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New Forms of Governance for Digital Orphans: Copyright Litigation, Licenses and Legal Information

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New forms of governance for digital orphans: Copyright litigation, licences and legal information

JEREMY DE BEER

A. From government to governance through Google Inc.

Berkeley law professor Pamela Samuelson calls Google Book Search¹: ‘One of the most significant developments in the history of books, as well perhaps in the history of copyright.’² Professor Randal Picker from the University of Chicago similarly observes: ‘Successful new book platforms are rare – since Gutenberg have there been any? – and Google’s is of breathtaking ambition.’³ One of the most significant developments in the history of books? Of copyright? Comparisons to Gutenberg? Yes, Google Book Search is that big a deal.

Charles Leadbeater, a leading authority on innovation and creativity, believes that the results of a lawsuit over Google Book Search ‘will likely shape not just the future of books but much of the rest of our culture.’⁴ Indeed, librarians and cultural historians are debating this topic as vigorously as lawyers.⁵ That is because the courtroom where this legal drama has unfolded is, according to Leadbeater, ‘a microcosm for the arguments that will rage over the control of culture globally in the decades to come.’⁶

¹ The Google project has developed under different names – from Google Print to Google Book Search and now to Google Books (<http://books.google.com/>). Throughout this chapter, Google Book Search is used.

² P. Samuelson, ‘Google Book Search and the Future of Books in Cyberspace’, *Minnesota Law Review* 94 (2010), 1308–1374.

³ R. C. Picker, ‘The Google Book Search Settlement: A New Orphan-Works Monopoly?’ *University of Chicago Law and Economics, Olin Working Paper* 462 (2009), 3.

⁴ C. Leadbeater, *Cloud Culture: The Future of Global Cultural Relations* (London: Counterpoint, 2010), 13.

⁵ See e.g. R. Darnton, ‘Google and the Future of Books’, *The New York Review of Books* 56 (2009); P. N. Courant et al., ‘Google and Books: An Exchange’, *The New York Review of Books* 56 (2009); M. Gorman, ‘Google and God’s Mind’, *The Los Angeles Times*, 17 December 2004.

⁶ Leadbeater, *supra* note 4, 18.

This chapter confronts only a part of the paradigm shift we are witnessing. That is, how might we deal with some of the practical problems associated with large-scale digitisation projects, specifically with copyright issues, and even more specifically with the so-called orphan works?

In the last decades of the twentieth century, problems like this might have been addressed through multilateral negotiations leading to new international legal norms, such as those contained in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) or the World Intellectual Property Organization (WIPO) Internet Treaties. Now, more than a decade into the twenty-first century, it seems highly unlikely that the international consensus needed to create these kinds of agreements can be formed quickly enough to keep pace with technology, commerce and society. International regulations, like those governing the Internet Corporation for Assigned Names and Numbers (ICANN), and soft law initiatives, like the WIPO Development Agenda, have recently emerged, but such instruments are quite unlike the normative treaties and agreements that dominated intellectual-property lawmaking in the previous century. Therefore, innovators are now looking for practical, non-normative (or at least *less* normative) solutions to their pressing legal problems.

This coincides with a palpable shift in international relations over intellectual property rights, moving away from rulemaking by governments towards problem solving through governance. Indeed, one of the claims in this chapter is that innovations like Google Book Search are contributing to that shift. The most relevant negotiations are no longer those between government diplomats, but rather the messy interactions among non-hierarchical institutions and non-government actors.⁷ Margaret Chon describes the trend: ‘Top down as well as bottom-up models of regulation are shifting to a governance paradigm characterized by the greater interaction among public, private and civil society sectors, as well as potential increased flexibility of law’.⁸

⁷ B. G. Peters and J. Pierre, ‘Developments in Intergovernmental Relations: Towards Multi-level Governance’, *Policy and Politics* 29:2 (2001), 131–135; J. N. Rosenau and E.-O. Czempiel, *Governance without Government: Order and Change in World Politics* (Cambridge: Cambridge University Press, 1992); J. N. Rosenau, *Along the Domestic-Foreign Frontier: Exploring Governance in a Turbulent World* (Cambridge: Cambridge University Press, 1997); S. K. Sell, *Private Power, Public Law: The Globalization of Intellectual Property Rights* (Cambridge: Cambridge University Press, 2003).

⁸ M. Chon, ‘Global Intellectual Property Governance (Under Construction)’, *Theoretical Inquiries in Law* 12:1 (2011), 349–380.

The theoretical framework for analysing the implications of this shift in the global governance of intellectual property is still ‘under construction,’ as Chon puts it, but the literature is growing.⁹ Some work has been done on analysing the role of private industry in shaping hard legal norms,¹⁰ and of social movements in reframing the issues through somewhat softer mechanisms.¹¹ This chapter contributes to that literature, and to this book about trade governance in the digital age, through a sort of case study that examines three different aspects of the governance of orphan-works issues that arise from large-scale digitisation projects such as Google Book Search: (1) class action litigation; (2) quasi-judicial licensing; and (3) rights management information practices. But first, it might help to have a few more details about Google Book Search and the issue of orphan works.

B. Google’s groundbreaking book search project

For those who still have not heard about it, the California-based company Google Inc. has set out ‘to organize the world’s information and make it universally accessible and useful.’¹² Because there is a lot of information in the world, part of Google’s mission is to get more of it digitised. That is the purpose of Google Book Search.

