

How to Build an Orphanage, and Why

by **Katharina de la Durantaye**, Ph.D, LL.M. (Yale), Professor of Law at Humboldt University, Berlin

Abstract: Currently, lawmakers on both sides of the Atlantic are struggling with the problem of orphan works. In the impact assessment of its proposal for a directive of the European Parliament and of the Council on certain permitted uses of orphan works, the European Commission mentions six possible ways of dealing with the problem. Three of the six (a stat-

utory exception to copyright; extended collective licensing; an orphan-specific license granted by collecting societies) have each had their heyday during the past few years. This article examines how and why these changes in popularity occurred. In addition, it explains why a limitation on remedies would be the most adequate solution for the problem in Eu-

Copyright; Orphan Works; European Union; Collective Licenses; Limitations on Remedies;

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A. Introduction

- 1 Over the past five years, lawmakers on both sides of the Atlantic and elsewhere have been struggling with the problem of orphan works. Only few states have enacted provisions that allow for the use of works whose rights holders are unknown or cannot be found.
- 2 The issue received public attention after the announcement of the first Google Books Settlement.¹ That settlement, which Google concluded with publishers and authors who had sued the company for the unauthorized use of their works as part of its “Google Books” project, would have allowed Google (and only Google) the widespread use of orphan books.² By the time the settlement was proposed, three orphan works bills had been introduced into the US Congress.³
- 3 In Europe, the European Commission has taken multiple steps to encourage its member states to provide for the use of orphan works.⁴ As of now, no or-

phan works legislation has been passed in the US, and the Commission’s attempts have been without much impact. Between 2006, when the Commission first turned its eyes toward the problem, and now, only Hungary has enacted an orphan works statute.⁵

- 4 Dissatisfied with that lack of progress, the European Commission decided to take matters into its own hands. On May 24, 2011, it presented a proposal for a directive of the European Parliament and of the Council on certain permitted uses of orphan works.⁶ In its accompanying memorandum, the Commission mentions six possible ways of dealing with the orphan works problem:

*(1) do nothing, (2) a statutory exception to copyright, (3) extended collective licensing, (4) an orphan-specific licence granted by collecting societies, (5) an orphan-specific licence granted by a public body, and (6) the mutual recognition of national solutions regarding orphan works.*⁷

- 5 So far, most countries have done nothing to alleviate the problem (option 1). Of the countries that have orphan works regimes, almost all provide for a license granted by a public body (option 5). Among national lawmakers currently debating the problem, options 2 through 4 have ranked highest at one point or another. Finally, the Commission opted for the mutual recognition of national solutions regarding orphan works (option 6).
- 6 In this article, I will discuss the various options that lawmakers can choose from. I will explain why solutions 2 through 4 each had their heyday during the past few years, and how and why these changes in popularity occurred.⁸ Finally, I will propose that a limitation on remedies, the solution favored by the US Copyright Office and proposed by lawmakers in the US in 2006 and 2008, would be the most adequate solution for the problem in Europe – the best orphanage we could give to the parentless works contained in European libraries and archives today.

B. License Granted by a Public Body

- 7 Virtually all countries that have tackled the orphan works issue provide a government body with the authority to grant orphan works licenses. Such regimes are in place in Canada,⁹ India¹⁰, Japan,¹¹ South Korea,¹² and, within the European Union, in Great Britain¹³ and Hungary.¹⁴ Nevertheless, the European Commission cautions EU member states against adopting such an approach. It describes its advantages and disadvantages as follows:
- The government licence covering orphan works (Option 5) constitutes a public certification of the diligent search and thus grants a high level of legal certainty to the digital library. But this certainty comes at a price in terms of administrative burden. This is why earlier incarnations of this system have had limited impact and are not used in relation to large scale digital library projects.¹⁵*
- 8 In other words, if member states wish to pave the ground for the creation of digital libraries, they should look for alternatives to what countries have done so far.
- 9 It is very likely that the Commission was thinking about the oldest, most comprehensive, and thus most paradigmatic orphan works regime, the Canadian one, when it stated that “earlier incarnations of this system have had limited impact.” The Canadian system dates back to 1988. Its aim was to allow individual uses of copyrighted works. When it entered into force, the creation of digital libraries was, if anything, only a distant dream.
- 10 Section 77 para. 1 of the Canadian Copyright Act allows anyone who wishes to use a “published work, a fixation of a performer’s performance, a published sound recording, or a fixation of a communication signal in which copyright subsists,” to apply to the Copyright Board for a license. If the Board is “satisfied that the applicant has made reasonable efforts to locate the owner of the copyright and that the owner cannot be located,” as well as that publication took place with the consent of the owner, it will issue a non-exclusive license. The royalties it collects are held by a collecting society. The collecting societies can use the money as they wish, as long as they oblige themselves to pay the rights holder should he or she appear¹⁶ and claim his or her rights within five years after the expiration of such license.¹⁷
- 11 At first sight, the regime does not sound unreasonable, and yet only very few licenses have been applied for. From 1988 until the end of October 2011, the Board has denied 8 applications and has issued 256 licenses, 8 of those in 2010.¹⁸ Almost 25% of the applications were eventually withdrawn or abandoned.¹⁹ As the Commission remarked, the system is “not used in relation to large scale digital library projects.” Only one percent of applications regarded multiple thousand works.²⁰ Between 1988 and 2008, users sought licenses for a total of 12,640 works, many of which were architectural plans.²¹
- 12 Canadian commentators agree that the reason for the system’s limited impact is not the limited scope of the orphan works problem. Rather, mass-scale digitization projects do not apply for licenses because the procedure for obtaining one is time-consuming and costly.²² In its Unlocatable Copyright Owners Brochure, the Copyright Board explains which search efforts it expects from applications for orphan works licenses: users should contact the relevant collecting society; search the Internet; contact publishing houses, libraries, universities, museums, and provincial departments of education; and, if the author is dead, try to find out who inherited the copyright or who administered the estate.²³ The Board checks in every case whether the search was sufficiently thorough and whether the work had been published with the author’s consent. It does allow users to rely on updates to previous searches.²⁴
- 13 One significant problem, according to the Board’s members, is that the Board has jurisdiction to issue a license only if it is established that the work in question was published with the author’s consent.²⁵ For works other than books (such as, for instance, photographs), this is not always easy to establish.²⁶
- 14 Strangely enough, though, the Board is more frustrated about the fact that it only has authority to issue a license for works in which copyright sub-

