Testimony of

Nancy J. Mertzel

On behalf of the

American Intellectual Property Law Association

before the

U. S. House of Representatives Committee on the Judiciary

hearing on

“The U.S. Copyright Office: Its Functions and Resources”

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I. Introduction

Chairman Goodlatte, Ranking Member Conyers, and distinguished members of the Judiciary Committee, I appreciate the opportunity to present the views of the American Intellectual Property Law Association (AIPLA) on the U.S. Copyright Office: Its Functions and Resources, and for your continued attention to issues facing the U.S. Copyright System through your comprehensive review.

My name is Nancy Mertzel and I am a partner of Schoeman Updike Kaufman & Stern LLP, which is based in New York City. I have been practicing intellectual property law for more than 25 years, with a particular emphasis on copyright. Currently, I am a member of the Board of Directors of AIPLA. I recently served as Chair of the Association’s Copyright Law Committee. I am also a member of the Copyright Society of the USA, and previously served as a Trustee. I received my J.D. from American University’s Washington College of Law, and my B.A. from the University of Rochester.

AIPLA is a national bar association with approximately 15,000 members who are primarily lawyers in private and corporate practice, in government service, and in the academic community. AIPLA’s members represent a wide and diverse spectrum of individuals, companies, and institutions, and are involved directly or indirectly in the practice of copyright, patent, trademark, and unfair competition law. Our members represent both owners and users of intellectual property and many interact with and use the services of the Copyright Office (the “Office”) on a regular basis.

Our founding fathers recognized the importance of copyright at the birth of this nation when they included it in the Constitution: among the enumerated powers given to Congress is the power “to promote the Progress of Science and the useful Arts by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.” ¹ The drafters of the Constitution had the foresight to recognize that creativity and innovation are essential to our nation’s social and economic well-being.

¹ U.S. CONST. art 1, 8, cl. 8.
Now, more than two-and-a-quarter centuries later, we are virtually surrounded by the benefits of that foresight. Copyrighted works are an integral part of the U.S. economy. From radio to film and television, and from video games to online entertainment and smartphone apps, we are constantly interacting with copyrighted materials. According to the 2014 Report on Copyright Industries in the U.S. Economy, published by the International Intellectual Property Alliance, total copyright industries added more than $1.9 trillion to the U.S. Gross Domestic Product in 2013, which accounted for 11.44% of the U.S. economy. From 2009-2013, copyright industries grew at an annual rate of 3.45%, outpacing the growth rate of the entire U.S. economy.

The U.S. Copyright Office plays an essential role in the success of these copyright industries. By administering the exclusive rights that underlie countless business transactions, the Copyright Office has helped these industries grow, benefiting creators, business owners, and the public. The Office expertly administers those rights along with a broad array of responsibilities, including examining works, issuing copyright registrations, recording transfers of copyright ownership and other copyright documents, administering statutory licenses, and managing mandatory deposit requirements. It carries out each of these duties while ensuring public access to all of the related information.

Under the strong leadership of Register of Copyrights Maria Pallante, the Office has not only reduced backlogs while carrying out its ever increasing day-to-day demands, but has also undertaken a number of substantial studies and initiatives designed to better serve owners and users of copyrights. In just the past three years, Register Pallante and her excellent staff have substantially revised the Compendium of U.S. Copyright Office Practices, conducted studies on copyright small claims, music licensing, orphan works and mass digitization, and produced an

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3 Id. at 9.


in-depth study on ways to overhaul the Copyright Office’s recordation system. In 2013, the Office sought public comment on technological upgrades to its registration and recordation system, and AIPLA offered its suggestions for a creating a technologically savvy 21st Century Copyright Office. That initiative produced a comprehensive technical upgrades report that was just published February 19, 2015.

These initiatives are examples of the Copyright Office’s awareness of and desire to meet the ever-expanding needs and expectations of its stakeholders. The Office perseveres, but its efforts are severely hampered by limited resources and a lack of autonomy, posing serious challenges for our members who require the services of the Office. As the technical upgrades report acknowledged, the Copyright Office systems are “outdated and overdue for upgrades.” The Office is operating with inadequate resources and support, making it difficult for it to meet the constantly growing demands of the copyright system, despite its best efforts.