Google works with authors, publishers and libraries to obtain access to hard copies of as many books as possible. Each book is scanned using technologically sophisticated means that ensure books are accurately and efficiently digitised without damaging them. Google’s search algorithms and user interfaces facilitate access to its massive and continually growing digital archive which currently contains millions of books. Google’s stated target is to digitise ten million books, but some estimates suggest that the size of the digital collection could eventually reach into the hundreds of millions. Users of Google Book Search can search for books using keywords and other criteria, browse parts or entire books online and even download some books, obtain related information like book reviews, references and bibliographic data, as well as click links to purchase books from retailers or locate books in libraries.

⁹ See e.g. G. B. Dinwoodie and R. C. Dreyfuss, ‘Designing a Global Intellectual Property System Responsive to Change: The WTO, WIPO, and Beyond’, *Houston Law Review* 46 (2009), 1187–1234; A. Kapczynski, ‘The Access to Knowledge Mobilization and the New Politics of Intellectual Property’, *Yale Law Journal* 117 (2008), 804–885.

¹⁰ P. Drahos and J. Braithwaite, *Information Feudalism: Who Owns the Knowledge Economy?* (London: Earthscan, 2002).

¹¹ Kapczynski, *supra* note 9.

¹² <http://www.google.com/corporate/index.html>

The extent to which users are able to browse the books depends mostly on considerations related to copyright. If copyright has expired, and the book is in the public domain, Google Book Search users can browse or download the entire book. If copyright has not expired, the copyright owner (usually the book's publisher) can decide whether Google may permit users to browse or download the entire book, browse some pages or portions of the book, browse only 'snippets' of text from the book or not access the book at all. Without permission from an owner of subsisting copyright, Google's default is to provide access only to snippets of text from each book.

Whichever choice is made, authors, publishers and booksellers can partner with Google to promote books for sale via hyperlinks appearing alongside relevant search results. Google can also help sellers to optimise product pricing using its algorithms. Revenue generated through Google Book Search is shared between Google and its partners.

Money is not all that Google gets, however. In addition to the promotional value of Google Book Search, it helps to position Google strategically in both the search market and the books market. Moreover, Google's digital repository is very useful for refining search technology and related tools – for example, for translation.

Digitisation is not entirely new – there have been and still are others trying to digitise various kinds of information – but Google's uniquely ambitious initiative is justifiably characterised as a game changer for almost everyone involved. That is why it has garnered so much attention. Opinions about it vary. Authors, publishers, distributors, retailers, historians, librarians, lawyers, researchers and readers – and, of course, Google's competitors – all have feelings about the immediate and long-term implications of Google Book Search.

Many of these feelings involve optimism about the future of almost limitless access to knowledge. There is also some pessimism, however, about the control this could give Google over the books industry, not to mention the knowledge contained in books and the culture they reflect. Some people are concerned about the project's impact on old business models and the viability of new ones. Others' worries relate to privacy issues, or the reliability of bibliographic information associated with Google Book Search. And Google Book Search is triggering not only domestic legal issues in the United States, but also international copyright issues related, among other things, to compatibility with the TRIPS Agreement.¹³ The range of issues raised is as diverse as the opinions about them.

¹³ D. Gervais, 'The Google Book Settlement and the TRIPS Agreement', *Stanford Technology Law Review* (2011), 1–10.

As grand as the plan is, Google Book Search is just the tip of the iceberg. It is only a matter of time – and probably not a long time – before similar undertakings are made in respect of the world’s repertoire of recorded music, or visual images, not just photographs but also paintings, drawings and other images. In fact, this is already happening with everything from geographical information to media and entertainment. Obviously the practicalities (and legalities) of such endeavours are very different from those of scanning books. But the trend is the same: The world is going digital.

C. The orphan-works dilemma¹⁴

Copyright protection lasts for a long time – anywhere from fifty years to well more than a century. There is no requirement that copyrights be registered. There is no comprehensive list of who owns particular rights. Consequently, sometimes a copyright owner cannot be located. That may be because the owner is unknown or because there is no useful contact information available.

The term ‘orphan work’ has been used in the United States and elsewhere ‘to describe the situation where the owner of a copyrighted work cannot be identified and located by someone who wishes to make use of the work in a manner that requires permission of the copyright owner.’¹⁵ The Canadian Copyright Act refers to ‘owners who cannot be located.’¹⁶ The expression ‘unlocatable owners’ is commonly used as a loose translation of the French term ‘*titulaire introuvable*’.

Potential users’ inability to find copyright owners (or their representatives, such as agencies or collecting societies) has often created difficulties. A would-be user who has no right of fair dealing or other justification for not obtaining the copyright owner’s permission has few options. The user can proceed without permission, infringing copyright. This deprives the owner of compensation, puts the user at risk of civil and criminal liability and undermines respect for the law. The alternative is to not use the work. This in turn deprives the owner of an opportunity to earn royalties, frustrates the user and could ultimately stifle economic or social progress.

¹⁴ Parts of this section are derived from J. de Beer and M. Bouchard, ‘Canada’s “Orphan Works” Regime: Unlocatable Owners and the Copyright Board’, *Oxford University Commonwealth Law Journal* 10:2 (2011), 215–254.

