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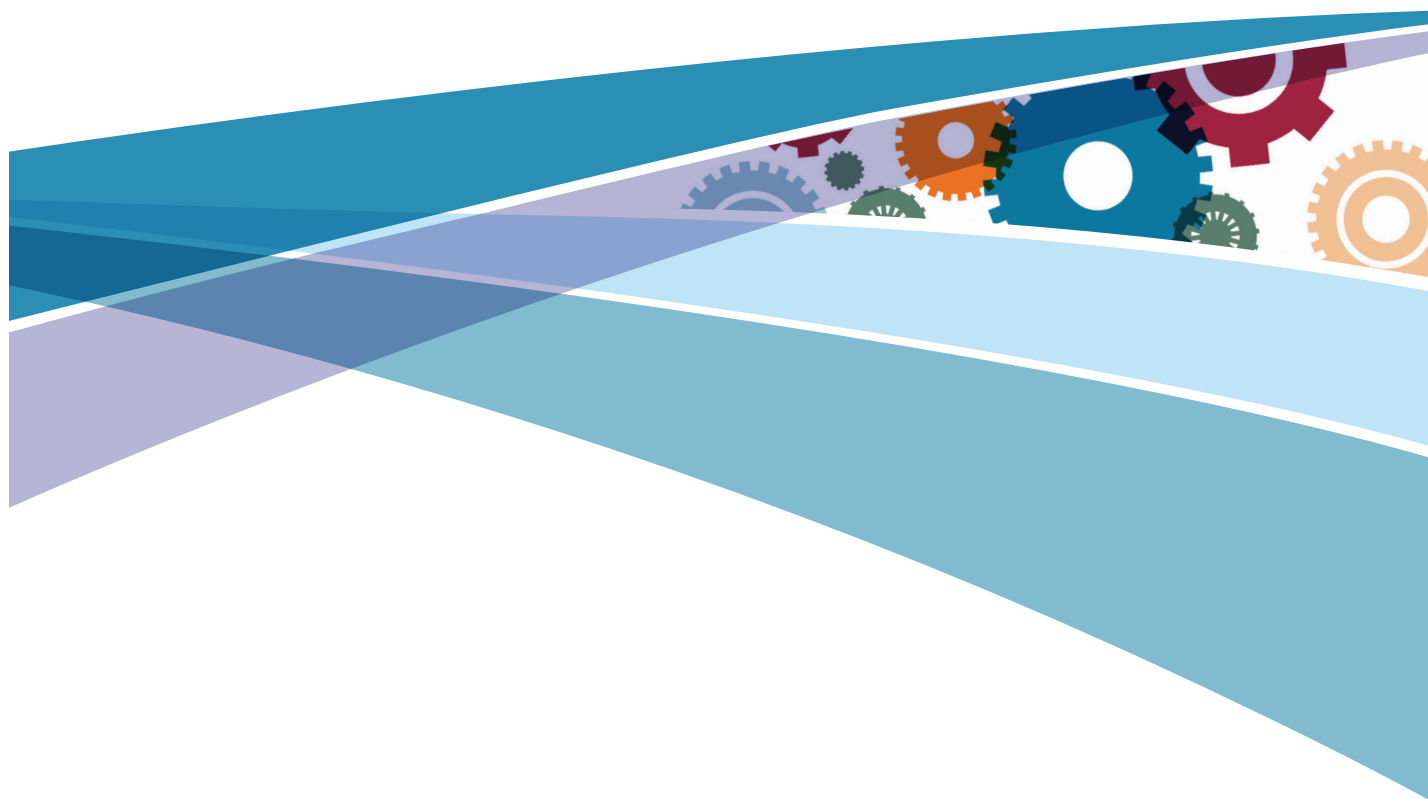
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Copyright, and the Regulation of Orphan Works:

A comparative review of seven jurisdictions and a rights clearance simulation



Research commissioned by the Intellectual Property Office, and carried out by:

Marcella Favale, Fabian Homberg, Martin Kretschmer, Dinusha Mendis and Davide Secchi

This is an independent report commissioned by the Intellectual Property Office (IPO). Findings and opinions are those of the researchers, not necessarily the views of the IPO or the Government.

This report is a collaboration between the Centre for Intellectual Property Policy & Management (www.cippm.org.uk), Bournemouth University (BU), the Department for Human Resources & Organisational Behaviour, The Business School, BU, and CREATE, the RCUK Centre for Copyright & New Business Models (www.create.ac.uk).

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The Hargreaves Review stated: "The problem of orphan works – works to which access is effectively barred because the copyright holder cannot be traced – represents the starkest failure of the copyright framework to adapt." (*Digital Opportunity: A Review of Intellectual Property and Growth*; London: Intellectual Property Office; 2011; p. 38)

This report was commissioned by the Intellectual Property Office to support the implementation of the Hargreaves Review. It aims to offer a clearer understanding of how orphan works are regulated and priced in other jurisdictions, and how a pricing system could be structured to ensure that "parents" are fairly remunerated if they re-appear, and users are incentivised to access and exploit registered orphan works.

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Executive Summary

'Orphan works' are works in which copyright still subsists, but where the rightholder, whether it be the creator of the work or successor in title, cannot be located.

This report was commissioned to assist the UK government in evaluating policy options in the implementation of the Hargreaves Review of Intellectual Property & Growth (2011) to enable and price the use of orphan works.

The research proceeded in two stages. Study I undertook a comparative international review of actual or proposed orphan works legislation, and identified key characteristics of orphan works licensing schemes. Study II investigated the potential effects of such schemes by conducting a simulated rights clearance exercise for six scenarios (establishing licence terms and fees for specific commercial and non-commercial uses), and analysing the resulting dataset for effects of the characteristics identified in Study I.

I. Comparative Review

The comparative review relied on a close scrutiny of actual or proposed legislation and considered government reports, draft bills, publications and other commentaries on the orphan works issue. The countries reviewed included jurisdictions with operational orphan works regulations: Canada, Denmark, Hungary, India, and Japan; as well as provisions at the EU level and in the US (draft legislation and current practice). The purpose of the review was to identify key features of legal regimes with respect to factors such as – (i) categories of works covered; (ii) standards of diligent search; (iii) the mechanism for obtaining permission; (iv) the existence of a register or database of recording suspected orphan works; (v) the role of collecting societies; (vi) tariffs set by category of work; (vii) mechanisms for challenging tariffs; (viii) remedies for re-appearing authors and case law, if any, on damages for infringing use.

Findings Study I:

(1) Two distinct approaches appear to be used for governing orphan works in the jurisdictions reviewed. The first may be labelled 'ex-ante', and involves rights clearing before a work is used, the second is 'ex-post' and typically involves the management of infringement risks by the user.

In the former an applicant is required to engage with an authorising body or collecting society in order to receive a licence to make use of an orphan work. In contrast, the latter involves either the creation of a statutory copyright exception, or a limitation of liability where an applicant makes use of an orphan work after having exerted some effort to identify the potential rightholder (e.g. diligent search, attribution). These regimes provide different levels of protection for authors and users.

The *ex-ante* approach is exemplified by Canada, Japan and India where a potential user has to discuss terms with a copyright board. In *ex-post* systems payment is only due in case an author reappears. This approach is exemplified by the US. The analysis shows a strong protection for rightholders, both *ex ante* and *ex post*, in India, and Japan; and a relatively lower protection in the US, and to a certain extent Denmark (under the system of Extended Collective Licensing). Canada and Hungary are intermediate cases (e.g. no advertising requirements prior to use, but public listing of granted licences).

(2) While most jurisdictions require a diligent search to be conducted by the applicant there is no uniform standard constituting a diligent search. Across jurisdictions the specifications for diligent search vary considerably. Requirements involving the preventive search of the author range from the weak provisions of Denmark (no search required), Canada (requiring “reasonable effort”), and the US (“reasonable search” required) to the strong provisions of India, Japan, Hungary and the EU (but not France) providing a duty for the user of performing a “diligent search” or “due diligence search” (India) accompanied by some form of record tracking of the steps performed. The EU lists minimum sources for a diligent search in the Annex to the Orphan Works Directive. Advertising requirements (in the national press or equivalent) are provided in Japan and India.

(3) The United States had proposed a “limited liability” approach, under which the use of orphan works is possible after a reasonable search. In the case of an infringement claim orphan users are liable only for a reasonable compensation. Denmark uses an Extended Collective Licensing system, which involves collective negotiation with users (normally for multiple licensing) valid also for non-represented authors. In turn, the EU leaves Member States free to choose their regulatory approach (for example, France has chosen a central licensing system in its forthcoming legislation). All the other countries reviewed implement the central licensing system, with a central public authority granting copyright licences on orphan works.

(4) Prices are set by central authorities in the countries that have a central licensing system, and by collecting societies in Denmark. Interestingly, national central authorities have claimed that although no official negotiation process is provided by law, the price of licences is set on a case by case basis, after considering the individual circumstances of the applicant. Set prices can be challenged mostly in an ordinary court of law in the examined countries, or alternatively before the licensing authority with a quasi-judicial procedure (e.g. Canada). Infringement claims are handled by ordinary courts in all countries (including the US) or by licensing authorities with quasi-judicial procedures (in Hungary). In Denmark, both prices and infringement claims are under the jurisdiction of a special tribunal (the Copyright Licensing Tribunal). The above rules on price, infringement, and legal remedies do not derive from EU law, which leaves these matters to Member States.

(5) In Canada, Japan, India, Denmark and France an upfront payment is normally required by the applicant in exchange for using orphan works. In Canada, payment is upfront in approximately two-thirds of cases, whilst it is contingent on the rightholder reappearing in the remaining third. See De Beer and Bouchard (2010). In Hungary the amount is identified but may not be deposited (for non-profit licensees). It will be paid directly to the rightholder, in the event that he or she reappears. In the US, no payment is made until a court decision is issued, following an infringement claim.

Particular roles are envisaged for collecting societies in Denmark, in which they handle the whole system, Hungary, where collecting societies retain unclaimed revenues after five years from expiry of licence, and Canada, where collecting societies are consulted during tariff setting, and hold collected fees (to be used as they see fit).

(6) In the US, in Hungary, and France a voluntary public online register for suspected orphan works is established. The EU is establishing a register at the Office for Harmonization in the Internal Market (OHIM). In Japan, some institutions have their own register of orphan works. No register is envisaged in India, Canada or Denmark (prior to the Orphan Works Directive). However details of all licences granted are available on-line in Canada.

II. Rights Clearance Simulation

The “Rights Clearance Exercise” reported in Study II is a combination of various methods. In a first step a simulation approach is employed to collect a unique dataset on actual or potential licence fees for orphan works. Representatives of rights clearance authorities from countries covered in the comparative legal review (Canada, Denmark, France, Hungary, India, Japan, supplemented by some US data) were asked to provide a licence fee for each of six scenarios that are likely to occur in reality (from creating a small online resource to mass digitisation projects).

The identification of the various scenarios was the outcome of a rigorous methodological procedure. The six identified scenarios were:

- Historical geographic maps for a video game for mobile phones (up to 50 maps)
- A vintage postcard collection for web publication and eventual sale of prints (up to 50 cards)
- National folk tune recordings for multimedia/teaching (DVD) (up to 50)
- Re-issuing a 1960/70s TV series as part of a digital on-demand service (one series)
- Mass digitisation of photographs (archives) by a public non-profit institution, with possible sale of prints (above 100,000 items)
- Mass digitisation of books by a private for-profit institution, with possible sale of books (above 100,000 items)

Two rates for each scenario were sought, for commercial and non-commercial use. In a second step the dataset is subjected to various analytical techniques, including a regression approach and a comparison of collective licensing systems against others through the computation of effect sizes.

Findings Study II:

(1) There does not appear to be a standard price for licensing orphan works. In fact tariffs vary widely. For example, to clear 50 items from a folk tune archive for commercial use will cost the equivalent of £188 per year in Canada, and (under reasonable assumptions) £9,312 per year in France. In fact, the only consistent finding appears to be that in almost all cases commercial licence fees tend to exceed non-commercial ones.

(2) Licences were not available for all scenarios. Re-issuing orphaned broadcasts seems particularly problematic, with no licence offered in any of the countries investigated.

(3) There is no systematic recognition of what may constitute an appropriate duration for licences. Licences were very variable from country to country, ranging from a monthly to a five-year licence, without the provision of a permanent licence.

(4) We find high tariffs that discourage mass digitisation projects. Per item fees initially appearing very low and thus sustainable turn out to render mass-digitisation unviable for public and non-profit institutions when scaled up under reasonable assumptions. Mass digitisation projects involving 100,000 items may incur annual licensing fees exceeding £1 million per year.

(5) The average level of fees imposed on a potential user of an orphan work is similar in collective and individual licensing regimes. This is an interesting finding because it mitigates arguments that one of the regimes will lead to higher fees. The operating costs involved in running an orphan works scheme appear therefore an important factor when choosing between individual and collective approaches.

(6) A limited liability system seems to have advantages for archives and other non-profit institutions exposed to orphan works, enabling those organisations to share their stock of orphaned artefacts with the public. In contrast, the up-front rights clearing seems to provide more appropriate incentives for commercial uses of orphaned artefacts, guaranteeing that a re-appearing rightholder will be compensated for the exploitation of any work.

Together, the findings from both studies indicate the need for a more structured and consistent approach in governing orphan works that is reflected in the pricing and duration of licences, and in the costs of running any licensing system.

I. The treatment of orphan works under copyright law in seven jurisdictions: A comparative review (Study I)¹

Introduction

Copyright works that are not used have no cultural or economic value, neither to rightholders nor to innovators, or the general public. The term “orphan works” was coined in the United States to focus on some specific issues that arise when copyright still subsists, but where the rightholder, whether it be the creator of the work or successor in title, is unknown or cannot be traced. The increase in the term of copyright following the 1976 Copyright Act and the Copyright Extension Act of 1998 gave rise to the first wave of concerns.² Various studies had established that only a small number of works remained commercially available for the full term of copyright.³ The second major wave of attention derived from the Google Book project that began in 2004, and demonstrated, controversially, the feasibility of mass digitisation projects. In 2006, the US Register of Copyright produced a landmark report, calling for specific legislation to permit the use of works where the owner cannot be identified and located after a reasonably diligent search. The EU followed with various reports stressing the importance of digitising Europe’s

1 Study I was written by Marcella Favale, Martin Kretschmer and Dinusha Mendis.

2 The 1976 Copyright Act increased the term from a maximum of 56 years to “life of the author plus 50 years” (the standard of the Berne Convention). The Sonny Bono Copyright Extension Act (1998) extended the term by 20 years to life plus 70 years, or 95 years for “works for hire” (works created under employment by corporations, for example sound recordings). Cf. *Report on Orphan Works* by the US Register of Copyrights (2006, p. 16 and footnote 13):

“During consideration of the 1976 Act, some users pointed out that the longer copyright term created by that revision might inhibit scholarly or academic uses of works where the copyright owner may no longer be actively exploiting the work commercially. [13] Congress summarised these concerns as follows:

‘A point that has concerned some educational groups arose from the possibility that, since a large majority (now about 85 percent) of all copyrighted works are not renewed, a life-plus-50 year term would tie up a substantial body of material that is probably of no commercial interest, but that would be more readily available for scholarly use if free of copyright restrictions.’ H.R. Rep. No. 94-1476, at 136 (1976).”

3 Mulligan and Schultz found that only 2.3% of in-copyright books and 6.8% of in-copyright films released pre-1946 remained commercially available in 2002: Mulligan, D.K. & Schultz, J.M., Neglecting the National Memory: How Copyright Term Extensions Compromise the Development of Digital Archives, 4(2) *Journal of Appellate Practice & Process* 451 (2002). Landes and Posner (*The Economic Structure of Intellectual Property Law*, 2003, p. 212) analysed data from the American Library Annual and Book Trade Almanac for 1872–1957, and found that of 10,027 books published in the USA in 1930, only 174 (1.7%) were still in print in 2001.

cultural heritage⁴, leading up to the adoption of the Directive “on certain permitted uses of orphan works”⁵. The Directive can be used by publicly accessible museums, libraries, archives and public service broadcasters; commercial use is not permitted beyond recovering costs incurred by public institutions for the search and the digitisation process.

The UK is on its third recent attempt to regulate this area.⁶ The 2006 *Gowers Review* claimed that “solving the problem of orphan works is good for everyone. A solution is good for all those who are involved in archiving and cataloguing; for all those creators who use older work to create new value; for those whose work is restored and who may benefit from remuneration from a new source; and for consumers”.⁷ In 2009, the issue surfaced once again in the *Digital Economy Bill 2010*. An Orphan Works provision was included (and later withdrawn) as clause 116A of the Bill which stated that “the Secretary of State may by regulations provide for authorising a licensing body or other person to do, or to grant licences to do, acts in relation to an Orphan Work which would otherwise require the consent of the copyright owner”.⁸ In 2011, the *Hargreaves Review of Intellectual Property and Growth* argued: “The problem of orphan works – works to which access is effectively barred because the copyright holder cannot be traced – represents the starkest failure of the copyright framework to adapt.”⁹ The Review recommended that the “Government should take long overdue action to update copyright law in ways designed to increase consumer confidence in the way the law works. It should begin by legislating to release for use the vast treasure trove of copyright works which are effectively unavailable – ‘orphan works’ – to which access is in practice barred because the copyright holder cannot be traced. This is a move with no economic downside”.¹⁰ The *Hargreaves Review* further emphasised that the UK should look to “establish extended collective licensing for mass licensing of Orphan Works, and a clearance procedure for use of individual works. In both cases, a work should only be treated as an Orphan if it cannot be found by search of the databases involved in the proposed Digital Copyright Exchange”.¹¹

4 Green Paper on Copyright in the Knowledge Economy (COM(2008) 466 final, 16.07.2008); Communication from the Commission on Copyright in the Knowledge Economy (COM(2009) 532 final, 19.10.2009); Copyright Subgroup, High Level Expert Group on Digital Libraries, Report on Digital Preservation, Orphan Works, and Out-of-Print Works, Selected Implementation Issues, adopted at the third meeting on 18 April 2007, pp. 6-7; European Digital Libraries Initiative, Memorandum of Understanding on Orphan Works, signed on 4 June 2008; The New Renaissance: Report of the *Comité des Sages*, January 2011.

5 Directive 2012/28/EU of 25 October 2012 (hereinafter “Orphan Works Directive”).

6 The UK already has one provision that affects a small subset of orphan works. Under section 57 of the Copyright, Designs and Patents Act 1988, “Copyright in a literary, dramatic, musical or artistic work is not infringed by an act done at a time when, or in pursuance of arrangements made at a time when - (a) it is not possible by reasonable inquiry to ascertain the identity of the author, and (b) it is reasonable to assume - (i) that copyright has expired, or (ii) that the author died 70 years or more before the beginning of the calendar year in which the act is done or the arrangements are made.”

7 *Gowers Review of Intellectual Property* (London: HM Treasury; 2006) para. 4.97.

8 Clause 116A(3) stated that “the regulations may provide for the treatment of royalties or other sums paid in respect of an authorisation or licence, including— (a) the deduction of administrative costs; (b) the period for which sums must be held for the copyright owner; (c) the treatment of sums after that period (as bona vacantia or otherwise)” and clause 116A(4) provided that “the regulations may provide for determining the rights and obligations of any person if a work ceases to be an Orphan Work”. Cf. Khong D.W.K., “The abandoned orphan-works provision of the Digital Economy Bill” [2010] 32(11) *European Intellectual Property Review*, pp. 560-564 at p. 564.

9 *Digital Opportunity: A Review of Intellectual Property and Growth: An Independent Report by Professor Ian Hargreaves* (London: Intellectual Property Office; 2011) at p. 38.

10 *Ibid.*, at p. 4.

11 *Ibid.*, at p. 8. See also Chapter 4.

The overlap between the regulation of orphan works, and the facilitation of mass digitisation projects is complex. The Government accepted Hargreaves' recommendation only partially. Any Extended Collective Licensing scheme (which is voluntary) is *not* being proposed as a solution to the orphan works problem, because without an upfront diligent search the new statutory definition of an orphan work would not be met. So it is still not clear if any of the Government's interventions is capable to address mass licensing of potentially orphaned works.¹²

12 Impact Assessment BIS1054 'Extended Collective Licensing' (Department of Business, Innovation and Skills, 18 May 2012, pp. 3-4); available at <http://www.ipo.gov.uk/pro-policy/consult/consult-closed/consult-closed-2011/consult-2011-copyright/consult-2011-copyright-ia.htm> (accessed 28 March 2013). "The Government wants to ensure that orphan works which are currently locked up can be accessed. Extended Collective Licensing is not proposed as a specific policy solution for orphan works, as by its nature an ECL will include all works within the scope of an authorisation (whether the copyright owner is traceable or otherwise, and except for any works which are opted out). However, on this basis it is likely that some orphan works will be cleared for use through Extended Collective Licences to the extent that such licences are available."

The implementing legislation provides (Enterprise and Regulatory Reform Act 2013, Part 6 — Miscellaneous and general; available at <http://www.legislation.gov.uk/ukpga/2013/24/contents/enacted>; received Royal Assent, 25 April 2013):

s. 77 Licensing of copyright and performers' rights

(1) The Copyright, Designs and Patents Act 1988 is amended as follows.

(2) In section 116 (licensing schemes and licensing bodies) after subsection (4) insert— "(5) Schedule A1 confers powers to provide for the regulation of licensing bodies."

(3) After section 116 insert—

"Orphan works licensing and extended collective licensing

116A Power to provide for licensing of orphan works

(1) The Secretary of State may by regulations provide for the grant of licences in respect of works that qualify as orphan works under the regulations.

(2) The regulations may—

- (a) specify a person or a description of persons authorised to grant licences, or
- (b) provide for a person designated in the regulations to specify a person or a description of persons authorised to grant licences

(3) The regulations must provide that, for a work to qualify as an orphan work, it is a requirement that the owner of copyright in it has not been found after a diligent search made in accordance with the regulations.

(4) The regulations may provide for the granting of licences to do, or authorise the doing of, any act restricted by copyright that would otherwise require the consent of the missing owner.

