

Audiovisual Archives and the Inability to Clear Rights in Orphan Works

by *Stef van Gompel*

EDITORIAL

Imagine you see a little child lost in one of the big international airports crying for his/her parents. Your chance of finding them quickly depends, among others, on how much information you can get from the infant and whether the airport administration supports your search.

Identifying the rightsholders of "orphaned" audiovisual works is not that different. Here, the task may be eased if the work in question contains information on its authors. But even where a work does, you will still need to find them. Different from a child, an audiovisual work might have more than just one set of parents and many of the works do not tell you anything about who they are or how many there are. Even worse, it might take a while before you recognise that the audiovisual work in question is actually orphaned - because films don't cry. Clearly, identifying rightsholders can easily turn into a nightmare even if best efforts are being applied.

Orphan works are numerous and the interest in using them is high, not least because they form a substantial part of our culture. But how to use them without running foul of existing copyright laws? Is this a question that could be solved by European Community legislation? Can we find solutions in national law? How do we strike the balance between the interests of rightsholders and the interest of potential users and, in the end, the general public? This *IRIS plus* gives you a lead.

Strasbourg, April 2007

Susanne Nikoltchev

IRIS Coordinator

*Head of the Department for Legal Information
European Audiovisual Observatory*

IRIS plus is a supplement to **IRIS**, *Legal Observations of the European Audiovisual Observatory*, **Issue 2007-4**



OBSERVATOIRE EUROPÉEN DE L'AUDIOVISUEL
EUROPEAN AUDIOVISUAL OBSERVATORY
EUROPÄISCHE AUDIOVISUELLE INFORMATIONSTELLE

76 ALLEE DE LA ROBERTSAU • F-67000 STRASBOURG
TEL. +33 (0)3 88 14 44 00 • FAX +33 (0)3 88 14 44 19
<http://www.obs.coe.int>
e-mail: obs@obs.coe.int

Audiovisual Archives and the Inability to Clear Rights in Orphan Works

Stef van Gompel
*Institute for Information Law (IViR),
University of Amsterdam*

1. Introduction¹

The advent of new media and digital technologies has fostered a rapidly growing market for secondary uses of existing works. Modern digital networked technology offers the capability to digitise and reuse existing works on a large scale and for relatively small cost. Content that could not be commercially re-exploited over analogue distribution channels can now be disseminated over digital distribution channels at modest expense. Providers of newly evolving services and business models are increasingly tapping the enormous potential of pre-existing content. Examples include the BBC Creative Archive that offers the UK public full online access to old BBC radio and television programmes,² and the *INA-Média* database which provides professional users online access to the digitised materials of the *Institut National de l'Audiovisuel* (the French National Audiovisual Institute – *INA*).³

The widespread digital dissemination of pre-existing works also inspires the creation of new works that are based largely or entirely on pre-existing works. An example is the home-made documentary film, *Tarnation*, which received an overwhelming response at the 2004 Sundance and Cannes Film Festivals. This film is a moving collation of photographs, home videos, film and TV extracts, answering machine messages and footage of individual interviews that are mixed together and edited on the video software application iMovie.⁴ This illustrates how technology offers the facilities for virtually everyone to use and (re)produce creative content.

The current digital environment thus provides many opportunities for the digitisation and reutilisation of pre-existing content. National archives, museums and libraries can play a key role in exploiting these opportunities. As tangible and factual records of the past, they contain a wealth of cultural and scientific materials, such as books, newspapers, maps, films, photos and music. Together, they represent the richness of Europe's diverse cultural heritage. Once digitised and made available online, citizens, researchers and creative industries can take advantage of their resources and make them usable for their studies, work or leisure or provide them with the raw material they might need for new creative efforts. To give impetus to the digitisation and online accessibility of the collections of cultural institutions, the European Commission launched the "i2010: Digital Libraries" initiative in September 2005.⁵

In general, when digitising and reutilising existing content, different acts restricted by copyright or related rights are concerned. Digitisation implies the making of a copy, which normally requires the consent of the right owners concerned. Permission is also required if the digitised material is to be distributed, communicated or otherwise made available to the public. Apart from situations where the content is in the public domain or where the acts of reproduction or communication are covered by an exception or limitation, a prospective user is required to clear all the rights for the use he or she wants to make.

The process of clearing rights may be obstructed, however, if one or more right owners of a work or other protected subject matter remain unidentifiable or untraceable after a reasonable search has been conducted by a person intending to use this work. This is the so-called problem of "orphan works". Being unable to acquire permission from the right owner(s) concerned makes it impossible to legally reutilise the work. This is especially problematic when it comes to works of multiple ownership, such as television productions or other audiovisual works, for which numerous right owners might need to be traced in order to negotiate and secure permission for using these works.

Hence, by impeding the clearance of copyright and related rights, the orphan works problem may frustrate entire reutilisation projects and prevent culturally or scientifically valuable content being used as building blocks for new works. To unlock the potential of pre-existing content, therefore, it is elementary that legal solutions are provided to adequately address this problem. At present, however, the orphan works issue is largely unaddressed in Europe.

For this reason, this article will examine and evaluate solutions which could possibly be introduced at European or national level to overcome the rights clearance issues caused by the orphan works problem. Although these solutions generally aim to address users' concerns, particular attention is paid to the degree to which the various models also address the legitimate interests of authors and right owners. First, however, the problem of orphan works and its relevance for audiovisual archives is explored in more detail.