sists. That seems logical. If a work is not protected by copyright (anymore), no license is needed. However, it is often impossible to determine whether a work is in the public domain since that depends on the death of the unknown or unlocatable author.²⁷ If it cannot be established with certainty that a license is needed, none may be issued. The Board proposed that it could issue conditional licenses in these cases. In at least four cases, it has done so on its own motion.²⁸

- 15 The biggest point of criticism regards royalties. Here, the criticism is twofold. First, the Board never grants a license free of charge. When the use was “benign,” the Board has sometimes ordered that royalties only be paid if the rights holder claims his or her rights.²⁹ Critics propose that licenses for noncommercial uses be granted without any royalty payment.³⁰
- 16 Second, and more importantly, critics remark that the current system creates a windfall for collecting societies.³¹ They are the ones who administer the royalties. If the author does not appear within the required period, they are allowed to decide how to distribute the unclaimed amount. Other rights holders thus received payments for works that they have not created and do not own.
- 17 The Board, by its own account, created this system of overcompensation in order to protect rights holders. It would be easier for them to find a collecting society than an individual user.³² If unknown rights holders could choose, according to the Board’s assumption, they would prefer that other rights holders benefit from the use of their works rather than allowing the users to use these works for free.
- 18 A study prepared for the Commission’s DG Information Society and Media suggests that this assumption might be false. The study found that authors of works with little or no economic value virtually always license their works for free.³³ Only collecting societies and distributors charged the interviewed cultural institutions for the use of such works.
- 19 Since the current system is too costly and cumbersome to be used widely, stakeholders in Canada are beginning to discuss amendments or extensions. Mario Bouchard, General Counsel of the Copyright Board, suggested that collecting societies be entitled to grant users blanket licenses for their whole repertoire in return for an indemnification against rights holders’ claims.³⁴ Canadian rights holders are favoring statutory extended collective licenses.³⁵

C. Extended Collective Licenses

- 20 Extended collective license are licenses that are granted by a collecting society and which cover not only the rights owned by its members. If membership in the society extends to a “substantial” number of rights holders of the category of works in question, the license covers rights holders of that category of works who are not members of the society.³⁶ The need to search for the work’s rights holder is thereby obviated.
- 21 Canadian rights holders are not the only ones who would love to have a system based on extended collective licenses. The parties to the Google Books case proposed such a system in both settlement agreements they presented in court. Google would have been allowed to use orphan books. In return, the company would have paid a lump sum to the Book Rights Registry, a collecting society for literary works that the parties would have set up.³⁷ In addition, Google would have shared the revenue it generated from the use of such works with the Book Rights Registry.³⁸
- 22 The first extended collective license was created in the Nordic countries in the 1960s. Since then, its scope has constantly been broadened. However, no Nordic country has a general license that would cover all or even most uses that could possibly be made of orphan works.³⁹
- 23 It is not surprising that Canadian rights holders and companies like Google as well as collecting societies that represent (known and locatable) rights holders advocate the establishment of such a system. Studies have shown that the search for rights holders can be much more costly than the digitization of the work and the royalty payment combined.⁴⁰ In a system of extended collective licenses, companies save these costs. Collecting societies like the added pressure the system puts on nonmembers to join their ranks. They also like the additional royalties that they obtain and administer. Nonmembers, so the argument goes, benefit as well. Their works are being licensed for the same conditions as those of members of collecting societies. It is unlikely that they could have obtained better conditions if they had to bargain on their own.⁴¹
- 24 The system thus does have its advantages.⁴² And yet, it comes at a high price.⁴³ By turning the right of exclusion into a right of remuneration, it turns the traditional principles of copyright on their head.⁴⁴ It replaces the market with a forced collective administration of rights at a time when, due to technological advances (think about search engines, databases, etc.), it is easier than ever for copyright holders and users to find one another. In its Nordic

variety, it systematically puts foreign rights holders at a disadvantage.⁴⁵

- 25 In addition, there are practical obstacles to the comprehensive adoption of such a system in the EU. Collecting societies do not represent a substantial number of rights holders of all categories of works (or in all member states). Even in the Nordic countries, music, movie, and software producers administer their rights individually.⁴⁶
- 26 In its discussion of extended collective licenses as a solution for the orphan works problem, the Commission makes an additional point, amidst telling remarks about the system in general:

