

# ORPHAN WORKS - POTENTIAL SOLUTIONS

## 1. Introduction and definition

This paper contains an analysis of the legal and practical issues surrounding the exploitation of copyright works where the owner of the copyright cannot be found. It also considers possible legislative solutions. In this context, the term “orphan work” is often used. An orphan work may be defined as a work:

- in which copyright subsists; and
- where after reasonable enquiries the owner of that copyright cannot be identified or, if identified, his whereabouts cannot be ascertained.

## 2. What do we need to know?

This paper outlines the legal options that must be considered if the UK is to move the debate on orphan works forward. IPO would like views on the specific points raised below.

2.1. Do you agree with the conclusions we have reached?

2.2. If it is decided to amend legislation to allow a scheme for commercial dealing with orphan works, are there any preferences as between the two main approaches:

- a. a provision which deals with the utilisation of orphan works in the same model as dealing with abandoned or ownerless property.
- b. an amendment to the Information Society Directive, to allow the creation of an explicit exception under the CDPA to deal with orphan works; or
- c. are there legally deliverable alternatives which have been overlooked? If so, what are they?

2.3. Assuming the necessary legislative cover can be provided for a scheme, views on the following issues would be helpful;

*What types of work should be included within the scheme?*

*What procedure should be used to establish whether a work is an orphan work?*

*Who should administer the scheme?*

*What rights to use orphan works should be granted?*

*What happens if the owner of the copyright is subsequently discovered?*

*What payments should be made (if any) for the use of an orphan work and how should these be handled?*

2.4. What other issues do we need to consider?

### **3. Executive Summary**

3.1 A summary of the main points would appear to be as follows:

- A non-legislative scheme to permit the exploitation of orphan works would not appear to be an option in the light of the provisions of section 107 of the Copyright Designs and Patents Act 1988.
- There are respectable arguments that it would be possible to introduce a legislative scheme for the exploitation of orphan works which is compatible with the current provisions of the Information Society Directive (2001/29/EC)
- Any such scheme would require primary legislation.
- Much work has been done at European level regarding the content of a scheme. Any scheme should probably require a person who proposes to use an orphan work to carry out appropriate searches.
- A scheme could provide for the administrator of the scheme to grant licences on being satisfied that any due diligence requirements had been satisfied. The grant of a licence could entail the payment of a fee.
- Monies paid could (after deduction of the costs and expenses of the scheme) be retained in a fund and if not claimed by the owner of the rights in the orphan work, be paid into the Consolidated Fund.
- It would be desirable to have prior European Commission endorsement for any UK legislative scheme for the exploitation of orphan works.

### **4. Gowers**

4.1 The Gowers review considered the issue of orphan works. The review identified that there are a significant number of copyright works where the copyright holder cannot be identified and a third party wishes to copy the work in question or otherwise exploit it. The review recommended that the Government should work to achieve the amendment of the Information Society Directive (Directive 2001/29/EC) (See pages 70 to 72 of the Gowers Review).

4.2 Such an amendment would facilitate an amendment to the Copyright, Designs and Patents Act 1988 enabling the creation of a new exception in relation to copyright relating to the use of orphan works. This however does not seem to be the only avenue to facilitate the creation of an orphan works scheme that may be compatible with EU law.

### **5. Mass digitisation by libraries and archives**

5.1 Orphan works are a difficulty in connection with the mass digitisation of works by libraries and archives (This process by definition involves the production of copies of copyright works, something restricted by copyright). In the context of such exercises libraries and archives have sought permissions from rights holders. Often it has not been possible to ascertain the holders of the rights in the works in question.

5.2 It is to be noted that Article 5(2)(c) of the Information Society Directive allows the creation in national law of exceptions for this where the copying is not in connection with the commercial exploitation of the works being digitised. However, this does not solve the problem of the commercial exploitation of orphan works.