(5) The regulations must provide for any licence—

- (a) to have effect as if granted by the missing owner;
- (b) not to give exclusive rights;
- (c) not to be granted to a person authorised to grant licences.

(6) The regulations may apply to a work although it is not known whether copyright subsists in it, and references to a missing owner and a right or interest of a missing owner are to be read as including references to a supposed owner and a supposed right or interest.

116B Extended collective licensing

(1) The Secretary of State may by regulations provide for a licensing body that applies to the Secretary of State under the regulations to be authorised to grant copyright licences in respect of works in which copyright is not owned by the body or a person on whose behalf the body acts.

(2) An authorisation must specify—

- (a) the types of work to which it applies, and
- (b) the acts restricted by copyright that the licensing body is authorised to license.

(3) The regulations must provide for the copyright owner to have a right to limit or exclude the grant of licences by virtue of the regulations.

(4) The regulations must provide for any licence not to give exclusive rights.

(5) In this section "copyright licences" has the same meaning as in section 116.

(6) Nothing in this section applies in relation to Crown copyright or Parliamentary copyright."

In a Policy Paper to the Enterprise and Regulatory Reform Bill of January 2013, the Government sets out her position as follows:¹³

The Government proposes to provide for the licensing of orphan works for both commercial and non-commercial use, subject to a diligent search for rights holders and other safeguards to protect rights holders who may re-appear. An independent body will license the use of orphan works, including verifying that potential licensees have carried out a diligent search to a sufficiently high standard.

The licensing body will also maintain a register of works subject to current diligent searches and works that the body has licensed. This will increase the chances of works being reunited with their owners as rights holders will be able to view the register to check whether any of their works appear on it.

Licensees will be required to pay licence fees upfront at a rate appropriate to the type of work and type of use and these fees will be held by the licensing body for the rights holder in case they reappear. Licensees will be required to credit rights holders when they use an orphan work if their name is known, or otherwise give details of the orphan works licensing body so that a re-appearing rights holder knows how to regain control of their work.

In a detailed Impact Assessment preparing for the legislation, the Government makes an attempt to quantify the percentage of works held in archives and collections deemed to be orphaned (based on information supplied by the named institutions). The table below is reproduced in full from Impact Assessment BIS1063 'Orphan Works'.¹⁴

13 Enterprise and Regulatory Reform Bill, Updated Policy Paper of January 2013, p. 28; available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/87928/bis-13-654-enterprise-and-regulatory-reform-bill-policy-paper-jan-2013.pdf (accessed 28 March 2012).

The proposed UK solution goes beyond what would be required under the Orphan Works Directive (2012/28/EU) but is compatible with it. The key differences are that the Directive is limited to designated institutions with a public interest mission (Art. 1 names certain uses made "by publicly accessible libraries, educational establishments and museums, as well as by archives, film or audio heritage institutions and public-service broadcasting organisations") and does not cover visual and artistic materials while the UK proposal does not specify subject-matter, and is designed to permit commercial use. Deazley and Stobo (2013) make a case for the differential treatment of archives: "Imposing a mandatory search in all circumstances is likely to seriously frustrate the implementation of mass digitisation projects, and particularly in relation to archival collections." Considering empirical work by Dryden (2008) and Akmon (2010), they also argue that "rarely are archives willing or able to pay copyright fees to digitise and display their holdings, and rarely are fees sought by copyright owners who grant archives permission to make their work available online (and this is especially true for rights owners who are noncommercial entities). Any compensation scheme implemented within the UK that does not take cognisance of the commercial (or rather, the noncommercial) realities of archival digitisation is likely to render the new Directive largely irrelevant to the archive sector. Put another way, if the archive sector is to benefit meaningfully from the implementation of the Directive, 'fair compensation' must often be interpreted to mean no compensation." Ronan Deazley and Victoria Stobo, "Archives and Copyright: Risk and Reform" (2013, CREAtE working paper no. 3, p. 43; p. 45).

14 Impact Assessment BIS1063 'Orphan Works' (Department of Business, Innovation and Skills, 15 June 2012, p. 10); available at <http://www.ipo.gov.uk/pro-policy/consult/consult-closed/consult-closed-2011/consult-2011-copyright/consult-2011-copyright-ia.htm> (accessed 28 March 2012). Figures relating to collections of archive photos referenced to [9] come from Vuopala, Anna (2010), *Assessment of the orphan works issue and costs for rights clearance* (commissioned by the EU Commission); the British Library figures referenced to [10] come from Stratton S., *Seeking News Landscapes: A rights clearance study in the context of mass digitisation of 140 books published between 1870 and 2010* (British Library Board, 2011).

Table: Percentage of Orphan works in UK archives and collections

Media	Archive (source, if different)	Total collection size	Orphans
Art	Imperial War Museum	48,000 works	20%
Paintings	Guildhall Art Gallery	-	20%
Prints / drawings	London Metropolitan Archive (LMA)	-	25%
Artwork	National History Museum, London	500,000 items	25%
Sound recording	Imperial War Museum	33,000 records	5%-10%
Sound recording	British Library	700,000 hours	-
Film	UK film archives (FOCAL)	17,000,000 hrs	0.5% for most
Film	Imperial War Museum (FOCAL)	-	0.25%
Film (Europe)	European Film Archives [9, page 25]	3,200,000 titles	4%-7%
Archive Film	Imperial War Museum	230,000 items	5%
Archive Film	British Film Institute	-	10%
Archive Film	National Library of Scotland	32,500 items	20%
Archive Film	Huntley Film Archives (FOCAL)	80,000 titles	20%
Archive Film	London Metropolitan Archive	-	35%
Digital Photos	Getty	33,000,000 items	-
Physical photos	Getty	70,000,000 items	-
Photo libraries	British Association of Picture Libraries and Agencies	-	~0%-5% "non-issue"
'New deal' photo	London Metropolitan Archive	260,000	5%-40%
Archive Photos	London Metropolitan Archive	-	15%
Archive Photos	Imperial War Museum	11,000,000	20%
Archive Photos	UK Museum collections [9, page 29]	19,000,000	90%
Archive Photos	National Archive sample [9, page 30]	85,000	95%
Books	Authors Licensing & Collecting Society (PwC)	-	<4.7%
Documents	Bedfordshire and Luton Archives Services	-	15%
Books	National History Museum, London	1,000,000	20%
Books	National Library of Scotland	1,500,000 items	~25%
Documents	Imperial War Museum	7,900,000 items	20%-25%
Manuscripts	National Library of Scotland	-	20%-30%
Books	British Library sample [10]	-	31%
Books in copyright	British Library sample [10]	-	43%
Manuscripts	National History Museum, London	1,304 metres / 195m3	50%
Texts	Oxford University	600,000 items	100%

Photos, reports, plans, drawings	English Heritage	12,000,000 items	8%
Overall collection	London Metropolitan Archive	-	15%-20%
Text & drawings	Museum of Childhood (NMDC)	-	15%-20%
Text, photos, maps, plans	National Records of Scotland	80km shelf space	~15%-50%
Text, photos, illustrations etc	National Archive	11,000,000 cat. Items ~180km shelf space	40%
Records / Photos	Southampton City Council	-	30%-50%
Collection on industrial heritage	Leicester University	-	60%
Testimonials	Imperial War Museum	8,000 reels	100%

The Impact Assessment also suggests that in the UK there are “up to 2,500 museums, 3,393 public libraries, 3,000 community archives, 979 academic libraries and approximately 3,500 trust archives which might seek to use an orphan works scheme”.¹⁵

In order to establish the proposed licensing system for orphan works, the orphan status needs to be *ascertained* and *priced* with regard to each work. Other jurisdictions have considered and implemented systems that may, or may not meet these challenges, and ensure legal certainty.

In the following, we review the legal treatment of orphan works in several jurisdictions that have an operational orphan works regime, and identify key characteristics of orphan works licensing schemes. These key characteristics can then be investigated for their potential effects on licensing terms and prices (see Study II below). The comparative review will identify patterns traversing the examined legislations on orphan works. To this end, the review will consider, amongst others, factors such as categories of works covered; standards of diligent search; the mechanism for obtaining permission; the existence of a register or database of recording suspected orphan works; the role of collecting societies; tariffs set by category of work; mechanisms for challenging tariffs; remedies for re-appearing authors and case law, if any, on damages for infringing use.

The jurisdictions considered are: United States of America; European Union (with additional information on France, Germany and The Netherlands); two member states of the EU with established provisions for orphan works: Hungary and Denmark; Canada; India; and Japan.

15 Impact Assessment BIS1063 ‘Orphan Works’ (Department of Business, Innovation and Skills, 15 June 2012, p. 9).

1. United States

The issue of orphan works came to the fore in 2004, when Google took the initiative to digitise and make available on the Internet a relevant number of out-of-print works,¹⁶ within the context of the Google Book Search Project.¹⁷

In 2006, the Copyright Office issued a report on Orphan Works,¹⁸ which indicated the requirements of future legislation on this matter. The Copyright Office established that diligent search criteria were essential, and they should be mandated by law and defined by competent authorities. The Office also recommended the attribution requirement as essential (the author, although unlocated, has to be indicated) and limitation to monetary and injunctive relief upon copyright infringement related to orphan works.

The report was followed, in 2008, by two legislative bills on the issue: the Orphan Works Bill 2008¹⁹ and the Shawn Bentley orphan works Bill 2008,²⁰ which essentially followed the recommendations of the Report.

Both the proposed pieces of legislation provide for a diligent search requirement, including Copyright Office Records, reasonably available sources, and relevant databases. Standards defining the actions to be performed for a search to be “diligent” are not specified by the legislation. The Copyright Registry is required to issue best practice guidelines in order to instruct on minimum requirements of a diligent search regarding orphan works.²¹ Standards on diligent search, according to the proposed legislation, have to be set depending on the nature of the user and the type of use.

16 Out-of-print works are not necessarily orphan works. However, in practice they can include many orphan works.

17 See <http://books.google.com/intl/en/googlebooks/about.html> (accessed 12-04-12).

18 Available at <http://www.copyright.gov/orphan/orphan-report.pdf> (accessed 02-04-12).

19 Available at <http://www.thomas.gov/cgi-bin/query/z?c110:H.R.5889> (accessed 02-04-12).

20 Available at <http://www.govtrack.us/congress/bills/110/s2913> (accessed 02-04-12).

21 Shawn Bentley Orphan Works Bill 2008, Subsection (b) (2) (A)(ii) DILIGENT EFFORT.—For purposes of clause (i), a diligent effort—

(I) requires, at a minimum—

(aa) a search of the records of the Copyright Office that are available to the public through the Internet and relevant to identifying and locating copyright owners, provided there is sufficient identifying information on which to construct a search;

(bb) a search of reasonably available sources of copyright authorship and ownership information and, where appropriate, licensor information;

(cc) use of appropriate technology tools, printed publications, and where reasonable, internal or external expert assistance; and

(dd) use of appropriate databases, including databases that are available to the public through the Internet; and

(II) shall include any actions that are reasonable and appropriate under the facts relevant to the search including actions based on facts known at the start of the search and facts uncovered during the search, and including a review, as appropriate, of Copyright Office records not available to the public through the Internet that are reasonably likely to be useful in identifying and locating the copyright owner.

(iii) CONSIDERATION OF RECOMMENDED PRACTICES.—A qualifying search under this subsection shall ordinarily be based on the applicable statement of Recommended Practices made available by the Copyright Office and additional appropriate best practices of authors, copyright owners, and users to the extent such best practices incorporate the expertise of persons with specialized knowledge with respect to the type of work for which the search is being conducted”.

In the Orphan Works Bill 2008 standards of diligent search are entrusted to the Copyright Registry in the form of Best Practice guidelines – Subsection (b) (2) (A).

These variable standards raised some concerns among copyright scholars, because of the uncertainty they can introduce in the panorama of Orphan works.²²

The two bills limit monetary and injunctive relief against good faith infringers. Monetary relief is limited to “reasonable compensation”²³ which corresponds to the amount a prospective buyer and seller would have agreed “with respect to the infringing use immediately before the infringement began”²⁴. Injunctive relief remains available also against non-profit users, but it is subject to significant exceptions. For example, injunctive relief is not available when the infringer “has prepared or commenced preparation of a work that recasts, transforms, adapts, or integrates the infringed work with a significant amount of the infringer’s original expression”. In this case rightholders are merely entitled to reasonable compensation.²⁵

However, failure to comply with legal requirements on Orphan works (including diligent search, citation, etc.) prompts usual copyright remedies.²⁶ Moreover, the reasonable compensation is not due if the infringer is a non-profit educational institution, museum, library, archive, or a public broadcasting entity, and it performed the infringement without commercial advantage, or for educational, religious, or charitable purpose, and after receiving notice of the claim of infringement the infringer has promptly ceased the infringement.²⁷

Interestingly, commercial applications of visual works are excluded from this beneficial regime. Fixation of graphic or sculptural material on useful articles offered for sale is not included in the limitation of remedies.²⁸

22 According to Jane Ginsburg, for example, the standard of diligence should consistently be high, in order to avoid that some works are “orphaned” with respect to certain users and “non orphaned” with respect to others. See Ginsburg 2008 at 13.

23 Orphan Works Act 2008, Subsection (c) (1) (A):“(A) GENERAL RULE.—Subject to subparagraph (B), an award for monetary relief (including actual damages, statutory damages, costs, and attorney’s fees) may not be made other than an order requiring the infringer to pay reasonable compensation to the owner of the exclusive right under the infringed copyright for the use of the infringed work”. The Shawn Bentley Orphan Works Act 2008 provides for an identical norm in Subsection (c) (1) (A). No reasonable compensation to the reappearing rights holder for the use of a previously orphan work has been set by a court ruling in the US. However, according to Jane Ginsburg, this “reasonable compensation [...] recalls the Second Circuit’s analysis of “actual damages” under § 504(b) in *Davis v The Gap* (246 F.3d 152 (2d Cir. 2001) (Leval, J). There, Judge Leval ruled that the \$50 “fair market value” one-off licensing fee that the plaintiff photographer would have charged, had the infringer sought a license to use the plaintiff’s photograph in an advertisement, constituted proof of actual damages. But § 504 also allows the plaintiff to claim its share of the defendant’s profits if he can prove them (which, on the facts of his case, Davis could not). By contrast, proposed § 514 does not extend to profits”. See Ginsburg 2008 at 13. Interestingly, Google offers a similar figure (\$60) as a compensation for the books it had already digitised prior to the 15th of May 2009. See Google Amended Settlement at 24.

24 Both Orphan Works Bills, Section 514 (a)(4).

25 Orphan Works Bill Section 514 (c)(2)(B). See also Ginsburg 2008 at 8-9. Ginsburg argues that the preclusion of injunctive relief appears to be of unlimited duration. This represents somewhat of a burden for rights holders, who are obliged to tolerate unwanted derivative works without limits of time. See Ginsburg 2008 at 10. Moreover, Ginsburg argues that the limitation on injunction for derivative works might be not compatible with international Conventions’ restrictions on compulsory licences. See Ginsburg 2008 at 20.

26 Orphan Works Bill 2008 , subsection (b)(4):“PENALTY FOR FAILURE TO COMPLY- If an infringer fails to comply with any requirement under this subsection, the infringer is subject to all the remedies provided in section 502 through 505, subject to section 412”. A similar provision is provided by subsection (b) (3) of the Shawn Bentley Orphan Works Act 2008.

27 Subsection (c)(1)(B).

28 Orphan Works Act 2008 Section 541 (e) and Shawn Bentley Orphan Works Act 2008 Section 541(f).

Summing up, in order to benefit from limitation on remedies against unauthorised use of orphan works, the prospective user has to

- a. Carry out a qualifying search;
- b. File a Notice of Use with the Copyright Office, and include on the work a symbol that indicates that this procedure has been followed;
- c. Indicate all available information on rightholders;
- d. Indicate the choice of US jurisdiction for prospective litigation.

Failure to meet these conditions would allow rightholders to deploy ordinary remedies against copyright infringement.

If the rightholder reappears and serves the infringer with a “notice of a claim for infringement”, there are some additional conditions that have to be met by the user in order to benefit from the limitations on remedies. She has to negotiate reasonable compensation in good faith with the copyright owner, and she has to render payment of a reasonable compensation in a reasonably timely manner.²⁹

In the absence of general good faith behaviour, therefore, ordinary remedies, as statutory damages and attorney’s fees can be claimed within ordinary litigation.³⁰

Both the proposed Orphan Works Bills provide for the institution of an archive of used Orphans and a database of pictorial graphic and sculptural works, which would facilitate rights clearance and search of the owners.³¹ The former has to be managed by the Register of Copyrights. orphan works users have to file a Notice of Use to the Register, and the Register would make the archive accessible to the public. The Notice of Use would contain information about the author (if available), the user, and the uses of the work at hand. It also would include a summary of the diligent search conducted and the certification that the user performed a qualifying search in good faith.

According to the proposed legislation, while using the work, the user has to clearly indicate any available information about the rightholder, and she has to add a logo or symbol that indicates that a Notice of Use has been filed as prescribed by the Register of Copyrights. It is interesting to note that the attribution requirement at hand only refers to rightholders and not to the author.³² Even without referring to moral rights arguments, which are not part of the US copyright culture, some scholars expressed concerns over the exclusion of authors from the attribution requirement regime.³³

29 Orphan Works Bills Section 514 (b)(B).

30 However, if the copyright work has not been registered prior to the infringement, it would be difficult for the copyright owner to claim statutory damages and attorney’s fee. See Ginsburg 2008 at 11.

31 The first has to be administered by the Register of Copyrights, the second has to be certified by it (Subsection (b)(3) and Section 3 of the Orphan Works Act 2008- The Shawn Bentley Act 2008 merely provide for the latter registry, at Section 3).

32 Orphan Works Act 2008 Section 514(b)(1)(iii): “provided attribution, in a manner that is reasonable under the circumstances, to the owner of the infringed copyright, if such owner was known with a reasonable degree of certainty, based on information obtained in performing the qualifying search”.

33 See Ginsburg 20008 at 17.

The proposed legislation enjoins the Register of Copyright to undertake a study on small claim relief, which would apply to individual copyright owners or small groups of authors claiming small amounts of monetary relief, as an alternative to the recourse to ordinary courts in the United States. This undertaking was also recommended by the Copyright Office Report of 2006 to address concerns about the high cost of litigation for rightholders³⁴. In addition, the proposed legislation suggests performing a study on Copyright Deposit, arguably in order to assess possible employment of existing resources towards the solution of orphan works issues.

In 2004 Google Inc. announced the Google Books project, a large scale digitisation of printed books, including orphan and out-of-print works, mostly on the basis of commercial agreements with the rightholders.³⁵ The digitised works are entirely searchable online and can be offered at different prices to the public. Google built its database on the basis of the Fair Use defence against infringement claims.³⁶ However, this defence was not accepted by some copyright holders associations, which brought Google to court. Following this litigation the parties involved issued a proposal of settlement, which was rejected by the United States district court for the Southern District of New York.

The parties then presented an amended settlement,³⁷ which was also rejected by the Court, on the basis that the agreement will “go too far” in designing copyright legislation. This task, according to Judge Chin, should be entrusted to American Congress, not to private litigation. Moreover, according to the court, the agreement poses competition and privacy issues. Finally, the judge declared that he would not consider another amendment that would not include an opt-in option for orphans’ authors rather than the opt-out option currently provided by the agreement. Only the opt-in option, according to the judge, would respect the rights of the owner granted by copyright law.

The main concessions offered by Google in the proposed settlement (including the amendments), in exchange for digitisation and commercialisation of commercially “unavailable books”³⁸ are:

1. Payment of 63% of the revenues for commercial uses to authors and publishers³⁹ (and 37% to retailers). To rightholders, Google will pay 200\$ per book, 50\$ per entire insert and 25\$ per partial insert⁴⁰. Prices to the public are set according to a specific algorithm⁴¹.

34 See Copyright Office Report 2006 at 11. See Letter from Pamela Samuelson, Law Professor, Univ. of Cal., Berkeley, Sch. of Law to The Honourable Denny Chin, Judge, S. Dist. N.Y., at 3-5 (Sept. 3, 2009), available at <http://thepublicindex.org/docs/letters/samuelson.pdf> (accessed 02-04-12).

35 It should be noted that commercial agreements related to non-orphan works only.

36 Samuelson 2011 at 5.

37 For a summary of the amendments to the original agreement see <http://activitypress.com/blog/2009/12/15/google-books-heres-the-courts-summary-of-amendments/> (accessed 07-04-12).

38 The Google Books Agreement concerns books that are not commercially available, which includes Orphan Works and out-of-print works.

39 Between authors and publishers the revenues will be split as follows: 65% to the publisher and 35% to the author, for books published before 1987. For books published in the following years, the share would be 50% for authors and 50% for publishers. See Amended Settlement Agreement, Att. A.

40 Amended Settlement Agreement, Att. C Art. 1.2.

41 Amended Settlement Agreement, Art. 4.1(a).

2. Establishment of a Books Rights Registry (a non-profit body managed by authors and publishers). The Registry will receive payments from Google and distribute those payments to authors and publishers. In the amended version of the settlement, a representative of rights holders of unclaimed works negotiates the terms for new or modified uses of these works;
3. Escrow for revenues from unclaimed works, 25% of which will be used to locate authors,⁴² and after 10 years the revenues will be donated to literacy charities;
4. Availability for licensing to Google competitors, at fares freely chosen by the Registry;
5. The Google Database will be available at public libraries and at not-for-profit higher education institutions for free (charges will apply for print functions);
6. Google cannot initiate Additional Future Commercial Uses (customer subscriptions, print on demand, custom publishing, summaries, compilations, etc.) without the authorisation of the Registry;
7. Any rightholder of a book at any time may demand the exclusion of the book from Google Books Services offered on the Database;
8. The Amended agreement only includes books that had been published in the United States, Canada, the United Kingdom and Australia.⁴³

In addition, Google offered compensation to rightholders of books it had already scanned as of the 5th of May 2009 for the amount of \$60 per book and \$15 per insert (forewords or separately authored chapters).