¹⁵ U.S. Copyright Office, *Report on Orphan Works* (Washington, DC: U.S. Copyright Office, 2006), 1 (hereinafter U.S. report).

¹⁶ Copyright Act of Canada, R.S.C. 1985, chapter C-42, section 77.

Neither scenario is attractive. Indeed, orphan works are one of the key copyright issues where nearly all stakeholders would agree that a significant policy problem exists. This was demonstrated by the overwhelming response from virtually every interest group typically involved in copyright policy debates to an invitation from the U.S. Copyright Office for comments on the topic.¹⁷ The Recording Industry Association of America, Lawrence Lessig, Google Inc., the Association of American Publishers and hundreds of other diverse stakeholders all agreed that the problem is real.¹⁸ High-profile reports from the United States,¹⁹ the United Kingdom²⁰ and the European Union²¹ demonstrate that the issue of orphan works has gained global attention. Digitisation programs like Google Book Search have played no small part in fostering the interest that the issue now attracts.

However, stakeholders with different perspectives and policy makers in different jurisdictions do not all agree on how to deal with the problem. One option is to reduce the risks of using works without permission by limiting the remedies available to unlocatable copyright owners.²² Another is an exemption from liability for infringement if a user's reasonable efforts have failed to locate the owner.²³ Yet another possibility being debated is to deem unlocatable owners to be represented by a collective society, through a system of extended collective licensing.²⁴ Most of those ideas require normative changes, namely amendments to domestic or international copyright laws. Such proposals are, however, not mutually exclusive of a number of alternative governance mechanisms, like those discussed in the remainder of this chapter.

¹⁷ U.S. report, supra note 15, 17.

¹⁸ U.S. report, supra note 15, Appendix B. All comments are available online at <http://www.copyright.gov/orphan/comments/index.html>

¹⁹ Ibid.

²⁰ British Screen Advisory Council, *Copyright and Orphan Works*, A paper prepared for the Gowers Review by the British Screen Advisory Council, 31 August 2006 (hereinafter BSAC Paper).

²¹ i2010: Digital Libraries High Level Expert Group – Copyright Subgroup, *Report on Digital Preservation, Orphan Works, and Out-of-Print Works: Selected Implementation Issues*, 18 April 2007 (hereinafter 2007 HLEG Report) and *Final Report on Digital Preservation, Orphan Works, and Out-of-Print Works*, 4 June 2008 (hereinafter 2008 HLEG Report); B. Hugenholtz et al., *The Recasting of Copyright and Related Rights for the Knowledge Economy* (Amsterdam: Institute for Information Law, 2006) (hereinafter IViR Report).

²² U.S. report, supra note 15, 126.

²³ BSAC Paper, supra note 20, 37–38.

²⁴ See D. Gervais, *Application of an Extended Collective Licensing Regime in Canada: Principles and Issues Related to Implementation* (Ottawa: Department of Canadian Heritage, 2003), 31.

D. Settling orphans' claims through class action litigation

Much of the copyright-related discussion about Google Book Search centres on the issue of limitations and exceptions to protected rights, although there is a whole range of copyright problems that could be addressed.²⁵ There is no doubt that nearly all books are original works currently or previously protected by copyright. It is almost as certain that digitising these books constitutes reproduction, which is an exclusive right reserved to copyright owners almost everywhere on the planet. So Google's activities are probably, *prima facie*, copyright infringement.

But that is not the end of the matter, for copyright laws everywhere contain at least some safety valves. In Canada, the Supreme Court has gone as far as saying that these are not simply loopholes; they are 'user rights'.²⁶ Fair dealing, fair use and similar limitations and exceptions are a fundamental part of copyright frameworks worldwide. They are built directly into the Berne Convention,²⁷ and the TRIPS Agreement.²⁸

The boundary between infringement and fair use is not a bright line, but it could be tested in the specific context of Google Book Search. That is because of class action lawsuits filed against Google by representatives of some authors and publishers. In 2005, the Authors Guild, which represents and advocates for published writers, sued Google for copyright infringement.²⁹ Soon afterwards, five major publishers filed a similar lawsuit.³⁰ The cases raised interesting procedural issues, such as whether the plaintiffs could adequately represent classes of relevant copyright holders. The key copyright question would have been whether or not Google was liable for copyright infringement, which turns principally on the issue of fair use.

²⁵ H. Travis, 'Building Universal Digital Libraries: An Agenda for Copyright Reform', *Pepperdine Law Review* 33 (2005), 761–829.

²⁶ *CCH Canadian Limited v. Law Society of Upper Canada*, [2004] 1 S.C.R. 339, 2004 SCC 13.

²⁷ Article 9(2) Berne Convention for the Protection of Literary and Artistic Works of 9 September 1886, as revised at Paris on 4 May 1896, at Berlin on 13 November 1908, with an Additional Protocol on 20 March 1914, at Rome on 2 June 1928, at Brussels on 26 June 1948 at Stockholm on 14 July 1967, and as last revised at Paris, 24 July 1971, 828 U.N.T.S. 221 (hereinafter Berne Convention).

²⁸ Article 13 Agreement on Trade-Related Aspects of Intellectual Property Rights, 15 April 1994, in force 1 January 1995, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, The Legal Texts: The Results of the Uruguay Round of Multilateral Trade Negotiations 320 (1999), 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994) (hereinafter TRIPS Agreement).