Option 3, the model of “extended collective licences” assumes that, once a collecting society authorises a library to make books available on a website, this licence, by virtue of a statutory extension, will cover all works in that category, including orphan works (i.e., books, films). The collecting society is considered to represent such “outliers” independent of whether it has carried out a diligent search to identify or locate the author. The absence of a diligent search prevents an approach based on mutual recognition of the orphan work status. An extended collective licence is also normally only valid in the national territory in which the statutory presumption applies.⁴⁷

- 27 Several points are worth mentioning. First, the Commission’s definition of an extended collective license is too narrow. The Commission only refers to the authorization of “a library to make books available on a website.” In reality, however, extended collective licenses do not only apply to books. In addition, extended collective licenses do not only have libraries as their benefactors. What is more, many uses are covered, but no country has enacted a license that allows a work to be made available online, be it a literary or other work.⁴⁸ Furthermore, works owned by “outliers” are covered only if the collecting society represents a significant number of rights holders.
- 28 Despite these imprecisions, the Commission rightly stresses the fact that extended collective licenses are not well suited for the implementation of a system based on mutual recognition of a work’s orphan status across member states. Separate collecting societies exist in each EU member state – none of them represents a significant number of rights holders from all member states. If a user could, without having to search for the rights holder, go to his collecting society in, say, Finland, and obtain a license whose effects all other member states would have to accept, rights holders’ rights would be significantly impaired. Compliance of such a system with interna-

tional copyright law is also doubtful.⁴⁹ For all these reasons, extended collective licenses are not the means of choice.

D. License Issued by a Private Authority

- 29 Government licenses are not very high on the agenda of anyone who wishes to help digital libraries. As we have seen, they are a costly and ineffective way of addressing the orphan works problem. Licenses issued by private authorities, however, are seriously considered in some EU member states. In Germany, for example, the Social Democratic Party proposed that collecting societies be granted the authority to issue orphan works licenses.⁵⁰
- 30 In Switzerland, such a system is already in place, albeit with a very narrow scope. Collecting societies may grant licenses for the use of orphaned sound or video recordings that are contained in publicly accessible archives or in archives of broadcasting institutions and which were published or distributed in Switzerland at least ten years ago.⁵¹
- 31 The Commission’s assessment of such licenses is as follows:

The specific licence for orphan works (Option 4) provides libraries and the other beneficiaries with a high level of legal certainty against damage claims by reappearing owners. This option requires both a diligent search to determine the orphan status prior to the granting of the licence and a specific licensing arrangement pertaining to orphan works.⁵²

- 32 The Commission acknowledges the costs associated with both the search and the licensing procedures. For users, costs would thus be much higher than those that would accrue in a system of extended collective licenses. All this is obvious. What is striking is what is absent from the Commission’s statement. When discussing government licenses, the Commission warned about the “price in terms of administrative burden” and cautioned that this burden “is why earlier incarnations of that system have had limited impact and are not used in ... large scale digital library projects.” No such warning is to be found in the Commission’s description of licenses issued by private authorities.
- 33 The Commission thus assumes that the burden put on collecting societies is less than it would be if a government agency were responsible for issuing a similar license. This assumption might be correct. In a system based on government licenses, one in-

stitution (a government agency) is responsible for checking whether the required diligent search was conducted, and for negotiating the licensing terms. Another institution, often a collecting society, is responsible for the administration and distribution of royalties.

- 34 In a system like the one envisioned by Germany's Social Democratic party, both of these functions would be performed by the same institution. Collecting societies would not only grant orphan works licenses. They would also receive, administer, and distribute the royalties that users would pay. As such, they would have a strong interest in granting licenses. Therefore, they might be less inclined than a government agency to diligently check whether the user conducted a diligent search, whether the work is still protected under copyright, and whether the use would be covered by a limitation or exception.
- 35 If collecting societies were confronted with requests from large-scale digital library projects, chances are that they would rely on the user's assurances that a diligent search has been conducted. One could not blame them if they did so. Diligently checking every single case would be virtually impossible.
- 36 The value of such a license, however, would then be doubtful. The collecting society would "certify" that a diligent search has been conducted and would provide the user with the impression of a "high level of legal certainty," but the real check of whether the user actually met the legal requirements would only take place once the rights holder has reappeared and claimed his or her rights. Meanwhile, the user would have to pay royalties up front that may never be claimed; the rights holder would be deprived of the decision whether to license the use at all, and if so, to what terms; and members of collecting societies would receive a windfall.⁵³ It is unclear, then, why member states would want to choose this option as a way of reducing the orphan works problem.

E. Statutory Exception

- 37 A system based on individual licenses leads to two kinds of costs for users (in addition to the costs associated with the use of the work itself). Conducting a diligent search costs money. So does the negotiation and payment of royalties to the relevant authority. Extended collective licenses reduce these costs because they do not require the user to conduct a search. Another way to lower these costs is by obviating the duty to pay royalties. This is what a statutory exception does. In the words of the Commission:

The statutory exception (Option 2) would avoid the burden of obtaining a copyright licence but maintain the prior diligent search. However, this option provides for

*less legal certainty as there is no third party certification of the diligent search.*⁵⁴