It is interesting to notice that the Google proposed settlement provides for the institution of a collecting society (Books Rights Registry⁴⁴) that collects the aggregated revenues from the use of out-of-commerce works. These revenues would be used (if unclaimed) to locate authors and they would be distributed to literacy charities after 10 years.⁴⁵

Collecting societies in the US do not have a role as relevant as they have in Europe. The process of negotiating and obtaining a licence to exploit a copyright work, either orphan or not, is mostly individual. Also in the proposed legislation, no specific role is envisaged for collecting societies, and no creation of a new rights management organization is envisaged. Reasonable compensation is paid directly to the rightholder following the infringement claim.

The creation of a Books Rights Registry proposed by Google, therefore, would be a remarkable innovation in the US copyright panorama.

42 Amended Settlement Agreement, Art. 6.3 (a) (l) (2).

43 This amendment follows the fierce opposition of France and Germany to the inclusion of foreign books in the Google Settlement. Both countries presented *amicus curiae* briefs to Judge Chin. See De la Durantaye 2010 at 167.

44 See *infra*.

45 See the Amended Settlement Agreement at Art. 6.3(a) (l). See also Samuelson 2011 at 16.

It is also interesting to note that the Google proposed settlement establishes criteria for price determination of unavailable works,⁴⁶ whereas no mention of the price of orphan works is made by the proposed legislation. However, concerns for the price of unclaimed works included in the Google database have been voiced by copyright scholars.⁴⁷ Google addressed these concerns by proposing an algorithm for price determination which is intended to maximise revenues for rightholders while ensuring broad availability of books. In addition, Google guarantees free access to non-profit institutions (e.g. with the installation in public libraries and universities of dedicated terminals).⁴⁸

Free uses find an important place also in the proposed legislation. Both the Orphan Works Bills 2008 and the Shawn Bentley orphan Works Bill 2008 provide for a free use of orphan works by non-profit educational institutions, museums, libraries, archives, and public broadcasting entities.⁴⁹

No case law involving reappearing authors is available in the United States. However, representatives of rightholders and authors are bringing to court private and public entities willing to provide public access to orphan works. Beyond the much publicised Google case,⁵⁰ for example, the Authors Guild, the Australian Society of Authors, the Union Des Écrivaines et des Écrivains Québécois (UNEQ), and eight authors have brought to court HathiTrust, a non-profit partnership of major research institutions and libraries that digitise millions of books in order to allow them to be accessed by the largest public.⁵¹

The plaintiffs argue that many works are “orphaned” too quickly, in order to avoid the payment of compensation. Polemically, they demonstrated that they could find an author of an orphaned work in three minutes, using Google search engine and a telephone.⁵²

In conclusion, the US approach to orphan and out-of-print books is focused on limited liability for orphans’ users, in order to maximise the public access to these works and to foster the diffusion of public digital libraries. This reflects the typical market-driven American stance on copyright matters.⁵³ For the same reason, collective management of rights (either “extended” or not) do not find a viable place among the proposed solutions to the orphan works problem in the US.

46 The Google Books amended settlement (awaiting court approval) establishes a price for institutions (Full-time equivalence of a student) and an algorithm to determine the price of the books to the general public. See Amended Settlement Agreement, Art. 4.

47 Samuelson 2010 at 1333-36.

48 Google Amended Agreement at 74.

49 The text includes also the employees of such entities, provided that: “(i) the infringement was performed without any purpose of direct or indirect commercial advantage; (ii) the infringement was primarily educational, religious, or charitable in nature”; and “(iii) after receiving a notice of claim of infringement, and having an opportunity to conduct an expeditious good faith investigation of the claim, the infringer promptly ceased the infringement” (Shawn Bentley Orphan Works Act 2208 at Subsection (c)(1)(B)).

50 The Authors Guild Inc. v. Google, Inc., Case No. 05 CV 8136-DC, Amended Settlement Agreement, § 3.8, at 45; § 7.2(b)(v), at 95. (Nov. 13, 2009).

51 See http://www.hathitrust.org/authors_guild_lawsuit_information (accessed 07-04-12).

52 Boog, Jason, Authors Guild Locates Orphaned Work Author in Less Than Three Minutes, on Galleycat, 14/9/2011, available at http://www.mediabistro.com/galleycat/authors-guild-locates-orphaned-work-author-in-two-minutes_b38214 (accessed 02-04-12).

53 De la Durantaye 2010 at 165-166.

2. Hungary

With respect to orphan works, Hungary has a double-tier approach. Some works are managed through centrally-granted non-exclusive compulsory licensing, while others are the object of extended collective licences managed by collecting societies.

Copyright in Hungary is governed by Act LXXVI of 1999 on Copyright. In order to address the orphan works issue, this piece of legislation was amended by Act CXII of 2008 (entered in force in 2009) and completed by Government Decree 100/2009 (V. 8.) Korm.

The compulsory licensing system is based on the role of the Hungarian Intellectual Property Office (HIPO), which is an intellectual property office managing patents, design, and copyright alike. With reference to copyright, the HIPO keeps a voluntary register of copyright works, it delivers opinions to collecting societies on prices of copyright licences, and it administers the Copyright Expert Council, an advisory body providing alternative dispute resolution tools.⁵⁴

A work is “orphan”, according to Hungarian legislation, if the author is unknown or, if known, cannot be found.⁵⁵ Legislation on orphan works applies also to performances, but not to other related rights (e.g. phonograph productions rights).⁵⁶ Uses that can be licensed are not limited to digitisation but are extended to every possible use of the work.⁵⁷ Every licence is granted by the HIPO for a maximum term of five years and it is only valid within national borders. Licences are non-exclusive, non-transferable, and not extendible to the adaptation of the work.⁵⁸ The licence application has to indicate the type (mode), extent and planned duration of the intended use.⁵⁹ The price of the licence is set by the HIPO, depending on the duration and the use of the work, and it has to be deposited as a precondition to using the work.⁶⁰ The administrative decision of the HIPO in granting or denying a licence is subject to the review (not to the appeal) of the Metropolitan Court of Budapest, with a simplified civil procedure.⁶¹

Reappearing rightholders can claim payment of the price of the licence within five years from its expiry or withdrawal. Beyond that period, unclaimed revenues are transferred to the competent collecting society or, in its absence, to the National Cultural Fund.⁶² Disagreements on the licence price set by the HIPO can be resolved in ordinary courts of law,⁶³ with the normal procedure applicable to copyright infringement claims.

If the rightholder reappears before the expiry of the licence, the latter has to be withdrawn. The request of withdrawal can be made either by the user or by the rightholder. However, undertaken

54 See <http://www.hipo.gov.hu> accessed 12-04-12.

55 Article 57/A of the Copyright Act define Orphan Works as a work for which a person “has made all those measures to find the author which, in view of the nature of the work and manner of its use, are justified, and still has not succeeded to locate him. A similar provision is included in Article 1(1) of the Government Decree 100/2009.

56 Article 55 of the amended Copyright Act. See Ficsor 2009 at 13.

57 See Ficsor 2209 at 12.

58 See Ficsor 2009 at 16.

59 Article 2(1) of the Government Decree 100/2009.

60 Article 57/A(1) of the amended Copyright Act.

61 Article 57/B(d) of the amended Copyright Act.

62 See Ficsor 2009 at 15.

63 See Ficsor 2009 at 17.

uses can continue until up to one year.⁶⁴ Moreover, relevant investment undertaken by the user to exploit the orphan work is protected by legislation. The Copyright law in fact states that if “considerable preparations” have been made by the user, “the use shall be commenced and carried on to the extent of the preparation that exists at the time of the identification of the personality of the author or residence”.⁶⁵ This suggests that if the user of an orphan work has made a considerable investment in the work before the discovery of the rightholder, they can continue the use of the work within the limits of the use already undertaken.

Lawful use of an orphan work, by Hungarian Copyright Law, has to be preceded by a diligent search⁶⁶ of the rightholder. Diligent search requirements depend on the type of user and the type of use that has to be made of the work. Sector specific criteria are set by regulation.

The qualifying search needs to be supported by written documentation. The law in fact specifies that the user has to prove her diligent search through certificates indicating the sources that have been searched. Among these sources the legislation mentions (i) voluntary register managed by the Hungarian Intellectual Property Office, (ii) databases of relevant Hungarian collecting societies; (iii) publicly available collections and archives; (iv) information resources of organisations representing producers and/or publishers; (v) other suitable databases. Also, information from the co-authors and from the previous user of the same work should be sought, and an advertisement should be published on national newspapers in order to locate the rightholder.

This list, however, should not be considered exhaustive, nor a minimum standard. The action to be taken for a diligent search should be adapted to the individual circumstances of each use.⁶⁷

Hungarian legislation provides for a Register of licensed orphan works, managed by the HIPO, which includes only orphans for which the Office granted a licence. The register is accessible by the public.⁶⁸ It contains the following information:

64 Article 57A(3): “If the personality or the residence of the author become identified, the Hungarian Patent Office at the request of the user or the author, withdraw with the effect commences on the date of identification of the author or residence, but the activity may be carried on to the extent of the identification of the personality and the residence of the author, until the remaining period based on the license, but maximum for one year form the date of the identification of the personality of the author or residence”.

65 Article 57/A(4) of the amended Copyright Act.

66 Article 57/A(1) of the Copyright Act states that for a licence to be issued by the HIPO, the applicant must have taken every appropriate measure, reasonable in the given circumstances, to find the right holder and that the search has proven unsuccessful. See Ficsor 2009 at 14.

67 Article 3(1) of the Government Decree 100/2009. The following diligent search standards are mentioned:

- search in the database set up by the HIPO on the basis of its voluntary register of works,
- search in the databases of CMOs,
- search in databases available on the Internet,
- search in databases suitable for finding the residence of the rightholder,
- search in the databases of publicly accessible collections of works,
- requesting information from organisations engaged in publishing works on a regular basis, from persons carrying out some other use of the work, from other authors of the work if they are known and can be found, as well as from public authorities performing official functions in relation to the work,
- advertising in national daily newspapers.

See Ficsor 2009 at 15.

68 Article 8 of the Government Decree 100/2009 amending Hungarian Copyright Act.

- An application number
- Details to identify the orphan work
- Boundaries of the licensed uses of the work
- The amount of the remuneration and the date of its deposit
- Eventual withdrawal of the licence and its date
- Eventual pending legal procedures involving the orphan work.

Moreover, details on the licensee can be included in the Register subject to the licensee's authorisation.⁶⁹

It needs to be stressed that only licensed orphan works are included in the register. Therefore, it cannot be used to locate rightholders and to avoid future orphans.⁷⁰

The Hungarian Copyright legislation provides for an exception for non-profit uses of orphan works.⁷¹ Non-profit users do not have to deposit the licence fee with the HIPO. They only have to pay the remuneration directly to the author, in the case he or she reappears. Also, a preferential administrative fee applies for non-profit users.⁷² Moreover some uses of orphan works are covered by general copyright exceptions.⁷³

Finally, in some cases orphan works are included within the extended licensing system managed by collecting societies, applied in Hungary to some mass uses of copyright works. According to Hungarian amended copyright law, the new provisions on orphan works cannot be applied to uses licensed through collective management.⁷⁴

69 See Ficsor 2009 at 15.

70 See Ficsor 2009 at 21.

71 Articles 57/A(2) and 57/A(5) of the Government Decree. The reasonable compensation is determined by the Hungarian Patent Office, but it is not deposited. If the author is located, the compensation is paid directly to her by the user. Also the administrative fees for non-profit use of Orphan Works are more moderate, ex Articles 4(3) and 4(4) of the Government Decree 100/2009.

72 Article 57/A(2) of the amended Copyright Act states: "The remuneration prescribed in paragraph (1) shall be paid after the identification of the author or his or her residence, if it does not serve to generate or increase income in any way or form. If it serves to generate or increase income in any way or form, the remuneration shall be deposited at the Hungarian Patent Office. The deposition of the remuneration is the condition of the commencement of use." As for the administrative fee, the Government Decree 100/2009 establishes an administrative fee of 102,500 HUF (€355-exchange rate of March 2012) per licence application. In the case of a non-profit use, the fee is 40,00 HUF.

73 For example, Article 38(5) of the Copyright Act states: "In the absence of a contractual provision to the contrary, works forming part of the collection of publicly accessible libraries, educational establishments [...], museums, and audiovisual or sound archives qualified as public collections may be, for the purpose of research and private study, freely displayed to individual members of the public on the screens of dedicated terminals on the premises of such establishments, and, in the interest of this, they may be communicated, including their making available, to such members of the public, provided this is not for direct or indirect earning or increasing income".

74 Article 57/A(7) of the Copyright Act.

Reportedly, the Hungarian Minister of Justice and Law Enforcement in his explanatory memorandum to the Act of 2008 amending the Copyright Act of 1999 has pointed out that, due to the extended collective licensing system existing under Hungarian copyright law, those licensed under this system are not “orphan works” but rather “orphan rights”.⁷⁵ Hungarian Extended Collective Licensing systems involve licences granted to broadcasters⁷⁶ by collecting societies, where the terms of the licence are valid also for rightholders that are not members of the collecting society. Therefore, even works whose rightholder is not known or not located are included in the agreements underpinning the licence. However, a rightholder can always opt-out from the agreement.⁷⁷

In conclusion, relevant data from the Hungarian experience is not yet available, given the relatively recent legislation and the absence of granted licences to date. The combined system of centrally administered compulsive licensing and extended collective licensing, whilst on the one hand seems to guarantee legal certainty and reward for rightholders, on the other hand seems to be not suitable for mass digitization, and ultimately seems to be rather expensive. Moreover, the price determination by the HIPO is not based on objective criteria, and this may lead to costly litigation. Finally, the database of orphan works, which includes only licensed material, will be necessarily incomplete as a record of all orphan works.⁷⁸

3. Denmark

In Danish copyright legislation the regulation of orphan works is addressed within the Extended Collective Licensing (ECL) system.

This system involves the negotiation of copyright licences between collecting societies and a user or –more often- a category of users. The terms of the agreement will extend also to rightholders that are not represented by the collecting society⁷⁹ and this includes also foreign rightholders.

ECL was introduced in northern countries in 1960.⁸⁰ However, it was typically applied to selected categories of users. In 2008 an amendment to the Danish Copyright Act introduced a new extended collective licensing norm that further broadened the scope of ECL:

Section 50, subsection 2, states:

Extended collective license may also be invoked by users who, within a specified field, have made an agreement on the exploitation of works with an organisation comprising a substantial number of authors of a certain type of works which are used in Denmark within the specified field. However, this does not apply, if the author has issued a prohibition against use of his work in relation to any of the contracting parties.

75 See Ficsor 2009 at 12.

76 Satellite and cable broadcasters, and in general those who perform a “communication to the public” of the work, within the meaning of the EU Copyright Directive 29/2001. See Article 26 of the amended *Copyright Act 1999*.

77 See Ficsor 2009 at 12.

78 See Ficsor 2009 at 25.

79 Danish Copyright Act 2010 Section 50(3). See also Olsson 2010 at 1.

80 Introduced in Denmark with the Danish Copyright Act of 1961.

This new norm was intended as a supplement to the existing Extended Collective Licensing provisions and it was designed to help mass digitisation, especially, but not exclusively, in relation to orphan works. It is a new provision that potentially broadens the scope of ECL, but subject to quite a strict system where each licence agreement needs Government approval. Importantly, under this ECL rule rightholders can issue a prohibition against the use of their works towards any of the parties of the licensing agreement (Opt-out).⁸¹ The prohibition to use the work must be issued personally and individually towards the user or the collecting society with specific indication of the work object of the prohibition. Therefore, no general prohibitions can be issued on the works of a particular author, for example, and no prohibition can be issued by an organization.⁸² This option is however seldom exercised in practice.⁸³ Works already covered by the extended collective licensing system in Denmark were:⁸⁴

- Retransmission of radio and TV broadcasting⁸⁵
- Retransmission of broadcasters' archives⁸⁶
- Reproduction for educational use⁸⁷
- Internal use of magazine/journal articles in business enterprises⁸⁸
- Transfer of works between public libraries⁸⁹
- Retransmission of radio and TV broadcasting for visually and hearing impaired persons⁹⁰
- Reproduction of works of art in generally informative presentations⁹¹
- Simultaneous retransmission⁹²
- Mandatory collective licensing concerning public performance of phonograms⁹³.

81 The opt-out option is included in many -but not all- copyright norms implementing the ECL. In addition to section 50(2) also sections 24a, 30, and 30a include an opt-out option. However, in most situations the opt-out option would be too costly for the system, and therefore rights holders do not have this option. Opting out is obviously possible only for known or reappearing right owners; in this case a work would not be -or no longer be- orphan. The collective agreement in fact includes both orphan and non-orphan works.

82 Foged 2010 at 7.

83 Foged 2010 at 5.

84 Reiler 2010 at 3 and Foged 2010 at 4.

85 Section 30 Danish Copyright Act Consolidated as of 2010. It is understood that this includes a retransmission of radio and television broadcasts and not first time broadcasts. Broadcasters are not included in the ECL scheme, because they are not represented by the collecting societies. They conclude licensing agreement individually.

86 Section 30a.

87 Sections 13 and 18.

88 Section 14.

89 Section 16b.

90 Section 17.

91 Section 24a.

92 Section 35.

93 Section 68.

With the addition of Section 50(2) to the above categories of uses, any organization that represents a substantial number of rightholders can negotiate agreements with users that are valid also towards non represented rightholders.⁹⁴ The non represented rightholder has a claim for remuneration towards the collecting society, not towards the user. In other words, if a collecting society collects royalties for a non-member under an ECL scheme, the non-member has the right to claim the remuneration provided they can show their work has been used.

In order to obtain a valid permission to use an orphan work, a negotiation must be undertaken by the user with the relevant collecting society. Moreover, the collecting society representative of rightholders needs to be approved by the Ministry of Culture.⁹⁵ The approval of the Ministry is typically granted on a specific agreement between a user and a specific collecting society. The agreement defines, among other matters, the specific use of the work.⁹⁶ This is an important limitation on how Section 50(2) has been used in practice – while it is a general provision, it only produces very specific licences. In practice, therefore, collecting societies apply for approval prior to entering any agreement.⁹⁷

Due to the widespread use of collective licensing systems, the role of collecting societies in Denmark is paramount. Main Danish collecting societies are: KODA, which represents composers, song writers and music publishers (including performers); NCB, which manages the mechanographic rights; and CopyDan, the umbrella collecting society that represents authors, performers and producers of writings and pictorial works.⁹⁸

The price of licences for orphan works within the collective licensing system is such that the price of licences for orphan works is not available as such licences are included in the collective licence and negotiated between users and collecting societies on a case by case basis. An ECL covers all works within the scope of the licence and therefore there is no specific price for a licence involving a single orphan work. Rightholders unsatisfied with the remuneration may appeal to the Copyright Licence Tribunal.⁹⁹ As a general rule Danish copyright legislation does not set licensing prices. Notable exceptions are a resale remuneration right set by the Copyright Act for visual works and sculptures, and remuneration for private use which was prompted by the implementation of the Copyright Directive 2001/29/CE.¹⁰⁰

Under the ECL regime (where it applies, which is limited) works may be licensed that subsequently transpire to be orphans and therefore these will have been used. The fact the work is an orphan will emerge downstream, when the collecting society attempts to distribute royalties. The opinion of the Danish collective licensing representatives was that the ECL system “solves” the problem of orphan works, particularly as the collecting societies perform the search themselves.

94 See Foged 2010 at 3.

95 Section 50(4).

96 Foged 2010 at 5.

97 Foged 2010 at 6.

98 See <http://www.copydan.dk/DK/Copydan.aspx> (accessed 02-04-12).

99 Danish Copyright Act 2010 Section 47. See also Riis and Shovsbo 2010 at 2.

100 Consolidated Act No. 202 of February 27th, 2010 Article 40 “For 2006, the remuneration per minute playing time for analogue sound tapes is DKK 0.0603 and for analogue videotapes DKK 0.0839”.

(2) For 2006, the remuneration for digital sound media is DKK 1.88 per unit, for digital image media DKK 3 per unit and for digital memory cards DKK 4.28 per unit.

(3) The remuneration specified in subsections (1) and (2) shall be adjusted annually from 2007 by the rate adjustment percentage, cf. Act on Rate Adjustment Percentage”.

In other words, it takes away the reasonable search requirement expected of a user. No standards of diligent search are therefore set by copyright regulations as a prerequisite for the use of orphan works.¹⁰¹ However, it is current practice for collecting societies to perform careful research in order to identify the rightholder of a work or her whereabouts. Should the collecting society be unable to identify or locate the rightholder of the work within three years, the revenue generated by the work at hand is redistributed to other rightholders of the same category, for that particular type of use. For example, if a school refers to CopyDan that they have copied a book, and after three years the author of the book is not located, CopyDan redistribute the revenue among other authors whose books have been copied by schools.¹⁰²

Among non-represented authors that could potentially benefit from the agreement between users and collecting societies are also foreign authors. This is achieved through a collective remuneration of the relevant foreign collecting society (not of the individual rightholder). However, for revenues to be distributed, a pre-existing agreement must have taken place between the foreign collecting society and the Danish collecting society. CopyDan, for example, transfers part of its revenues to foreign organizations whenever there is an agreement to this effect (a so called “A-Agreement”). Presently, A-agreements have been concluded by CopyDan with the following organizations: Access Copyright (Canada), Bonus Presskopia (Sweden), CAL (Australia), CCC (USA), Cedro (Spain), CLA (United Kingdom), ICLA (Ireland), SIAE (Italy), and VG Musikedition (Germany).¹⁰³

According to some authors,¹⁰⁴ the above shows that foreign rightholders are not individually remunerated under the current ECL scheme and not all foreign rightholders are included in the scheme. The revenues collectively distributed are likely to be used by the foreign collecting society for internal purposes for general activities included in their mission (such as support for cultural projects, copyright issues awareness etc.).¹⁰⁵

No registry or database including used or existing orphan works is provided by Danish copyright law. However, in view of the adoption of the current EU directive on orphan works, the Danish government has been lobbying at the EU level for the establishment of a database of used orphans on the model of the existing ARROW database, in order to facilitate the fulfilment of diligent search requirements. To this end, they presented to the European institutions a Presidency Non-paper¹⁰⁶ on a Single Database on Orphan Works. They also presented two

101 It is not clear whether this provision could be challenged at the EU level. The EU directive on Orphan Works was adopted on the 25th of October 2012. It is true that the directive states in Recital 24 that the directive “is without prejudice to the arrangements in the Member States concerning the management of rights such as extended collective licences”. But the directive also sets compulsory requirements of diligent search on the rights holder of an orphan work as a precondition for its use. See Art.3 of the Directive 2012/28/EU of the European Parliament and of the Council of 25 October 2012 on certain permitted uses of orphan works, Official Journal of the European Union L 299/5, 27.10.2012. See also Hilty et al 2011 at 2.