²⁹ *The Authors Guild, Inc., et al. v. Google Inc.*, Case No 05 CV 8136 (S.D.N.Y.).

³⁰ *The McGraw-Hill Companies v. Google Inc.*, Case No 05 CV 8881 (S.D.N.Y.).

But courtroom arguments over fair use were basically pre-empted by a negotiated settlement of the lawsuit in 2008.³¹ With the settlement, the legal controversies spilled over beyond the named parties in the lawsuit itself. The rules of legal procedure for class actions in New York State (as elsewhere) require settlements to be judicially approved following a 'fairness hearing'. Interested parties can make submissions about how they or others might be affected. Leading up to the fairness hearing that was first scheduled for September of 2009, four years after the litigation began, dozens of submissions were made supporting or criticising the settlement, among the most significant of which was a rather critical 'statement of interest' from the U.S. Department of Justice.

The implications of the settlement for orphan works were a major source of controversy.³² For example, one challenge related to the problem of providing adequate notification to all class members. By definition, owners of orphan works cannot be notified of the settlement's impact on them or their rights.³³ Another objection to the settlement is that no one other than Google could have realistically expected to be able to licence orphan works on similar terms, giving Google a de facto monopoly in making this information accessible. This is a direct result of the class action procedure. Indeed, for Google, this is the beauty of being sued in such a way.

Had Google and copyright owners simply negotiated a private contract among themselves, *ex ante*, the issue of orphan works could not have been meaningfully resolved; rights holders could not have claimed authority to negotiate licences in respect thereof. But class action procedures are different to private contracts. Once certified, even if only for the purposes of implementing a settlement, a plaintiff is deemed to represent all or a group of similarly situated claimants who do not 'opt out' of the agreement. Judicial certification of the class significantly expands the reach of the settlement, so that otherwise unrepresented claimants can obtain its benefits and the defendant will not face future lawsuits over the same issues.

Because by definition owners of orphan works will not come forward to opt out (again, because if owners came forward, the works would not be orphans), the practical effect of the settlement with represented rights holders is to immunise Google against liability for using orphan works. Somewhat more accurately, owners of orphan works who might eventually

³¹ <http://www.googlebooksettlement.com/>

³² <http://www.nytimes.com/2009/04/04/technology/internet/04books.html>

³³ If class members who are owners of orphan works could be notified, then arguably they could also be contacted to negotiate licensing terms. In other words, their works would not really be orphan works.

come forward will have the same rights as other class members, such as sharing revenues generated through Google books.

The concern with that arrangement stemmed from the fact that Google would, for all practical purposes, be the only entity able to deal with orphan works in that manner. In theory, Google's competitors could in the future wait for or invite class action litigation and negotiate a similar settlement agreement. But critics alleged that, in practice, Google would have had a monopoly over digitising orphan works.³⁴

Some estimates put the proportion of books that are orphan works as high as 75 per cent.³⁵ Google puts the figure under 20 per cent.³⁶ Others say, arbitrarily, that 'half of all books' would be a conservative estimate.³⁷ Whatever the proportion, several and possibly many *millions* of digitised books will probably be orphans. So the orphan-works issue is quite significant.

Although having digitised orphan works made available from *one* source is arguably much better than having them available from *zero* sources, and the proposed settlement is arguably not anticompetitive for this and for other reasons,³⁸ the parties revised their agreement to take account of this concern.³⁹ If the amended settlement were approved, then instead of Google, an 'Unclaimed Works Fiduciary' – an independent trustee of sorts – would make all decisions related to orphan works. The Fiduciary could authorise other companies to digitise and use these works, as well as authorise direct payments to literary-based charitable organisations if funds held for owners of orphan works were unclaimed within a decade.

Notwithstanding the efforts of authors, publishers and Google to compromise, first in reaching a settlement and then amending it to take account of others' concerns, in March 2011, the judge handling this case rejected

³⁴ Picker, *supra* note 3. See also J. Grimmelmann, 'How to Fix the Google Book Search Settlement', *Journal of Internet Law* 12:10 (2009), 1–20; P. Samuelson, 'The Dead Souls of the Google Booksearch Settlement', *Communications of the ACM* 52:7 (2009), 28–30.

³⁵ J. Band, 'The Long and Winding Road to the Google Books Settlement', *John Marshall Review of Intellectual Property Law* 9 (2009), 227–229.

³⁶ Competition and Commerce in Digital Books: Hearing Before the House Committee on the Judiciary, 110th Congress 1–3 (2009), Testimony of David Drummond, Senior Vice President of Corporate Development and Chief Legal Officer of Google, Inc., <http://judiciary.house.gov/hearings/pdf/Drummond090910.pdf>, 6.

³⁷ J. Grimmelmann, 'The Google Book Search Settlement: Ends, Means, and the Future of Books', *New York Law School Legal Studies Research Paper* 08 (2009), 8.

³⁸ M. A. Lemley, 'An Antitrust Assessment of the Google Book Search Settlement', *AMI – Tijdschrift voor Auteurs Media en Informatierecht* 34:2 (2010), 55–59; E. Elhauge, 'Why the Google Books Settlement Is Procompetitive', *The Journal of Legal Analysis* 2:1 (2010), 1–68.

