



ISSUE BRIEF Copyright Office Report on Orphan Works¹ June 5, 2015

On June 4, 2015, the Copyright Office released its [Report on Orphan Works and Mass Digitization](#),² including recommendations for legislation on orphan works and the creation of an extended collective licensing (ECL) regime for mass digitization. This issue brief focuses only on the Copyright Office's recommendations on orphan works.

Report on Orphan Works

The Copyright Office's report asserts that "the orphan works problem is widespread and significant" and that "anyone using an orphan work does so under a legal cloud, as there is always the possibility that the copyright owner could emerge after the use commenced and seek substantial infringement damages, an injunction, and/or attorneys' fees." The report sets forth the problem of orphan works, noting:

The uncertainty surrounding the ownership status of orphan works does not serve the objectives of the copyright system. For good faith users, orphan works are a frustration, a liability risk, and a major cause of gridlock in the digital marketplace. The consequences of this uncertainty reverberate through all types of uses and users, all types and ages of works, and across all creative sectors. By electing to use a work without permission, users run the risk of an infringement suit resulting in litigation costs and possible damages. By foregoing use of these works, a significant part of the world's cultural heritage embodied in copyright-protected works may not be exploited and may therefore fall into a so-called "20th-century digital black hole."

The report acknowledges that fair use jurisprudence has moved in a direction that favors the use of orphan works, notably the *HathiTrust* and *Google Books* litigation. It notes that this evolution of fair use case law has prompted groups such as the Library Copyright Alliance, of which ARL is a member, to shift its position away from advocating a legislative solution to the orphan works problem. However, the Copyright Office rejects the idea that fair use can provide an adequate solution because:

The judiciary has yet to explicitly address how to apply fair use to orphan works. Thus, the informed and scholarly views of some commenters as to

¹ Prepared by Krista L. Cox, Director of Public Policy Initiatives.

² <http://copyright.gov/orphan/reports/orphan-works2015.pdf>

the application of fair use in specific orphan works situations do not yet have as their basis any controlling case law. Also, fair use jurisprudence is, because of its flexibility and fact-specific nature, a less concrete foundation for the beneficial use of orphan works than legislation, and is always subject to change. . . The Office does not believe that reliance on judicial trends, which may turn at any point, is a sufficient basis to forgo a permanent legislative solution.

The Copyright Office also rejects the role of best practices in an orphan works solution, criticizing the ARL Code of Best Practices as well as the Statement of Best Practices in Fair Use of Orphan Works for Libraries & Archives because they fail to “provide guidance on how a library should go about determining if a work is orphaned in the first place, beyond the lack of commercial exploitation by the owners and the likelihood that the owners could not be located.” Additionally, the report criticizes fair use best practices because they “often are arrived at absent consultation with authors and other copyright owners, and therefore run the risk of being more of an aspirational document—what a community believes fair use ought to be—than a descriptive one.”

Rejecting fair use as a solution, as well as other models such as a government license, the Copyright Office proposes a model that provides for limitations on liability.

Discussion Draft for Legislation

The discussion draft for legislation on orphan works is largely based off the Shawn Bentley Orphan Works Act of 2008, which was passed by the Senate, but failed in the House of Representatives.

Limitations on Remedies

The Copyright Office’s draft legislation would limit remedies to reasonable compensation, defined as the amount a willing buyer and willing seller in the position of the user and the rightholder would have agreed to immediately before the infringement began, for eligible users who can establish that they engaged in a good faith diligent search.

The order to pay reasonable compensation does not apply to nonprofit educational institutions, museums, libraries, archives or public broadcasting entities where 1) the infringement was performed without any purpose of direct or indirect commercial advantage; 2) the infringement was primarily education, religious or charitable in nature; and 3) the infringer ceases to use the work after receiving notice of the claim of infringement and having opportunity to conduct a good faith investigation of the claim.

Injunctions may be granted, subject to an exception where the use is recast, transformed, adapted or integrated into a work “with a significant amount of original expression” and the infringer pays reasonable compensation and provide attribution. This limitation on injunctions does not apply, however, where the owner is the author of the work objects, alleging that the new use “would be prejudicial to the owner’s honor or

reputation, and this harm is not otherwise compensable.” This restriction on the limitation on injunctions is new; it was not present in the 2008 Shawn Bentley Act.

Good Faith Diligent Search

A good faith diligent search requires, at a minimum, a search of the Copyright Office records, searching sources of copyright authorship, ownership and licensing information, the use of technology tools, printed publications and “where reasonable, internal or external expert assistance,” and the use of databases, including the Internet. In addition, a good faith diligent search “shall include any actions that are reasonable and appropriate under the facts relevant to the search, including actions based on facts known at the start of the search and facts uncovered during the search, and including a review, as appropriate, of Copyright Office records not available to the public through the Internet that are reasonably likely to be useful in identifying and locating the copyright owner.”

