

Up-date on Orphans Work Legislation in the USA and in Europe



Speakers:

- Prof. Dr. Thomas Dreier (moderator), University of Karlsruhe (Germany)
- Nancy Wolff, Cowan, DeBaets Abrahams & Sheppard, LLP, (USA)
- Dr Klara Kanska, Policy Officer/Legal Advisor Copyright Unit - DG Internal Market, European Commission

A report of the CEPIC seminar held in Malta, June 2008 by Franck Perrier, consultant New Media

How would you consider an issue which is closely looked at by Google? Did you know that Corbis and Getty dedicate resources to work on that issue as it relates to images without any photographer's credit? Were you aware that, for the past 3 years, Copic and many picture associations met, drafted proposals, recommended legislation on Orphan Works?

If Google looks at Orphan Works as an issue for images as well as text, and you know that they are interested in content and databases, you better think that it is important. As well, it is of primary importance to the picture industry.

If you missed that legal seminar at Copic 2008, here is your opportunity to get updated information on Orphan Works legislation from our panel, leading professionals from the ECC, the US, and Germany.

Definition of Orphan Works

Orphan Works apply to text, audiovisual, visual, music. Photography falls of course in that visual category.

In his introduction, Prof. Dr. Thomas Dreier from the University of Karlsruhe (Germany) clarified what are Orphan Works. "They are works without parents, works with no author's information available. It means 2 things. Either you do know the name of the author but you have no clue how to contact the author. Or worst case, you have a picture with no attribution. Is the photographer still alive, did he die? How would you know if you have no clues as to who he was."

Now do remember that copyright can not be foregone easily. You cannot opt out easily of the Copyright system unless you take that deliberate decision. Hence, one can assume that these pictures are still under the copyright. And there is the dilemma: works are still under copyright but owners of that copyright *cannot be identified or located*. In an industry which highly respects and values copyright, you can easily imagine the challenges.

Opportunity loss or compensation cost?

As a novice to the subject, I initially thought that very few organizations were concerned by this issue. I proved to be totally wrong. Museums, libraries, institutions, non profit organization, search engines, collecting societies,

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publishers, picture agencies with large archives are primary targets. They have a great number of works without authors. If they do not publish these works, they suffer an opportunity cost. If they publish them, they then are exposed to risks of compensation in case of a legal action.

Here is a simple calculation, down-to-earth in its assumptions, of the opportunity loss in case of non-publication. Based on an accepted percentage of 5% of orphan works in historical archives, and an estimated revenue from these archives of €2 million, the estimated loss in potential revenues amounts to €100 000/ Year, €1 000 000 over a period of 10 years. If 100 organizations worldwide are exposed to that problem, the loss for the industry comes to €100 000 000 over 10 years. To this opportunity cost in case of non-publication, these organizations must add the expense of managing and protecting these orphan works.

So these organizations may want to publish the material while, even after comprehensive searches, they sometimes still cannot locate the copyright owner to negotiate permissions. The desire to publish may be to testify and to share the work with the public or/and to create additional revenues, and limit the potential revenue loss as shown earlier. If they do publish the work, the organizations are then exposed to risks of expensive litigation in case of a legal action. Nancy Wolff, a partner at Cowan, DeBaets Abrahams & Sheppard, LLP, (USA) estimates “that damages under US law, if the work is registered, can be quite high, can go anywhere from \$750 to \$30 000. If the infringement is considered wilful, it can be increased up to \$150 000.”

Nancy Wolff adds that “even if the potential user makes a good-faith effort to locate the owner, the risk of copyright liability often prevents them from using the work. As a result, this potential liability has prevented the use of many works that would be a benefit to society.”

The concept of “Due diligence search”

The user has a certain use right even if the author can not be found and if there is no licensing agreement. However, there are certain requirements which have to be made as part of a due diligence search. According to Prof. Dr. Thomas Dreier, “the main point remains that if you have conducted a proper due diligence, and according to the legislation, Yes, you have the right to use this work.”

According to Klara Kanska, DG Internal Market Intellectual Property at the European Commission, the specific guidelines on due diligence search for orphan works proposed by the E.C. are “search prior to the use of work, title by title, in the country of origin of the work. In addition, search must be documented and rely on use of appropriate resources.”