102 See Manual for the administration of CopyDan remuneration, available at http://www.copydan.dk/uk/copydan/distribution/manual_in_english.aspx (accessed 04-04-12), section 1.b. This information is kindly integrated by Christina Fisher, Legal Counsel of the CopyDan collecting society, contacted by the authors of the present report.

103 Riis and Shovsbo 2010 at 20.

104 *Ibid.*

105 *Ibid.*

106 Non-paper on a single database for Orphan Works, Inter-institutional File: 011/0136 (COD), available at <http://register.consilium.europa.eu/pdf/en/12/st06/st06505.en12.pdf> (accessed 06-04-12).

different proposals of a directive¹⁰⁷ on Orphan Works amending the current proposal for an EU directive. The amended proposals aim at softening the diligent search requirements and the restrictions on commercial use, which are seen as an excessive burden for the work of cultural heritage institutions.¹⁰⁸ Eventually, the adopted directive did not soften the diligent search requirement and mandated the establishment of a publicly accessible database of orphan works managed by the Office for Harmonization in the Internal Market.¹⁰⁹

In conclusion, the ECL System is considered by the Danish government and by Danish copyright literature¹¹⁰ sufficiently efficient to cater for the rights of reappearing authors of orphan works.¹¹¹ This is why no specific free uses or exceptions are provided in relation to orphan works by Danish copyright legislation. The exceptions generally provided by copyright law apply.¹¹² Ultimately, no case law in Denmark has so far involved an infringing use of an orphan work and a reappearing author.

4. European Union

The issue of orphan works was addressed by the European Union¹¹³ in the i2010 Digital Libraries Initiative. Within this initiative, the High Level Expert Group on Digital Libraries recommended the adoption by Member States of common criteria to define orphan works, to establish diligent search standards (search of rightholders), and to use and license orphan works. On diligent search requirements, Joint Guidelines were issued¹¹⁴ by a working group of cultural institutions and rightholders along with a Memorandum of Understanding¹¹⁵ signed in June 2008. Eventually, an Orphan Works Directive was adopted by the European Parliament on the 4th October 2013.¹¹⁶

107 Revised Presidency compromise proposal Inter-institutional File: 2011/0136 (COD), available at <http://register.consilium.europa.eu/pdf/en/12/st05/st05102.en12.pdf> and Revised Presidency compromise proposal in preparation of the first informal trilogue Inter-institutional File 2011/0136(COD) available at <http://register.consilium.europa.eu/> (both accessed 06-04-12).

108 See Guibault 2012.

109 See Article 3 of the Orphan Works directive 2012/28/EU of the European Parliament and of the Council of 25 October 2012 on certain permitted uses of orphan works, Official Journal of the European Union L 299/5, 27.10.2012.

110 See e.g. Foged 2010 at 10.

111 See generally Olsson 2010.

112 Sections 11-29 of Danish Copyright Act 2010.

113 The Orphan Works problem was also acknowledged by the Green Paper on Copyright in the Knowledge Economy (COM(2008) 466 final, 16.07.2008) and by the Communication from the Commission on Copyright in the Knowledge Economy (COM(2009) 532 final, 19.10.2009).

114 Copyright Subgroup, High Level Expert Group on Digital Libraries, Report on Digital Preservation, Orphan Works, and Out-of-Print Works, Selected Implementation Issues, adopted at the third meeting on 18 April 2007, pp. 6-7.

115 111 European Digital Libraries Initiative, Memorandum of Understanding on Orphan Works, signed on 4 June 2008

116 Directive 2012/28/EU of the European Parliament and of the Council of 25 October 2012 on certain permitted uses of orphan works, Official Journal L 299/5, 27.10.2012, hereinafter "the Orphan Works Directive".

In May 2011, a proposal for a Directive¹¹⁷ on Certain Permitted Uses of Orphan Works was issued, as part of the Digital Agenda flagship¹¹⁸ of the Europe 2020 Strategy¹¹⁹ and the Commission strategic vision for delivering the Single Market for Intellectual Property,¹²⁰ to facilitate the digitisation and online dissemination of cultural works in Europe. Importantly, the directive would establish the principle of the mutual recognition of orphan works; that is, when a work is defined as orphan in a Member State, it is considered orphan also in all the other Member States.¹²¹

On the 8th of June 2012 the proposal for an Orphan Works Directive was modified. An agreed text was signed by the representatives of the European Commission, the Parliament, and the Council. Notable modifications of the agreed text to the initially proposed directive include:

1. The introduction of a new exception/limitation to copyright exclusive rights for the orphan works interested by the directive;¹²²
2. The introduction of phonograms among protected subject matter;¹²³
3. The specification that the diligent search to locate the rightholder of the work has to be performed in *good faith*¹²⁴ and it has to be recorded together with specified requirements¹²⁵
4. The suppression of the suggestion of an escrow system to remunerate reappearing authors;
5. The specification that the interested institutions can generate revenues from the use of orphan works, but only to cover the costs of the digitisation.¹²⁶

117 Proposal for a Directive of the European Parliament and of the Council on certain permitted uses of Orphan Works COM(2011) 289 final, 2011/0136 (COD), 24.05.2011, as modified on the 8th of June 2012 by the agreed text 2011/0136 (COD) hereinafter “Proposed Orphan Works Directive”.

118 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A Digital Agenda for Europe, COM(2010) 245 final/2, 26.08.2010.

119 Communication from the European Commission, Europe 2020- A European strategy for smart, sustainable and inclusive growth, COM (2010) 2020, 03.03.2010, p.12.

120 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A Single Market for Intellectual Property Rights Boosting creativity and innovation to provide economic growth, high quality jobs and first class products and services in Europe, COM(2011) 287 final, 24.05.2011.

121 Proposed Orphan Works Directive, Article 4.

122 Orphan Works Directive, Recital 20.

123 Orphan Works Directive, Article 4.

124 Orphan Works Directive, Article 3.1.

125 Orphan Works Directive, Article 3.5 . The organization has to provide the following information to the competent authority : “a) the results of the diligent searches that the organisations have carried out and which have led to the conclusion that a work or a phonogram is considered an orphan work; (b) the use that the organisations make of orphan works in accordance with this Directive; (c) any change, pursuant to Article 5, of the orphan work status of works and phonograms that the organisations use; (d) the relevant contact information of the organisation concerned.”

126 Orphan Works Directive, Article 6.2.

The Orphan Works Directive eventually approved by the Council¹²⁷ covers “certain uses made of orphan works by publicly accessible libraries, educational establishments and museums, as well as by archives, film or audio heritage institutions and public-service broadcasting organisations, established in the Member States, in order to achieve aims related to their public-interest missions”,¹²⁸ and it applies to:

- a. works published in the form of books, journals, newspapers, magazines or other writings contained in the collections of publicly accessible libraries, educational establishments or museums as well as in the collections of archives or of film or audio heritage institutions;
- b. cinematographic or audiovisual works and phonograms contained in the collections of publicly accessible libraries, educational establishments or museums as well as in the collections of archives or of film or audio heritage institutions; and
- c. cinematographic or audiovisual works and phonograms produced by public-service broadcasting organisations up to and including 31 December 2002 and contained in their archives which are protected by copyright or related rights and which are first published in a Member State or, in the absence of publication, first broadcast in a Member State.¹²⁹

The Directive also applies to works and phonograms that have never been published or broadcast, but that have been made available to the public with the consent of the rightholders.¹³⁰ For these works, special requirements of diligent search apply.¹³¹

Uses of orphan works permitted by the directive are communication to the public and reproduction, within the meaning of the Infosoc Directive 2001/29/CE.¹³² This is achieved, in text of the directive, through the creation of a new exception to the exclusive rights of the author, which reads: “Member States shall provide for an exception or limitation to the reproduction and the making available rights provided for in Articles 2 and 3 of Directive 2001/29/EC respectively to ensure that the organisations referred to in Article 1(1) are permitted to use orphan works contained in their collections [...]”.¹³³

In principle, according to the directive, the mentioned institutions cannot use orphan works in order to achieve aims other than their public interest missions, “notably preservation, restoration and the provision of cultural and educational access to works contained in their collections”.¹³⁴ However, the agreed text specifies that “[s]uch organisations may generate revenues in the course of such uses, for the exclusive purpose of covering their costs of digitising and making

127 Directive 2012/28/EU of the European Parliament and of the Council of 25 October 2012 on certain permitted uses of orphan works, *Official Journal L* 299/5, 27.10.2012

128 Orphan Works Directive, Article 1.1.

129 Orphan Works Directive, Article 1.2.

130 Orphan Works Directive, Article 1.3.

131 Orphan Works Directive, Article 3.3, para (2).

132 Council Directive 2001/29/EC of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society *Official Journal L* 167, 22/06/2001 P. 0010 – 0019.

133 Orphan Works Directive, Article 6.1

134 Orphan Works Directive, Article 6.2.

available orphan works”.¹³⁵ In fact, the original text already specified: “This Directive is without prejudice to the freedom of contract of such organisations in the pursuit of their public interest missions”.¹³⁶ Thus, the Directive gives cultural organizations the possibility to engage private sector partners to help facilitate the digitisation of orphan works and make them available to the public, within the limits of their public interests missions.

The directive also introduces as a compulsory requirement for the use of an orphan work that a diligent search *in good faith*¹³⁷ is carried out in order to identify the rightholder. In detail, the directive provides that the institutions interested by the directive (Article 1) “shall ensure that a diligent search is carried out for each work or other protected subject matter, by consulting the appropriate sources for the category of works and other protected subject matter, in question”.¹³⁸ However, practical standards for diligent search have to be determined by Member States,¹³⁹ in consultation with rightholders and users, and have to include the detailed list of databases provided by the Annex¹⁴⁰ to the proposed directive¹⁴¹. However, a diligent search “shall be carried out in the Member State of first publication or, in the absence of publication, first broadcast”.¹⁴² Moreover, the above-mentioned institutions have to keep track of their diligent search, following detailed specifications provided by the directive.¹⁴³

135 *Ibid.*

136 Orphan Works Directive, Article 6.3.

137 Text added by the Agreed text of the directive. See above.

138 Orphan Works Directive, Article 3.1.

139 “The sources that are appropriate for each category of works or phonogram in question shall be determined by each Member State, in consultation with rightholders and users, and shall include at least the relevant sources listed in the Annex”. See Orphan Works Directive, Article 3.2.

140 In its Annex the directive indicates the existing databases available to carry out a diligent search, it refers to existing collections of Orphan Works such as ARROW. The ARROW (Accessible Registries of Rights Information and Orphan Works towards Europeana) project was launched in 2007. It aims at developing tools to enable media providers to obtain information on rights holders and the way to obtain licences on copyright works, in view of implementing the Europeana digital library. See <http://www.arrow-net.eu/> (accessed 30-03-12).

141 Orphan Works Directive ANNEX: “The sources referred to in Article 3(2) shall be the following: (1) For published books: (a) Legal deposit (b) Existing databases and registries, including ARROW (Accessible Registries of Rights Information and Orphan Works) and WATCH (Writers, Artists and their Copyright Holders) and the ISBN (International Standard Book Number); (c) The databases of the relevant collecting societies, in particular reproduction rights organisations.
(2) For journals and periodicals: (a) The ISSN (International Standard Serial Number) for periodical publications; (b) Indexes and catalogues from library holdings and collections.
(3) For newspapers and magazines: (a) The publishers association in the respective country and the authors and journalists associations; (b) Legal deposit; (c) The databases of relevant collecting society including Reproduction rights organisations.
(4) For visual works, including fine art, photography, illustration, design, architecture, sketches of the latter works and others that are contained in books, journals, newspapers and magazines: (a) The sources referred to in points (1), (2) and (3); (b) The databases of the relevant collecting societies in particular for visual arts and including reproduction rights organisations; (c) The databases of picture agencies where applicable.
(5) For audiovisual works contained in the collections of film heritage institutions and public service broadcasting organisations: (a) Legal deposit; (b) Databases of film heritage institutions and national libraries; (c) Databases with relevant standards and identifiers such as ISAN for audiovisual material; (d) The databases of the relevant collecting societies in particular for authors, performers, phonogram producers and audiovisual producers”.

142 ¹³⁷ In the absence of publication, the diligent search should be carried out in the Member State where the work was made publicly accessible with the consent of the Rightholder. See Orphan Works Directive, Article 3.3, para (2).

143 Orphan Works Directive Article 3.4a.

The results of diligent searches have to be recorded in a publicly accessible database.¹⁴⁴ Interestingly, while the previous text of the proposed directive did not enjoin Member States to establish a publicly accessible database for used orphan works, the finally approved text specifically introduces a European database, to be managed by the Office for the Harmonisation of the Internal Market.¹⁴⁵

Licensing systems are out of the scope of the orphan works directive. The directive in fact states to be without prejudice to existing – individual or collective – licensing systems of Member States. The text of the directive specifies that the above-mentioned agreements are left to Member States also when they are instrumental to mass-digitisation projects.¹⁴⁶ Therefore, although no particular role is expressly envisaged by the proposed directive for collecting societies, existing collective licensing systems and extended licensing collecting systems are not in conflict with the provisions of the directive.

Importantly, while the text of an earlier draft of the directive included the possibility of Member States to collect and use unclaimed revenues through an escrow system; this is not included in the final text of the Directive.¹⁴⁷

In place of the mentioned system, the text in force mentions a “fair compensation” which would be due to reappearing authors, and it leaves to Member States full autonomy to determine the circumstances of such payment.¹⁴⁸

144 Orphan Works Directive Article 3.4b.

145 The new Proposed Orphan Works Directive Article 3.4b in fact states: “Member States shall take the necessary measures to ensure that the information referred to in paragraph 4a is recorded in a single publicly accessible online database established and managed by the Office for Harmonisation in the Internal Market in accordance with Regulation (EU) 90 386/2012. To this end, they shall forward this information to the Office without delay upon receiving it from the organisations referred to in Article 1(1)”

146 Orphan Works Directive, Recital 24: “This Directive is without prejudice to the arrangements in the Member States concerning the management of rights such as extended collective licences, legal presumptions of representation or transfer, collective management or similar arrangements or a combination of them, including for mass digitisation.”

147 Recital 22 stated: “When a Member State authorises, under the conditions established in this Directive, the use of orphan works by publicly accessible libraries, educational establishments, museums, archives, film heritage institutions or public service broadcasting organisations for purposes beyond their public interest mission, rights holders who come forward to claim their works should be remunerated. Such remuneration should take account of the type of work and the use concerned. Member States may provide that revenues collected from such use of orphan works for the purpose of remuneration but which are unclaimed after the expiry of the period fixed in accordance with this Directive should contribute to financing rights information sources that will facilitate diligent search, by low-cost and automated means, in respect of categories of works that fall actually or potentially within the scope of application of this Directive”.

And Article 7 (2) confirmed “Member States may chose the means for authorising use within the meaning of paragraph 1 and remain free to decide on the use of any revenues which are unclaimed after the expiry of the period fixed in accordance with paragraph 1(5).” The revenues can be claimed by rights holders within -maximum- 5 years from the act originating the claim (Article 7.1(6)).

Article 6.5 suggests that delayed payment is in fact possible. The escrow system as proposed in the previous text of the Directive suggests anticipated collection of revenues on behalf of reappearing authors.

148 Orphan Works Directive, Article 6.5: “Member States shall provide that a fair compensation is due to rightholders that put an end to the orphan status of their works and other protected subject matter for the use that has been made by the organisations referred to in Article 1(1) of such works and other protected subject matter in accordance with paragraph 1. Member States shall be free to determine the circumstances under which the payment of such compensation may be organised. The level of that compensation shall be determined, within the limits imposed by European Union law, by the law of the Member State in which the organisation which uses the orphan work in question is established.”

No licensing price of orphan works is set by the directive or any mechanism to determine or challenge it. Also, no specific remedies are provided against the unauthorized uses of orphan works, which implies that existing rules on copyright infringement apply. Finally, given the recent implementation of the Orphan Works Directive, an analysis of the case law brought to the European Court of Justice under the Directive is premature.¹⁴⁹

Within a few EU Member States, the problem of orphan works has been extensively debated.¹⁵⁰ Beyond those already implementing extended licensing systems (as the Nordic countries and Czech Republic¹⁵¹) some countries issued legislative proposals, which await discussion within the respective parliaments, and meanwhile have adopted contractual solutions between users and collecting societies.

In France for example, a law on the digital exploitation of the unavailable books of the XX century¹⁵² was issued on the 1st of March 2012, and it entered in force on the 1st of September 2012.¹⁵³ The Law 2012/287 modified the French Intellectual Property code by introducing a new chapter (Chapter IV) to the third Title of the First Book of the First Part of the Code. This law introduces: 1) The creation of an orphan works database (managed by the Bibliothèque Nationale de France) on which everybody can add an unavailable work;¹⁵⁴ 2) The appointment of a central collecting society¹⁵⁵ charged to license orphan works, to set licensing prices, and to collect and keep the revenues of unknown or unlocated rights holders for 10 years;¹⁵⁶ 3) The free use of orphan works by public libraries after 10 years from the first use. However, libraries can show the works only to their subscribers; 4) Opt-out of rightholders from the system (within six month from the inscription of the work in the database).

Requirements of diligent search are embedded in the definition of orphan works, and are not specified by law.¹⁵⁷ Moreover, research of rightholders is normally carried out by the appointed collecting society.

Meanwhile, orphan works are already used in France thanks to contractual arrangements between users and collecting societies. For example, the National Audiovisual Institute negotiated agreements with collecting societies of authors, performers and journalists, and with

149 The Orphan Works Directive was approved on the 4th October 2012. At the time of writing no cases have been brought to the ECJ under this Directive.

150 For example, France established an Orphan Works commission, within its “Conseil Supérieur de la Propriété Littéraire et Artistique”. According to a report of this commission, literary and photographic works are mainly affected by the lack of legislation on Orphan Works. The report is available at <http://www.cspla.culture.gouv.fr/CONTENU/rapoeuvor08.pdf> (accessed 13-03-12).

151 Vetulani 2008 at 30.

152 Unavailable books include Orphan Works and out of print books. See the LOI n° 2012-287 du 1er mars 2012 relative à l’exploitation numérique des livres indisponibles du xxe siècle, available on [Legifrance.gouv.fr](http://legifrance.gouv.fr).

153 The Decree of the Conseil d’Etat was issued on the 27 of February 2013. See Décret n° 2013-182 du 27 février 2013 portant application des articles L. 134-1 à L. 134-9 du Code de la propriété intellectuelle et relatif à l’exploitation numérique des livres indisponibles du XXe siècle available at <http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000027119991>.

154 The database is working as of the 21st of March 2013 at <http://reire.bnf.fr/>

155 The Collecting society SOFIA has been appointed on the 21st of March 2013 by the Ministry of Culture to issue authorizations to electronically publish non-available books, according to the Decree n° 2013-182 above.

156 After this period the revenues are donated to activities supporting authors and artistic creations, Art. L. 134-9 of the French Intellectual Property Code as modified by the proposed bill.

157 Art. L.113-10 of the French Intellectual Property Code: “The orphan work is a work protected and divulged, of which the owner of rights cannot be identified or found, despite diligent searches, recognised and serious”.

trade unions representing performers and audiovisual directors, in order to use audiovisual orphan works. As for photographers, the issue of orphan works is being considered in a separate bill, which is yet to be adopted.¹⁵⁸ Moreover, the digital library Gallica signed an agreement with the Syndicat National de l'Édition (the French Publishers Association), the Centre National du Livre (National Book Centre) and the Ministry of Culture and Communication in order to include a relevant number of book references in its database.¹⁵⁹ Finally, users willing to exploit an orphan work can request a court order from the Tribunal de Grande Instance enabling them to do so. This request can also be done by the Ministry of Culture.¹⁶⁰

Also in the Netherlands orphan works are used through contractual arrangement. For example, the EYE Film Institute has negotiated the use of orphan works through an extended collective licence for digital exploitation of audiovisual works with the relevant collecting societies, which applies also to non-represented rightholders. An opt-out option is offered to the latter, and the agreement is valid for three years.¹⁶¹ Of course, the opt-out is only exercisable where the rights holder is known. Whilst it can be questioned as to how this provision works in practice, the purpose of the opt-out option is to illustrate the intention to protect rightholders by not imposing the agreement on them. Other agreements have been signed by the National Library, the Digital Library of Dutch Literature, and the National Archives with relevant collecting societies.¹⁶²

A study by the IViR institute of the University of Amsterdam identified compulsory collective management of rights and extended collective licensing as the only two viable solutions to address the problem of orphan works (audiovisual) in the Netherlands.¹⁶³ In another study, they also drafted some models for licences and compensation.¹⁶⁴

On the issue of the amount of compensation for reappearing authors, the IViR report indicates potential damages awards for unauthorised use as a possible criterion to determine licensing prices. In practice, courts would refer to current business practices for the same type of work and use in order to determine the amount of the compensation. However, according to the authors of the report, this criterion has to be corrected with the cultural and social interest of the licensee and the size of the public to whom the work is destined. This is necessary because in the case of mass digitisation projects, the only criterion of the prospective damages awards would set the licensing price too high, and this will make the digitisation project impossible to achieve.¹⁶⁵

158 See the *proposition de loi relative aux oeuvres visuelles orphelines et modifiant le code de la propriété intellectuelle*, available at <http://www.senat.fr/leg/pp109-441.html>.

