



Orphan Works

WIPO Seminar – May 2010

Lecture Summary

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1. Understanding the Problem

What are Orphan Works?

“Orphan works” are works that are protected by copyright, but the author cannot be identified or found. US Library of Congress defines 'Orphan works' as “copyrighted works whose owners are difficult or even impossible to locate.”

Copyrighted works can become “orphaned” when the owner is unknown. This could happen for various reasons. For example, the author could have never been publically known, the work was published anonymously, or never published at all. Otherwise, the identity of the author could have been once known but the information was lost over time. For instance, sometimes it may not be possible to determine who inherited the copyright and presently owns it. A copyrighted work can also become “orphaned” when the owner cannot be located. Examples of such orphaned works could be old photos or documents, which have been stored in library collections for years, or perhaps recently discovered.

Another type of orphan works exists where the works are inherently informal, collaborative, or amorphous. Such works are particularly common today in the digital world. Blogs, web-pages and wikis are informally created, often by the collaborate efforts of dozens of users which are impossible to locate.

Why do orphan works pose a problem?

In order to use an orphan work a prospective user must invest considerable resources to locate the owner. The search process is extremely costly and time consuming, and often would not yield any results. In addition, if after enduring the exhausting search the user decides to use the work, she is faced with either high money damages or an injunction. The result is that the cost of searching coupled with the prospect of infringement liability becomes prohibitive. Thus, academics, artists,

authors, and other creators will avoid using the work, even though in many cases, the copyright holders of orphan works either do not exist, or would not object to the use of their works.

Consider for example the difficulties a historian wishing to study a collection of old photos or maps could encounter. Since the researcher most likely lacks the financial, legal, and human resources to withstand the potentially devastating costs of a lawsuit, she will refrain from using the works altogether. A library wishing to engage in digital preservation faces a similar problem. For instance, the British Library holds thousands of photographs of British servicemen during the First and Second World Wars. However, despite the obvious value these photos have to researchers, since their owners cannot be traced, the photographs cannot be digitized and made accessible.

In short, the property is neither enjoyed by the owner nor the user, thus creating a “lose-lose” situation. The potential user misses the opportunity to create and profit from a new work, the copyright owner loses the chance to obtain a licensing fee, and the public is deprived of the benefits of the new and future works created by the new user.

Furthermore, the orphan works problem is not a minor one. The scale of the problem is naturally difficult to assess given the inherent lack of information involved. Yet governments and cultural organization around the world agree that orphan works have become a significant problem. The British Library estimates for example that 40 per cent of all print works are orphan works. Moreover, the problem is expected to continue growing, since over time more and more works are “aging” into orphanhood, and new digitally orphaned works are constantly created.

Causes of the problem

The orphan works problem is mostly the consequence of two major developments in copyright law during the twentieth century: First, in accordance with the Bern Convention, the elimination of formalities and registries as a condition for obtaining copyright. Second, the extended length of the copyright. In the UK for example, the copyright was extended over the last century from 14 years to 70 from the death of the author. In the US, due to the current law, only works created before 1923

have ever fallen into the public domain, and no works created after 1923 will enter the public domain until 2019. While these developments have provided greater protection and arguably greater incentive to authors, they have also made it more difficult for the public to use and trace the ownership of copyrighted works, thus expanding the orphan works problem.

In light of this problem, and especially given its tendency to grow in the future, let us take a closer look at possible solutions to the problem.

2. Possible Solutions

Diligent Search – The Foundation for Every Solution

In order to solve the inefficiencies mentioned above, an orphan works regime should aim to make works more widely available, while avoiding the other extreme of thrusting “orphanage” upon works whose right holders can in fact be found. One way to ensure that such a balance is achieved is by requiring the prospective user to perform a diligent search for the owner.

Indeed, every suggested legislative orphan works solution includes some form of diligent search, carried out *prior* to the use of the work. Some regimes (such as the one suggested in the US) define the required search in broad terms. Other suggestions, such as the report presented by the EU High Level Expert Group on Digital Libraries, put forward a more detailed recommendation of what constitutes a diligent search. It seems that at the very least, all agree that the search should be conducted work-by-work, and begin at the presumed country of origin. Documenting the search also seems to be a common requirement.

