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## An Orphan Works Affirmative Defense to Copyright Infringement Actions

Jerry Brito

*Mercatus Center at George Mason University*

Bridget Dooling

*George Mason University School of Law*

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# AN ORPHAN WORKS AFFIRMATIVE DEFENSE TO COPYRIGHT INFRINGEMENT ACTIONS

Jerry Brito\*  
Bridget Dooling\*\*

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\* Fellow in Regulatory Studies, Mercatus Center at George Mason University. J.D. 2005, George Mason University School of Law; B.A. 1999, Florida International University. The authors would like to thank Susan Dudley and Jay Cochran for their invaluable comments and support.

\*\* Editor-in-Chief, 2005–06, Federal Circuit Bar Journal; J.D. expected May 2006, George Mason University School of Law; B.B.A. 2001, The George Washington University.

## INTRODUCTION

Laurence Peter once said that “[o]riginality is the fine art of remembering what you hear but forgetting where you heard it.”<sup>1</sup> Yet that clever quip is itself unoriginal.<sup>2</sup> Although there may be nothing new under the sun<sup>3</sup>—the arrangement of different bits of existing cultural matter in new and interesting combinations is the source of much originality. Yet today much of our cultural raw material is outside the reach of creators because of the orphan works problem. This problem renders untouchable a large swath of existing artistic, literary, and other works because if a work’s copyright owner cannot be found to secure their permission to use the work, then no one will ultimately use the work lest they risk liability for copyright infringement.

Several solutions to this problem have been suggested, but most proposals are cumbersome or incompatible with political and legal reality.<sup>4</sup> However, there might be a simple solution to the orphan works problem that respects the rights of copyright owners while freeing up works for which the rightsholders cannot be found. If a would-be user of a copyrighted work completes a reasonable search in good faith and fails to find the rightsholder, the user should be able to use the work. If she is later sued, she should be able to defend in court by showing that she diligently did her best to find the copyright owner. Copyright law does not provide for such an affirmative defense right now.

Part I of this Article defines the orphan works problem and provides examples of how it interferes with the use of creative works. Part II describes the causes and costs of the orphan works problem. Part III outlines and critiques four of the leading proposed solutions to the orphan works problem. Part IV proposes a new and practical solution to the orphan works problem.

1. Paul L. Allen, *Mesmerizing, Martinizing came from namesakes*, TUCSON CITIZEN, November 22, 2004, at 7A (quoting Laurence Peter).

2. “Books serve to show a man that those original thoughts of his aren’t very new after all,” Abraham Lincoln is quoted as saying. Quotable Lincoln, Abraham Lincoln Quotes, <http://www.quotablelincoln.com/quotedisplay.php?lastName=Lincoln&page=5> (last visited May 17, 2005). Before him, Voltaire noted: “Originality is nothing but judicious imitation. The most original writers borrowed one from another. The instruction we find in books is like fire. We fetch it from our neighbor’s, kindle it at home, communicate it to others, and it becomes the property of all.” Zaadz.com, Quotes by Author—Voltaire, <http://www.zaadz.com/quotes/authors/voltaire/?page=10> (last visited May 17, 2005).

3. Ecclesiastes 1:9.

4. See *infra* Part III.

## I. THE ORPHAN WORKS PROBLEM

A serious problem faces those who seek to use creative works in their scholarly research, commercial ventures, and personal lives. Generally, the U.S. copyright system grants automatic protection to creative works at the moment of their creation, and that protection endures for the life of the creator plus 70 years.<sup>5</sup> A person wishing to use a protected work must get permission from the rightsholder or risk a copyright infringement suit.<sup>6</sup> Often the rightsholder is unknown or cannot be located. Under U.S. law, copyrights do not have to be registered and notice of a copyright claim does not need to be affixed to a protected work,<sup>7</sup> so tracking down the rightsholder of a work can be very complex, especially for older works. When someone who would like to use a work cannot locate the rightsholder, the potential user often elects not to use the work at all because of fear of possible litigation or criminal sanction.<sup>8</sup> As a result, works for which the rightsholders cannot be found sit idle even though at least some of these rightsholders would not object to the use of their works and many of these works may be in the public domain. This disconnect between potential users and rightsholders is the orphan works problem.

The Copyright Office recently requested public comments on this problem and asked for possible solutions.<sup>9</sup> Over 700 public comments and over 100 reply comments were filed with the Copyright Office, and they included a large collection of anecdotes that illustrate the practical impact of the problem and several proposed solutions.<sup>10</sup> The Copyright Office specifically requested a definition of “orphan work.”<sup>11</sup> This Article defines “orphan work” as a work for which the rightsholder cannot be located after a reasonable search in good faith.

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5. 17 U.S.C. § 302 (2000).

6. *Id.* §§ 502–06.

7. Since the Copyright Act of 1790, an author had to both fix notice on her work and register the work with the government, among other formalities, to acquire copyright protection in the U.S. ROBERT A. GORMAN & JANE C. GINSBURG, COPYRIGHT 383–84 (6th ed. 2002). That changed with the Copyright Act of 1976, which eliminated formalities as prerequisites to the grant of a copyright largely to comply with international copyright standards, such as the Berne Convention. *Id.*

8. *See, e.g.*, John van Dyke, Comment, <http://www.copyright.gov/orphan/comments/OW0002-VanDyke.pdf> (last visited Feb. 18, 2006).

9. Orphan Works Notice of Inquiry, 70 Fed. Reg. 3739 (Jan. 26, 2005) available at <http://www.copyright.gov/fedreg/2005/70fr3739.pdf>.

10. The Copyright Office has posted the comments and reply comments online at <http://www.copyright.gov/orphan>.

11. Orphan Works Notice of Inquiry, *supra* note 9, at 3741.

For example, consider the scholar who researches primary materials—perhaps letters from immigrants to the United States in the first half of the 20th Century—and he unearths a number of letters that have never been published before.<sup>12</sup> His take on the letters is original and his work will advance the field. He wants to publish the letters in their entirety, along with his commentary and analysis. After two years of research and two years of writing, he presents a draft to his publisher. The publisher immediately recognizes the commercial and scholarly value of the book, but cringes at the sight of the letters. The publisher, seeking to avoid copyright infringement liability, says he will not publish the book without copyright permission from the rightsholders of the letters, permission that the scholar must obtain on his own. Some of the letters may be in the public domain, but others may not.<sup>13</sup> Those who currently possess the letters do not necessarily hold the copyrights thereto because authors of letters retain copyright even if they send the original copy of the letter to someone else.<sup>14</sup> Therefore, the scholar must try to track down the letters' authors. He starts with birth and death records, which are not necessarily easy to access. A handful of the authors are still alive according to public records, so he tries to find their home addresses, but some of them are not listed in public directories. Some of the letters may have been written anonymously, under aliases, or in maiden names, which makes it even more difficult to locate the authors. For the authors who have died, the scholar considers trying to track down the representatives of their estates.<sup>15</sup> Apart from the practical difficulties of locating these representatives, it is unlikely that an author of a letter would order her final affairs in such a way that distributes the property rights in letters that she sent to someone else.<sup>16</sup> The scholar considers hiring a private detective to locate the authors and their heirs, but the cost is prohibitive. In the end, the scholar fails to get permission for each letter. The value of his work diminishes and the

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12. This example is based on the story of a Civil War researcher. Peter B. Hirtle, *Unpublished Materials, New Technologies, and Copyright: Facilitating Scholarly Use*, 49 J. COPYRIGHT SOC'Y U.S.A. 259 (2001).

13. Any work created before 1923 is in the public domain. Peter B. Hirtle, *Copyright Term and the Public Domain in the United States*, available at [http://www.copyright.cornell.edu/training/Hirtle\\_Public\\_Domain.htm](http://www.copyright.cornell.edu/training/Hirtle_Public_Domain.htm) (last visited May 15, 2005). After 1923, it gets more complex. *Id.*

14. See 17 U.S.C. § 202 (2000) ("Ownership of a copyright . . . is distinct from ownership of any material object in which the work is embodied. Transfer of ownership of any material object . . . does not of itself convey any rights in the copyrighted work embodied in the object.").

15. Copyrights may be transferred as personal property in a will. *Id.* § 201(d)(1).

16. See Duke Center for the Study of the Public Domain, *Access to Orphan Films 2* (Mar. 2005), <http://www.copyright.gov/orphan/comments/OW0596-CPD.pdf> [hereinafter *Duke Comment*].

publisher loses interest. Copyright law has thus placed an impassable roadblock on the scholar's path, even though it is not clear that the letters' authors or their heirs would have objected to publication if asked.

Academic research is not the only area affected by the orphan works problem. Photographs are also automatically copyrighted the moment they are produced, so prints cannot be reproduced without the photographer's permission. This is extremely frustrating to families who seek the assistance of the local photo shop to scan and restore professional photographs that may be the only link to their past.<sup>17</sup> Photo shops are sensitive to the rights of photographers, and many will not make a copy of a photo without the rightsholder's permission.<sup>18</sup> This is good in theory because it protects the photographer's ability to earn a living through her craft. However, what happens when photographers die, or move away, or change their names, or fail to print their names on the backs of photographs? The photos are untouchable, even if they are close to tatters, unless the person in possession of the photos is willing to risk being sued.

Additional complexity is injected into this problem when the rightsholder is a corporation.<sup>19</sup> Over time, corporations reorganize, file for bankruptcy, and change ownership. This makes the process of trying to find a corporate copyright holder that much more complex. Additionally, copyrights can be assigned to others,<sup>20</sup> which leads to more confusion as

17. Comments to the Copyright Office document this problem. *See, e.g.*, Chris Spurgeon, Comment (Feb. 24, 2005), <http://www.copyright.gov/orphan/comments/OW0054-Spurgeon.pdf>; Bernard Duffy, Comment (Feb. 24, 2005), <http://www.copyright.gov/orphan/comments/OW0056-Duffy.pdf>.

18. *E.g.*, Kelly N. Vaccaro, Comment (Mar. 1, 2005), <http://www.copyright.gov/orphan/comments/OW0156-Vaccaro.pdf>. Vaccaro writes:

I currently work as a salesperson in a camera store. Just about every day I have customers come in wanting to copy pictures. In some cases these images are still under copyright. This is fine and I have no issues restricting obviously copyrighted images, especially when the photographer or company has wisely put a stamp on front or back indicating the business and/or contact information. However, often there is no stamp, no information, no way to find that original copyright holder. Often it's a school or family or wedding picture from the 40s. or 50s. or 60s. I can't reproduce it for my customer, because it's still under copyright. They have no way to find the photographer, and often leave my store upset at me over something I can't control. Many of my friends are photographers and I understand why copyrights are important. But there are many cases, especially with photographs, where businesses shut down, negatives are thrown away, photographers pass away or move, and it is near impossible for someone to use that image.

*Id.*

19. Corporate copyrights have a "term of 95 years from the year of its first publication, or a term of 120 years from the year of its creation, whichever expires first." 17 U.S.C. § 302(c) (2000).