2. Orphan Works

Definition

An orphan work can be defined as a copyright protected work (or subject matter protected by related rights),⁶ the right owner of which cannot be identified or located by someone who wants to make use of the work in a manner that requires the right owner's consent. Where the right owner cannot be found, even after a reasonably conducted search, the prospective user has no choice but to either reutilise the work and bear the risk of an infringement claim or to completely abandon his intention to use the work. In the latter case, a productive and beneficial use of the work will be forestalled. This is clearly not in the public interest, in particular where the right owner, if located, would not have objected to the use of his or her work.⁷

The orphan works problem does not occur where the consent of right owners is not required. This is the case, for instance, where the act of reproduction or communication is covered by an exception or limitation. An example can be found in Article 5(2)(c) of the EC Directive on Copyright in the Information Society⁸ ("Copyright Directive"), which provides for an exception in favour of archives or publicly accessible libraries, educational institutions or museums, to make specific acts of reproduction for non-commercial purposes. This allows Member States to introduce a statutory exception to permit these institutions to make – analogue or digital – reproductions for purposes of preservation or restoration of works available in their collections. Most European countries have indeed adopted a provision of this kind. To the extent that the digitisation of materials stored in national libraries, museums or archives is covered by this exception, therefore, the orphan works issue will not arise.

Nonetheless, some countries have implemented the exception in a rather narrow sense. In the United Kingdom, for example, it is not permitted to copy sound recordings, broadcasts or films for preservation purposes.⁹ This makes it impossible to legally reproduce these materials without the consent of the right owner(s). Hence, in these cases the orphan works problem may occur. However, the appropriate remedy to deal with preservation issues obviously does not lie in the sphere of the orphan works problem, but rather in the adoption of a specific exception or limitation as allowed under Article 5(2)(c) of the Copyright Directive.¹⁰ Therefore, issues relating specifically to preservation will remain outside the scope of this article.

Another occasion which allows for the reutilisation of a work without permission from the authors or right owners concerned arises where the

work or other protected subject matter has fallen into the public domain. For certain libraries, archives and museums, it may occur that considerable parts of the material they contain are indeed in the public domain, because the rights in these materials have expired. However, this is often not the case for audiovisual archives, as most of the cinematographic and audiovisual heritage is fairly new. The clearance of copyright and related rights plays a significant role, therefore, where audiovisual archives are digitised and made accessible online. For this reason, the orphan works issue may present an important obstacle to the reutilisation of audiovisual archives.

Orphan Works and Multiple Ownership

In theory, every type of work can become “orphaned”. Typical orphan works issues arise in situations where the rights need to be cleared in works of unidentified origin, in “old” works or in works that are no longer published or otherwise made available to the public. Untitled photos, antique postcards, old magazine advertisements, out-of-print novels and obsolete computer programs are all examples of works that could potentially become orphan works.¹¹

The orphan works issue may become more pronounced, however, where it concerns works of multiple ownership, such as films and audiovisual works. Because the copyright in works of multiple ownership is owned by the rightsholders jointly, national laws usually require the consent of all rightsholders to obtain a licence to use the work.¹² Accordingly, if a single rightsholder withholds his consent or cannot be located, the reutilisation of the entire work may be obstructed. Each rightsholder thus has the power to prevent a potential user from actually using the work. This is sometimes referred to as the “tragedy of the anticommons”, which forewarns that where multiple owners hold effective rights to authorise or prohibit the exploitation of a work, and each proposed user must secure permission of all right owners, the work may not be used at all, despite its potential value.¹³

The need to obtain permission from each and every right owner in a work of multiple ownership implies that to successfully clear the rights in this work, a prospective user is required, in advance, to identify and locate all the different right owners. As there may be numerous right owners involved in a work of multiple ownership, this may well prove to be a difficult task. In practice, therefore, the likelihood that a work of multiple ownership may end up being partly “orphaned”, will be much higher than in the case of a work that is owned by a single rightsholder.

The fact that the orphan work issue may be more acute when it comes to works of multiple ownership, however, does not merit a different treatment of the problem in question. As long as a prospective solution to the orphan work problem would apply to any untraceable copyright owner involved in a work of multiple ownership, there need not be additional rules to address this issue. Although there obviously exist specific measures to accommodate the multiple ownership problem, a discussion thereof goes beyond the scope of our current debate.¹⁴

Practical Importance of the Problem

Although digitisation and reutilisation of pre-existing content seem to provide ample opportunities for exploration for the benefit of European society at large, the practical importance of the orphan works problem, in economic and social terms, has yet to be assessed. At European Union level, two major consultations were organised in which this question was addressed. On the basis of the Staff Working Paper on certain legal aspects relating to cinematographic and other audiovisual works of 2001, stakeholders in the audiovisual field were asked whether they faced any difficulties in identifying rightsholders which create obstacles to the exploitation of audiovisual works.¹⁵ In the framework of the “i2010: Digital Libraries” initiative, the Commission asked stakeholders whether they perceive the issue of orphan material to be economically important and relevant in practice.¹⁶

Neither of these consultations has resulted in any quantitative data. Although there are estimates that well over forty per cent of all creative

works in existence are potentially orphaned,¹⁷ this has not been corroborated by sufficient data so far. The consultations only revealed that the issue is perceived by several stakeholders, particularly by audiovisual and cultural institutions (mostly public broadcasters, libraries and archives), as a real and legitimate problem.¹⁸ No hard evidence was provided, however, on the degree to which orphan works present a problem for the actual use of these works or on the frequency with which orphan works impede creative efforts. In practice, users may not always consider the problems relevant to the reutilisation of orphan works to be a true obstacle. They may, for instance, revert to alternative uses, e.g., by using another work which is already in the public domain, or a substitute work, the consent for which can be obtained.¹⁹

In this respect, it must also be emphasised that the question of finding a rightsholder is first and foremost a matter of conducting a thorough search. Although tracing rightsholders may sometimes be a laborious and costly task, a potential user is nevertheless obliged to spend sufficient hours and resources in seeking a licence. It is completely normal and inevitable that transaction costs are involved in the process of rights clearance. Legal solutions to the orphan works problem, therefore, should not be informed by the desires of stakeholders for whom a reasonable investment in rights clearance is not a priority. Regulatory or legislative intervention could only be justified to the extent that there is a structural market failure.

The orphan works issue obviously presents a case of a structural market failure. If, after a reasonable search, one or more right owners of a work remain unknown or undetectable, a prospective user has no opportunity to obtain a licence. Where the appropriate party or parties to negotiate a licence cannot be traced, there is simply no means to contract, thus resulting in a situation where no agreement can be reached on the intended use of the work. Accordingly, even though the size of the problem is as yet difficult to quantify, there appears to be a valid justification for regulatory intervention to address the orphan works problem.