## **6. Can a solution be devised without resorting to legislation?**

**6.1.** Some in the creative industries have suggested that licensing/indemnity schemes, operating within the current legislative framework, would provide a practical solution. However there would appear to be legally insurmountable obstacles to such schemes. Section 16(2) of the Copyright Designs and Patents Act 1988 provides:

“Copyright in a work is infringed by a person who without the licence of the copyright owner, does or authorises another to do any of the acts restricted by the copyright.”

**6.2.** The acts restricted by the copyright are set out in section 16(1) and include for example the copying of the work in which copyright subsists. As far as orphan works are concerned, by definition it is not possible to obtain the licence of the owner of the copyright. Therefore any copies of the orphan work would be infringing copies. Furthermore most proposed uses of orphan works would be in the course of a business. Section 107 of the 1988 Act provides that it is an offence for a person to make for sale or hire an article which is, and which he knows or has reason to believe is an infringing copy of a copyright work. It is also an offence in the course of a business to sell or distribute articles which the distributor knows or has reason to believe are infringing copies, or possess in the course of a business infringing copies (or suspected infringing copies) with a view to committing further acts that infringe copyright. Any voluntary scheme would therefore be plainly unlawful and inconsistent with the criminal law.

## **7. What legislative options are there?**

7.1 Given that the issue can only be addressed by legislative means, the options would appear to be:

- a. An exception to copyright (but may need revision to the Information Society Directive to apply it to commercial uses of orphan works)
- b. A scheme extending the scope of current UK rules dealing with unclaimed/ownerless/abandoned property to cover orphan works (It would be desirable if the European Commission would endorse such an approach)
- c. Following the US approach of limitations on liability (but it does not address the problem of civil and possibly criminal liabilities for the infringement)

The three options are considered in turn below

### *Exception to copyright (Option a)*

**7.2** A possible option would be to add provisions to Chapter III of Part 1 to the 1988 Act which sets out acts permitted in relation to copyright works without the licence of

the copyright holder to permit the exploitation of orphan works. The main issue is how far the provisions of the Directive of the European Parliament and of the Council on the harmonisation of certain aspects of copyright and related rights in the information society of 22<sup>nd</sup> May 2001 (2001/29/EC) (“the Information Society Directive”) preclude member states from introducing provisions to facilitate the exploitation of orphan works by way of exception to the rights of copyright holders to control the use of their copyright works.

7.3 The Information Society Directive provides that Member States must provide in their law for creators of copyright work to have the exclusive right to authorise or prohibit the exploitation of their works (See Articles 2, 3 and 4). The Directive does allow Member States to create exceptions (See Article 5). There is no express permission in Article 5 to create an exception to the rights of authors to facilitate the use of an orphan work. There are arguments that the list in Article 5 is exhaustive and it is therefore not permissible for Member States to introduce further exceptions to copyright protection. Presumably this is why the Gowers review recommended that the Government should seek an amendment to the Information Society Directive. Such an exception would however put beyond doubt the question as to whether Member States have power to introduce an exception to copyright to facilitate the use of orphan works.

A scheme based on the general legal principles applied to *abandoned / unclaimed / ownerless property (Option b)*

7.4. There is a body of law in the United Kingdom which deals with abandoned/unclaimed/ownerless property. There are provisions which allow the disposal of property of dissolved companies and persons who die without heirs. For example section 1012 of the Companies Act 2006 provides that the property of dissolved companies is to be regarded as what is termed “bona vacantia”. The scheme in England and Wales is administered by the Treasury Solicitor’s Department (there are special rules relating to the Duchies of Cornwall and Lancaster) There are separate regimes in relation to Scotland and Northern Ireland. It is not unusual for property dealt with by the Treasury Solicitor to include intellectual property rights. In addition section 190 of the 1988 Act makes provision for the copyright tribunal to grant licences in respect of the use of the recording of a performance where the rights owner cannot be found. Another example is the Dormant Bank and Building Society Accounts Act 2008 which makes provision in relation to unclaimed balances in bank and building society accounts.