20. 17 U.S.C. § 201(d)(1) (2000).

assignments made in private contracts are likely not to be found anywhere in the public record. For example, consider the case of fans of a defunct rock band who get together to reproduce t-shirts and other merchandise with the band's name on it.<sup>21</sup> The fans contact the former band members who are happy to let the fans print t-shirts, but they recall that an earlier merchandizing deal stripped them of the required copyrights. When the band was together it assigned some of its copyrights to a third party as part of a merchandising deal, but the merchandise is no longer commercially available. The merchandising company has long since gone under, and so the fans must go without their memorabilia unless they are willing to risk a copyright infringement suit. A recent example illustrating the orphan works problem is the Google Print Library, a partnership between Google, Inc. and several research libraries.<sup>22</sup> Together they plan to make available, through Google's searchable online database, full- or partial-text scans of the collections of the libraries of Harvard, Stanford, the University of Michigan, the University of Oxford, and the New York Public Library.<sup>23</sup> One scholar estimates that the Google Print Library will contain the text of over 20 million books.<sup>24</sup> Google intends to operate this database in compliance with U.S. copyright law by displaying full-text for those works in the public domain, and partial-text for anything published post-1923.<sup>25</sup> However, the inclusion of partial-text scans of books still under copyright has angered some commentators who describe the effort as "large-scale infringe-

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21. This example is based on a comment to the Copyright Office. Samuel Forrest Arnold, Comment (Feb. 24, 2005), <http://www.copyright.gov/orphan/comments/OW0057-Arnold.pdf>.

22. Press Release, Google Inc., Google Checks Out Library Books (Dec. 14, 2004), available at [http://www.google.com/intl/en/press/pressrel/print\\_library.html](http://www.google.com/intl/en/press/pressrel/print_library.html).

23. *Id.*

24. Lawrence Lessig, *Let a Thousand Googles Bloom*, L.A. TIMES, Jan. 12, 2005, at B11.

25. Press Release, Google Inc., *supra* note 22; Google Book Search, How will library books look on Google?, <https://books.google.com/support/partner/bin/answer.py?answer=20768&topic=1047> (last visited Feb. 19, 2006). Google Books explains:

If . . . you search for Books and Culture by Hamilton Wright Mabie, for instance, you'll be able to page through as much of it as you like, because its 1896 copyright means the book is now in the public domain. . . .

A book such as the 1924 copyright for True Stories of Pioneer Life by Mary C. Moulton, on the other hand, may still be in copyright. . . . When you preview the book on Google Book Search, you'll see only snippets of text directly around your search term.

*Id.*

ment.”<sup>26</sup> Google has “taken a very conservative stance and only books pre-1923 will be considered public domain.”<sup>27</sup> It does not seem that Google will make any particular effort to contact rightsholders of works published after 1923 to obtain permission to provide those books’ full text. Google’s choice to restrict their treatment of books in this way shows the uncertainty and difficulty of tracking down a work’s copyright status and its rightsholder.

Google has attempted to strike a balance between its goals of “[guiding] more users to their local libraries; to digital archives of some of the world’s greatest research institutions; and to out-of-print books they might not be able to find anywhere else[,]” with the need to “carefully respect[] authors’ and publishers’ copyrights.”<sup>28</sup> By choosing an artificial definition of the public domain that stops at 1923, and by not attempting to contact rightsholders whose works are still under copyright, the Google Print Library’s goal of broadly sharing works will not be fully realized. This is a clear example of how the current copyright system balance has tipped too far in favor of the rights of creators and against the object of copyright law, which is “[to promote] broad public availability of literature, music, and the other arts.”<sup>29</sup> Copyright, like other monopolies granted by Congress, “must ultimately serve the public good”<sup>30</sup> even though it exists in part to “motivate the creative activity of authors.”<sup>31</sup>

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26. Jeffrey R. Young, *University-Press Group Raises Questions About Google's Library-Scanning Project*, CHRON. HIGHER EDUC., May 23, 2005, available at <http://chronicle.com/free/2005/05/2005052301t.htm>.

27. Google Print Library Project—Frequently Asked Questions, <http://print.google.com/googleprint/library.html> (last visited May 15, 2005).

28. *Id.*

29. *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975). See also *Fogerty v. Fantasy Inc.*, 510 U.S. 517, 524 (1994) (“The primary objective of the Copyright Act is to encourage the production of original literary, artistic, and musical expression for the good of the public.”); *Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932) (“[T]he primary object in conferring the [copyright] monopoly lie[s] in the general benefits derived by the public from the labors of authors.”).

30. *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984).

31. *Fogerty*, 510 U.S. at 526 (1994). See also *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 349–50 (1991) (“The primary objective of copyright is not to reward the labor of authors but ‘to promote the Progress of Science and the useful Arts.’”); *Aiken*, 422 U.S. at 156 (“The immediate aim of our copyright law is to secure a fair return for an ‘author’s’ creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good.”); *United States v. Paramount Pictures, Inc.*, 334 U.S. 131, 158 (1948) (“The copyright law . . . makes reward to the owner a secondary consideration.”).



## II. CAUSES AND COSTS OF THE ORPHAN WORKS PROBLEM

Congress acknowledged the difficulty of tracking down copyright holders decades ago.<sup>32</sup> This difficulty, and the resulting orphan works problem, is in large part caused by the structure of the U.S. copyright system. While acknowledging the political improbability of wholesale change to the structure of our current copyright system, this Article also suggests that the existing system gives rise to orphan works. The costs of the orphan works problem are multifaceted, and affect consumers, creators, and those who would use creative works. These costs provide impetus for a change to the copyright system that solves the orphan works problem.

### *A. Causes of the Orphan Works Problem*

Congress has “overhauled” the copyright laws several times,<sup>33</sup> and recent changes to the copyright system exacerbate the difficulty of locating rightsholders. The elimination of formalities and copyright term extensions are two examples of these problematic changes.<sup>34</sup>

#### 1. Elimination of Formalities

For over 180 years U.S. copyright law required authors to register their works in order to obtain copyright protection.<sup>35</sup> Authors were also required to deposit a copy of their work with the Library of Congress, fix notice of copyright protection on the work, renew copyright status after a period of time, and comply with other formalities before they gained protection.<sup>36</sup> The Copyright Act of 1976<sup>37</sup> did away with these formalities in the U.S. and changed the conditional copyright system to an unconditional system.<sup>38</sup> The elimination of formalities makes it more difficult to

32. See H.R. REP. NO. 94-1476, at 134 (1976) (discussing the need to set up a registry of death dates to avoid the “problems of determining when relatively obscure authors died”).

33. 1 MELVILLE B. NIMMER & DAVID NIMMER, *NIMMER ON COPYRIGHT* OV-1 (2004).

34. One scholar suggests three additional exacerbating factors: (1) the “nature of technology” encourages the creation of more works than ever before, (2) technology provides a vast array of people with access to works, and (3) the short lifespan of modern media in comparison to the long copyright term. See Duke Comment, *supra* note 16, at 2–3.

35. 1 WILLIAM F. PATRY, *1 COPYRIGHT LAW AND PRACTICE* 408–12 (1994).

36. *Id.*

37. Copyright Act of 1976, Pub. L. No. 94-553, 90 Stat. 852.

38. Christopher Sprigman, *Reform(aliz)ing Copyright*, 57 STAN. L. REV. 485, 494 (2004). Sprigman explains the difference between conditional and unconditional systems as:

[A] conditional copyright regime extend[s] copyright protection only to those who [take] affirmative steps to claim copyright protection by registering their works, marking them with notice of copyright, and renewing their rights at the end of an initial term . . . . Unconditional copyright grants protection whether or not the work

track down a copyright owner.<sup>39</sup> Although some private databases have emerged to help potential users locate copyright owners,<sup>40</sup> there is no comprehensive list of copyrights and their owners.<sup>41</sup> Requiring copyright registration would help alleviate the orphan works problem because it would provide information on copyright holders.<sup>42</sup> However, this would violate the Berne Convention.<sup>43</sup> Additionally, registration without notice would probably be insufficient to cure the orphan works problem because a registry is only useful if a potential user can track back to the rightsholder from notice—like the author’s name—on the work itself.<sup>44</sup>

## 2. Copyright Term Extension

Copyright term extensions also contribute to the orphan works problem by preventing works that would otherwise enter the public domain from doing so until a later date.<sup>45</sup> The exact duration of copyrights are not specified in the Constitution, but the Constitution does require terms to be “for limited Times.”<sup>46</sup> Congress has the authority to define terms,<sup>47</sup> and in 1998 Congress enacted the Sonny Bono Copyright Term Extension Act,<sup>48</sup> which extended the term for all existing

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is registered, marked, or renewed. Protection is automatic and indiscriminate, regardless of the will of the author or his assigns.

*Id.*

39. See *id.* at 487 (“[F]ormalities created data about the existence and duration of copyright for the work in question, and about who owned the copyright.”).

40. For example, the American Society of Composers, Authors and Publishers (ASCAP), which serves as a clearinghouse for works of its members, gives access to its ACE database on the Internet. This is “a database of song titles licensed by ASCAP in the United States.” ASCAP ACE Frequently Asked Questions, <http://www.ascap.com/ace/ACEfaq.html> (last visited Sept. 27, 2005). ASCAP notes that although its database includes some information about publishers, but “not necessarily the copyright owner, who thus may not be represented on the ACE system.” Description of ACE, <http://www.ascap.com/ace/> (last visited Sept. 27, 2005).

41. LAWRENCE LESSIG, *FREE CULTURE* 222–23 (2004).

42. See *id.*; Sprigman, *supra* note 38, at 487.

43. See *infra* Part III.B.1.

44. See *infra* note 84 and accompanying text.

45. The trade-off between copyright term and the public domain was recognized by Congress as early as 1976. See H.R. REP. NO. 94-1476, at 136 (1976) (“[W]orks of scholarly value, which are now falling into the public domain after 29 years, would be protected much longer under the bill.”).

46. U.S. CONST. art. I, § 8.

47. *Id.*; see also *Eldred v. Ashcroft*, 537 U.S. 186, 199–200 (2003) (“Text, history, and precedent, we conclude, confirm that the Copyright Clause empowers Congress to prescribe ‘limited Times’ for copyright protection and to secure the same level and duration of protection for all copyright holders, present and future.”).

48. Sonny Bono Copyright Term Extension Act, Pub. L. No. 105–298, 11 Stat. 2827 (1998).

works.<sup>49</sup> Such a term extension keeps works out of the public domain by increasing the number of works for which permission must be obtained before someone can use them. As a result “tens of thousands of works that had been poised to enter the public domain were maintained under private ownership until at least 2019.”<sup>50</sup> Term extensions therefore increase the number of works that will probably become orphan works because the further back in time a user must search to find a rightsholder, the more likely it is that whatever information about the rightsholder she is able to obtain will be outdated and unhelpful. Additionally, “repeated retroactive copyright term extensions mean that vast numbers of works” are still under copyright even though their authors “had no reason to order their affairs” in a way that took an extended copyright term into account.<sup>51</sup> Copyright term extensions exacerbate the orphan works problem because as the term increases the practical difficulties of locating rightsholders increase.

### B. *Costs of the Orphan Works Problem*

The cost of the orphan works problem has at least three components: the pass-through of a risk premium to consumers, a diminished public domain, and harm to the preservation of cultural heritage. First, uncertainty about orphan works may result in a risk premium that is passed on to consumers. When someone uses a copyrighted work without permission, she runs the risk of being sued—or even indicted—for copyright infringement. In the case of an orphan work, a user who attempts to locate the work’s rightsholder, but fails to do so, must choose between using the work and bearing the risk of legal action, or not using the work at all. Commercial uses of orphan works might insure against this risk by passing through to consumers a risk premium.<sup>52</sup> A new commercial work incorporating older orphan works—such as the production of a new hip-hop single sampling an old “race record”<sup>53</sup> from the 1930s—would be more expensive than it would otherwise be if the producers of the new work did not have to insure against the possibility of litigation.

