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Report to the Copyright Office by the American Association of Law Libraries

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REPORT TO THE COPYRIGHT OFFICE
BY THE AMERICAN ASSOCIATION OF
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INTRODUCTION

The American Association of Law Libraries is a nonprofit corporation established for educational and scientific purposes. Its purpose is to promote librarianship, to develop and increase the usefulness of law libraries, to cultivate the science of law librarianship, and to foster a spirit of cooperation among the members of the profession. The AALL has approximately 3,300 members from more than 1,000 law libraries. Our members are from among academic, private, and governmental institutions.

As was concluded in the AALL’s 1981 Statement to the Copyright Office,¹ the Association remains of the opinion that section 108 of the Copyright Act achieves the “intended statutory balancing of the rights of creators and the needs of users,”² and, therefore, that the provisions regarding photocopying by libraries should not be changed.

The recently completed King report above all indicates three things. First, there is substantial photocopying occurring in United States libraries, although less copying than was reported in the 1977 King study.³ Second, libraries are, in the main, complying with the requirements of the Copyright Act and the CONTU Guidelines. Third, publishers are not being harmed by the photocopying occurring in libraries.

The intent of this report is not to reiterate isolated statistics of the King report which support the above conclusions, but rather to show that the relationships between King’s findings indicate that the intended statutory balancing is currently being achieved.

A. Library Photocopying Is Not Being Used as a Substitute for Subscriptions to Serials

Statistics and Analysis

Although 95.4 million copies of books, serials, and other materials were made by libraries in 1981, this represents a decrease of 16% from the 113.9 million copies

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reportedly made in 1976. Even more significant is the fact that photocopying of serials decreased by 21% from 1976 to 1981. Copying by special libraries, which include for-profit institutions, decreased 45% in that five-year period.4

While the number of serial interlibrary loan requests filled with the photocopies increased by 9% between 1976 and 1981, King admits "some surprise at the modest size of the increase." Furthermore, the study strongly indicates that library photocopying is not being used as a substitute for journal subscriptions.

[T]he relatively large proportion of SST journals which have increased in circulation (approximately 40%) suggests that the library market for such serials has actually grown more than it has decreased, despite many libraries' reported budget difficulties, and despite the fact that the growth of the number of libraries between 1976 and 1980 can best be described as modest . . . . Nevertheless, the above data do show that, despite price increases . . . serial growth was substantial between 1976 and 1980.4

The survey reveals that increases in the circulation of journals between 1976 and 1980 greatly outweighed the journals which experienced decreases in circulation. King reports that 39.6% of SST journal titles, and 45.6% of other journals titles, increased at least 6% in circulation between 1976 and 1980. At the same time, only 14.5% of SST journal titles, and 9.3% of other journal titles, showed a decrease of at least 6% in circulation for that period.7

This increase in circulation of serials serves to explain why libraries are spending a larger proportion of their acquisition funds on serials, as opposed to the purchase of books. King states that "libraries' mean book expenditures were essentially the same in 1976 and 1980 . . . . Mean serial expenditures were also similar." However, while expenditures for books increased 7% in constant dollars between 1976 and 1980, expenditures for serials increased 12% during that period.9

At the same time, publishers' revenues have increased substantially between 1976 and 1980, particularly those who publish serials. In constant dollars, book publishers' mean gross sales revenues were up 21% for the period. Publishers who exclusively publish only books noted an increase of only 8%.10 Serial publishers, however, reported even more substantial increases. All U.S. serial publishers recorded a mean gross sales revenue increase of 31% in constant dollars from 1976 to 1980, while SST journal publishers noted an increase of 59%.11

Increases in institutional subscription prices alone cannot explain the large upturn in serial publishers' revenues. King states that:

[For SST journals published in 1976 and 1980, the majority report price increases of only $10.00 or less . . . . If we calculate the mean institutional price in 1980 to be approximately $30.00 . . . then an increase of $10.00 between 1976 and 1980 would be approximately 12% per year.14