- 38 As just explained, the "third party certification of the diligent search" will, in all likelihood, only be a certification. What it will not be is an examination of whether the diligent search has indeed been conducted. Collecting societies will quite simply lack the money, time, and manpower to review millions of searches for rights holders. If that is true, then statutory exceptions do not provide for "less legal certainty" than individual licenses. The main difference between the two options would then be that under a statutory exception, users would not have to pay money up front without knowing whether that money will ever reach its rights holder.
- 39 Australian copyright law already provides that the first publication of a work of an unknown author as part of a literary, dramatic, or musical work shall not be deemed a copyright infringement.⁵⁵ Both the German Socialist Party as well as the German Green Party have introduced proposals into the German Parliament aiming for the adoption of such a limitation for published works protected under copyright where the rights holder is unknown or cannot be found.⁵⁶
- 40 The implementation of these proposals would be problematic not so much because statutory exceptions provide less certainty than individual licenses. Broad statutory exceptions would probably run afoul of European and international copyright law. A statutory exception for the use of orphan works would not be covered by any of the narrowly defined exceptions and limitations in Article 5 of the Information Society Directive. The directive's recital 32 establishes that "[t]his Directive provides for an exhaustive enumeration of exceptions and limitations to the reproduction right and the right of communication to the public."⁵⁷ It cannot be assumed that, by mentioning statutory exceptions in the impact assessment of the proposal for an orphan works directive, the Commission tacitly wanted to amend the Information Society Directive.
- 41 Even if the Commission would like to change this (controversial) part of the Information Society Directive, it would have to respect existing obligations under international law. The Information Society Directive was a transposition of the WIPO Copyright Treaty. Article 10 para. 1 contains the famous "three-step test" which can also be found in Article 9 para. 2 of the Berne Convention and in Article 13 of the TRIPS Agreement. Contracting parties may only "provide for limitations of or exceptions to the rights granted to authors of literary and artistic works under this Treaty [the WCT] in certain special cases that do not conflict with a normal exploitation of

the work and do not unreasonably prejudice the legitimate interests of the author.”⁵⁸

- 42 It is doubtful whether a statutory exception for the use of all categories of orphan works by all users would constitute a “certain special case” and would thus pass the first step of the test.⁵⁹ The WTO Panel held that “certain” requires that an “exception or limitation... be clearly defined.”⁶⁰ An exception or limitation is only “special” if it has “a narrow scope as well as an exceptional or distinctive objective.”⁶¹
- 43 The second and third steps would pose lesser hurdles to orphan works legislation. Uses of orphan works “do not conflict with a normal exploitation of the work” because the work in question cannot be exploited if the rights holder cannot be found.⁶² The author’s “legitimate interests,” according to the WTO Panel, are unreasonably prejudiced “if an exception or limitation causes or has the potential to cause an unreasonable loss of income to the copyright owner.”⁶³ Since the rights holder is not generating any income from his or her work, no such income can be unreasonably lost – that is, until the rights holder reappears and claims his or her rights.
- 44 These considerations have not figured very prominently in the European discourse on orphan works. The US Copyright Office, however, dedicated a fair portion of its Report on Orphan Works to this question.⁶⁴ Its concerns were one of the reasons why the United States, a country that has, at times, not seemed overly preoccupied with its obligations under international law, decided against a statutory exception for orphan works.
- 47 In October 2011, the Copyright Office published a Preliminary Analysis and Discussion Document on Legal Issues in Mass Digitization.⁶⁸ The Google Books case is not the only reason why the Copyright Office is of the opinion that “the question of how mass book digitization fits within the existing copyright framework is a timely one.”⁶⁹ In September, the Authors Guild and individual authors brought suit against five university libraries who, as partner libraries of Google Books, had obtained digital copies of copyrighted works and who had decided to make these works available to their university affiliates.⁷⁰ An additional defendant was HathiTrust, an online repository created by these five as well as additional libraries. It currently contains more than 3.4 billion scanned pages, 73% of which are protected under copyright.⁷¹
- 48 In its preliminary analysis, the Copyright Office does not propose specific language for a new orphan works bill. It does, however, stress that “in 2008 Congress came very close to adopting a consensus bill.”⁷² In the Copyright Office’s opinion, “[t]hat legislation is a good starting point for the orphan works discussion, including what if any parts of the prior legislative proposal may require adjustment in 2011.”⁷³
- 49 Partial adjustment of the bill might be necessary because in 2006, when the Copyright Office issued its Report on Orphan Works, mass book digitization had not been the center of discussion.⁷⁴ “Going forward, Congress may want to explore orphan works in the context of large-scale digitization projects, addressing questions such as whether there should be more lenient or more stringent search requirements for these types of uses.”⁷⁵

F. Limitation on Remedies

- 45 Instead of proposing a statutory exception, the Copyright Office suggested that Congress limit the remedies available against infringers who, before using the work(s) in question, had unsuccessfully conducted a “reasonably diligent search” for the work’s rights holder.⁶⁵
- 46 Following the Report’s recommendations, three bills were introduced into Congress, one in 2006 and two in 2008, in the Senate and the House of Representatives respectively.⁶⁶ The Senate bill from 2008 passed the Senate unanimously. It had not passed the House when the term of the 110th Congress ended. When the 111th Congress convened, the parties to the Google Books case had already made their first settlement proposal. Further Congressional action was put on hold until the second Google Books settlement proposal was rejected in March 2011.⁶⁷
- 50 The 2008 bills covered all categories of orphan works as well as all uses, commercial and non-commercial, by all types of users. In order to benefit from the limitation on remedies, a user had to conduct and document a “qualifying search.”⁷⁶ Such a search required a “diligent effort” to locate the rights holder,⁷⁷ a term that the bill did not define. In addition, the user had to “provide attribution,”⁷⁸ and “give notice that the infringed work has been used under this section [514].”⁷⁹
- 51 If the rights holder appeared and claimed his or her rights, the user would have to assert in the initial pleading eligibility for the orphan works limitation⁸⁰ and would have to give a “detailed description and documentation of the search.”⁸¹ Provided that he or she did so, the user would only be subjected to “reasonable compensation”⁸² and would not have to pay statutory damages. Injunctive relief would remain available,⁸³ except in cases where the user had created a derivative work.⁸⁴ If that was the case, the rights holder could only claim reasonable compensation and attribution while the user would have