Second, the orphan works problem imposes a cost on consumers and the public in general by reducing the supply of new creative works avail-

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49. Chris Sprigman, *The Mouse That Ate the Public Domain*, FINDLAW’S WRIT, Mar. 5, 2002, [http://writ.news.findlaw.com/commentary/20020305\\_sprigman.html](http://writ.news.findlaw.com/commentary/20020305_sprigman.html).

50. *Id.*

51. Duke Comment, *supra* note 16, at 2.

52. See COMPUTER SCI. & TELECOMM. BD., NAT’L RESEARCH COUNCIL, THE DIGITAL DILEMMA 6 (2000) [hereinafter DIGITAL DILEMMA].

53. FRANK TIRRO, JAZZ: A HISTORY 138–39 (2d ed. 1993) (explaining that the term “race record” was coined in the 1920s by the recording industry to designate black music).

able because it discourages the creation of new derivative works. Locating the rightsholder of an orphan work may be so “complex and frustrating”<sup>54</sup> that it forecloses use of that work.<sup>55</sup> When uncertainty about the copyright status of a work keeps it from being used, “the most important cost to the public comes from those new derivative works that are *not* created because of the new author’s inability to negotiate permission from whoever owns the copyright.”<sup>56</sup> Society is therefore deprived not only of immediate access to many new derivative works, but also of future free use of the work because the public domain—where all works ultimately finish—is made poorer.

Third, the orphan works problem harms efforts to archive the nation’s cultural heritage. As noted in a report by the National Research Council, “[a]rchiving our cultural heritage and ensuring a record of intellectual discourse are critical tasks for society.”<sup>57</sup> Film restoration and archival present compelling examples of the cultural heritage cost of the orphan works problem.<sup>58</sup> Older films, recorded on fragile media like cellulose nitrate and videotape, disintegrate over time because they are subject “[to] shrinkage, to outgassing that destroys the film’s emulsion and even to spontaneous combustion.”<sup>59</sup> Restoration of disintegrating films requires *copying* the film to another medium, which amounts to copyright infringement unless permission is obtained from the rightsholder.<sup>60</sup> Archives that possess old films often do not own the copyrights.<sup>61</sup> Additionally, films often contain multiple copyrights including, among other things, “the film itself, the script . . . and the soundtrack.”<sup>62</sup> The process of tracking down the copyright holders for each film is “massively time-consuming, and often simply

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54. Kenneth D. Crews, *When You Cannot Get Permission: Dealing with the “Dead End” of a Copyright Quest* (Aug. 29, 2002), <http://www.copyright.iupui.edu/permdeadend.htm>.

55. See Dennis S. Karjala et al., *Statement of Copyright and Intellectual Property Law Professors in Opposition to H.R. 604, H.R. 2589, and S.505 “The Copyright Term Extension Act”* 12 (Jan. 28, 1998), available at <http://www.public.asu.edu/~dkarjala/legmats/1998Statement.html>.

56. *Id.* at 11 n.14.

57. DIGITAL DILEMMA, *supra* note 52, at 206; see also LESSIG, *FREE CULTURE*, *supra* note 41, at 225 (“The noncommercial life of culture is important and valuable—for entertainment but also, and more importantly, for knowledge.”).

58. See Report of the Librarian of Congress, *Film Preservation 1993: A Study of the Current State of American Film Preservation*, Volume 1: Report 5 (1993).

59. Duke Comment, *supra* note 16, at 2.

60. LESSIG, *FREE CULTURE*, *supra* note 41, at 226–27.

61. Duke Comment, *supra* note 16, at 4–5.

62. *Id.* at 4.

overwhelming.”<sup>63</sup> The orphan works problem halts preservation efforts, but does not halt the decomposition of the films themselves.<sup>64</sup>

The current copyright system creates the orphan works problem and is not equipped to solve it. Additionally, the costs of the orphan works problem are real, practical reasons to work towards a solution.

### III. CRITIQUE OF LEADING PROPOSED SOLUTIONS

Legal scholars and other commentators have proposed several solutions to the orphan works problem.<sup>65</sup> This section will outline and critique some of the leading proposals. Part IV will put forward a new solution to the problem.

#### *A. The Lessig Solution and the Public Domain Enhancement Act*

Stanford law professor and cyberspace guru Lawrence Lessig was one of the earliest academics to speak out loudly about the orphan works issue. In a 2003 op-ed in *The New York Times*, Lessig proposed creating a new copyright formality to ameliorate the orphan works problem.<sup>66</sup> Lessig developed his proposal further in his 2004 book, *Free Culture*.<sup>67</sup> In 2003, Lessig’s proposal was used as the basis for the proposed Public Domain Enhancement Act (PDEA), which was introduced in the House by Rep. Zoe Lofgren (D-Cal.).<sup>68</sup>

What Lessig suggested was “requiring copyright holders to pay a tax 50 years after a work was published.”<sup>69</sup> If the tax were not paid for three years, the work would enter the public domain.<sup>70</sup> In his op-ed Lessig suggested that the tax might be \$50 per work.<sup>71</sup> In his book he adjusted that figure to \$1 per work.<sup>72</sup> Additionally, when a copyright holder paid the tax, the government would record that fact in a register—presumably

63. *Id.*

64. *Id.* at 3.

65. See *supra* notes 9–10 and accompanying text.

66. Lawrence Lessig, *Protecting Mickey Mouse at Art’s Expense*, N.Y. TIMES, Jan. 18, 2003, at A17.

67. LESSIG, *FREE CULTURE*, *supra* note 41, at 248–53.

68. Public Domain Enhancement Act, H.R. 2601, 108th Cong. (2003). Under this act, copyright would continue to inhere automatically in works upon creation, but works would move into the public domain 50 years after their publication unless a \$1 fee is paid to the Copyright Office. Additionally, a \$1 fee must be paid every ten years thereafter (until the end of the normal copyright term) to keep the work from entering the public domain.

69. Lessig, *Protecting Mickey*, *supra* note 66.

70. *Id.*

71. *Id.*

72. LESSIG, *FREE CULTURE*, *supra* note 41, at 249.

with the holder's contact information—so that someone wishing to license the work could easily find the copyright's owner.<sup>73</sup>

This seemingly simple solution purports to help ease the orphan works problem by moving works that are worth less than the \$1 tax into the public domain after 50 years.<sup>74</sup> It would also create a register of works that are at least 50 years old and for which the tax has been paid.<sup>75</sup> Presumably, any work not in that register would have passed into the public domain. There are several problems with the Lessig/PDEA solution that would undermine its effectiveness.

The imposition of any formality as a precondition to the enjoyment of a full life-plus copyright term violates the Berne Convention.<sup>76</sup> That treaty prohibits formalities that are conditional to the enjoyment and exercise of the minimum rights it adopts.<sup>77</sup> One of those rights is that the copyright term for works protected under the Convention shall not be less than "life of the author and fifty years after his death."<sup>78</sup> Thus, requiring a copyright holder to pay a tax and register her work 50 years after *publication* in order to enjoy the rest of the copyright term to which she is otherwise entitled (life plus 70 years under current U.S. law) would violate the Berne Convention.

The PDEA acknowledges this problem and attempts to overcome it by making the tax and registration formalities applicable only to U.S. authors.<sup>79</sup> However, this is not an optimal resolution. Not only is it discriminatory to U.S. authors—granting foreign authors superior rights—but it also injects an element of confusion into the copyright system. If a

73. Lessig, *Protecting Mickey*, *supra* note 66.

74. LESSIG, *FREE CULTURE*, *supra* note 41, at 249, 252.

75. *Id.* at 249.

76. See Berne Convention for the Protection of Literary and Artistic Works, Paris Act, July 24, 1971, 25 U.S.T. 1341, 828 U.N.T.S. 221, available at [http://www.wipo.int/treaties/en/ip/berne/pdf/trtdocs\\_wo001.pdf](http://www.wipo.int/treaties/en/ip/berne/pdf/trtdocs_wo001.pdf) [hereinafter Berne Convention]; Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853. Any such violation would also violate the TRIPs Accord because Article 9 of that treaty incorporates Articles 1–21 of the Berne Convention, with the exception of Article 6bis (which concerns moral rights). Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments—Results of the Uruguay Round vol. 31, 33 I.L.M. 81 (1994), available at [http://www.wto.org/english/docs\\_e/legal\\_e/27-trips.pdf](http://www.wto.org/english/docs_e/legal_e/27-trips.pdf) [hereinafter TRIPs Accord]. Lessig seems to have conceded this point. LAWRENCE LESSIG, *THE FUTURE OF IDEAS* 330 n.14 (2001).

77. Berne Convention, *supra* note 76, art. 5(2).

78. Berne Convention, *supra* note 76, arts. 7(1), (6).

79. Public Domain Enhancement Act, *supra* note 68, § 3(a). The Berne Convention only prohibits conditional formalities for foreign works; a signatory may still impose formalities on its nationals. This is why, for example, registration is a precondition to filing an infringement suit in federal court for American works, but not for foreign works. GORMAN & GINSBURG, *supra* note 7, at 411.

potential user discovers an apparently orphan work, there is no clear method by which that user can determine if the work is by a foreign or U.S. author. If the user checks the register created by the PDEA and finds no registration for the work, that could mean either that the work is in the public domain or that the work is by a foreign author who need not register. If the user nevertheless uses the work, she assumes the risk that it may be the work of a foreign author who will then come forward and sue for infringement. Thus the uncertainty that is at the heart of the orphan work problem is not removed.

The Lessig/PDEA solution also offers no clear method to determine the age of a work. If a user discovers an apparently orphan work of unknown age, she can check to see if it has been listed in the new register. If she does not find it there, that could mean either that (i) the work is not yet 50 years old, in which case the author is not under an obligation to register, or (ii) it is in the public domain either because its term has expired or because the author has failed to pay a tax and register at the 50-year mark. Again, the user employs the work at her own peril because the crippling uncertainty inherent in orphan works remains.

Additionally, Lessig's proposal and the PDEA do not require that a work be registered 50 years after its creation (when copyright protection currently inheres), but instead 50 years after its *publication*.<sup>80</sup> This is so because of privacy concerns and because the date of publication is ostensibly more easily determined than the date of creation.<sup>81</sup> However, this has the effect of exempting unpublished works from the possibility of early inclusion in the public domain.<sup>82</sup> This aspect of the Lessig/PDEA solution only compounds the already uncertain nature of orphan works because potential users would also have to ascertain whether a work has been published or not.<sup>83</sup> For example, suppose that a researcher is preparing a film documentary and in the course of her research she finds in a

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80. Lessig, *Protecting Mickey*, *supra* note 66, at A17; LESSIG, *FREE CULTURE*, *supra* note 41, at 248; Public Domain Enhancement Act, *supra* note 68, § 3(c)(1).

81. Eldred.cc, The Public Domain Enhancement Act FAQ v1.02, [http://eldred.cc/ea\\_faq.html](http://eldred.cc/ea_faq.html) (last visited May 11, 2005) (“[T]his proposal would only apply to work that people initially intended to make available publicly. The alternative (50 years after creation) creates very difficult problems of timing. I can know without asking you when a work was published. I can't easily know when the work was created.”).

82. Right now, published and unpublished works become part of the public domain after the same amount of time because copyright protection begins at creation, not publication. 17 U.S.C. § 302(a) (2000).