159 Gallica includes works' samples (pictures) and references (books) supplied with descriptions. In order to access the works external links are provided. For Gallica's agreements see the Conference of Directors of National Libraries (CDNL) annual meeting report (2010) at <http://www.cdnl.info/2010/cdnl2010.html> (accessed 02-04-12).

160 British Film Institute Report 2011 at 17.

161 *Ibid* at 18.

162 *Ibid* at 19.

163 Axhamn and Guibault 2011. See also Van Gompel and Hugenholtz 2011.

164 Digitalisering van Audiovisueel Materiaal door Erfgoedinstellingen: Modellen voor Licenties en Vergoedingen, available at http://beeldenvoordetoeekomst.nl/sites/default/files/110503IVIR_onderzoek_final.pdf (accessed 02-04-12).

165 Korteweg and Hugenholtz 2011 at 5.

In Germany, main stakeholders work together on a project addressing the problem of orphan works while waiting for legislative solutions. The German Libraries Association (DBV, Deutscher Bibliotheksverband), the German National Library (DNB, Deutsche Nationalbibliothek), the German Publishers Association (Börsenverein des Deutschen Buchhandels) and the German Collecting Society Wort (VG Wort, Verwertungsgesellschaft Wort) have established the Digital Libraries Working Group of the German Literature Conference (Deutsche Literaturkonferenz) to find a contractual arrangement in order to allow the digitisation of orphan works by public libraries.¹⁶⁶ The German solution involves diligent search requirements that the library has to meet prior to using the orphan work and the payment of a fee to the collecting society (VG Wort) which will be used in case of an infringement claim by a reappearing author. The collecting society does not have the right to licence the use of the orphan work, therefore this fee is not a licensing fee. The diligent search requirement in Germany is facilitated by the existence of a database of in-print books (VLB, Verzeichnis Lieferbarer Bücher). Moreover, talks are reportedly under way to establish a national database connected with the ARROW project.¹⁶⁷

The above-mentioned study of the IViR centre of Amsterdam found that national solutions were preferable to a pan-European action to address the issue of orphan works in Europe.¹⁶⁸ However, while Member States lingered to enact legislative arrangements, following the Commission Recommendations,¹⁶⁹ the European Parliament approved an EU directive to address the issue of orphan works. At the same time, the awareness that public-only funded solutions are unfit to face the immense costs of digitising European cultural heritage is growing. As a consequence, negotiations have already taken place and will probably continue between European public and private institutions and powerful market players of mass scale digitisation, such as Google.¹⁷⁰

166 Niggemann 2009 at 7.

167 *Ibid* at 9.

168 Hugenholtz et al. 2006.

169 At present, very few contractual and/or legislative solutions are under way in very few EU Member States.

170 Even the French National Library, which had initially suspended negotiations with Google following an opposition of the French government, is considering resuming the negotiations. The French Minister of Culture, moreover, has indicated his intention to establish clear negotiation rules for licensing French literary works to Google. See De la Durantaye 2010 at 171.

5. Canada

Canada recognises orphan works under section 77 of the *Copyright Act* (amended in 1988). According to section 77¹⁷¹, works are considered “orphaned” where the “author cannot be located”. The granting of a non-exclusive licence¹⁷² for the use and exploitation of orphan works is subject to terms and conditions¹⁷³ and lies with the Copyright Board of Canada (hereinafter the Board) which is “an economic regulatory body empowered to establish, either mandatorily or at the request of an interested party, the royalties to be paid for the use of copyright works ... and has the power to issue licences for the use of works when the copyright owner cannot be located¹⁷⁴”. The licence granted by the Board for the use and exploitation of orphan works is valid only in Canada. On the separate point of foreign works, Bouchard and De Beer (2009)¹⁷⁵ state “The Supreme Court of Canada has held that the Board has jurisdiction to approve tariffs covering persons or activities that have a ‘real and substantial connection’ to Canada... Thus, the Board has been of the view that it may issue a licence to use in Canada an orphan work owned by an unlocatable foreign national”.

The Act states that “the Board may issue to the applicant a licence to do an act mentioned in section 3, 15, 18 or 21, as the case may be”.¹⁷⁶ Each of these provisions relate to the concept of ‘substantiality’ and therefore, by implication, the Board has no jurisdiction to issue licences in respect of ‘insubstantial parts’ and in fact has dismissed applications on this basis.¹⁷⁷ Accordingly, legislation on orphan works applies to all categories of works including performances¹⁷⁸, sound

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- 171 Section 77 (1): Where, on application to the Board by a person who wishes to obtain a licence to use
- (a) a published work,
 - (b) a fixation of a performer’s performance,
 - (c) a published sound recording, or
 - (d) a fixation of a communication signal
- in which copyright subsists, the Board is satisfied that the applicant has made reasonable efforts to locate the owner of the copyright and that the owner cannot be located, the Board may issue to the applicant a licence to do an act mentioned in section 3, 15, 18 or 21, as the case may be.
- (2) A licence issued under subsection (1) is non-exclusive and is subject to such terms and conditions as the Board may establish.
- (3) The owner of a copyright may, not later than five years after the expiration of a licence issued pursuant to subsection (1) in respect of the copyright, collect the royalties fixed in the licence or, in default of their payment, commence an action to recover them in a court of competent jurisdiction.
- 172 A non-exclusive licence fulfils two purposes: (1) it accounts for the possibility that the unlocatable owner may have issued (or may later issue) a licence to another user; and (2) it stops the Board from granting a licence that would amount to a monopoly on the use of a particular orphan work.
- 173 Section 77(2) Copyright Act 1985 (as amended).
- 174 Copyright Board of Canada, Unlocatable Copyright Owners, What is the Copyright Board of Canada? Available at <http://www.cb-cda.gc.ca/unlocatable-introuvables/brochure2-e.html> (accessed 07-07-12). See also, D. J. Gervais, The Purpose of Copyright Law in Canada [2005] 2 *University of Ottawa Law and Technology Journal* 316-356; D. J. Gervais, *Application of an Extended Collective Licensing Regime in Canada: Principles and Issues Related to Implementation* (Ottawa: Heritage; 2003).
- 175 J. De Beer, M. Bouchard, Canada’s “Orphan Works” Regime: Unlocatable Copyright Owners and the Copyright Board [2010] Vol. 10(2) *Oxford University Commonwealth Law Journal*, p. 215-256. Also available at Copyright Board of Canada at <http://www.cb-cda.gc.ca/about-apropos/2010-11-19-newstudy.pdf> p. 22.
- 176 Section 77(1).
- 177 J. De Beer, M. Bouchard, Canada’s ‘Orphan Works’ Regime: Unlocatable Copyright Owners and the Copyright Board [2010] Vol. 10(2) *Oxford University Commonwealth Law Journal*, p. 215-256. Also available at Copyright Board of Canada at <http://www.cb-cda.gc.ca/about-apropos/2010-11-19-newstudy.pdf> p. 14 (accessed 07-07-12).
- 178 Section 15.
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recordings¹⁷⁹, and broadcasts¹⁸⁰. These sections makes reference to ‘unpublished works’, works which are not ‘fixed’; however in respect of orphan works under section 77, it is imperative that the orphan work and sound recording is “published” and performances and communication signals are “fixed”.¹⁸¹

In view of the number of licences which have been granted for published and fixed orphan works, the majority have included literary (39.2%) and artistic works (21.5%) which together has accounted for approximately 60% of applications¹⁸². Literary works have included books, poems, letters, and scripts, documents on microfiche or CD and prayer books.¹⁸³ Artistic works have included among other things cartoons, caricatures, photographs, paintings, graphics, drawings and illustrations¹⁸⁴. Musical works, performances and sound recordings amounted to 11%¹⁸⁵. Architectural plans were the subject of 19% of all applications; however these applications have ceased completely following a change in policy in 2007.¹⁸⁶

If the work is no longer protected by copyright – the general rule in Canada is that copyright expires 50 years following the end of the calendar year of the creator’s death, although this can vary according to the types of works – or what the applicant intends to do is not protected by copyright, then a licence may not be required. In relation to the second point, it is possible to exploit an orphan work without a licence from the Board where the use comes under ‘*fair dealing for the purposes of research or private study*’.¹⁸⁷ However, unlike in cases of insubstantiality, it appears that “there is no technical statutory limit on the Board’s jurisdiction to issue a licence. As such any refusal by the Board to grant an application might have to be justified as an exercise of its residual discretion”.¹⁸⁸ In effect, the Board has over time and through practice established that it will not issue a licence where clearly none is needed.¹⁸⁹

179 Section 18.

180 Section 21.

181 It is important to note that “fixation” is not the same as publication. A fixed performance or communication may never have been made available to the public. J. De Beer, M. Bouchard, p.12.

182 J. De Beer, M. Bouchard, p. 37.

183 M. Bouchard, The Google Book Search Project and Canada: Cross-Border Legal Perspectives (28 May 2010), University of Toronto http://www.innovationlaw.org/events/calendar/The_Google_Book_Search_Project_and_Canada_Cross-Border_Legal_Perspectives.htm in particular http://mediacast.ic.utoronto.ca/20100528-CILP-4/cs15443333_1_1.jpg (accessed 07-07-12).

184 M. Bouchard, The Google Book Search Project and Canada at http://mediacast.ic.utoronto.ca/20100528-CILP-4/cs15443333_1_1.jpg (accessed 07-07-12).

185 J. De Beer, M. Bouchard, p. 4.

186 In accordance with the Policy of the Copyright Board of Canada re: Issuing Licences for Architectural Plans Held in Municipal Archives (August 22, 2007) the Board ceased issuing licences for architectural plans, even though this type of work is protected by copyright. This was for two reasons: (a) in most cases, the contemplated uses either constitute fair dealing for the purpose of research or would be covered by an implied licence; (2) subsection 32.2(1) of the Copyright Act provides that a municipality that supplies copies of plans pursuant to an access to information request does not violate copyright. Most Canadian municipalities are subject to access to information legislation. The policy document is available at <http://www.cb-cda.gc.ca/unlocatable-introuvables/municipal-municipales-b.pdf> (accessed 07-07-12).

187 Section 29.

188 J. De Beer, M. Bouchard, p. 14.

189 *Ibid.*

Considering the licences granted in accordance with the *categories of applicants*, the Board produced and published the following data for the period 1999-2009¹⁹⁰ which has been set out below. The data revealed that businesses accounted for 37% of all applications, while individual applicants followed closely behind at 31%. Educators and educational institutions constituted 13% of all applicants, government agencies 11%, galleries and museums 3%, and community organisations 4%. Charitable groups made up for the remaining 1% of applications.¹⁹¹ As for the *total distribution of applications*, non-commercial applications amounted to 51% whilst commercial applications amounted to 49%.¹⁹² Together, commercial and non-commercial applications have been granted for educational works, religious works such as the publication and distribution of prayer books, kindergarten sing-along, television/movie productions, archival preservation and Internet distribution.¹⁹³

Before making an application to the Board, an applicant should have carried out the necessary search for the author of the work, and should demonstrate '*reasonable efforts*' in accordance with section 77(1) which states that the Board needs to be "... satisfied that the applicant has made *reasonable efforts* to locate the owner of the copyright and that the owner cannot be located...".¹⁹⁴ Section 77 does not provide for specific criteria thereby providing the Board significant flexibility to decide what constitutes '*reasonable efforts*' which in turn has prompted the Board to not establish formal regulations.¹⁹⁵ In the absence of formal regulations, the Board has formed informal standards over time to judge an applicant's search efforts. These include:

- a. Adequacy of the search on a case-by-case basis;
- b. Nature of the applicant – i.e. is the applicant an individual, a commercial entity, not-for-profit organisation;
- c. Proposed use – is it for a commercial or non-commercial use;
- d. Whether the search was reasonable in the circumstances; and
- e. Nature of the work and information about its owner – a book may have an initial owner whilst a photograph may not have such information.¹⁹⁶

190 J. De Beer, M. Bouchard, at <http://www.cb-cda.gc.ca/about-apropos/2010-11-19-newstudy.pdf> (accessed 07-07-12).

191 J. De Beer, M. Bouchard, p. 37.

192 *Ibid.*

193 M. Bouchard, The Google Book Search Project and Canada, http://mediacast.ic.utoronto.ca/20100528-CILP-4/cs15453359_1_1.jpg (accessed 07-07-12).

194 Section 77(1). It is possible that the copyright owner has been located, but has not responded to a request for a licence or insisted on terms that are unacceptable to a licence. These are not orphan works problems. The Board may only issue a licence pursuant to section 77 if the owner is actually unlocatable. See *also* J. De Beer, M. Bouchard, p. 16.

195 J. De Beer, M. Bouchard, p. 17.

196 J. De Beer, M. Bouchard, p. 18.

An applicant will also demonstrate that they have carried out 'reasonable efforts' to locate a copyright owner. These include:

- a. Consulting the repertoires of copyright licensing agencies and collecting societies;
- b. Consulting national libraries' indices, copyright offices' registration records, publishing houses and corporate records;
- c. Internet search, searching through old phone books and through death certificates and estate records;
- d. Extend search beyond Canadian borders if it is probable that the owner of the copyright may be located abroad.¹⁹⁷

In the past, over and above providing documents in support of 'reasonable efforts' having been carried out as set out above, applicants were required to file an affidavit detailing all the steps taken to locate the copyright owner. The Board does not follow this rigorous procedure anymore and has abandoned this practice.¹⁹⁸

Where the Board is satisfied that an applicant has carried out a search and reasonable efforts have been employed to locate an author who continues to be unlocatable, the Board 'may' issue a licence¹⁹⁹ – which means the Board can also reject an application. The Board has issued 260 licenses to applicants seeking to use orphan works from 1990-2012 with only 8 licences being refused.²⁰⁰ However this does not represent the number of files opened (which was 411 as at 2010) covering 12,640 orphaned works (at 2010).²⁰¹

On average it will take the Board 30-45 days to arrive at a decision on whether or not to grant a licence.²⁰² For 49% of the licences which have been granted the Board took less than 8 weeks to decide; the Board took 2-4 months to reach a decision in 1/5 of the cases and in relation to 4 applications (about 2%) the Board took more than a year to reach a decision. Conversely, the Board has returned quick decisions – within 2 weeks – for 12% of applications while just over 1/4 of all decisions took less than 1 month.²⁰³

The Board holds a list of licences granted or refused for used orphan works, although there does not appear to be a register or database for recording 'suspected orphan works'. In granting permission the Board has also inferred that some forms of publication (e.g. of a photo of a

197 *Ibid.*

198 *Ibid.*

199 Section 77(1) – "... the Board may issue to the applicant a licence to do an act mentioned in section 3, 15, 18 or 21, as the case may be".

200 Copyright Board of Canada <http://www.cb-cda.gc.ca/unlocatable-introuvables/denied-refusees-e.html> (accessed 07-07-12).

201 J. De Beer, M. Bouchard, p. 3. Of this number (12, 640) 65% of applicants sought to use only 1 work, whilst 24% applied to use between 2 and 10 works and 7% applied to use between 11 and 100 works.

202 Copyright Board of Canada, Unlocatable Copyright Owners, *Preparing Your Application Available* at <http://www.cb-cda.gc.ca/unlocatable-introuvables/brochure2-e.html> (accessed 07-07-12).

203 J. De Beer, M. Bouchard, pp. 34-35. See also M. Bouchard, The Google Book Search Project and Canada: Cross-Border Legal Perspectives at http://mediacast.ic.utoronto.ca/20100528-CILP-4/cs15511845_1_1.jpg (accessed 07-07-12).

current event in a newspaper) are likely almost always made with the consent of the copyright owner.²⁰⁴ In deciding whether to grant/reject a licence, the Board bases decisions on the conduct of other similarly situated copyright owners or general market practices.²⁰⁵

If the Board arrives at the decision to grant a licence, the next step will be to consider the terms and conditions of the licence²⁰⁶, the duration of the licence, the price (tariff) and payment. In setting the terms and conditions of a licence, the Board will take various factors into account on a case-by-case basis including, (a) the number of copies requested; (b) the level of expected profit; (c) the proposed use; and (d) the nature of the applicant.²⁰⁷ Whilst a particular duration is not specified in law for a licence, as standard practice the Board will indicate a duration for the licence taking into account section 77(3)²⁰⁸ which sets out a five-year limitation period for a copyright owner to recover royalties.

In deciding on the payment and for the purpose of distributing royalties, if where the rightholder is located as outlined below, the relevant collecting society will play a significant role under the Canadian system. The mechanism for setting the amount of royalties or tariffs is often suggested by a collecting society or the underlying purpose of the licence may influence the Board's own determination of the fee.²⁰⁹ There are various considerations that will be taken into account by the Board in determining the appropriate royalty rate which includes for example, up-to-date information on the price charged by collecting societies to license their own repertoire for proposed uses of particular/similar types of works. In markets where collective licensing does not exist, it is often possible to determine a generally recognised market practice.²¹⁰

Immediately after the licence is issued by the Copyright Board, it normally requires the licensee to pay the tariff to the relevant collecting society. In 2010, the Board estimated that the total value of royalties paid or payable for licences issued by the Board amounted to approximately \$70,000 (Canadian dollars).²¹¹ The system incorporates a 'contingent' and 'non-contingent' system.²¹² Royalties can be paid based on or 'contingent' on locating the owner, or can be payable immediately to a collecting society. The \$70,000 figure represents 30% payable contingent on locating the owner while 70% was payable immediately to a collecting society.²¹³

204 M. Bouchard, The Google Book Search Project and Canada: Cross-Border Legal Perspectives at http://mediacast.ic.utoronto.ca/20100528-CILP-4/cs15443333_1_1.jpg (accessed 07-07-12).

205 J. De Beer, M. Bouchard, pp. 20-21.

206 Section 77(2).

207 J. De Beer, M. Bouchard, pp. 21-22.

208 Section 77(3) –. “The owner of a copyright may, not later than five years after the expiration of a licence issued pursuant to subsection (1) in respect of the copyright, collect the royalties fixed in the licence or, in default of their payment, commence an action to recover them in a court of competent jurisdiction”.

209 Copyright Board of Canada, Unlocatable Copyright Owners, *Preparing Your Application* at <http://www.cb-cda.gc.ca/unlocatable-introuvables/brochure2-e.html> p. 3 (accessed 07-07-12); see also, D. J., Gervais, Collective Management of Copyright and neighbouring rights in Canada: An International Perspective (Report Prepared for the Department of Canadian Heritage (August 2001) at http://aix1.uottawa.ca/~dgervais/publications/collective_management.pdf (accessed 07-07-12).

210 J. De Beer, M. Bouchard, p. 24.

211 J. De Beer, M. Bouchard, p. 38. However there does not appear to be an obvious pattern in the royalties generated with the total amount of royalties generated by such licences amounting to a few thousand dollars per year. *Ibid.*

212 J. De Beer, M. Bouchard, p. 39. See also, M. Bouchard, The Google Book Search Project and Canada: Cross Border Legal Perspectives at http://mediacast.ic.utoronto.ca/20100528-CILP-4/cs15481456_1_1.jpg (accessed 07-07-12).

213 J. De Beer, M. Bouchard, pp. 38-39.

The practice used to be that the collecting society would hold the money in trust for a period of five years (in accordance with section 77(3)) until a copyright owner appears. Where a copyright owner does not appear, the collecting society was allowed to use the money as they saw fit for whatever purpose it chose, following the expiration of the five-year period. This practice was seen to be too demanding for the sums involved particularly where rightholders continuously fail to appear leading to an accumulation of royalties. The current practice allows collecting societies to use the unlocatable owners' royalties as they 'see fit from the outset' as long as the collective undertakes to compensate the owner if necessary, if and when the owner appears.²¹⁴

Where a previously unlocatable copyright owner re-appears, the available remedy is the entitlement to the payment of the royalties set in the licence. The owner might request that the licensee stop using the work; this will not be possible unless the licence so provides.²¹⁵ However where the copyright owner is located during the application stage, usually with the help of the Copyright Board and collecting societies, the application will be abandoned. 22.2% of applications have been abandoned following the copyright owner having been found.²¹⁶ The research carried out did not reveal any case law involving an infringing use of an orphan work and a reappearing author.

The Board has adapted the regime to mass licensing in the analogue environment. According to Mario Bouchard, General Counsel of the Copyright Board, "over a period of four years, the Board issued 11 licences authorizing the reproduction of 6,675 works to an organization established to preserve and distribute early printed Canadian works. The same could be achieved in a digital environment, where the exchange of information is generally easier."²¹⁷

Bouchard mentioned further tools that may help facilitate mass clearance, such as a research protocol, "setting out expected efforts, form of filing, proposed licensing terms, form of payment, and notices". Early applications would be checked thoroughly, as experience is gained, checks become faster. Public and individual notices, and obtaining advance permission from those who own rights without knowing it – Crown, *escheat* (transfer of property on death without heirs), public curators – may make the system more efficient.²¹⁸

214 Copyright Board of Canada Study <http://www.cb-cda.gc.ca/about-afpropos/2010-11-19-newstudy.pdf> p. 26 (accessed 07-07-12). Different collectives have different practices. Some, including Access Copyright, will pay the copyright owner even if they make a claim after the expiry of the period set out in the Act. Ibid.

215 J. De Beer, M. Bouchard, p. 23. The issue is currently under examination.

216 J. De Beer, M. Bouchard, p. 33.

217 M. Bouchard, The Canadian Unlocatable Copyright Owners Regime (ALAI Dublin: 30 June/1 July 2011, p. 8). "In Canada, as a matter of course, record labels produce cover versions of existing songs without first seeking the copyright owner's permission, even though there is no compulsory licence for such uses, contrary to the United States. This resulted in a class action between the major record labels on one side, and all the authors whose permission had not been obtained on the other. The settlement of the class action provides that a collective will act as the labels' agents in researching orphan works owners and applying for licences before the Canadian Board."

