122 *Id.* at 225.

123 *Id.* at 227.

124 *Campbell*, 510 U.S. at 577–78.

125 See TVEYES (last visited Mar. 8, 2018), <https://www.tveyes.com> [<https://perma.cc/EU5S-5F9T>].

segments based on user's search terms, TVEyes was selling Fox's core product without a license.

Both parties in *Fox* "rel[ie]d] most heavily on *Google Books*" for their arguments, with TVEyes claiming that the Watch function was no more than a broadcast version of the Google Books search function.<sup>126</sup> The Second Circuit disagreed. Concluding that TVEyes's "Watch function has only a *modest* transformative character," the Court focused its analysis on the fourth prong of Section 107: market impact.<sup>127</sup> Here, the medium of the copyrighted material became a core factor in the fair use analysis. A ten-minute audiovisual clip is, according to the court, fundamentally different than a few-page snippet of a book; the Watch function is "likely provide TVEyes's users with all of the Fox programming that they seek," and thus to reduce Fox's potential market.<sup>128</sup> The hypothetical availability of a license for Fox's content (TVEyes originally sought a license, but was unable to reach an agreement with Fox<sup>129</sup>) played into the analysis as well. Because the right to distribute Fox content through its service is presumably valuable to TVEyes, the court held that TVEyes "should be willing to pay Fox for the right to offer the content . . . and by selling access to Fox's audiovisual content without a license, TVEyes deprives Fox of revenues to which Fox is entitled as the copyright holder."<sup>130</sup>

The courts have yet to address a mass digitization project of sound recordings as fair use. However, I will argue in Part IV that the Second Circuit's holding in *Fox* should give pause to even the most zealous supporters of mass digitization as fair use. Especially for risk-averse memory institutions, fair use will be an inadequate mechanism to support the mass digitization of sound recordings. If we believe that such projects are desirable endeavors for memory institutions to undertake, then we will need to establish an alternate legal framework to do so.

### III. THE CLASSICs ACT AND ORPHAN WORKS

For the purposes of this section, I will consider the impact of the CLASSICs Act on memory institutions' activities involving small-scale use of orphan pre-72 sound recordings. Large-scale use is addressed in Part IV, as such use will almost inevitably be part of mass digitization projects. Examples of small-scale orphan work activities involving sound recordings could include digitizing a single recording and making it available to the public online, copying a recording for use in a historical documentary, or even curating an exhibition and public performance of a group of recordings.<sup>131</sup>

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126 *Fox News Network, LLC v. Tveyes, Inc.*, 883 F.3d 169, 177 (2d Cir. 2018).

127 *Id.* at 178 (emphasis added).

128 *Id.* at 179.

129 *Id.* at 175.

130 *Id.* at 180.

131 It is important to note that public performance rights for pre-72 sound recordings

### A. *Responses to the Orphan Works Problem*

The first and most obvious impact of the CLASSICs Act on the orphan works problem stems from the CLASSICs Act's main function: it provides basic and uniform federal copyright protections to pre-72 sound recordings. Prior to the CLASSICs Act, pre-72 sound recordings were entirely the subjects of state law, which presented a mind-boggling series of legal dilemmas for any memory institution seeking to use them.<sup>132</sup> If a work is truly an orphan, how can a memory institution predict which state courts could have jurisdiction over it? What sorts of defenses could be available to nonprofits or educational entities in a particular state? What sorts of uses would even qualify as infringement? Pre-CLASSICs Act, the Section 108 defense was presumably unavailable for pre-72 sound recordings, and any fair use determination would happen under state statute or common law rather than the Section 107 test.<sup>133</sup> The permissible uses of orphan works are hard enough to determine under federal law; a memory institution confronted with 50+ competing bodies of state law can hardly be blamed for abandoning projects at the start.

Recognizing the immense challenge that the state/federal divide posed to memory institutions, prominent voices among memory institutions have long called for the federalization of pre-72 sound recording copyrights.<sup>134</sup> The Association for Recorded Sound Collections, the Music Library Association, and a number of other groups banded together in 2008 to establish the Historical Recording Coalition for Access and Preservation, which urged Congress to address the “massive confusion . . . [stemming from a] welter of state laws” by repealing 17 U.S.C. 301(c).<sup>135</sup> Ten years later, these groups have finally achieved their goal: 17 U.S.C. 301(c) has been repealed and replaced by the CLASSICs Act, and pre-72 sound recordings are entitled to the same Sections 108 and 107 defenses as post-72 sound recordings. As a bonus, the musical works database established in Title I of the MMA may one day provide a powerful and long-desired tool for memory institutions hoping to identify their orphans at minimal cost—the effectiveness of the database remains to be seen.<sup>136,137</sup>

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outside the limited digital audio performance right granted by the CLASSICs Act remain the subject of state law. Each one of these potential fair uses would involve legal inquiry beyond the scope of this paper; however, all are reasonably likely (and beneficial) uses of orphan works for a memory institution to engage in.