83. Publication is defined by the 1976 Act as “the distribution of copies or phonorecords of a work to the public by sale or other transfer of ownership, or by rental, lease, or lending. The offering to distribute copies or phonorecords to a group of persons for purposes of further distribution, public performance, or public display, constitutes publication.” 17 U.S.C. § 101 (2000).

library's archive a series of unmarked photographs that she would like to use. The researcher has no idea who authored the photos or whether the photos were previously published. If she does not locate an entry for the photos in the register, this could mean either that (i) they were published and the photos are now in the public domain because the author did not pay the tax and register at the 50-year mark, or (ii) they were never published, in which case the author was never under an obligation to register and the photos are still copyrighted and not in the public domain. If the researcher uses the photos in her documentary she assumes the risk that they were never published and that their rightsholder may come forward and sue her for infringement.

However, a notice formality would not only violate the Berne Convention, but it would also place on copyright owners the insurmountable burden of having to find and mark existing copies of their works. It should also be noted that a registration formality makes little sense without a concomitant notice formality, but neither the PDEA nor Lessig's proposal include a notice formality.<sup>84</sup> Although most authors will voluntarily fix notice on their works, some may not. If the identity of the author or rightsholder cannot be easily determined from the face of a work, it might be impossible to use a register to find that rightsholder.

Furthermore, the Lessig/PDEA plan would include a large up-front cost for many existing copyright holders. All works published between 1923 and 50 years before passage of the Act (1955 if the Act was passed today) would immediately be subject to the tax and registration requirement.<sup>85</sup> While the proposed fee is only \$1 per work, the total cost might be onerous for individuals or corporations that have published very many

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84. A notice formality is a requirement that a copyright notice be placed in a specified location on the work. For example, the Copyright Act of 1909, which was in force until the 1976 Act superceded it, required that the word "copyright" (or abbreviation) or the familiar copyright symbol "©", the name of the copyright proprietor, and the year of publication be affixed to the work. Act of Mar. 4, 1909, ch. 320, 35 Stat. 1075 § 19 (1909) (repealed 1976). Books were required to have notice placed "upon its title page or immediately following[.]" while periodicals required notice "either upon the title page or upon the first page of text of each separate number or under the title heading[.]" etc. *Id.* Without notice on a work it would be difficult, if not impossible, to look up the rightsholder of the work in a registry because one would not know where to begin.

85. Public Domain Enhancement Act, *supra* note 68, § 3(c). It should be noted, however, that the PDEA provides that works would become subject to the tax formality "50 years after the date of first publication or on December 31, 2004, whichever occurs later. . . ." *Id.* If the Act had been enacted the day it was introduced, this provision would have amounted to an 18-month grace period for existing works that were 50 years old or older. In addition to that, the Act provides for a six-month grace period for all works.



works during that 30-plus year period.<sup>86</sup> Perhaps more burdensome are the compliance costs associated with a large mass of registrations that would all become due at once.<sup>87</sup> In summary, the Lessig/PDEA proposal violates the Berne Convention, imposes significant costs, and fails to cure the orphan works problem.<sup>88</sup>

### B. “New-Style” Formalities

A much more deliberate and compelling solution to the orphan works problem was proposed by Christopher Sprigman, a fellow at Stanford’s Center for Internet and Society.<sup>89</sup> Sprigman correctly points out that the orphan works problem exists in large part because the United States eliminated formalities in its copyright system in order to accede to Berne.<sup>90</sup> He also acknowledges, however, that there is no chance that the United States will withdraw from Berne or re-impose formalities as they existed before the 1976 Act.<sup>91</sup> Thus, his solution, which Sprigman calls “new-style” formalities, surreptitiously reintroduces formalities in a manner that attempts to comply with the letter, if not the spirit, of Berne.

Sprigman’s system preserves the voluntary nature of registration, notice, and recordation of transfer that exists in U.S. copyright law today and introduces a new voluntary renewal formality.<sup>92</sup> These new formalities would apply to all authors, foreign and U.S.<sup>93</sup> If an author does not comply with these nominally voluntary formalities, however, her work becomes subject to a compulsory license that allows anyone to use the work for a government-set royalty fee.<sup>94</sup>

86. For example, Universal Music Group alone owns or administers over 1 million copyrights. Universal Music Group, Overview, <http://new.umusic.com/overview.aspx> (last visited May 12, 2005).

87. Apart from the cost of fees, carefully executing a large number of registrations would likely be very costly. The PDEA instructs the Copyright Office to develop a form that must accompany the \$1 fee. Public Domain Enhancement Act, *supra* note 68, § 3(c). The *eldred.cc* FAQ promoting the Act acknowledges that “[f]or large companies holding many copyrights, of course this could be a hassle—unless the government thought creatively about ways to simplify the burden,” and it suggests an online bulk-submission application. *Eldred.cc*, *supra* note 81. But today the Copyright Office does not even offer online registration.

88. Professor Lessig is an outspoken critic of copyright term extensions, as evidenced by his advocacy in *Eldred v. Ashcroft*. See *Eldred v. Ashcroft*, 537 U.S. 186 (2003). It may be that the reason that his proposal fails to adequately address the orphan works problem is because the true target of the proposal is not the orphan works problem, but the long copyright terms that Congress has enacted.

89. Sprigman, *supra* note 38.

90. *Id.* at 487–88; see also *supra* Part II.A.

91. Sprigman, *supra* note 38, at 488.

92. *Id.* at 555 (proposed renewal term not defined).

93. *Id.*

94. *Id.*

This has the effect of eliminating the search costs that were created when registration and other formalities were abolished. Under this scheme, if a rightsholder does not register or renew her copyright, the work does not move into the public domain, but neither does it become practically unusable, as an orphan work, because of the fear of litigation; it becomes available for use under a compulsory license.<sup>95</sup> In effect, by choosing not to comply with the formalities, a rightsholder is signaling that she values the work at or below the cost of compliance.<sup>96</sup> The compulsory license fee would be set to approximate the cost of complying with formalities.<sup>97</sup> In this way, the compulsory license price is not simply an arbitrary figure set by a government agency, but approximates the market price of the works under such licenses.

This solution avoids many of the traps that befall the Lessig/PDEA proposal. “New-style” formalities apply to works by foreign authors as well as U.S. authors and so avoid discrimination and uncertainty. They also apply to unpublished works of any age so that a potential user of an unregistered work need not first determine if the work has been previously published. A notice requirement is also incorporated into these formalities, thereby making registration truly useful. Nevertheless, “new-style” formalities run afoul of the Berne Convention and are therefore not a feasible solution. It also has other structural problems.

### 1. “New-style” Formalities are Incompatible with the Berne Convention

The Berne Convention encompasses a position that is anathema to formalities.<sup>98</sup> Sprigman tries to overcome the Berne Convention’s prohibition

95. *Id.* at 555–56.

96. *Id.* at 556.

97. Sprigman explains the approximate cost as:

Ideally, the royalty to license a work that a rightsholder has failed to register, notice, reregister in the case of a transfer (i.e., record), or renew should be set to approximate the cost of complying with these formalities (i.e., the total cost of informing oneself about the details of compliance and then satisfying them).

*Id.* at 555.

98. PAUL GOLDSTEIN, *INTERNATIONAL COPYRIGHT: PRINCIPLES, LAW, AND PRACTICE* 21 (2001) describes this prohibition’s effect:

The 1908 Berlin Act [of the Berne Convention] introduced several important changes. The Berlin Act’s prohibition of formalities as a condition to the acquisition, exercise, or enjoyment of copyright at least partially explains the subsequent disinclination of the United States, with its notice, deposit, registration, and domestic manufacturing requirements, to join the Union.

This is so, some suggest, because Berne stems largely from a continental natural rights conception of intellectual property, and formalities are incompatible with such a conception.

on formalities by making “new-style” formalities technically voluntary.<sup>99</sup> The logical rejoinder, of course, is that “new-style” formalities are hardly voluntary if noncompliance results in a loss of rights. Under Sprigman’s proposal, if an author did not comply with “voluntary” formalities, she would lose the right to exclude others from reproducing her work. This right to exclude is guaranteed by the Berne Convention and would be compromised by “new-style” formalities.<sup>100</sup> Therefore, compliance with formalities under Sprigman’s system is a precondition to *full* enjoyment and exercise of copyright in violation of Berne.

Sprigman argues, however, that the right to exclude is not “totemic” and exists only to ensure that the work can be economically exploited.<sup>101</sup> If this is so, then as long as the author receives value for the use of her work—through a default license, for example—without first complying with formalities, she is conceivably not deprived of the enjoyment and exercise of copyright.<sup>102</sup> In effect the argument is that Berne does not protect the right to exclude for its own sake, but only as a means to profit.<sup>103</sup> As Sprigman puts it:

An author who fails to comply with new-style formalities is merely converting an entitlement that is initially protected by a property right (the right to exclude, realized through injunctions and infringement damages) into an entitlement protected by a liability right (the right to recover revenues from use via a default license).<sup>104</sup>

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*See, e.g.* Sam Ricketson, *The Boundaries of Copyrights: Its Proper Limitations and Exceptions: International Conventions and Treaties*, 3 INTELL. PROP. Q. 56–94 (1999). Others claim that the prohibition on formalities is simply a convenient way to avoid forcing authors to comply with the formalities of every country in which they seek protection. *See, e.g.*, Sprigman, *supra* note 38, at 544. Regardless of the rationale, the fact remains that the Berne Convention does not abide by formalities that are a precondition to “the enjoyment and the exercise” of the rights of authors. Berne Convention, *supra* note 76, art. 5(2).

99. Sprigman, *supra* note 38, at 544.

100. The Berne Convention sets out an “exclusive right of authorizing the reproduction of . . . works, in any manner or form.” Berne Convention, *supra* note 76, art. 9(1).

101. Sprigman, *supra* note 38, at 557, 559.

102. *Id.* at 557.

103. Sprigman explains:

[T]he purpose of the copyright system is not to protect a rightsholder’s property right qua property right. The purpose of the copyright system is to protect a rightsholder’s ability to use his initial entitlement, which comes in the form of a property right, as a lever to pursue the exploitation strategy best suited to his particular interests.

*Id.* at 559.

104. *Id.* at 557.

This scheme makes compulsory licensing the default and requires that authors affirmatively opt-out of that system by complying with formalities in order to avail themselves of the full set of property rights a copyright holder automatically enjoys today. The key assumption is that as long as economic exploitation of a work is protected for some period of time, it does not matter for purposes of Berne compliance whether a property or a liability system is used as the default.<sup>105</sup> However, it does matter.

The rights of authors that Berne contemplates include “the exclusive right of authorizing the reproduction of [works].”<sup>106</sup> Berne presupposes a property rights system, not a liability system. It requires that exclusive rights inhere in all works immediately, and not after the author takes some affirmative step.<sup>107</sup> Perhaps Berne’s drafters were unimaginative by not foreseeing the possibility of a system that protects the economic rights of authors through default compulsory licenses. More likely, the continental natural rights conception of intellectual property that greatly values authorial control informed their choice to enshrine exclusive property rights as the norm.<sup>108</sup> Whatever the case, the fact remains that the language of Berne is one of exclusive property rights.

Evidence that the Berne Convention encompasses a property rights system is in the language of the treaty. Apart from moral rights,<sup>109</sup> the rights protected by Berne are exclusive rights.<sup>110</sup> Compulsory licenses are the exception with only two especially carved out instances.<sup>111</sup> Most

105. *Id.* at 558.

106. Berne Convention, *supra* note 76, art. 9(1).

107. WORLD INTELLECTUAL PROPERTY ORGANIZATION, WIPO INTELLECTUAL PROPERTY HANDBOOK: POLICY, LAW AND USE 262 (2d ed. 2004), available at <http://www.wipo.int/about-ip/en/iprm> (last visited May 12, 2005) [hereinafter WIPO HANDBOOK] (“[One of the basic principles on which the Berne Convention rests] is automatic protection, according to which [protection] is not dependent on any formality; in other words, protection is granted automatically and is not subject to the formality of registration, deposit or the like.”).