Limited Liability - US

In the US, The Orphan Works Act of 2008 was suggested. The bill did not become law, but it is interesting to examine the regime it proposed. The essence of the proposed legislation was to limit the remedies a copyright holder may obtain against an infringer, where the infringer performed a rea-

sonably diligent search for the author of the work prior to use. Remedies would be limited both regarding damages and injunctive relief: Instead of permitting the orphan work copyright holder to obtain statutory damages, recovery would be limited to "reasonable compensation". Injunctive relief would be limited, or not imposed at all provided that the infringer agreed to pay the owner "reasonable compensation" and "provide attribution to the owner . . . in a reasonable manner."

This regime does not release the user of liability, but it decreases the user's risk. Plus, if the copyright owner does not reappear, then the orphan works user will continue freely (in both senses of the word) to exploit the work. The limited liability system has the potential of providing both owners and users with balanced incentives: the user has an obvious incentive to conduct a good faith and diligent search because she can use the work. At the same time it also provides a spur to owners to make their intentions regarding their ownership rights known to the public. Another advantage of the limited liability regime is its flexibility. The solution is applicable to a wide range of industries, from book publishing to music, media, parchment letters or the internet, and it will also be relevant as technology changes.

However, the major disadvantage of the system is the uncertainty the user is faced with. Without a sufficient degree of certainty, orphan works users will still be too concerned that a resurfaced owner could obtain damages. Thus, users could possibly decide not to use orphan works. In addition, if the owner surfaces, both parties are subject to costly litigation expenses.

Licenses for Use of Orphan Works

A licensing scheme involves receiving authorization to use an orphaned work, from a government body, after a diligent search for the owner was performed. The licensing scheme is similar to the limited liability regime in that they both require the user to perform a diligent search prior to the use. However, as opposed to the limited liability, the licensing system requires the user to also apply for a license *before* using the work.

The advantage of licensing is the certainty it grants the user: there is no risk of being sued for in-

fringement by the copyright owner later. The disadvantage is that an application for the license could be a costly process and entail a certain amount of delay.

A few countries have adopted such licensing mechanisms. The most prominent example of a licensing regime is in *Canada*. According to section 77 of the Copyright Act of Canada, if a copyright owner is not located after a reasonable search, a user may apply to the Copyright Board of Canada (“the Board”) for a license to use the work. The Board will determine the license fee or royalties, the duration of the license, and how the orphan work can be utilized. The license fees are assigned to a designated copyright collective society. The copyright holder then has five years after the expiration of the license to claim the royalties. If the copyright holder does not retrieve the license fee, the collective society can keep the royalties. Currently, 242 Licenses have been granted for the use of works of “unlocatable copyright owners”.

A notable aspect of the Canadian licensing scheme is the cooperation with the Canadian Copyright Licensing Agency (“CCLA”), a nonprofit, independent organization which comprises of both copyright holders and orphan works users. The CCLA reviews the steps a prospective user has taken and recommends to the Board whether the search was reasonable and whether a license should be granted.

A licensing system for orphaned works was also recently adopted in *Hungary*. The Hungarian mechanism is similar to the Canadian one, allowing the Hungarian Patent Office to grant users with licenses to use orphaned works, if the user shows that she has taken every measure reasonable to find the rightholder and that the search has proven unsuccessful. A noteworthy aspect of the Hungarian legislation is the preferential treatment for not-for-profit uses: the fees do not have to be deposited and a preferential rate of the administrative fees applies. These preferences are not linked to the type of the institution applying for a license but only depend on whether or not the intended use is for-profit.

In the *UK*, the Digital Economy Bill included a clause on orphan works licensing. However, the bill recently (April 2010) passed into law, and the relevant clause was dropped from the Bill during the Committee stage debate.