This has also been acknowledged by the EU legislator. As part of the “i2010: Digital Libraries” initiative, the European Commission recently adopted a Recommendation on the digitisation and online accessibility of cultural material and digital preservation,²⁰ in which it calls upon the Member States to create mechanisms to facilitate the use of orphan works (Art. 6(a)) and to promote the availability of lists of known orphan works and works in the public domain (Art. 6(c)). The European Council, in response to this Recommendation, adopted conclusions indicating priority actions for Member States and the Commission.²¹ The Council invites Member States, within the indicative timetable, to have mechanisms in place to facilitate digitisation of, and online access to, orphan works by the end of 2008. The Commission, on the other hand, is invited to propose solutions for certain specific rights issues, such as orphan works, and to ensure their effectiveness in a cross-border context. The suggested timeframe for the Commission to propose its solutions is 2008-2009.

In the same respect, the Council of Europe has invited its Member States to examine and, if appropriate, develop initiatives to remedy the situation where it proves to be impossible for public service broadcasters to obtain the necessary authorisations and to clear the necessary rights for the exploitation of protected radio and television productions held in their archives, *inter alia*, because not all rightsholders involved can be identified.²²

3. Possible Solutions to the Orphan Works Issue

In addressing the issue of orphan works, several alternatives may be considered. These alternatives, which can be grouped into six categories, are discussed below.

3.1 Rights Management Information

Because the difficulties in locating right owners is caused, to a large extent, by certain intrinsic factors, which include the fact that (i) not all

works carry a statement indicating the authorship or copyright ownership of the work, (ii) the copyright ownership information on the work may be outdated due to a change of ownership, and (iii) there is a general lack of adequate copyright registers or other publicly accessible records, it would be feasible to attend to the orphan works issue by providing mechanisms that encourage the supply of rights management information²³ (metadata) to the public. If adequate rights management information is made publicly accessible, this could lower the transaction costs that are involved in identifying rightsholders, thus facilitating the rights clearance of works.

Obliging authors or right owners to provide information on copyright ownership, however, would be at odds with Article 5(2) of the Berne Convention,²⁴ if this would make the existence or exercise of copyright contingent upon formal requirements. Except for purely national situations, it is illicit under the Berne Convention to establish mandatory registration systems or to require the affixation of a copyright notice, including information on the identity and whereabouts of a copyright owner and the date of copyright, on each copy of the work. On the other hand, it is not prohibited to establish measures which stimulate right owners to voluntarily provide information concerning copyright ownership and licensing conditions.

A number of measures could be employed to stimulate the voluntary supply of information. First, authors and right owners could simply be encouraged to provide copyright information or, for digital works, to incorporate adequate rights management information. With respect to the latter, an important role could be played by DRM systems. Since DRM systems may include large databases of rights management information to support the process of authorising and monitoring the online use of copyrighted works, they can contribute to a significant extent to efficient rights clearance in the online environment.

In addition, it would be feasible to motivate authors or right owners to avail themselves of Creative Commons (CC) licences,²⁵ or similar licences,²⁶ which provide a direct link between a work and its licence. CC licences are standardised licensing and contract schemes that rightsholders can attach to a work, permitting any possible user to use the work under the specific terms of that licence. Rightsholders can choose between a variety of CC licensing terms, allowing them to decide *a priori* under what conditions they would allow the reutilisation of their works and which rights they would thereby wish to reserve. As the CC licensing conditions are subsequently attached to copies of the work, this creates transparency for the prospective user and thus facilitates the licensing process considerably.

Finally, rightsholders could be provided with certain facilities to record ownership of copyright in databases established and maintained for the purpose of providing information regarding the copyright status of works. Such an initiative could consist of facilitating either the creation of rights management information databases by public or private entities,²⁷ or the establishment of voluntary registration systems under national (or international) copyright law.²⁸ By encouraging the recording of rights management information in databases or registers, users may be supplied with an important source of information concerning a work, its author and its present copyright owner. Provided that the information is kept up-to-date, the reutilisation of copyrighted works will be expedited significantly. In this respect, an important role could be reserved for collecting societies in terms of opening up their databases, given that they already hold large records of rights management information relating to their repertoire. In addition, information brokers may play a part in assisting users to search the databases or registers to clarify copyright ownership, and perhaps even to clear the rights in copyrighted works.

Advantages and Disadvantages

The search for right owners may be eased considerably by the widespread availability of rights management information. A broad supply of adequate rights management information to the public would enhance transparency, thus helping to alleviate the problems associated with rights

clearance of copyrighted works, especially those works which would otherwise be liable to become "orphaned". However, the supply of information cannot provide a complete solution to the orphan works problem as for many "old" works the required information is simply unavailable. Therefore, while measures that are designed to stimulate the provision of rights management information may prevent the further expansion of the phenomenon of orphan works, the orphan works issue could not be solved by the supply of rights management information alone.

3.2 Extended Collective Licensing

A second alternative would be to stimulate the collective management of copyright in works that are most suitable to digital reutilisation. This would have the advantage that, because of the concentration of rightsholders in a collecting society, prospective users would face fewer difficulties in finding the copyright owner whose work they intend to use. Where a collecting society has been established and that society represents a significant part of the rightsholders in a given field, there is a reasonable likelihood that the society will also represent the particular copyright owner the user is looking for.

