

Comments on Orphan Works

Policy Rationale for Addressing Orphan Works

The U.S. Supreme Court in *Fogerty v. Fantasy, Inc.* unanimously reiterated the Constitutional requirement that “[t]he primary objective of the Copyright Act is to encourage the production of original literary, artistic, and musical expression for the good of the public.” The copyright laws attempt to strike a balance between protecting original works and stifling further creativity. In the case of works for which the copyright owners (“Right Holders”) cannot be located (“orphan works”), the argument for protecting original works of the Right Holders is weak at best. Moreover, if no Right Holders are coming forth and claiming the copyright in their works, the public benefit of having access to these orphan works would outweigh the protection of original works. Therefore, the concerns over whether orphan works are being needlessly removed from public access and thereby stifling creativity of future works is a serious one in light of the policy goals of the copyright laws.

Proposed Solution for Orphan Works

In discussing potential solutions to the problem of orphan works, we will assume a framework in which the creators (“Potential Users”) seek to incorporate an older work into derivative or new works and are willing to seek permission, but are not able to identify or locate the Right Holders in order to seek permission. The solution that we propose will aim to fulfill copyright laws’ policy goals of promoting the dissemination of works by creating incentives for their creation and dissemination to the public. Our solution will attempt to strike a delicate balance between upholding the copyright of Right Holders and allowing Potential Users to create new works for the benefit of the public. Many of the aspects in the solution that we propose have analogous provisions in the existing Copyright Act. We believe that extending the existing

copyright law framework to solve the problems of orphan works would be more appealing to potential supporters of new legislation on orphan works.

Rebuttable Presumption of Orphaned Status

We will first proceed from a broad perspective that all the works where the Right Holders are unknown or difficult to locate would potentially qualify as orphan works. Starting from this basic premise, we can then create a system of rebuttable presumption of orphaned status by placing the initial burden on the Potential Users to establish that presumption. This presumption of orphaned status can be rebutted once the Right Holders come forth and register their works in a centralized database or registry (“Supply-side Registry”). Therefore, the incentive is there for the Right Holders to diligently monitor their copyright and protect their original works.

Initial Burden on the Potential Users: Intent to Use + Reasonable Investigation

In order to create new works using orphan works, the Potential Users must satisfy the initial burden by submitting an “Intent to Use” the underlying orphan work, along with a showing of “Reasonable Investigation” that the underlying work should be deemed an orphan work. Further, the Intent to Use will require registration of a representative sample or description of the orphan work in a centralized database or registry (“Demand-side Registry”). Where appropriate, the Potential Users would also be required to include an image of the orphan work in this Demand-side Database in order to alert the Right Holders of their intended use. Of course, these images of orphan works in the Demand-side Database will be statutorily exempt from any copyright infringement. We chose the words “Reasonable Investigation” here intentionally to coincide with the statutory language in §108 of the existing Copyright Act of 1976. The showing of Reasonable Investigation will differ depend on the type of orphan work

and particular circumstances of each case. However, we believe that similar showings required under §108 will suffice to meet our requirement of Reasonable Investigation.

Orphan Clearinghouse and Compulsory Licensing Fees

Once the Potential Users have met the initial burden of submitting an Intent to Use and a showing of Reasonable Investigation, the Potential Users will be “cleared” to use the orphan work by either paying a compulsory licensing fee if the new use is for commercial purposes or without any fee if the new use is for non-commercial purposes. A centralized orphan works handling agency or clearinghouse (“Orphan Clearinghouse”) will determine whether the Potential Users’ intended uses are for commercial purposes and if so, what level of compulsory licensing fees to impose on the Potential Users. The Orphan Clearinghouse will also issue guidelines in setting compulsory licensing fees for particular type of works. As long as the Potential Users have a Certificate of Clearance from the Orphan Clearinghouse either by paying a licensing fee or nothing (in the case of non-commercial uses), the Potential Users are free from any copyright infringement liability. We believe that obtaining this Certificate of Clearance will be a strong incentive for Potential Users to comply with the initial burden because fear of uncertainty and litigation have been the primary reasons why orphan works are not currently used to create new works. This aspect of our solution also furthers the policy goals of the copyright laws by allowing access to orphan works and stimulating the creation of new works.

The Orphan Clearinghouse will accept the compulsory licensing fees on behalf of the Right Holders and if the fees are not claimed within three years from the start date of license, then all the remaining fees associated with that new work would be forfeited to the Clearinghouse and be used to maintain the Supply-side and Demand-side Registries. This system of forfeiture and escrow account is quite similar to the existing provisions in the Code of

Federal Regulations (37 CFR §253.9 & 37 CFR §260.7) dealing with "unknown copyright owners" in the contexts of public broadcasting and digital performances. In both cases, fees may be put into a segregated trust account for three years, after which copyright owners have no right to make claims.

Rebutting the Presumption of Orphaned Status

As mentioned before, the Right Holders can rebut the presumption of orphaned status of their works by registering their works in the Supply-side Registry. Once this registration takes place, their presumed "orphan" works will no longer be deemed orphaned. It is important to note that once orphan works are registered by the Right Holders in the Supply-side Registry, no Potential Users can satisfy the initial burden of showing Reasonable Investigation; i.e., the Potential Users will always be required to check the Supply-side Registry before meeting the initial burden. Therefore, while the Demand-side Registry is a mandatory requirement imposed on the Potential Users, the Supply-side Registry is an optional instrument for the Right Holders to rebut the presumption of orphaned status and receive licensing fees exceeding the compulsory fees or prevent any use of their works.

Assessment of the Proposed Solution

Our proposed system with presumption of orphaned status and reliance on the Registries is not a drastic departure from the current Copyright Act. For example, 17 U.S.C. §405(b) allows an innocent infringer defense if the Potential Users relied on lack of notice by the Right Holders. To avoid abuse of the Demand-side Registry or bad faith on the part of Potential Users, we propose a finding of treble damages for copyright infringement if the showing of Reasonable Investigation turned out to be fraudulent. Similarly, we propose a finding for statutory damages for an imposter of Right Holders in abusing the Supply-side Registry. From both policy and

economic standpoint, it is arguable that orphaned works are currently a dead asset because they cannot be recycled to create any value for either the missing Rights Holders or benefits to society as a whole. We believe that the solution proposed here will streamline access to orphaned works and meet the policy of copyright law by promoting creation of new works. We further believe that the proposed solution would not contravene the “no formality requirement” of Berne Convention.