³⁹ <http://www.nytimes.com/2009/11/14/technology/internet/14books.html>

the settlement agreement. He wrote that even the amended settlement agreement would – through class action litigation instead of legislative reform – ‘grant Google significant rights to exploit entire books, without permission of the copyright owners.’⁴⁰ That, said the judge, ‘would simply go too far’. The door was not completely closed on any settlement, as parties were given yet another chance to renegotiate terms to take account of anti-competition concerns. Even if no settlement is reached, however, the eventual effect of a judgment in favour of the plaintiffs in this case could have a very similar effect; so far, few people seem to have thought about that possibility.

After reviewing hundreds of comments, holding several public round tables and more private meetings, the authors of the U.S. report concluded that legislation is necessary to provide a meaningful solution to the very real problems posed by orphan works.⁴¹ However, that conclusion may not be correct, as demonstrated by the preceding analysis of class action litigation procedures as a viable alternative to legislative action. Prior to the amended settlement agreement, Professor James Grimmelmann reflected a common sentiment among commentators concerned about aspects of the deal: ‘Laundering orphan works legislation through a class action lawsuit is both a brilliant response to legislative inaction and a dangerous use of the judicial power.’⁴² But even with new public interest safeguards built into the Google books settlement agreement, the problem of orphan works remains alive for others to confront. Moreover, the class action only addresses Google’s liability in the United States, under American law. The settlement does not supplant the need for an immediate response to these issues elsewhere in the world, and/or for a more comprehensive long-term solution.

E. Could Canada’s approach to orphan works work for Google?⁴³

Canadian copyright law empowers the Copyright Board to issue a non-exclusive licence to an applicant whose reasonable efforts to locate a copyright owner have been unsuccessful. Could this practical procedure be used as an alternative or a complement to other non-normative responses, such as class action litigation, to orphan-works problems resulting from digitisation?

⁴⁰ *The Authors Guild et al. v. Google Inc.*, 05 Civ. 8136 (S.D.N.Y.), Opinion, 22 March 2011.

⁴¹ U.S. report, *supra* note 15, 92–93.

⁴² Grimmelmann, *supra* note 37.

⁴³ Parts of this section are derived from de Beer and Bouchard, *supra* note 14.

Although the legislative provision creating this system, section 77 of the Copyright Act, is relatively straightforward, the wide discretion conferred on the Board has given rise to a number of legal and practical issues. Many commentators who have looked at the Canadian regime misunderstand or oversimplify Canadian law and practice.⁴⁴ This is understandable, given that until very recently, there was very little research and analysis of it available.⁴⁵ The lack of attention previously paid to the Canadian system is consistent with the U.S. Copyright Office's observation that, in general, 'very little systematic research of specific problems related to unidentifiable and unlocatable copyright owners had been undertaken.'⁴⁶

Section 77 allows anyone who wants to use a copyright-protected work but cannot locate the copyright owner to apply to the Copyright Board of Canada for a licence to use that work. Since the regime was enacted 20 years ago, the Board has opened 411 files covering roughly 12,640 orphan works, although there have been far more enquiries than files opened. Many applications cover multiple works. For example, one series of applications over 4 years led to 11 licences covering 6,675 works published between 1900 and 1920.⁴⁷ Still, the volume of licensing required for Google Book Search is many orders of magnitude greater than anything the Board has contemplated before.

Non-exclusive licences may be issued for the use, in Canada, of unlocatable owners' works, performances, sound recordings and communication signals that are published or fixed, as the case may be. The regime's potential is not, therefore, limited to licensing digitisation of books (as with the

⁴⁴ See e.g. B. T. Hickman, 'Can You Find a Home for This "Orphan" Copyright Work? A Statutory Solution for Copyright-Protected Works Whose Owners Cannot Be Located', *Syracuse Law Review* 57:1 (2006), 154–155; D. W. K. Khong, 'Orphan Works, Abandonware and the Missing Market for Copyrighted Goods', *International Journal of Law and Information Technology* 15:1 (2006), 54–89; P. Brannon, 'Reforming Copyright To Foster Innovation: Providing Access To Orphaned Works', *Journal of Intellectual Property Law* 14 (2006), 145–170; I. McDonald, 'Some Thoughts on Orphan Works', *Copyright Reporter* 24:3 (2006), 152–198; J. Brito and B. Dooling, 'An Orphan Works Affirmative Defense to Copyright Infringement Actions', *Michigan Telecommunications and Technology Law Review* 12 (2005), 105–107.

⁴⁵ The first meaningful analysis of the Canadian system for licensing orphan works is contained in J. de Beer and M. Bouchard, 'Canada's "Orphan Works" Regime: Unlocatable Owners and the Copyright Board', Copyright Board of Canada, 1 December 2009, <http://www.cb-cda.gc.ca/about-apropos/2010-11-19-newstudy.pdf>

⁴⁶ U.S. report, *supra* note 15, 21.

⁴⁷ See Copyright Board Canada, Decision, 'Unlocatable Copyright Owners: Non-exclusive Licence Issued to the Canadian Institute for Historical Microreproductions Authorizing the Reproduction of 1,048 Works', 18 September 1996, 1993-UO/TI-5, and subsequent decisions dealing with the same applicant.

Google Book Search settlement), although just under 40 per cent of files have dealt with literary works, compared to just over 20 per cent with artistic works, slightly more than 10 per cent musical works, performances and sound recordings, and the rest a combination of these or other categories.⁴⁸ The system has been used by businesses or commercial organisations 37 per cent of the time, by individuals 31 per cent of the time, by educators or educational institutions 13 per cent, government agencies 11 per cent, galleries and museums 3 per cent, with community and charitable groups making up the difference. These figures show the utility of the Canadian system to a wide variety of constituencies.