132 See generally *Pre-72 Sound Recordings Report*, *supra* note 13, at 20–47.

133 For an explanation of some of the difficulties involved in preserving pre-72 sound recordings under state law, see *The State of Recorded Sound Preservation*, *supra* note 3, at 108–11.

134 *The State of Recorded Sound Preservation*, *supra* note 3, at 129–132.

135 *Id.*

136 Music Modernization Act, S. 2334, 115th Cong. (2018) (enacted).

137 A similar database is proposed by the National Recording Preservation Board as a partial orphan works solution. *The State of Recorded Sound Preservation*, *supra* note 3, at 43.

Within the CLASSICs Act, two provisions directly address the orphan works problem: Section 1401(f)(1)(B) and Section 1401(c). Section 1401(f)(1) is tied to both fair use and Section 108; Section 1401(c) is a standalone orphan works provision. Both provisions have the potential to be helpful to memory institutions seeking to engage in small-scale use of orphan works, but both are limited in scope and require an unknown amount of upfront investment of the memory institution's resources.

1. Section 1401(f)(1): Fair Use: Uses by Libraries, Archives, and Educational Institutions

Section 1401(f)(1) of the CLASSICs Act has two functions: 1) it explicitly incorporates the limitations on a copyright holder's exclusive rights in 107, 108, 109, 110, and 112(f) for pre-72 sound recordings, and 2) it provides a rule of construction for Section 108(h). Specifically, the provision reads:

(f) LIMITATIONS ON REMEDIES.—

(1) FAIR USE; USES BY LIBRARIES, ARCHIVES, AND EDUCATIONAL INSTITUTIONS.—

(A) IN GENERAL.—The limitations on the exclusive rights of a copyright owner described in sections 107, 108, 109, 110, and 112(f) shall apply to a claim under subsection (a) with respect to a sound recording fixed before February 15, 1972.

(B) RULE OF CONSTRUCTION FOR SECTION 108(H).—With respect to the application of section 108(h) to a claim under subsection (a) with respect to a sound recording fixed before February 15, 1972, the phrase ‘during the last 20 years of any term of copyright of a published work’ in such section 108(h) shall be construed to mean at any time after the date of enactment of this section.

The title of the provision, “Fair Use: Uses by Libraries, Archives, and Educational Institutions,” is (perhaps deliberately) misleading. There is no special or added fair use defense for libraries, archives, and educational institutions in the CLASSICs Act. The legislation incorporates Section 107 ‘as is,’ which means that the discussion of fair use doctrine and its relation to orphan works in Part II remains unchanged. The incorporation of Section 107 in the CLASSICs Act does close a potential loophole in the statute: the Copyright Office has remained adamant that any copyright reform legislation should explicitly maintain the fair use defense, lest an enterprising rights holder attempt to argue that modifications to the Copyright Act were intended to eliminate or weaken the defense.<sup>138</sup> However, importing Section 107 unchanged into the

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138 See *Section 108 Discussion Document*, *supra* note 2, at 16 (“At the same time, the Office emphasizes that any revision of section 108 must include the current fair use savings clause without modification to ensure that fair use remains an important safety valve and is available to libraries and archives in situations not addressed by the text of section 108. Indeed, the Office would not recommend any legislation that did not include

world of pre-72 sound recordings means importing Section 107's limitations as well. Memory institutions can be grateful that they now have only one body of fair use legal precedent to decipher—but parts of that precedent remain undecipherable, especially where orphan works are concerned.

