

Draft: July 2007. The article has been published in: IIC 6/2007, at 669-702.

*Stef van Gompel**

UNLOCKING THE POTENTIAL OF PRE-EXISTING CONTENT: HOW TO ADDRESS THE ISSUE OF ORPHAN WORKS IN EUROPE?*

1. INTRODUCTION

The advent of new media and digital technologies has fostered a rapidly growing market for secondary uses of pre-existing works. Authors, producers, publishers, broadcasters and information service providers are discovering, as they did in ‘analogue’ times, that existing content can be put to new, sometimes profitable, secondary or derivative uses.¹ Because of new technologies, existing works of authorship can easily be digitised and reused for all kinds of purposes. Classic films may be reissued on DVD; hits from long forgotten artists may be re-released on compilation CDs; newspaper articles may be republished on internet websites; etc. 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.² Archived television news items may serve as input to multimedia encyclopaedias; old photos may be incorporated into digital collages; film clips may become part of computer games or educational software; etc.

In addition, 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.³ 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 offered the UK public full online access to old BBC radio and television programmes;⁴ the *INA-Média-Pro* database which provides professional users online access to the digitised materials of the French National Audiovisual Institute *INA*

* LL.M., Amsterdam; PhD candidate at the Institute for Information Law (IViR), University of Amsterdam.

** This article is based on research conducted in the framework of the IViR study 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>. You are invited to direct any comments, criticism or ideas on this article to: vangompel@ivir.nl.

¹ HUGENHOLTZ & DE KROON, “The Electronic Rights War. Who owns the rights to new digital uses of existing works of authorship?”, *IRIS* 2000-4, 16.

² HUANG, “U.S. Copyright Office orphan works inquiry: Finding homes for the orphans”, 21 *Berkeley Tech. L.J.* 265, 274 (2006).

³ Relevant, in this respect, is the so-called ‘long tail effect’ of digital distribution. Marketed through online distribution channels, content goods with low individual sales volumes can collectively make up a market share that rivals or exceeds the relatively few bestsellers. See ANDERSON, “The Long Tail”, *Wired Magazine*, October 2004, <<http://www.wired.com/wired/archive/12.10/tail.html>>.

⁴ BBC Creative Archive, <<http://creativearchive.bbc.co.uk/>>. This BBC pilot project recently came to an end and the service has been temporarily withdrawn, awaiting a ‘public value test’ by the government.

(*Institut National de l'Audiovisuel*);⁵ and the proposal by several Member State leaders to establish a European Digital Library, to ensure that a full catalogue of European cultural and scientific literature is made available online.⁶

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.⁷ 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 2005.⁸

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 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 the situations where the content is in the public domain or 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'. Not being able to acquire permission from the right owner(s) concerned makes it impossible to reutilise the work legally.

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

This article will analyse and evaluate solutions which could possibly be introduced at EU level, or more likely, at the national levels of the EU Member States, to overcome the rights clearance issues caused by the problem of orphan works. Before examining the various solutions, however, the problem of orphan works is explored in more detail. In addition, it shall be considered how policy makers at the European level have started to engage in the issue of orphan works and what so far has been the result of their endeavours.

⁵ INA-Média-Pro, <<http://www.inamediapro.com>>.

⁶ European Digital Library project, <<http://edlproject.eu/>>. See also eGovernment News, "EU: European digital library proposed", 4 May 2005, <<http://ec.europa.eu/idabc/en/document/4239/350>>.

⁷ Council of Europe, Cultural policy and action: "Access to archives in Europe" (completed project), <http://www.coe.int/t/e/cultural_co-operation/culture/completed_projects/Archives/>.

⁸ See the 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.

2. ORPHAN WORKS

2.1 DEFINITION OF THE PROBLEM

An orphan work can be defined as a copyright protected work (or subject matter protected by related rights),⁹ 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, a prospective user has no choice but to either reutilise the work and bear the risk of an infringement claim or to completely abandon his or her intention to use the work. In the latter case, a productive and beneficial use of the work will be forestalled. That is clearly not in the public interest, in particular where the right owner, if located, would not have objected to the use in question.¹⁰

The problem of orphan works 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) EC Directive on Copyright in the Information Society¹¹ ("Information Society 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. Many 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 issue of orphan works will not arise.

Nonetheless, not all Member States have implemented this optional limitation, and those who did have sometimes implemented it in a rather narrow sense.¹² In the United Kingdom, for example, it is not permitted to copy sound recordings, broadcasts or films for preservation purposes.¹³ This makes it impossible to legally reproduce these materials without the consent of the right owner(s). Hence, in these cases the problem of orphan works may occur. However, the appropriate remedy to deal with these preservation issues obviously does not lie in the sphere of the problem of orphan works, but rather in the adoption of a specific exception or limitation as allowed under Article 5(2)(c) Information Society Directive.¹⁴ Therefore, issues relating specifically to preservation will remain outside the scope of this article.

⁹ 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 (*i.e.*, performances, phonograms, broadcasts and films).

¹⁰ *See*, in the same respect, US Copyright Office, "Report on Orphan Works" (January 2006), 15, <<http://www.copyright.gov/orphan/orphan-report-full.pdf>>.

¹¹ 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.

¹² IViR, "Study on the implementation and effect in Member States' laws of Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society" (February 2007), part I, 46-49, <http://ec.europa.eu/internal_market/copyright/docs/studies/infosoc-study_en.pdf>.

¹³ This follows from art. 42 UK Copyright, Designs and Patents Act, which is applicable to literary, dramatic or musical works, illustrations accompanying such works and typographical arrangements only.

¹⁴ This is also what the British Library calls for. *See* British Library, "Intellectual Property: A Balance - The British Library Manifesto" (September 2006), point 3 <<http://www.bl.uk/news/pdf/ipmanifesto.pdf>>.

2.2 THE UNDERLYING CAUSES OF THE PROBLEM

In theory, every type of work can become ‘orphaned’. Typical issues of orphan works 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.¹⁵

The untraceability of right owners is caused, to a large extent, by certain intrinsic factors that are ingrained in the system of copyright and related rights. A first common ground for a work becoming ‘orphaned’ is that the information indicating the author and current right owner is unavailable to the public. This is particularly true for photographs and audiovisual works. Most of the time, these types of works do not carry the name of the author, nor present any other information which the authorship or copyright ownership of the work can be deduced from. In addition, there is a general lack of copyright registers or other publicly accessible records that hold adequate and up-to-date information on the ownership of rights. Although databases of rights management information are commonly available in those cases where rights are collectively administered, such as in the musical field, this does not hold for many other areas. In the literary, photographic and audiovisual fields, for instance, collective rights management is still rather underdeveloped. As a result, in those areas, it is not always easy for users to ascertain the authorship or copyright ownership of the work they intend to use.¹⁶

One of the main reasons for the lack of identifying information on the right owner of a work lies in the prohibition on copyright formalities, as provided for in Article 5(2) Berne Convention.¹⁷ Obliging the author or copyright owner to provide information on copyright ownership, would be at odds with the Berne Convention, 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. For that reason, the availability of adequate rights management information cannot be guaranteed.

In this respect, the copyright system is to be contrasted with other regimes of intellectual property rights, where the acquisition of rights is generally subject to mandatory registration requirements and other kinds of formalities. In patents law, designs law and trademark law, for example, public registration is a precondition for the coming into existence of the right.¹⁸ As a result, rights management information is made directly accessible through public registers. Moreover, since right holders are also required to register any transfer of their rights, the information available in these registers remains adequate and up-to-date.¹⁹

¹⁵ US Copyright Office, *supra* note 10, at 9.

¹⁶ See HUANG, *supra* note 2, at 266-268, who makes an analysis of how the scope of the orphan works problem may vary according to the copyright information that is generally available with respect to different types of works (music, books and graphical works).

¹⁷ Note that the prohibition on copyright formalities, as provided for in the Berne Convention, is incorporated by reference in the TRIPs Agreement (art. 9(1)). All WTO members are therefore bound by this prohibition, too.

¹⁸ Note that a design can also be protected by an ‘unregistered Community design’. See art. 1(2) in conjunction with arts. 11 and 19(2) Council Regulation (EC) no. 6/2002 of 12 December 2001 on Community designs.

¹⁹ The general rule is that as long as the transfer has not been entered in the register, the successor in title may not invoke the rights arising from the registration. See, with respect to the Community trade mark, art. 17(6) Council Regulation (EC) no. 40/94 of 20 December 1993 on the Community trade mark, OJ L 11/1 of 14 January 1994, and

This brings us to a second feature of the copyright system which might obscure the search for the right owner(s) of a work. Even if information is available on the original author or right owner of a work, this information may be outdated due to a change of ownership. Because of the divisibility and transferability of rights, each right in a component part of a work can be separately assigned or exclusively licensed to a third party, either in whole or in part.²⁰ Such a transfer need not imply a total grant of rights, but may well be limited to a specific use or even a specified period of time. In addition, it may also have occurred that a right owner has passed away. In that event, the rights may have been inherited by one or more heirs.

