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ORPHAN WORKS AND GOOGLE'S GLOBAL LIBRARY
PROJECT

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INTRODUCTION

This article is about the unique connection that has emerged between copyright law's orphan works problem and the pending controversy that Google, Inc., has created with its "Google Print" project.¹ Delving more deeply into this connection can provide us with information concerning a core element of copyright law, the fair use doctrine. Moreover, the Google Print project is an important and instructive example of the orphan works problem. It is my contention that these connected doctrines present a rational policy-based argument. A policy-based solution is important because it is a solution to the Google Print lawsuit and it is distinctive from what has been offered by all parties to the Google lawsuit and the various commentators.

Recently, the Copyright Office created the Report on Orphan Works (hereinafter "Report").² This report has the potential to greatly affect the Google Print problem. Specifically, the Report was partially created in response to the pressures being put on traditional copyright law.³ This pressure comes from the ongoing digitization of nearly all forms of creative works and the need for copyright protection. The Report has focused on how emerging digital media, such as Google Print, will deal specifically with orphan works.⁴ A high-ranking official of the United States Copyright Office has recently stated that the Report's proposal for a specific legislative amendment is high on the Copyright Office's agenda as well as the agenda of the Judiciary

¹ Google is being sued over this project in two separate lawsuits by large collections of book publishers and authors. *See generally* Complaint, The Author's Guild v. Google, Inc., *filed*, No. 05-CV-8136 (S.D.N.Y. Sept. 20, 2005); Complaint, McGraw-Hill Cos. v. Google, Inc., *filed*, No. 05-CV-8881 (S.D.N.Y. Oct. 19, 2005). The plaintiffs collectively represent a big swath of the publishing industry. Thus, the Google Print lawsuits are not unlike the series of lawsuits in which major sectors of the music and film industries, as represented by the Recording Industry Association of America (RIAA) and the Motion Picture Association of America (MPAA), have brought actions against various putatively infringing companies such as Napster, Inc., and Grokster, Ltd. Nonetheless, there are fundamental differences as well, as will become apparent. The most significant difference is that the fair use defense stands a better chance in the present context than it did in those contexts.

² U.S. COPYRIGHT OFFICE, REPORT ON ORPHAN WORKS 1 (2006) [hereinafter REPORT].

³ *Id.* at 4.

⁴ *Id.* at 37.

Committee of the next Congress.⁵ Thus, the present is an ideal time to critically evaluate the proposed legislation.

The Report on Orphan Works uses the term “orphan work” to describe a situation in which, “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.”⁶ Copyright gives mini-monopolies so that people will be directly induced to create. This is because the public may benefit from these creations either through their direct consumption or through their use in the production of other creative works.⁷ With orphan works,

⁵ David Carson, Gen. Counsel of the U.S. Copyright Office, Remarks at the Copyright Office Forum in Nashville (Apr. 20, 2007) (transcript not available).

⁶ REPORT, *supra* note 2, at 1. The Report says its definition is not categorical and encourages others to proffer definitions as well. *Id.* at 34. *See also* Notice of Inquiry, 70 Fed. Reg. 3739, 3741 (Jan. 26, 2005). Elsewhere in the Report, the definition is given a slightly altered form. REPORT, *supra* note 2, at 71. The Report notes that it is not an orphan works situation if the potential user is able to communicate with the owner, even if the owner is not responsive. *Id.* at 34. It also notes that orphan works are not the same as “out of print” works, although a single work may be both. *Id.* at 34 n.68. The metaphor of an orphan is somewhat inapt. Orphan children do not have parents anywhere. If you think you have no parents but you are wrong and unbeknownst to you, you do, you will think you are an orphan but you will be wrong. Orphan works on the other hand are neither orphans, nor are they categorically so. Rather, it is almost always a question of transaction costs; if a high enough price were paid, ownership could be determined. There may be examples such as old photographs found in an unmarked box in a state historical society, however, that carry no identifying marks and for which there would appear to be no means to track down the creator due to the generic nature of the composition and lack of identifying information. Here it may indeed be the case that no amount of expenditure would allow the users to be located.

⁷ As this statement indicates, American copyright is conventionally understood to adhere to an instrumentalist logic. Rights are created, maintained, or extinguished, depending on their causal impact in promoting the goals of copyright. *See generally* Gillian K. Hatfield, *The Economics of Copyright: An Historical Perspective*, 38 COPYRIGHT L. SYMP. (ASCAP) 1 (1992). While the instrumentalist goals of copyright are often stated in abstract and formulaic terms, Landes and Posner note that a more detailed specification of these goals is more informative and accurate. They contend that is important to note that more localized or specific economic concerns merit economic analysis as well. WILLIAM M. LANDES & RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 9-10 (2003) (“Given the emphases of the existing scholarly and popular literature concerned with intellectual property, it may come as a surprise to many readers that the economic arguments that we make for intellectual property protection are not based primarily on a belief that without legal protection the incentives to create such property would be inadequate. That belief cannot be defended confidently on the basis of current knowledge. The concerns we highlight have rather to do with such things as optimal management of existing stocks of intellectual property, congestion externalities, search costs, rent seeking, and transactions [sic] costs.”). A parallel point can be made for the orphan works problem, in which the concerns are not confined to the

however, potential users, who wish to be law-abiding, lose this inducement because they are unable to locate the owners in order to secure their permission to use the work by purchasing it, licensing it, or gaining free access. Thus, the larger, indirect purpose of copyright is ill-served, as potential users will fear the risk of infringement liability and be deterred from what might otherwise be a welfare-producing use of the work. The Copyright Office puts it this way:

Even where the user has made a reasonably diligent effort to find the owner, if the owner is not found, the user faces uncertainty—she cannot determine whether or under what conditions the owner would permit use. Where the proposed use goes beyond an exemption or limitation to copyright, the user cannot reduce the risk of copyright liability for such use, because there is always a possibility, however remote, that a copyright owner could bring an infringement action after that use has begun.⁸

The Orphan Works Report was drafted by the Copyright Office at the request of Congress.⁹ In order to develop a report that took account of the perspectives of various concerned parties, the Copyright Office gathered these perspectives by taking the topic on the road, as it were, conducting roundtables in Berkeley and Washington, D.C.¹⁰ In addition to the responses received in this context, the Copyright Office also placed a notice in the *Federal Register* seeking comments.¹¹ In response to the Copyright Office's request, it received over 850 comments from a wide variety of parties.¹² In fact, the list of contributors is a virtual "who's who" list of stakeholders and non-

traditional access/incentives tradeoff but look at more localized factors in detail, such as the relative preference for opt-out versus opt-in, in relation to when Google uses unauthorized works. Whether copyright is at its core utilitarian, non-utilitarian, or a combination, is a matter of longstanding controversy. For purposes of the following analysis, I will assume it is the former.

⁸ REPORT, *supra* note 2, at 1.

⁹ *Id.*

¹⁰ *Id.* at 19. The Copyright Office's pilgrimages outside the Beltway have come to be referred to as "roadshows." *Id.*

¹¹ Notice of Inquiry, 70 Fed. Reg. 3739 (Jan. 26, 2005).

¹² REPORT, *supra* note 2, at 1. "Virtually every interest group typically involved in copyright policy debates was represented in the comments . . ." *Id.* at 17.

governmental organizations, which is a testament to the centrality of the issue of orphan works to meaningful copyright reform.¹³

Accordingly, the Copyright Office has developed a thoughtful and well-crafted response to the orphan works problem. The response addresses the concern over the lack of legal access to orphan works by potential users. Moreover, it also acknowledges that the established rights of owners need to be respected. Because the Copyright Office's proposed solution to the orphan works problem takes a middle road, it is of course open to criticism from parties on either side of the issue; at one extreme, some commentators have argued that orphan works should be in the public domain, while at the other extreme, commentators have argued that any special treatment for orphan works is contrary to fundamental principles of copyright law.¹⁴

Despite these widely divergent first-order preferences, the Copyright Office proposal may, at the end of the day, be palatable to nearly all parties as a compromise solution to a problem that is recognized by all.¹⁵ Thus, depending on one's overall view of the merits of the proposal, it may actually have a chance of becoming a reality. I will argue that the likelihood of a compromise bears an important relationship to the Google Print project and its preferable legal adjudication.

Currently, Google claims that, under the circumstances, the unauthorized uses in which it engages are fair.¹⁶ Google's main legal defense turns on an appeal to the fair use doctrine.¹⁷ The position that

¹³ The following were a few of the contributors: Creative Commons, Electronic Frontier Foundation, Public Knowledge, RIAA, MPAA, PPA, The Authors' Guild, and Google, Inc. *Id.* at 17-18.

¹⁴ *Id.* at 89.

¹⁵ *Id.* at 2 ("Thus, there is good evidence that the orphan works problem is real and warrants attention, and none of the commentators made any serious argument questioning that conclusion.").

¹⁶ See Google, Information for Publishers about the Library Project, http://books.google.com/googlebooks/publisher_library.html (last visited Nov. 13, 2007) ("The use Google makes is fully consistent with both the history of fair use under copyright law, and also all the principles underlying copyright law itself. Copyright law has always been about ensuring that authors will continue to write books and publishers continue to sell them. By making books easier to find, buy, and borrow from libraries, Google Book Search helps increase the incentives for authors to write and publishers to sell books. To achieve that goal, we need to make copies of books, but these copies are permitted under copyright law."). See also *Capitol Hill*, WASH. INTERNET DAILY, Jan. 19, 2006, <http://www.warren-news.com/internetservices.htm> ("...case law shows Google Book Search as not seeming to break copyright law in letter or spirit. ... 'The Google Book Search program plainly appears to meet the standards of the 'fair use doctrine.'") (quoting Nancie Marzulla, President of Defenders of Property Rights)).