the right to claim copyright in the derivative work or compilation he or she created.⁸⁵

- 52 This solution, unlike one based on licenses, does not deprive the rights holder of the decision as to whether to license the work (at least prospectively), and on what conditions. It does not require the user to pay a collecting society for works which that society does not represent, thereby avoiding a windfall for third parties. Unlike a broad statutory exception, it would comply with obligations under European and international copyright law.
- 53 In order to be workable for mass-digitization projects, the required search would have to be as standardized as possible. The Commission must have been aware of that when it drafted the list of sources that users would have to consult before they could use an orphan work and which it included in the annex to its proposed orphan works directive.⁸⁶ For published books, the list includes legal deposits, databases, and registries, including ARROW, ISBN, and WATCH, as well as the databases of relevant collecting societies. It is conceivable that search companies will spring up and offer their services to digital library projects.
- 54 The obvious downside of the system just described is that it would provide less certainty for users. The lesser degree of certainty is not so much because the orphan works status would not be “certified,” as the Commission mentioned. Ex ante, users would be uncertain about what a “reasonable royalty” would amount to and how much they would owe if the rights holder reappeared and claimed his or her rights. Over time, though, standards would develop. For mass users of works, royalties paid (to known users) in similar circumstances could serve as a guideline.
- 55 For rights holders, the risk would be that the user in question might become unknown or cannot be found. In addition, he or she would have to contact and, if no agreement was reached, sue the user, both of which could prove costly. Requirements of US civil procedure make suing for small claims virtually impossible in the United States.⁸⁷ In most European countries, it would be easier to file suit in such cases.
- 56 To alleviate the burden for rights holders, the system should be combined with comprehensive, inter-linked databases. In the database, users would have to register the use they want to make of a work and would document the search they conducted. Successive users could limit themselves to updating searches already conducted and documented. Wasteful re-searches of the same sources would thus be avoided.
- 57 If a rights holder reappeared, he or she could make him- or herself known in the database, thereby pu-

blicly ending the orphan works status. If parties wished, the terms of license agreements could be recorded. Later users would then know what the rights holder in question deemed as adequate royalties for a specific use of his or her work.

- 58 A current example proves that such databases can be a very effective means both to scrutinize whether users have indeed fulfilled their obligations to (diligently) search for rights holders and to reduce the number of orphan works for the future. On HathiTrust’s website, the University of Michigan Library had published a list of 163 books for which it had not been able to identify or find the rights holder and which it wanted to make available to its affiliates. After some searching, and with the help of individual users, the Authors Guild found rights holders for 50 of the 163 books.⁸⁸ The University of Michigan later took down the list and apologized for its “flawed” pilot process.⁸⁹ A new list is to be posted within 90 days.⁹⁰
- 59 It is unlikely that the University of Michigan Library’s flagrant disregard would have been discovered that easily and that thoroughly without crowd-sourcing. The involvement of many, however, is only possible if the information to be tested is publicly available. An orphan works database would and should provide information on orphan works for anyone. Once a few culprits have been detected, chances are that other users will double their efforts to find rights holder(s) of the work(s) they intend to use.

G. Conclusion

- 60 As with most, if not all, complex copyright problems, none of the possible solutions is ideal. Each has its benefits and drawbacks. Over time, most of the options described in the impact assessment to the Commission’s proposal for a directive on orphan works have seemed appealing to one or more stakeholders. Except for the one where no orphan works statute is passed, they all require a deviation from a basic principle of copyright law: the rights holder’s right to exclude others from using his or her work.
- 61 Of the options currently on the table, a limitation on remedies might be the most adequate solution to the orphan works problem. It avoids forced collectivization of rights. Instead, it ensures that market mechanisms can work once the rights holder has reappeared. What is more, it incentivizes the development of search technology. Combined with inter-linked databases, it creates transparency and allows the public to monitor whether search requirements have been fulfilled.