About half of all applications have resulted in the issuance of a licence. Other applications were withdrawn or abandoned, often because the copyright owner was found with the help of the Board or a collective society. Very few applications have ever been formally rejected.

Perhaps the most important aspect of section 77 is that before the Board may grant an application for a licence, it must be satisfied that the applicant has made reasonable efforts to locate the copyright owner and that the copyright owner cannot be located. Similar concepts exist under laws in force or proposed in other jurisdictions. The paper prepared by the British Screen Advisory Council for the Gowers Review proposed a test of 'best endeavours', a phrase with a history of judicial interpretation that can be used as guidance.⁴⁹ The even more comprehensive U.S. report referred to the possibility of requiring users of orphan works to conduct a 'reasonably diligent search' before their potential liability would be limited.⁵⁰ A Bill that was tabled based on the report elaborated on this requirement in some detail, although it never became law.⁵¹

The Copyright Board of Canada has attempted to steer a middle course between a system that is too cumbersome and one that is too lax, although in instances involving substantial uses of clearly protected works, the Board has tended to be more demanding. Consequently, about half of the decisions resulting in a licence took more than eight weeks to make, and about a quarter took up to sixteen weeks. However, 12 per cent of cases were decided within two weeks. In many circumstances, delays were attributable to applicants' inactivity in response to Board requests – for example, to obtain additional information.

⁴⁸ De Beer and Bouchard, *supra* note 45.

⁴⁹ BSAC Paper, *supra* note 20, 26.

⁵⁰ U.S. report, *supra* note 15, 96.

⁵¹ Orphan Works Act of 2006, H.R. 5439, 109th Congress (2006).

The Board has not published a list of 'best practices' for searches in particular contexts, or actively encouraged others to do so. Its publicly available brochure, however, does suggest several steps a potential applicant should take before contacting the Board.⁵² It is conceivable that creating and promoting best practices could reduce the amount of time and resources the Board currently spends walking applicants through possible search procedures, liaising with collective societies or performing aspects of searches itself. The U.S. report notes that several commentators had indicated that guidelines would be helpful, and recommends that user and owner groups collaborate to develop them.⁵³ Efforts are already under way, for example, between international publishers and librarians.⁵⁴

The legislation states that the Board 'may' issue a licence once the requirements set out in the provision have been satisfied. The Board has adopted several overarching policies when deciding whether to issue a licence and, if it does so, on what terms. One such policy is to approach its role as one of stepping into the shoes of the unlocatable owner.⁵⁵ This is somewhat similar to the appointment of an Unclaimed Works Fiduciary in the Google Book Search amended settlement agreement.

If the Board decides to grant an application for a licence, it must then also decide on the appropriate terms and conditions for that licence. The statute provides that the Board may only issue non-exclusive licences, which takes into account the possibility that the unlocatable owner may have issued (or may later issue) a licence to another user, and it stops the Board from granting what would amount to a monopoly on the use of a particular orphan work. Other terms and conditions may address matters of territoriality, duration, retroactivity, price and payment, attribution, revocability and transferability. Of these, the terms of price and payment have been among the most controversial and difficult to deal with. Although each licence granted by the Board sets a price for the permitted use, not all licences require that the licensee pay a royalty up front. Where such a payment is required, it becomes necessary to establish who should collect the royalties, as well as how the royalties should be administered and potentially distributed.

⁵² Copyright Board of Canada, Unlocatable Copyright Owners Brochure, <http://www.cb-cda.gc.ca/unlocatable-introuvables/brochure1-e.html>

⁵³ U.S. report, *supra* note 15, 79, 110.

⁵⁴ See e.g. International Federation of Library Associations and Institutions and International Publishers Association, Joint Statement on Orphan Works, June 2007, <http://www.ifla.org/en/publications/iflaipa-joint-statement-on-orphan-works>

⁵⁵ Copyright Board of Canada, Speech given by the Honourable Justice William J. Vancise, 15 August 2007, <http://www.cb-cda.gc.ca/about-apropos/speeches-discours/20070815.pdf>, 6.

In exercising its administrative powers, the Copyright Board has chosen to apply general principles from the law of trusts, including the equitable concept of '*cy-près*'. When it becomes impossible, impracticable or illegal to carry out the purpose of a charitable trust, instead of setting aside the trust, a court may order that property be used for a purpose that is as close as possible to the use intended by the settlor of the trust.⁵⁶ This doctrine has sometimes been used to deal with class action lawsuit settlement funds if persons entitled to receive payment do not come forward.⁵⁷ In the context of licences from the Board, royalties that would otherwise be payable to an unlocatable owner must sometimes be paid to a collective society acting on behalf of owners of similar works. The total value of royalties paid or payable for licences issued by the Board is less than CAD70,000. Of that figure, 30 per cent was payable contingent on locating the owner and 70 per cent was payable immediately to a collective society.

So, could this approach of quasi-judicial licensing be an alternative to class action litigation? To the extent that establishing such a system in jurisdictions other than Canada is a normative decision requiring political and legislative action, the answer is: probably not, or least probably not now. The U.S. report rejected a system requiring government involvement because it would entail more resources and efforts than are readily obtainable without providing offsetting benefits.⁵⁸ But that report did not consider the usefulness of any such systems that are already established.