108. See Adolf Dietz, *ALAI Congress: Antwerp 1993 The Moral Right of the Author: Moral Rights and the Civil Law Countries*, 19 COLUM.-VLA J.L. & ARTS 199 (1995) (discussing the importance of moral rights in continental copyright law, which stems from a natural rights—rather than a utilitarian—conception of intellectual property).

109. Berne Convention, *supra* note 76, art. 6bis (including an author’s right to attribution and to prevent certain modifications of her work).

110. See WIPO HANDBOOK, *supra* note 107, at 263 (listing “the exclusive rights granted to authors under the Convention”).

111. The WIPO handbook describes the exceptions:

There are two cases where the Berne Convention provides the possibility of compulsory licenses—in Articles 11bis(2), for the right to broadcast and communicate to the public, by wire, rebroadcasting or loudspeaker or any other analogous instrument, the broadcast of the work, and 13(1) for the right of recording musical works.

tellingly, however, is that Article 9(2) of Berne explicitly contemplates that there might be instances when states will want to limit the exclusive right of reproduction.<sup>112</sup> States can limit the exclusive right of reproduction and allow use of a work without the rightsholder's permission only "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."<sup>113</sup> The logical implication of this language is that outside "certain special cases" permitted by statute, legal use of a work is dependent on the rightsholder's express permission because she is imbued with the exclusive right of reproduction. Therefore, a plain understanding of Berne shows that it is a property rights, and not a liability, system. "New-style" formalities is a liability system and therefore does not comply with Berne.

Despite the incompatibilities with Berne described above, "new-style" formalities could be enacted as a "certain special case" under Article 9(2).<sup>114</sup> In "certain special cases," Article 9(2) allows limitations to be placed on exclusive rights, but the radical limitations of "new-style" formalities are likely outside its scope. Article 9(2) permits exceptions to the exclusive reproduction right in (1) "certain special cases," provided that the excepted reproduction (2) "does not conflict with a normal exploitation of the work" and (3) "does not unreasonably prejudice the legitimate interests of the author."<sup>115</sup> Article 13 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs Accord) includes similar language and extends Berne's exceptions to all of the exclusive rights granted under Berne and TRIPs (e.g., the rights to create derivative works, to authorize public performances, and to authorize broadcasts).<sup>116</sup>

The language of Article 13 and its three-part test was recently interpreted and applied by a dispute resolution panel of the World Trade Organization (WTO) in an action by the European Communities against

*Id.* at 264. Employing the maxim *expressio unius est exclusio alterius*, the fact that two compulsory licenses are carved out suggests that others are necessarily excluded.

112. Berne Convention, *supra* note 76, art. 9(2).

113. *Id.*

114. *Id.*

115. *Id.*

116. TRIPs Accord article 13 provides that "[m]embers shall confine limitations or exceptions to exclusive rights to certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder." TRIPs Accord, *supra* note 76, art. 13. See generally Jane C. Ginsburg, *Toward Supranational Copyright Law? The WTO Panel Decision and the "Three-Step Test" for Copyright Exceptions*, 187 *Revue Internationale du Droit d'Auteur* 3 (2001) (analyzing the meaning of Article 13).

the United States claiming that Section 110(5) of the Copyright Act<sup>117</sup>—a provision establishing royalty-free compulsory licenses for the public performance of radio or television transmissions of nondramatic musical works for businesses, including restaurants and bars, below a certain size or using certain “homestyle” stereo and television equipment—did not qualify as a permitted exception under Article 13 of the TRIPs Accord.<sup>118</sup> The WTO panel concluded that Berne Article 9(2) and TRIPs Article 13 were to be construed in a manner that avoided conflict,<sup>119</sup> and it explained the scope of each of the three elements of the Berne Article 9(2)/TRIPs Article 13 test.

Although some have argued that the “certain special cases” element does not contain a constraint at all,<sup>120</sup> the panel found that each of Article 13’s three requirements should be interpreted in a manner that avoids any “redundancy or inutility.”<sup>121</sup> It therefore held that the “certain special cases” language imposes a separate constraint on exceptions that must be satisfied before the other elements can be analyzed.<sup>122</sup> The panel further found that the “certain special cases” language requires that exceptions be not just “clearly defined,”<sup>123</sup> but also narrow:

[A]n exception or limitation must be limited in its field of application or exceptional in its scope. In other words, an exception or limitation should be narrow in quantitative as well as a qualitative sense. This suggests a narrow scope as well as an exceptional or distinctive objective. . . . [A]n exception or limitation should be the opposite of a non-special, i.e., a normal case.<sup>124</sup>

Applying this standard, the panel invalidated Section 110(5)(B)’s broad grant of compulsory licenses for nondramatic musical works for businesses. It held that the exception could not qualify as “narrow” when 70% of all restaurants, 73% of all bars, and 45% of all retail stores qualified for compulsory licenses under that section.<sup>125</sup> However, the panel upheld Section 110(5)(A), which grants compulsory licenses for dramatic

117. 17 U.S.C. § 110(5) (2000).

118. WORLD TRADE ORG., REPORT OF THE PANEL, UNITED STATES—SECTION 110(5) OF THE U.S. COPYRIGHT ACT, WT/DS160/R (June 15, 2000) available at [http://www.wto.org/english/news\\_e/news00\\_e/1234da.pdf](http://www.wto.org/english/news_e/news00_e/1234da.pdf) [hereinafter Panel Report].

119. *Id.* ¶ 6.66.

120. Sprigman, *supra* note 38, at 566–67.

121. Panel Report, *supra* note 118, ¶ 6.97.

122. *See id.* ¶ 6.160.

123. *Id.* ¶ 6.108.

124. *Id.* ¶ 6.109.

125. *See id.* ¶¶ 6.122, 6.133.

musical works and under which only 16% of restaurants, 13.5% of bars, and 18% of retail stores qualified for royalty-free compulsory licenses.<sup>126</sup>

“New-style” formalities fail to pass muster under this first element of the Article 9(2) three-part test because a system that places limitations on the exclusive rights inherent in *all* works can hardly be said to fall within the plain meaning of “certain special cases.” If the words “certain,” “special,” and “cases” mean anything, they at least describe a subset of works and not all works.<sup>127</sup> As the WTO panel stated, exceptions cannot apply to the “normal case,”<sup>128</sup> and a system of default licenses would apply to all cases without distinction. Even if the works counted as exceptions are only those that become subject to default licenses because their authors failed to comply with formalities, they will likely still include over half of all works,<sup>129</sup> much more than could qualify as “narrow in [a] quantitative as well as a qualitative sense.”<sup>130</sup>

Because it fails the first element of the three-part test, “new-style” formalities would not qualify as a permissible limitation on exclusive rights under Article 9(2).<sup>131</sup> Indeed, as Sprigman has acknowledged, the compliance of “new-style” formalities with Berne turns on whether its hostility to formalities and the regime of exclusive property rights it sets out are merely suggestions about the best way to ensure the exploitation of work:

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126. *Id.* ¶¶ 6.142, 6.159.

127. *Id.* ¶¶ 6.108–110 (interpreting the meaning of these words).

128. *Id.* ¶ 6.109.

129. As every love letter and family snapshot is automatically protected by copyright, it is impossible to accurately estimate how many works are created in any given period. However, it is probably safe to assume that even under a system of default licenses the number of works registered will be a small fraction of all works created. This is because most works will not have a value above the cost of registration.

Additionally, an empirical analysis of copyright registration data shows that only a small number of works retain sufficient value after a few years of their registration to merit their rightsholders’ compliance with renewal formalities. WILLIAM M. LANDES & RICHARD A. POSNER, *THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW* 234–49 (2003). Even if we consider just the “new-style” renewal formality, only a tiny fraction of rightsholders of initially registered works will choose to renew in order to enjoy the rest of their potential copyright terms. Although this may be an optimal way to move less valuable works more quickly into the public domain, it is not a solution that will qualify as a “certain special case” under Berne/TRIPS because it includes too many copyrighted works.

130. Panel Report, *supra* note 118, ¶ 6.109. There is no reason to believe that the WTO panel would have had a different conception of “narrow” if authors were being compensated through a compulsory license; the key is the language of the text and the principle that Berne only contemplates a property system.

131. *Id.* ¶ 6.160 (stating that “[the] three conditions are cumulative” and that failure in only one would mean non-compliance with the treaty).

[I]f the [Article 9(2)] exceptions provision is applicable, the elements of the test are sufficiently indeterminate (at least as they apply to default licenses, a mechanism that the Berne drafters could not have had in mind when they formulated the Article 9(2) test) that the application of the test will involve not so much testing new-style formalities under the formal elements as an evaluation of whether the system of new-style formalities serves (or undermines) the foundational principles of the Berne Convention. If Berne is focused on protecting authors' ability to exploit their works, new-style formalities will be compatible with the Convention. If Berne is focused, instead, on enforcing a particular property rule, regardless of authors' interests, then new-style formalities may fail under the current text of the Convention.<sup>132</sup>

This Article has shown that Berne is decidedly a property rights system. Therefore, "new-style" formalities are incompatible with the Berne Convention, which makes their adoption highly unlikely.<sup>133</sup>

## 2. Structural Critique of "New-Style" Formalities

Apart from the fact that "new-style" formalities do not comply with the requirements of the Berne Convention—and could thus be enacted only if they are made applicable just to U.S. authors—there are other problems inherent in the structure of a default license system. These include questions about applicability, cost, and fairness.

First, it is unclear whether the system that Sprigman proposes would apply only prospectively or if it would be retroactive to include existing works. Either application would present problems. If the system applies only prospectively, it does nothing to ameliorate the orphan works problem that exists today because no existing work would be subject to a default license. Additionally, a prospective system would cause confusion because it is conceivable that a user might not be able to ascertain whether an orphan work she finds was created before or after default licenses were enacted and would thus be forced to use it at her own peril.

It is more likely that "new-style" formalities would be enacted with retrospective applicability. In that case there would be a large up-front cost for many existing copyright holders. All currently protected works would immediately be subject to the formality requirements. It is unclear how much registration would cost, but even assuming the current

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132. Sprigman, *supra* note 38, at 568.

133. See *infra* Part IV.



registration fee of \$30 per work,<sup>134</sup> the total compliance cost might be crippling for individuals or corporations that own many works.<sup>135</sup> Additionally, Sprigman's proposal calls for a notice formality.<sup>136</sup> It would be very likely impossible for all rightsholders to retroactively comply with such a requirement; and if the notice formality were to be waived for existing works, then the effectiveness of a registration formality would be undermined.<sup>137</sup>

Second, the very nature of orphan works is that a potential user does not know who the rightsholder is. Under a default license system a user of an orphan work would owe the compulsory license royalty to the rightsholder of an unregistered work, but she would not know how to locate and pay that person. She may also not know whether she owes any money at all since it is conceivable that she cannot determine if the orphan work is in the public domain or if it is protected under a default license. The possibility that a rightsholder will appear and demand default license fees would force her to keep money in escrow indefinitely or to buy insurance. These are wasteful precautions, especially if the orphan work was in the public domain all along or if the rightsholder would have gladly licensed the work at no charge. Sprigman does not propose how to handle default license royalty debts to unknown parties.<sup>138</sup>

Finally, it is unclear from Sprigman's proposal how much time from the moment of creation an author would have to comply with "new-style" formalities before the work is subject to default licenses. Under the 1909 Copyright Act, which included formalities, a work did not achieve copyright protection until it was published.<sup>139</sup> Therefore, it was clear that an author had to comply with formalities before the work was published in order to secure copyright. The bright line of publication, however, is not present in current copyright law because copyright now inheres in a work at creation—at the moment it is fixed in a tangible medium of expression.<sup>140</sup> Thus, a default license would have to attach to works that had not complied with "new-style" formalities either immedi-

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134. U.S. Copyright Office, *Current Fees*, available at <http://www.copyright.gov/docs/fees.html> (last visited May 13, 2005).