4. KING RESEARCH, INC., LIBRARIES, PUBLISHERS, AND PHOTOCOPYING: FINAL REPORT OF SURVEYS CONDUCTED FOR THE UNITED STATES COPYRIGHT OFFICE (1982), at Table 3.14 [hereinafter cited as KING].
3. Id. at 3-21.
6. Id. at 4-19 to 4-20.
7. Id. Table 4.6.
8. Id. at 2-14.
9. Id. Table 2.7.
10. Id. Table 4.16.
11. Id. Table 4.9.
12. Id. at 4-21 to 4-22.
It must be pointed out that this 12% increase is in current rather than constant dollars.

While King offers "no indication as to how the actual dollar amount of increase relates to the number of subscriptions,"\(^\text{13}\) the statistics indicate that the increase in library serial expenditures between 1976 and 1980 and serial publishers' large increase in sales revenue are substantially due to additional subscriptions.

It is important to note that from 1976 to 1980 there was an increase of approximately 21% in the number of serial titles published.\(^\text{14}\) SST journal titles grew by approximately 31% between 1976 and 1980.\(^\text{15}\) The overall birth-to-death ratio for all serial titles was about 3.4 to 1,\(^\text{16}\) while that ratio for SST journals alone was 3.8 to 1.\(^\text{17}\)

This increase in journal subscriptions can at least in part be explained by expanded online database searching by libraries. King specifically notes that the use of computers by libraries has resulted in a need for libraries to subscribe to serials used by their patrons.

\[\text{At least for special-for-profit libraries, libraries which subscribe to more serials do more computer searching as well as make more ILL requests. This inference would appear to contradict the hypothesis that, at least for special-for-profit libraries, computer searching and interlibrary loan tend to reduce the need for current subscriptions.}\(^\text{18}\) (emphasis theirs)

Conclusion

The above statistics indicate that libraries are not engaging in increased photocopying in lieu of journal subscriptions. The increase in new titles, the high birth-to-death ratios of journal titles, and substantial increases in publishers' revenues from 1976 to 1980 reveal that publishers are not being harmed by library photocopying, nor has there occurred a chilling effect on the publication of new serial titles as a result of that photocopying.

B. Copyright Clearance Center

Statistics and Analysis

Along with the publisher survey dealing with serial titles is a discussion of membership in the Copyright Clearance Center (CCC). King notes that "approximately one-fifth of U.S. serial titles" were registered with the CCC at the end of 1980.\(^\text{19}\) It should be mentioned that although the publisher survey indicated that 13.2% of all U.S. publishers stated they were members of the CCC at the end of 1980 (14.1% of the serial publishers and 26% of SST journal publishers reported CCC membership),\(^\text{20}\) that at the date the King report was written, "the CCC reports now that 525 publishers are CCC members."\(^\text{21}\) Of the 10,685 U.S. publishers, this amounts to just under 5% publisher membership in the Copyright Clearance Center.

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13. \text{id. at 4-22.}
14. \text{id. at 4-13, Table 4.5.}
15. \text{id. at 4-14, Table 4.5.}
16. \text{id. at 4-13.}
17. \text{id. at 4-14.}
18. \text{id. at 2-38.}
19. \text{id.}
20. \text{id. at 4-11.}
21. \text{id. at 4-12.}
As a comparison, 5.6% of all libraries reported belonging to the CCC.22 No evidence is offered to suggest that the reported figure is inaccurate, and, accepting that figure, there is actually a higher percentage of libraries which are members of the CCC than there are publishers who are members. Furthermore, of the "level I" libraries "(those which permanently assign staff to make photocopies . . . [and] also either have a photocopying machine or make photocopies of library materials at least once a week for library users, or both)," 23 15.7% reported membership in the CCC.24

Conclusion

The foregoing discussion is not intended to suggest that the American Association of Law Libraries believes libraries must become members of the Copyright Clearance Center to evidence compliance with the Copyright Act. It does indicate, however, that libraries which do copy materials in excess of what is permitted under the Copyright Act are making an effort to pay royalties when those payments are justified.

