

Summary

Background and research question

This research has been requested by the Dutch Ministry of Justice and aims to make an inventory of existing and proposed solutions to the problem of so-called orphan works in the context of the digitization of collections of archives, including libraries. Orphan works occur when a user wishes to use a work in a manner requiring the right owner's consent, but cannot locate the right owner and has to abstain from using the work.¹ This problem has become particularly pressing with the advent of new technologies that enable digitization and the online dissemination of works, especially where works of cultural importance are concerned. Therefore, the European Commission has requested the Member States to come up with solutions to the problem in order to create a European Digital Library by 2010.²

In this report, we have made an inventory of possible solutions found in Canada, the United Kingdom (England & Wales), Germany, the United States, France and Sweden. The main methods used are a research of the literature, legislation and case law, as well as questionnaires sent to experts on intellectual property law from the countries mentioned.³ The report concludes with a comparison of the solutions and a discussion of main advantages and disadvantages, based on arguments found during the research.

Legal solutions

The research seems to suggest that a legal solution is required. Existing practical solutions alone cannot legitimize the use of orphan works without the consent of the right owner. Thus, only solutions with a legal basis have been found. A distinction can be made between strictly legal solutions, and solutions that support some sort of contractual arrangement by law.

In a strictly legal solution, the law determines that an orphan work may be used under certain conditions, and only if the user can prove that the right owner cannot be located despite a reasonable search. In this category, we found licensing systems, such as the Canadian, where a user can obtain a licence from a government body prior to the use of the work. A similar system exists in

¹ The causes are very diverse and not part of the object of study. Thus, our study does not purport to find solutions to prevent the further growth of the orphan works problem, but merely to describe ways to deal with the problem as it exists in practice.

² "i2010: digital libraries" 30 September 2005 (COM (2005) 465 final).

³ A list of experts can be found on p. X of the report; the questionnaires (in English) are added to the report in Annexes X.

France, where a judge may grant a licence under similar conditions, or may appoint a representative of the unlocatable copyright owner.⁴ Another legal form is the limitation (or exception), which has been proposed in the US and UK. In such a system, the user may start using an orphan work without any form of prior control, but he is only exempted from copyright infringement if he can prove that he made reasonable efforts to locate the right owner. In Germany, a similar approach has been suggested, but, as yet, it has not been considered by the legislator.

The second type of solution to the orphan works problem is a system in which a contractual arrangement is supported by law, and therefore applies to unlocatable right holders.⁵ These are by definition all licence systems in which a user can negotiate a licence for an orphan work. Such an approach has been suggested in France in the form of mandatory collective management (MCM) of orphan works. A prospective user could, according to this suggested solution, negotiate a licence with a collective management organisation (CMO) if he can prove that he was unable to locate the right owner, despite reasonable efforts. A different and more voluntary approach is found in Sweden (and all other Scandinavian (Nordic) countries) where so-called *extended collective licensing* (ECL) may apply. In this legal technique, a collective management organisation may issue blanket licences for any right owner, even those that are not members of the organisation, if certain conditions are met. The CMO has to represent a substantial number of right owners, and any non-represented right owner has a right to opt out of the system and receive individual remuneration. Clearly, where extended collective licensing applies, orphan works almost do not occur. However, ECL is not specifically aimed at orphan works; it is a technique used to make right clearance easier where required. This also means that ECL provisions are very limited in scope and such a licence only applies to a specific type of work and a very limited form of use.⁶ No ECL provisions that might benefit archives or libraries in digitisation and online distribution have been found to exist in Sweden.

⁴ France is the only country in which two solutions have been found. Judicial licensing has already existed for a number of years in articles L.122-9 (monetary rights) and L.121-3 (moral rights) of the French IP code, but is hardly applied and it is debated whether the articles only apply after the death of the author. Recently a *Commission sur les oeuvres orphelines* (2008a, 2008b) has advised creating mandatory collective management for orphaned literary works and photographs and to apply the existing regime to other works. It is not known whether the government will follow this advice. Alongside these solutions, the French national audiovisual archive benefits from a special legal provision that allows it to clear neighbouring rights of performing artists (actors etc.) with labour organisations representing such professionals. Due to the specific nature of this provision, it is not discussed any further.

⁵ Unlocatable right owners are by definition not represented by a collective management organisation.

⁶ For example, Sweden has an ECL provision that allows libraries to make digital copies of parts of written works and short articles and send it to members if the work cannot, for preservation reasons, be delivered in its original form (art. 42d of the Swedish Copyright Law).

It has been suggested that ECL might be a very radical solution for this type of use, as many types of works and a broad use are involved. Denmark has recently implemented a new ECL provision specifically aimed at digitisation, but it is uncertain to what kind of works it applies and what use is allowed.