The transferability and inheritability of rights undeniably complicates the clearance of rights. For each single work which a prospective user intends to reutilise, he or she is required to trace the chain of title of existing rights, in order to find out who currently owns the rights in that particular work.²¹ That may well prove to be a difficult task, particularly when taking into account that over the years, rights may have been repeatedly transferred, assigned, or passed through heritage. In addition, in the later years of the term of protection, the number of right holders may have grown exponentially. This is particularly true in case of hereditary succession of rights upon the death of the author, where multiple heirs are entitled to a share of the estate. This automatically leads to a fragmentation of rights. Therefore, users may find it even more difficult to identify and locate the right owners and to obtain their permission.²²

As a consequence, with the passage of time, the ownership of copyright and related rights may become more uncertain. An underlying cause of the problem of orphan works, therefore, is the long duration of these rights. Irrefutably, the practical difficulties of locating right owners have increased even more, where the Term Directive set the copyright term for all EU Member States at 70 years *post mortem auctoris*,²³ which is 20 years above the minimum standard of the Berne Convention. This term extension has not only increased the number of works covered by copyright, and thus, the quantity of works liable to be ‘orphaned’. It has also expanded the practical hurdles to trace the current right holders of those works. A similar danger lurks if the Commission were to extend the terms of protection of related rights in performances and

with respect to the registered Community design, art. 28(b) Council Regulation (EC) no. 6/2002 of 12 December 2001 on Community designs, OJ L 3/1 of 5 January 2002. A similar rule applies to various national trade marks, patents and designs. *See e.g.* arts. 2:33 (trade marks) and 3:27 (designs and models) of the Benelux Convention on Intellectual Property 2005; art. 65(3) Dutch Patents Act 1995; and arts. L. 513-3 (designs and models), L. 613-9 (patents) L. 714-7 (trade marks) French Intellectual Property Code.

²⁰ Some countries know statutory limitations on the transferability of rights. *E.g.*, in Austria and Germany, copyrights are not assignable (except by testamentary disposition). Therefore, rights can only be transferred through (non)-exclusive licences (art. 23(3) Austrian Copyright Act; art. 29 German Copyright Act). *See* IViR, “Study on the conditions applicable to contracts relating to intellectual property in the European Union” (May 2002), 37, <http://ec.europa.eu/internal_market/copyright/docs/studies/etd2000b53001e69_en.pdf>.

²¹ KOENINGSBERG, “An overview of the general business and legal principles involved in the licensing of copyrights and related rights”, in: WIPO, “Guide on the licensing of copyright and related rights” 4, 5 (WIPO publication no. 897(E), Geneva 2004).

²² BARD & KURLANTZICK, “Copyright Duration: Duration, Term Extension, The European Union and the Making of Copyright Policy” 59 (Austin & Winfield, San Francisco 1999).

²³ Art. 1 Council Directive 93/98/EEC of 29 October 1993 harmonizing the term of protection of copyright and certain related rights, OJ L 290/9 of 24 November 1993. Recently, this Directive has been repealed and replaced by Directive 2006/116/EC of the European Parliament and of the Council of 12 December 2006 on the term of protection of copyright and certain related rights (codified version), OJ L 372/12 of 27 December 2006.

phonograms,²⁴ which currently are set at 50 years, calculated from the performance, the first fixation or other triggering event, in each of the EU Member States.²⁵

A last factor which may confuse the search for right owners lies in the multiple ownership of works. Multiple ownership may arise from very different circumstances. An initial form of multiple ownership exists where a work has been created by a plurality of authors and the law has conferred a copyright in the work that is owned by the authors jointly. As previously noted, multiple ownership may also be the result of the (partial) transfer or inheritance of copyright. In addition, multiple ownership occurs when new layers of protection are added to the already existing rights in a work. With the creation of each new work based upon a pre-existing work, for instance, a new copyright is added to the already existing copyrights in the works used. Examples include adaptations, translations or transformations of a work in a modified form, which are protected as separate works, without prejudice to the copyright in the original work.²⁶ Incontestably, the cumulation of rights has also been the result of the expansion of the traditional domain of copyright and related rights in recent decennia. New categories of rights, introduced initially at the national level and later confirmed in the ‘*acquis communautaire*’, have added new layers of protection to existing cultural productions, and have brought new categories of right holders into the realm of copyright and related rights.²⁷ As a result, a single object now may be protected by various layers of overlapping copyrights and related rights, each of which may potentially be held by a different right owner.

The existing rights clearance problems may well be exacerbated by the multiple ownership of works. Where a copyright is owned by multiple right holders jointly, national laws normally require the consent of all right holders to obtain a licence to use the work.²⁸ Permission from all right holders must also be obtained where rights need to be cleared in works with multiple overlapping copyrights. Accordingly, if a single right holder withholds his or her consent, the reutilisation of the entire work may be obstructed. Each right holder 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’,²⁹ which forewarns that where multiple owners hold effective rights

²⁴ The possible term extension for related rights was considered in the Commission Staff Working Paper on the Review of the EC legal framework, in the field of copyright and related rights, SEC (2004) 995, Brussels, 19 July 2004, at 10-11. The issue has been dealt with extensively in the IViR study on “The Recasting of Copyright & Related Rights”, *supra* note **, 83 et seq., and in the report, commissioned for the UK Gowers Review, from the Centre for Intellectual Property and Information Law, “Review of the Economic Evidence Relating to an Extension of the Term of Copyright in Sound Recordings” (2006), <http://www.hm-treasury.gov.uk/media/537/D3/gowers_cipilreport.pdf>.

²⁵ Art. 3 Term Directive, *supra* note 23.

²⁶ See, e.g., art. 10(2) Dutch Copyright Act; art. 23 German Copyright Act; and art. L 112-3 French Intellectual Property Code. Sometimes, it is determined that when an audiovisual work is adapted from a pre-existing work protected by copyright, the authors of the original work shall be assimilated to the authors of the new work. See e.g. art. 14 Belgian Copyright and Related Rights Act; and art. L 113-7 French Intellectual Property Code.

²⁷ In the last decennia, the ‘*acquis communautaire*’ has been enlarged, *inter alia*, by the introduction of copyright protection for software, of rental and lending rights, of related rights, of copyright and *sui generis* protection for databases and of digital rights. As a result, there has also been a host of newcomers entering the copyright arena: software producers, performers, phonogram producers, broadcasters, film producers, and database producers.

²⁸ See, e.g., art. 3(3) Irish Copyright and Related Rights Act and art. 173(2) UK Copyright, Designs and Patents Act, where this is explicitly provided for. See also CABRERA BLAZQUEZ, “In search of lost rightsholders: Clearing video-on-demand rights for European audiovisual works”, IRIS Plus 2002-8, 2.

²⁹ HELLER, “The Tragedy of the Anticommons: Property in the Transition from Marx to Markets”, 111 Harv. L. Rev. 621, 668 (1998); BUCHANAN & YOON, “Symmetric tragedies: commons and anticommons”, 43 J.L. & Econ. 1, 1 (2000).

to authorise or prohibit the exploitation of a work, and each proposed user must secure permission of all rights owners, the work may not be used at all, despite its potential value.³⁰

The need to obtain permission from each and every right owner in a work of multiple ownership implies that to successfully clear the rights, a prospective user is required, in advance, to identify and locate all the different right owners concerned. As there may be numerous right owners involved in a work of multiple ownership, this may well prove to be an arduous or even a daunting task. In practice, the likelihood that one of the right owners remains untraceable will be much higher than in the case of a work that is owned by a single right holder. As a result, because of the possibility of being partly ‘orphaned’, the issue of orphan works becomes more pronounced where it concerns works of multiple ownership.

The fact that the issue of orphan works 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 an eventual solution to the problem of orphan works 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.³¹

2.3 THE 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 problem of orphan works, 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 right holders which create obstacles to the exploitation of audiovisual works.³² 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.³³

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,³⁴ this has not been corroborated by sufficient data so far.³⁵ The consultations only revealed that the issue is perceived by several stakeholders, particularly by audiovisual and cultural institutions (mostly

³⁰ BUCHANAN & YOON, *supra* note 29, at 4; KATZ, “The potential demise of another natural monopoly: rethinking the collective administration of performing rights”, 1 J. Competition L. & Econ. 541, 559-560 (2005).

³¹ For an account of the multiple ownership problem, and different models addressing this problem, see IViR, “The Recasting of Copyright & Related Rights”, *supra* note **, at 159 et seq.