C. Library Compliance with the Copyright Act and CONTU Guidelines

Statistics and Analysis

Libraries are making substantial efforts to comply with the Copyright Act and the CONTU Guidelines. The decrease in library photocopying has already been noted. Libraries are also transmitting photocopying permission requests to publishers in increasing numbers. Low photocopying royalty revenues received by publishers are not due to libraries' failure to comply with the Act.

Several factors contribute to the low mean photocopying revenue per publisher ($124 for all serial publishers and $263 per year for SST journal publishers).25 The King study reveals that the majority of publishers who are contacted by libraries regarding the payment of royalties do not require such payments. While 68% of all publishers who received permission requests granted those requests in full, 62% requested no payment. For serial publishers, the percentages are even higher. Seventy-three percent of all serial publishers as well as SST publishers granted their requests in full. Sixty-six percent of the serial publishers required no payment, and 56% of the SST journal publishers required no payment.26

Despite the fact that the majority of publishers who receive photocopying permission requests grant those requests in full and require no payment, libraries are contacting publishers regarding the payment of royalties in increasing numbers. In 1980, approximately 48% of all publishers received permission requests. Of the serial photocopying requests, 57% were received by publishers of SST journals. Only 5.4% of all publishers (as well as serial publishers), and only 2% of the SST publishers, reported a decrease in serial photocopying requests between 1976 and 1980.27 Approximately 93% of the publishers who responded indicated that from 1976 to 1980 serial photocopying requests either remained about the same or

22. Id. Table 2.5.
23. Id. at 2-9.
24. Id. Table 2.5.
25. Id. Table 4.11.
26. Id. Table 4.13.
27. Id. Table 4.12.
increased. As King reports, "... these figures do suggest that photocopying permission requests did increase between 1976 and 1980, and that SST journal publishers experienced the greatest growth rate..." All in all, 83% of all serial publishers reported receiving some royalty revenues in 1980.

Other factors also serve to explain the low photocopying revenues received by publishers. Only 21% of all interlibrary loan requests received by libraries were filled with photocopies. Also, it appears that libraries generally are not exceeding the CONTU five-copy guidelines.

Although 61% of the materials copied by libraries have been published within the last five years, in 69% of those instances only one copy was made. Moreover, 38% of library photocopying transactions involved materials which do not display a notice of copyright. With these statistics in mind, the fact that only 18% of the libraries refused to transmit interlibrary loan requests to other libraries due to copyright, and that only 16.4% of the libraries refused to fill ILL requests due to copyright, is not surprising. The statistics indicate that libraries are complying with the Copyright Act and the CONTU Guidelines, and also explain at least in part the low royalty revenues received by publishers.

It should also be noted that the sale of serial article reprints increased dramatically between 1976 and 1980. For all serial publishers, the number of reprints sold increased from 16 million copies in 1976 to 34 million copies in 1980. For SST journal publishers, the increase was from 11 million to 25 million copies over that period.

King hypothesizes that "publishers, sensing the importance of library photocopying, have made a concerted effort to provide reprint sales services in order to capture a share of the demand demonstrated by the large volume of library photocopying." A hypothesis explaining this increase as a result of library compliance with the Copyright Act, thereby resulting in less overall copying, as well as a very modest increase in the number of interlibrary loan transactions filled with photocopies, is equally plausible. The increase in reprint sales may also serve to explain the small amount of income received by publishers from royalty payments, since more revenue is being received from the sale of reprints themselves.

