WASHINGTON -- The Library of Congress, home to about 18 million books, many dating back to the mid-19th century, might be the last place you’d expect to find somebody at the center of one of the hottest debates of the digital era.

But Marybeth Peters, who for 38 years has labored away in the U.S. Copyright Office, an obscure arm of the library, is serving as referee in the battle between entertainment firms that are trying to control the copying and piracy of their content, and technology companies and consumers eager to explore new conveniences offered by the Internet.

On Sunday, Internet radio stations were scheduled to start paying music royalties to record labels, threatening an untold number of small Webcasters that couldn’t afford the controversial fee imposed by the Library of Congress. Record companies Friday agreed to defer most of the royalties they’re owed, temporarily defusing that issue.

But Internet radio is just one of many areas of debate in which Copyright Register Peters and her office will play a big role. As the federal government’s top expert on copyright law, she will have a significant influence on how people can download music, tape TV programs and copy or sell e-books.

Her agency recently declared that consumers -- who are free to sell books and CDs that they have legally acquired -- should have no such rights when it comes to e-books or digital music.

And the Copyright Office has denied virtually every request by librarians, educators and consumers seeking exceptions to the Digital Millennium Copyright Act. The law makes it a crime to bypass copy-protection devices in CDs, DVDs and other digital products, even to make a legally permissible copy.

Peters believes that many "fair-use" practices consumers take for granted, such as taping a TV program or copying a magazine article, need to be reevaluated in the digital age because the economic harm to copyright owners is far greater. For instance, she agrees with court rulings that Napster-style song swapping over the Internet is illegal.

"Some of the activities you tolerate in a non-digital world are because of the inefficiency of making the copy, how the copy is degraded, and the difficulty in sending copies to someone beyond yourself," Peters said. "All of those things go away in a digital environment."

As Congress has deferred some of the stickiest questions to the Copyright Office, Peters finds herself in the uncomfortable position of having to set many of the ground rules for the digital age and, in some ways, pick...
They are more at the center of controversies over money than ever before," said Ralph Oman, former head of the Copyright Office.

Peters and her staff are housed in a dimly lighted building originally designed to hold stacks of books. Old-fashioned shelves of card catalog trays, holding the listings of millions of books in the Library of Congress, fill the rooms.

The Copyright Office was founded in 1870 to expedite the restocking of the Library of Congress after most of its books were burned in the War of 1812. Each year, the office registers about half a million new books, plays, poems, motion pictures, photographs, sculptures and software.

Peters, 63, a former high school teacher who started as a music examiner at the Copyright Office, worked her way up after attending George Washington University Law School at night. She concedes that the Copyright Office is struggling to keep pace with the new rule-making duties.

"Congress keeps giving us things to do, and some of them have taken over our lives," Peters said.

In the mid-1990s -- against the wishes of many in Peters’ office, she said -- Congress gave the agency responsibility for resolving disputes over royalties and compulsory licenses, such as how much satellite TV providers must pay broadcasters or how much Web radio stations should pay music companies.

In 1998, lawmakers surprised the Copyright Office by giving it regulatory authority every three years to make exceptions to the Digital Millennium Copyright Act’s anti-circumvention law for those who can show they are being unfairly harmed.

Peters was amazed by the public reaction to her agency’s new job. In 2000, protesters picketed outside the Library of Congress to push for broader exemptions to the DMCA.

The Copyright Office is now dealing with the next anti-circumvention proceeding, which is expected to be especially contentious. The proceeding is likely be completed by next year.

Some worry that the Copyright Office is too closely aligned with the interests of copyright owners. "The Copyright Office has acted like the tool of large business concerns for a couple of decades now," said William Goldsmith, owner of a Web-based radio station in Paradise, Calif.

The royalty fees, he says, would force him to pay $5,000 a month in royalties, though he collects only $4,000 in revenue.

Many also point to a "revolving door" between the Copyright Office and the entertainment industry.

Breaking with tradition, Peters hired several advisors from the copyright industry. Two came from a New York law firm that represented movie studios and publishers, including Steven Spielberg, Doubleday and adult magazine publisher Larry Flynt.

Peters denies any bias on her staff, noting the difficulties in finding qualified experts on a government salary -- which tops out at about $138,000.

"It used to be that people worked here their whole life, people like me," she said. "I don’t think that’s healthy."

But Peters concedes that she tends to side most often with creators and copyright owners.

"My heart is more with the individual author," she said. "If you look away from the person who really is the genius, the spark, then I think you lose sight about what copyright is all about."
Such views have sparked criticism from librarians, digital rights groups and academics who say the Copyright Office has lost sight of the consumer and is too preoccupied with the commercial values of corporate copyright owners.

Though Peters’ support for the rights of creators sometimes aligns her with entertainment and media giants, she points to numerous battles she waged against industry interests.

She sided with freelance writers against the New York Times in a Supreme Court battle over reproduction rights of articles loaded into electronic databases.

She opposed music companies that wanted to levy royalties twice on streaming or downloading music, arguing that charging for the temporary copies made during the process amounted to double-dipping.

But critics say her recent decisions and recommendations on digital issues threaten to restrict consumers and make it easier for entertainment companies to charge for activities that are currently free, such as taping a song or movie for personal use.

Peters says she strives to be fair and consider all viewpoints but is limited by statutes set by Congress.

Some would like to see Peters become more active in negotiating a truce in the copyright battle. But she said that is not her role, unless Congress asks.

"We’ve offered on more than one occasion to take on an assignment from Congress to try to get the parties together to see if they could come up with some guidelines for uses under the fair-use doctrine," Peters said. "Nobody took us up on it."

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