1 Settlement Agreement, The Authors Guild, Inc. et al. v. Google, Inc., No. 05-CV-8136 (S.D.N.Y. Oct. 28, 2008),

- available at <http://dockets.justia.com/docket/new-york/nysdce/1:2005cv08136/273913/> (Filing no. 56).
- 2 For a brief description of the Google Books case and of the judge's decision to reject the settlement agreement, *cf.*, among many others, Katharina de la Durantaye, *Wofür wir Google dankbar sein müssen*, ZUM 538 (2011).
 - 3 Orphan Works Act of 2006, H.R. 5439, 109th Cong. (2006) (later that year, this bill was embedded in The Copyright Modernization Act of 2006, H.R. 6052, 109th Cong. (2006)), Orphan Works Act of 2008, H.R. 5889, 110th Cong. (2008) and Shawn Bentley Orphan Works Act, S. 2913, 110th Cong. (2008).
 - 4 See the various measures mentioned in Commission Proposal for a Directive of the European Parliament and of the Council on Certain Permitted Uses of Orphan Works, at 2, COM(2011) 289 final (May 24, 2011).
 - 5 Act CXII of 2008 amending the Copyright Act and Decree 100/2009. (V. 8.) Korm. For an overview, *cf.* Agnieszka Vetulani, *The Problem of Orphan Works in the EU: An Overview or Legislative Solutions and Main Actions in the Field*, Report prepared for the European Commission DG Information Society and Media Unit E4: Digital Libraries and Public Sector Information (Feb. 2008), available at [http://ec.europa.eu/information_society/activities/digital_libraries/doc/report_orphan_stagiaire_2/report_orphan_vetulani%20\(corrected%20version\)%20\(2\).pdf](http://ec.europa.eu/information_society/activities/digital_libraries/doc/report_orphan_stagiaire_2/report_orphan_vetulani%20(corrected%20version)%20(2).pdf).
 - 6 COM(2011) 289 final.
 - 7 COM(2011) 289 final, Impact Assessment, at 2.
 - 8 For a more detailed analysis of the proposed directive as well as of the bills that were introduced into the German Parliament over the past year, *cf.* Katharina de la Durantaye, *Ein Heim für Waisenkinder - Die Regelungsvorschläge zu verwaisten Werken in Deutschland und der EU aus rechtsvergleichender Sicht*, ZUM 777 (2011).
 - 9 *Cf.* Canadian Copyright Act Section 77.
 - 10 Indian Copyright Code Art. 31a allows the Indian Copyright Board to grant licenses for the publication of previously unpublished Indian works if the author or rights holder is unknown or cannot be found.
 - 11 The Agency for Cultural Affairs' commissioner may, according to Japanese Copyright Act Art. 67, issue a license for the use of published works whose rights holders remain unknown or cannot be found during a diligent search. *Cf.* European Digital Library Initiative High Level Expert Group – Copyright Subgroup, Interim Report, Annex I, at 9 (Oct. 16, 2006.), available at http://ec.europa.eu/information_society/activities/digital_libraries/other_groups/hleg/meetings/index_en.htm.
 - 12 According to South Korean Copyright Act Art. 47, the minister of culture may issue a license for the use of a work if a rights holder can, despite considerable effort, not be found. *See id.*, at 10.
 - 13 The Copyright Tribunal may allow a user to “make a copy of a recording of a performance... where the identity or whereabouts of the person entitled to the reproduction right cannot be ascertained by reasonable inquiry;” *see* Copyright, Designs and Patents Act of 1988 Section 190.
 - 14 The Hungarian Patent Office has, according to Hungarian Copyright Act Art. 57/A, the power to grant licenses for the use of works whose rights holders cannot be found and who are not members of collecting societies. *Cf.* Mihály Ficsor, *How to Deal with Orphan Works in the Digital World? An Introduction to the New Hungarian Legislation on Orphan Works*, Directorate-General for Internal Policies, Policy Department C: Citizen's Rights and Constitutional Affairs – Legal and Parliamentary Affairs, PE 419.607 (Oct. 2009), available at www.europarl.europa.eu/document/activities/cont/200911/20091113ATT64497/20091113ATT64497EN.pdf.