Conclusion

Low royalty revenues received by publishers do not indicate library non-compliance with the Copyright Act and the CONTU Guidelines. Libraries are contacting publishers in increasing numbers regarding permission requests and the payment of royalty revenues despite the fact that most requests are granted in full and require no payment. Furthermore, the King report indicates that the CONTU five-

28. Id.
29. Id. at 4-30.
30. Id. at 4-27.
31. Id. at 2-27, Table 2.20.
32. Id. Table 3.9.
33. Id. Tables 3.9, 3.10.
34. Id. at 3-31, Table 3.11.
35. Id. Table 2.17.
36. Id. Table 2.19.
37. Id. Table 4.14.
38. Id. at 4-33.
39. Id. Table 3.14.
40. Id. at 3-21.
year/five-copy guidelines are not being ignored by libraries, particularly in view of the large number of non-copyrighted items being photocopied by libraries, and the fact that in the great majority of instances libraries are only making single copies of requested items.

D. Users

Statistics and Analysis

The King study reveals that 56% of patrons photocopying on library machines were copying library materials.\(^{41}\) Eighty-two percent of the patrons who were photocopying library materials were copying one item.\(^{42}\) Eighty-five percent of the patrons interviewed indicated that they had made only one copy of the last photocopy they made of library materials.\(^{43}\)

Of the materials that were inspected which were being copied, 66% displayed a copyright notice.\(^{44}\) Of the patrons who could remember whether or not the last item they photocopied bore a copyright notice, 70% stated that it did, and 30% stated that it did not\(^{45}\) (which nearly equals the 66% of the materials which actually did bear a copyright notice). The statement that copying was permissible if the use was for educational or research purposes was selected as the statement which best described a copyright notice by 41% of the patrons,\(^{46}\) indicating a fairly good understanding of the fair use provision of the Copyright Act.

Conclusion

The King report reveals that patrons photocopying library materials generally are complying with section 107 of the Copyright Act. Although patrons may be liable for exceeding fair use,\(^{47}\) the survey does not indicate that this is the case. The Copyright Act specifies that libraries have no liability for infringement for unsupervised use of their reproducing equipment as long as the equipment bears the requisite notice.\(^{48}\) While 86% of all library copying machines have a copyright warning posted, 93% of the coin-operated machines have the required warning.\(^{49}\) Finally, libraries are clearly making an attempt to insure compliance with the Copyright Act (and CONTU Guidelines) as witnessed by the number of libraries which impose restrictions on photocopying based on the length of materials copied, the number of copies made, the types of materials copied, the types of users who can copy or obtain copies, and the copyright status of the item.\(^{50}\)

E. Reserve Room Operations

Statistics and Analysis

The American Association of Law Libraries has among its membership more than 160 academic libraries. The King report indicates substantial compliance with

\(^{41}\) Id. at 5-28.
\(^{42}\) Id. at 5-32, Table 5.24.
\(^{43}\) Id. Table 5.15.
\(^{44}\) Id. Table 5.28.
\(^{45}\) Id. at 5-19.
\(^{46}\) Id. Table 5.30.
\(^{49}\) King, supra note 4, Table 2.10.
\(^{50}\) Id. Table 2.15.
the Copyright Act regarding copying activities generally unique to academic libraries. King reports that 68% of the academic libraries surveyed reported changes in operations due to copyright, with the primary effect being that more responsibility has been placed on faculty members to obtain photocopying permission from copyright owners.

The AALL's 1980 survey of member libraries revealed that of the academic libraries which responded, seven did no copying for course reserve, while eleven did such copying. Approximately half of the libraries indicated a change in policy since 1978. The majority of copying was from law reviews published by American Association of Law Schools member schools. (AALS members have a policy of permitting non-profit copying of law reviews of AALS member institutions for educational purposes.) Most of the libraries make one copy for course reserve, but will accept any number of copies from faculty members. Prior to 1978, the libraries generally did multiple copying for course reserve.

Conclusion

The AALL's survey of academic libraries indicates, as does the King report, significant changes in academic library reserve operations as a result of the 1976 Act. In fact, many understaffed libraries have placed a larger responsibility on faculty members regarding the preparation of reserve materials, using the Copyright Act as justification.