Nonetheless, if the copyright owner is not represented by that collecting society, a user may still face considerable uncertainties. This can be illustrated by the general agreement concluded between *INA* and five French collecting societies (*SACEM*, *SACD*, *SCAM*, *SDRM* and *SESAM*),²⁹ which authorises *INA* to use the collecting societies' audiovisual and sound catalogue, to the extent that it is available in its archive, for any mode of exploitation (including Internet and mobile telephony). Although this agreement greatly facilitates and simplifies the exploitation of *INA*'s archives, it does not cover the repertoire of rightsholders who are not members of any of the contracting societies. Consequently, the obstacle remains that *INA* still needs to identify and locate these, perhaps unknown, rightsholders to clear the rights of the works not covered by the agreement.³⁰

Accordingly, because of the freedom of the right owner to decide whether or not to authorise a collecting society to represent and exercise his or her rights, a system of voluntary collective rights management as described here would not provide a complete answer to the problem of orphan works. There is a legal technique, however, by which this shortcoming can be overcome. This is the so-called "extended collective licence", which is applied in various sectors in Denmark, Finland, Norway, Sweden and Iceland.³¹

A system of extended collective licensing is distinguished by the combination of a voluntary transfer of rights from rightsholders to a collecting society with a legal extension of the repertoire of the society to encompass those rightsholders that are not members of the society.³² Statutory provisions thereby give extended effect to the clauses in a collective licensing contract, which is concluded between a representative organisation of right owners and a (certain group of) user(s). A precondition is that a substantial number of rightsholders in a given category are represented by the contracting organisation.

In the Nordic countries, an extended collective licence is applied, for example, to musical works for use in radio and television broadcasts. That means that when a broadcaster obtains a licence for the broadcasting of musical works from a collecting society representing a substantial number of music composers and lyricists, the licence is statutorily extended to also cover those music composers and lyricists not represented by the collecting society.

Hence, the extended collective licence automatically applies to all rightsholders in the given field. Normally, the licence applies to both domestic and foreign right owners. It also applies to deceased rightsholders, in particular where estates have yet to be arranged, and to unknown or untraceable rightsholders. This greatly facilitates the clearance of rights, since a user may obtain a licence to use all works covered by the licence without the risk of infringing the rights of right owners who otherwise would not be represented. In fact, the rationale of the system of extended collective licensing has always been to facilitate

the licensing in case of massive uses, for which it would be impossible for users to clear all the necessary rights.³³

Nevertheless, to protect the interests of right owners who are not members of the collecting society and who do not wish to participate in the extended collective licensing scheme, the legislation in the Nordic countries provides right owners with the option to either claim individual remuneration or to “opt out” from the system altogether.³⁴ Rightsholders who choose the latter are no longer covered by the extended collective licence.

Advantages and Disadvantages

The advantage of a system of extended collective licensing for users is that because of its “extended” effect, the collective licence applies to all rightsholders in the given field (except to those who have explicitly opted out of the system). This provides re-users of existing works with a considerable degree of the legal certainty that they require. In respect of rightsholders, on the other hand, an extended collective licence would be quite a radical solution. Therefore, if a system like this is considered, it should only be applied in cases where there is a clear public interest at stake. Examples may include the exploitation of past archive productions for on-demand services. Furthermore, so as not to cause unnecessary prejudice to the legitimate interests of rightsholders who wish to retain control of their works and basic business operations, the extended collective licence should also be accompanied by an easy and simple “opt-out” possibility for rightsholders, even if this may to a certain extent reduce legal certainty for users.

Difficulties may arise, however, as to the practical implementation of an extended collective licensing regime. Since the success of an extended collective licence fully depends on the conclusion of contracts between collecting societies, representing a sufficient number of rightsholders, and users, collecting societies should already be operating in those fields where the orphan works problem is most pressing. This is currently not the case in all European countries. In the photographic and audiovisual fields, in particular, collective rights management is still rather underdeveloped. Right owners in those fields are reluctant to have their rights administered collectively, as they generally prefer to manage their rights individually. Consequently, the cautiousness of rightsholders to allow collective management of their rights may prevent an extended collective licensing regime becoming a successful and favourable solution to the orphan works problem.

3.3 Indemnity or Security

Another (partial) solution would be to allow a private organisation representative of a certain group of rightsholders to grant an indemnity or security to a prospective user who, after a reasonable search, has not been able to identify and locate a copyright owner. In some countries, there already exist voluntary arrangements of this kind. In the Netherlands, for example, a system is in place whereby a prospective user of a photo can request *Foto Anoniem*,³⁵ a foundation which is linked to *Burafo* (a Dutch organisation for professional photographers), to assist in finding the copyright owner of a photographic work. To that end, *Foto Anoniem* has at its disposal a vast directory of photographers. In the majority of cases, *Foto Anoniem* is indeed able to trace the name and address, and to put the user in contact with the photographer. Nonetheless, if the photographer cannot be found, *Foto Anoniem* will grant the user legal protection by means of an indemnity. In the indemnity clause, *Foto Anoniem* commits itself to protect the user against liability for copyright infringement. To obtain indemnity, a user must pay fair compensation, which generally relates to the usual licence fee for publication of a photo. The compensation is reserved to disburse right owners in the event they are retrieved. In Belgium, a similar model is employed by *SOFAM* (the Belgian collecting society for visual arts).³⁶

Advantages and Disadvantages

Although the grant of an indemnity or security provides a measure of legal certainty to the user, i.e., by protecting him or her against

financial liability, it does not as such prevent a copyright owner from invoking his or her exclusive rights should he or she eventually come forward. This means that, despite the indemnity or security granted to the user, a rightsholder could still seek injunctive relief which would prohibit any further use of the work. Moreover, because an indemnity or security only eliminates financial liability under civil law, the user may still be held responsible for copyright infringement under criminal law.³⁷ It is apparent, therefore, that these alternatives do not fully safeguard the user’s position, at least where the indemnity or security, as in the above mentioned cases, is not supported by supplementary provisions in the law.