The rule of construction for Section 108(h) does introduce a new wrinkle for pre-72 sound recordings, the significance of which may turn out to be profound. Prior to passage of the CLASSICs Act, the level of research and resource investment needed to comply with the conditions of Section 108(h) often rendered the exception “more trouble than it [was] worth” for libraries and archives.<sup>139</sup> After passage of the CLASSICs Act, however, the calculus of Section 108(h) has arguably been changed. The number of pre-72 sound recordings potentially eligible to be reproduced, distributed, displayed and performed under Section 108(h) is immense, and for some memory institutions, may represent the majority of their sound recording collections. The rule of construction in Section 1401(f)(1)(B) is, moreover, a strikingly generous one: it means that sound recordings published as late as 1971 will fall under the Section 108(h) exception beginning in 2018. In contrast, a work published in 1978 will not qualify for the Section 108(h) exception until 50 years after the death of its author. Consider an author that was 30 years old at time of publication in 1978, who then died at the age of 80: that means no Section 108(h) protection until 2078.

To take advantage of Section 1401(f)(1)(B) of the CLASSICs Act, a memory institution will be required to determine, “on the basis of a reasonable investigation,” that the conditions of Section 108(h)(2) are met.<sup>140</sup> What a “reasonable investigation” would look like here is unclear, and may well be the subject of future litigation. The interaction between Section 1401(f)(1)(B) and Section 1401(c), which allows noncommercial use of an orphan work subsequent to a “good faith, reasonable search” for the rights holder, is a likely point of contention. Is a “reasonable investigation” the same as a “good faith, reasonable search”? Which burden is higher? Do we expect more or less from our memory institutions than we do from private users of orphan works? Depending on its requirements, such a “reasonable investigation” may or may not be economically feasible for a memory institution. It is far more likely to be conducted on a small-scale or single-work basis rather than for a collection at large.

A final and fundamental problem limits the power of Section 1401(f)(1)(B) for memory institutions: Section 108 eligibility. Although relevant stakeholders speaking with the Copyright Office in 2016 “*universally agreed* on adding museums as an eligible entity” under Section 108, the CLASSICs Act

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the fair use savings clause.”).

<sup>139</sup> Hansen, *supra* note 47, at 1584.

<sup>140</sup> 17 U.S.C. § 108(h)(2) (2012).

made no changes to Section 108 eligibility.<sup>141</sup> Why not? The answer could hinge on any number of factors, including the limited scope of the CLASSICs Act,<sup>142</sup> a general prioritization of the rights of labels, publishers, and artists over memory institutions,<sup>143</sup> or simple forgetfulness. The current exclusion of museums from Section 108 places ever-increasing pressure on memory institutions to treat fair use as their primary mechanism for limiting future liability, injecting unnecessary uncertainty into the copyright system. Museum inclusion is uncontroversial, an “obvious addition”<sup>144</sup> that would reflect modern understandings of libraries, archives, and museums as entities with strikingly similar purposes and could be accomplished with or without additional eligibility requirements suggested in the Copyright Office’s Model Statutory Language.<sup>145</sup> However, given that the CLASSICs Act did not make changes to Section 108 eligibility, the viability of the Section 108 (and Section 1401(f)(1)(B)) as a solution to the orphan works problem is limited from the start. Once again, the outdated nature of Section 108 will push memory institutions toward heavier reliance on fair use, and the unpredictability of fair use will limit memory institution activities.

## 2. Section 1401(c): Certain Noncommercial Uses of Sound Recordings That Are Not Being Commercially Exploited

Section 1401(c) of the CLASSICs Act is a standalone orphan works provision of the kind long-advocated-for by both memory institutions and the Copyright Office.<sup>146,147</sup> Like the federalization of pre-72 sound recordings itself, this provision is not all that supporters might have hoped for. It does, however, represent a significant step forward for memory institutions seeking to engage in small-scale, noncommercial use of orphan works. The provision reads as follows:

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141 *Section 108 Discussion Document*, *supra* note 2, at 18 (emphasis added).

142 The CLASSICs act concerns only pre-72 sound recordings, while a museum amendment to Section 108(a) would presumably impact all copyrighted works.

143 Debates among these groups certainly would have been enough to keep the legislation’s drafters busy, and it is difficult to tell how strong a voice memory institutions had at the table during the MMA’s passage.

144 Hansen, *supra* note 47, at 1592.

145 *Section 108 Discussion Document*, *supra* note 2, at 19.

146 *See Orphan Works and Mass Digitization*, *supra* note 19, at 56–58, describing the Copyright Office’s suggestion for limitations on remedies for good faith users of orphan works.

147 The Shawn Bentley Orphan Works Act (S.2913), a piece of far wider-reaching orphan works legislation, passed the Senate in 2008 and remains the Copyright Office’s desired orphan works framework. *See Orphan Works and Mass Digitization*, *supra* note 19, at 3.