 - 15 COM(2011) 289 final, Impact Assessment, at 3.
 - 16 William J. Vancise, Chairman of the Copyright Board of Canada, Speech at a seminar jointly sponsored by the Intellectual Property Institute of Canada and McGill University in Montreal, Quebec 7 (Aug. 15, 2007), available at www.cb-cda.gc.ca/about-apropos/speeches-discours/20070815.pdf.
 - 17 Copyright Act of Canada Section 77 Para. 3.
 - 18 <http://www.cb-cda.gc.ca/unlocatable-introuvables/index-e.html>.
 - 19 Jeremy de Beer & Mario Bouchard, *Canada's "Orphan Works" Regime: Unlocatable Copyright Owners and the Copyright Board* 33 (Dec. 1, 2010), available at www.bc-cda.gc.ca/about-apropos/2010-11-19-newstudy.pdf.
 - 20 *Id.*, at 32.
 - 21 *Id.* In 2007, the board decided not to grant licenses for architectural plans anymore because most desired uses constituted fair dealing. *See* Policy of the Copyright Board of Canada re: Issuing Licences For Architectural Plans Held in Municipal Archives, available at <http://cb-cda.gc.ca/unlocatable-introuvables/municipal-municipales-b.pdf>. Since then, the number of applications has declined steeply.
 - 22 The US Copyright Office came to the same conclusion. *See* Register of Copyrights, Report on Orphan Works 114 (Jan. 2006), available at <http://www.copyright.gov/orphan/>.
 - 23 <http://www.cb-cda.gc.ca/unlocatable-introuvables/brochure1-e.html>.
 - 24 de Beer & Bouchard, *supra* note 19, at 19.
 - 25 *Id.*, at 11; Mario Bouchard, *Le régime canadien des titulaires de droits d'auteur introuvables*, 22 LES CAHIERS DE PROP. INTELL. 483, 489-490 (2010); Vancise, *supra* note 16, at 4.
 - 26 On the question of whether an orphan works regime should cover unpublished works, *see* Vigdis Bronder, *Saving the Right Orphans: The Special Case of Unpublished Orphan Works*, 31 COLUM. J.L. & ARTS 409 (2008).
 - 27 Bouchard, *supra* note 25, at 499; Vancise, *supra* note 16, at 5.
 - 28 *Cf. Re* Centre Alpha au Pied de la Lettre (June 10, 1991), 1991-UO/TI-4; *Re* Goose Lane Editions (April 6, 1992), 1992-UO/TI-2; *Re* Saint-Eustache School Board (Nov. 4, 1992), 1992-UO/TI-9; *Re* Potvin (Feb. 11, 1992), 1996-UO/TI-10, available at www.cb-cda.gc.ca/unlocatable-introuvables/licences-e.html.
 - 29 Vancise, *supra* note 16, at 7. According to Bouchard, *supra* note 25, at 500, “benign” cases are those where the user is a public institution, the use has a public purpose, a license might be unnecessary, and other rights holders who could be found have granted their rights free of charge.
 - 30 Bouchard, *supra* note 25, at 499.
 - 31 Vaver, COPYRIGHT LAW 226 (2000). *Cf.* Ariel Katz, *Copyright Collectives: Good Solution but for Which Problem?*, in WORKING WITHIN THE BOUNDARIES OF INTELLECTUAL PROPERTY 395 (Rochelle C. Dreyfuss, Harry First & Diane L. Zimmerman eds., 2010).
 - 32 de Beer & Bouchard, *supra* note 19, at 28.
 - 33 Anna Vuopala, *Assessment of the Orphan Works Issue and Costs for Rights Clearance*, Report prepared for the European Commission DG Information Society and Media Unit E4: Access to Information 14-15, 19 (May 2010). The only exception to this rule was a curious case in which an heir of a will required a fee in return for his permission to make the will available online.
 - 34 Mario Bouchard, Speech at Facilitating Access to Culture in the Digital Age – WIPO Global Meeting on Emerging Copyright Licensing Modalities, Theme V: Making Orphan Works Available (Nov. 4, 2010), available at www.wipo.int/multi-media-video/en/meetings/wipo_cr_lic_ge_10/bouchard_05112010.mp3.
 - 35 Rights Holders Initial Proposal, Collective Licensing: Liability Limits for Collectives and Uses, available at <http://www.ic.gc.ca/eic/site/crp-prda.nsf/eng/rp01129.html>.