3.4 Licence to Use an Orphan Work

Another way to provide legal certainty would be to allow a user to apply to an administrative body to obtain a licence to use a particular work in those cases where the identity or whereabouts of the right owner cannot be ascertained by reasonable inquiry. Such a system has been established, for example, in Canada.³⁸ Under the licence scheme provided for, the Canadian Copyright Board must be satisfied that the applicant has made “reasonable efforts” to find the copyright owner before a licence may be issued. As a rule, a user may request, by a single application, a licence for multiple orphan works.³⁹ The purpose for which the applicant requests the licence is irrelevant.⁴⁰

It is not required that “every effort” has been made to trace the rightsholder, but an applicant must prove that he or she has conducted a “thorough search”. To that end, the Copyright Board advises the applicant to contact different collecting societies and publishing houses; to consult indexes of national libraries, universities and museums; to check registration systems of copyright offices; to investigate inheritance records, and to simply search the Internet.⁴¹

Once the Copyright Board is convinced that the applicant, despite reasonable efforts, cannot locate the copyright owner, it may grant a licence, irrespective of whether the work is of domestic or foreign origin. To respect the moral right of the author to decide whether or not to make his work available to the public, a licence cannot be granted for unpublished works or works of which the publication status cannot be confirmed. Nevertheless, the Copyright Board has, from time to time, relied on indicia that would not meet the civil burden of proof in cases where there was at least some evidence allowing it to conclude that a work had previously been published.⁴²

The licence granted permits the applicant to use the copyrighted material without the explicit consent of the copyright owner. The licence is non-exclusive and limited to the Canadian dominion. The Copyright Board is not entitled to issue licences beyond its own territory. The grant of the licence is usually subject to specific terms and conditions, such as the type of use which is authorised, the restrictions to this use, the date of expiry of the licence, etc.

In any event, the licence stipulates a royalty fee, which should generally correspond to an ordinary royalty rate, as would have been made in consideration of consent being given. The royalty fee is usually ordered to be made directly to a collecting society that would normally represent the untraceable right owner, but users may also be required to deposit the fee into an escrow account or trust fund. If the right owner resurfaces, he may collect the royalties fixed in the licence or, in default of their payment (i.e., where a user has declined to pay the royalties the licence provides for), commence an action to recover them in a court of competent jurisdiction. If no copyright owner has come forward within five years after the expiry of the licence the collected royalty fee may be used for other purposes than those relating to the use in question.

Besides the Canadian system, there are other regimes where a competent public authority may issue licences for use of works in cases where the right owners cannot be found. Such regimes exist, for example, in Japan, South Korea, India and the UK.⁴³ The pertinent rules, however, vary widely in application and scope. In the UK, for example, the power

to issue a licence is limited to the making of a copy of a recorded performance. Not all these regimes, therefore, provide an inclusive remedy to the orphan works problem.

Advantages and Disadvantages

An often claimed disadvantage of the pre-clearance of orphan works by an administrative body is that it is an expensive and time-consuming process. The Canadian Copyright Board, however, indicates that once it has received all the required information, a decision can usually be issued within 30 to 45 days.⁴⁴ Opponents of the Canadian system maintain that the inefficiency of this system is exposed by the small number of applications filed before the Copyright Board.⁴⁵ This assertion need not be true as the relatively small number of applications might also be caused by other factors or simply be indicative of the relatively limited size of the orphan works problem in Canada. The inability of the Copyright Board to grant licences other than for uses in Canada may be another important reason.

Notwithstanding these possible drawbacks, a system allowing a public authority to issue a licence to use an orphan work has the potential to provide a practical and valuable solution to the problem. The main advantage of this system is that it provides the user with adequate legal certainty to be able to use an orphan work. Where a user is granted a licence, he or she is authorised to use an orphan work, without the risk of an infringement claim should the right owner come forward. At the same time, the legitimate interests of the right owners concerned are not unnecessarily prejudiced. First, a verification of the good faith of a user is performed by an independent public body, which can take due account of the need to keep the legitimate interests of right owners and users in equilibrium. Second, it is determined on a case-to-case basis whether a licence is issued and thus an exception to the exclusive right of the right owner is made. Third, the licence issued is not all-inclusive, but granted to a particular user for a specific kind of use only. Finally, the system does not result in a loss of income for rightsholders. If a rightsholder resurfaces, he is reimbursed for the use made under the licence that has been issued.

3.5 Limitation-on-remedy Rule

Yet another possibility would be to introduce a rule that would limit the liability of those users who use an orphan work after an unsuccessful but reasonable search for the right owner has been conducted. This solution has been proposed in the US Copyright Office's orphan works report of 2006,⁴⁶ and has subsequently been introduced, with some minor amendments, as a bill – the "Orphan Works Act of 2006" – in the US House of Representatives.⁴⁷

In general, the liability rule permits *bona fide* users, who have been unable to identify and locate a copyright owner, to make use of the work, subject to a limitation on the remedies that the right owner could obtain against the user if he or she were to subsequently come forward and file a claim. To qualify for this limitation, the user is required to prove that he has performed a "reasonably diligent search" and, if possible and reasonably appropriate under the circumstances, to provide attribution to the author and copyright owner of the work.

The term "reasonably diligent search" is not defined in the Copyright Office report. The bill, on the other hand, states that a reasonably diligent search ordinarily includes, at a minimum, review of the information maintained by the Register of Copyrights. Moreover, to be "reasonably diligent", a search should normally include the use of reasonably available expert assistance and reasonably available technology. A user cannot be successful in his or her claim by referring solely to the lack of identifying information on the copy of the work. In any event, it is for the court to decide whether a search has been reasonably diligent in the given circumstances.

If a user meets the burden of proof that he or she has conducted a reasonably diligent search and has provided attribution to the true author or right owner, a closed set of remedies is available, should the

right owner resurface and initiate litigation over the use of the work. First, monetary relief is limited to "reasonable compensation" for the use made. In general, this reasonable compensation should correspond to a reasonable licence fee, i.e., as would have been established in negotiations between the user and the right owner before the infringing use commenced. However, where the use was non-commercial and the user expeditiously ceases the infringement upon a notice by the right owner, no monetary relief is due at all.

In addition, the liability rule provides for a limitation on injunctive relief. Where the orphan work has been incorporated into a derivative work (e.g., a motion picture or documentary film), the copyright owner cannot obtain full injunctive relief to prevent the exploitation of the derivative work, provided that the user pays the right owner a reasonable amount of compensation and provides for sufficient attribution. Full injunctive relief is available, however, where an orphan work has simply been republished or posted on the Internet without any transformation of its content. Nevertheless, in these cases, courts are instructed to account for and accommodate any reliance interest of the user that may be harmed by the injunction.