135. See *supra* note 86 and accompanying text.

136. Sprigman, *supra* note 38, at 555.

137. See *supra* note 84 and accompanying text.

138. The orphan works solution proposed by Creative Commons (to which Sprigman is a signatory) does address how default license royalty debts to unknown parties would be handled. That proposal is addressed below. See *infra* Part III.C.

139. Act of Mar. 4, 1909, ch. 320, § 10, 35 Stat. 1075, 1078 (1909) (repealed 1976).

140. 17 U.S.C. § 102(a) (2000).

ately upon their creation or before the end of some grace period that is not specified by Sprigman.

Sprigman's proposal seems to suggest that a newly created work would be automatically imbued with copyright subject to a default license.<sup>141</sup> If an author wishes to claim the full spectrum of exclusive rights currently allowed by law, she must affirmatively opt out of the default license system by complying with a set of formalities.<sup>142</sup> According to Sprigman, "[n]oncompliance with the new-style formalities would subject works to a perpetual and irrevocable 'default license,' with royalties set at a very low level, thus effectively moving works into the public domain."<sup>143</sup>

This proposal raises several questions: How much time does an author have to comply before her work is effectively moved into the public domain perpetually and irrevocably? If the grace period were set by statute, what rights does an author enjoy during the grace period? Is her only recourse the default license? The answers to these questions can be problematic.

Imagine that the grace period is six months. A student writes a poem and turns it in to her teacher who reads it and later has the student read it in class. She is so happy with the success of her poem that she intends to comply with "new-style" formalities and then publish it in a magazine. However, still within the six-month grace period, but before the student has registered her work, the teacher publishes the poem in his own magazine without the student's permission and then hands the student a check for the small default license amount. There would be nothing unlawful about the teacher's actions because the poem was under a default license at the time he published it, so he did not have to ask permission to use it, even though he was fully aware of the author's identity.<sup>144</sup> The

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141. Sprigman, *supra* note 38, at 556 ("The default licenses that back new-style formalities are a kind of penalty default rule, in that they are precisely the outcome that the owner of a valuable copyright would not desire.")

Sprigman's proposal adopts the concept of "penalty defaults" proposed by Ian Ayres and Robert Gertner as gap-filling rules for incomplete contracts. *Id.* (citing Ian Ayres & Robert Gertner, *Filling Gaps in Incomplete Contracts: An Economic Theory of Default Rules*, 99 *YALE L.J.* 87, 97-98 (1989)).

142. See Sprigman, *supra* note 38, at 556. By analogy to "penalty defaults" ("that are designed to give at least one party to the contract an incentive to contract around the default and therefore to choose affirmatively a preferred contract provision"), a rightsholder will get the result she does not want unless she take affirmative steps to comply with "new-style" formalities. *Id.*

143. *Id.* at 490-91.

144. The orphan works solution proposed by Creative Commons recognizes this problem and does not allow default licenses for the unpublished works of living authors. See *infra* Part III.C.2.

student author would have no recourse even though she never published her work or in any way made it generally available to the public, and she always intended to avail herself of full exclusive rights.

A default license system fails to completely address the orphan works problem while creating an environment where authors would not want to share their works until they have complied with all formalities for fear of giving up their exclusive rights. This might have the unintended consequence of undermining the openness of the Internet. For example, much of the value of blogs comes from their immediacy. Bloggers can instantly type out and publish their works, secure in the knowledge that they retain exclusive rights. Of course, they can always waive these rights, perhaps by adopting a Creative Commons license,<sup>145</sup> but making that choice does not slow down their publication. Under a system where default licenses inhere automatically, bloggers might seek to first comply with formalities before they publish, or they may reserve their best ideas for less immediate but more secure forums of expression, such as print publications.

Similarly, collaborative online enterprises might be stifled by “new-style” formalities. The Social Science Research Network (SSRN) is a network of scholars that “is devoted to the rapid worldwide dissemination of social science research.”<sup>146</sup> The value of SSRN lies in large part on its commitment to encourage early distribution of research results on the web.<sup>147</sup> By publishing their working drafts on SSRN, scholars gain peer review and users gain early access to research and ideas they would otherwise have to wait for in a print journal. It is not difficult to imagine how default compulsory licenses might affect such a collaborative effort.

Neither must such efforts be as grand as SSRN. In 2003, Dan Gillmor, then a columnist for *The San Jose Mercury News*, published on his website chapters of his book, *We The Media*, as he wrote them and asked for editorial help from readers.<sup>148</sup> It is unlikely many such projects would thrive unless exclusive rights inhere automatically.

145. Creative Commons is a non-profit organization that provides templates for free “some rights reserved” licenses creators can use to release their works. These licenses are designed to retain some rights that inhere automatically under copyright, but give up others to the public. Among others, there are Creative Commons licenses that allow free use with attribution, noncommercial use, use without the right to make derivative works, and even a “no rights reserved” license that effectively acts as a dedication to the public domain. Creative Commons, Licenses Explained, <http://creativecommons.org/about/licenses/> (last visited May 11, 2004).

146. Social Science Research Network, Home Page, [http://www.ssrn.com/index\\_sf.html](http://www.ssrn.com/index_sf.html) (last visited May 11, 2004).

147. *Id.*

148. Michael Bazeley, *Professor's Online Publishing Experiment*, *SAN JOSE MERCURY NEWS*, Mar. 16, 2005, at Business 1. Dan Gillmor's draft book chapters and reader comments

Therefore, although Sprigman's proposal presents a number of cogent ideas, the proposal ultimately fails because it is not compatible with the Berne Convention and because it succumbs to a number of structural problems.

### *C. The Creative Commons Halfway Approach*

Responding to the Copyright Office's call for comments on the orphan works problem,<sup>149</sup> Creative Commons submitted a new proposed solution to the problem.<sup>150</sup> Both Professor Lessig and Christopher Sprigman are signatories to this proposal, which incorporates parts of their respective solutions.<sup>151</sup>

Creative Commons notes in its comment that there are two possible ways to deal with the orphan works problem:<sup>152</sup> (i) a case-by-case approach that considers the efforts that a potential user takes to locate the owner of a particular orphan work, or (ii) a categorical approach that uses general rules to separate orphan works from other works and "allow[s] the use of orphan works without the need to ask for permission or the risk of copyright infringement."<sup>153</sup> Creative Commons prefers a categorical approach because it "eliminates the need for judges to set standards case-by-case for a reasonable search and eliminates uncertainty for users."<sup>154</sup> The Creative Commons approach is ultimately flawed because, among other things, it cannot be implemented without the case-by-case determinations it seeks to avoid.

#### 1. Registration of Published Works

Like the Lessig/PDEA solution, the Creative Commons solution creates a registration formality.<sup>155</sup> Unlike the Sprigman solution, works are automatically imbued with full exclusive rights upon creation, just as copyright law does today.<sup>156</sup> However, 25 years after a work's *publication*, its rightsholder must register the work in order to retain her exclusive

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are available at <http://weblog.siliconvalley.com/column/dangillmor/archives/010092.shtml> (last visited Feb. 16, 2006).

149. See Orphan Works Notice of Inquiry, *supra* note 9.

150. Lawrence Lessig et al., Comments of: Creative Commons & Save the Music (Mar. 25, 2005), <http://www.copyright.gov/orphan/comments/OW0643-STM-CreativeCommons.pdf> [hereinafter Creative Commons Comment].

151. *Id.* at 1.

152. *Id.* at 15.

153. *Id.*

154. *Id.* at 15, 17.

155. *Id.* at 16.

156. *Id.*

rights.<sup>157</sup> If the rightsholder does not comply with the registration formality, the work becomes subject to a default license for the duration of its copyright term.<sup>158</sup> The proposal also calls for a new renewal formality 50 years after a work's publication.<sup>159</sup> Failure to comply with the renewal formality also subjects the work to a default license.<sup>160</sup>

Nothing in the Creative Commons proposal overcomes the issues that make both the Lessig and Sprigman solutions incompatible with the Berne Convention.<sup>161</sup> The proposal is more like Lessig's than Sprigman's because exclusive rights are not immediately conditioned on compliance with formalities—it is only the case that an author *loses* exclusive rights after 25 years unless she complies. This does not save the proposal because full enjoyment and exercise of exclusive rights is guaranteed by Berne for a full term of *at least* life of the author *plus 50 years*.<sup>162</sup> Making enjoyment of a full term conditional on registration would violate Berne's prohibition on formalities.<sup>163</sup>

Assuming that the Creative Commons proposal passes Berne Convention muster, it too is susceptible to structural critiques. For example, the proposal does nothing to ameliorate the problem of works that become orphaned within 25 years after their initial publication. An orphan work, after all, is simply a work the rightsholder of which cannot be readily ascertained after a reasonable search. It is conceivable that one could find a 15-year old work that is nonetheless orphaned; the Creative Commons approach provides no remedy for this situation.<sup>164</sup> Also, unlike Sprigman's solution, the Creative Commons proposal does not call for a notice formality. As has been pointed out before, a register is not very useful unless works are marked in a way that allows them to be easily identified in the register.<sup>165</sup>

The Creative Commons proposal attempts to answer the question of how a user would pay default license royalties if she does not know the identity of the rightsholder. According to the proposal, "default license fee[s] will be payable to an 'Orphan Fund,' where owners who did not

157. *Id.*

158. *Id.*

159. *Id.* at 17.

160. *Id.*

161. In support of the contention that its proposed solution would not violate the Berne Convention, Creative Commons submitted a copy of Sprigman's Stanford Law Review article along with its proposal. However, this Article has already addressed why the system therein would violate the Berne Convention. See *supra* Part III.B.

162. Berne Convention, *supra* note 76, arts. 7(1), 9(1).

163. *Id.* art. 5(2).

164. The solution proposed in this Article would take immediate and retroactive effect upon promulgation. See *infra* Part IV.

165. See *supra* note 84 and accompanying text.

register, and who discover uses of their work after the fact may identify themselves and claim any monies paid to the fund for use of their works.<sup>166</sup> Such a fund would be impractical and wasteful.

Many orphan works are actually in the public domain, but because it is difficult or impossible to pin down their former rightsholder or their date of creation, a potential user cannot know this for sure. Such users might feel compelled to pay into an orphan works fund even though the work they are using is really in the public domain. This is not only unfair, but a waste, because the money they contribute will sit in the fund indefinitely with no chance that someone will properly claim it. It is also likely that the rightsholders of many orphan works still under copyright will not make any claims and money paid for these works will also sit indefinitely in an orphan fund. This is precisely the case with state unclaimed property funds, which currently have over \$30 billion in idle assets.<sup>167</sup> Not only would the monies in such a large fund lay dormant and unproductive, but its very inefficiency will also make it very tempting for Congress to tap into that fund.<sup>168</sup>

If the Creative Commons default license solution were implemented, the most efficient way to address the problem of money owed to unknown rightsholders would be through insurance and not an orphan works trust fund. Because claims will not be made on all orphan works used—either because they are in the public domain or simply because rightsholders will remain unaware of their claim—insurers would be able to accept the risk of claims for a premium less expensive than what users would otherwise pay into a fund. When averaged out over all the policies sold, the total of claims paid out should be less than the total of premiums paid to the insurer, with the difference being costs and profit.