In that context, there are a few striking similarities between the proposed (and recently rejected) Google Book Search class action settlement in the United States and the approach taken by the Copyright Board towards licensing orphan works in Canada. For one, both systems would integrate safeguards to ensure licensees will not have a monopoly over the use of orphan works. Furthermore, both include some mechanism to distribute royalties to orphan-work owners, should they eventually come forward. And both involve some kind of paternalistic or fiduciary role to protect the interests of unrepresented parties (i.e. owners of orphan works) in the civil or administrative procedures.

The main obstacle to adapting the Canadian system to the circumstances of Google Book Search seems to be the sheer volume of works at

⁵⁶ M. R. Gillen and F. Woodman, *The Law of Trusts: A Contextual Approach* (Toronto: Edmond Montgomery, 2000), 257–267.

⁵⁷ W. K. Branch, *Class Actions in Canada*, looseleaf (Aurora: Canada Law Book Inc., June 2006), paras. 18–200. The '*cy-près*' approach was built into the Québec class action regime from its inception in 1978.

⁵⁸ U.S. report, *supra* note 15, 95.

issue. Whereas the Copyright Board has dealt with applications involving licences for *thousands* of orphan works, Google Book Search involves *millions*, and maybe even *tens of millions*. The Copyright Board of Canada, at this time, simply lacks the financial and human resources to process that volume of applications. Substantially more funding and other resources are unlikely to be forthcoming from the government. Unlike the procedures established privately through a class action settlement, resources to sustain operations cannot easily be generated and transferred from settlement funds or licensing revenues. Nevertheless, it is entirely possible that once the registry of orphan works created through the U.S. class action settlement is operational, this registry could be used to demonstrate to the Copyright Board which owners are unlocatable following a reasonable search. Therefore, although the Copyright Board's procedures are probably not the preferable alternative to a class action, it is conceivable that they could play a complementary role at some point in the future.

F. The role of rights management information (RMI)

Neither a class action settlement nor a quasi-judicial solution like Canada's (or most of the others proposed) is a panacea for the orphan-works issue. The ideal solution would be to eliminate the root cause of orphan works, which is essentially a lack of data related to copyright. The reason for this problem is well known: the Berne Convention. That agreement bans the imposition of formalities, such as application or registration procedures, as a prerequisite to copyright protection.⁵⁹ Copyright in most countries around the world therefore arises at the moment an original work is created, whether its creator wants the protection or not. Creators and copyright owners may, in some places, register their interest, but this is not mandatory. Because of the Berne Convention, copyright is basically 'opt-out' instead of 'opt-in'. So, the overwhelming majority of the subject-matter that is, in legal principle, protected by copyright is, in actual practice, never exploited.

This would not be so bad if copyright protection did not last such a very long time. As decades turn into a century or more, ownership of copyrights can pass through many hands. Copyright is a commodity that is bought and sold on a regular basis. Individuals die, perhaps dividing rights among heirs who may not even know what they have inherited. With corporate copyright owners, assets including copyrights can be acquired in

⁵⁹ Article 5(2) Berne Convention, *supra* note 27.

mergers and acquisitions, or bankruptcies. So, even if the original copyright owners actively managed their rights, there is no guarantee that their heirs, assignees or successors will do the same thing.

All of this creates a giant, muddy mess around copyright ownership issues. Nobody has been able either to systematically gather or track the necessary information to make copyright markets work properly. Economic justifications for copyright are sound in theory, but implemented sub-optimally in practice. Property rights alone are not enough to facilitate valuable exchanges and economic growth. Efficient markets depend also on information about who owns which rights, to do precisely what, and so on. With that information, market participants can negotiate bargains. Without it, a stalemate ensues. Transaction costs, such as those of locating and contracting with rights owners, inhibit exchanges.⁶⁰

Possible reactions range from arguments that we would be better off without any copyrights at all,⁶¹ to calls for scrapping or at least revising the Berne Convention,⁶² to the more pragmatic but still controversial idea of imposing periodic copyright renewal requirements.⁶³ Again, however, all of these ideas are likely to need political and legislative action to change formal legal norms.

Formal international copyright norms, as embodied in treaties and related agreements, have developed very little during the decade and a half following the TRIPS Agreement and the WIPO Internet Treaties. The lack of progress since the WIPO Internet Treaties may be partially attributable to the rapid and broad expansion of global copyright protection in the mid-1990s. In other words, copyright protection expanded so much so quickly that the following years were spent simply digesting the magnitude of the changes which had occurred in global knowledge governance systems.

In fact, the strong push for more copyright protection might, paradoxically, have contributed to a counterbalancing in the international framework. The prior expansion of copyright was among the mix of factors that put the 'Development Agenda' at the forefront of most norm-making discussions, especially at WIPO.⁶⁴ Although this new agenda is certainly not

⁶⁰ R. Coase, 'The Problem of Social Cost', *Journal of Law and Economics* 3 (1960), 1–44.

⁶¹ M. Boldrin and D. K. Levine, *Against Intellectual Monopoly* (Cambridge: Cambridge University Press, 2008).

⁶² A. Story, 'Burn Berne: Why the Leading International Copyright Convention Must Be Repealed', *Houston Law Review* 40 (2003), 763–801.