218 M. Bouchard, personal communication, 23 May 2013.

6. India

Under Copyright Act 1957 as amended (hereinafter 1957 Act) orphan works are recognised under section 31A. According to section 31A(1) of the 1957 Act, any person can apply for a compulsory licence to exploit an orphan work, where the author is dead, is unknown, cannot be traced or cannot be found²¹⁹ and where the work is *unpublished* and has originated in *India*.²²⁰ In other words, according to the 1957 Act, where the copyright owner is ‘dead, unknown or cannot be traced’ a person can apply to the Copyright Board to have the ‘orphan work’ published, provided the work in question is an Indian work.²²¹

This requirement (i.e. unpublished Indian works) is amended under the *Copyright (Amendment) Bill 2010* which was passed by the Indian Parliament’s Upper House (*Rajya Sabha*) on 17 May 2012,²²² received Royal Assent on 7 June 2012²²³ and came into force on 21 June 2012.²²⁴ Section 17 of the *Copyright (Amendment) Act 2012* (hereinafter Copyright Act 2012) amending section 31A(1) of the 1957 Act²²⁵ extends the scope of the section to *any work* (not necessarily an ‘Indian work’) whether they are *unpublished works or published works* or communicated to the public. Section 17 of Copyright Act 2012 continues to recognise work which is withheld²²⁶ from the public in India where the author is dead or unknown or cannot be traced or the owner

219 Section 31A(a) 1957 Act as amended. See also, V. Vashishth, *Bharat’s Law and Practice of Intellectual Property in India* (New Delhi: Bharat Publishing House; 1999), pp. 664-665.

220 Section 31A(1) 1957 Act (as amended) –. “Where in the case of an Indian work referred to in sub clause (iii) of clause (l) of Section (2), the author is dead or unknown or cannot be traced, or the owner of the copyright in such work cannot be found, any person may apply to the Copyright Board for a licence to publish such work or a translation thereof in any language”.

221 *Ibid.*

222 Vijayakar R. M., Landmark Copyright Amendment Bill Passed by Rajya Sabha (21 May 2012) India West at <http://indiawest.com/news/4592-landmark-copyright-amendment-bill-passed-by-rajya-sabha.html> (accessed 07-07-2012).

223 The Gazette of India, The Copyright (Amendment) Act 2012 (No. 27 of 2012) (7 June 2012) at http://copyright.gov.in/Documents/CRACT_AMNDMNT_2012.pdf (accessed 07-07-2012).

224 Copyright (Amendment) Act 2012 notified by Government as law of the land, *SpicyIP Blog* (4 July 2012) <http://spicyipindia.blogspot.co.uk/2012/07/copyright-amendment-act-2012-notified.html> (accessed 07-07-2012).

225 Section 17–. “Where in the case of any *unpublished work or any work published* or communicated to the public and the work is withheld from the public in India, the author is dead or unknown cannot be traced, or the owner of the copyright in such work cannot be found, any person may apply to the Copyright Board for a licence to publish such work or a translation thereof in any language”. See also, G. Mirandah, Copyright Law revamped for digital age [May 2009] *Managing Intellectual Property*, pp. 135-136.

226 Work that is *withheld from the public* is dealt with separately under section 31. Section 31 deals with a copyright owner who is known and identified but “has refused to republish or allow the republication of the work or has refused to allow the performance in public of the work ... or has refused to allow communication to the public by broadcast ... or in the case of sound recording the work recorded in such sound recordings” and by reason of such refusal the work has been withheld from the public. In such a situation, the Copyright Board will allow the copyright owner to make their case for refusal. However if the Board is satisfied that the grounds for such refusal are not reasonable, the Board can direct the Registrar of Copyrights to grant to the complainant a license to republish the work, perform or broadcast the work as the case may be subject to payment to the copyright owner and subject to the Board’s terms and conditions. See also, T. Vidya Kumari, *Copyright Protection: Current Indian and International Perspectives* (Hyderabad: Asia Law House; 2004), pp. 274-275.

In relation to section 31, the Copyright Act 2012 amends this section (under section 16) by removing “Indian works” and replacing the section with “any work”.

is not found.²²⁷ As before, the Copyright Act 2012 does not identify the categories of works to be recognised under the Orphan Works provision. This implies that all categories of works including literary, dramatic, musical, artistic works, sound recordings *etc.* are covered.²²⁸

Whilst there has been legislative amendments made to section 31A(1) by the enactment of the Copyright Act 2012, the rest of section 31A remains unchanged. As such, and in carrying out the discussion below, reference will be made to the existing (current) law – 1957 Act – Copyright Rules 1958 and in particular Chapter IV-A and Schedule 1 which relate to orphan works.

Section 31A(2) of the 1957 Act states that before making an application, an applicant must publish their proposal in one issue of a daily newspaper in the English language having circulation in the major part of the country and where the application is for the publication of a translation in any language, the applicant must publish his proposal in one issue of any daily newspaper in that language.²²⁹ Furthermore, for purposes of translation of an orphan work, where an applicant is unable to find the copyright owner after due diligence on their part²³⁰ such an applicant must send a copy of their request for authorisation by registered air mail post to the publisher whose name appears on the work *not less than two months* before making an application to the Copyright Board for translation and publication of such work.²³¹

Where the translation of a literary or dramatic work is required for the purposes of *teaching, scholarship or research* into a language not in general use in India after three years from publication of that work,²³² the applicant must send a copy of their request for authorisation by registered air mail post to the publisher whose name appears on the work not less than six months before making an application to the Copyright Board.²³³ Furthermore the applicant must ensure that translation of the work into the language mentioned in the application form has not been published by the copyright owner during the six months from serving notice to submitting application to the Copyright Board.²³⁴

227 Section 17, 2012 Act at http://copyright.gov.in/Documents/CRACKT_AMNDMNT_2012.pdf

See also, Clause 16, *Copyright Bill 2010* Explanatory Notes at

<http://copyright.gov.in/Documents/CopyrightAmendmentBill2010.pdf> (accessed 07-07-12).

228 An old *painting* which dates back to 1909 of the *Kodaikanal Observatory* was found to be an orphan work by the Indian Institute of Astrophysics (IIA) Repository. See A. Vagiswari and C. Birdie, Copyright Ownership to Historical Contents in the Open Access Repository (OAR) – Case Study of Indian Institute of Astrophysics (IIA) Repository in A. R. D. Prasad, D. P. Madalli (eds.) *Proceedings of the International Conference on Semantic Web and Digital Libraries* (ICSD-2007), pp. 559-567 at p. 566; T. C. James, Digital Technology and Libraries: A Copyright Law Approach [2005] 52(1) *Annals of Library and Information Studies*, pp. 1-7.

229 Section 31A(2). See also, Lex Orbis Intellectual Property Resource Centre, Copyright Licensing at <http://www.lexorbis.com/property-copyright-licensing.html> (accessed 07-07-12).

230 Section 32(4)(b).

231 Section 32(4)(c). The Copyright Board was constituted under sections 11-13 of the Copyright Act 1957 and is responsible for discharging of certain judicial functions under the Act. See also, V. Vashishth, *Bharat's Law and Practice of Intellectual Property in India* (New Delhi: Bharat Publishing House; 1999), pp. 664-665 at p. 664; P. Narayan, *Intellectual Property Law* (3rd ed.) (New Delhi, Kolkata: Eastern Law House; 2004) chapter 43 'Copyright Office, Copyright Board, Registration of Copyright & Appeals' pp. 361-364.

232 Section 32(1A).

233 Section 32(4)(cc); Rule 11C, Copyright Rules 1958.

234 Section 32(4)(cc). See also, R. K. Nagarajan, *Intellectual Property Law* (2nd ed.) (Faridabad: Allahabad Law Agency; 2004), pp. 73-74; S. Ramaiah in P.E. Geller, M.B. Nimmer, *International Copyright Law and Practice* (Volume 2) (Lexis-Nexis; 2011).

Where due diligence is appropriately carried out, an applicant will then make an application to the Copyright Board, using the relevant form (form II-A) as prescribed under Schedule 1 of the Copyright Rules 1958²³⁵ and accompanied by a copy/copies of the advertisement(s) mentioned above. The application should also be accompanied by the relevant fee.²³⁶

Form II-A requests information amongst others, on the class of work; price of the copy of the work; the purpose for which the licence is required; number of copies of the work proposed for publication; estimated cost of the work to be published; proposed retail price per copy of the work; rate of royalty which the applicant considers reasonable to be paid to the copyright owner; and means of the applicant for payment of the royalty to name a few.²³⁷

Where the Copyright Board is satisfied with the application after holding an 'inquiry', it can direct the Registrar of Copyrights²³⁸ to grant to the applicant a licence to publish the work or a translation of that work in the language mentioned in the application (form II-A).²³⁹ The licence will be subject to the payment of a *royalty* and subject to *terms and conditions* as the Copyright Board may determine. In other words the Registrar of Copyrights grants the licence to the applicant in accordance with the direction of the Copyright Board.²⁴⁰

Every licence shall be subject to the terms and conditions provided in section 31A(7) for published and unpublished orphaned works and under section 32(4)(i) for translations of orphaned works,²⁴¹ relating to payment of royalties and will specify the following:

- a. The period or duration over which such work shall be published;
- b. The rate at which royalties in respect of the copies of such work sold to the public shall be paid to the owner of the of the copyright in the work;
- c. In a case of translation of the work, the language in which the translation shall be produced and published; and
- d. The person or persons to whom the royalties shall be paid.²⁴²

The grant of every licence will be notified in the *Official Gazette* as soon as possible and a copy of the licence will be sent to the other parties concerned.²⁴³

235 Form II-A, Schedule 1, Copyright Rules 1958, available at <http://copyright.gov.in/Documents/CopyrightRules1958.pdf> (accessed 07-07-12).

236 Copyright Fees set out by the Copyright Board at <http://copyright.gov.in/frmFeeDetailsShow.aspx> (accessed 05-04-12) in accordance with Copyright Rules 1958, Schedule 2.

237 Schedule 2, Copyright Rules 1958, Form II-A at <http://copyright.gov.in/Documents/CopyrightRules1958.pdf> (accessed 07-07-12).

238 The Registrar of Copyrights is the Secretary of the Copyright Board. See P. Narayan, chapter 43.

239 Section 31A(4). See also, Press Information Bureau, Government of India, Amendment to the Copyright Act 1957 at <http://www.pib.nic.in/newsite/erelease.aspx?relid=56443> (accessed 07-07-12).

240 Section 31A(4).

241 Under section 31A(7) – "...the Copyright Board may, on an application made by any persons for permission to publish the work and after hearing the parties concerned, permit such publication on payment of such royalty as the Copyright Board may, in the circumstances of such cases, determine in the prescribed manner" and under section 32(4)(i) in the case of translations of orphaned works.

242 Copyright Rules 1958, rule 11C(5)(a)-(d).

243 Copyright Rules 1958, rule 11C(6). See also, V. Vashishth, *Bharat's Law and Practice of Intellectual Property in India* (New Delhi: Bharat Publishing House; 1999), pp. 664-665 at p. 664.

The Copyright Board takes into consideration a number of factors in determining the manner of royalties/tariffs to be paid to the copyright owner under the above mentioned section 31A and section 32(4)(i) of the 1957 Act. These are:

- a. The proposed retail price of a copy of such work;
- b. The prevailing standards of royalties in regard to such works; and
- c. Such other matters as may be considered relevant by the Copyright Board.²⁴⁴

Where the licence is granted subject to terms and conditions and following the tariff having been set, the Registrar of Copyrights will direct the applicant to deposit the amount of the royalty determined by the Copyright Board in the public account in India or in any other account specified by the Copyright Board. The amount of royalty deposited by an applicant will be available for a copyright owner or their heirs, executors or the legal representatives, as the case may be, at *any time*.²⁴⁵ As such there is no time limit placed on a re-appearing copyright owner to claim the royalties. Neither the 1957 Act nor the 1958 Rules makes it clear as to what happens to the deposited money where a copyright owner or their heirs do not appear. Furthermore, it is unclear whether a re-appearing copyright owner can stop future use of the work.

However, a licence can be cancelled by the Copyright Board, after giving an applicant the opportunity to be heard, for any of the following reasons:

- a. That the licensee has failed to produce and publish the work within the time specified as set out in the licence or within the time extended on the application of the licensee²⁴⁶;
- b. That the licence was obtained by fraud or misrepresentation as to any essential fact²⁴⁷; and
- c. That the licensee has contravened any of the terms and conditions of the licence.²⁴⁸

As mentioned at (a) above, a licence may be extended by the Copyright Board on application of the licensee and after notice is served on the copyright owner, 'wherever practicable'. This will be possible if the Copyright Board is satisfied that the licensee was for sufficient reasons unable to produce and publish the translation or reproduce the work or publish the unpublished work within the period specified in the licence.²⁴⁹

The copyright collecting societies do not play a role in the matter of orphan works in India and there does not appear to be a register or database detailing suspected orphan works. Furthermore there is no case law involving an infringing use of an orphan work and a reappearing author.

244 Copyright Rules 1958, rule 11D.

245 Section 31A(5).

246 Copyright Rules 1958, rule 11F(a).

247 Copyright Rules 1958, rule 11F(b).

248 Copyright Rules 1958, rule 11F(c).

249 Copyright Rules 1958, rule 11E.

7. Japan

A provision for orphan works in Japan was first recognised under Article 67 of the *Copyright Act 1970* (1970 Act). The section comes under the Section 8, ‘Exploitation of works under Compulsory Licence’ and Article 67 relates to ‘exploitation of works in the case where the copyright owner thereof is unknown’.²⁵⁰ In such cases, and where the copyright owner cannot be found following due diligence having been carried out, an application can be made to the Commissioner of the Agency for Cultural Affairs (ACA) for a compulsory licence as outlined below. Where a compulsory licence is successfully granted under Article 67, the applicant will pay compensation or ‘security money’ on behalf of the copyright owner which is fixed by the Commissioner of the ACA and which ‘corresponds to an ordinary rate of royalty, in the case, designated by Cabinet Order’²⁵¹. For example, if the application is for exploiting an orphaned academic book, the fixed price will be 800 JYP (£6) for this category of work. If for exploitation purposes the applicant wishes to make 300 copies the ‘ordinary rate of royalty’ will be $800 \times 300 \times 7\%$ (tax) = 16,800 JYP (£130).²⁵²

The ACA (*bunkachō*) is a special body of the Japanese Ministry of Education (MEXT). It was set up in 1968 to promote Japanese arts and culture.²⁵³ The ACA is empowered with granting compulsory licences for the use and exploitation of orphan works subject to terms and conditions. In accordance with the law, it is possible to issue a compulsory licence for works of a foreign author as long as the work will continue to be exploited within Japan. Similar rules and conditions relating to diligent search which apply to domestic works, will also apply to foreign works.²⁵⁴

Amendments to the Japanese copyright law in 2009 – which came into force in January 2010 – led to a new Article 67*bis* being introduced. Article 67*bis* provides for ‘exploitation of a work *while applying for a compulsory licence*’. This is quite an important amendment, as it allows an individual who has already applied for a compulsory license under Article 67 to exploit an orphan work, by the *same means of exploitation* as those stated in such application, for a *period when such application is pending*²⁵⁵ (emphasis added). As such, an individual who has applied for a licence under Article 67²⁵⁶ and is awaiting the outcome of that application (which can vary from

250 For an English translation of the Japanese Copyright Act see, http://www.cric.or.jp/cric_e/clj/cl2_2.html (accessed 07-07-12). See also, A. Wilson, Jet-Setting Orphan Works [2009] Vol. 23 *Emory International Law Review* pp. 783-820; S. Von Gompel & P. B. Hugenholtz, The Orphan Works Problem: The Copying Conundrum of Digitizing in Large-Scale Audiovisual Archives, and How to Solve it [2010] *International Journal of Media and Culture* at http://www.ivir.nl/publications/vangompel/the_orphan_works_problem.pdf (accessed 07-07-12).

251 Article 70(1).

252 T. Imamura, Exploitation of Orphan Works – Japanese compulsory licence system (21 March 2012) *Recent Developments in Japanese Copyright Law*, A Seminar organised jointly by Queen Mary University of London and Meiji University, Tokyo.

253 Agency for Cultural Affairs at <http://www.bunka.go.jp/english/index.html> (accessed 07-07-12).

254 T. Imamura, Exploitation of Orphan Works – Japanese compulsory licence system (21 March 2012) *Recent Developments in Japanese Copyright Law*, A Seminar organised jointly by Queen Mary University of London and Meiji University, Tokyo.

255 Article 67*bis* (1).

256 Article 67(1) –. “Where a work has been made public, or where it is clear that it has been offered to or made available to the public for a considerable period of time, the work may be exploited under the authority of a compulsory license issued by the Commissioner of the Agency for Cultural Affairs...”.

1-3 months) may proceed to make an application under Article 67*bis*²⁵⁷ provided the applicant ‘deposits’ money with the ACA in order to exploit an orphan work. In effect Article 67*bis* provides the applicant with a fast-track option of exploiting an orphan work on payment of ‘deposit money’.²⁵⁸ As such, the difference between Article 67 and Article 67*bis* is that under Article 67, ‘security money’ is paid on behalf of a copyright owner *after an application has been approved* for a compulsory licence for exploitation of an orphan work, whereas under Article 67*bis*, compensation or ‘deposit money’ is paid *before the outcome of the application is known* (*emphasis added*).

Where the ‘deposit money’ paid in by an applicant under Article 67*bis*, equates the security money to be paid under the Article 67 following the approval of the application, the applicant will not be required to pay any further fee.²⁵⁹ Where the deposit money paid under Article 67*bis* exceeds the security money requested under Article 67, the applicant will be refunded the difference; whereas, where the security money under Article 67 exceeds the compensation deposited under Article 67*bis*, the applicant must pay the difference in order to continue exploiting the orphan work.²⁶⁰ The amount of compensation or ‘deposit money’ paid under Article 67*bis* should correspond to the royalty fees for the exploitation of the work until such time the copyright owner is found.²⁶¹ However, if after paying in ‘deposit money’ under Article 67*bis* the application for a compulsory licence to exploit an orphan work is denied, the applicant must stop exploiting such a work. In such a case, the ACA will retain the fee from time of application under Article 67*bis* to decision, if an orphan work has been exploited during this time, but will refund any ‘deposit money’ due to the application being refused.²⁶²

The 1970 Act states that security money should be deposited at a deposit office “near to the known domicile or residence of the copyright owner ... or otherwise near to the domicile or the residence of the depositor (where the rights holder is not known)”.²⁶³

However, for both Articles 67 and 67*bis* the same conditions apply in relation to categories of works covered; standard of diligent search; mechanism for obtaining permission etc. Articles 70, 72 and 73 deal with procedures and standards of compulsory licensing; dissatisfaction with the amount of compensation fixed; and limitations on objections to the amount of compensation fixed respectively pertaining to orphan works which are all considered below.

257 Article 67*bis* (1) –. “A person, who has applied for a compulsory license mentioned in paragraph (1) of the preceding Article (hereinafter in this Article referred to merely as “license”), may exploit a work concerned with such application by the same means of exploitation as those stated in such application, for a period when such application is pending...”.

258 Agency of Cultural Affairs, *Guidance on Ruling and Arbitration: Usage of Copyright Works with Unknown Copyright Owner* (May 2011).

259 *Ibid.*

260 Article 67*bis*(3); Article 67*bis*(7).

261 Article 67*bis*(5).

262 Article 67*bis*(4).

263 Article 74(3).

An applicant wishing to obtain a licence to exploit an orphan work has to first carry out a diligent search in order to locate the author of an orphaned work. An applicant should have carried out the following steps before making an application:

1. Search databases which contain names and addresses of the rightholder, including web search;
2. Make inquiries through collecting societies;
3. Make inquiries by contacting those conducting businesses with similar kinds of copyrighted works which the applicant would like to use;
4. Request information from the general public for information about the rightholder. This can take one of two forms: (a) newspaper advertisement or (2) advertising on the Copyright Research and Information Centre²⁶⁴ (CRIC) website which can range from 13860 Japanese Yen (JYP) (£107) for advertising a link to 15750 JYP (£122) for a full advertisement which although expensive is cheaper than advertising in a newspaper.²⁶⁵

On average, it takes about 27.4 days (although it can take more) to carry out a diligent search before proceeding to applying for a compulsory licence.²⁶⁶

After carrying out due diligence, if the copyright owner cannot be located an applicant can make an application to the Commissioner of the ACA. In the case of Article 67 once an application is made, ACA has the authority to either grant or reject the application. If granted it will be announced in the *Official Gazette*.²⁶⁷ Furthermore, any copies which result from such a licence must be marked as made under a compulsory licence and the date of issue of the licence must be indicated.²⁶⁸ Where a licence is refused, the Commissioner must explain their reasons in writing to the requesting party.²⁶⁹ If it becomes evident that the copyright owner intends to stop any further exploitation of his work, then a compulsory licence cannot be granted²⁷⁰. Moreover, where an applicant indicates that they will withdraw their application for a licence, then the Commissioner will “abstain from issuing a licence”.²⁷¹

The changes brought about by amendments to the Japanese copyright law in 2009, leading to Article 67*bis*, provided for the production of the electronic archive in Japan’s main and only

264 Copyright Research and Information Centre (CRIC) http://www.cric.or.jp/cric_e/ (accessed 07-07-12) was established in 1959 as a public service corporation authorised by the Government, and have been developing its activities and programs on author’s right and neighbouring rights, coping with social/economic changes.

265 Agency for Cultural Affairs, *Handbook of Exploitation of Works* (May 2010) pp. 8-11at <http://www.bunka.go.jp/1tyosaku/c-l/pdf/tebiki.pdf> (in Japanese) (accessed 07-07-12). Translated by Professor T. Imamura.

266 T. Imamura, *Exploitation of Orphan Works – Japanese compulsory licence system* (21 March 2012) *Recent Developments in Japanese Copyright Law*, A Seminar organised jointly by Queen Mary University of London and Meiji University, Tokyo.

267 Article 70(6) Copyright Act 1970. See also, Ganea P, Heath C, & Salto H., *Japanese Copyright Law: Writings in Honour of Gerard Schricker* (The Hague: Kluwer Law International; 2005), p. 68.