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166. Creative Commons Comment, *supra* note 150, at 17.

167. Ellen P. Aprill, *Inadvertence and the Internal Revenue Code: Federal Tax Consequences of State Unclaimed Property Laws*, 62 U. PITT. L. REV. 123, 124 n.5 (2000) (quotations omitted):

Folsom estimates that the states hold more than \$30 billion acquired from private parties, such as banks, insurance companies, and transfer agents. In 1997, Money magazine estimated the number as closer to \$35 billion. The federal government is the largest holder of unclaimed property in the form of federal pensions, savings bonds and tax refunds. The GAO found that federal agencies varied considerably in their efforts to establish procedures for finding and returning amounts owed.

168. Many state legislatures are tapping into their unclaimed property funds to meet budget deficits and to pay for investments in education. *See, e.g.*, Jan Moller, *Highway Project May Gain Speed, Bill Finds a Way to Finance I-49 Work*, NEW ORLEANS TIMES PICAYUNE, May 11, 2005, at 4 (New Orleans plans to use the fund to finance highway construction); Cy Ryan & Kirsten Searer, *State Expects Big Hike in Tax Revenue, Estimates Fall Short of Nevada Lawmakers' Expectations*, LAS VEGAS SUN, May 3, 2005, at A1 (Nevada plans to use the fund to subsidize college scholarships).

However, although an insurance scheme would be preferable to a trust fund, it still imposes wasteful costs on users of orphan works.

## 2. Notice of Intent to Use for Unpublished Works

Although the Lessig/PDEA scheme only applies to published works, with the result being added confusion,<sup>169</sup> the Creative Commons proposal addresses this shortcoming by creating special rules for unpublished orphan works.<sup>170</sup> While an author is alive, she retains exclusive rights to her unpublished works.<sup>171</sup> Once the author dies, however, a user can use the work as long as they post notice of their intent to use the work.<sup>172</sup> “If a death date cannot be readily determined, the law should presume an author’s death 75 years after creation of the work in question.”<sup>173</sup> Corporations receive 10 years of exclusive rights for their unpublished works before they are subject to default licenses.<sup>174</sup> Of course, corporations can always publish or register their works within the 10-year period and retain their exclusive rights.<sup>175</sup> Similarly, heirs may retain full rights in an unpublished work by registering the work within three years of the author’s death.<sup>176</sup>

The Creative Commons comment explains the proposed intent-to-use notice system:

For unpublished and unregistered works, a would-be user shall be entitled to make a use if he (1) confirms the death of the author (or that the date of the work’s creation is within the statutory presumption) for the works of natural authors, or the date of the work’s creation for the works of corporate authors; (2) confirms the expiration of the three-year period for registration for the works of natural authors or the 10-year period for the works of corporate authors; and (3) posts a notice of intent to use for a period of six months in a centrally-administered “Claim Your Orphan” website (such postings will include a capsule description of the work, and an image of a portion of the work sufficient to permit recognition—e.g., for text, an image of the title page; for film, a still of a title frame, or a short piece of streaming video). From time to time, the titles and capsule

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169. See *supra* notes 80–81 and accompanying text.  
 170. Creative Commons Comment, *supra* note 150, at 18.  
 171. *Id.* at 19.  
 172. *Id.*  
 173. *Id.* at 18.  
 174. *Id.* at 19.  
 175. *Id.*  
 176. *Id.*

descriptions of the works noticed on the Claim Your Orphan website shall be published in the Federal Register.<sup>177</sup>

However, the central feature of the orphan works problem is that a potential user cannot identify the rightsholder of a particular work, which is often the work's author. If one cannot identify a work's author, then one cannot confirm that author's death, which is a prerequisite for a default license under this scheme. When the date of death cannot be readily ascertained, Creative Commons suggests, one can assume the author's death as 75 years after a work's creation.<sup>178</sup> However, when the author's identity and date of death cannot be ascertained, the work's date of creation will be equally nebulous. This is especially true of unpublished works.

Furthermore, whether a user carried out a sufficiently reasonable search in good faith to assure themselves that they could not ascertain an author's death date (so that they could assume 75 years from the date or a work's creation), will be a question that only judges will be able to answer on a case-by-case basis, something Creative Commons set out to avoid.<sup>179</sup> Similarly, deciding what is a reasonable assumed creation date for a work that has no clear creation date will also be within the province of the courts on a case-by-case basis.

Finally, given the availability of a web database of intent-to-use notices, it is unclear what benefit regularly publishing the contents of that database in the Federal Register will add. If heirs to the rights of unpublished works have not taken notice of their claim via the presumably searchable database, it is unlikely that they will read through what could be hundreds or thousands of notices in the Federal Register in order to acquire that notice. Publication of notices in the Federal Register would, however, come at an additional cost.<sup>180</sup>

Ultimately the Creative Commons proposal falls into similar traps as the Lessig and Sprigman proposals, but it is even more complex, imposes costs without clear benefits, and fails to address the entirety of the orphan works problem.

#### D. *The Canadian Approach*

Canada's copyright law attempts to address the orphan works problem by allowing anyone who seeks permission to make use of a

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177. *Id.*

178. *Id.* at 18.

179. *See supra* notes 152–154 and accompanying text.

180. Beyond the cost of additional pages in the Federal Register, additional manpower—perhaps at both the Copyright Office and the Government Printing Office—would no doubt be necessary to manage this new system.



published work and cannot locate the copyright owner to petition the Canadian Copyright Board for a license.<sup>181</sup> The Copyright Board determines whether sufficient efforts have been made to locate the owner.<sup>182</sup> If so, the Copyright Board may grant a license for the proposed use.<sup>183</sup> The Board sets the terms and fees for the proposed use of the work at its discretion.<sup>184</sup>

Royalty fees collected are held in a fund from which the copyright owner, if she ever surfaces and makes a claim, can be paid.<sup>185</sup> However, the Board will often “order[] that the payment of the royalties fixed by the licence be made directly to a copyright collective society that would normally represent the unlocatable copyright owner.”<sup>186</sup> These collective societies undertake to pay copyright owners that make a claim up to five years after the expiry of the license.<sup>187</sup> But if no copyright owner surfaces after that time, “the Board allows the copyright collective society to dispose of the royalties as it sees fit for the general benefit of its members.”<sup>188</sup>

As other commentators have noted,<sup>189</sup> the Canadian system has several drawbacks. First, their system applies only to published works, which means that it leaves unaddressed unpublished works and works the publication status of which cannot be confirmed either way.<sup>190</sup> Second, potential users must first file a petition with a government agency for every work they intend to use—even for works potentially in the public domain. Not only is this a waste of a user’s time and effort for works in the public domain or which will never result in claims, but if the system becomes popular and a large number of applications are filed, pre-clearing *every* orphan work use will likely be costly and inefficient.<sup>191</sup>

181. Copyright Act, R.S.C., ch. C-42, § 77 (1985) (Can.).

182. *Id.*

183. *Id.*

184. *Id.*

185. COPYRIGHT BOARD OF CANADA, UNLOCATABLE COPYRIGHT OWNERS BROCHURE, available at <http://www.cb-cda.gc.ca/unlocatable/brochure-e.html> (last visited May 12, 2005).

186. *Id.* Collective societies are much like performing rights societies such as ASCAP and BMI. See GORMAN & GINSBURG, *supra* note 7, at 569–70.

187. COPYRIGHT BOARD OF CANADA, *supra* note 185; Copyright Act, *supra* note 181, § 77.

188. COPYRIGHT BOARD OF CANADA, *supra* note 185.

189. Creative Commons Comment, *supra* note 150, at 15–16. See also, Duke Comment, *supra* note 16, at 5–6.

190. It is also conceivable that a work in the public domain may have attached to it a recent publication date. Therefore, the fact that a work is published does not help determine whether a work is presently subject to copyright protection.

191. More likely, this bureaucratic approach will fail to draw many users. In the 14 years it has been managing this system, the Canadian Copyright Board has only received 182 requests and has issued 176 licenses. Copyright Board of Canada, Unlocatable Copyright

Lastly, the payment of fees to collective societies—which, no doubt, will in many cases be for works in the public domain—is in effect a tax on the creative users of orphan works that benefits society members who have created nothing related to the orphan work and have done nothing to deserve such a windfall.<sup>192</sup>

#### IV. PROPOSAL: AN ORPHAN WORKS AFFIRMATIVE DEFENSE

Although the elimination of formalities and the extension of copyright terms may well be the culprits responsible for the orphan works problem, U.S. membership in the Berne Convention and the recently recognized constitutionality of term extensions<sup>193</sup> are facts that make it highly unlikely that Congress will “reformatize” copyright or shorten its term any time soon. This Article aims to describe a solution to the orphan works problem that is compatible with both political reality and the existing copyright system. To that end this solution applies to all works, foreign and domestic, but does not come into conflict with international obligations. It eschews any mandatory formalities and does not rely on compulsory licenses, and it gives rightsholders and users control over their respective legal rights.

##### *A. Structure of the Orphan Works Affirmative Defense*

This Article proposes a new affirmative defense to infringement actions similar to the fair use affirmative defense.<sup>194</sup> Under Section 107 of the Copyright Act, if a user uses a copyrighted work and is sued for infringement by the rightsholder, the user may defend by claiming fair use.<sup>195</sup> The statute includes a non-exclusive list of four factors that a court must consider in determining whether the use in question is a fair use.<sup>196</sup>

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Owners Licenses Issued, <http://www.cb-cda.gc.ca/unlocatable/licences-e.html> (last visited Feb. 18, 2006); Copyright Board of Canada, Unlocatable Copyright Owners—Other Decisions (Applications Denied), <http://www.cb-cda.gc.ca/unlocatable/otherdecisions-e.html> (last visited Feb. 18, 2006).

192. Duke Comment, *supra* note 16, at 6–7.

193. *Eldred v. Ashcroft*, 537 U.S. 186, 204 (2003) (“Guided by text, history, and precedent, we cannot agree . . . that extending the duration of existing copyrights is categorically beyond Congress’ authority under the Copyright Clause.”).

194. 17 U.S.C. § 107 (2000).

195. *See id.*; *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994) (finding a rap song by 2 Live Crew based on a song by Roy Orbison was a parody entitling it to the fair use defense).

196. 17 U.S.C. §§ 107(1)–(4) (2000). The factors are:

- (1) the purpose and character of the use . . . ;
- (2) the nature of the copyrighted work;

If the court finds fair use, the user will not be liable for infringement even though she copied a copyrighted work.<sup>197</sup>

The proposal is that if, after a reasonable search in good faith, no copyright holder for a work is found, the work may be used without the user being subject to liability. A user who is subsequently sued for infringement will be able to defend by claiming a codified orphan works defense.<sup>198</sup> The user will have to convince a court that after a reasonable search in good faith she was not able to locate the rightsholder, thus making the work orphaned.<sup>199</sup> If the court finds that the search was in fact reasonable and carried out in good faith, and that no rightsholder was found, then the work will be deemed orphaned at the time it was used and the user will not be liable for infringement. As with the fair use statute, there should be a codified non-exclusive list of factors that a court will consider in determining whether the user-defendant carried out a reasonable search in good faith.<sup>200</sup>

If a user successfully asserts this defense, she will not face damages,<sup>201</sup> will not be subject to injunction,<sup>202</sup> and her “infringing” material will not be impounded.<sup>203</sup> However, any future uses of the work will be subject to a compulsory license with royalties set by statute.<sup>204</sup> For example, suppose that a user includes an essay that is an orphan work in a compilation of essays and she prints 10,000 copies of the book. She sells 1,000 copies and then the rightsholder of the essay appears and sues her

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- (3) the amount and substantiality of the portion used . . . ; and
  - (4) the effect of the use upon the potential market for or value of the copyrighted work . . . .