In the US, the user must search according to the “*best practices*” which are required to be maintained by the Register of Copyrights.

In the current US House version, Nancy Wolff says that “the infringer himself must undertake the diligent search – it does not qualify if it is a person acting on his behalf, or any person jointly and severally liable with the infringer for infringement. In addition, the House version requires that users search materials and standards that include ‘industry practices and guidelines of associations and organizations’ and ‘electronic databases’. In the requirements for a qualifying search provision, the US Senate Bill incorporates the idea that users have a responsibility to consult available databases and use available technology and expertise in order to carry out a *qualifying search*.”



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Is legislation under way for Orphan Works ?

Most leading markets have taken steps to tackle the issue. However, it is the US endeavour which has highlighted the issue. Stepping back to the history and the source of legislation helps understand why it came suddenly center stage.

Most anglo-saxon countries had some legislation on Orphan Works, although very limited. However, the US endeavour in 2005/2006 highlighted the issue. The US represents a very large percentage, although unknown to me, of the worldwide copyrighted production including those stemming from the powerful movie industry. So any US legislation will have significant consequences on the rest of the world, whether one likes it or not.

Hence, the UK is now considering legislation. The US and the UK have similar Copyright Law (the US inherited the British system) and neglect the so-called "moral right" very strong in the French Legislation. This makes it easier for them to tackle Orphan Works legislation as the authors are not as protected as in France for example. Recommendation no 13 in the 2006 Gowers Review "proposes a provision for orphan works to the European Commission".

In that process, the US is discarding the Canadian approach analysed to be too expensive, complicated and cumbersome for the community. Canada had established a system by which all works had to be registered by the author with the state. It allowed then to address claims relating to use of Orphan Works. Nancy Wolff writes: "Canada enables the use, in certain circumstances, of orphan works. The Canadian law provides that anyone who seeks permission to make a copyright use of a work and cannot locate the copyright owner may petition the Canadian Copyright Board for a license. The Copyright Board makes a determination as to whether sufficient effort has been made to locate the owner and may grant a license for the proposed use. It will set terms and fees for the proposed use of the work in its discretion and will hold collected fees in a fund from which the copyright owner, if he or she ever surfaces and makes a claim, may be paid."

Let's look more specifically at the legislative proposals in the USA and by the European Commission.

The European Commission approach

The European Commission focuses on recommendations only which then need to be implemented at the state level. As Klara Kanska, DG Internal Market Intellectual Property at the European Commission, specified: "The EC proposes new legislation and monitors application of existing European laws. Hence, it is the responsibility of the Member States to ensure application of European laws and to take solely responsibility for all areas of copyright which were not harmonised at the EU level (such as moral rights, threshold of originality, contract law)."

The Orphan Work issue is extremely relevant at the European level as illustrated by the "i2010 Digital Libraries Initiative". The European Commission has launched this project with the objective of creating a multilingual access point to the European cultural heritage. This 2006 Recommendation promotes digitisation and online accessibility of cultural material as well as its digital preservation. With respect to that project, Orphan works was identified as a particular problem.



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To solve orphan works problems, as often with the EC, a dedicated group was put together. The high Level Expert Group, chaired by commissioner Reding, created 4 sector-specific Working Groups: text, audiovisual, visual/photography, music. Mrs Klara Kanska sums up its recommendations.

“They were:

- demonstrate diligent search criteria
- create databases of orphan works
- develop rights clearance centers
- ensure regulatory support from Member States and mutual recognition”

With these recommendations, the European Commission proposed a framework to the Member States. It is now up to them to take them to the next level, to amend them and apply them locally.

Legislation in the USA

The United States has taken the lead in the establishment of a legal framework to solve Orphan Works problems. Nancy Wolff has summarized its background, its history and its perimeter both at the **Cepic** conference and in an article that she kindly shared with me.

Nancy Wolff says: “On April 24th, 2008, both the House and Senate introduced Orphan Works legislation. The House bill is essentially identical to the Senate bill with some additional provisions. ...One of the most significant differences between the House and Senate version is that in the House version of the Bill, the user must file with the Copyright Office a *Notice of Use* prior to use of the work, and the Copyright Office must maintain an archive to retain notice of use filings.”