268 Article 67(3); Article 67*bis*(2).

269 Article 70(5).

270 Article 70(4)(i).

271 Article 70(7).

national library, the National Diet Library (hereinafter NDL).²⁷² Article 67*bis* has explicitly legalised this procedure including providing for digitising orphan works subject to the relevant laws.²⁷³ Before this amendment, only books that had actually been damaged could be electronically archived; however this amendment enables the NDL to electronically archive as soon as it accepts a book.²⁷⁴

Where there is a disagreement in relation to the royalties, Article 72 of the 1970 Act sets out certain remedies. An applicant who is dissatisfied with the amount of the fixed royalty can proceed before a court within *three months* from the date at which he learned of the issuance of the compulsory licence.²⁷⁵ Article 72(2) states that in such a case the respective opponent, and not the Commissioner, i.e. either the right owner or the requesting party will become a defendant before court.²⁷⁶ Where a dispute arises in relation to the royalty amount and the party who obtained the compulsory licence is dissatisfied with it, the amount considered adequate by that party shall be directly paid to the copyright owner and the balance between this amount (adequate amount) and the fixed royalty shall be deposited.²⁷⁷ It is not clear as to what happens to the collected revenue, where an author does not re-appear. Where a copyright owner does re-appear and it is clear that the rightholder “intends to discontinue the publication or other exploitation of his work” this must be respected by the licensee in relation to future exploitation.²⁷⁸

The 1970 Act does not specifically set out the categories of work which an orphan works licence should cover and therefore, it can be implied that all categories of works are covered in relation to orphan works.²⁷⁹ Taking into account the licences issued since the early 1970's, the majority of licences granted have been for literary works totalling 59%; followed by artistic works (16%); music (14%); maps (5%); photos (1%); choreographic works (2%) and films (2%).²⁸⁰

From 1972-2010 the total number of compulsory licences granted have amounted to 82. Of this number, 62 licences were granted during 1999-2010 with a mere 20 licences having been granted in the period 1972-1998.²⁸¹ It is anticipated that the change in the law (article 67*bis*) will further increase the number of applications. The number of individual works licensed during 1972-2010 amounted to 158,601. This is because one application can cover a number of different works. The charge for each application is 13,000 JYP (approx £100) which further explains the difference in the number of compulsory licences against the number of different categories of works. In accordance with the data, 10% of applications made to the ACA for

272 National Diet Library, Purpose of Establishment and Functions at http://www.ndl.go.jp/en/aboutus/outline_1.html (accessed 07-07-12).

273 A. Mori, T. Tokyo, Copyright Act Amended [March 2010] *Managing Intellectual Property* p. 148. See also, N. Iguchi & M. Nozaki, Copyright Act Amended [May 2009] *Managing Intellectual Property*, pp. 136-137.

274 A. Mori, T. Tokyo p. 148.

275 Article 72(1).

276 It is important to point out that dissatisfaction with the fixed royalty should not be construed as dissatisfaction with the issuance of the licence as such, which would enable legal proceedings against the Director of the Cultural Agency on the basis of the Administrative Dissatisfaction Inspection Law of 1962.

277 Article 74(2) Copyright Act 1970. See also Ganea P., Heath C., & Salto H., *Japanese Copyright Law: Writings in Honour of Gerard Schricker* (The Hague: Kluwer Law International; 2005), p. 68.

278 Article 67*bis*(1).

279 T. Imamura, Exploitation of Orphan Works – Japanese compulsory licence system (21 March 2012) *Recent Developments in Japanese Copyright Law*, A Seminar organised jointly by Queen Mary University of London and Meiji University, Tokyo.

280 *Ibid.*

281 *Ibid.*

digitisation purposes have been from the NDA.²⁸² For example, for financial year, 2006, it was estimated that the NDL paid 51 JYP (0.3p) for each orphan book totalling 3600000 JYP (£27,950) in total.²⁸³ Articles 67 and 67*bis* also extend to reproduction of examination questions (admissions and examinations) which have accounted for 29% of applications in the period 1972-2010.²⁸⁴

Under Japanese copyright law, the collecting societies do not play a role under Article 67 or Article 67*bis* in relation to orphan works. A register/database is held by ‘some institutions’ for suspected orphan works.²⁸⁵ Furthermore there is no case law involving an infringing use of an orphan work and a reappearing author.

Conclusions

Regulatory approaches among the countries studied for this report present a wide range of solutions to the issue of Orphan Works. The United States have considered but not proceeded with the “limited liability” approach under which the use of Orphan Works would have been possible after a reasonable search. In the case of an infringement claim orphans’ users would have been liable only for a reasonable compensation. Denmark uses an Extended Collective Licensing system, which involves collective negotiation with users (normally for multiple licensing) valid also for non-represented authors. In turn, the EU leaves Member States free to choose their regulatory approaches (for example, France has chosen a central licensing system in its recently adopted legislation). All the other countries studied have chosen the implementation of a central licensing system, with a central public authority granting copyright licences on orphan works. Three main regulatory approaches emerge therefore from the analysis: a) limited liability; b) extended collective licensing; c) central licensing authority.

All creative works seem to be covered by the examined legislation. The EU alone (in its proposed directive) stands aside by specifying categories of works contained in collections or archives of selected institutions, all pursuing public interest missions. Both commercial and non-commercial uses are covered in all countries (with the limit of pursuing public interest in the EU law). Applications for individual or multiple licences are handled by central authorities in the countries implementing the central licensing system, while licences are collectively negotiated in Denmark. Particular roles are envisaged for collecting societies in Denmark, in which they handle the whole system, and Hungary, where collecting societies retain unclaimed revenues after five years, and Canada where collecting societies are consulted during tariff setting, and hold collected fees (to be used as they see fit).

Prices are set by central authorities in the countries that have a central licensing system, and by collecting societies in Denmark. Interestingly, national central authorities have claimed that although no official negotiation process is provided by law, the price of licences is set on a case by case basis, after considering the individual circumstances of the applicant (see also Study II:

282 *Ibid.*

283 Agency for Cultural Affairs, Handbook of Exploitation of Works (May 2010) pp. 8-11 at <http://www.bunka.go.jp/1tyosaku/c-l/pdf/tebiki.pdf> (in Japanese) (accessed 07-07-12). Translated by Professor T. Imamura

284 Shamos M. I., Japanese Digital Information: Policy, Intellectual Property and Economics in WTEC Panel Report on Digital Information Organisation in Japan (International Technology Research Institute: 1999) pp. 61- 72.

285 Japan’s Response to the WIPO Questionnaire for Survey on Copyright Registration and Deposit Systems, Answer 22 at <http://www.wipo.int/copyright/en/registration/replies/pdf/japan.pdf> (accessed 07-07-12).

“Licensing the Use of Orphan Works: A Rights Clearance Simulation). Set prices can be challenged mostly in an ordinary court of law in the examined countries, or alternatively before the licensing authority with a quasi-judicial procedure (e.g. Canada). Infringement claims are handled by ordinary courts in all countries (including the US) or by licensing authorities with quasi-judicial procedures (in Hungary). In Denmark, both prices and infringement claims are under the jurisdiction of a special tribunal (the Copyright Licensing Tribunal). The above discipline on price, infringement, and legal remedies does not derive from EU law, which leaves these matters to Member States.

An Escrow system to collect unclaimed revenues for a certain time is operating in India, Hungary, and Canada, whereas in other countries central authorities or collecting societies compensate the reappearing authors directly (in Japan the provision is unclear). In the US, the reappearing author is compensated directly by the user, after a court decision. Interestingly, the first draft of the proposed EU directive mentioned the possibility for Member States to establish escrow systems. But this provision has been deleted in the directive currently in force. Meanwhile, France has implemented an escrow system in its current legislation.²⁸⁶

In Canada, Japan, India, Denmark and France, as we have seen, an upfront payment is normally required by the applicant in exchange for using orphan works. This includes extended collective licensing, in which a licence is paid for the use of a number of works that may include orphan works. In Hungary the amount is identified but may not be deposited (for non-profit licensees). It will be paid directly to the author, in the event that he or she reappears. In the US, no payment is made until a court decision is issued, following an infringement claim. However, in the US, in Hungary, and in the EU (and France) a public-online register for used orphan works or supposed orphan works is established. In Japan, some institutions have their own register of orphan works. No register is operated in India, Canada²⁸⁷ or Denmark. Advertisement requirements (in the national press or equivalent) are provided only in Japan and India. Requirements involving the preventive search of the author range from the weak provisions of Denmark (no advance search required), Canada (requiring “reasonable effort”), and the US (“reasonable search” required) to the strong provisions of India, Japan, Hungary and the EU (but not France) providing a duty for the user of performing a “diligent search” or “due diligence search” (India) accompanied by some form of record tracking of the steps performed.

No case law has emerged in any of the examined countries regarding orphan works and reappearing authors. The Google Books case, whose complex legal history has not yet found a solution in justice, can be considered a by-product of the absence of legislation on orphan works, rather than depending on the “limited liability” system, which in the US is not yet in force.

The most interesting data emerged from a comparison of the requirement established in order to guarantee an *ex ante* protection to the author (e.g. protection of authors rights before the work is used) and requirements established to grant an *ex post* protection to the author (e.g. in order to guarantee that the author receives fair compensation). The first (*ex ante*) is represented for example by provisions on accuracy of the search for the author before using the work; and steps to be taken to advertise the use of the work (through publicly accessible databases or press advertising). The second (*ex post*) is represented for example by provisions on upfront payments for orphan works licensing; institution of an escrow system; and a simplified infringement claims system.

286 See above, section 4.

287 Although details of all licences granted are available on-line in Canada.

An inversely proportional relation might be expected between the *ex ante* and the *ex post* protection of the author. Strong protection for the author before the use of the work should be met by a somewhat lower protection of the author after the use of the work. Intuitively, this would strike a better balance between a fair compensation for the authors and the interests of the users of the works. Thus, for example, a country with a limited liability system, and therefore low protection for the author before the use of the work, would be expected to have a strong compensation system, with guaranteed and efficient compensation for authors after the use of the work. On the contrary, countries like Hungary, India, and Japan, with a strong protection for the authors before the use of the works (documented diligent search requirements, advertising, and a public registry of orphan works) would be expected to be less strict in terms of guarantees of fair compensation for the author after the work has been used.

However, unpredictable relations appear to exist between *ex ante* and *ex post* protection of the authors in the examined legislations. The analysis shows a strong protection, both *ex ante* and *ex post*, in India, Hungary and Japan; a strong protection but only *ex ante* in the EU²⁸⁸; and a relatively lower protection in the US, Canada, and Denmark, the first mostly *ex post* and the others rather balanced.

The conclusions above may suggest that countries with a central licensing system mostly provide for a stronger protection to authors/rightholders. It also needs to be considered that strong protection of authors/rightholders (in terms of increased formalities to use orphan works) is not always consistent with the overall policy aim of the examined countries, which is the dissemination of orphan works and the provision of a legal framework for mass digitisation projects, in the interest of the preservation of our cultural heritage.

288 This is not surprising because the EU does not take a position on the *ex post* protection.

Summary table of legal review

Legislative Basis	Categories of Work covered	Uses covered	Standard of diligent search	Mechanism for obtaining permission	Register	Role of collecting societies
Canada	Section 77 Copyright Act 1985	Not specified in Statute	Yes	Yes	Yes	High involvement
Non-exclusive licence	(implied: All published works are covered)	Copyright Board has identified uses as being both commercial and non-commercial.	'Reasonable efforts'	Permission has to be obtained from and is granted by the Board.	The Copyright Board of Canada has a list of licences granted or refused for used orphan works publicly available online although there does not appear to be a database for suspected works.	The Copyright Board involves the collecting societies (CS) from the beginning in deciding on the royalties. The royalties are normally paid to the collecting societies by the applicant. CS can use the money, as they see fit from the outset, on condition that the re-appearing author is paid if and when they re-appear
Granted by the Copyright Board of Canada	Literary works have accounted for 60% of all applications.	Commercial applications have amounted to 49%		In granting permission the Board involves the collecting society from the beginning.		
Subject to terms and conditions	For the period 1990-2012 the Copyright Board has issued 260 licenses.	Non-commercial applications amounted to 51%.				

Summary table of legal review

Legislative Basis	Categories of Work covered	Uses covered	Standard of diligent search	Mechanism for obtaining permission	Register	Role of collecting societies
USA						
Various proposals. No orphan works legislation currently in force.	Not specified in Statute	Uses are not covered by proposed legislation.	Yes	Not Applicable	Yes	No
Orphan Works Bill 2008	(implied): All are covered)	However, the Copyright Office Report identified four categories of uses: 1) Uses by subsequent creators 2) Large-scale access uses 3) Enthusiast uses 4) Private uses commercial and non-commercial	Including Copyright Office Records, reasonably available sources and databases		The bills provide for the institution of a register of used orphans and a database of pictorial graphic and sculptural works	Reasonable compensation is paid directly to rightholders following infringement claim (according to proposed legislation)
Shawn Bentley Orphan Works Bill 2008						
2006 Orphan Works report (Copyright Office)						
Fair use (defence against claim to infringement) proposed by Google and supported by some -not all- literature						

Summary table of legal review

Japan	Legislative Basis	Categories of Work covered	Uses covered	Standard of diligent search	Mechanism for obtaining permission	Register	Role of collecting societies
	Article 67 Copyright Act 1970.	Not specified in Statute	Commercial & non-commercial	Yes	Yes	Partial	No
	Amendment in 2009, new Article 67bis incorporated	All categories covered as reflected by the types of licenses granted (literary, artistic, music, maps, photographic works, films, performances).		Diligent search needs to be carried out. At least 4 specific steps must be carried out in order to satisfy "due diligence"	Permission has to be obtained from and is granted by the Commissioner of the Agency for Cultural Affairs (ACA).	Register/database is held by 'some institutions' for suspected Orphan Works.	
	'Exploitation of a while applying for a compulsory license'						
	Article 67bis has been in force since January 2010.	From 1972-2010 the number of compulsory licences granted have amounted to 82.					

Summary table of legal review

Legislative Basis	Categories of Work covered	Uses covered	Standard of diligent search	Mechanism for obtaining permission	Register	Role of collecting societies
			Yes	Yes	None	No
India	Section 31A Copyright Act 1957 (as amended).	Not specified in Statute	Commercial & non-commercial	Yes	None	No
	Compulsory licence for published or unpublished orphan works	(implied): All are covered)	(implied)	Specific steps must be carried out in order to satisfy “due diligence” search criteria	Copyright Board (CB) directs the Registrar of Copyrights to grant permission/ license if the Board is satisfied with the application and diligent search.	
	Section 17 Copyright (Amendment) Act 2012 came into force on 21 June 2012 amending section 31A(1) of the 1957 Act.					
	Copyright Rules 1958 also relevant.					

Summary table of legal review

Legislative Basis	Categories of Work covered	Uses covered	Standard of diligent search	Mechanism for obtaining permission	Register	Role of collecting societies
Hungary Act CXII of 2008 & Gov't Decree 100/2009. (V. 8.)	Not specified in Statute	Commercial	Yes	Yes	Yes	Yes
Korm. amended Hungarian Copyright Law (Act No. LXXVI of 1999) with specific provisions on Orphan Works	(implied): All are covered).	(non-commercial exempted)	Diligent search is required; Proved through certificates; Law provides examples of databases to be searched	Hungarian Copyright Office, grants the licence, subject to legal requirements.	Register of used (and licensed) works to be administered by the Hungarian Patent Office	Collecting societies collect unclaimed revenues after five years from licence expiry

Summary table of legal review

Legislative Basis	Categories of Work covered	Uses covered	Standard of diligent search	Mechanism for obtaining permission	Register	Role of collecting societies
(EU)	Directive of the European Parliament and of the Council on certain permitted uses of orphan works of 25 October 2012 (2012/28/EU)	Commercial & non-commercial Revenue can only be generated for the specific purpose of covering costs of digitisation and making available to the public. Within the public interest missions of the interested institutions, notably preservation, restoration and the provision of cultural and educational access to works contained in their collections	Yes Requirement of diligent search in good faith. Standards for diligent search have to be determined by Member States, and have to include the detailed list of databases provided by the Annex to the proposed Directive. Diligent search has to be recorded.	Not specified The proposed directive is without prejudice to existing -individual or collective- licensing systems of Member States.	Yes Establishment of a publicly accessible database under the management of the Office for the Harmonisation of the Internal Market	Not specified No role for CS is envisaged either by the proposed directive or by the relevant recommendation of the Commission of 2006
	List - Books - Journals, - Newspapers, - Magazines - Other writings; - Cinematographic or audiovisual works and phonograms - which are contained in collections or archives of publicly accessible libraries, educational establishments or museums as well as film or audio heritage institutions					

Summary table of legal review

Legislative Basis	Categories of Work covered	Uses covered	Standard of diligent search	Mechanism for obtaining permission	Register	Role of collecting societies
Denmark General extended collective licence in the Danish Copyright Act § 50 subsec. 2 applies No specific legislation on Orphan Works.	All copyright works (implied)	All uses (implied)	None	Yes	None	Yes CopyDan is the umbrella collecting society that negotiates agreements with users



II. Licensing the use of orphans works: A rights clearance simulation (study II)²⁸⁹

1. Introduction

The aim of Study II is to generate new data about the costs and conditions of using orphan works in different licensing systems. In particular, we are interested in licensing prices within jurisdictions implementing a specific licensing system for orphan works. Moreover, we consider general arrangements in countries implementing a limited liability regime in relation with the use of orphan works.

We simulate a number of scenarios in which a public or private body intends to use one or more orphan works for both commercial and non-commercial purposes.

The identification of the various scenarios is the outcome of a rigorous procedure similar to focus group discussions. In a first step our ideas were prompted by visible cases that featured in the media. In a second step, we discussed the scenarios with experts from the IPO and other academics in the field. Following this procedure, we identified six scenarios that correspond to relevant artefacts susceptible of being “orphaned” and of being used by a public or private body in a plausible situation.

The six scenarios are the following:

1. Historical geographic maps for a video game for mobile phones (up to 50 maps)
2. A vintage postcard collection for web publication and eventual sale of prints (up to 50 cards)
3. National folk tune recordings for multimedia/teaching (DVD) (up to 50)
4. Re-issuing a 1960/70s TV series as part of a digital on-demand service (one series)
5. Mass digitisation of photographs (archives) by a public non-profit institution, with possible sale of prints (above 100,000 items)
6. Mass digitisation of books by a private for-profit institution, with possible sale of books (above 100,000 items)

289 Study II was written by Fabian Homberg, Marcella Favale, Martin Kretschmer and Davide Secchi.

For each scenario, we have simulated rights clearing by asking competent authorities about possible licensing prices for a permanent non-exclusive use of a particular artefact in a given scenario. Authorities were asked to provide a licence fee for both commercial and non-commercial use. For the purpose of this simulation we selected countries that have a licensing system in force for orphan works. A questionnaire illustrating each case scenario was sent to the following authorities:

- The Copyright Board of Canada
- The Agency for Cultural Affairs Japan
- The Hungarian Copyright Office
- Danish collecting societies COPYDAN and KODA

The questionnaire for the above authorities/societies, representing countries with a specific licensing system in force for orphan works, has been drafted as follows:

Example: HUNGARY

Please fill the field corresponding to the licensing price, for a **permanent non-exclusive** use. In the absence of a permanent licence, prices should be indicated **per year**.

	Source	Artefact	Use	Price (licence)
<i>Scenario 1</i>	National war museum	Geographic map	Developing a videogame for mobile phone	Commercial: Non-commercial:
<i>Scenario 2</i>	Private collector	Vintage postcard	Publication on a website	Commercial: Non-commercial:
<i>Scenario 3</i>	Hungarian folk Music archive	Folk tune	Use in multimedia educational artefact, issued on DVD	Commercial: Non-commercial:
<i>Scenario 4</i>	Magyar Televízió (Hungarian National Television)	TV series from the 60' or 70's, or, in the absence, theatrical emission or TV show	Re-issuing the TV emission for digital on-demand service	Commercial: Non-commercial:
<i>Scenario 5</i>	Budapest Főváros Levéltára (Budapest City Archives)	Photographs, Maps, Motion-pictures and Audio Recordings	Digitising and publishing online over 100,000 items	Commercial: Non-commercial:
<i>Scenario 6</i>	Hungarian Private Company	Books not commercially available	Digitising and publishing online over 100,000 items	Commercial: Non-commercial:

As indicated above, the licence application involves either a limited number of items, licensed per unit, or a relevant number of items, licensed per 100,000 units (simulating mass licensing).

The rationale behind our approach was to generate data based on realistic licensing prices for real-life situations involving the commercial and non-commercial use of orphan works in the given country.²⁹⁰

The European Union and the United States, although the object of our study, cannot be part of the simulation exercise in the terms outlined above, in the absence of a licensing system in force for orphan works. However, for the United States, we attempted to determine the economic/financial arrangements (for example, budget allocations for legal expenses) made by some private and public institutions currently using orphan works, in line with the six scenarios outlined above. To this end, we contacted representatives of a number of relevant American public and private bodies.²⁹¹

Initially, we assumed that with regards to the European Union a prospective directive would in any case leave to Member States the arrangements for licensing orphan works. We have therefore attempted to infer potential licensing prices on the basis of existing business practices for copyright works. We have chosen France as a sample country, for this is the country most involved in mass digitisation of its cultural heritage, and therefore it is relatively more exposed to orphan works' issues.²⁹² To this end, we have examined the regulations of the most representative French collecting societies, featuring current licensing prices, also for mass exploitation.²⁹³

On 25 October 2012, the Directive 2012/28/EU of the European Parliament and of the Council of 25 October 2012 on certain permitted uses of orphan works was adopted (*Official Journal L 299/5, 27.10.2012*). The contents of the approved directive are consistent with the assumption we made.

290 Prices provided by Representatives in currencies different from GBP have been converted (approximatively) by the authors of this report.