§ 1401(c): CERTAIN NONCOMMERCIAL USES OF SOUND RECORDINGS THAT ARE NOT BEING COMMERCIALY EXPLOITED.—

(1) IN GENERAL.—Noncommercial use of a sound recording fixed before February 15, 1972, that is not being commercially exploited by or under the authority of the rights owner shall not violate subsection (a) if—

(A) the person engaging in the noncommercial use, in order to determine whether the sound recording is being commercially exploited by or under the authority of the rights owner, makes a good faith, reasonable search for, but does not find, the sound recording—(i) in the records of schedules filed in the Copyright Office as described in subsection (f)(5)(A); and (ii) on services offering a comprehensive set of sound recordings for sale or streaming;

(B) the person engaging in the noncommercial use files a notice identifying the sound recording and the nature of the use in the Copyright Office in accordance with the regulations issued under paragraph (3)(B); and

(C) during the 90-day period beginning on the date on which the notice described in subparagraph (B) is indexed into the public records of the Copyright Office, the rights owner of the sound recording does not, in its discretion, opt out of the noncommercial use by filing notice thereof in the Copyright Office in accordance with the regulations issued under paragraph (5).

...

(4) SAFE HARBOR.—

(A) IN GENERAL.—A person engaging in a noncommercial use of a sound recording otherwise permitted under good faith, reasonable search under paragraph (1)(A) without finding commercial exploitation of the sound recording by or under the authority of the rights owner shall not be found to be in violation of subsection (a).

Under Section 1401(c), *any* memory institution—library, archive, museum, university, etc.—may, after a diligent search and filing of notice, engage in noncommercial use of a pre-72 sound recording that is not being commercially exploited. Noncommercial uses could include reproductions and distributions otherwise authorized by Section 108 and far more. In situations when the Section 1401(c) is available, in fact, there seems to be little reason to rely on Section 108. Consider a museum that wishes to digitize a series of orphan pre-72 sound recordings and make them available to the public online. This activity is certainly not covered by Section 108 and may or may not pass the test of Section 107; the safe harbor of Section 1401(c) provides a new and promising path toward bringing more orphan works out into the public view.

How often and how effectively memory institutions are able to take advantage of Section 1401(c) will depend on the costs associated with a “good faith, reasonable search” and notice filing with the Copyright Office. Here, the Copyright Office’s recently published regulations—which become effective May 9, 2019—provide crucial guidance for what a legally sufficient search would look like. A party seeking to make noncommercial use of a sound

recording would have to check for evidence of commercial exploitation in the following places, listed in sequential order.<sup>148</sup>

1. The Copyright Office's database of Pre-1972 Schedules;
2. One of the following major search engines: Google, Yahoo!, or Bing;
3. One of the following major streaming services: Amazon Music Unlimited, Apple Music, Spotify, or TIDAL;
4. YouTube, for authorized uses;
5. The SoundExchange ISRC database;
6. Amazon.com, and, where the prospective user reasonably believes the recording implicates a listed niche genre, an additional listed online retailer of physical product; and
7. In the case of ethnographic Pre-1972 Sound Recordings of Alaska Native or American Indian tribes, searching through contacting the relevant tribe, association, and/or holding institution.

This clear, step-by-step approach is a massive improvement on the status quo for memory institutions seeking to engage in noncommercial use of their pre-1972 sound recording collections. By completing this seven-step search and filing a notice of noncommercial use with the Copyright Office, memory institutions can acquire an affirmative shield from liability—one that did not exist pre-CLASSICs Act. Logistical challenges inherent to the handling orphan works will likely continue to plague the system. A qualifying search under Section 1401(c) must include, for example, the title and featured artists of the work<sup>149</sup>; the extent to which an unidentified orphan work could qualify for protection remains unclear. Unless song recordings come from the same pre-1972 album with same featured artist, notices of noncommercial use can cover only one sound recording at a time.<sup>150</sup> This requirement means that memory institutions will have to repeat the search and filing process with each individual recording they want to use, despite the fact that orphan works are often very difficult to find. Still, for many small-scale or single-use orphan works projects, a clear roadmap to avoid infringement liability may make the difference between feasibility and infeasibility. To the extent that memory institutions choose to use it, Section 1401(c) provides an exciting new tool for combatting the orphan works problem.