II. Constraints on the U.S. Copyright Office

Under the Copyright Act, the Copyright Office has rulemaking authority to develop regulations to implement the statute. However, as a department within the Library of Congress and under 17 U.S.C. § 702, any regulations issued by the Register are subject to the approval of the Librarian. In this respect and in other circumstances, the Office does not have control over important operational and budgetary issues.

The funding of the Copyright Office, which is also subject to approval of the Librarian, is accomplished through a combination of fee collections and appropriated funds. Over fiscal years 2011-2014, the Office experienced a reduction in spending authority of approximately 7 percent from its 2010 appropriation. The appropriation for fiscal year 2015 has shown some progress

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9 Office of the Chief Information Officer, U.S. Copyright Office, Report and Recommendations of the Technical Updates Special Project Team (2015).
10 Id. at 6.
12 Oversight of the U.S. Copyright Office: Hearing Before the Subcomm. on Courts, Intellectual Property, and the Internet of the H. Comm. on the Judiciary, 114th Cong. 8 (2014) (Statement of Maria A. Pallante, Register of
toward restoring Copyright Office funding to its 2010 fiscal year level; however this still remains 2 percent below the Office’s spending authority for 2010. While the Register has the authority to set fees, Copyright Office fees can only be set at a level to recover costs, which does not permit collections for necessary capital improvements.

Reduced funding for the Office has had a direct impact on its staffing levels. In 2007, the Office had 483 full-time employees, but in September 2014 it had only 360 full-time employees. At that time, Register Pallante testified that the authorized ceiling of 439 employees represents a recent reduction by approximately 100 employees. This is particularly noticeable in the Copyright Office registration program, which as of September 2014 had 48 vacancies out of 180 positions. In other words, over 25% of the registration program positions remain open because of funding constraints. When testifying in April 2014 in support of the Office’s requested appropriation, Register Pallante stated the following:

Adequate staff levels are essential to the integrity of the registration program—both its accuracy and efficiency. A copyright certificate of registration is prima facie evidence of validity of the copyright and of the facts stated therein, including the scope of the claim and ownership, and is given significant deference by federal courts. As a result of fewer staff in the registration program, the Office is beginning to see increases in registration processing times—meaning that the public is waiting longer to have their registration applications processed.

Registration is not the only Copyright Office activity affected by budgetary and staffing cuts. The recordation program is staffed by nine employees, the legal and policy staff has fewer than

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Copyrights and Director United States Copyright Office); See Consolidated Appropriations Act, 2014, Public L. No. 113-76, Division I, Title I (2014).

13 FY2015 Omnibus; Consolidated and Further Continuing Appropriations Act, Public L. No. 113-235, Division H, Title I (2014).


17 FY15 AOC, LOC, and OWLC Budget Requests: Hearing Before the Subcomm. on the Legislative Branch of the S. Comm. on Appropriations, 114th Cong. (2014) (Statement of Maria A. Pallante, Register of Copyrights and Director United States Copyright Office).
twenty lawyers, and the Information Technology (“IT”) department has 23 staffers. In addition, the budget cuts also have limited the Copyright Office’s ability to participate in international copyright policy discussions and prevented the Office from undertaking information technology projects critical to bringing the Copyright Office’s services into the 21st century.

As the technical upgrades report explains, “[t]he Office’s technology infrastructure impacts all of the Office’s key services and is the single greatest factor in its ability to administer copyright registration, recordation services, and statutory licenses effectively.” Yet, the Copyright Office does not control its technology. Rather, it is controlled by the Library of Congress, and housed on the Library’s servers. In fact, even equipment purchased by the Copyright Office with its appropriated funds, is controlled by the Library. Additionally, the Office is dependent upon the Library’s IT staff. However, the Library IT staff has other responsibilities, and is not well-versed in the needs of the copyright community. AIPLA urges this Committee to explore ways to give the Copyright Office greater autonomy over its IT infrastructure and services.

AIPLA believes that providing additional resources to the Copyright Office will benefit not only core copyright industries whose primary purpose is to create, produce, distribute or exhibit copyright materials such as music and films, but partial copyright industries as well. Their products include some aspect of copyright, such as fabric and toys, non-dedicated support industries, such as transportation and telecommunications, and interdependent industries, such as TV and computer manufacturers. We hope Congress will consider how it can assist the Office in implementing long overdue improvements to its systems.