F. Copyright Notice

Statistics and Analysis

The AALL is mindful of the duty of libraries to include on photocopied materials a notice of copyright. At the same time, we agree with the Copyright Office's statement that "a librarian should not be forced to embark on a 'treasure hunt' in search of a copyright notice." Of the approximately seven million interlibrary loan requests filled with photocopies, 77.6% of the libraries filling those requests supplied either a copy of the original notice, an indication of the copyright status of the work, or both. (Three and seven-tenths percent supplied only the original notice, 56.7% supplied the library's own statement of notice, and 17.2% supplied both.) At the same time, of the 22.6 million photocopying transactions in which libraries engaged (which figure includes the seven million ILL transactions), only 61.6% of all materials copied bore a copyright notice.

It appears, therefore, that libraries are making a very real effort to comply with the notice requirements of the Copyright Act. That only 20.9% of the interlibrary loan photocopies bore the original notice of copyright indicates the problems libraries are having discerning the copyright status of a work, particularly serials (94% of all ILL requests filled with photocopies being serials).

51. Id. Table 2.16.
55. King, supra note 4, Table 3.6.
56. Id. Table 3.11.
57. Id. Table 3.6.
Conclusion

The recent regulations promulgated by the Copyright Office list eleven places in which the copyright notice may appear on an issue of a periodical or serial. King notes the "relative infrequency with which publishers attach copyright notices to the first page of serial articles...." While libraries will continue to attempt to ascertain the copyright status of a work and will attempt to supply the copyright notice with the photocopy provided, the time-consuming search for the publisher’s copyright notice must be pointed out.

G. For-Profit Libraries and Section 108

Statistics and Analysis

The AALL affirms the interpretation of the words “without any purpose of direct or indirect commercial advantage” to be that asserted in House Report 94-1476. That is, “the ‘advantage’ referred to in this clause must attach to the immediate commercial reproduction itself, rather than to the ultimate profit-making motivation behind the enterprise in which the library is located.” This interpretation is also supported by the authors of the two most recently published United States treatises on copyright law, as well as by Melville Nimmer.

It should be noted that special libraries decreased their copying by 45% between 1976 and 1981. Additionally, 33.8% of the special-for-profit libraries use commercial document delivery services, which generally include in their fee necessary royalty payments. Ninety-six percent of all documents ordered through document delivery services are ordered by special-for-profit libraries.

Conclusion

It is our contention that for-profit libraries do fall under the exemptions of section 108 and that the results of the King study indicate that for-profit libraries are making considerable efforts to comply with the Copyright Act.

58. 46 Fed. Reg. 58,313 (1981) (to be codified at 37 C.F.R. § 201.20(d)).
59. King, supra note 4, at 3-19.
61. A. Latman & R. Gordon, COPYRIGHT FOR THE EIGHTIES 519 (1981): To qualify, a library or archives need not be non-profit or open to the public ... The legislative interpretation of these requirements finally permitted libraries in a for-profit organization potentially to qualify, but subject to all the conditions and prohibitions of the section.
   The requirement that there be no commercial advantage ('direct or indirect') does not preclude private libraries that are owned and maintained by, or are part of industrial, profit-making or proprietary institutions ... from qualifying for exempt status under Section 108.
63. M. Nimmer, NIMMER ON COPYRIGHT § 8.03[A][1]: Libraries within industrial, profitmaking or proprietary institutions are also available for the [section 108] exemption as long as the reproduction (and distribution) was itself not commercially motivated.
64. Id.
H. Relationship Between Section 107 and Section 108
Statistics and Analysis

The Association of American Publishers and the Authors League of America contend that section 108 is the exclusive provision under which libraries may photocopy copyrighted materials.65 The AALL believes that libraries have copying rights under both sections 107 and 108 of the Act. House Report 94-1476 supports this interpretation.