*Id.*

197. 17 U.S.C. § 107 (2000).

198. Congress would ideally place the orphan works affirmative defense alongside fair use in the Copyright Act.

199. The authors acknowledge that there may be situations wherein a potential user tries to contact a rightsholder, but the rightsholder is non-responsive. If the potential user decides to use the work nonetheless, and the rightsholder appears and sues for infringement, the user can still assert the orphan works affirmative defense. To be successful, however, the user must show that she took all reasonable steps to get permission from the rightsholder. Preventing a user from claiming this affirmative defense in this situation would undermine its purpose because a potential user may not be able to tell whether she located the appropriate rightsholder if that rightsholder is non-responsive.

200. See *infra* Part IV.B.

201. Damages and attorney’s fees are remedies for copyright infringement. 17 U.S.C. §§ 504–05 (2000).

202. Injunction is a remedy for copyright infringement. 17 U.S.C. § 502 (2000).

203. An infringer’s copyrighted material may be impounded or destroyed. 17 U.S.C. § 503 (2000).

204. For example, these could be set at a certain percentage of profits, or a per-use royalty.

for infringement. If the user successfully asserts the orphan works affirmative defense, she will not have to pay damages for the 1,000 copies she has already distributed, nor will she be enjoined from selling the other 9,000 copies she possesses.<sup>205</sup> However, she will have to pay a statutorily set royalty for any of those 9,000 that she sells or distributes in the future. Additionally, the user in question and all future potential users will have to ask permission from the rightsholder to use the work in future derivative works.

An orphan works affirmative defense would encourage the use of orphan works by significantly reducing the fear of automatic and harsh penalties for infringement. At the moment, copyright law does not consider a user's efforts to locate a rightsholder a mitigating factor to infringement. Copyright litigation over the use of an orphan work may be unlikely,<sup>206</sup> but the fear of harsh penalties is often sufficient to prevent the use of orphan works. The possibility of an affirmative defense would reduce that fear<sup>207</sup> and would allow users to use a work even though the users are unable to locate the rightsholder.

At the same time, this proposal gives rightsholders an incentive to attach contact information to works they deem to be of value. Under the current copyright system, a rightsholder may fix notice on her work if she wishes, but there is little incentive to do so. Under this proposal, a rightsholder who values her copyright will try to insure against an orphan works defense by registering her work and affixing notice to it. Doing so would make it difficult, if not impossible, for an infringement defendant to claim the orphan works defense because notice and registration information would be available to make it more practical to track down the rightsholder. Rightsholders could, among other things, voluntarily register with the Copyright Office or with private registries and place on their work whatever form of notice they believe is most appropriate. How many steps to take—from none to very many—is a matter of

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205. Under this proposal, the user would not have to account for the first 1,000 units. This rule is meant as an incentive to rightsholders who value their work to take measures to ensure that they will not face a successful orphan works defense. Also, this rule avoids compelling users to hedge against liability by either purchasing insurance or placing money in escrow.

206. The use of most orphaned works today would probably not result in litigation because (i) in many cases, unbeknownst to the user, the works are in the public domain, (ii) the rightsholder does not know that they are a rightsholder and will never discover that they are, or (iii) the rightsholder does not object to the use when they discover it.

207. Some risk would remain because the user would have to do enough of a search to show a court that they had conducted a reasonable search in good faith. It is always possible that a court would not agree, which is what sometimes happens when defendants claim fair use. However, some cover for orphan works users is surely better than none, and the factors in the statute should be crafted to give search guidance to potential users. *See infra* Part IV.B.

discretion for the rightsholder and the choice will no doubt be driven by the value she places on her work.

Similarly, how extensive a search to conduct before deciding to use an orphan work is a matter of discretion for the user, and that decision will be driven by her tolerance for risk and how much she is willing to spend. A user who is fairly convinced that an orphan work she plans to use is in the public domain might conduct a perfunctory search and accept the risk that an orphan works defense might later fail in court, while a highly risk averse user might decide to conduct a very expensive and extensive search (including, for example, several display ads in the *New York Times*) that no court would find unreasonable. After a time, courts, interpreting the statute, will make clear what qualifies as a reasonable search for a successful orphan works defense.<sup>208</sup> Users could then decide for themselves how close to approximate, or exceed, that standard.

Private firms (perhaps the very same firms offering private registration to rightsholders) might begin to offer search services to potential users at different prices correlated to more or less extensive searches. This would be similar to existing real estate title search companies that scour public records for title information. Such search firms might even offer insurance in the form of a guaranteed search. If such a search does not hold up in court as a defense, the user would be indemnified for damages stemming from liability.

### B. A Reasonable Search in Good Faith

Mirroring the affirmative defense of fair use in Section 108,<sup>209</sup> the copyright statutes should include a non-exclusive list of factors that a fact-finder might consider when determining whether a search was reasonable and in good faith. These factors might include:

- i. Whether there is notice on the work. If there is no notice on the work, it will be difficult for the plaintiff-rightsholder to rebut the orphan works defense because the work itself did not provide the defendant-user with a starting point.

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208. Admittedly, courts have often applied the fair use doctrine in a contradictory manner. 4–13 MELVILLE B. NIMMER & DAVID NIMMER, *NIMMER ON COPYRIGHT* § 13.05 (2005). Some users have avoided making use of copyrighted works even though their use is very likely protected by the fair use standard for fear of expensive litigation or a surprising judgment. LESSIG, *FREE CULTURE*, *supra* note 41, at 95–99. If enacted, the orphan works affirmative defense proposed in this Article might well fall prey to contradictory interpretations by the courts just as the fair use defense has. However, any statutory solution is vulnerable to judicial misapplication. Better drafting or a clearer statement of congressional intent could ameliorate potential misinterpretations of such a statute.

209. 17 U.S.C. § 108 (2000).

- ii. Whether the defendant-user reasonably attempted to use notice to try to locate the plaintiff-rightsholder. If notice was fixed to the work, but the defendant-user did not reasonably pursue that lead, it will be less likely that the defendant-user will be able to show a reasonable search in good faith.
- iii. Whether the user searched the Copyright Office's register and other relevant databases—especially industry specific sources.
- iv. Whether the user followed up on the leads she found from her efforts to locate the rightsholder.
- v. Whether the user published her intent to use the work. Publishing intent-to-use might not be ideal for someone who prefers to keep their research or commercial developments to themselves. However, this—like the other considerations listed above—is not required. It is merely one way a user can show that she tried to locate the rightsholder.

These factors are just a starting point for a fact-specific inquiry. As with fair use, courts are free to add to these factors and give different weights to them in their quest to determine whether a particular search was reasonable and in good faith.

### *C. Advantages of the Affirmative Defense Solution*

This proposal has several advantages over other proposals submitted in response to the Copyright Office's notice of inquiry. First, unlike other leading proposals, this proposal does not violate international treaty obligations—such as those of the Berne Convention and the TRIPS Accord—because it fits into the existing copyright system without requiring mandatory formalities. Whatever steps a rightsholder decides to take to register or fix notice on a work, this solution is truly voluntary, unlike other proposals that would strip full copyright protection from works that are not formally renewed or registered.

Second, unlike those proposals, this proposal does not add to the federal bureaucracy. However, private “reasonable search” firms may emerge that will strive for efficiency and accuracy as they compete against each other. The establishment of an ICANN-like registry may help users of orphan works show their efforts to locate rightsholders, and may help connect potential users with the rightsholders they seek.<sup>210</sup>

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210. Such a database would be useful to rightsholders and potential users alike. Rightsholders who wish to provide information that would license their works and also help

Third, this proposal does not require rightsholders to fix notice on their works, register, or record transfers with the Copyright Office or other private databases. Instead, this proposal encourages rightsholders to create information that will lower transactions costs—something that our current system of automatic copyrights fails to do. Under this proposal, rightsholders—who are in the best position to know the value of their own works—have full control of how many steps they would like to take, and to what extent, thus yielding the optimum set of protective measures for each work.

Fourth, the extent of the search for an unknown author is a matter of discretion for the user under this proposal. Depending on her sensitivity to risk, she can undertake a more or less in-depth search to achieve reasonableness. Of course, factors set out by statute and how the courts subsequently apply them will be guides, but would-be users of orphan works are ultimately in control of how much searching they will undertake and how much risk they are willing to accept.

Fifth, and perhaps most importantly, this proposal is politically viable. It does not overhaul our existing copyright system and it does not challenge international law. Additionally, this proposal is an immediate solution; it is retrospective in scope because it applies to all existing orphan works, and it does not require rightsholders to take any new affirmative steps, such as renewal and payment of renewal fees, to secure full protection of their existing copyrights. Failure to prevail in an infringement suit does not strip the rightsholder of his claim to the work, and future users of a litigated work will be hard-pressed to invoke the orphan works defense.<sup>211</sup>

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preempt an orphan works defense could choose to register and record transfers of their works. At the same time, a potential user might choose provide notice of her intent to use the work by publishing notice to that effect on the database.

The database might function like the Domain Name System (DNS) for website names and addresses. *See generally* BRADEN COX & RUDY ROUHANA, COMPETITIVE ENTERPRISE INSTITUTE, REPLY COMMENTS OF THE COMPETITIVE ENTERPRISE INSTITUTE (May. 9, 2005), <http://www.copyright.gov/orphan/comments/reply/OWR0109-CEI.pdf>. The DNS is managed by the non-profit Internet Corporation for Assigned Names and Numbers (ICANN), which allows various competing private registrars around the world to sell domain names. ICANN, ICANN Information, <http://www.icann.org/general> (last visited Feb. 18, 2006). A private copyright registry and intent-to-use database might function in a similar way, with multiple companies acting as competing registrars for one central copyright database.

211. Under our proposal, when a rightsholder brings a copyright infringement suit, that rightsholder will have mitigated the orphan status of her work because works must be registered with the Copyright Office before a suit can be brought. *See* 17 U.S.C. § 411(a) (2000) (“[N]o action for infringement of the copyright in any United States work shall be instituted until registration of the copyright claim has been made.”).

## CONCLUSION

This Article has shown that the orphan works problem undermines the purpose of copyright law, which is “[t]o promote the Progress of Science”<sup>212</sup> in order to ensure “broad public availability of literature, music, and the other arts.”<sup>213</sup> The orphan works problem stifles this goal by putting a large swath of the public domain in doubt and by making it practically impossible to locate many rightsholders to license their works. Some have suggested solutions that require an overhaul of U.S. copyright law, but these solutions do not adequately address the orphan works problem and are unlikely to gain traction because of the political realities of U.S. and international copyright law. Recognizing this, this Article proposes a safe harbor from copyright infringement liability for those who conduct a reasonable search in good faith for a work’s copyright holder before using the work. This proposal takes the form of an affirmative defense that slides seamlessly into existing copyright law. Most importantly, this proposal promises to remove the unfortunate choice between using an orphan work and bearing the risk of infringement litigation, or abstaining from the very derivative use that the copyright laws are intended to encourage.

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212. U.S. CONST. art. I, § 8.

213. *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975).