³² Commission Staff Working Paper on certain legal aspects relating to cinematographic and other audiovisual works, SEC (2001) 619, Brussels, 11 April 2001.

³³ 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.

³⁴ Estimate provided by the British Library. See British Library, *supra* note 14, point 5. This estimate seems to be quite on the high side. There is no indication what it is based on.

³⁵ Even in the USA, 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 US Copyright Office, *supra* note 10, at 92.

public broadcasters, libraries and archives), as a real and legitimate problem.³⁶ 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.³⁷

Nonetheless, although the issue of orphan works appears difficult to be quantified, it obviously presents ‘a real problem’ to those who intend to reutilise pre-existing content.³⁸ Estimates indicate that only a fraction of works that are protected by copyright and related rights is still commercially available.³⁹ Yet, while the majority of pre-existing works is of relatively little economical importance, the historical, cultural and scholarly value of many of those works is unambiguous. Many works are likely to be of a unique merit for historians, archivists and academia. Others might be valuable to creative industries and individuals for use as building blocks for new creative efforts.⁴⁰ Hence, even if the issue of orphan works is not of primary commercial importance, its cultural and social significance is unmistakable.

3. THE CALL FOR REGULATORY ACTION TO FACILITATE THE USE OF ORPHAN WORKS

At the very outset, it must be emphasised that the question of finding a right holder is first and foremost a matter of conducting a thorough search. Although tracing right holders 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 clearing the rights. Legal solutions to the problem of orphan works, therefore, should not be informed by the desires of stakeholders for whom a reasonable investment in rights clearance is not a priority. A regulatory or legislative intervention can only be justified to the extent that there is a structural market failure.

The issue of orphan works 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 unlocatable, 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

³⁶ 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, 14; Results online consultation “2010: Digital Libraries”, 5

<http://ec.europa.eu/information_society/activities/digital_libraries/doc/results_online_consultation/en.pdf>.

³⁷ See US Copyright Office, *supra* note 10, at 52-59 for more alternatives.

³⁸ Commission Staff Working Document, Impact Assessment supporting the Commission Recommendation on the digitisation and online accessibility of cultural material and digital preservation, SEC (2006) 1075, Brussels, 24 August 2006, 35.

³⁹ See, for example, LANDES & POSNER, “The economic structure of intellectual property law”, 212 (The Belknap Press of Harvard University Press, Cambridge 2003), who refer to data indicating that of 10,027 books that were published in the USA in 1930, only 174 books (*i.e.*, 1.7 per cent) were still in print in 2001.

⁴⁰ See BARD & KURLANTZICK, *supra* note 22, at 59; HICKMAN, “Can you find a home for this “orphan” copyright work? A statutory solution for copyright-protected works whose owners cannot be located”, 57 *Syracuse L. Rev.* 123, 135 (2006).

though the size of the problem is as yet difficult to assess, there appears to be a valid justification for regulatory intervention to address the problem of orphan works.

This has also been acknowledged by several important decision-making bodies in Europe. Already in 1999, the Committee of Ministers of the Council of Europe 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, because not all rights holders involved can be identified.⁴¹

More recently, the EU legislator also began to engage in the issue of orphan works. As part of the “i2010: Digital Libraries” project, the European Commission adopted a Recommendation on the digitisation and online accessibility of cultural material and digital preservation of 24 August 2006,⁴² 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.⁴³ 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.

To assist the Commission in implementing the “i2010: Digital Libraries” initiative, a High Level Expert Group (HLEG) on Digital Libraries was set up.⁴⁴ One of the tasks of this HLEG is to advise the Commission on how to best address the organisational, legal and technical challenges at European level. Within the HLEG, a Copyright Subgroup was formed to analyse and discuss the various copyright issues arising in the context of the Digital Libraries initiative. This Copyright Subgroup also considered the matter of orphan works.

The Copyright Subgroup unanimously concludes that a solution to the issue of orphan works is desirable, at least for literary and audiovisual works.⁴⁵ It does not, however, take a final position as to which solution would be most suitable to address the problem of orphan works.

In fact, the Copyright Subgroup confines itself to general recommendations. First, it proposes some non-legislative solutions that enhance transparency and prevent the further expansion of the issue of orphan works. These include establishing databases concerning information on

⁴¹ 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.

⁴² 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 of 31 August 2006.

⁴³ Council conclusions on the digitisation and online accessibility of cultural material, and digital preservation, OJ C 297/1 of 7 December 2006.

⁴⁴ Commission Decision 2006/178/EC of 27 February 2006 setting up a High Level Expert Group on Digital Libraries, OJ L 63/25 of 4 March 2006.

⁴⁵ Copyright Subgroup of the HLEG on Digital Libraries, “Report on Digital Preservation, Orphan Works, and Out-of-Print Works: Selected Implementation Issues”, adopted by the HLEG at its third meeting on 18 April 2007, 5 et seq.; *See also* Copyright Subgroup, “Interim report” (16 October 2006), 4-5 and annex I <http://ec.europa.eu/information_society/activities/digital_libraries/doc/minutes_of_hleg_meet/copyright_subgroup/interim_report_16_10_06.pdf>.

orphan works; improved inclusion of rights management information in digital content; and enhanced contractual practices.⁴⁶ The Copyright Subgroup emphasises that these voluntary measures should in any case be considered only as a partial solution to orphan works.

Second, the Copyright Subgroup supports contractual solutions. In this respect, it calls upon the Commission to recommend that the Member States encourage contractual arrangements in an appropriate manner, thereby taking account of the role of cultural institutions. 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.

Finally, the Copyright Subgroup believes that solutions in the Member States may be different, on the condition that they fulfil certain commonly accepted core principles. Any solution should cover all kinds of orphan works on the basis of a shared definition. It should enable the use of such works, for non-commercial and commercial purposes,⁴⁷ where a bona fide user has conducted a reasonable/thorough search prior to the use of the work. The solution should include guidance on diligent search. Stakeholders in different fields can devise best practices or guidelines specific to particular categories of works, but such guidelines should not form part of legislation. In addition, the solution should include provision for withdrawal and requirement for remuneration if the right holder reappears.

The Copyright Subgroup finds it a prerequisite that the solutions in the different Member States are interoperable. To that end, Member States should agree to mutually recognise any mechanism that fulfils the core principles mentioned.

In the following paragraphs, different regulatory and practical solutions to the issue of orphan works shall be considered. First, measures shall be looked at which are aimed at ameliorating the problem of orphan works by preventing a further expansion of the problem (para. 4). Next, solutions are found in models that are based on agreements between users and collecting societies or other right holders’ collectives (para. 5). Finally, legislative instruments shall be examined which specifically provide generic solutions for orphan works (para. 6).

The starting point of our examination is the principle that any rule addressing the issue of orphan works should ideally reflect an equilibrium between safeguarding the interests of right holders and giving legal certainty to bona fide prospective users. Accordingly, while providing legal certainty to prospective users of works the right owner(s) of which cannot be traced by reasonable means, a solution should at the same time guarantee that the legitimate interests of copyright holders are not unnecessarily prejudiced.

When considering solutions to the issue of orphan works, we shall not restrict ourselves to museums, libraries and archives. The focus of our examination lies on finding appropriate solutions to the problem of orphan works for any re-user of pre-existing content.

⁴⁶ In this article, the issue of enhanced contractual practices (as a solution to unclear contractual relationships between different right holders) will not further be discussed. It is a matter that relates to problems of multiple ownership (*supra* note 31) rather than to the orphan works problem.

⁴⁷ The solution should be applicable to non-commercial and commercial users. Nevertheless, the Copyright Subgroup believes that cultural and non-profit institutions deserve a special treatment when fulfilling their public function of disseminating culturally important works. This should be established in dialogue with stakeholders.

4. MEASURES AIMED AT PREVENTING A FURTHER EXPANSION OF THE PROBLEM OF ORPHAN WORKS

A first set of measures are designed to stop the progress of the problem of orphan works. Measures in this category include (1) the increased supply of rights management information to the public, and (2) the establishment of specific databases for orphan works.

4.1 IMPROVED PROVISION OF RIGHTS MANAGEMENT INFORMATION

The size of the problem of orphan works is likely to be reduced if more rights management information (RMI) were made publicly available. However, the supply of adequate RMI can only provide a partial solution to the problem of orphan works as for many ‘old’ works the required information is simply unavailable. Therefore, while measures that are aimed at stimulating the provision of RMI may prevent the further expansion of the phenomenon of orphan works, the issue could not be solved by the supply of RMI alone.