Although Section 1401(c) places memory institutions in a better position to address the orphan works problem than they were pre-CLASSICs Act, it is important to recall that Section 1401(c) is much more conservative than the “limitations on remedies” provision recommended by the Copyright Office. Its limited application to noncommercial use presents a challenge even to

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148 Noncommercial Use of Pre-1972 Sound Recordings That Are Not Being Commercially Exploited, 84 Fed. Reg. 14,243 (Apr. 9, 2019) (to be codified at 37 C.F.R. Pt. 201).

149 37 C.F.R. § 201.37(c)(2) (2019).

150 *Id.* § 201.37(d)(4).

nonprofit memory institutions. The Copyright Office's 2015 report on Orphan Works and Mass Digitization urged that "future orphan works legislation apply to . . . all types of users, noncommercial and commercial" specifically because the "distinction [between noncommercial and commercial use] is quite likely to break down in practice."<sup>151</sup> As an example, the Copyright Office referenced a public television documentary; it is easy to imagine a memory institution like the Smithsonian (which alternates identities as a museum, library, archive, and United States trust instrumentality) seeking to invoke Section 1401(c) to protect use of a pre-72 orphan sound recording in a Smithsonian Channel documentary.<sup>152</sup> Section 1401(c)(2) provides some guidance here, stating that a user is not barred from Section 1401(c) protection merely because it recovers costs of production and distribution, nor because the user engages in other commercial activities. As the Copyright Office rightly points out, however, uses that are initially noncommercial do not always remain so. Public documentaries can be later sold or licensed; public exhibitions can produce revenue through souvenir and book sales; orphan works recovery projects can (and arguably should<sup>153</sup>) be pitched to donors to draw financial support for the memory institution at large. The Copyright Office declined to establish a firm standard for commercial versus noncommercial use in the regulations for Section 1401(c), stating only that it will consider the issue as it develops public circulars and materials on the exception.<sup>154</sup> In the meantime, uncertainty about the commercial versus noncommercial determination is likely to hamper Section 1401(c)'s effectiveness for memory institutions.

#### IV. THE CLASSICs ACT AND MASS DIGITIZATION

The following Part considers the potential effects the CLASSICs Act on mass digitization of pre-72 sound recordings, the continuing viability of the fair use defense, and the need for more a reliable legal framework for mass digitization projects moving forward. It concludes that even modest revisions to Section 108 could go far toward allowing some less-controversial and time-sensitive mass digitization projects, the current limitations on which do little to serve the overarching goals of memory institutions or copyright law at large.

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151 *Orphan Works and Mass Digitization*, *supra* note 19, at 54–55.

152 *See, e.g.*, SMITHSONIAN CHANNEL: DOCUMENTARIES (last visited Mar. 8, 2019), <https://www.smithsonianchannel.com/shows> [<https://perma.cc/R58P-L4KJ>].

153 *See, e.g.*, *The State of Sound Recording Preservation*, *supra* note 3, at 113. The authors highlight the reality that "[i]t is virtually impossible . . . to attract grants and donors to support preservation of collections that will not be accessible once preservation occurs. Access is often crucial to attracting support for the preservation of specific collections or recordings." *Id.*

154 Noncommercial Use of Pre-1972 Sound Recordings That Are Not Being Commercially Exploited, *supra* note 149, at 14,242.

A. *Federalization, Section 1401(f)(1)(B), and Section 1401(c)*

As with orphan works, the federalization of pre-72 sound recordings accomplished by the CLASSICs Act represents a positive step for memory institutions seeking to engage in mass digitization. Prior to the CLASSICs Act, pre-72 sound recordings were not eligible for the Section 107 fair use defense, which means that the favorable *Google Books* precedent did not apply. The same difficulties associated with determining the legally permissible uses of a single pre-72 sound recording under state law applied to mass digitization, but on an exponential scale; as the National Recording Preservation Board lamented in 2010, strict enforcement of the law would have “brand[ed] virtually all audio preservation [including mass digitization] as illegal.”<sup>155</sup> Post-CLASSICs Act, some mass digitizations of pre-72 sound recordings may well be permissible—the question is, which ones?