⁶³ L. Lessig, *Free Culture* (New York: Penguin, 2004), 289.

⁶⁴ J. de Beer (ed.), *Implementing the World Intellectual Property Organization's Development Agenda* (Ottawa: Wilfrid Laurier University Press, 2009).

a rejection of intellectual property, and does not preclude the introduction of new agreements expanding some kinds of rights, the practical fact of the matter is that preoccupation with it has put most new norm-making initiatives on hold in recent years.⁶⁵ In the current international intellectual-property climate, and given that orphan works are low on the priority list of 'live' topics for a treaty or other action, it is unlikely that there will be major normative breakthroughs in the foreseeable future.

Similarly, prospects for fast action on the national level in, for example, the United States and Europe remain slim. Discussions are ongoing, but there seems too little political will to make progress. The focus is instead on more divisive issues such as the role of intermediaries in enforcing copyright in digital environments, or the relationship between copyright enforcement and counterfeiting. The Anti-Counterfeiting Trade Agreement (ACTA) is illustrative of the controversial process and substance of international intellectual-property norm making, which has most recently been capturing people's attention.⁶⁶

What progress there was with norm making in the 1990s failed to solve the orphan-works issue. Indeed, the framework for digital rights management may even have exacerbated the problem by taking a counterproductive position on the role of rights management information. The WIPO Internet Treaties purport to make it easier for rights holders to exploit their works online. The theory was that banning tampering with rights management information would make rights holders more willing to digitise and disseminate their works. The unfortunate truth, however, is that too few copyright owners have taken advantage of the technological, legal and social tools to make that happen. In the absence of any initiative from some classes of rights holders, others have filled the void.

Many people distributing content online are clearly interested in free access to media and entertainment products like music and films. This is a major problem, and a difficult one to solve. Many more people, however, are interested in making innovative models of content creation and distribution that respect creators and rights holders while exploiting the exciting potential of the revolutionary technologies. These communities can be leveraged as a valuable asset in the quest to solve the problem of orphan works with rights management information.

Stakeholders' ideological differences about the merits or demerits of digital rights management (DRM) systems can be overcome by focusing

⁶⁵ Ibid.

⁶⁶ See Gervais's contribution (Chapter 13) to this volume.

on practical middle ground.⁶⁷ For example, both the 'Free/Libre Open Source Software' (FLOSS) project and the Creative Commons movement are based entirely on rights management information and end-user licence agreements. Yes, the Creative Commons *is* a DRM system. Most similar peer-production initiatives could not exist without one. A nuanced understanding of this point will help to avoid the divisive rhetoric often associated with DRM. The lesson to be learned is that consumers appreciate the need for, and are willing and able to accept aspects of, DRM strategies which are implemented fairly.

Negotiators of the WIPO Internet Treaties realised the importance of better rights management information practices in the digital era. That is why they enacted provisions that prohibit tampering with this kind of data. But the rationale for these provisions is completely backwards. Almost nobody has an incentive to make copyright-related information less reliable; almost everybody wants to make it better. Rights holders have been so paranoid about piracy that the approach overlooks the potential value that can be added by vast, collaborative communities of end-users and intermediaries. These groups do not cause rights management problems; on the contrary, they can help to solve them, and enlisting the support of the commons does not require legislative intervention. If anything, commons-based peer production requires legislative restraint to succeed.⁶⁸

Google is helping to solve the problem of incomplete or inaccurate information, for example by scanning and making available Copyright Office records. Inaccurate bibliographic, indexing and other information should be a serious concern, and Google Book Search has problems.⁶⁹ But this is something that can quite easily be remedied using the power of Google's user community. There is no good reason that Google Book Search could not create a rights management information database through crowd-sourcing – tapping into communities of collaborators to solve problems.⁷⁰ By empowering collaborative communities of users to upload, correct and update information related to the sources with which they are engaging, the orphan-works problem might gradually disappear. The only real

⁶⁷ J. de Beer, 'Legal Strategies to Profit from Peer Production', *Canadian Business Law Journal* 46 (2008), 269–291.

⁶⁸ See generally Y. Benkler, *The Wealth of Networks: How Social Production Transforms Markets and Freedom* (New Haven, CT: Yale University Press, 2006).

⁶⁹ G. Nunberg, 'Google's Book Search: A Disaster for Scholars', *The Chronicle of Higher Education*, 31 August 2009.

⁷⁰ See J. How, 'The Rise of Crowdsourcing', *Wired Magazine*, June 2006; C. Shirky, *Here Comes Everybody: The Power of Organizing Without Organizations* (New York: Penguin, 2008).

impediments to this are the WIPO Internet Treaties' prohibitions on tampering with rights management information, even if that tampering has the purpose and effect of making more and better information available.

Despite that hiccup, and while national governments dither and international diplomats dialogue, there is actually a lot that copyright stakeholders can do themselves to address the orphan-works issue. The creative exploitation of class action procedures by Google and books' copyright owners is one example. For those worried that the Google settlement disguises public policy making within private legal procedures, the Canadian 'orphan works' licensing system presents another possible way to address one of the challenges of digitisation. Ultimately, however, better rights management information practices must be at the core of any pragmatic solution to this problem. These practical governance tools are likely to be more effective, certainly in the short term and probably in the long term, than any revision of the formal norms of international copyright.

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