- 36 Tarja Koskinen-Olsson, *Collective Management in the Nordic Countries*, in COLLECTIVE MANAGEMENT OF COPYRIGHT AND RELATED RIGHTS 283, 291 (Daniel Gervais ed., 2nd ed. 2010); Henry Olsson, *The Extended Collective License as Applied in the Nordic Countries*, Speech at Kopinor 25th anniversary international symposium 3-4 (May 20, 2005), available at <http://www.kopinor.no/en/copyright/extended-collective-license/documents/the-extended-collective-license-as-applied-in-the-nordic-countries>; Stef van Gompel & Bernt Hugenholtz, *The Orphan Works Problem: The Copyright Conundrum of Digitizing Large-Scale Audiovisual Archives, and How to Solve It*, 8.1 POPULAR COMMUNICATION 6 (2010); V. Verronen, *Extended Collective Licence in Finland: A Legal Instrument for Balancing the Rights of the Author with the Interests of the User*, 49 J. COPY. SOC'Y 1143, 1145 (2002).
- 37 Amended Settlement Agreement §§ 2.1 (b)-(c), 6.4, The Authors Guild, Inc. v. Google, Inc., No. 05 CV 8136 (S.D.N.Y. Nov. 9, 2009).
- 38 *Id.* at § 4.5.
- 39 However, in 2008, Denmark enacted Statute Nr. 587 (June 20, 2008). According to the new Copyright Act § 50(2), extended collective licenses may be granted for “other uses” than the named ones.
- 40 Vuopala, *supra* note 33, at 5-6.
- 41 Koskinen-Olsson, *supra* note 36, at 291, 292; Olsson, *supra* note 36, at 5.
- 42 That is why Katharina de la Durantaye, *Finding a Home for Orphans. Google Book Search and Orphan Works Law in the United States and Europe*, 21 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 101 (2011) took a more positive stance toward extended collective licenses.
- 43 On concerns of constitutional law, see Jörn Heckmann, DIE RETROSPECTIVE DIGITALISIERUNG VON PRINTPUBLIKATIONEN *** (Manuskript S. 255-256) (2011); Gerald Spindler & Jörn Heckmann, *Retrodigitalisierung verwaister Printpublikationen. Die Nutzungsmöglichkeiten von “orphan works” de lege lata und ferenda*, GRUR INT. 271, 278 (2008).
- 44 Under the system currently in place in the Nordic countries, rights holders are usually not granted the right to opt out if they do not approve of the use in question. Exceptions are Swedish Copyright Act Art. 42b-e; Danish Copyright Act §§ 24a, 30, 30a, 50(2). Cf. Karnell, *Extended Collective License Clauses and Agreements in Nordic Copyright Law*, 10 COLUM.-VLA J.L. & ARTS 73, 76 (1985); Thomas Riis & Jens Schovsbo, *Extended Collective Licenses and the Nordic Experience*, 33 COLUM. J.L. & ARTS 471, 476 (2010); Verronen, *supra* note 36, at 1150-1151.
- 45 Karnell, *supra* note 44, at 81; Riis & Schovsbo, *supra* note 44, at 491.
- 46 Riis & Schovsbo, *supra* note 44, at 491.
- 47 COM(2011) 289 final, Impact Assessment, at 3.
- 48 However, most Nordic countries do have a license for the reprographic and digital reproduction of literary works for educational purposes. Cf. Danish Copyright Act § 13; Finnish Copyright Act art. 13-14; Norwegian Copyright Act § 13(b); Swedish Copyright Act art. 42(c).
- 49 For a closer examination of the compliance of extended collective licenses with Berne Convention Art. 9 para. 1 and TRIPS Art. 13 cf. Riis & Schovsbo, *supra* note 44, at 484-490.
- 50 Entwurf eines Gesetzes zur Änderung des Gesetzes über die Wahrnehmung von Urheberrechten und verwandten Schutzrechten (Urheberrechtswahrnehmungsgesetz – UrhWahrnG), BT-Drucks. 17/3991 (Nov. 30, 2010).
- 51 Bundesgesetz über das Urheberrecht und verwandte Schutzrechte Art. 22b (SR 231.1).
- 52 COM(2011) 289 final, Impact Assessment, at 3.
- 53 See above under B.
- 54 COM(2011) 289 final, Impact Assessment, at 3.
- 55 Australian Copyright Act Art. 52.
- 56 Entwurf eines Gesetzes zur Änderung des Urheberrechtsgesetzes – Digitalisierung vergriffener und verwaister Werke BT-Drucks. 17/4661 (DIE LINKE) (Feb. 8, 2011); Antrag Zugang zu verwaisten Werken erleichtern, BT-Drucks. 17/4695 (BÜNDNIS 90/DIE GRÜNEN) (Feb. 9, 2011).
- 57 Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society.
- 58 WCT Art. 10 para. 1.
- 59 See Jane C. Ginsburg, *Contracts, Orphan Works, and Copyright Norms: What Role for Berne and TRIPS?*, in WORKING WITHIN THE BOUNDARIES OF INTELLECTUAL PROPERTY 471, 488-489 (Rochelle C. Dreyfuss, Harry First, & Diane L. Zimmerman eds., 2010).
- 60 WTO, U.S. – Section 110(5) of the U.S. Copyright Act, Report of the Panel, WTO Doc. No. WT/DS160/R § 6.108 (June 12, 2000).
- 61 *Id.*, at § 6.109.
- 62 Jane C. Ginsburg, *supra* note 59, at 490 argues that the key term is the word “conflict.” In the orphan works context, no such conflict exists because the rights holders neither exercise their right nor refuse to exercise their right.
- 63 WTO, U.S. – Section 110(5) of the U.S. Copyright Act, Report of the Panel, WTO Doc. No. WT/DS160/R § 6.229 (June 12, 2000).
- 64 Register of Copyrights, Report on Orphan Works 59-68, 88-89 (Jan. 2006).
- 65 *Id.*, at 8-10.
- 66 H.R. 5439, 109th Cong. (2006); H.R. 5889, 110th Cong. (2008); S. 2913, 110th Cong. (2008).
- 67 The Authors Guild et al. v. Google, Inc., No. 05-Civ.-8136 (S.D.N.Y. March 22, 2011).
- 68 Register of Copyrights, Legal Issues in Mass Digitization: A Preliminary Analysis and Discussion Document (Oct. 2011), available at <http://www.copyright.gov/docs/massdigitization/>.
- 69 *Id.*, at 3.
- 70 The Authors Guild et. al v. The HathiTrust et al, No. 11-Civ-06351-HB (S.D.N.Y. Sept. 12, 2011).
- 71 See <http://www.hathitrust.org/about>.
- 72 Register of Copyrights, *supra* note 68, at 26.
- 73 *Id.*, at 27.
- 74 However, during one of the roundtable discussions leading up to the 2006 report, and with its own scanning efforts in mind, Google’s counsel had stated: “I would encourage the Copyright Office to consider not just the very, very small scale, the user who wants to make use of the work, but also the very, very large scale and talking in the millions of works.” US Copyright Office, Orphan Works Round Table, available at <http://www.copyright.gov/orphan/transcript/0726LOC.PDF>.
- 75 Register of Copyrights, *supra* note 68, at 28.
- 76 S. 2913 Section 514 (b)(1)(A)(i); H.R. 5889 Section 514 (b)(1)(A)(i).
- 77 S. 2913 Section 514 (b)(2)(A)(i-iii) of S. 2913; H.R. 5889 Section 514 (b)(2)(A)(i).
- 78 S. 2913 Section 514 (b)(1)(A)(ii); H.R. 5889 Section 514 (b)(1)(A)(iii).
- 79 S. 2913 Section 514 (b)(1)(A)(iii); H.R. 5889 Section 514 (b)(1)(A)(iv).
- 80 S. 2913 Section 514 (b)(1)(A)(iv); H.R. 5889 Section 514 (b)(1)(A)(v).
- 81 S. 2913 Section 514 (b)(1)(A)(v); H.R. 5889 Section 514 (b)(1)(A)(vii).
- 82 S. 2913 Section 514 (c)(1)(A); H.R. 5889 Section 514 (c)(1)(A). S. 2913 Section 514 (a)(3) and H.R. 5889 Section 514 (a)(4) both define “reasonable compensation” as “the amount on which