19 FY15 AOC, LOC, and OWLC Budget Requests: Hearing Before the Subcomm. on the Legislative Branch of the S. Comm. on Appropriations, 114th Cong. (2014) (Statement of Maria A. Pallante, Register of Copyrights and Director United States Copyright Office).
20 Report and Recommendations of the Technical Updates Special Project Team at 54.
21 “Library staff do not have the benefit or experience of working in the Copyright Office, and therefore will never have the context or specialized knowledge that is essential to Copyright Office success.” Id. at 11.
III. Impact on the User Experience

The budget cuts, decreased staffing levels, and limitations described above are felt by AIPLA members in their interactions with the Office. AIPLA members regularly prepare and file applications to register copyrights, record documents, search Copyright Office records, and use other Copyright Office services on behalf of their clients. The Office’s lack of control over its infrastructure hinders its ability to implement necessary technological advancements, such as electronic functions that keep pace with the increased workload and additional user requests.

The Electronic Copyright Office Registration System

Creative works are subject to copyright protection as soon as they are fixed in tangible form, whether or not they are registered, but for United States works a copyright registration is required to bring an infringement action in court.\(^{22}\) Timely registration also is important for creating a public record of the copyright, for prima facie evidence of copyright validity, and for the possibility of statutory damages and attorney fees in an infringement action.

The Copyright Office’s first effort at online filing is its Electronic Copyright Office Registration System (“eCO”). The eCO system was part of a 5-year, comprehensive reengineering project that used off-the-shelf software, and represented the first major overhaul of the Copyright Office since 1870.\(^{23}\)

Despite a rocky start when first offered to the public in 2008,\(^{24}\) by FY2011 electronic claims represented over 80% of applications filed with the Copyright Office,\(^{25}\) and the Copyright Office has significantly reduced average registration processing times.\(^{26}\) While the eCO system has


been tweaked, it has not been substantially updated, and it remains far behind state-of-the art technology. For example, the eCO system has an out-of-date user interface, is difficult to use, and can only be used to register certain types of works.  

Further, eCO applicants may only submit electronic deposit for certain classes of works, and physical deposit is required for all other types. This slows down the registration process because it requires the physical deposit to be manually matched with the electronic application. It also limits the ability of the Copyright Office to create a repository of electronic deposit materials. While such a repository must be implemented with extreme care to ensure security, it is undoubtedly something that should be considered in the not-so-distant future.

Another shortcoming with the eCO registration system is that it does not permit an attorney to prepare an application for a client to sign. As a result, some practitioners continue to prepare and file paper applications because it is the only way to obtain a client signature on the application without creating a new account and providing the client with the attorney’s credentials.

The Copyright Office needs the funding and IT staff to reengineer the eCO system to create a more intuitive user interface that is easier for new users to navigate. AIPLA has advocated for the inclusion of some basic improvements to functionality, including the ability to save draft applications, to print, view, and forward them outside of the system, and the ability for signature by a claimant other than the same person who prepared the application, such as the client of a law firm or creative agency. Our members referenced the Trademark Electronic Application System (TEAS) and other online systems offered by the USPTO as a model to consider.

**Recording a Document**

Documents and agreements that affect copyright, such as assignments, security interests, or licenses, may be recorded with the Copyright Office. Although recordation is not mandatory, it

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28 Id.
provides many benefits such as establishing legal priority, creating a public record of the content of a legal document, providing constructive notice of a right, and perfecting a security interest.

At this time, documents for recordation may not be submitted using the eCO system, and instead must be submitted by mail or by hand delivery. Users find the current system cumbersome and difficult to use, presenting a number of serious practical and legal challenges for practitioners and copyright owners.

For example, when filing a document, there is no acknowledgment or confirmation that the document has been recorded (or even received) by the Copyright Office. It is not unusual for the recordation itself not to appear on the online catalog for several years after the date of filing, without an effective way to check the status of the recordation or expedite recordation. Additionally, without a filing receipt or other evidence of the recordation, it can be difficult, if not impossible, to try to enforce a U.S. copyright that has been assigned overseas. Some of the technical requirements for proper recordation, such as requiring an original signature or proper certification of the photocopy, also seem needlessly burdensome.

The Office recognized these issues in its detailed study of the recordation system by Robert Brauneis, the Copyright Office Abraham L. Kaminstein Scholar in Residence. That December 2014 study included several proposals for a new electronic system.