The CLASSICs Act contains no provision specifically addressing mass digitization, which means that Section 1401(f)(1) and Section 1401(c) remain the primary sources of change created by the Act for memory institutions. However, the utility of both provisions for mass digitization projects is limited by the nature of mass digitization itself. The requirements of a “reasonable investigation” to take advantage of Section 1401(f)(1)(B) and a “good faith, reasonable search” in Section 1401(c) make both provisions impractical—and perhaps impossible—for memory institutions to employ as infringement defenses for mass digitization projects. A 2010 study on digitization of the Thomas E. Watson papers, conducted at the University of North Carolina, Chapel Hill, helps to illustrate why.<sup>156</sup> The study tracked costs incurred by conducting due diligence for each document in the Watson papers, and found that due diligence efforts cost about \$1,050 per linear foot of correspondence.<sup>157</sup> At the end of their efforts, the archivists received permission to display just four letters online: at a cost of \$2000 per letter.<sup>158</sup> Rather than continuing their due diligence efforts, the archivists consulted legal counsel, who informed them that the risk of infringement was far enough outweighed by due diligence costs that they should simply rely on fair use.<sup>159</sup>

Even if a memory institution was financially able to conduct the “good faith, reasonable search” required by Section 1401(c), there is no guarantee that a court would find mass digitization to be a noncommercial use. The existence of a statutory licensing scheme for pre-72 recordings (also accomplished by the CLASSICs Act) weighs in favor of considering large-scale uses of orphan

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155 *The State of Sound Recording Preservation*, *supra* note 3, at 7.

156 Maggie Dickson, *Due Diligence, Futile Effort: Copyright and the Digitization of the Thomas E. Watson Papers*, 73:2 AM. ARCHIVIST 626 (Fall/Winter 2010), <https://www.jstor.org/stable/23290761> [<https://perma.cc/8EZH-AETZ>].

157 *Id.*

158 *Id.* at 631.

159 *Id.* at 636.

sound recordings to be commercial use, because such use displaces a well-established market. Requiring research to calculate the potential market harm of a mass digitization project places yet another burden on memory institutions, while restricting access to minimize market harm undercuts the public benefit that mass digitization projects can produce. Ultimately, the CLASSICs Act allows most of the legal and logistical obstacles to mass digitization to remain in place, and leaves memory institutions wondering how many resources they should be willing to risk on mass digitization projects.

B. *Mass Digitization of Pre-72 Sound Recordings and Fair Use*

Now that pre-72 sound recordings are governed by Section 107, proponents of fair use as a mass digitization solution are sure to claim that mass digitizations of pre-72 sound recordings can be permissible under *Google Books*. In contrast, I argue that the *Google Books/Fox* framework discussed above is unlikely to protect mass digitization of pre-72 sound recordings as fair use. Moreover, there is good reason not to want fair use to authorize mass digitization, as the fair use framework serves neither the interests of rights holders nor the overarching goals of mass digitization.

The primary problem for conducting mass digitization projects of pre-72 sound recordings under *Google Books* is what those projects would have to look like to be considered fair use. The Second Circuit allowed *Google Books*' search and ngrams functions because those functions "served a different function from the original."<sup>160</sup> What kind of different purpose would a mass digitization of sound recordings serve? Preservation is one purpose, but preservation does not require that sound recordings be available to the public (even if obtaining funding for preservation does). Research is another purpose, but research involving sound recordings typically requires that the recording be heard in its entirety, over and over, without any alteration to the original—a 'snippet' format would substantially impair a recording's research value.<sup>161</sup> What researchers need from a digital copy is a "meaningful substitute" for the original, exactly the kind of use that is forbidden by *Fox*.<sup>162</sup> Text-searchable databases are likely permissible under *Google Books* and *Fox*, but any kind of text-searchable database for music sound recordings would implicate copyright in the underlying musical works, which is distinct from the copyright for sound recordings and raises its own complex set of infringement issues. Finally, mass digitization of sound recordings could serve the purpose

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160 *HathiTrust*, 755 F.3d at 97.

161 *The State of Recorded Sound Preservation*, *supra* note 3, at 117 ("A survey of educators reported a consensus that 'the music has to be heard repeatedly in the whole of the work, phrase by phrase, or note by note,' and that researchers must be able to manipulate the sound with the ability to 'stop and start, slow down and speed up and even divide the music into layers.'").