The Congress bills were based on a report on orphan works released in January 2006 by the United States Copyright Office. In that report, the Copyright office has recommended new legislation which sets out limitations on the remedies, Section 514, where the infringer: “(1) prior to commencement of the infringement, performed a good faith, reasonably diligent search to locate the owner of the infringed copyright and the infringer did not locate the owner, and (2) throughout the course of the infringement, provided attribution to the author and copyright owner of the work, if possible and appropriate under the circumstances, the remedies for the infringement shall be limited . . .”

Nancy Wolff analyses further the other elements in this report: “If the infringer performs the above conditions, monetary damages are limited to the amount of reasonable compensation. However, no award of monetary relief is given if the infringement is performed without any purpose of direct or indirect commercial advantage and the infringer ceases the infringement immediately after notice of the infringement.

In addition, injunctive relief under the proposed Section 514 would be limited if the infringer creates a derivative work that transforms the original work with a significant amount of new expression and the infringer pays reasonable compensation for such use. The court may still impose injunctive relief but must consider the harm caused by the infringer’s reliance on this section.”

In reference to the 2008 Congress bills, Nancy Wolff writes, “both the Senate and House versions of any bills must have the same provisions in order to be negotiations continue and the users and copyright owners press for their



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respective interests. “

This law could take effect the latter of January 1, 2009 or the earlier of January 1, 2013 and 30 days after the Copyright Office certifies and makes available to the public at least two separate and independent databases that allow for searches of copyrighted works that are pictorial, graphic or sculptural.



Reaction to the proposed US bill

There are mixed perceptions of the bill. On one hand, the users – libraries, museums, commercial users - are rather satisfied with it. It will significantly simplify their use of these works and protect them as it pushes a lot of responsibility on the authors.

On the other, the copyrights holders, especially in the visual industry - photographers, graphic artists and illustrators - think that their needs have been ignored. Although the art of writing, shooting photographs or films, painting etc is a rather solitary one, the bill has managed to federate many individuals.

Many artists associations have joined, under the name of Artists United Against the U.S. Orphan Works Acts to oppose the bills, which they believe "permits, and even encourages, wide-scale infringements while depriving creators of protections currently available under the Copyright Act."

For the first time ever, in 2006, a diverse group of representatives from associations of photographers, stock archives, graphic designers, illustrators and educators, including ASMP, ASPP and PACA, formed to create the Imagery Alliance Coalition which claims to represent more than 100,000 image professionals. Although they were unable to agree on a common defense against the bill, the initiative deserved to be pointed out.

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Claim of infringement: the single appeal for the authors

As an author, if you recognize one of your works being published without your copyright, you immediately want to send a “notice of claim of infringement” to the infringing user. It will of course include your personal contact, the title of your work and information demonstrating that you are indeed the owner of the copyright.

For the user, Prof. Dr. Thomas Dreier points out 2 questions: “Once you have started to use a particular work, can you continue using it once the author comes into play? Do you have to pay licence fees for the future and/or for the past use?” The answer to Dr. Thomas Dreier ‘s question depends on local usage and legislation.

On one hand, the user would put itself in a rather unsettling situation by not paying the adequate licence fees. On the other hand, it is the responsibility of the right holder to make successful search easier to the user. If the author wants to get recognized, the author has to make him-self known. We see here that authors will have to increase visibility of their copyright at their own expense.

Common sense recommends a settlement between the user and the copyright owner. Is not a deal always better than going to court?

There is little doubt, as we have seen through this CEPIC conference, that the US

legislation could unlock publication of a number of Orphan Works, making them available to the public, and possibly creating revenues for the organizations and for the Copyright holders who could recognize here his own work. As such, it could benefit the industry as a whole.

But at the same time, I strongly believe that usage could arm the authors if users abuse the situation and try to avoid payment of the adequate licence fee. As we all know from experience, very few authors have the resources to go to court against institutions or any organizations. It will be up to the industry to protect itself from that possible abuse as it would unarguably damage the abundance, the diversity and the creativity of the authors' work.



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