In addition, right holders cannot be obliged to provide RMI if this would make the existence or exercise of copyright contingent upon formal requirements. As noticed, that would be contrary to the obligations of Article 5(2) Berne Convention. 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. Feasible measures, therefore, include (a) the enhanced metadata tagging of digital content, (b) the increased use of Creative Commons-like licences, and (c) the voluntary registration of RMI.

a. Metadata Tagging of Digital Content

A first possible measure would be to encourage authors and right owners to provide adequate copyright information and, for digital works, to incorporate inclusive RMI (metadata). The latter covers not only information identifying the work, the author and the right owner, but also information indicating the terms and conditions of use of a particular work, and any numbers or codes that represent such information.⁴⁸ A broad supply of RMI to the public would enhance transparency, thus helping to alleviate the rights clearance of copyrighted works, especially those works which would otherwise be liable to become ‘orphaned’.

If supported by additional legislative measures, the advantages of metadata tagging could even be strengthened. It would be possible, for instance, for the provision of Article 7 Information Society Directive to be altered in such a way that the protection of RMI is made conditional upon the requirement to provide, as a minimum, information regarding the current copyright owner (at present, it is left open to the right owner to choose whatever combination of information listed in Article 7(2) is included).⁴⁹ Additionally, it would be feasible to provide that the protection of RMI under Article 7 Information Society Directive is only granted in case this information has been deposited in a publicly accessible database. To this end, databases should first be established at the national, or ideally, at the European level. If the deposit of RMI would become a prerequisite to the legal protection of metadata, this may offer a significant incentive to right holders to make the required information available. In other words, a provision of this kind has

⁴⁸ See art. 7(2) Information Society Directive and art. 12(2) WIPO Copyright Treaty (WCT).

⁴⁹ RICKETSON & GINSBURG, “International copyright and neighbouring rights: the Berne Convention and beyond” para. 15.39, at 991 (Oxford University Press, Oxford 2006).

the potential to provide the necessary stimulus to supply information, thus enhancing the efficiency in the right clearance of works.

Since Article 7 Information Society Directive is based directly upon Article 12 WIPO Copyright Treaty (WCT), however, the question arises whether an alteration of this kind would be compatible with the international obligations of the Community and the Member States under the WCT. According to the second part of the Agreed Statement concerning Article 12 WCT, ‘Contracting Parties will not rely on this Article to devise or implement rights management systems that would have the effect of imposing formalities which are not permitted under the Berne Convention or this Treaty, prohibiting the free movement of goods or impeding the enjoyment of rights under this Treaty.’ This Agreed Statement reminds contracting parties not to ‘rely’ on Article 12 as a basis or justification to institute formalities as prohibited under Article 5(2) Berne Convention (which is incorporated by reference into the WCT).⁵⁰ In other words, contracting parties may not go as far as requiring right owners to provide RMI as a condition to enjoy copyright protection.⁵¹

However, since the protection provided for in Article 7 Information Society Directive does not concern the protection of *copyright*, but merely the protection of RMI against removal or tampering, a mandatory deposit of RMI would not interfere with the prohibition of formalities. Moreover, as the other elements of the Agreed Statement are concerned, it is quite unclear how a rights management system (as opposed to a technological protection measure) would prohibit the free movement of goods or impede the enjoyment of rights under the WCT.⁵² In any event, the protection of RMI under Article 12 WCT does not establish a new right of authors in their works, but merely looks like a traditional enforcement provision.⁵³

Accordingly, since the non-compliance with the mandatory deposit would result in a loss of protection of RMI and not in the protection of any of the exclusive rights and rights of remuneration as protected under the WCT (and the Berne Convention),⁵⁴ this does not seem to be at odds with the agreed statement concerning Article 12 WCT. Therefore, there does not appear to be any violation of the Community’s and the Member States’ international obligations under the WCT were the EU legislator to decide on altering Article 7 Information Society Directive in the way as described here.

b. Use of Creative Commons-like Licences

In addition, it would be feasible to motivate authors or right owners to avail themselves of Creative Commons (CC) licences,⁵⁵ or similar licences,⁵⁶ which provide a direct link between a work and its licence. If authors or right owners decide *a priori* under what conditions they would allow the reutilisation of their works and which rights they thereby would want to reserve, and subsequently attach these licensing conditions to copies of the work, this creates transparency

⁵⁰ See art. 1(4) WCT.

⁵¹ RICKETSON & GINSBURG, *supra* note 49, para. 15.39, at 991.

⁵² *Ibid.*, para. 15.40, at 992.

⁵³ REINBOTHE & VON LEWINSKI, “The WIPO Treaties 1996” 152-153 (Butterworths, London [etc.] 2002).

⁵⁴ *Cf.* the first part of the Agreed Statement: ‘It is understood that the reference to “infringement of any right covered by this Treaty or the Berne Convention” includes both exclusive rights and rights of remuneration.’

⁵⁵ Creative Commons, <<http://creativecommons.org/>>.

⁵⁶ Alternative licences include, *inter alia*, the three types of Click-Use Licences (for the reuse of Crown copyright information, Public Sector Information and Parliamentary copyright information in the UK)

<<http://www.opsi.gov.uk/click-use/index.htm>>; and the Creative Archive Licence (as was used by the BBC to license the content from its Creative Archive) <http://creativearchive.bbc.co.uk/licence/nc_sa_by_ne/uk/prov/>.

and facilitates the licensing process considerably. After all, where the terms and conditions to use a work are already indicated on the work itself, a prospective user would be provided legal certainty to use the work without the need to locate the copyright owner to ask for permission.⁵⁷ This advantage of CC licences has also been acknowledged by the European Commission in the framework of the “i2010: Digital Libraries” initiative.⁵⁸

A disadvantage for right owners seeking revenue for their works, however, is that CC licences do not allow for direct remuneration.⁵⁹ To accommodate this drawback, it would be possible to introduce a commercial variant of such licences (*e.g.*, a licence that permits reutilisation under the condition that a certain fee is paid),⁶⁰ or to provide accompanying pass-through mechanisms that would connect a user to a website of the right owner or to a collective management society to arrange the payment for the use made under the relevant licence.⁶¹

c. Voluntary Registration of Information on the Ownership of Rights

Finally, right holders 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 RMI databases by public or private entities,⁶² or the establishment of voluntary registration systems under national (or international) copyright law.⁶³ A voluntary register of copyright has also been proposed in the UK by the Gowers Review of Intellectual Property: ‘It would be desirable for the UK Patent Office to host a voluntary register, where rights owners could deposit information as to their location and their named estate, or to provide a portal service for users to access existing private registration scheme.’⁶⁴ To that end, the Gowers report recommends that ‘[the] Patent Office should establish a voluntary register of copyright, either on its own or through partnerships with database holders, by 2008.’⁶⁵

The key advantage is that, by encouraging the recording of RMI 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, this will facilitate the reutilisation of copyrighted works to a significant extent. In this respect, an important role could also be reserved for collecting societies to open up their databases, as they already hold large records of RMI relating to their repertoire. In addition, information brokers may play a part in

⁵⁷ Note that the extent to which legal certainty is provided for fully depends on the validity of the CC licence. It is conceivable, for instance, that a particular licensor was not entitled to issue a CC licence because he did not hold all the relevant rights. A discussion of this matter, however, would exceed the scope of our current debate.

⁵⁸ Commission Staff Working Document, Annex to the Communication from the Commission “i2010: Digital Libraries”, SEC (2005) 1194, Brussels, 30 September 2005, 13.

⁵⁹ ALAI, “Memorandum on Creative Commons Licenses” (January 2006), 2. This memorandum generally aims to make authors and right owners aware of both the advantages and shortcomings of CC licences.

⁶⁰ Such types of licences already exist. In the UK, for example, the Value Added Licence (one of the three Click-Use licenses, *supra* note 56) may include a charge depending on the material the applicant wants to reuse and on the nature of that reuse <<http://www.opsi.gov.uk/click-use/value-added-licence-information/index.htm>>.

⁶¹ ALAI, *supra* note 59, 5.

⁶² *See, e.g.*, “Cannes market”, an online database on rights in films, <<http://www.cannesmarket.com>>.

⁶³ *See* WIPO, “Survey of national legislation on voluntary registration systems for copyright and related rights”, SCCR/13/2 (9 November 2005). Illustrative, at the international level, is the International Film Register. *See* the WIPO Treaty on the International Registration of Audiovisual Works of 18 April 1989.

⁶⁴ GOWERS, “Gowers Review of Intellectual Property” (December 2006), 72 <http://www.hm-treasury.gov.uk/media/583/91/pbr06_gowers_report_755.pdf>.

⁶⁵ *Ibid.*, Recommendation 14b.

assisting users to search the databases or registers to clarify copyright ownership, and perhaps even to clear the rights in copyright protected works.