Advantages and Disadvantages

The main advantage of the liability rule is that it would provide for an inclusive provision to address the orphan works issue, thus not categorically excluding any type of work (e.g., unpublished or foreign works) from its scope. Moreover, the liability rule would not affect any existing rights, limitations or defences to copyright infringement. In addition, since users do not have to recompense right owners in advance, but only in case they reappear and file a claim, the liability rule is claimed to be much more cost-efficient than, for instance, the *ex ante* clearance of orphan works as practised in the Canadian system.

The latter argument, however, is questionable. By taking into account the costs that a liability rule would initially impose on a user (i.e., the costs of keeping search records and the costs of assessing the likelihood of possible future claims), as well as the costs that arise if a rightsholder reappears (i.e., the litigation costs and the costs of paying reasonable compensation after a successful litigation), the question remains whether the liability rule would truly be more cost-efficient than the Canadian system.

Another question is whether a liability rule would actually provide the legal certainty users require. Especially where the search was conducted a long time ago, a user may face considerable difficulties if he or she would have to convince a court *ex post* of the reasonableness of a search. To be able to provide sufficient evidence in court, users would need to keep records of each and every search they have made, often for an indefinite period of time. This may impose inordinate burdens, especially on smaller users.

Certain groups of rightsholders have also expressed the fear that potential users would not always conduct a sufficiently diligent search to find a right owner, thereby inaccurately labelling many works as orphan works. In particular where, under the liability rule, right owners bear the burden of seeking judicial relief in the event of a dispute, and litigation to enforce their copyrights is often prohibitively expensive, they are afraid that many of their works are eventually used without consent or disbursement.

Finally, it is highly debatable whether a liability rule similar to the one proposed in the US would really improve the situation in Europe as regards the use of orphan works. When it comes to the financial damages that a user may incur, the law in most European countries is much more benevolent to the user than in the US, as damages in Europe are compensatory and not punitive by nature.⁴⁸ A liability rule, therefore, would not alleviate the situation for users as such, but would, at most, encourage more users to use orphan works. Only to the extent that the liability rule would also limit injunctive relief, as in the US proposal, would it improve the legal certainty for users who incorporate an orphan work into a derivative work.

3.6 Exception or Limitation

A last alternative would be the introduction of a statutory exception or limitation under which the reutilisation of orphan works would be allowed under certain strict conditions. This solution has been advocated by the British Screen Advisory Council (BSAC) in the paper it prepared for the Gowers Review, an independent review into the UK intellectual property framework, in 2006.⁴⁹ In its paper, BSAC concludes that to address the orphan works problem most adequately and effectively, a statutory exception to copyright, coupled with an obligation to reimburse copyright owners who emerge after the use of an orphan work has begun, would have preference over any of the solutions discussed above.

In brief, the essence of BSAC's proposal is as follows. If a person has not been able to find the copyright owner of a work after having made "best endeavours" to trace him or her, that person may use the work under the proposed exception to copyright. The question whether someone has made "best endeavours" to find the copyright owner should be tested and judged against the particular circumstances of each and every case. Guidelines for reasonable searches could further qualify what efforts should be made to meet this requirement. In any case, "best endeavours" should not be measured against an absolute standard.

A precondition for the proposed exception to apply is that the work must be marked as used under the exception. This should alert a right owner who emerges that the work has been used under the exception and that he or she can claim the "reasonable royalty" to which he or she is entitled for the use made, rather than sue for infringement. The amount of the royalty should be agreed by negotiation. If the parties cannot reach agreement, BSAC sees a role for the UK Copyright Tribunal to establish the amount to be paid.

Once the copyright owner has emerged, a user who intends to continue using the orphan work would need to negotiate the terms of use with the right owner in the usual way. Where the work has been integrated or transformed into a derivative work, however, it would be unreasonable if the right owner could prevent the further exploitation of the entire work by simply refusing permission to use the work in question. BSAC proposes that in such cases, users should be allowed to continue using the work, provided that a reasonable royalty is paid and sufficient acknowledgement is given to the right owner.

Advantages and Disadvantages

As with the limitation-on-remedies rule pending in the US, the kind of exception proposed by BSAC would provide for an inclusive provision to address the orphan works issue. The exception would cover all copyrighted works and subject matter protected by related rights, including unpublished and foreign materials. Moreover, the exception would not affect any of the other commitments under copyright law, such as the protection of the moral rights of untraceable authors. At the same time, a right owner who reappears is not required to file a law suit against the user in order to seek reasonable compensation, but would be directly entitled to compensation pursuant to the statutory exception. Proceedings before the court would only arise, therefore, if a user would not fulfil its obligation to pay reasonable compensation or if a right owner contests the reasonableness of the search conducted by the user.

Providing legal certainty to users by introducing a general exception to the exclusive right of a copyright owner, however, may be too rigorous a measure for the purpose of addressing the orphan works problem. In any case, such an exception should be compatible with the three-step test of Article 5(5) of the Copyright Directive. This test prescribes that an exception is only permitted (1) in certain special cases, (2) which do not conflict with a normal exploitation of the work, and (3) do not unreasonably prejudice the legitimate interests of the rightsholder. It is highly debatable whether the proposed exception would pass this test. First, the exception is not strictly limited to certain specific cases for certain specific purposes as is required by the first step. Moreover, the question is whether the exception provides enough guarantees not to unreasonably prejudice the legitimate interests of rightsholders. There is,

for example, no built-in mechanism to verify the good faith of a user, as exists in the Canadian system. Therefore, the question remains as to whether there are no other equally effective means which could achieve the same objective, while at the same time providing more legal safeguards to protect the interests of right owners.⁵⁰

Finally, it needs to be considered that if national policy-makers would desire to adopt an exception as proposed here, this would require the active involvement of the EU legislator, as Article 5 of the Copyright Directive provides for a limited set of exceptions, none of which currently allow for an orphan works exception to be introduced.