Main issues

In comparing the different solutions, a number of important differences have been found along with relative advantages and disadvantages. A selection of the main issues will be presented here.

The moment at which the reasonableness of the search is to be determined differs throughout the solutions. Licensing systems (either strictly legal, like in Canada, or supportive, as suggested in France) require that a user demonstrates the reasonableness prior to obtaining a licence. In exception-based systems, a user only has to prove the reasonableness of the search if the right owner reappears and sues for copyright infringement. The latter option is clearly more efficient, but impairs legal certainty for the user. He will only know whether he can legitimately use the work after the use has already commenced.

A form of control on use in advance has other advantages as well. The licence that will be granted specifies the type of use allowed, and can set specific conditions for the use in order to limit the limitation on the right owner's exclusive rights and to warrant the author's moral rights.

A related issue concerns the time when royalties have to be paid. In licensing systems, the royalties usually have to be paid up front to a CMO, whereas in exception-based systems payment only takes place if the right owner reappears and claims his royalties. In most licensing systems, paying up front also means that the user has to pay regardless of whether the right owner ever claims his money. Unclaimed fees will be claimed by the CMO, which can be deemed unfair and certainly makes this approach more expensive for users, compared to exception-based systems. The advantage of payment in advance is mainly for the right owner, who can be certain that he will easily and readily receive his money.

Also the determination of royalties is a matter of debate. In licensing systems, especially those involving contractual arrangements, the royalties can be negotiated based on the foreseen use. Non-commercial use may involve lower royalties, but not necessarily. The exception-based systems (the US and the UK)

prescribe that negotiations should take place between the user and right owner; only if these are unsuccessful will a judge (US) or a copyright tribunal (UK) determine the amount due. In the US, a special provision has been suggested for non-commercial use: in these cases, if a user may seize usage immediately upon the request of the copyright owner, no royalties need to be paid.

The user costs of the system do not only lie in the payment of royalties, but also in the execution of a reasonable search for the right owner of every work. Especially in mass digitisation projects for cultural purposes, where a large number of works are concerned, the costs of searching for each individual right owner may simply be too prohibitive. These users would benefit most from a bulk approach whereby some sort of blanket licence for all works, including orphaned ones, can be obtained. ECL would thus be an interesting approach, but as said there are currently no such ECL provisions. In the other countries, a reasonable search is deemed very important because it limits the scope of the legal intervention to cases in which it is required, and forces users and right owners to contact each other as much as possible. No other alternatives to the reasonable search have been found.⁷

Next to the above, some other general issues are subject to debate and need further research. An important question is the applicability of a solution to unpublished works. Most solutions do not allow for this, out of respect for the (moral) right to first publication and privacy issues. On the other hand, unpublished material may be of great social value, and it is not always easy to assess whether a work has been (rightfully) published. The US and UK proposals do allow for the use of unpublished works.

Also, the use of orphan works outside the country in which a solution has been found (i.e. a licence has been issued or an exception is available) seems to be problematic. The territorial character of copyright law entails that any solution to orphan works shall only legitimize the use of these works within the country. This may cause problems if works are published on the internet and therefore made available in other countries. No solutions have yet been found.

Finally, conformity with international copyright treaties is unclear. Although in all countries it is thought that the (proposed) solutions are in conformity with international copyright law, conformity with the three-step test

⁷ In the German proposal, which has been merely initiated by a group of scientists and not taken up by the government, it has been proposed to replace the reasonable search with the publication of a list of works to be used, requesting the right owners to contact the prospective user.

should be the object of further analysis. For EU Member States, the limited enumeration of exceptions in the Copyright Directive is also problematic and the directive would probably require amendment.

A table can provide a comprehensive overview of the results of the inventory as described above:

Type of system	Main characteristics	Advantages	Disadvantages
Licensing systems	Control in advance; Payment usually in advance; Licence specifies conditions	<ul style="list-style-type: none"> • Legal certainty • Control on abuse 	<ul style="list-style-type: none"> • Payment regardless of reappearance • Inefficient
Collective/contractual	Founded on collective management; legal extension	<ul style="list-style-type: none"> • Legitimacy right owners • Open market 	<ul style="list-style-type: none"> • No supervision • CMO retains royalties
Sweden (ECL)			
France (proposal for MCM)			
Government-run	Government supervision; statutory licence	<ul style="list-style-type: none"> • More control • Independent 	<ul style="list-style-type: none"> • System's costs are a collective burden
Canada			
France (judge)			
Exception-based systems	Control only at the request of right owner; Payment postponed	<ul style="list-style-type: none"> • Low costs/efficiency • Only intervention when required • Easy for user 	<ul style="list-style-type: none"> • Right owner's initiative • Less legal certainty • Abuse easier
England & Wales			
United States			
Germany			