¹⁷ Answer at 8, *McGraw-Hill Cos. v. Google, Inc.*, *filed*, No. 05-CV-8881 (S.D.N.Y. Nov. 8, 2005).

Google takes represents a major challenge to the traditional conception of fair use. Indeed, if Google is correct, and its use is deemed fair, this case could significantly broaden the scope of the fair use doctrine. Such a judicial determination would matter not only to owners of copyrights in books, but it would matter to copyright owners of all media. Thus, in addition to the book industry, other content industries have reason to be concerned about the outcome of the Google Print lawsuits, as there is no reason in principle that the other copyright-dependent industries would not fall victim to unauthorized “snippet searches” and the copying of whole texts needed to produce such snippets.¹⁸

In specific reference to the Google lawsuits, the parties want an all or nothing outcome; the plaintiffs want all of Google’s uses to be declared infringements while Google wants all its uses to be declared fair. However, there is a third option, one in which some uses are fair and others are not. Orphan works may present a logical place to draw the line between those works that should be a fair use and those works that should not.¹⁹ Despite the initial plausibility of this solution, I will reject it in favor of another one. I will argue that the Orphan Works Report provides an alternative to fair use as a solution to the problem presented by the Google Print lawsuits; namely, instead of fair use, the treatment of orphan works should be determined as suggested in the

¹⁸ The Google Print project is thus discernible from another of Google’s projects that is also of importance to copyright law—its acquisition of the popular website YouTube. Google has made audiovisual works searchable through Google Video and YouTube, which each offer whole copies of unauthorized works available to internet users (along with user-generated content). Google does not claim that the appearance of unauthorized copyrighted works on its video sites is fair use, however. Instead, Google’s defense of such large-scale unauthorized uses rests on the Digital Millennium Copyright Act’s notice and take-down provisions, under which Google is obligated to take down works once it is notified by their owners of the infringing uses. Digital Millennium Copyright Act, 17 U.S.C. § 512 (2006). Google could, however, create a search engine that would produce snippets of audio works, visual works, and audiovisual works. In the present context, Google would presumably claim fair use as opposed to protection under a DMCA safe harbor. There have been lawsuits involving searches for visual content. *See Kelly v. Arriba Soft Corp.*, 336 F.3d 811 (9th Cir. 2003); *Perfect Ten v. Google, Inc.*, 416 F. Supp. 2d 828 (C.D. Cal. 2006). In these lawsuits, full texts of the works were produced by the user searches, rather than snippets, albeit thumbnail-sized versions of the whole images. *Arriba Soft*, 336 F.3d at 815; *Perfect Ten*, 416 F. Supp. 2d at 833.

¹⁹ *See* Steven Hetcher, *The Half-Fairness of Google’s Plan to Make the World’s Collection of Books Searchable*, 13 MICH. TELECOMM. & TECH. L. REV. 1, 74-75 (2006).

Orphan Works Report, under which limitations are put on remedies for infringement when users of orphan works perform diligent searches for the owners.

We should not look to whether Google would prefer this solution. Clearly it would not, as is indicated by its arguments in the lawsuits.²⁰ The important question is, whether Google could live with the proposed orphan works legislation and yet still find it worthwhile to go ahead with the Google Print project. Of course, this implicates questions of the welfare-generating potential of Google Print and its foreseeable profitability. I will argue that, despite lawyerly protestations, there is strong reason to think that Google could live quite comfortably with the limitation on remedies approach proffered by the Copyright Office. I will further argue that such a result would be preferable from the perspective of social welfare.

Part I will briefly examine the Google Print lawsuits in order for the reader to better understand their connection to orphan works. Part II will discuss, in more detail, orphan works, the orphan works problem, and the Copyright Office's attempt to solve this problem by means of its proposal for legislative change. Finally, Part III will then attempt to answer the question as to which is the better solution to the problem for copyright presented by orphan works: that offered by the fair use alternative as advocated by Google, that offered by the Orphan Works Report, that offered by the status quo, or perhaps some alternative solution.

Discussed throughout this article are the overall implications for fair use generally. Both the Orphan Works Report and commentators have noted that the orphan works issue is independent of the issue of fair use.²¹ One of the interesting results of looking more closely at orphan works is that this claim is seen to be incorrect. While it is understandable that the Copyright Office might wish to avoid any imbroglio regarding fair use when its main concern is orphan works, nevertheless, I will argue that these issues are connected in an important manner. The connection is that one cannot normatively evaluate the fair use of orphan works apart from the availability of the remedial advantages of the proposed orphan works legislation. This is an implication of economic analysis under which all such seemingly categorical distinctions as that between fair use

²⁰ See *supra* note 16.

²¹ REPORT, *supra* note 2, at 4 ("For purposes of developing a legislative solution we have defined the 'orphan works' situation to be one where the use goes beyond any limitation or exemption to copyright, such as fair use."); *id.* at 87 ("Several commentators stated strongly that the fair use defense should not be affected in any way by an orphan works provision.").

analysis and the rules regarding remedies are instrumentally justified and thus subject to alteration when the utilitarian calculus so dictates.

I. GOOGLE'S GLOBAL SNIPPET SEARCH

A. *An Explanation of the Google Print Project*

The Google Print project represents what is surely the most comprehensive and complex fair use fact pattern the world has ever seen. First, Google plans to copy every book in the world—all sixty or so million of them.²² Second, Google makes three distinct types of unauthorized copies of owners' works.²³ Google makes whole copies of works for its database, and from these, "snippets" of text are produced in response to user search requests.²⁴ The copying of full texts is necessary in order for Google to provide its users with a search engine that will produce "snippets" of text from various sections of these books. These texts will be searched millions upon millions of times as Google Print users enter their search requests.²⁵ Finally, Google produces digital copies that it gives to libraries, presumably in return for those libraries letting Google copy their collections of books.²⁶

B. *The Copyright Implications of the Google Print Project*

Google downplays any distinction between orphan works and non-orphan works when it makes reference to the underlying works. This makes sense as drawing the distinction raises the issue of distinguishing the two types of works in terms of their appropriate

²² How Much Information? Print Media Summary, <http://www2.sims.berkeley.edu/research/projects/how-much-info/print.html#origflowworld> (last visited Oct. 26, 2007) ("The U.S. engages in the world's largest trade in printed products, producing about 40% of the world's printed material... we can also estimate the worldwide stock of books (including those out of print). The national library and copyright repository of the United States—the Library of Congress—contains about 26 million books. Therefore, the world stock of books might be approximately 65 million titles.").

²³ In a previous article, I performed an extended doctrinal examination of fair use as applied to Google's copying of books. *See* Hetcher, *supra* note 19, at 2-3.

²⁴ *Id.* at 26.

²⁵ *Id.* at 49-50.

²⁶ *Id.* at 53-55.

treatment under the fair use doctrine. In terms of litigation strategy, Google would presumably like to avoid this issue as its position is that all works used in the Google Print project are fair uses, not merely those works that are orphans. To draw attention to the distinction between orphan works and non-orphan works in terms of their disparate levels of associated transaction costs is to invite a potentially distinct policy response that tracks these disparate levels.

The reason the fair use analysis is especially complex is that each of these three distinct types of copying will likely receive its own fair use analysis. Because there appears to be no other fact pattern in the case law involving three types of copying, most salient for purposes of fair use analysis is the manner in which courts have dealt with the few cases involving two types of copying.²⁷ Applying the doctrinal four-factor test to each of the three types of copying under the facts of Google Print, one is led to the conclusion that Google's use of snippets has a strong claim to being a fair use because the uses are highly transformative and not harmful to the owners' markets, as the owners are not, and cannot, readily market snippets.²⁸ But when it comes to the fair use analysis of the whole copies for use in Google's database or the copies that are created to be given to the participating libraries, Google is likely to lose the fair use analysis because the whole copies are not transformative but rather "superseding," and there is a harm to owners' markets for licensing use of whole digital copies of their works.²⁹

As discussed *infra*, I will consider orphan works as plausible candidates for the category of works for which efficient bargaining is not possible, as by definition orphan works are works for which the creator or owner is not known. In such situations, the transaction costs of reaching a deal are not only high, but insurmountable. For non-orphan works however, the situation is fundamentally different. Google's position that it is not possible to bargain with owners will not be plausible for works owned by extant publishers or available members of the Author's Guild who are not only locatable but in the business of transacting with regard to their works. Thus, if the lawsuit is ultimately settled by a court that applies transaction cost analysis, Google will lose in its dispute with the publishers and the authors who belong to the Author's Guild, but it may prevail with respect to orphan works. The following section looks at the Orphan Works proposal currently being proffered by the Copyright Office to see if it might help in the solution to the orphan works problem.

²⁷ See, e.g., *Sega Enters. v. Accolade, Inc.*, 977 F.2d 1510, 1510 (9th Cir. 1992); *Kelly v. Arriba Soft Corp.*, 336 F.3d 811, 811 (9th Cir. 2003).

²⁸ Hetcher, *supra* note 19, at 47.

²⁹ *Id.* at 58.

II. THE ORPHAN WORKS PROPOSAL

A. *Locating the Potential Users and Owners*

The core problem of orphan works is that the works go unused despite the fact that had the owner and potential user been able to bargain, a mutually beneficial, as well as socially beneficial, use would have come about. The scope of the orphan works problem is uncertain.³⁰ There is little empirical data; however what there is suggests that the problem is probably significant in terms of the number of works that may be involved. For example, Carnegie Mellon University did a study of the feasibility of obtaining permission to digitize and provide web access for parts of its collection. It discovered that for the works in the study, twenty-two percent of the publishers could not be found.³¹ The Copyright Office explicitly states that the orphan works problem is a threat to the public interest.