AIPLA supports giving the Copyright Office the resources necessary to improve and simplify the recordation system for the benefit of the public, copyright owners, practitioners, and the Copyright Office. This should include creating an electronic recordation system, moving away from reliance on original signatures or other hyper-technical requirements, expanding the scope of persons entitled to record a document, and implementing a user-friendly and effective system to follow up on the status of a recordation, for example, by assigning a named Copyright Office specialist for the filer to contact, among other things.

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29 Transforming Document Recordation at the United States Copyright Office at 54-57.
Searching the Copyright Office Database and Access to Copyright Records and Other Documents

The Copyright Office has collected a vast amount of data. Access to this information is essential for investigating the status of registration for a work, identifying the current owner, and obtaining other pertinent information contained in Office records.

In the words of Register Pallante, “The presentation and searchability of our public records should be key factors in helping copyright owners manage their rights, and users to find and assess the information. The Office should help bridge the gap between what constitutes a diligent search and one worthy of the trouble.”30 Due diligence and the ability to locate works, to locate registrations for those works, and to locate their assignments and licenses in a timely manner is the touchstone of any database of the Copyright Office.

Unfortunately a great deal of information is not available in electronic form. For example, the Copyright Office’s online catalog only has electronic records dating back to 1978.31 For older works, many of which are still under copyright, a trained searcher must use the card catalogs, the 660 volume Catalog of Copyright Entries (“CCE”) available in print or microfiche, or search the partially digitized and incomplete records of the CCE available at archive.org.32 Often, it is necessary to hire a search service to do this work, which can add significant expense to a search. Further, the information that is available in the Office’s online database is perceived by many in the bar as difficult to search and inaccurate; yielding either too few, or too many results. The lack of a trusted database of works creates uncertainty, increases the costs of copyright transactions, and impacts sound business decisions.

The inability to effectively search electronic data and rely on the results of any searches performed directly impacts the issue of orphan works, which the Copyright Office has been

31 The Copyright Office is aware of this issue and is working to address it. Transforming Document Recordation at the United States Copyright Office at 59.
studying for more than a decade and has been the subject of Congressional hearings. An “orphan work” is a work protected by U.S. copyright law, for which a user cannot readily identify and/or locate the copyright owner in good faith, in a situation where permission from the copyright owner is necessary as a matter of law. 33 The current Copyright Office system to find rightful copyright owners is cumbersome, which is particularly an issue in the context of mass digitization. The Copyright office has acknowledged need for improvement in this area, stating, “the issues at the heart of mass digitization are policy issues of a different nature: the [orphan] works may in fact have copyright owners, but it may be too labor-intensive and too expensive to search for them, or it may be factually impossible to draw definitive conclusions about who the copyright owners are or what rights they actually own.” 34

AIPLA has supported proposals to improve the Office’s search functionalities by calling for development of a new electronic database for registered pictorial, graphic, and sculptural works. 35 As discussed above, budget limitations and lack of autonomy have severely impaired the Copyright Office’s ability to move forward with improvements to its electronic systems.

**Access to Staff**

Due to the noted understaffing, the demands on the present Copyright Office staff are great, making it difficult at times for users to get in touch with someone who can check the status of or otherwise discuss a registration application. While the Office responds to numerous inquiries, it is often unable to return phone calls or emails on a timely basis. 36

In addition, the Copyright Office website explicitly states, “Status inquiries will not be answered unless maximum processing times have been exceeded.” 37 Estimated current processing times

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34 77 Fed. Reg. at 64557.
36 The online option for checking the status of an application is akin to submitting an email via the web.
are available on the front page of the eCO website.\textsuperscript{38} The current processing time for an electronic application is 8 months, and for a paper application it is 13 months. This, effectively, means that the Copyright Office has instituted a policy of not responding to an inquiry of any kind until 8 months has elapsed since the user filed electronically, or 13 months if filed on paper, leaving practitioners in the dark with regard to pending applications.\textsuperscript{39} While a user can pay an $800 fee for special handling to expedite the process, such a requirement on a routine basis for applications that would otherwise cost $35-55 should be the exception, not the rule.