The Register of Copyrights has recommended that the Committee report describe the relationship between this section and the provision of section 108 relating to libraries and archives. The doctrine of fair use applies to library photocopying, and nothing contained in section 108 'in any way affects the right of fair use.'66

Nothing in section 108 impairs the applicability of the fair use doctrine to a wide variety of situations involving photocopying or other reproduction by a library of copyrighted material in its collection, where the user requests the reproduction for legitimate scholarly or research purposes.67

Latman and Gordon,68 Boorstyn,69 and Nimmer70 all agree that libraries have section 107 rights in addition to those expressly permitted under section 108. The Copyright Office seems to take this position as well.71

When asked about the copying status of each of the transactions in which they engaged, libraries cited the fair use provision of the Act as permitting the copying of 53.7% of the transactions.72 The AALL initially was somewhat surprised at the large number of respondents who cited fair use, but, after further analysis, can more easily comprehend the results. Section 108 deals with photocopying by libraries and archives for interlibrary loan and for other purposes. It is likely that respondents selected the second choice, 'Section 108 and CONTU Guidelines,'72 most often when they were referring to copying for interlibrary loan purposes. Were this the case, it

67. Id. at 78-79, 5692.
68. A. LATMAN & R. GORDON, supra note 61, at 519;
The statute seems to be clear in providing the § 108 exemption entirely apart from any fair use possibilities engaged by the library.
69. N. BOORSTYN, supra note 61, at 138:
Thus that which a library may be prohibited from doing under Section 108, it may nevertheless be allowed to do under the fair use provisions of Section 107.
70. M. NIMMER, supra note 61, at § 13.05[E][2]:
However, if a library or archives does not qualify for Section 108 exemption, or if a qualifying library or archive engages in photocopying practices which exceed the scope of the Section 108 exemption, the defense of fair use may still be available.
71. UNITED STATES COPYRIGHT OFFICE, LIBRARY OF CONGRESS, HIGHLIGHTS OF THE NEW COPYRIGHT LAW 3 (Copyright Office Circular R99) (1980);
In addiition to the provision for 'fair use,' the new law specifies circumstances under which the making or distribution of single copies of works by libraries and archives for noncommercial purposes do not constitute a copyright infringement.
72. KING, supra note 4, Table 3.11.
73. Id. Appendix B-7.
must be remembered that slightly less than one-fourth of the photocopying transac­tions in which libraries engaged were for interlibrary loan purposes.74 Furthermore, in another 15% of all photocopying transactions, either permission to copy was granted with or without payment, or the work was not protected.75

Conclusion

The American Association of Law Libraries believes that section 108 of the Copyright Act is not the exclusive provision of the Act which permits copying by libraries. The House Report, the Copyright Office, and authors of scholarly treatises on copyright law all agree that section 107 of the Copyright Act is also applicable to libraries.

I. CONTU Guidelines

Statistics and Analysis

The CONTU Guidelines have been discussed earlier in several parts of this report. The AALL believes that the Guidelines do offer adequate guidance to libraries to prevent systematic photocopying of copyrighted materials in such aggregate quantities as to substitute for a subscription to or purchase of a work.

Of the nearly seven million interlibrary loan requests filled with photocopies, 94% were serials.76 King reports that 36.5% of all requested serials were published before 1977.77 The remaining 63.5% of these materials would be the subject of the guidelines.

Conclusion

The American Association of Law Libraries believes that the five-year period is reasonable, as it embraces nearly two-thirds of all serials which are photocopied for interlibrary loan purposes. Extending the Guidelines to include older materials would create additional record-keeping burdens on libraries and would result in very limited additional revenues for publishers.

CONCLUSION

The American Association of Law Libraries believes that the Copyright Act in its present form, along with the CONTU Guidelines, strikes the proper and necessary balance between the rights of creators and the needs of users of copyrighted materials. As such, we urge no change in the Act or the Guidelines.

74. Id. Table 3.9.
75. Id. Table 3.11.
76. Id. Table 3.6.
77. Id. at 3-12, Table 3.4(a).