Concerns have been raised that in such a situation, a productive and beneficial use of the work is forestalled—not because the copyright owner has asserted his exclusive rights in the work, or because the user and owner cannot agree on the terms of a license—but merely because the user cannot locate the owner. Many users of copyrighted works have indicated that the risk of liability for copyright infringement, however remote, is enough to prompt them not to make use of the work. Such an outcome is not in the public interest, particularly where the copyright owner is not locatable because he no longer exists or otherwise does not care to restrain the use of his work.³²

While not employing the terminology of economics, the Report is in effect characterizing the orphan works problem as, in important part, a

³⁰ REPORT, *supra* note 2, at 21.

³¹ DENISE T. COVEY, ACQUIRING COPYRIGHT PERMISSION TO DIGITIZE AND PROVIDE OPEN ACCESS TO BOOKS 13 (Digital Library Fed'n & Council on Library & Info. Res. 2005).

³² REPORT, *supra* note 2, at 1.

problem of transaction costs—namely, the cost of the potential user locating the owner or owners.

Additionally, under conventional copyright economics, creative works are modeled as possessing a public goods structure.³³ The salient feature of public goods is that consumption of the good by one person does not reduce the amount available for others to consume. Consequently, such goods have the feature that, once created, marginal copies can generally be produced at nearly zero cost. The cost of copies is very low when they are made of paper or vinyl, and may be virtually zero when the copies are digital.³⁴ The implication of this public goods structure is that social welfare will be maximized when the number of consumed copies of a work is maximized. But such maximizing uses will not occur in orphan works situations because there is no possibility for an agreement due to the inability of the owner and the potential user to interact.

B. *Conducting a Reasonably Diligent Search*

From the perspective of rights under the Copyright Act,³⁵ there are two major situations in which the orphan works problem arises. One is where the potential use is of the whole work, implicating the §106(1) right of reproduction.³⁶ The other situation arises when the work is used as a part of some larger derivative work, which implicates the §106(2)³⁷ derivative works right.³⁸ The Orphan Works Report creates what is in effect a semi-safe harbor for both types of uses, although the precise specifications of the safe harbor are different for each. If a potential user fulfills certain conditions, namely performs a “reasonably diligent search” for the owner,³⁹ and gives attribution when possible,⁴⁰ then if she uses the work and the

³³ LANDES & POSNER, *supra* note 7, at 14 (“[Intellectual property] is a “public good” in the economist’s sense that consumption of it by one person does not reduce its consumption by another. More accurately, it has public-good characteristics, for we shall show that in some circumstances propertizing intellectual property can prevent overuse or congestion in economically meaningful senses of these terms.”).

³⁴ See CHRIS ANDERSON, *THE LONG TAIL: WHY THE FUTURE OF BUSINESS IS SELLING LESS OF MORE* (2006).

³⁵ 17 U.S.C. § 106 (2006).

³⁶ A copyright owner has the exclusive rights “to reproduce the copyrighted work in copies or phonorecords.” *Id.* § 106(1).

³⁷ A copyright owner has the exclusive right “to prepare derivative works based upon the copyrighted work.” *Id.* § 106(2).

³⁸ Other copyrights pertain to either whole copies or partial copies; that is, one cannot without authorization display, distribute, perform, or digitally transmit whole copies or parts of copies. *Id.* § 106.

³⁹ REPORT, *supra* note 2, at 8.

⁴⁰ *Id.* at 10.

owner later “surfaces” or “appears,” the user will only be subject to a limited remedy.⁴¹ This remedy is more limited for transformative uses and for noncommercial uses when the user ceases use upon notice by the surfacing owner.

If a user meets his burden of demonstrating that he performed a reasonably diligent search and provided reasonable attribution to the author and copyright owner, then the recommended amendment would limit the remedies available in that infringement action in two primary ways: First, it would limit monetary relief to only *reasonable compensation* for the use, with an elimination of any monetary relief where the use was noncommercial and the user ceases the infringement expeditiously upon notice. Second, the proposal would limit the ability of the copyright owner to obtain full injunctive relief in cases where the user has transformed the orphan work into a derivative work like a motion picture or book, preserving the user’s ability to continue to exploit that derivative work. In all other cases, the court would be instructed to minimize the harm to the user that an injunction might impose, to protect the user’s interests in relying on the orphan works provision in making use of the work.⁴²

Elsewhere, the Report further specifies what constitutes “reasonable compensation” when it notes that the appropriate remedy is the amount the parties would have agreed to had they actually bargained prior to the use.⁴³ However, it is important to note that the copy is still an infringement.

C. *Allowing Owners to “Opt-Out”*

Thus, under the Orphan Works Report, if the owner, once located, does not want to bargain, she may refuse and the potential

⁴¹ *Id.* at 11.

⁴² *Id.*

⁴³ *Id.* at 116. Though the Report does not discuss it as such, this is plausibly seen as the Copyright Office’s attempt to implement Kaldor-Hicks efficiency. In the typical situation, it is the judge who decides what the Kaldor-Hicks outcome would be. This will usually involve a judge making an educated guess.

user will be out of luck. Interestingly, Google has announced that if owners object to a use of their work, Google will allow the owner to “opt-out,” that is, to inform Google that it does not approve of the use.⁴⁴ In such a circumstance, Google has stated that it will respect the author’s wishes and remove the work from its database.⁴⁵ This is odd in the sense that if the use is fair, then Google has no duty to allow the owner to opt-out. Conversely, if the use is not fair, Google has no right to copy the work in the first place. The obvious question is why would Google promise an opt-out provision when it would not be legally incumbent upon it to do so should it prevail? Presumably, Google is calculating that by demonstrating this degree of flexibility, it is showing its *bona fides* when it comes to being willing to reach a solution that is highly productive of social welfare and yet respectful of the wishes of book owners.⁴⁶

The Orphan Works Report is clear in its support for the protection of authors’ rights. It states that the hope is that the proposed rule change will lead to a regime of increased transactions between owners and potential users.⁴⁷ This claim is an important part of the Copyright Office’s argument because, if true, all parties will likely benefit from the proposed legislation.

D. Potential Economic Repercussions and Their Correlation to the Public Good

The Report also commented on economic repercussions. Concerning the economic conception, the Report found that the best indicator of welfare enhancement is a voluntary exchange, such as that which results from a market transaction.⁴⁸ Note that the requirement that all parties benefit need not be satisfied under an economic

⁴⁴ Google Book Search Help Center, <http://books.google.com/support/bin/answer.py?answer=43756&topic=9011> (last visited Nov. 14, 2007).

⁴⁵ *Id.*

⁴⁶ *But see* Pat Schroeder & Bob Barr, *Reining in Google*, WASH. TIMES, Nov. 3, 2005, at A18 (“Google’s position essentially amounts to a license to steal, so long as it returns the loot upon a formal request by their victims. This is precisely why Google’s argument has no basis in U.S. intellectual property law or jurisprudence.”).

⁴⁷ REPORT, *supra* note 2, at 97; *see also id.* at 8 (“First, any system to deal with orphan works should seek primarily to make it more likely that a user can find the relevant owner in the first instance, and negotiate a voluntary agreement over permission and payment, if appropriate, for the intended use of the work.”). The Orphan Works Report contends that it does not want the proposal to serve as a shield for those who seek to act in bad faith. *Id.* at 98.

⁴⁸ *See also* Wendy J. Gordon, *Fair Use as Market Failure: A Structural and Economic Analysis of the Betamax Case and its Predecessors*, 82 COLUM. L. REV. 1600, 1605 (1982).

account, as overall welfare may be maximized in a situation in which one party gains at another party's expense. Nevertheless, from a pragmatic perspective, it will be much easier to bring about legal change when the interests of all parties are served.⁴⁹ Accordingly, the Report's key proposal appears well constructed when viewed in a pragmatic light. If it is to be politically feasible, the document should not be a huge departure from established rights. Otherwise, politically powerful stakeholders will strongly object because they will be made to suffer a grievous harm—when judged from the status quo ante—under the proposed rule change.⁵⁰

The fact that the Report's proposal may be politically feasible should not lead theorists to shun it, as the proposal may create significant change. Most importantly, potential users will have less risk in using orphan works. Thus, they will likely use them more often. This serves a public good because these works are currently going under-utilized because potential users cannot reach the owners to contract into what would otherwise be win-win situations. In the absence of such an agreement, many potential users may be deterred from using a work, even in instances in which an owner would be unlikely to become aware of the use, or object to the use were she to become aware, or be able to garner much revenue were a transaction to occur.

As the Report notes repeatedly, in practice, many owners will never surface.⁵¹ There are a few reasons for this assertion. First, with some works, people may not even realize they have ownership, as the work, or a fractional interest in the work, may have been inherited.⁵² Alternatively, the work may be owned by a defunct company. Second, many uses will likely go unnoticed. This may be because the use is essentially private. Finally, for many works, there is a good chance that the owner will never come across the work or have the work called to her attention. Thus, there is severe under-deterrence in the

⁴⁹ In a situation in which all parties benefit or are neutral, the conditions for Pareto optimality will be satisfied and there will be no need to resort to a Kaldor-Hicks efficiency criterion.

⁵⁰ REPORT, *supra* note 2, at 8 (explaining we should expect established rights holders to feel a potential loss of rights acutely, as generally people suffer more when they lose something than they would have suffered in never gaining it in the first place); see Russell Korobkin, *The Endowment Effect and Legal Analysis*, 97 NW. U. L. REV. 1227, 1228 (2003).

⁵¹ REPORT, *supra* note 2, at 11.

⁵² *Id.* at 28.

sense that from a rational actor perspective, one is unlikely to be detected as not conforming, and even if one is, the penalty is only what one would have had to pay if one had actually bargained.