\textit{Access to Deposited Material}

When preparing for litigation, practitioners often need access to deposited copyrighted works. A registration is required by the Copyright Act to enforce rights in Federal Court,\textsuperscript{40} and typically copyright litigation involves comparison of the accused material to deposited material (which corresponds directly to the work for which the registration was granted, and may differ from what is available in the market). Other issues may arise with the deposited work, such as whether it was the “best edition,” and these may be tested in litigation.\textsuperscript{41} To obtain the deposit copyright, a user must contact the Records Research and Certification Section for a Litigation Statement Form (which is no longer available on the Copyright Office website), complete the form, arrange for payment, and wait to receive the deposit. Ordering a deposit copy takes 8-12 weeks and often costs $200-$400 or more.\textsuperscript{42}

AIPLA would like to see improved access to deposit material and would support providing public access to a preview portion or representation of the deposit (as approved by the applicant) to allow members of the public to know what was actually registered. This could include, for

\textsuperscript{38} U.S. Copyright Office, \textit{eCO Registration System}, http://copyright.gov/eco (last visited February 20, 2015).
\textsuperscript{39} \textit{Id.}
\textsuperscript{40} 17 U.S.C. § 402.
\textsuperscript{41} U.S. Copyright Office, \textit{Circular 7D: Mandatory Deposit of Copies or Phonorecords for the Library of Congress}, http://www.copyright.gov/circs/circ07d.pdf (“In general, for works other than published electronic works available only online, the deposit must consist of two complete copies or phonorecords of the best edition of the work.”).
example, the cover of a book or literary work, a preview or snippet of a song or audiovisual work, and a degraded image of a photograph.43

IV. The Copyright Office of the Future

The Copyright Office currently is doing the best it can under the conditions and limitations in which it must operate. A serious question remains, however, on how to best position the Office to meet current and future challenges. Unless addressed, the difficulties discussed above may only get worse over time. AIPLA believes that giving the Copyright Office sufficient funding and staffing would likely go a long way in resolving a number of these issues.

Additionally, increased autonomy is essential for the Copyright Office of the future. As previously noted, the Copyright Office is housed within the Library of Congress. The mission of the Library includes collecting, preserving, and making available to the public books, recordings, photographs, historical documents, films, and other cultural works. The Copyright Office, is tasked with administering the Copyright Act through its registration, recordation, and other functions. Additionally, the Copyright Office serves Congress and other government officials as expert advisors on copyright policy.

The Office also shares the technical infrastructure of the Library, including its network, servers, telecommunications, and security operations. This raises concerns among copyright owners about the security of the Copyright Office’s systems.44 Allowing the Copyright Office to operate separate computer systems would reduce the security risks associated with sharing systems with the Library. The Office also should be provided sufficient funding and autonomy to develop specialized software and systems designed to run its operations effectively, and meet the business needs of the copyright community.45 In an age of increasing technological changes, the

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43 This has similarly been addressed by others. See Report and Recommendations of the Technical Updates Special Project Team at 25.
45 Report and Recommendations of the Technical Updates Special Project Team.
Copyright Office needs more autonomy and control over its own budget, infrastructure, and policies in order to administer the copyright laws more effectively.

While AIPLA does not currently have a specific position on how to provide the Office with greater autonomy, we note that it is not the first time such issues have been considered. For example, almost nineteen years ago, the Senate considered legislation which, among other things, proposed to reconstitute the Patent, Trademark and Copyright Offices as a single government corporation: the United States Intellectual Property Organization.46

At that time, AIPLA supported the proposal of a government corporation as it pertained to the USPTO. However, in a statement developed for the record, we suggested there were too many unknowns as to such a change for the Copyright Office and said that it should be dropped from the legislative proposal. Additionally, we suggested at the time that the National Academy for Public Administration (NAPA) could be called upon to perform an in-depth study of the Copyright Office, much as it had done for the USPTO on two prior occasions.47

This advice and note of caution, first given 19 years ago, may still be applicable today. Armed with such a study by NAPA or some other similar organization, and with appropriate input from across the user and stakeholder community, Congress could better evaluate whether change is warranted, as well as the many other issues that need to be addressed such as funding and fee structures, oversight, staffing and personnel issues, and regulatory authority, to name a few.

V. Conclusion

The copyright system continues to be a key economic and cultural force in the United States, and AIPLA believes an efficient and effective Copyright Office is an imperative pillar of that system. Such an Office would not only benefit creators and the public, but it would set a standard for the rest of the world as well. We again thank the Members of this Committee for your continued efforts and interest in this area, and we stand ready to assist you in any way we can.