Collective Licensing Schemes

Collective licensing is where the licensing agency collectively represents a large number of copyright owners and publishers. Therefore, potential users do not need to negotiate with each copyright owner, but instead can obtain a license from a licensing body at a pre-determined price. In other words, trading cost and transaction cost are reduced.

Examples of collective licenses mechanisms could be found in Norway, Denmark and the Netherlands. Another prominent example is ASCAP in the US. The 2010 High Level Expert Group in its Final Report on Digital Preservation, Orphan Works, and Out-of-Print Works, recommends that Member States encourage rightholders to vest license-granting authority in national Rights Clearance Centers (RCC), which would grant orphan works licenses, in cooperation with national authors' collective management organizations regarding licensing policies, criteria and fees.

Enhancing the Public Domain

The orphan works problem can be seen as a result of over-protecting the owners while shrinking the public domain. Accordingly, a solution to the problem could be re-enhancing the public domain. One way to do so is by adopting a renewable copyright system. A bill titled the Public Domain Enhancement Act was presented to the United States House of Representatives, seeking to allow abandoned copyrighted works to enter the public domain after 50 years. This bill proposes to charge a maintenance fee of \$1 in any published United States work, 50 years after the date of first publication, and every 10 years thereafter until the end of the copyright term. Under such a system, works which have no value to the copyright owner, and are abandoned by him could fall into the public domain. Yet owners which still value their works would continue to enjoy copyright protection through the payment of a small renewal fee.

Another way of enhancing the public domain is by using Open Access Licenses. These are unilateral copyright licenses where the copyright owner declares his intention to allow free use of his copyrighted work subject to some prescribed conditions. Typically this would include allowance for

royalty-free reproduction for non-commercial purposes. The licenses also includes provisions specifying whether commercial use is allowed, whether derivative use is allowed, and whether the license is 'viral'. Open access licensing may be considered as an altruistic method of releasing a copyrighted work to the public in a limited sense. When an open access licensing model applies, there is (usually) no need to explicitly seek permission from a copyright owner, and hence orphanhood problems may be avoided. This solution however is mostly applicable for newly created works, yet it does not solve the problem regarding already existing orphaned works.

Additional Solutions Considered

There are some additional solutions that could be considered. One example is a copyright levy which imposes payment on every use of the work, such as charging each user for very blank recording material or recording equipment purchased. Another possible solution could be creating copyright exceptions. For instance, the Australian Copyright Act provides libraries and archives the right to reproduce works for preservation purposes.

Another solution to be considered relates to abandoned property. In *Israel* for example, if the owner of a property is unknown or cannot be located, the court could transfer the management rights in the work to the appointed “government guardian”, who could (inter alia) permit the use of the work.

3. Preventing Future Orphans

A work becomes orphaned because information about it is missing. Therefore, the best way to ensure that works do not become orphan is to address the creation, maintenance and accessibility of relevant information, by various measures.

Maintaining information about the works could be done through technological means. It could also be done by creating extensive databases. For example, the ARROW project (Accessible Registries of Rights Information and Orphan Works towards Europeana) is meant to assist orphan works users in finding ways to identify rightholders and clarify the rights status of a work. ARROW is a colla-

borative project, enjoining European national libraries, publishers and collective management organizations. It is meant to include systems for the exchange of rights data; the creation of registries of orphan works; information on works out of print or registries of such works, and to support the creation of a network of rights clearance mechanisms.

Similarly, the MILE (Metadata Image Library Exploitation) project aims to promote European cultural heritage and make digital art more accessible by improving metadata. MILE has set up an 'Orphan Works Database' which acts as a repository for all orphan oorks and invites visitors to offer information about those works.

Another interesting example is the Google Book Rights Registry which is to be created under the settlement agreement in the Google Book Search litigation. In addition to acting as a voluntary registry, the Book Rights Registry will have the ability to represent authors and publishers with third-party companies as well as Google, thus potentially serving as collective rights organization.

These projects have great potential in preventing works from falling into orphanhood, and identifying “lost” owners. There is a risk however that a registry would impose a de facto formality on copyright owners, thus defying the Bern Convention no-formalities rule.

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