E. How Piracy Is Affected

One repercussion of this framework is that the Copyright Office is indirectly promoting piracy because it supports rule changes that will increase unauthorized uses. The term piracy is heavily loaded, however. The reality is more nuanced than that, as the proposed rule change would also change the normative complexion of these unauthorized uses. First, while still an infringement, and indeed a willful one, the unauthorized use would nevertheless be in good faith in the sense that it came subsequent to a reasonable search for the owner by the user. Moreover, the penalty for infringement would, in most cases, be dramatically less than under the present rules regime. The Report notes in passing that the amount of damages may sometimes be zero.⁵³ It is a *grundnorm* of our legal system that lower penalties, other things equal, signify less wrongful acts. By reducing penalties, then, the proposal in effect is reducing the wrongfulness of infringing on orphan works. While the creative content industries will undoubtedly continue to cry that they are the victims of piracy, from a risk-management perspective, these pirates are about as threatening as Johnny Depp. Second, from a rational choice perspective, the content industry will be less successful in threatening everyday consumers with lawsuits, as the smaller potential awards will change the calculus leading to settlements.

Thus, while ostensibly defending established copyrights, the Orphan Works Report is subtly subversive because its implementation into law would bring about more private uses. Therefore, the proposal would have the salutary effect of both promoting a market in formerly orphan works while also leading to more use of those works that remain orphans.

F. The Problem of Uniformity

One of the refrains of the Report is that different solutions may be appropriate for different categories of works. For example, different databases and different sets of best practices may vary by industry. Accordingly, the Copyright Office notes that, “[o]ur recommendation permits, and we encourage, interested parties to develop guidelines for searches in different industry sectors and for

⁵³ *Id.* at 12.

different types of works.”⁵⁴ The Report notes as well that the criteria for a reasonably diligent search will also vary according to the category of work and other factors.⁵⁵ Moreover, the Report attempts to craft a solution that aims to meaningfully address these differences. For example, it rejects the call for a government-run registry of orphan works by arguing that the private sector is better equipped to develop registries or databases that are customized to the specific challenges presented by particular categories of works.⁵⁶

The Orphan Works Report envisions a world in which there are less orphans due to mechanisms that allow owners and potential users to come together such as through these registries.⁵⁷ Nevertheless, many works will not be available in such registries. From the perspective of many potential users, this may be beneficial, as the existence of a registry presumably will, for most users, create a duty to check this database as an element in the user’s reasonably diligent search. Thus, for the myriad works that are not put in such registries, the potential user may plausibly claim to have conducted a reasonably diligent search, based on evidence that the registry was fruitlessly searched.

Once again, the practical effect overall is to make uses of orphan works have a lower risk. This is a key point that must be kept in mind. Accordingly, a new option is added for putative users of orphan works, who can either hope for fair use or alternatively perform a reasonably diligent search in order to fall within the orphan works safe harbor. The latter option will undoubtedly be more attractive to some creators, as it will provide them with more certainty of outcome than will a claim to fair use—which is often seen as notoriously open-ended and uncertain in its outcome. Indeed, due to this uncertainty, some commentators contend that fair use is an inadequate option for unauthorized users of works. Lessig makes this

⁵⁴ *Id.* at 10.

⁵⁵ *Id.* at 9 (“It is not possible at this stage to craft a standard that can be specific to all or even many of these circumstances. Moreover, the resources, techniques and technologies used to investigate the status of a work also differ among industry sectors and change over time, making it hard to specify the steps a user must take with any particularity.”).

⁵⁶ *Id.* at 74-75.

⁵⁷ *Id.* at 74 (“Although most commentators agreed that a mandatory owner registry would violate Berne and would in general be ill-advised, many commentators expressed support for the creation of some sort of *voluntary* owner registry.”) (emphasis in original).

point forcefully.⁵⁸ As Lessig argues, the point is not academic as the unpredictability of the fair use analysis shows up in the marketplace. Lessig gives the example of documentary filmmakers who are hamstrung in their unauthorized uses of orphan works, even though these uses are likely fair uses, due to the fact that potential programmers of such works require the works to be insured. Specifically, insurers are typically unwilling to take the risk of insuring works that contain unauthorized uses, despite the fact that these uses are in all likelihood fair uses, due to the risk aversion of the insurers.⁵⁹ Thus, while theoretically fair use may provide protection to fair users, in practice it does not uniformly do so.

I share Lessig's concern with the unpredictability of fair use but draw a different lesson than does Lessig, who argues for a number of measures to shrink copyrights in order to reduce reliance on fair use.⁶⁰ There is another option to avoid the uncertainty of fair use analysis, which is to create safe harbors that potential users of creative works may sail into if they are willing to perform the requisite due diligence as set out in the Orphan Works Report. For example, the type of problem envisioned with Lessig's example of the documentary filmmaker is improved upon under the Orphan Works Report, as the filmmaker can do a reasonably diligent search and then use the work if the search is unsuccessful. However, if the search is successful the filmmaker can attempt to bargain for the use.

G. *The Orphan Works Report and Its Emphasis on Public Entities*

One of the striking features of the Orphan Works Report is that it says relatively little about uses of orphan works by private individuals. The focus is instead on use by public entities, particularly not-for-profit entities such as museums and archives. From a policy perspective, this makes perfect sense as these types of entities are of special concern to copyright law.⁶¹ Yet, this focus is nevertheless striking as most policy proposals to bring copyright law up to speed with the digital revolution have been concerned with the main categories of mass consumer content, such as music, film, software and computer games, or the rights or welfare of private individual users.

⁵⁸ LAWRENCE LESSIG, *FREE CULTURE* 95-99, 186-87, 292 (2004).

⁵⁹ *Id.* at 98.

⁶⁰ *Id.* at 292-93 (arguing for five-year renewable copyright terms with a seventy-five-year maximum).

⁶¹ *See generally* REPORT, *supra* note 2.

However, equitable situations are different for private actors and public entities such as museums and archives. Private individuals generally are ignorant of the law, and, typically, copying will be limited to a small number of instances. For museums and archives, however, the situation is often dramatically different, as they may hold large numbers of orphan works. In some of the instances discussed in the Report, hundreds or thousands of works are at issue.⁶² Public entities are in a better position to know the law. Accordingly, they can be expected to respond more readily to the changed incentives introduced by altered legal and regulatory regimes. The stakes will be dramatically higher for public entities, due to the potential liability for a large number of works.⁶³

Additionally, the public nature of these institutions makes it less likely that unauthorized uses will go unnoticed. These public, not-for-profit entities also have some characteristic features that often create difficult orphan works situations. For example, such institutions often contain large collections of family photographs or letters for which tracking down current ownership may be nearly impossible. These types of items appear to fall into a category referred to in the Orphan Works Report as “ephemera.”⁶⁴ These works are often technically copyright-protected, despite the fact that they are not works that are consciously owned or subject to attempted exploitation. Nevertheless, archives and museums are uneasy about using these works; this hesitancy may be prudent as an owner might surface and sue for infringement.⁶⁵

⁶² *Id.* at 25 n.32 (citation omitted) (describing one library at Cornell University with a collection of “over 350,000 unpublished photographs... [y]et only 1% of the photographs have any indication as to who created the photograph”); *id.* at 117 (“[M]useum representatives explained that they would like to use hundreds or even thousands of orphan works in their collections”).

⁶³ Google could be potentially liable for the infringement of more works than even these major cultural institutions. In addition, because Google is a commercial entity, the requirements for getting into the safe harbor will be more onerous.

⁶⁴ REPORT, *supra* note 2, at 24.

⁶⁵ The Report acknowledges that users may take what they consider to be “acceptable risks” when ownership is unknown. *Id.* at 26 (“In spite of this uncertainty, however, users occasionally exploit works having indeterminate ownership. This typically occurs only when the user perceives an acceptable risk based on the facts surrounding the work and the use at issue, and almost always after the user has performed some degree of due diligence in attempting to locate copyright owner based on the limited contextual information available.”).

The notion of ephemera is a little discussed concept in traditional copyright law. The Orphan Works Report does not define the concept but instead provides examples.⁶⁶ Ephemera may have features of particular interest, as they are often created by artists and writers who are not seeking monetary gain. Accordingly, a rule change that provides less compensation in cases of infringement will not reduce the incentive to create such works. It was famously said that only a blockhead would write for free.⁶⁷ Millions of people, however, do precisely that. The most widely heralded contemporary examples are blogs and other user-generated content, such as short video clips posted on popular websites like YouTube and MySpace. Although it has always been true that people have created things for free, it has not always been the case that the product of such creativity was granted a federal copyright. This changed with the passage of the 1976 Copyright Act, which granted copyright protection upon fixation rather than publication. This legislative change, along with the development of the Internet, has dramatically increased the number of copyright-protected ephemera. In an online world, the cost of publishing one's writing has been reduced to practically nothing. As economics would predict, a lower cost of publication has increased the number of publications.⁶⁸

Ephemera may play an important role in the production of knowledge. Copyright discussion often focuses on the creative aspects of works. But, for museums and archives of certain sorts, it is often not the artfulness or originality of the works, per se, that gives them their value. For example, photographs and letters from World War II are of value because of what they can teach us about the underlying events, rather than their aesthetic qualities. Nevertheless, under copyright law these works are protected because the law has a low bar for what is copyrightable. A low bar may make sense, all things considered, but it still does not maximize welfare locally with regard to ephemera. It will often be the case that the owners of ephemera do not even know they are owners. For example, say a World War II veteran dies and his children donate his war photos to the state historical society. Unless they are lawyers, the children will not

⁶⁶ *Id.* at 26 (“such as postcards, brochures, and pamphlets”).

⁶⁷ JOHN BARTLETT, *BARTLETT'S FAMILIAR QUOTATIONS* 328 (Justin Kaplan ed., 17th ed. 2002).