7.5. There is a possibility of making similar provision in relation to orphan works which are not already covered by the bona vacantia scheme. It is to be noted that recital 60 of the Information Society Directive provides:

“The protection under this Directive should be without prejudice to national or Community legal provisions in other areas, such as industrial property, data protection, conditional access, access to public documents, and the rule of media exploitation chronology, which may affect the protection of copyright or related rights.”

7.6. This is amplified by Article 9 which provides:

“This Directive shall be without prejudice to provisions concerning in particular patent rights, trade marks, design rights, utility models, topographies of semiconductor products, type faces, conditional access, access to cable of broadcasting services, protection of national treasures, legal deposit requirements, laws on restrictive practices and unfair competition, trade secrets, security, confidentiality, data protection and privacy, access to public documents, the law of contract.”

**7.7.** It can be argued that the object and effect of this provision is to make it clear that the adoption of measures by Member States which do not determine the nature and scope of copyright but nevertheless may have an effect on copyright is not precluded. Thus Member States should be entitled to introduce measures to enable the administration of property including intellectual property whose ownership cannot be determined or whose owner cannot be found.

**7.8.** It is also necessary to consider the implications of the application of the Berne Convention to which the United Kingdom is a party. Whilst the provisions are not directly enforceable in UK law, the United Kingdom should not be legislating in a manner which is incompatible with the Convention. Article 9 of the Berne Convention provides:

“(1) Authors of literary and artistic works protected by this Convention shall have the exclusive right of authorising the reproduction of these works in any manner or form.

(2) It shall be a matter for legislation in the countries of the Union to permit the reproduction of such works in certain special cases, provided that such reproduction does not conflict with a normal exploitation of the work and does not unreasonably prejudice the legitimate interests of the author.

(3) Any sound or visual recording shall be considered as a reproduction for the purposes of this Convention.”

**7.9** It can be argued that permitting the reproduction of a work where the owner cannot be found is a ‘special case’ which does not conflict with the normal exploitation of the work by the rights holder since if the work is an orphan work it will presumably not be being exploited by its owner. Where the scheme makes provision for payment for the use of the work then the legitimate interests of the rights holder have not been unreasonably prejudiced.

**7.10** Before going down this route, it would be advisable to check with the Commission that they agree our interpretation of the law in this area. A scheme run on this basis would require primary legislation of some form, the exact details of which have yet to be fully determined.

*Following the US legislative route (option c)*

**7.11.** In the United States ‘the Shawn Bentley Orphan Works Act of 2008’ has been introduced into Congress. This adopts a different approach by making provision to

limit the remedies against the user of an orphan work where the infringer has ‘performed and documented a qualifying search, in good faith, to locate and identify an owner of the infringed copyright’ and was unable to identify the owner of the copyright. A search is a qualifying search if the infringer has done appropriate searches of the records of the US Copyright Office, other databases of copyright owners (whether public or private) which are reasonably available, and has used technology tools and expert assistance and text, sound and image recognition tools. The proposed US solution is merely a scheme to limit liability. A copy of an orphan work will still be an infringing copy. There would still be uncertainty over what the user of the orphan work might have to pay. For these reasons this does not seem to be a particularly satisfactory solution.

## **8. The scope and practicalities of an orphan work scheme**

**8.1.** The EU High Level Expert Group in their “Final Report on Digital Preservation, Orphan Works and Out-of-Print Works” stated (at p12),

“The following general prerequisites need to be fulfilled when considering the use of orphan works:

- A user wishes to make good faith use of a work with unclear copyright status;
- Due diligence has been performed in trying to identify the rightholders and/or locate them;
- The user wishes to use the work in a clearly defined manner;
- The user has a duty to seek authority before exploiting the orphan work, unless a specific copyright exception applies.”

**8.2.** If an orphan work scheme can be implemented there are a number of practical issues that need to be resolved. These include:

- Which types of work should be included within a scheme?
- What procedure should be used to determine when a work is to be regarded as an orphan work? In particular:
  - should some kind of advertisement be required?
  - what searches and due diligence criteria should be applied?
- If they are included within an orphan work scheme, how should photographs and artistic works be dealt with given that they are likely to be difficult to describe in words?
- If an orphan work scheme is devised, what rights should be granted in respect of the use of an orphan work by a third party and by whom?
- What happens if the owner of the copyright is discovered subsequent to the use of the orphan work?
- What payments (if any) should there be for the use of an orphan work and how should any payments be handled?