4. Evaluation of the Different Solutions

The various models discussed in the preceding paragraph offer a rich source of alternatives. To arrive at a preferred solution at European or national level requires an active balancing of the pros and cons of the different models. In any event, it is important that a preferred solution would keep the legitimate interests of right owners and users in equilibrium. The Copyright Subgroup of the High Level Expert Group on Digital Libraries,⁵¹ which was set up to analyse and discuss various copyright issues relevant to the "i2010: Digital Libraries" initiative, used this principle as one of its starting points when examining how the orphan works issue could best be addressed. The preliminary results of this examination have been published in an interim report in October 2006.⁵²

In general, the Copyright Subgroup supports certain non-legislative measures as a partial solution to the orphan works issue. Among its key recommendations, the Copyright Subgroup suggests establishing databases containing rights management information on orphan works and improving metadata tagging in digital and digitised material (*supra* Para. 3.1). The latter should prevent future expansion of the orphan works problem.

At the same time, the Copyright Subgroup acknowledges that legal certainty for libraries and archives presupposes some additional legislative measures that safeguard the position of users. In this respect, two types of solutions are considered, i.e., a generic solution and a solution that would cover the activities of cultural institutions only. These solutions could perhaps also be combined, leading to a hybrid solution to the orphan works issue.

Under the generic solution, a competent public (or private) body would be empowered to grant a licence to use an orphan work. If appropriate, this body could function as a repository for royalties collected, or designate collecting societies or other intermediaries for that purpose. The Copyright Subgroup believes that this body should be obliged to perform active searches to reach rightsholders. This solution is modelled principally on the Canadian system (*supra* Para. 3.4). It appears from the foregoing analysis, that the latter system indeed constitutes one of the best solutions to the orphan works problem, as it adequately provides for the legal certainty users require, while taking due account of the legitimate interests of rightsholders.

The solution covering the activities of cultural institutions, on the other hand, would be based primarily on contractual relationships between cultural institutions and rightsholders. In this respect, the *INA* Agreement is seen as a key example. To clear up any legal uncertainties that may arise, the Copyright Subgroup suggests that the contractual arrangements be supported by an "extension effect" to licensing contracts, by a legal presumption on representation, or by some other measure with the same effect (*supra* Para. 3.2). Other members of the Subgroup, however, would prefer the contractual arrangements to be complemented by a limitation-on-remedy rule along the lines of the pending US solution (*supra* Para. 3.5).

Apart from the suggested limitation-on-remedy rule, an amalgam of solutions, similar to those presented by the Copyright Subgroup, was recommended by the Institute for Information Law (IvIR) in its report, commissioned by the European Commission, on the "Recasting of Copyright & Related Rights for the Knowledge Economy".⁵³

5. Conclusion

If policy-makers at European or national level wish to enable audiovisual archives and other cultural institutions to derive full benefit from the possibilities to digitise and reuse materials in their collections, it would be desirable to seek proper solutions to deal with the orphan works problem. This is something that needs to be considered when discussing policy actions aimed at making culturally valuable materials accessible online.

It would be preferable if solutions could be found in dialogue with stakeholders from both users' and rightsholders' sides. In conjunction with the recommendations made by the Copyright Subgroup of the High Level Expert Group on Digital Libraries, the models presented in this paper may perhaps contribute to the discussions to find a proper solution.

Irrespective of whether a solution would be sought at the European or national level, it would in any event be desirable that a uniform approach be taken in the different European countries. If a solution were introduced at the national level, states would at least need to agree to mutually recognise the permitted use of orphan works under any legal mechanism established in another state. Such an agreement would attend to the licensing difficulties that may occur in case of a cross-border exploitation of orphan works. Hence, if the orphan works problem were to be dealt with at national level, this would require additional measures, or at least a coordinated approach, at European level.

The orphan works issue can only be effectively addressed, if this precondition is fulfilled.