4.2 DATABASES CONTAINING INFORMATION ON ORPHAN WORKS

Another approach that could ameliorate the problems relevant to orphan works is the creation of databases containing information on orphan works. Such databases have been advocated by the Copyright Subgroup of the HLEG on Digital Libraries. According to the Copyright Subgroup, it is important for users to know whether works have already been identified as orphan works and still remain in that category. Right holders, on the other hand, deserve to have a clear picture over, and to keep track of, the use of their works. In the Recommendation on the digitisation and online accessibility of cultural material and digital preservation, the Commission also supports the availability of lists of known orphan works.⁶⁶

Hickman has described several ways of how to make such approach practicable with the help of new technologies.⁶⁷ With networking software, for instance, an ‘orphan works network’ could be launched, in which users of orphan works can work together and share records of searches they have performed for a work they intend to use. In case the search was successful, the user could record the contact information of the right owner. If not, he or she could disclose the steps that were taken to find the right owner. Similarly, a website could be created where particular orphan works could be posted, with a description of these works and, if appropriate, images thereof. With wiki technology, which allows visitors of a website to add, remove, edit and change content, users who have found additional information about the right owner of a work could add it to the relevant entry on the website.⁶⁸ Others could use the website as a starting point to find information for locating the right owner of an orphan work.

However, where specific databases on orphan works are established, the risk exists that users may start relying (or ‘piggybacking’) on the search results of others, without conducting a proper search for the right owner themselves. In other words, once a work is labelled as orphan work, the possibility exists that subsequent users shall refrain from performing a reasonable search to find the right owner. Although in many cases, it would be inefficient to require subsequent users to re-conduct an unsuccessful search performed by others, ‘piggybacking’ may be unacceptable, particularly where the adequacy and reliability of previous search results cannot be guaranteed, for instance, because information may have been overlooked or may have changed following the previously conducted search.⁶⁹

For that reason, if databases for orphan works were established, this should only be done so in combination with, and supportive to, a legislative solution which permits the reutilisation of orphan works on the condition that a reasonable search has been conducted (see para. 6). This allows for the reasonableness of a ‘piggybacking search’ of a subsequent user to be monitored and to be evaluated in light of the particular circumstances of that search.⁷⁰

⁶⁶ Art. 6(c) of Recommendation 2006/585/EC of 24 August 2006, *supra* note 42.

⁶⁷ HICKMAN, *supra* note 40, at 141-142.

⁶⁸ Wiki, <<http://www.wiki.org>>. Note, however, that wikis are generally criticised for their reliability. Where everyone can change and add content, false or misleading content can easily find its way on the website.

⁶⁹ US Copyright Office, *supra* note 10, at 78-79.

⁷⁰ *Ibid.*, at 78-79 and 96-97.

5. MODELS BASED ON CONTRACTUAL ARRANGEMENTS BETWEEN STAKEHOLDERS

A second set of measures exists in solutions that are based on agreements between users and right holders. Both the Information Society Directive and the Recommendation on the digitisation and online accessibility of cultural material and digital preservation stress the importance of contractual solutions.⁷¹ Recitals 26 and 40 of the Information Society Directive, for instance, endorse the establishment of collective licensing arrangements for on-demand services by broadcasters, and specific contracts or licences for on-line delivery by libraries and archives, respectively. In the area of orphan works, Recital 10 of the Recommendation encourages licensing mechanisms to be established in close cooperation with right holders.

Enhanced contractual arrangements alone, however, would not solve the problem of orphan works. As direct negotiations between a user and the untraceable right owner of an orphan work are excluded by definition, the user does not find any relief in contractual arrangements as such. Nevertheless, where right holders have joined together to collectively administer their rights (or otherwise be collectively represented), prospective users would face fewer difficulties in finding the right owner whose work they intend to use. Where a collecting society has been established and that society represents a significant part of the right holders in a given field, there is a reasonable likelihood that the society will also represent the particular right owner the user is looking for. Nonetheless, if the right 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 the French National Audiovisual Institute *INA* and five French collecting societies,⁷² 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 right holders 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, right holders to clear the rights of the works not covered by the agreement.⁷³

There are different legal techniques, however, to ensure that collecting societies can issue fully covering licences to prospective users of copyright protected works. These legal techniques include the system of extended collective licensing (para. 5.1), the legal presumption of representation (para. 5.2), contracts with indemnity clauses (para. 5.3), and finally, the mandatory collective exercise of rights (para. 5.4). As shall be seen, indemnity clauses are sometimes also applied outside the field of collective rights management.

⁷¹ The Copyright Subgroup has repeatedly underscored this in its report and interim report, *supra* note 45.

⁷² "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 Octobre 2005), <<http://www.scam.fr/Telecharger/DocumentsInfos/Communiqués/cp03-10-05-accordINA-SPRD.pdf>>.

⁷³ DEBARNOT, "Les droits des auteurs des programmes du fonds de l'INA exploités sur son site internet", *Legipresse* no. 232, 93-94 (2006).

5.1 EXTENDED COLLECTIVE LICENSING

The system of extended collective licensing is applied in the Nordic countries (*i.e.*, Denmark, Finland, Norway, Sweden and Iceland) in various sectors.⁷⁴ It is distinguished by the combination of a voluntary transfer of rights from right holders to a collecting society with a legal extension of the repertoire of the society to encompass those right holders that are not members of the society.⁷⁵ 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) users. A precondition is that a ‘substantial’ number of right holders in a given category are represented by the contracting organisation.⁷⁶

The extended collective licence automatically applies to all right holders in the given field, irrespective of whether they are domestic or foreign. It also applies to deceased right holders, in particular where estates have yet to be arranged,⁷⁷ and to unknown or untraceable right holders. 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.⁷⁸

To protect the interests of right owners who are not members of the collecting society and who do not wish to participate in the 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.⁷⁹ Right holders who choose for the latter are not any longer covered by the extended collective licensing scheme. To prevent the extended collective licence from being deemed a *de facto* formality prohibited by Article 5(2) Berne Convention, the procedure of opting out should be relatively simple and straightforward.⁸⁰

The system of extended collective licensing may provide a valuable solution to the problem of orphan works. As an extended collective licence applies to all right holders in the given field (except to those who have explicitly opted out from the system), it provides re-users of existing works with a considerable extent of legal certainty that they require.

In respect of right holders, on the other hand, an extended collective licence would be quite a radical solution. Therefore, if a system like this would be established, 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 of public broadcasting organisations for on demand services; or the exploitation of copyrighted works included in the collection of archives, museums, libraries or

⁷⁴ KOSKINEN-OLSSON, “Collective management in the Nordic countries”, in: GERVAIS (ed.), “Collective management of copyright and related rights” 257 et seq. (Kluwer Law International, The Hague 2006).

⁷⁵ GERVAIS, “The changing role of copyright collectives”, in: GERVAIS (ed.), *supra* note 74, at 28.

⁷⁶ On these representativity standards, *see* OLSSON, “The Extended Collective License as Applied in the Nordic Countries” para. 6.2 (Kopinor 25th anniversary international symposium, Oslo, 20 May 2005).

⁷⁷ GERVAIS, *supra* note 75, at 28.

⁷⁸ OLSSON, *supra* note 76, para. 3.

⁷⁹ *Ibid.*, para. 6.4.

⁸⁰ FICSOR, “Collective management of copyright and related rights in the digital, networked environment: Voluntary, presumption-based, extended, mandatory, possible, inevitable?”, in: GERVAIS (ed.), *supra* note 74, at 48. Following the drafting history of art. 5(2) Berne Convention, Gervais concludes that the system is not a prohibited formality under the Berne Convention. *See* GERVAIS, *supra* note 75, at 29 et seq.

educational institutions for specific purposes such as public exhibition, private studying, teaching or scientific research. Furthermore, in order not to cause unnecessary prejudice to the legitimate interests of right holders, the extended collective licence should also be accompanied by an easy and simple ‘opt-out’ possibility for right holders, even if this may to a certain extent reduce legal certainty for users.

5.2 LEGAL PRESUMPTION OF REPRESENTATION

An alternative legal technique is provided for in the legal presumption system. In this system, it is presumed by law (either by statutory law or by case law) that a collecting society has a general authorisation to represent the right owners in a given field. This allows the collecting society to grant to users ‘blanket licences’, which covers all right owners, even those which are not a member of the society. In the blanket licence, a user is guaranteed that individual claims from unrepresented right owners will be settled by the collecting society, and that he or she will be indemnified for any prejudice and expense resulting from a justified claim.⁸¹

Hence, for users, the legal presumption system provides comparable safeguards as the system of extended collective licensing.⁸² For right holders, however, the presumed ‘automatic representation’ by a collecting society is more far-reaching than an extended collective licence. Those right owners who deliberately choose not to participate in the collective licensing scheme are nevertheless assumed to be part of the system. Apart from starting legal procedures against collecting societies, right holders usually have no other possibility of ‘opting out’. Therefore, if no other, more straightforward ‘opt out’ mechanism were provided, the compatibility of this system with the international copyright conventions is doubtful.⁸³

5.3 CONTRACTS WITH INDEMNITY CLAUSES

Another alternative is for a collecting society to incorporate an indemnity clause into licensing agreements with users. In the indemnity clause, the collecting society assumes the financial liability for any claim made by a copyright owner who is not represented by the collecting society.⁸⁴ Therefore, users do not need to fear unexpected claims for remuneration from right owners who are not covered by the collective licensing agreement. Although collecting societies may voluntarily proceed to granting indemnities, the copyright law of some countries includes implied indemnities in certain collective licensing schemes.⁸⁵

Indemnities are also applied outside the field of collective licensing. In the Netherlands, for example, a system is in place whereby a prospective user of a photo can request *Foto Anoniem*,⁸⁶ 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, the user can successfully be put 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,

⁸¹ FICSOR, *supra* note 80, at 47.