⁶⁸ People write for free online at a scale that has generally been a surprise to commentators. *See generally* YOCHAI BENKLER, *THE WEALTH OF NETWORKS: HOW SOCIAL PRODUCTION TRANSFORMS MARKETS AND FREEDOM* (2006). One would, of course, need to elaborate on the notion of what it means to write for free in a world in which some write for non-pecuniary, but nevertheless real, benefits, such as reputational enhancement or improved job prospects. *See* ANDERSON, *supra* note 34.

realize that, when they gave the physical work away, unless acting explicitly to the contrary, they nevertheless retained the copyright in the work. If, years later, the archive wanted to use some of these works in an exhibit, it would need to secure permission to display these works or to reproduce any of them, say for a catalogue, promotional materials, or even for postcards in the institution's gift shop.

Here the worth of the works may be negligible in terms of market value. The public would likely lose out on the products of hard to reach owners because of the excessive damages a presenter may face.⁶⁹ If authorization is required, most of these works would never be used. This example demonstrates how distorted the copyright policy discussion becomes when it focuses so heavily on unauthorized copying of works created and promulgated for commercial purposes.

The goal then is to create one set of copyright rules that will efficiently protect explicitly commercial works, but not overprotect ephemeral works. This means that copyright law must contain a rule that allows for a distinction between these two types of works. The traditional means used by copyright law to draw this distinction is the "fair use" doctrine. Indeed, it is likely that courts would be much more likely to find uses of orphan works to be fair than non-orphan works, under an application of factor one of the fair use four-factor test, which looks to the purpose and character of the use.⁷⁰ The complaint against the fair use test, however, is not that it might not work in principle to protect unauthorized uses of orphan works, but that this outcome is sufficiently uncertain so that many parties are unwilling to take the risk. In particular, museums and archives claim that fair use is too shaky of a ground upon which to base their potentially large and very public uses of orphan works.⁷¹ An important argument in favor of the Orphan Works Report, then, is that it will provide greater certainty, which will have the effect of promoting increased use of orphan works.

An interesting feature of the Orphan Works Report is that while it is a distinct proposal for dealing with orphan works other than how they would be dealt with under the fair use doctrine, and while

⁶⁹ REPORT, *supra* note 2, at 12 ("A vast majority of commenters in this proceeding agreed that the prospect of a large monetary award from an infringement claim, such as an award of statutory damages or attorneys' fees, was a substantial deterrent...").

⁷⁰ 17 U.S.C. § 107 (2006).

⁷¹ REPORT, *supra* note 2, at 50.

the Orphan Works Report explicitly attempts to decouple its role with regard to orphan works from that of fair use, nevertheless, the Report incorporates parallel elements to those contained in fair use analysis, either explicitly or implicitly. Three of the most important factors in fair use analysis are the consideration of superseding versus transformative uses, commercial versus non-commercial uses, and creative versus factual uses. Each of these features of fair use analysis is touched upon in the Report, but within an orphan works rubric. Specifically, the Report echoes the fair use doctrine by giving favored treatment to transformative uses. Transformative works are given special treatment with regard to injunctive remedies and the reliance principle.⁷² The proposal would limit the ability of the copyright owner to obtain full injunctive relief in cases where the user has transformed the orphan work into a derivative work like a motion picture or book, preserving the user's ability to continue to exploit that derivative work.⁷³ This is of great practical importance because it is a great disincentive to use orphan works when an owner may later surface and be able to delay a large project, such as a motion picture, simply because it contained some small element from a work whose owner could not be readily determined at the time of initial use. Rather than take this chance, many creators of transformative works will simply forego the use of the orphan work. The effect will be that the quality of the transformative work will suffer, to the detriment of all. Under the orphan works proposal, as long as the creator of the transformative work takes sufficient care to locate the owner before using the work, she will not have to fear that the owner of the orphan work may later surface and hold up the release of the transformative work, seek statutory damages, or seek to extract rents from the release of the work which are out of proportion with the value of the orphan work in relation to the larger transformative work.⁷⁴ In other words, the Report allows creators of transformative works to rely on the fact that they diligently searched for the owner and can move forward with creating new transformative works.

The second fair use-esque principle incorporated into the Orphan Works proposal is to provide a safe harbor for non-commercial works.⁷⁵ The stated reason is that when the use of an orphan work is of a commercial nature, the budget will be able to accommodate a more thorough search for the owner of an orphan work;⁷⁶ thus, the hurdle that the unauthorized user must overcome in

⁷² *Id.* at 55-56.

⁷³ *Id.* at 11.

⁷⁴ *Id.* at 98.

⁷⁵ *Id.* at 107.

⁷⁶ *Id.* at 37.

order to successfully perform a reasonably diligent search and, accordingly, fall within the safe harbor provision will be more difficult to overcome. This parallels the treatment of unauthorized works under the first factor of the fair use test, in which courts are less likely to find commercial uses to be fair uses.

The Orphan Works Report says little to distinguish creative works from more factually based ones. Presumably the distinction would count for something here as well. What is typically said in a fair use context is that factual works receive “thin” protection.⁷⁷ Thus, a court is more likely to find fair use where such works are concerned. Conventional normative logic would seem to call for this principle to be generalized apart from a fair use context as the background First Amendment concerns that animate the distinction in the fair use context do not disappear once fair use is no longer an issue. In other words, works of a factual nature are perhaps less deserving of preferential treatment in an orphan works context as well as in the context of factor two analysis under the fair use test. How this could be operationalized in the orphan works context is that the requirement for a reasonably diligent search would be less stringent when the work is more factual in nature. This intuitively seems right as it, for example, would require less searching prior to the use of a casually-taken photograph by an everyday camera user as compared to the use of an artistic photograph taken by an established professional photographer such as Ansel Adams. The former is more factual and the latter is more aesthetic.

The Orphan Works Report says little about the commercial use consideration, but what it does say is important.⁷⁸ Specifically, commercial uses may be open to the safe harbor afforded by the proposed orphan works legislation. Some commentators had sought to restrict the treatment to non-commercial uses. In particular, the not-for-profit libraries and archives fought for a rule that would have sharply divided commercial from non-commercial entities. This suggestion was not unreasonable in light of the fact that the brunt of copyright owners’ objections to unauthorized uses is largely aimed at for-profit uses of their works. Such commercial uses, if permitted

⁷⁷ Feist Publ’ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 349 (1991).

⁷⁸ In fact, the Report’s treatment of the issue is brief to the point that one of the few commentators on the topic thus far appears to have misread the Report on the issue. Simon Teng, *The Orphan Works Dilemma and Museums: An Uncomfortable Straitjacket*, 2 J. INTELL. PROP. L. & PRAC. 30, 37 (2007).

under a permissive orphan works rule, would be likely to overshadow the amount of uses by museums, archives, and the like. Currently, there are a relatively small number of such institutions, and they must receive outside funding in order to operate. By contrast, if orphan works could be incorporated into for-profit business models, it would be reasonable to predict a growth in such uses until market equilibrium is reached where all economically viable free uses of such works have been exploited. Thus, less restrictive commercial use poses a much greater threat to owners of orphan works.

Nevertheless, the Report failed to draw a hard and fast distinction between commercial and non-commercial uses of orphan works. This is an important victory for commercial users of orphan works such as Google. Another reason for the not-for-profits to fight for separate treatment is that they arguably have a better case within copyright tradition for claiming special treatment. Libraries get special treatment under § 108 of the Copyright Act.⁷⁹ It is reasonable for museums and archives to argue that they are like libraries in that their mission is not to make money but to promote knowledge by serving as cultural repositories. It is of interest, then, that the Copyright Office resisted this invitation to draw a bright line rule in favor of a more nuanced approach in which the commercial/non-commercial distinction is relevant but not dispositive. This can be seen as tracking the approach developed in recent case law with respect to fair use, where the trend has been away from making commercial use a determining factor.⁸⁰

III. THE POLICY IMPLICATION OF THE ORPHAN WORKS PROPSAL FOR THE GOOGLE PRINT PROJECT

In this Part, I will look at the Google Print project from within a normative economic framework. The key issue is whether the Google Print project should be found to be fair use in order to best promote social welfare, even when the cost of upsetting the status quo rights distribution is taken into account. It is best to begin this third and final Part by summarizing the manner in which it ties together the previous discussion. Part I concluded that if a court is to apply black-letter law, it will most likely reject Google's fair use argument. Part II

⁷⁹ 17 U.S.C. § 108 (2006).

⁸⁰ The *Sony* court had placed greater emphasis on the test of commercial use. See *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 449 n.32 (1984). The *Campbell* court, however, de-emphasized commercial use as dispositive in favor of giving greater importance to the consideration of whether the use was transformative. See *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578-79 (1994).

examined the Copyright Office's Orphan Works Report and the problem in copyright law that the Report is meant to remedy. At first blush, the connection between these topics would appear slight. One reason for thinking this is that the Copyright Office told us so. As noted earlier, the Copyright Office mentions this disconnect a few times in the Report.⁸¹ Indeed it is understandable that the Copyright Office would wish to leave this thorny topic outside of discussion. This is because, for the "copyleft," there is a general understanding that the fair use doctrine is shrinking as a result of new digital rights media. The Copyright Office is understandably defensive regarding even a perceived diminution in fair use rights or privileges.⁸²

Against this background, the Copyright Office may not want to appear to be borrowing from Peter to pay Paul when it comes to the impact of its actions on fair use. Nonetheless, despite this presumed goal of the Copyright Office, I will argue that, starting from economic assumptions, the topics are necessarily connected—due simply to the instrumentalist logic of the economic approach. The complete extent of the connection, however, has yet to be explored.

A. *The Economic Argument for the Google Print Project as Fair Use*

On the economic model, fair use is a function of transaction costs in the sense that when these costs are high enough to create a market failure, the conventional account fair use will be justified to solve the market failure.⁸³ An implication of the instrumentalism of the economic model is that any factor that may have a material impact on the particular market failure becomes relevant to the fair use calculus regardless of whether it fits neatly into the traditional four-factor analysis, or for that matter, whether it fits into the traditionally stated *desiderata* of copyright law—to promote the arts and sciences.⁸⁴

One possible response to this is that it unreasonably relies on the prospect of a court being willing to delay its proceedings due to the

⁸¹ See generally REPORT, *supra* note 2.