- 1) This article is based on research conducted in the framework of a study carried out by the Institute for Information Law (IViR) for the European Commission on "The Recasting of Copyright & Related Rights for the Knowledge Economy" (November 2006), http://ec.europa.eu/internal_market/copyright/docs/studies/etd2005imd195recast_report_2006.pdf
- 2) BBC Creative Archive, <http://creativearchive.bbc.co.uk>
- 3) INA-Média, <http://www.inamedia.com>
- 4) iMovie (Apple), <http://www.apple.com/ilife/imovie>
- 5) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, "i2010: Digital Libraries", COM (2005) 465 final, Brussels, 30 September 2005.
- 6) For reasons of ease of terminology, the term "orphan works", as used in this article, will be deemed to include subject matter protected by related rights.
- 7) US Copyright Office, "Report on Orphan Works" (January 2006), <http://www.copyright.gov/orphan/orphan-report-full.pdf>, p. 15.
- 8) Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society, OJ L 167/10 of 22 June 2001.
- 9) Art. 42 UK Copyright, Designs and Patents Act.
- 10) This is also what the British Library calls for. See: British Library, "Intellectual Property: A Balance - The British Library Manifesto" (September 2006).
- 11) US Copyright Office Orphan Works Report (2006), supra note 7, p. 9.
- 12) F.J. Cabrera Blazquez, "In search of lost rightsholders: Clearing video-on-demand rights for European audiovisual works", IRIS plus 2002-8, p. 2 http://www.obs.coe.int/oea_publ/iris/iris_plus/iplus8_2002.pdf
- 13) J.M. Buchanan and Y.J. Yoon, "Symmetric tragedies: commons and anticommons", 43 Journal of Law and Economics 1 (2000), p. 4.
- 14) See, for a comprehensive discussion, chapter 5 of the IViR report, "The Recasting of Copyright & Related Rights for the Knowledge Economy" (2006), supra note 1.
- 15) Commission Staff Working Paper on certain legal aspects relating to cinematographic and other audiovisual works, SEC (2001) 619, Brussels, 11 April 2001.
- 16) Commission Staff Working Document, Annex to the Communication from the Commission "i2010: Digital Libraries", Questions for online consultation, SEC (2005) 1195, Brussels, 30 September 2005.
- 17) Estimate provided by the British Library. See the British Library Manifesto, supra note 10.
- 18) Communication from the Commission to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on certain legal aspects relating to cinematographic and other audiovisual works, COM (2001) 534 final, Brussels, 26 September 2001, p. 14; Results online consultation "i2010: Digital Libraries", <http://tinyurl.com/yujl54>, p. 5.
- 19) Even in the United States of America, where the Copyright Office did a large-scale inquiry, no detailed figures exist to quantify the problem relating to the exploitation of orphan works. See the US Copyright Office Orphan Works Report (2006), supra note 7, p. 92.
- 20) Commission Recommendation 2006/585/EC of 24 August 2006 on the digitisation and online accessibility of cultural material and digital preservation, OJ L 236/28, 31 August 2006.
- 21) Council conclusions on the digitisation and online accessibility of cultural material and digital preservation, OJ C 297/1, 7 December 2006.
- 22) Council of Europe, Declaration on the exploitation of protected radio and television productions held in the archives of broadcasting organisations, adopted by the Committee of Ministers on 9 September 1999 at the 678th meeting of the Ministers' Deputies.
- 23) Rights management information covers not only information identifying the work, the author and the copyright owner, but also information indicating the terms and conditions of use of a particular work, and any numbers or codes that represent such information. See Art. 7(2) Copyright Directive.
- 24) Berne Convention for the Protection of Literary and Artistic Works.
- 25) Creative Commons, <http://creativecommons.org>
- 26) Among the alternative licences is the "Creative Archive Licence" as used by the BBC to license content from its Creative Archive, http://creativearchive.bbc.co.uk/licence/nc_sa_by_ne/uk/prov
- 27) See, e.g., "Cannes market", an online database on rights in films, <http://www.cannesmarket.com>
- 28) See the Survey of national legislation on voluntary registration systems for copyright and related rights, WIPO document (SCCR/13/2), 9 November 2005. Illustrative, at international level, is the International Register of Audiovisual Works, as provided for by the WIPO Treaty on the International Registration of Audiovisual Works, Geneva, 18 April 1989.
- 29) "L'Ina et la SACEM, la SACD, la SCAM, la SDRM et SESAM s'accordent sur les conditions d'utilisation des œuvres audiovisuelles et sonores sur de nouveaux modes d'exploitation d'image et de son", 3 October 2005, <http://www.scam.fr/Telecharger/Documents/Infos/Communique/cp03-10-05-accordINA-SPRD.pdf>
- 30) J.-F. Debarnot, "Les droits des auteurs des programmes du fonds de l'INA exploités sur son site internet", Legipresse no. 232 (2006), p. 93-94.
- 31) T. Koskinen-Olsson, "Collective management in the Nordic countries", in: D. Gervais (ed.), *Collective management of copyright and related rights*, The Hague: Kluwer Law International 2006, p. 257-282.
- 32) D. Gervais, "The changing role of copyright collectives", in: Gervais (2006), supra note 31, p. 3-36 at p. 28.
- 33) H. Olsson, "The Extended Collective License as Applied in the Nordic Countries", Kopinor 25th anniversary international symposium, Oslo, 20 May 2005, par. 3.
- 34) Olsson (2005), supra note 33, par. 6.4.
- 35) Stichting Foto Anoniem, <http://www.fotoanoniem.nl>
- 36) SOFAM, <http://www.sofam.be/main-nl.php?ID=104&titel=Borgstelling>
- 37) Koskinen-Olsson (2006), supra note 31, p. 267.
- 38) Art. 77 Canadian Copyright Act.
- 39) See, e.g., *Canadian Institute for Historical Microreproductions (Re)*, Copyright Board of Canada, 18 September 1996, 1993-UO/TI-5, where a licence was issued authorizing the reproduction of 1048 works.
- 40) L. Carrière, "Unlocatable copyright owners: some comments on the licensing scheme of section 77 of the Canadian Copyright Act" (1998), <http://www.robic.com/publications/Pdf/103-LC.pdf>, p. 9.
- 41) Copyright Board of Canada, "Unlocatable Copyright Owners Brochure" (July 2001), <http://www.cb-cda.gc.ca/unlocatable/brochure-e.html>
- 42) See, e.g., *Canadian centre for architecture (Re)*, Copyright Board of Canada, 17 January 2005, 2004-UO/TI-32 (application denied).
- 43) Art. 67 Japanese Copyright Act; art. 47 South Korean Copyright Act; art. 31a Indian Copyright Act; art. 190 UK Copyright, Designs and Patents Act.
- 44) Unlocatable Copyright Owners Brochure, supra note 41.
- 45) Since 1990, when the system became effective in Canada, only 197 applications were filed and 191 licences were issued. By contrast, in Japan, only 29 licences were issued since the system entered into operation in 1970.
- 46) US Copyright Office Orphan Works Report (2006), supra note 7.
- 47) Orphan Works Act of 2006, H.R. 5439, Introduced in the House of Representatives, 109th Congress, 2nd Session, 22 May 2006.
- 48) In the US, users face the risk of becoming liable for payment of statutory damages of up to USD150,000 for each willfully committed infringement (Art. 504 US Copyright Act). In Europe, on the other hand, damages are ordinarily based on the actual losses incurred by the infringement.
- 49) "Copyright and orphan works", a paper prepared for the Gowers review by the British Screen Advisory Council, 31 August 2006, <http://www.bsac.uk.com/reports/orphanworkspaper.pdf>
- 50) M. Senftleben, *Copyright, limitations and the three-step test: an analysis of the three-step test in international and EC copyright law*, The Hague: Kluwer Law International 2004, p. 236.
- 51) Commission Decision 2006/178/EC of 27 February 2006 setting up a High Level Expert Group on Digital Libraries, OJ L 63/25, 4 March 2006.
- 52) High Level Expert Group on Digital Libraries, "Copyright Subgroup Interim report" (October 2006), http://ec.europa.eu/information_society/activities/digital_libraries/doc/minutes_of_hleg_meet/copyright_subgroup/interim_report_16_10_06.pdf, annex 1.
- 53) See footnote 1.