⁸² KOSKINEN-OLSSON, *supra* note 74, at 267.

⁸³ FICSOR, *supra* note 80, at 47.

⁸⁴ KOSKINEN-OLSSON, *supra* note 74, at 267.

⁸⁵ See, e.g., art. 136 UK Copyright, Designs and Patents Act, which provides for an implied indemnity in certain schemes and licences for reprographic copying.

⁸⁶ Stichting Foto Anoniem, <<http://www.fotoanoniem.nl/>>.

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 a usual licence fee for publication of a photo. The compensation is reserved to disburse right owners in case they are retrieved. In Belgium, a similar model is employed by *SOFAM* (the Belgian collecting society for visual arts).⁸⁷

Although the grant of an indemnity 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. That means that, despite the indemnity granted to the user, a right holder could still seek injunctive relief which would prohibit any further use of the work. Moreover, because an indemnity only eliminates financial liability under civil law, the user may still be held responsible for copyright infringement under criminal law.⁸⁸ It is apparent, therefore, that these alternatives do not fully safeguard the user's position, at least where the indemnity, as in many cases, is not supported by supplementary provisions in the law.

5.4 MANDATORY COLLECTIVE EXERCISE OF RIGHTS

A last model that would attend to the uncertainty surrounding orphan works can be found in the system of mandatory collective rights management. Under this system, it is provided by law that right owners can only exercise their rights through collective rights management, without any possibility for individual claims or prohibitions. Such a system exists in the European Union in the area of cable retransmission rights, pursuant to the Satellite and Cable Directive.⁸⁹ Where mandatory collective rights management applies, the repertoire of all right holders in a given field is represented by one, or by several competing, collecting societies.⁹⁰

For prospective users, the system of mandatory collective rights management could therefore provide considerable legal safeguards. Nevertheless, since the mandatory collective rights management by its very nature excludes the possibility of individual exercise of rights, even for those right holders who would have the means to manage their rights individually,⁹¹ it is to be exercised with vast reserve.⁹² Therefore, this system appears to be too rigid for the purpose of providing more legal certainty to users who intend to use orphan works.

5.5 THE MAIN DISADVANTAGE OF CONTRACT-BASED MODELS

Although, in theory, many of the contract-based models may provide valuable solutions to the problem of orphan works, difficulties may arise as to their practical implementation. Since the success of any of these models fully depends on the conclusion of contracts between users and collecting societies (or other organisations representing a sufficient number of right holders), the

⁸⁷ SOFAM, <<http://www.sofam.be/main-fr.php?ID=104&titel=Borgstelling>>.

⁸⁸ KOSKINEN-OLSSON, *supra* note 74, at 267.

⁸⁹ Art. 9(1) Council Directive 93/83/EEC of 27 September 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission, OJ L 248/15 of 6 October 1993.

⁹⁰ Although, in the latter situation, uncertainty may exist as to which of the competing societies would represent the untraceable right owner, this uncertainty may be removed, *e.g.*, by a statutory provision indicating that the untraceable right owner is presumed to be represented by a particular society or by any of the societies involved.

⁹¹ Note that under the Satellite and Cable Directive broadcasting organisations have been exempted from the rule of mandatory collective rights management. *See* art. 10 Satellite and Cable Directive, *supra* note 89.

⁹² FICSOR, *supra* note 80, at 43 and 46.

latter should already be operating in those fields where the problem of orphan works is most pressing. This is currently not the case in all European countries. In the photographic and audiovisual fields, in particular, collective exercise of rights 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 right holders to participate in collective licensing schemes (or to be collectively represented by a right holders' organisations) may prevent any of the contract-based models to become a successful and favourable solution to the problem of orphan works.

6. LEGISLATIVE INSTRUMENTS PROVIDING SOLUTIONS TAILORED TO ORPHAN WORKS

The last category concerns solutions specific to orphan works. Models in this category include (1) the grant of non-exclusive licences by a competent public authority for the use of orphan works, (2) a limitation-on-remedy rule, and (3) an exception or limitation.

6.1 LICENSING BY PUBLIC AUTHORITIES TO ENABLE THE USE OF ORPHAN WORKS

Another way to provide legal certainty would be to allow a user to apply to an administrative body to obtain a compulsory 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, *inter alia*, at the Copyright Board in Canada.⁹³ 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.⁹⁴ The purpose for which the licence is requested (*e.g.*, commercial, educational or religious) is irrelevant.⁹⁵

It is not required that 'every effort' has been made to trace the right holder, 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.⁹⁶

In determining the reasonableness of a search, the Copyright Board works closely with other entities, such as the Canadian Copyright Licensing Agency (CANCOPY), currently known as "Access Copyright", and the collecting society COPIBEC.⁹⁷ These entities assist in examining applications for the use of orphan works that are commonly found in their repertoire and advise

⁹³ Art. 77 Canadian Copyright Act. Comparable systems exist in Japan (art. 67 Japanese Copyright Act), South Korea (art. 47 South Korean Copyright Act) and India (art. 31a Indian Copyright Act). In the UK, where the Copyright Tribunal may give consent to the making of a copy of an 'orphaned' recorded performance, a limited compulsory licensing scheme is also provided for (art. 190 UK Copyright, Designs and Patents Act).

⁹⁴ See, *e.g.*, Copyright Board of Canada, *Canadian Institute for Historical Microreproductions (Re)*, 18 September 1996, 1993-UO/TT-5, where a licence was issued authorising the reproduction of 1,048 works.

⁹⁵ CARRIÈRE, "Unlocatable copyright owners: Some comments on the licensing scheme of section 77 of the Canadian Copyright Act" 9 (1998), <<http://www.robic.com/publications/Pdf/103-LC.pdf>>.

⁹⁶ Canadian Copyright Board, "Unlocatable Copyright Owners Brochure" (July 2001), <<http://www.cb-cda.gc.ca/unlocatable/brochure-e.html>>.

⁹⁷ See Treasury Board of Canada - Secretariat, "Copyright Board Canada: Performance Report", for the period 1998-1999: <<http://www.tbs-sct.gc.ca/rma/dpr/98-99/CB98dpre.pdf>>; and for the period 2002-2003: <http://www.tbs-sct.gc.ca/rma/dpr/02-03/CB-CDA/CB-CDA03D01_e.asp>.

the Copyright Board on the issuing of licences, as well as on licence fees and other terms and conditions. This should provide more safeguards as to the diligence of the search.⁹⁸ Nevertheless, it is the Copyright Board who eventually decides whether a licence should be issued and what the appropriate terms and licence fees should be.

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.⁹⁹ A licence cannot be granted, however, for works which are unpublished or works of which the publication status cannot be confirmed. Although this may be seen as a shortcoming of the system, because it may not always be easy to resolve whether an old work (e.g., a photograph) has ever been published,¹⁰⁰ it must be emphasised that this provision respects the moral right of the author to decide whether or not to make his or her work available to the public (i.e., the *droit de divulgation*). In practice, however, the Canadian Copyright Board has sometimes presumed previous publication if conclusive evidence was hard to provide, but the circumstances nevertheless indicated the likeliness of publication.¹⁰¹

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,¹⁰² 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.¹⁰³ 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. If the right owner resurfaces, he or she may collect the royalties fixed in the licence or, in default of their payment, 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,¹⁰⁴ however, the collected royalty fee may be used for other purposes than those relating to the use in question. The Copyright Board may instruct a collecting society, for instance, to use the undistributed fees for the general benefit of its members.¹⁰⁵

The main advantage of the Canadian 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 ever come forward. At the same time, the legitimate interests of right owners is not

⁹⁸ HICKMAN, *supra* note 40, at 153-154.

⁹⁹ See, e.g., Copyright Board of Canada, *National Film Board of Canada (Re)*, 13 September 2005, 2005-UO/TI-34 (application denied).