⁸² MARJORIE HEINS, THE PROGRESS OF SCIENCE AND USEFUL ARTS: WHY COPYRIGHT TODAY THREATENS INTELLECTUAL FREEDOM, (Free Expression Policy Project 2003), <http://www.fepproject.org/policyreports/copyright2d.pdf> (discussing *Universal City Studios v. Corley*, 273 F.3d 429 (2d Cir. 2001)).

⁸³ Gordon, *supra* note 48.

⁸⁴ U.S. CONST. art. I, § 8, cl. 8.

mere possibility of new legislation. In the present context, this potentially materially relevant factor is the change in remedies proffered by the Copyright Office in the Orphan Works Report. Moreover, the positive impact on social welfare that the Google Print project may have, in comparison to a finding of fair use, should also be contrasted with an orphan works-related solution. But this is incorrect as it would be an implication of the economic approach that if some potentially materially significant hypothetical outcome is not a certainty but a possibility, then this possibility would simply need to be “discounted” in the probability sense of the term.

In the present case, the result after such discounting appears to leave a materially significant economic reason to take an interest in the Google Print program. The Copyright Office notes that the Orphan Works proposal is high on the legislative agenda of Congress.⁸⁵ Given the amount of vetting and process the Orphan Works Report has already gone through, and the fact that the Report was initiated by Congress, legislative action appears likely. Contributing toward this possibility is the fact that the legislation may be broadly characterized as pro-copyleft, yet not in a manner that is likely to cause the copyright industry lobby to be adamantly opposed. The reason is that corporate interests appear generally protected and perhaps enhanced in certain ways by the Orphan Works Report.⁸⁶

A related though distinct response is that the fair use test simply does not take account of factors outside of the usual purview of common law adjudication of the four-factor test. This is specifically

⁸⁵ See REPORT, *supra* note 2, at 17 (noting that the Judiciary Committee asked the Copyright Office to investigate the orphan works problem).

⁸⁶ See, e.g., *id.* at 97 (“[a]n owner might ignore a permission request for many legitimate reasons and in many situations... a large corporate owner might receive thousands of such requests and it would be unduly burdensome to respond to all of them...”); *id.* at 106 (describing how a diligent search includes efforts to locate those involved in the creation of the work other than the legal owner, such as the director of a film if the production company is no longer in business); *id.* at 117 (stating that corporate copyright owners generally favor reasonable compensation for relief and then discussing this as the correct solution). In fact, from a normative overview perspective, it may be a success of the proposal that it serves to better differentiate treatment of big budget works and thus works whose creation is hugely subject to incentives, from small, incidental, ephemeral works, that are not induced by, and whose production would not be significantly altered by, a change in incentives. The Report refers to “enthusiast uses” that are of limited interest to the general public. *Id.* at 38. Not only are these works not commercial, but it appears to matter to the Copyright Office that the uses are undertaken in “honor” or “celebration” of the original creator. *Id.* at 39. It is this sort of work that should come most easily within the orphan works safe harbor as opposed to the large-scale, commercially-oriented works that the copyright industry is most interested in protecting through its lobbying efforts.

relevant when the activity is one which would occur in a distinct branch of government. While this response might be open to a doctrinal formalist, or for that matter those with a variety of normative views, it is not open to the practitioner of economic analysis. To think otherwise would be, at the end of the day, to commit oneself to some form of rule utilitarianism over act utilitarianism.⁸⁷ It would certainly not be heretical to do so, as rule utilitarianism is in some of its many forms colorable at the least. Nevertheless, act utilitarianism is widely and reasonably considered the stronger position.⁸⁸ If one takes a position that implicitly relies on a dubious premise, such as undergirds rule utilitarianism, one should at best establish it, but at the least acknowledge the assumption. Under the more plausible act utilitarian version of economic analysis, it is simply not possible for this analysis to cut off material factors simply because they happen to bring into play another branch of government or one of its administrative arms.

At the end of the day, the economic approach is about the choice between alternative forms of regulation in order to produce the best social order as understood in utilitarian terms. Any rule dividing up sub-areas of law or commerce for optimization is a rule of thumb subject to override when the test of social welfare so dictates.

If the Orphan Works Report becomes law, over time both institutional and informal arrangements would shift such that there might plausibly be a positive impact on rates of market failure in the orphan works context. This should not be surprising given that the Report makes clear, explicitly and implicitly in a variety of remarks that its goal is to promote more transactions and less orphans. Less orphans means less market failure and more market transactions which in turn mean more liquid markets and, thus, more efficient resource allocation.

Whether this result comes by way of judicial decision-making or via a change in statutory rules regarding remedies should be a matter of agnosticism; the ends justify the means. Grasping this conceptual point does not bring us any nearer, however, to answering the all important substantive question as to whether the orphan works alternative is, in fact, more likely to be welfare-maximizing than is the fair use alternative. Thus, the larger question is elevated to whether the impact of the Orphan Works Report, were it to become enacted into law, would be superior to a fair use finding on the part of a court.

⁸⁷ RUSSELL HARDIN, MORALITY WITHIN THE LIMITS OF REASON 14-17 (1988).

⁸⁸ *Id.* at 16-17.

Either way, Google can argue that, even beginning from an act utilitarian premise, there is strong reason to believe its fair use argument. If successful, Google would argue that the result would be more welfare-maximizing under its approach. Google can argue that a formalistic application of the fair use test does not capture the deeper structure of fair use analysis for two of the three types of copying necessary for the Google Print project and therefore for the project as a whole.

Some commentators have referred to a fifth factor; that the test should seek to maximize social welfare, even if this means rejecting a doctrinal application of the four-factor test.⁸⁹ In their view, the four-factor test must be viewed as a *prima facie* analysis—a sort of rule-of-thumb approach to promoting welfare. The main idea is that while in the general run of cases the four-factor test will tend to promote social welfare; it cannot be expected to always do so. Conversely, act utilitarians should be particularly interested in those situations in which it is unlikely to do so.

Indeed, an aspect of indirect utilitarian analysis is that it may make sense for certain institutional actors to follow the rules, while simultaneously making sense for other actors to be in a position to abrogate them in the name of a more direct approach to welfare maximization. In the well-known example provided long ago by John Rawls, we may not want the police to abrogate procedural rules in the name of maximizing welfare in individual instances, yet we may be more comfortable with judges or prosecutors exercising a greater degree of discretion in administering justice in order to promote welfare.⁹⁰ Similarly, it might be sensible to argue that trial courts should not seek to abrogate the established fair use doctrine in an attempt to maximize welfare in individual instances. However, it is plausible for Google to argue that this role is, at the very least, properly suited for appellate courts both in terms of the impact of Google Print and in terms of the important precedent that is likely to be set.⁹¹

Google will likely contend that the dispositive question is whether it can establish that social welfare would be increased in a

⁸⁹ Glynn S. Lunney, Jr., *Fair Use and Market Failure: Sony Revisited*, 82 B.U. L. REV. 975, 998-99 (2002).

⁹⁰ John Rawls, *Two Concepts of Rules*, 64 PHIL. REV. 3, 11 (1955).

⁹¹ See Schroeder & Barr, *supra* note 46, at A18 (“[a]uthors may be the first targets in Google’s drive to make the intellectual property of others a cost-free inventory for delivery of its ad content, but we will hardly be the last. Media companies, engineering firms, software designers, architects, scientists, manufacturers, entertainers and professional services firms all produce products that could easily be considered for ‘fair use’ by Google.”).

world with Google Print in comparison to a world without Google Print. In addition, Google can argue that just as the distinction between distinct branches of government is irrelevant to utilitarian analysis, so too is the distinction between the three distinct uses of plaintiffs' works arbitrary from the perspective of act utilitarian analysis. The proper utilitarian test would consider the overall welfare effects and, thus, consider the welfare implications of the three uses taken together. Google will argue that this is the real meaning of the trend toward the increased importance given toward the consideration of transformative uses in recent case law.⁹²

Google can make a solid case that its snippet search engine is an engine of social welfare. It is little exaggeration to say that for any Internet user to have the ability to do electronic searches of all books for free is a revolutionary advance in making the tools of learning available that makes the Dewey decimal system look quaint by comparison. Perhaps Google's best argument for why Google Print will promote social welfare stems from the fact that universal snippet searching is not a service that would be provided by any of the individual contributing libraries because no library has all the books that will go into the Google database. There is an undeniable efficiency in users having the ability to perform searches through all books at one site rather than having to go to separate sites to perform searches.

Additionally, it is Google's ability to create premier search algorithms that sets it apart from the other major search engines, despite the fact that competing search engines are operated by companies with great technical expertise and financial resources. (*i.e.*, Microsoft, Yahoo, and AOL). Google's website search engine is widely regarded as providing the most useful search results. Accordingly, it is reasonable to think that it would be in the best position to construct the best search engine for book snippets as well. These other online giants have also made steps toward constructing book search engines. However, what distinguishes Google's efforts is that these other companies are creating search engines that will search books that are in the public domain or for which authorization has

⁹² See, *e.g.*, *Blanch v. Koons*, 467 F.3d 244 (2d Cir. 2006); *Bill Graham Archives v. Dorling Kindersley Ltd.*, 448 F.3d 605 (2d Cir. 2006). Courts are increasingly finding that the other factors of the test are to be judged in light of the overriding factor of transformative use.

been given.⁹³ The reason for placing this self-imposed restriction on the search domain is obvious—it is to avoid the potentially huge legal liability were the unauthorized copying necessary to compile a complete database of books found to be in violation of copyright law. By contrast, Google is evidently willing to take the substantial gamble that it will be able to prevail in its lawsuit and thus not be deterred in its effort to construct the most comprehensive database. If successful, the public will be the beneficiary because users will have access to the most complete database. However, if Google is unsuccessful, the public will be worse off in not having the database available and Google will be subject to potentially crippling legal liability. Thus, one can view Google's very risky legal strategy of continuing to copy books while the lawsuit proceeds through the courts as heroic in terms of the level of risks it is willing to assume.