*What types of work should be included within the scheme?*

**8.3.** There is a particular demand that photographs should be included although their inclusion does raise a number of practical issues which are discussed below. Overall there seems to be general consensus amongst proponents of orphan works schemes in the EU, that any scheme should cover all kinds of orphan works.

*What procedure should be used to establish whether a work is an orphan work?*

**8.4.** It will be necessary to devise a procedure to determine whether a work is an orphan work. Much work has been done on this issue at European level. A number of general principles have been put forward (See the European Digital Libraries – Sector Specific Guidelines on Due Diligence Criteria for Orphan Works):

- A search for the rights holder is done prior to the use of the work
- The search is done title by title or work by work
- The relevant resources would usually be those of the country of the orphan work's origin.
- Publishing an announcement may be part of the process
- The search process should be documented (dates of searches should be recorded together with a list of the resources employed – copies of advertisements should be produced.

**8.5.** The Report in sector specific guidelines on due diligence criteria for orphan works made by the European Digital Libraries Initiative contains useful lists of searchable resources. This seems a suitable starting point for the creation of a scheme

*Who should administer the scheme?*

**8.6.** An issue that needs to be considered here is whether any scheme should be self-administered (i.e. the person seeking to use the work will get the benefit of the scheme if he satisfies particular criteria) or whether it is administered by a third party (for example the Crown or collecting societies) who would grant licences on being satisfied that any necessary searching and advertisement has been carried out. If money is to be paid for rights in relation to the use by third parties of orphan works this would suggest that the scheme should be an administered one. The advantage of having an administered scheme is that this ensures that the scheme is correctly applied. The scheme would allow the person administering it to recover its costs from monies held within the scheme.

*Photographs and Artistic Works*

**8.7** Photographs and artistic works present some difficulties where some kind of advertisement is to be a feature of an orphan works scheme. It is usually difficult to describe such works in way that makes them instantly recognisable e.g. where the work is abstract or, in the case of a photograph is of an item or location that is not distinctive. It may therefore be necessary to make copies of the work available for inspection as part of any due diligence procedure. This could be done by publication of images on a website.

*What rights to use orphan works should be granted?*

**8.8.** A licence (whether issued by the Crown, or other third party) for a specific activity of relatively short duration or limited scope (e.g. a licence for a limited period or for a limited number of uses (e.g. a licence to make 100 copies) would seem to be appropriate. This is in view of the fact that the owner of the orphan work may be discovered. For this reason an assignment of copyright would not seem to be appropriate. Any licence should also be non-exclusive. The issue of territorial scope of any licence also needs to be considered.

*What happens if the owner of the copyright is subsequently discovered?*

**8.9** If robust search criteria are introduced, it is unlikely that many owners of orphan works will be discovered. Nevertheless any scheme will have to cover this issue. A scheme could provide for the termination of any licence where the granting authority is satisfied that the licensed work is no longer to be regarded as being an orphan work. This would be subject to the exception that the licence could continue in effect with the consent of the rights holder. The rights holder would be entitled to claim any monies relating to the work held within the scheme, subject to any limitation period.

*What payments should be made (if any) for the use of an orphan work and how should these be handled?*

**8.10.** It would seem appropriate for every licence granted in respect of an orphan work to require a payment to be made by the licensee. It will be necessary to devise some kind of charging mechanism. It may be appropriate for there to be sector specific licences or licences specifically devised for particular kinds of licensed activities. It may be that in some cases a one-off payment is appropriate whereas in other cases some form of royalty payment may be appropriate. Monies paid in respect of licences could be held within the scheme for a finite period and if not claimed within that period, could be paid into the Consolidated Fund. Some of the monies collected would be used to defray the costs of administering the scheme.

**IPO**