¹⁰⁰ See HIRTLE, “Unpublished Materials, New Technologies, and Copyright: Facilitating Scholarly Uses”, 49 J. Copyright Soc’y U.S.A. 259 (2001); and BRITO & DOOLING, “An orphan works affirmative defense to copyright infringement actions”, 12 Mich. Telecomm. & Tech. L. Rev. 75, 106 (2005).

¹⁰¹ See, e.g., Copyright Board of Canada, *Canadian centre for architecture (Re)*, 17 January 2005, 2004-UO/TI-32 (application denied); and Copyright Board of Canada, *The office of the Lieutenant Governor of Québec (Re)*, 3 March 2005, 2004-UO/TI-37 (application denied).

¹⁰² The Canadian Copyright Board is only allowed to issue licences for uses specified in arts. 3, 15, 18 and 21 Canadian Copyright Act. This covers most, but not all, cases. See CARRIÈRE, *supra* note 95, at 7.

¹⁰³ CARRIÈRE, *supra* note 95, at 9-10.

¹⁰⁴ This statutory cut-off date to recover the royalties is provided for in art. 77(3) Canadian Copyright Act.

¹⁰⁵ Canadian Copyright Board, *supra* note 96.

unnecessarily prejudiced. First, the verification of the good faith of a user is performed by an independent public body, which can take due account of keeping the 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 right holders. If a right holder resurfaces, he or she is reimbursed for the use made under the licence that has been issued. The Canadian system thus provides a well-balanced solution to the problem of orphan works.¹⁰⁶

An often claimed disadvantage, however, is that the pre-clearance of orphan works by a public authority may be an expensive and lengthy process.¹⁰⁷ Although this may hold true to a certain degree, it should not be exaggerated. The Canadian Copyright Board indicates that once it has received all the required information, a decision can usually be issued within 30 to 45 days.¹⁰⁸ The opponents of the Canadian system also maintain that the inefficiency of the system is exposed by the small number of applications filed before the Board.¹⁰⁹ The relatively small number of applications, however, might also be caused by other factors, such as the inability of the Copyright Board to grant licences other than for uses in Canada.

A more practical obstacle, on the other hand, is that currently not all EU Member States have in place the legal infrastructure that would be required for the establishment of a system as existent in Canada. In the Netherlands, for example, there exists no Copyright Board or Tribunal which could be entrusted with the task of pre-clearing rights in orphan works. It is feasible, however, that in such case, a specialised court is empowered to fulfil this task.

6.2 LIMITATION-ON-REMEDY RULE

A further solution would be the introduction of a statutory provision 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 by the US Copyright Office in its “Report on orphan works” of January 2006.¹¹⁰ Subsequent bills, *i.e.* the ‘Orphan Works Act of 2006’ and the ‘Copyright Modernization Act of 2006’, were introduced shortly afterwards in the US House of Representatives.¹¹¹ These bills, which proposed legislation along the lines of the limitation-on-remedy rule put forward by the US Copyright Office, were however taken from the agenda in September 2006. This means that legislation on orphan works is not to be expected in the US until the proposal has been resumed by the 110th Congress.

In general, the proposed limitation-on-remedy rule would permit *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

¹⁰⁶ The system appears also compatible with the substantive minima of the Berne Convention (*e.g.*, with the prohibition on formalities of art. 5(2)). See RICKETSON & GINSBURG, *supra* note 49, para. 6.108, at 329.

¹⁰⁷ See, *e.g.*, BRITO & DOOLING, *supra* note 100, at 106-107; and KHONG, “Orphan Works, Abandonware and the Missing Market for Copyrighted Goods”, 15 Int’l J.L. & Info. Tech. 54, 75.

¹⁰⁸ Canadian Copyright Board, *supra* note 96.

¹⁰⁹ Since its inception in 1989, the Canadian Copyright Board, issued only 197 licences out of 203 applications that were filed. See <<http://www.cb-cda.gc.ca/unlocatable/index-e.html>> (last visited 11 May 2007).

¹¹⁰ *Supra* note 10.

¹¹¹ See H.R. 5439 (‘Orphan Works Act of 2006’), and H.R. 6052 (‘Copyright Modernization Act of 2006’). The latter includes in title II a revised version of the ‘Orphan Works Act of 2006’.

prove that he or she has performed a ‘reasonably diligent search’ and, if possible and reasonably appropriate, to provide attribution to the author or right owner of the work.¹¹²

The proposal of the Copyright Office does not further define what steps a user would need to take to satisfy the standard of a ‘reasonably diligent search’. This is a major deficiency in the proposal. In the absence of specific guidance as to what constitutes a reasonably diligent search, users may be faced with enormous uncertainty as to whether they will be able to rely on the limitation-on-remedy rule if it would come to a lawsuit.¹¹³ The two bills, on the other hand, state 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 would be 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 as would have been established in negotiations between the user and 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.

The main advantage of the proposed limitation-on-remedy rule is that it would provide for an inclusive provision to address the issue of orphan works, thus not categorically excluding any type of work (*e.g.*, unpublished works) from its scope.¹¹⁴ Moreover, it would not affect any existing rights, limitations or defences to copyright infringement.¹¹⁵ In addition, since users do not have to recompense right owners in advance, but only in case they reappear and file a claim, the proposed 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.¹¹⁶

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

¹¹² The idea is that it should be unambiguously clear to the public that the true author and right owner are another than the user in question. *See* US Copyright Office, *supra* note 10, at 110-112.

¹¹³ *See* HICKMAN, *supra* note 40, at 149 et seq.

¹¹⁴ US Copyright Office, *supra* note 10, at 100 and 121.

¹¹⁵ *Ibid.*, at 121.

¹¹⁶ *Ibid.*, at 114.

assessing the likeliness of possible future claims), as well as the costs that arise if a right holder reappears (*i.e.*, the litigation costs and the costs of paying reasonable compensation after a successful litigation), the question remains whether the limitation-on-remedy rule would truly be more cost-efficient than the Canadian system.

Another question is whether a limitation-on-remedy rule would actually provide the legal certainty users require. As observed, this first of all depends on the clarity that a provision would provide on the factors that govern the standards of a ‘reasonably diligent search’. Even if that were sufficiently clear, however, a user may still face considerable difficulties if he or she would have to convince a court *ex post* of the reasonableness of a search, especially where the search was conducted a long time ago. 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 right holders 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 of their works as orphan works. Photographers, illustrators and graphic artists, in particular, are strongly opposed to the limitation-on-remedy rule.¹¹⁷ They are concerned that users may unjustly regard their works as orphan works.¹¹⁸ 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 rights is often prohibitively expensive, they are afraid that many of their works are eventually used without consent and disbursement for the use made.¹¹⁹

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.¹²⁰ A liability rule, therefore, would not alleviate the situation for users as such, but would, at the 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.

6.3 STATUTORY 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

¹¹⁷ See, e.g., PERLMAN, Executive summary and prepared statement before the Subcommittee on Intellectual Property of the Senate Committee on the Judiciary on “Orphan Works: Proposals for a Legislative Solution”, 6 April 2006, <http://judiciary.senate.gov/testimony.cfm?id=1847&wit_id=5220>.

¹¹⁸ For this reason, in the subsequent lawmaking process, an amendment to H.R. 6052 (*supra* note 111) was proposed, which would exempt pictorial, graphic, and sculptural works from the bill until adequate electronic databases for these formats were designed and implemented by the Copyright Office. See <<http://www.publicknowledge.org/pdf/hr6052-109-mgr-amend-20060919.pdf>>.

¹¹⁹ The Copyright Office’s response to these concerns was that this problem goes beyond the orphan works issue, as right owners bear the burden of seeking judicial relief in ordinary settings as well. See US Copyright Office, *supra* note 10, at 114. The point is, however, that where the limitation-on-remedy rule does provide legal certainty to the user, it does not provide for any safeguards for individual right owners.

¹²⁰ In the US, users face the risk of becoming liable for payment of statutory damages of up to USD150,000 for each wilfully 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.

has been advocated by the British Screen Advisory Council (BSAC) in the paper it prepared for the UK Gowers Review.¹²¹ In its paper, BSAC concludes that to address the problem of orphan works most adequately and effectively, a statutory exception to copyright, coupled with an obligation to reimburse right owners who emerge after the use of an orphan work has begun, would have preference over the US or Canadian solution discussed above.¹²²

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 the owner, 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.¹²³ 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. That 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.

The main advantage of the kind of exception proposed by BSAC is that it would provide for an inclusive provision, similar to the limitation-on-remedies rule proposed in the US. The exception would cover all copyrighted works and subject matter protected by related rights, including unpublished materials. Moreover, it would not affect any of the other commitments under copyright law, such as the protection of moral rights of the untraceable authors.