162 *Fox News Network*, 883 F.3d at 177.

of public access—for the most part, these recordings are meant to be studied and enjoyed, not to rot away in the basement of an archive. Yet it is difficult to imagine a public-access-oriented mass digitization of sound recordings that looks substantially different from a memory-institution-Spotify. Under *Fox*, a memory institution that wishes to provide a Spotify-esque service should be willing to behave like Spotify: it should license and pay royalties for the sound recordings it offers.<sup>163</sup>

*Google Books* demonstrates that the Section 107 factors can be interpreted to authorize at least some forms of mass digitization. However, a key question remains as to whether fair use *should be* the primary legal mechanism authorizing mass digitizations. Some mass digitizations are more suited to *Campbell's* “transformativeness” test than others, but the kinds of mass digitizations that memory institutions are best-suited to engage in are primarily concerned with preserving and improving access to original, unaltered works—not truly “transforming” anything.<sup>164</sup> When the definition of transformativeness is expanded to include more and more types of verbatim copying, “copyright holders [risk] los[ing] control over their works and how they are used in digital contexts.”<sup>165</sup> Yet when the definition of transformativeness excludes certain types of verbatim copying, it “understates the potential benefit that the public could derive from fully embracing mass digitization technologies.”<sup>166</sup> For sound recordings especially, fair use is an unsatisfactory mechanism to rely on. Until additional legislation is passed, the CLASSICs Act’s federalization of pre-72 sound recordings does little to solve the mass digitization problem.

### C. *Mass Digitization and Section 108*

Mass digitization of sound recordings, for ‘pure’ preservation purposes or for broader access projects, is wholly unprotected by the current form of Section 108. In 2017, however, the Copyright Office released a discussion document reaffirming “its belief that section 108 needs to be updated . . . [and that] current section 108 language is insufficient to address digital works and digital transmissions, does not reflect the way that libraries and archives actually operate, and excludes museums. . . .”<sup>167</sup> Citing the “rare opportunity to benefit from Congress’ focus on copyright law in the digital era,” the Copyright Office proposed a series of section 108 reforms, along with Model Statutory Language, addressing issues ranging from the organization and scope of the statute to distribution of audiovisual works.<sup>168</sup> The Copyright Office’s proposed legislation

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163 *Id.* at 180.

164 *Campbell*, 510 U.S. 569.

165 Marie-Alexis Valente, *Transformativeness in the Age of Mass Digitization*, 90 ST. JOHN’S L. REV. 233, 262 (2016) (alteration to the original).

166 Busse, *supra* note 80, at 145.

167 *Section 108 Discussion Document*, *supra* note 2, at 1.

168 *Id.* at 2–3.

could go a long way toward authorizing some of least controversial and most time-sensitive mass digitization projects that memory institutions seek to undertake, including ‘pure’ preservation projects and user access projects limited to research and scholarship.

So far as ‘pure’ preservation projects are concerned, the Copyright Office’s 2017 Discussion Document recommended substantial changes to Sections 108(b) and (c), which it summarized as the following:

Preservation, Research, and Replacement Copies

Replace the current published/unpublished distinction with a new publicly disseminated/not publicly disseminated distinction, to better reflect the ways in which commercialized works are made available;

Allow preservation copies to be made of all works in an eligible entity’s collections, with expanded access for copies of works that were not disseminated to the public, a “dark archive” for publicly disseminated works, and replacement of the three-copy limit with a “reasonably necessary” standard;

Expand the limits of what is allowed to be copied for research use in another institution, and replace the three-copy limit with a limit of what is “reasonably necessary” to result in a single end-use copy; and

Add “fragile” to the list of conditions that may trigger a replacement copy, expand off-premises access for replacement copies, and replace the three-copy limit with a limit of what is “reasonably necessary” to result in a single end-use copy.<sup>169</sup>

These four changes, although far from solving the mass digitization problem at large, would at least update the preservation provisions of Section 108 to make them workable in the digital age. The “reasonably necessary” standard would restore the technological neutrality necessary to produce and preserve digital copies, bringing “the provision in line with actual practice and avoid[ing] the problem of libraries and archives having to engage in a time-consuming fair use analysis each time they want to make more than three copies of a work.”<sup>170</sup> The publicly disseminated/not publicly disseminated distinction would far better serve the overarching access goals of memory institutions, prioritizing the accessibility of materials unlikely to be available outside the institution. The addition of “fragile” to the conditions of Section 108(c) could be particularly relevant to pre-72 sound recordings, which memory institutions are likely to possess in formats—such as lacquer discs or cassette tapes—vulnerable to unexpected breakage or decay.<sup>171</sup> Finally, allowing preservation copies to be made of all works in an eligible entity’s collections (combined with the provision expanding Section 108 eligibility discussed above) would mean that any

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169 *Id.* at 2.