Beyond Google's lack of risk aversion, it may be the only entity capable of completing such a task. It is unlikely that an underfunded library or governmental entity, such as the Library of Congress, could create anything comparable to the comprehensive database contemplated by Google. Presumably, the Copyright Office would agree; it cites monetary considerations as one of the reasons for rejecting the suggestion that it take upon itself the task of constructing and maintaining a database of copyrighted works.⁹⁴ If the Copyright Office sees itself as not being the most efficient provider of a simple registry of copyright protected works, clearly it would not see itself as in the best position to take on a task that would be exponentially more complex and expensive—maintaining not a simple registry but a searchable database of the digital contents of millions of works. Note that it is not only the construction of the database itself that would be expensive, but also the development and constant improvement of the search algorithm.

In addition to cost, a government-run algorithm may also raise First Amendment concerns. The construction of search algorithms is a complex process that could easily raise censorship concerns. This is significant because there is no such thing as a neutral search; choices must be made that will determine the search results.⁹⁵ Furthermore, with all due respect to music, movies, and the entertainment industry generally, the sorts of works of great learning copied into the Google Print project database are at least as close to the core of what copyright

⁹³ Elinor Mills, *Yahoo to Digitize Public Domain Books*, CNET NEWS, Oct. 2, 2005, http://www.news.com/Yahoo-to-digitize-public-domain-books/2100-1038_3-5887374.html. See also The Open Library, <http://www.openlibrary.org/> (last visited Oct. 27, 2007).

⁹⁴ REPORT, *supra* note 2, at 105.

⁹⁵ See BENKLER, *supra* note 68, at 75-80.

law is about—promotion of science and the arts.⁹⁶ Thus, Google can argue that not only will it provide access to the most complete set of texts, but also that these are texts of a sort that is of particular importance to copyright law.

Another utilitarian argument colorably offered by Google is that its project will not harm the established markets of copyright owners. This is because unlike the situation in the file-sharing cases involving copying of CDs and DVDs, where the market for the originals was superseded by the unauthorized copies, Google does not sell whole copies of the books. Indeed such a system may help owners because they cannot sell snippet results. Indeed, Google can plausibly claim that book sales will be enhanced by searchers becoming aware of the existence and relevance of new works, due to learning about them by means of snippet searches.⁹⁷

In addition, Google will point out that because it is willing to allow authors who do not want to participate to opt-out, it is providing the most efficient mechanism to promote the interests of the vast majority of parties. In short, it is a transaction cost issue, and the more people who participate in the project will result in a lower transaction cost. A high level of participation means that less transaction costs would be needed to get to the welfare-maximizing outcome.⁹⁸

⁹⁶ U.S. CONST. art. I, § 8, cl. 8. While the can of worms opened here cannot be adequately explored in the present context, entertainment per se is no longer slighted in the case law as it once was; nevertheless, libraries and serious scholarship are at the least first among equals, as embodied in § 108 of the Copyright Act, which gives libraries special use privileges. *See* 17 U.S.C. § 108 (2006).

⁹⁷ *See* Hetcher, *supra* note 19, at 45.

⁹⁸ *See, e.g.*, LANDES & POSNER, *supra* note 7, at 12-13 (“[r]educing transaction costs is the very *raison d’être* of property rights...”). One might initially speculate that digital technology would materially reduce transaction costs and the so-called orphan works problem by making information more available. Search technology in particular should be able to help make this information searchable. There is irony, then, in the fact that Google, the leader in online search, the company that holds the grand ambition to make all of the world’s information accessible, should base its argument for fair use on the claim that the company should have the works for free in part because ownership information is unavailable. Google opens itself to the embarrassing rejoinder that if it wants to collect the world’s information, it should begin with information on the ownership of those works it copies without permission. This glib remark packs rhetorical punch but in the end is unfair because issues of ownership of copyrights will often be complex and contested, just as may be the case for a parcel of real estate. What is true is that when Google talks about making all of the world’s information available, it may implicitly be wedded to a simplistic conception of information. Legal claims of various sorts, may often be

Conversely, given the millions of works at issue and the difficulty of locating the owners of all these works to obtain rights, Google can argue that requiring explicit permission would, in practical terms, bar the project from ever existing. Google compares the situation to that of opt-out versus opt-in with regard to its search engine for websites.⁹⁹ Contrary to popular understanding, when a person performs a typical Google search, she is not searching the Internet but rather searching a vast Google database consisting of copies of the millions of websites found on the Internet.¹⁰⁰ Importantly, however, this database does not contain the sites whose owners have requested that Google not use its spiders to find and copy these sites. In other words, Google allows website owners to opt-out from having their websites included in Google's database. Google argues that it has determined through experience that the vast majority of website owners prefer to have their websites included in Google's database and therefore these websites do not avail themselves of the opportunity to opt out. Thus, the opt-out method is more efficient than the opt-in, since this means that fewer users need to take action to achieve their desired outcome. Moreover, Google claims that a parallel argument pertains to books; because most book owners would want their books available on Google Print, it reduces transaction costs if those owners who do not want their books included in the database opt out.

The response of copyright owners will be that this shifting in presumption turns copyright upside down. From the perspective of economic analysis, however, this response is without merit. For utilitarians, rights are justified instrumentally.¹⁰¹ In other words, rights are only worth protecting so long as they promote welfare. If turning traditional protections on their head will serve to promote social welfare, then this is precisely what will be called for by an economic analysis.

From the economic perspective, at the end of the day, all plaintiffs in the Google case have are their established rights, which they plausibly see as being turned upside down. However, these are not inalienable human rights, but rather instrumentalist rights that are a

essentially contested and thus not machine searchable. See REPORT, *supra* note 2, at 73 (“[a]nother supporter of the formal approach [Google] stated that searches should be clear enough, and simple enough, for a computer to perform, because one of the major obstacles to the use of orphan works is the labor-intensive nature of manual searches.”).

⁹⁹ Field v. Google, Inc., 412 F. Supp. 2d 1106, 1112–13, 1116, 1122 (D. Nev. 2006).

¹⁰⁰ JOHN BATTELLE, THE SEARCH: HOW GOOGLE AND ITS RIVALS REWROTE THE RULES OF BUSINESS AND TRANSFORMED OUR CULTURE 21–23 (2005).

¹⁰¹ See generally JOHN STUART MILL, *Utilitarianism*, in UTILITARIANISM, LIBERTY & REPRESENTATIVE GOVERNMENT (1914).

means to an end.¹⁰² Google's overall argument then, seen in its most favorable light, is that while, as a general rule, the four-factor test is welfare-promoting, this will not always be the case, and there is good reason for thinking that the Google Print project is just such an exception to the rule. In other words, the so-called fifth factor supports Google in the fair use analysis. Black-letter law may indeed often serve as a guide to welfare maximization, but unless we are to be rule worshippers, we must be ready to abandon established rules when required by the *desiderata* of social welfare maximization.

For the above reasons, Google can plausibly argue that the Google Print project will likely promote social welfare in comparison to a world without it.

B. Solving Google's Orphan Works Problem Through a Change in Remedy

The comparison usually done by Google, and its defenders, is between the world without Google Print and the world with Google Print. From this starting point, it is plausible to argue to that, all things considered, the general public would be better off in a world with Google Print than in a world without it because of the overwhelming amount of utility that it would provide. But this conclusion is not complete and does not sufficiently set the standard with which we should analyze the difference. Instead, the proper comparison is between Google Print and a functional equivalent that has the benefits of Google Print but that avoids the unpredictable consequences which may follow from dramatically expanding the scope of the fair use doctrine.

Even under this standard it is appropriate to apply a transaction cost analysis. However, whereas in the previous Part it was applied to fair use, here it can be applied to a compelling alternative to fair use. This would be a situation where works with a high transaction cost may enter the orphan works safe harbor. Here, works with a high transaction cost would avoid the more onerous remedies, such as statutory damages, otherwise available to successful plaintiffs in copyright infringement suits. The key question, then, becomes whether treating infringement of orphan works to a less serious remedy may be equally or more efficient in promoting the use of

¹⁰² It goes without saying that to say that copyrights are instrumental is not to say anything one way or the other regarding the nature of other types of rights.

works, as compared with the situation in which they are given fair use status.

While Google clearly would prefer the outcome in which it is deemed to be a fair user on a mass scale, the remedial regime, as contemplated by the Orphan Works Report as applied to commercial ventures, might not be entirely unattractive to Google. Under the proposed rule change, Google would have to pay reasonable fees to surfacing users of previously orphaned works. While this is of course less desirable to Google than not having to pay anything, nevertheless the total amount may not add up to much in the grander scheme. This is because, as a practical matter, there may be relatively few surfacing owners of orphan works. This will be true for a variety of reasons based on the characteristics of orphan works discussed in Part II; recall our discussion of unaware owners and those that have a *de minimis* interest.

In addition to the cost analysis, the fact that owners will likely sell more books once included in the database suggests that even if they surface, these owners will be inclined to license use of these works at modest rates. Thus, in a world in which the Copyright Office's proposal were enacted into law, it appears likely that Google would still have an incentive to go forward with the Google Print project.