Akin to the US liability rule, however, the legal certainty that the proposed exception would provide for fully depends on a sufficiently clarification of the criteria that determine a reasonable search. Moreover, users would also need to keep adequate records of all the steps they made in searching for the right owner, in order to be able to prove that they indeed made 'best endeavours' to find the copyright owner. Only if these preconditions are fulfilled would the exception provide adequate legal certainty to users to be able to safely use orphan works.

¹²¹ BSAC, "Copyright and orphan works" (31 August 2006) <<http://www.bsac.uk.com/reports/orphanworkspaper.pdf>>.

¹²² This proposal has been adopted by the Gowers Review. *See*, GOWERS, *supra* note 64, Recommendation 13: 'Propose a provision for orphan works to the European Commission, amending Directive 2001/29/EC.'

¹²³ *See*, in this respect, GOWERS, *supra* note 64, Recommendation 14a: 'The Patent Office should issue clear guidance on the parameters of a "reasonable search" for orphan works, in consultation with rights holders, collecting societies, rights owners and archives, when an orphan works exception comes into being.'

For reappearing right owners, on the other hand, the advantage of the proposed exception is that they are directly entitled to a reasonable compensation for the use made, without the need to file a lawsuit against the user like in the US solution. 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 problem of orphan works. In any case, such an exception should be compatible with the three-step test of Article 5(5) of the Information Society 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 right holder. It is highly questionable 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 right holders under the third step. 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 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.¹²⁴

Finally, it needs to be born in mind that if national policy-makers would desire to adopt an exception as proposed here, this would require an active involvement of the EU legislator. Because Article 5 Information Society Directive provides for a limited set of exceptions only, none of which currently allow for an exception for orphan works to be introduced, the Directive should first be amended to allow such exception to be adopted in any of the Member States.

7. WHAT SHOULD BE UNDERTAKEN, AND AT WHICH LEVEL, TO ADDRESS THE ISSUE ADEQUATELY?

If policy-makers at EU level, or at the national levels of the EU Member States, would wish to enable cultural institutions, creative industries and the public-at-large to derive full benefit from the potential of pre-existing content, it would be elementary for them to take passable measures to address the problem of orphan works. If the issue were tackled at different fronts, the problem of orphan works would be most adequately suppressed.

First, it seems indispensable that measures are taken to stimulate the supply of copyright ownership information or RMI to the public (para. 4). If adequate records on the identity and whereabouts of copyright owners were made publicly available, this would significantly facilitate the search for right owners, thus alleviating the issue of orphan works.

In this respect, policy-makers at the European and national levels could work together in a combined effort. It is worthwhile, for instance, to consider the establishment at the national level, or more preferably, at the European level, of a register or database of RMI. To this end, a project could be launched aiming to set up a register of metadata or, at least, to provide the required financial, technological and organisational infrastructure for that purpose. In support, it would be

¹²⁴ SENFTLEBEN, "Copyright, limitations and the three-step test: an analysis of the three-step test in international and EC copyright law" 236 (Kluwer Law International, The Hague 2004).

feasible for some kind of awareness campaign to be launched to inform right holders of the need to provide adequate information on the ownership of rights. That would also be in their own benefit, as it would prevent their works from becoming orphan works.

As a possible legal flanking measure, which would require intervention by the EU legislator, one might consider amending Article 7 of the Information Society Directive in such a way that the legal protection of RMI is only granted in case this information has been deposited in a publicly accessible database. An adjustment of this kind could provide a considerable boost to the volume and fidelity of RMI available to the public.

Second, some form of legislative redress is needed in order to ‘restore’ and permit the use of genuine orphan works. To provide for an inclusive answer, it would be most realistic if a generic solution for orphan works were introduced (para. 6). In this respect, the Canadian model seems highly appropriate, as it well keeps the legitimate interests of users and right holders in equilibrium. It adequately provides the user with legal certainty to use an orphan work, while taking due account of the interests of right owners.¹²⁵ Alternatively, or additionally, in areas where collective rights management has been well developed, it would also be possible for a contract-based solution, such as an extended collective licence, to be introduced (para. 5). However, as this would be quite a radical solution for right holders, it should only be applied in cases where there is a clear public (historical, cultural or educational) interest at stake.¹²⁶

Admittedly, both the solution as provided for in Canada and the extended collective licensing scheme may result in an accumulation of royalties that cannot be distributed to the rightful copyright owners as long as they remain untraceable. However, such disadvantage is the unintended result of a solution to a general market failure and therefore may need to be taken for granted. Perhaps the non-distributable royalties can be used for cultural aims, or for the creation of databases of RMI that will prevent future works from becoming ‘orphaned’. While this may imply that users end up paying royalties for means other than those relating to the use in question, it may be regarded as the price that a user needs to pay to use an orphan work for which he or she would otherwise not be able to obtain the required permission.

The question remains whether the appropriate level to take legislative action would be the Community level, or whether it should be left to Member States to find a solution to tackle the issue of orphan works. In principle, it appears to be premature for any legislative initiative to be developed at the EU level. So far, it has not been demonstrated that the problem of orphan works has a noticeable impact on the internal market. In fact, the exact scale of the problem of orphan works remains largely unknown, as quantitative data on the degree to which orphan works actually present a problem for the reutilisation of these works or on the frequency with which orphan works impede creative efforts have not yet been presented.

On the other hand, if each of the Member States would adopt its own set of rules, obstacles to the intra-Community trade in copyrighted works may arise. Because of the territorial nature of copyright and related rights protection, the scope of a national regulation on orphan works would

¹²⁵ Although the Canadian model may involve a high upfront investment to be made, as it requires an expert panel to be set up for pre-approving the use of orphan works, such investment can be justified for the model most adequately maintains the balance between right holders and users. Moreover, as it contributes to making the rich European cultural heritage accessible to all, it also fulfils important social, cultural and scholarly functions.

¹²⁶ *See*, for example, the interim report of the Copyright Subgroup, *supra* note 45, at 14: ‘A generic solution and a solution that covers the needs of cultural institutions can be combined, leading to a hybrid solution.’

be limited to the domestic territory to which it applies. Users intending to use an orphan work in multiple EU countries, or perhaps even in the whole EU territory, therefore, would need to go through the national procedures of all these Member States to be able to use this orphan work. This may not only impose considerable burdens upon users, it would also create legal complications if the same case were ruled differently by various national authorities.

Accordingly, if it were left to Member States to find a legislative solution, it would be commendable if this were complemented by appropriate measures at EU level that would attend to the licensing difficulties that may occur in case of a cross-border exploitation of orphan works. A recommendation by the European Commission of limited scope that would call on Member States to mutually recognise any mechanism adopted in another Member State,¹²⁷ or that would allow multi-territorial licensing for permitting the use of orphan works in multiple Member States, or perhaps even the entire EU, may be in order here.

Another option – which would provide for a general and more structural solution to the trans-national licensing problems – would be to apply a ‘country of origin’ rule, along the lines of the Satellite and Cable Directive,¹²⁸ to the right of communication to the public in the online environment. This would imply that rights would have to be cleared only in the home country from which a work was made available online. Although such rule was initially considered by the European Commission in its 1995 Green Paper,¹²⁹ it may be difficult to be implemented for several important reasons.¹³⁰ First, in the digital environment, it may be very problematic for the ‘place of making available’ to be effectively determined. Second, applying the country of origin rule to the internet could incite pan-European service providers to make available their services in those Member States offering lower levels of copyright protection or enforcement only. Finally, the application of the satellite broadcasting model to the internet would be highly unconventional, as the principle of territoriality has traditionally been recognised as one of the cornerstones of copyright law.¹³¹ The adoption of a country of origin rule in the online environment, therefore, appears to be unrealistic at present. Moreover, it could only provide a partial answer to the licensing problems in the cross-border context, as it would not resolve the situation for the offline reutilisation of pre-existing content.

Nevertheless, whatever measure the European legislator would deem appropriate, adequate solutions to facilitate the cross-border exploitation of orphan works are indispensable for the issue to be effectively addressed for the whole European territory.

¹²⁷ The Copyright Subgroup, *supra* note 45, has, for example, underscored the need for mutual recognition.

¹²⁸ Pursuant to art. 1(2)(b) of the Satellite and Cable Directive, *supra* note 89, the act of communication to the public by satellite occurs solely in the country where the start of the uninterrupted chain of the programme-carrying signals can be located. As a result, for pan-European broadcasting, only a licence in the country of origin of the satellite broadcast is required.

¹²⁹ European Commission, “Copyright and Related Rights in the Information Society”, Green Paper, COM (95) 382 final, Brussels, 19 July 1995, 38 et seq.

¹³⁰ See IViR, “The Recasting of Copyright & Related Rights”, *supra* note **, at 28-29.

¹³¹ See European Court of Justice, July 14, 2005, Case C-192/04, 2005 ECR I-7199 - *Lagardère Active Broadcast*, para. 46.