170 *Id.* at 25.

171 For a chart on various sound recording formats and risks of deterioration prepared by the Library of Congress Packard Campus for Audio Visual Conservation, see *Pre-72 Sound Recording Report*, *supra* note 13, at 56.

eligible memory institution could confidently proceed with ‘pure’ preservation mass digitization projects, which would at the very least safeguard those collections for the day that they enter the public domain.

The Copyright Office has also suggested several revisions to Section 108 that would allow for greater access to user copies, including eliminating Section 108(i), allowing a flexible number of user copies to be made (which would enable digital copying for users), and adding limited rights of display and public performance for eligible memory institutions.<sup>172</sup> Acknowledging that the audiovisual and musical works categories are “likely to have developed operating entertainment markets that may be harmed by unfettered copying for users,”<sup>173</sup> the Office’s Model Statutory Language requires that electronic distribution, display, and performance of digital copies of such works “be made to only one user at a time, for a limited time.”<sup>174</sup> Under this rule, an eligible memory institution could stream a digital copy of a sound recording to a requesting user for a limited time, significantly improving access for scholars and students attempting to study a particular work or set of works from afar.<sup>175</sup> One can imagine a kind of “library-Spotify” governed by this provision, through which students and researchers could “check out” a sound recording from a mass digitization archive, study the digitally streamed recording remotely for a limited amount of time, and then relinquish access to the next user.

The Copyright Office’s Section 108 recommendations are far from a perfect fix for the challenges of mass digitization. However, removal of clear technology biases and obvious barriers to best practices from Section 108 has significant potential to elevate Section 108 as a viable protective mechanism, reducing reliance on fair use and granting much needed security to memory institutions.

## CONCLUSION

By federalizing protection of pre-72 sound recordings, the CLASSICs Act finally provides a uniform landscape for memory institution use of pre-72 sound recordings. Particularly in the realm of small-scale use of orphan pre-72 sound recordings, the CLASSICs Act provides greater certainty to memory institutions about what uses are permissible and what steps institutions can take to avoid costly infringement. However, the CLASSICs Act does little to address the widespread confusion about the fair use defense’s application

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172 *Id.* at 3.

173 *Section 108 Discussion Document, supra* note 2, at 39.

174 *Id.* at 53.

175 *Id.* at 39. As an example of this recommendation in practice, the Copyright Office provides: “If a motion picture archives is streaming a comedy routine from a 1967 episode of “Hollywood Chateau” to one user, and a second user requests the same work, the archives must wait until the first user’s limited time (e.g., two weeks) has expired before it streams a copy to the second user.” *Id.*

to orphan works and mass digitization, and fails to update Section 108—rendering the Act’s incorporation of Sections 107 and 108 defenses ultimately inadequate to address memory institution needs.

The challenges presented by orphan works and mass digitization are most urgently troubling in the area of preservation. Rare and orphan sound recordings are at risk of being lost to history if they are not properly preserved, and mass digitization (absent its legal problems) is currently the best way for memory institutions to prevent this time-sensitive loss. At present, many memory institutions use a “fly under the radar” strategy to circumvent outdated copyright laws; unless ordered to stop, these institutions prioritize the security of their collections over full compliance with the law, relying (if forced to) on fair use.<sup>176</sup> This state of affairs is far from desirable, especially when it could be remedied in large part through a single legislative act: adopting the Copyright Office’s preservation and replacement revisions to Section 108.

Moving forward, practitioners will need to look to the Copyright Office’s regulations to determine whether the orphan works solutions provided in Section 1401(c) can be useful to memory institutions in practice. Advocates for expanding mass digitization projects in memory institutions have a clear path through Section 108 revision, and should continue pushing to update preservation requirements and include museums as eligible entities; future litigation clarifying *Fox* and *Google Books* may help provide answers about the viability of fair use as a mass digitization defense. The CLASSICs Act could serve as a vital foundation to expand memory institutions’ ability to address the orphan works and mass digitization problems, but the legacy of the Act will ultimately be determined by legal developments outside of its control. Museums, libraries, archives, and lawyers alike will need to watch carefully to ensure that the CLASSICs Act “remembers” what it is supposed to protect.

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<sup>176</sup> *The State of Sound Recording Preservation*, *supra* note 3, at 113.