The legislation provides that the Copyright Office will maintain and update “statements of recommended practices” for diligent searches for categories of works. These statements “will ordinarily include reference to materials, resources, databases, and technology tools that are relevant to a search” and may consider comments submitted by interested stakeholders.

The requirements for a good faith diligent search set minimum standards that are highly detailed and burdensome. In addition to the minimum standards for a diligent search, users are required to take “any actions that are reasonable and appropriate” that may include review of Copyright Office records that are not available over the Internet, resulting in extremely time consuming and resource intensive searches.

Notice of Use Requirement

This discussion draft also includes a “Notice of Use” requirement, directing users to submit detailed information to the Copyright Office about the intended use and the nature of the search. The “notice of use” must include the following information: 1) type of work used; 2) description of the work; 3) summary of the qualifying search conducted; 4) any other identifying indicia available to the user; 5) source of the work (such as the library or website where the work was located or publication where the work originally appeared); 6) certification that the user performed a qualifying search; and 7) name of the user and description of how the work will be used.

The version of the Shawn Bentley Act passed by the Senate in 2008 did not contain a Notice of Use Provision. When the bill went over to the House, Congressman Howard Berman, then chairman of the House IP Subcommittee, added a notice of use provision as a “poison pill.” Berman was highly skeptical of the need for legislation, so he added the notice of use requirement because he knew it would be strongly opposed by the bills’ proponents, including the libraries and the publishers. The tactic succeeded, and the bill died in the House.

The notice of use is a burdensome requirement that will require time and resources and could significantly undermine the usefulness of the legislation. The high level of detail and documentation required is unworkable, particularly for large volumes of uses. In addition, the Copyright Office does not have the technological infrastructure nor the staff to undertake the effort proposed.

Fair Use Savings Clause

The discussion draft includes a fair use savings clause:

PRESERVATION OF OTHER RIGHTS, LIMITATIONS, AND DEFENSES—This section does not affect any right or any limitation or defense to copyright infringement, including fair use, under this title. If another provision of this title provides for a statutory license that would permit the use contemplated by the infringer, that provision applies instead of this section.

This savings clause is critical in providing assurances that users of orphan works may still rely on fair use. As was pointed out by the Library Copyright Alliance (LCA), individual libraries, and other commentators, fair use jurisprudence has moved in a positive direction. Court cases that have been decided in recent years have strongly favored fair use, particularly in transformative use cases.

Analysis

The Copyright Office's denigration of fair use as a solution to the orphan works problem is disappointing. What the Copyright Office fails to acknowledge in its analysis of recent fair use jurisprudence is that [fair use is a fairly predictable doctrine](#).³ As Professor Pamela Samuelson noted in a 2009 article entitled, [Unbundling Fair Uses](#),⁴ "Fair use is both more coherent and more predictable than many commentators have perceived once one recognizes that fair use cases fall into common patterns." The Copyright Office's suggestion that because fair use is flexible and fact-specific it is insufficient to address orphan works, is also misleading. By analogy, while the Copyright law does not have an explicit limitation or exception for the use of VCRs or DVRs, specific legislation to ensure that recording using such devices is lawful is not necessary because it is widely understood that such activity is fair use.

Furthermore, the Copyright Office suggests that even where fair use may be a defense, "many will choose to forego use of the work entirely rather than risk the prospect of expensive litigation." The Copyright Office fails to recognize that its proposed burdensome legislation that requires extremely time and resource intensive searches as well as notice of use requirements could also cause users to forego the use of the work.

³ <http://policynotes.arl.org/?p=50>

⁴ http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1323834

Additionally, where legislation appears overly complicated, while institutions and corporations may make use of it, individual users may find compliance difficult. The TEACH Act is one such example. The difficult and burdensome requirements of the TEACH Act have led to few, if any institutions from using it.

With respect to community best practices, it is true that they are made without consultation with rightholders, but this is a conscious decision. Community best practices “arise from the community’s values and mission. It presents a clear and conscientious articulation of the values of that community, not a compromise between those values and the competing interests of other parties.” Best practices that have been negotiated with rightholders would likely fall far short of what the law actually permits under fair use. Indeed, an effort to develop guidelines in the late 1990s under the auspices of the USPTO failed to produce any guidance to the various communities of interest after several years of effort. Furthermore, these best practice documents are grounded in community practices, often supported by case law, not merely aspirational documents.

As noted above, the draft legislation has significant problems including overly burdensome and complicated requirements. The requirements for a reasonably diligent search and limitations on injunctions are highly problematic. Finally, the notice of use provision is as poisonous now as it was in 2008. If it is included in an orphan works provision, it will ensure that the provision is rarely, if ever, used.