Either regime would be a boon to Google because both allow Google to use millions of orphan works in a commercial enterprise. While in one scenario Google does everything for free, the other results in a relatively small cost. Concerning the latter scenario, so long as the benefit to Google outweighs the cost—which appears likely—it will still be a net benefit to Google. Thus, it is not the case that a court should find the unauthorized use of orphan works to be a fair use just because a judicial determination of fair use is better than the opposite determination when these are the only two choices. The reason is that a court can, instead, find such cases not to be a fair use and Google will still have the incentive to do the Google Print project and deal with the surfacing owners. Society is the beneficiary either way as the Google Print project will go forward. Of course, there will be some amount of redistribution of money from Google to surfacing owners, but this redistribution is economically neutral as the size of the economic pie is not affected, but merely the size of the slices that go to the various parties.¹⁰³

¹⁰³ From a non-economic normative perspective, such redistribution from Google to millions of small time authors may be desirable. Molly Shaffer Van Houweling, *Distributive Values in Copyright*, 83 TEX. L. REV. 1535, 1540-41 (2005).

The important point is that the viability of Google's fair use defense may turn on this consideration, as the fact that Google could get access to orphan works through the change in remedies offered in the Orphan Works Report, if enacted, may be a reason for a court to reject Google's fair use claim as its transaction cost rationale no longer holds, given that access to the works can be safely gained by means of performing diligent searches. As noted earlier, the Copyright Office made it a point to note that its proposal was distinct from the consideration of fair use. We now see, however, that this is not the case. The fair use analysis of the Google Print project is inexorably influenced by other options that are available for achieving the same goal.

This point may be better understood by comparison with two of modern copyright law's formative cases; *Williams & Wilkins Co. v. United States* and *American Geophysical Union v. Texaco, Inc.*¹⁰⁴ In *Williams & Wilkins*, a high profile case, the Second Circuit found a large-scale copying practice to be a fair use, for what appears to be fairly transparently economic reasons. In *American Geophysical v. Texaco*, defendants relied on *Williams & Wilkins* as precedent. *Texaco* involved the unauthorized copying of academic journals in the hard sciences by scientists and researchers within commercial corporations. The court rejected Texaco's fair use argument on the basis that the cases were different, because the Copyright Clearance Corporation (CCC) had recently emerged. Moreover, the court held that Texaco should license the use of works rather than rely on fair use.¹⁰⁵

Additionally, the court distinguished *Williams & Wilkins* by noting that the CCC had not existed at that time and, thus, a finding of fair use was appropriate in this circumstance in order to most appropriately solve a market failure. Specifically, the court wanted to solve this market failure because it had special implications for social welfare, as the case involved an attempt by an administrative agency to promote public health.¹⁰⁶

¹⁰⁴ *Williams & Wilkins Co. v. United States*, 487 F.2d 1345 (Ct. Cl. 1973), *aff'd per curiam by an equally divided court*, 420 U.S. 376 (1975); *Am. Geophysical Union v. Texaco, Inc.*, 60 F.3d 913 (2d Cir. 1994).

¹⁰⁵ *Am. Geophysical Union*, 60 F.3d at 932.

¹⁰⁶ It has been little commented on that this overt recognition of public health as a compelling factor is significant as an indication of a deep shift toward an economic conception, as the promotion of science and the arts is the totemic normative rationale in copyright law, not the health and welfare of the citizenry.

Now apply the logic of these cases to the orphan works problem. Just as the CCC changed the factual situation vis-à-vis utility generation such that what was once a fair use was no longer a fair use, due to the emergence of an entity that promised to provide a better route to enhanced social welfare, so too for the shift in remedies promoted in the Orphan Works Report.

Google will argue that there is an important difference, however, which is that in *Texaco* the CCC was already in place. By contrast, the Orphan Works Report's proffered shift in remedies is a proposal, not a reality. Nonetheless, there is a compelling response to this based on the framework assumed in this article. Economic logic forces the question; would it make sense for a judge in the Google cases to refrain from finding fair use in order to give Congress time to enact the proposals contained in the Orphan Works Report?¹⁰⁷

The key factual question is whether Google will be able to generate significant revenue transacting deals with advertisers such that Google Print is profitable. Under a scenario in which Google will be able to generate such revenue, it can be predicted that the Google Print project will continue to make use of orphan works in the interim before a possible change in remedies comes through new legislation. Given that the Orphan Works Report is on the table, legislatively speaking, it would seem that a welfare-maximizing court would want to take into account the prospect that the Report will become law, and, if so, what impact this will have on the feasibility of the Google Print project or a functional equivalent.

In the end, however, a court may need to decide the Google Print project lawsuits prior to potential legislative movement on the Orphan Works Report. In this situation, a court might well find use of orphan works by Google to be a fair use, even if the court thought that in a first-best world Congress would pass the Orphan Works Report such that there would not be the need for fair use for the works at issue in the Google Print project. A court might follow the logic of *Williams & Wilkins* and *Texaco*: find fair use when no alternative is currently in place, but do not do so if and when an alternative means of lowering transaction costs has emerged that also allows owners to benefit from licensing their works. The implication is that if we are sufficiently convinced of the importance of snippet searching for the progress of knowledge, then, given the current unavailability of the

¹⁰⁷ Owners of a work cannot readily negotiate with each user. Performing rights organizations (PROs) such as ASCAP and BMI perform this function in the musical context. A potential user of other types of works may also find it easiest to deal with a PRO-type organization. The Copyright Office appears to think that such an organization might be suitable in the orphan works context. This seems to be just what the Copyright Office has in mind in encouraging Registries to form.

limitation on remedies as found in the Orphan Works proposal, fair use may be the next best means to enhance the prospects that orphan works will be copied and made searchable.

Bringing the analysis to a close, the broader question is what is the implication of the great welfare potential of the Google Print project? We have seen that on an instrumentalist account, the fact that Google Print is welfare-enhancing is not enough to establish fair use as the proper choice by a court because the legislative solution proffered in the Orphan Works Report may be more preferable still. Although the issue bears greater scrutiny in an ideal world, the Report's route may be preferable. It lowers the risk of using orphan works, yet when authors do appear they are entitled to compensation, thus maintaining the incentive to create. In terms of static analysis, it may be a wash whether fair use or the orphan works solution is implemented, as either a post hoc transfer is made to the orphan works owner or it is not, which just shifts money. But on a dynamic analysis, it will incentivize creators for the orphan works rule to win out, as it would provide greater incentive to create. The incentive to create is enhanced because creators will know that their creations will be able to support them or their successors at some later time even if their works should become orphaned for a time. Surfacing owners of potentially orphaned works will lose the chance of a windfall gain from detecting an infringing use, but they will be compensated as more people will use the works due to the reduced chance of being hit with a huge statutory penalty.

Another potential advantage of the proposal is that it provides more certainty. Users will be able to take affirmative steps to come within the safe harbor rather than simply acting and then having to rely on the vagaries of the fair use doctrine when later being sued. In the particular case of Google, however, this certainty may be elusive. Google will need to avoid individualized searches for owners, and so it will claim that under its particular set of circumstances, a "reasonable amount of search" should require no individualized search unless the process can be automated so that it can coexist with the Internet. In its filing with the Copyright Office, Google says that any database should be machine searchable.¹⁰⁸ Apparently, Google thinks this is what it would need to perform reasonably diligent searches. This may be a desirable goal but it does not describe the current situation, nor is it likely to any time soon, as the complex nature of property rights often

¹⁰⁸ See REPORT, *supra* note 2, at 95-107.

leaves issues of ownership thorny and thus unlikely to prove amenable to being machine searchable. This means Google will not have much certainty ahead of time that its uses will be likely to qualify for the safe harbor, were the proposed statutory regime to be implemented.

Importantly, however, Google appears to be an outlier here with regard to the scope of its project, namely, requiring the unauthorized use of whole copies of millions of works. The proposal may be more effective in providing more certainty for other types of commercial users, not to mention non-commercial private users. Smaller commercial projects may also find that it is in their interest to perform diligent searches for some small number of owners because they could rely on the safe harbor. This will help, for example, the cut-and-paste creative types like the documentary filmmakers Lessig discusses.¹⁰⁹ Google, then, is an outlier of sorts, as it has the interest and wherewithal to practically function outside the reach of the law by widespread unauthorized copying without perhaps a colorable claim to having performed a reasonably diligent search, at least as this concept is currently being used by the Copyright Office. Thus, it will be incumbent on Google to convince a court that it must take the opportunity presented by the lawsuit to let the relevant doctrine evolve toward a regulatory regime in which an automated search may constitute a reasonably diligent search.

CONCLUSION

This article studied the so-called orphan works problem and the Copyright Office's proffered solution. The analysis was carried out in the context of what is the largest and most significant unauthorized use of orphan works to date—the Google Print project. Part I briefly examined the Google Print lawsuits. Part II looked in greater detail at the Orphan Works Report in order to set the stage for Part III, which considered the pertinent policy issues that arise at the intersection of orphan works and the Google Print project litigation. First, we saw that orphan works present an important and understudied problem for copyright. Next, we saw that the treatment of orphan works proposed in the Orphan Works Report may be preferable as a means to deal with orphan books such as those at issue in Google. This is important in the particular context of the Google Print lawsuit but it carries a broader lesson as well for copyright theory. Despite what the Copyright Office says, one cannot stave off fair use analysis from other developments in copyright. The ostensible reason to try to do so is the oft-quoted language from the legislative

¹⁰⁹ LESSIG, *supra* note 58, at 95-97.

history to the 1976 Act, namely, that the statute was not meant to change fair use doctrine. What we have seen, however, is that while statutory changes may not be meant to alter the fair use calculus, they may inevitably do so nevertheless, at least under the utilitarian assumption that undergirds the economic approach to copyright. If the rationale for fair use is based on transaction costs, then it may be the case that a statutory change affects this transaction cost analysis. We saw that the Orphan Works Report, if enacted, promises to have this type of impact. The effect would be to encourage more use of orphan works by, in effect, decriminalizing them, which will be significant in helping foster a more liquid market, such that there will be less orphan works. These significant benefits would arise without reliance on the mercurial fair use argument.