291 The consulted institutions are: The California State Military Museum; American Postcards Art; NBC Television; Comcast Corporation (owner of NBC Universal); CBS Television; New York City Municipal Archives

292 See the Europeana content roadmap, available at http://ec.europa.eu/information_society/activities/digital_libraries/doc/mseg/meetings/7th/europeana_content_roadmap.pdf, which shows that France is so far the biggest contributor to the project. See also De la Durantaye 2010 at 170, mentioning that the French National Library is by far the most active European library in digitising its catalogue.

293 See below, Section 7.

2. Simulation Exercise

2.1 Canada

Representative: General Counsel of the Copyright Board of Canada

The General Counsel's response to our questionnaire was very thorough and therefore very useful. He first asked the Secretariat of the Canadian Copyright Board to make a preliminary determination of the licence prices for each outlined scenario, after consultation with the competent collecting societies. Afterwards, the General Counsel added his own comments to the price determined by the Secretariat (his comments are available in footnotes).

The licensing prices do not include administrative fees because there are no charges in this sense by the Canadian Copyright Board.

The Secretariat noted that the task of determining a hypothetical licensing price on a given simulated situation was rather difficult, because the Canadian Copyright Board takes decisions on a case by case basis, depending on the factual conditions under which the licence is applied for, and of the situation of the applicant. For example, after consulting a collecting society on a given licence application, the applicant is also allowed to comment on the proposed price.

Many additional factors are also considered by the Board before granting a licence, including the budget of the applicant, the duration of the use, the probability to get a discounted or free licence from the rightholder, the age of the work, and others. In particular, specific and detailed information on the intended use of the work would be required by the Copyright Board. Licence fees are sometimes requested up front, whereas sometimes they are merely determined: they will be paid only in the event of the reappearance of the rightholder.²⁹⁴

294 The above information was kindly provided by the Secretariat of the Canadian Copyright Board.

295 Comments by the Representative: "the price quoted probably is close to what the Board would set. The non-commercial rate probably would be used unless there was a clear expectation of profit."

296 Comments by the Representative: "the price the Board would set would probably be lower than this. The price the applicant paid in any previous dealings with copyright owners of other postcards would certainly be taken into account. If the vintage postcard was more than 50 years old, payment would almost certainly be contingent upon the copyright owner asking for such payment."

297 Comments by the Representative: "the price the Board would set could be lower than what is suggested here. The Library would almost certainly have had dealings with other copyright owners in the context of such a project; they would be taken into account. Any licence issued for a folk tune would almost certainly be contingent upon the copyright owner asking for such payment. In fact, the Board may well decide not to issue the licence because the work was no longer protected."

	Source	Artefact	Use	Price (licence)
<i>Scenario 1</i>	Canadian War Museum http://www.warmuseum.ca	Geographic map	Developing a videogame for mobile phone	Commercial: \$377/year (237 GBP) Non-commercial: \$94.25/year ²⁹⁶ (59 GBP)
<i>Scenario 2</i>	Private collector	Vintage postcard	Publication on a website	Commercial: \$377/year (237 GBP) Non-commercial: \$94.25/ year ²⁹⁷ (59 GBP)
<i>Scenario 3</i>	Music Archives at the National Library of Canada	Folk tune	Use in multimedia educational artefact, issued on DVD	Commercial: \$300-500 + 2-3% of the sale price Non-commercial: \$300-500 ²⁹⁸ (188/314 GBP)
<i>Scenario 4</i>	CBC (Canadian National Television)	TV series from the 60' or 70's, or, in the absence, theatrical emission or TV show	Re-issuing the TV emission for digital on-demand service	Could not find answer. ²⁹⁹
<i>Scenario 5</i>	National Gallery of Canada	Photographs, Maps, Motion-pictures and Audio Recordings	Digitising and publishing online over 100,000 items	Information not available. Likely in the \$1000 to \$5000 (628/3141 GBP) range given the different types of works and the volume. Prices vary by collective; volume discount often apply. ³⁰⁰

	Source	Artefact	Use	Price (licence)
Scenario 6	Canadian Private Company	Books not commercially available	Digitising and publishing online over 100,000 items	Commercial: \$0.25 per page (0,15 GBP) Non-commercial: \$0.15 per page ³⁰¹ (0.09 GBP)

The above data show that individual licensing in Canada is certainly more expensive than mass licensing. Non-commercial use is mostly subject to a licensing price remarkably lower than commercial use, although this is not always the case. Finally, discount rates are likely to be applied to mass digitisation projects, although prices would probably be set on a case-by-case basis.

2.2 Japan

Representative: Unit Chief, Office for Copyrighted Works Distribution, Copyright Division, Agency for Cultural Affairs - Japan

The representative of Japan was contacted in relation to the questionnaire although he was unable to comment at the time of writing up of this report.

However, the comparative review of the treatment of orphan works (STUDY I) allows us to extract some pieces of information. In order to fulfil the diligent search requirement present in the Japanese law (for details see comparative review) a compulsory fee for a request of information from the general public is tied to an orphan works licence application. The fee ranges from (the equivalent of) GBP 107 to GBP 122 depending on the characteristics of the advertisement. In addition to this administration fee the applicant has to pay an amount that is set by the Commissioner for the Agency of Cultural Affairs (ACA). For example, the production of 300 copies of an orphaned academic book yields a licence fee of GBP 130.

298 Comments by the Representative: "there is no readily available source of information for the price of such licences in the open market. Since CBC is the applicant, it would be asked to document the prices paid for other, similar licences. The price would be set on that basis. Because of the high probability that a show from the 60' or 70's is still under copyright, the Board would probably require that the price be paid to the relevant collecting society, who would be free to dispose of the amount as it sees fit for the general benefit of its members, subject to undertaking to pay the amount to any person who established ownership of copyright."

299 Comments by the Representative: "the price the Board would set would almost certainly be higher than this. Faced with such a mass project, the Board would inquire of the relevant collecting societies the sort of prices they would consider to be fair. For example, existing agreements for the use of audio recordings on the Internet would be taken into account. The Gallery would certainly have had dealings with individual copyright owners; they would be taken into account. A share of the royalties would be paid up front, while the other would be made contingent on the copyright owner showing up."

300 Comments by the Representative: "the price the Board would set would almost certainly be much lower than this: this looks like a transactional photocopying rate, not a digital publishing rate. The Board would inquire of the relevant collecting societies the sort of prices they would consider to be fair. For example, existing agreements between publishers and digital content aggregators would be taken into account. The company would certainly have had dealings with individual copyright owners; they would be taken into account. A share of the royalties would be paid up front, while the other would be made contingent on the copyright owner showing up."

2.3 Denmark

First Representative (COPYDAN): Legal Counsel for Copydan Writing

In Denmark a Extended Collective Licensing (ECL) scheme is operated and the following sections make reference to that ECL regarding its capacity to manage orphan works. However, the Danish ECL system is not exclusively designed for the governance of orphan works. Instead it is designed to cover various, non-orphan works. Orphan works are simply one category of works to which the general licensing system applies.

Following contact with Danish relevant collecting societies, we received a response from Copydan Writing, the collecting society within COPYDAN that administers the rights regarding literary works. They were expected to provide a contribution to our project by commenting on licensing practices in the case of mass digitisation and publication projects on the example that mirrored Google Book Search (Scenario N. 6).

The Legal Counsel for Copydan Writing, reported that the collecting society is currently not involved in mass digitisation projects. It was suggested to refer to Kopinor in Norway, who is overseeing a similar project (Bokhylla) with the Norwegian National Library.³⁰¹

Additionally, examples of some small scale digitisation projects in which Copydan Writing is involved were provided, as an example of licensing practices following to article 50.2 of the Danish Copyright Act (Extended Collective Licensing applied to Orphan Works):³⁰²

301 However, Norway does not have an orphan works licensing scheme, and therefore is out of the scope of this work.

302 See STUDY I, Section 3 (Denmark legislative background).

"1) A library site for children in the age of 8 - 12 years called "PallesGavebod". The agreement is between the libraries and Copydan Fine Arts and Copydan Writing, and it allows the libraries to digitize and show bookcovers on the website. It is one of the first agreements where the general ECL was used and the approval is up for renewal this year.

The fee is 15,000 DKK per year (about 1,600 GBP) which is regulated (indexed) each year in January

The agreement is entered in corporation with Copydan BilledKunst (Pictorial arts). The licensee is an association of libraries.

The licensee is allowed to in a non-commercial context:

- Reproduce and make available bookcovers on a national library website for children in the age of 8 - 12 years
- display the covers as part of a presentation of certain genres/authors/themes etc.

Limitations:

- the covers are not to be changed when displayed and the format is set to be 500x500 pixels and 96 dpi³⁰³

(f) A site for making a dictionary available for the public regarding old Norse (ancient Icelandic language). The agreement allows the licensee the possibility to display 3 pages following a given search on a specific word. It is an institute at Copenhagen University that is responsible for the content.

The fee is 10,000 DKK per year (about 1,080 GBP) which is regulated (indexed) each year in January

Main licensing agreement conditions:

The licensee is allowed to in a non-commercial context:

- Scan and store copyright protected material
- Display material in a not editable format and the storage of the material has to be in a password protected database
- Make up to 3 pages available per search. ³⁰⁴

303 Please note that this is an example of the collecting society adding additional protections for rights holders (in the same way that a central licensing body might) but remember that the Danish Extended Collective Licensing scheme does also cover regular works, not orphan works exclusively.

304 Cited by the letter of response of the representative.

Given the relatively new legislation on this matter and the consequent lack of previous experience of the applications' examiners, the representative was uncomfortable with making hypotheses on the possible price in our scenarios.

Moreover, it was specified that a) all agreements entered into by Copydan Writing are subject to Ministry Approval [A/N: which comes *after* a licensing proposition -including price- is made by the collecting society]; b) the negotiation for setting licensing prices takes place between the prospective licensee and the relevant rightholders' organization. Therefore, agreements may vary not only with respect to price but also to modes of price determination. For example, some agreements have a set annual fee, while others have a per-click based fee; c) rightholders can always opt out of the agreement (and therefore set their own price).

Interestingly, this seems to suggest that the budget of the applicant is also taken into account while determining a price.

Information available from Copydan Writing, therefore, albeit interesting, did not include either licensing prices or simulated prices.

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Second Representative (KODA): Senior Consultant and PA Senior Consultant and PA, KODA

The representative from KODA, a Danish Collecting society administering the rights of composers, song writers and music publishers (including performers) replied to the consultation without providing specific licensing prices on orphan works, even as an illustrative example. The contribution of KODA would have been specifically useful to infer licensing prices for orphan works in Denmark in relation with Scenario N. 3 (Folk Tune recordings in an educational DVD).

The KODA representative, however, provided an extensive explanation on how the extended licensing system works in Denmark, and how Government representatives are convinced that this is the best system to handle mass digitisation of copyright works, including orphans, in particular when compared to other systems as the Canadian and the American.

We report below the relevant passages of the response:

In Denmark, the problem concerning licensing orphan works has been the topic of discussion in a working group appointed by the Ministry of Culture back in 2007 with the task of finding a balanced solution that benefits both cultural institutions and rightholders. The working group was composed of a broad range of user representatives (libraries, archives, museums and broadcasters) and rights owners (producers, broadcasters and artists). The one thing that everyone in the working group agreed on from the start was that the model used in the USA and Canada is not appropriate. The working group ended up agreeing to recommend a solution that involved entering into collective agreements with the addition of an extended collective licensing effect. Such a model guarantees access to the works for users and at the same time ensures that a reasonable payment is made to the rightholders, if they are found. The rightholders have an individual right of prohibition and can therefore prevent their works from being covered by a collective agreement.

The extended voluntary collective licensing system is a Nordic legal device that has been part of Danish copyright law since 1961. The collective licence has proven to be a highly suitable instrument for protecting the rights of copyright holders in relation to the mass use of their work, while at the same time satisfying the needs of users for the easiest possible access to the use of protected works. The collective licence means that a user who has entered into an agreement on the specific use of a certain type of work with an organisation that covers a significant proportion of the copyright holders for this type of work, is granted the right under law to use other works of the same type and in the same way, even if the copyright holders of these works are not represented by the organisation.

In practice, it is a problem that with the mass use of works in particular, it is difficult to clear the necessary rights with all the rightholders, as they are not represented by one single organisation. An organisation of rightholders can only enter into agreements on behalf of its members. This means that rightholders who are not members of the organisation, including foreign rightholders, are not covered by an agreement between a user and a Danish organisation. The collective licence solves this problem by attributing a collective licence effect to certain licences, so that agreements in specific areas of application are extended to include copyright holders who are not directly represented by the organisation entering into the agreement.

The flexibility and speed of the collective agreement system naturally has a beneficial effect on both royalties and transaction costs. It keeps down administration costs in relation to rights clearance for both users and rightholders alike as it is only necessary to contact one or only a few places in order to obtain access to all protected material.

All rightholders have an individual right of prohibition in most areas in which agreements can be made with collective agreement effect. This right of prohibition ensures that the individual rightholders retain control over their work and can continue to decide for themselves whether to allow or prevent their work from being used. The collective agreement model is therefore the best way of ensuring certainty of supply for users without placing any compulsion on the individual rightholders.

Thus, as orphan works are licensed together with other rights it is not possible to come up with any estimates on tariffs. However, we have reasons to believe that the system with extended collective licensing is cost-effective, fast and attractive for both users and rightholders.

The contributions above seem to suggest that Extended Collective Licensing systems do not easily allow for the identification of a separate licensing price for orphan and non-orphan works. This is due to the bundling of licences typical of collective licensing systems, which is especially true in the case of a large scale digitisation project, including orphan and non-orphan works.

2.4 Hungary

Representative: Deputy Head of the International Copyright Unit of the Hungarian Intellectual Property Office

The Hungarian Intellectual Property Office (HIPO) stated at the outset of its response that the hypothetical determination of licensing prices according to our scenarios was rather difficult. According to the relevant Hungarian legislation³⁰⁵ issuing a licence by the Office is determined on a case by case basis, depending on the mode and the duration of the use of the licensed work. Also the nature of the applicant, who is expected to have carried out an unsuccessful diligent search to locate the rightholder of the work, is considered by the Office.

When determining the remuneration to be corresponded as a price for a licence, moreover, the Office enjoys a certain discretion, therefore the amount of the remuneration can vary even among applications referring to similar uses and durations of similar works. In the determination of the licensing price, the Office would consider, for example, business practices relating to non-orphan works in similar circumstances, and expected revenues generated by the licensed work. As we know, each licence is granted for a maximum of five years, and it is valid only within the Hungarian territory.³⁰⁶ The Office will therefore determine the exact terms of the use of the licensed work within this scheme.

The HIPO kindly provided some examples of licensing schemes, as granted by the Office:

1. “the licence for the reproduction and distribution of 2000 pieces of a **novel** for profit purposes for a five year period was 150,000 Fts (approx 500 EUR/405 GBP),
2. the licence for the reproduction and distribution of 600 pieces of a **technical book** for profit purposes for a five year period was 80,000 Fts (approx 275 EUR/223 GBP)”.³⁰⁷

These licences were granted for commercial purposes, and therefore the remuneration was deposited with the Office prior to commencement of the use. For non-commercial purposes, which occur when the “use is not intended to earn or increase income even in an indirect manner, the remuneration shall be paid after the identity or the location of the author becomes known”.³⁰⁸

The Office also provided a schema displaying the determination of the administrative fees, which in Hungary need to be added to the licensing price. The Office specifies that these fees vary according to the commercial or non-commercial intended use of the work, and according to the form of the application. Applications in fact can be submitted following an application template provided by the Office, or they can be redacted in a free form. In the latter case, administrative fees are higher. The applications may also be submitted electronically.

305 See STUDY I, Section 2.

306 *Ibid.*

307 Quoted by the response to the questionnaire.

308 Quoted by the response to the questionnaire.

Below is the schema provided by the Office on the administrative fees:

Table 4.4.1 Hungarian Administrative Fees

Type of service fee	The amount of the service fee
The application is not submitted based on an official application template	
1. if the application is for the licensing of a use the purpose of which is to gain revenue or to increase revenue	102,500 HUF (≈ 380 EUR/308 GBP)
2. if the application is for the licensing of a use the purpose of which is neither directly nor indirectly to gain revenue or to increase revenue	40,000 HUF (≈ 150 EUR/121 GBP)
The application is submitted based on an official application template	
if the application is for the licensing of a use the purpose of which is to gain revenue or to increase revenue	92,500 HUF (≈ 340 EUR/276 GBP)
if the application is for the licensing of a use the purpose of which is neither directly nor indirectly to gain revenue or to increase revenue	30,000 HUF (≈ 110 EUR/89 GBP)
The application for the withdrawal of the licence of use	10,500 HUF (≈ 40 EUR/32 GBP)

Finally, the Office noted that copyright works, including orphans, that are managed by collecting societies according to a collective management of rights are excluded from this licensing system. Examples of this exclusion regard “the rights of (i) Producers of Phonograms in relation to their phonograms, (ii) Producers of Motion Picture Works in relation to their motion pictures, (iii) Radio and Television Organizations in relation to their broadcasts and (iv) The Authors Creators of Databases in relation to their databases. The latter rights are excluded because the rightholders of these rights are generally not natural persons, so the occurrence of orphan status is not likely in these cases.”³⁰⁹

In conclusion, the HIPO provided useful examples of licensing practice in relation to real-life situations in Hungary. Although not sufficiently similar to the six scenarios outlined in our simulation, these examples can contribute to understand the cost of using orphan works in Hungary.

309 Quoted by the response to the questionnaire.

2.5 United States

Data on corporate policies and arrangements on orphan works in the United States were retrieved for three out of the six scenarios envisaged. Some of the consulted institutions were not available to provide a response, either by email or by phone.

A response was provided by the New York City Municipal Archives, and documentary evidence was provided by the Terms of Use of the American Folklife Centre and by legal documents of the cases against Google Inc and Hathitrust Inc.³¹⁰

In relation to Scenario N. 3 (National folk tune recordings for multimedia/teaching) the American Folklife Centre was considered as an example of an archive of folk music.³¹¹

In their Terms of Use, this institution explains that any use of the works purchased, beyond private or research use, should irrevocably be subject to the authorisation of the rightholder. The burden of requiring such authorisation falls entirely on the user, who has to look for the rightholder and ask him or her for permission in writing. Every commercial use of the works purchased, the Centre adds, is subject to terms and conditions that have to be separately agreed with the rightholder of the work. They recommend that the user obtains written permission, or documents her good-faith attempts to do so.³¹²

The Centre offers its availability to search its own records in order to help users to find the rightholder of the work. Interestingly, the Centre also gives detailed recommendations to certify a diligent search of the rightholder, as follows:

“We recommend that you send a certified, return-receipt-requested letter to the address that you find or we supply. Should the letter be returned to you unopened, please forward it (still unopened) to us as proof of your good-faith effort to contact the appropriate persons. Please keep track of all contact attempts that you make. That information kept in our files will constitute documentation of your efforts.”³¹³

Finally, they advise the user to set aside an appropriate amount of money corresponding to current licensing prices for similar works and to declare their availability to pay in a letter to be sent to the Centre, which would be kept in the Centre’s records.³¹⁴

The above shows that the attitude of this institution towards copyright works clearance is to shift the burden of performing a diligent search and of requiring authorizations on to their own clients. Meanwhile, the Centre displays to the public copyright works that are possibly orphans. Nowhere on their website is specified whether they have followed the same procedure for searching rightholders and escrowing licensing prices as they recommend to their customers.

310 See above, STUDY I, section 1 (US legal background) and also below.

311 The Centre depends on the Library of Congress for its collection of folk music. See <http://www.loc.gov/folklife/index.html>

312 See <http://www.loc.gov/folklife/recording.html>

313 *Ibid.*

314 *Ibid.*: “We advise individuals and companies who wish to publish Archive recordings to send us a letter indicating their intention to set aside an appropriate amount (comparable to fees paid to license other such recordings) to cover costs if an appropriate claimant steps forward later. Such a letter in our files will document the individual or company’s good-faith attempt to honor performance rights.”

Another contribution to our simulation is provided for Scenario N. 6 (Mass digitisation of books by private institution, with eventual sale of books) by the Google Settlement Agreement.³¹⁵

According to the Amended Google Books Settlement Agreement, the defendant (Google) is available to pay to each class member of the plaintiff (each rightholder) a fixed amount for each book that has been digitised and included in the Google Book Search (GBS) database prior to the 5th of May 2009. The compensation envisaged by Google is the following: “at least sixty United States dollars (U.S. \$60) per Principal Work, fifteen United States dollars (U.S. \$15) per Entire Insert, and five United States dollars (U.S. \$5) per Partial Insert”. Only rightholders who formally claim that the work has been published without their authorisation qualify to receive the compensation.³¹⁶

This amount could be the starting point to identify the cost of licensing orphan works according to Google, and therefore it would help us to infer potential licensing prices for mass digitisation of orphans by a private institution.

Another indicator of the price of licensing orphan works for Google is the inclusion fee for books and inserts that have not yet been digitised. The fee Google will correspond to a rightholder for a book to be included in the GBS is US \$200 per Book. Inclusion fees for inserts shall be no less than US \$50 per Entire Insert and US \$25 per Partial Insert.³¹⁷ In addition to the inclusion fee, Google will pass onto the Registry part of the revenues coming from the services offered by the GBS database, and that are agreed upon by the rightholder. The Registry, in turn, will distribute to rightholders their share of revenues.

The data above show that the price envisaged by Google to license a copyright work (e.g. a book) ranges between US \$60 and US \$200 per item, where US \$60 is the price for works that have already been digitised, and US \$200 is the price of works that have yet to be digitised. This is intended for a commercial use of the work. The difference between the two fares can be explained by the fact that books already digitised are in the number of several millions (mass digitisation). Paying the current individual licensing price in this case would cause the paralysis of the project. Conversely, future entries can be licensed at a fare closer to individual licensing fees.

A fully non-commercial use does not seem to be envisaged on the GBS database accessible online. Even for services free of charge for the user, as for example the preview of a book, Google reserves the right to display advertisement on the web page.³¹⁸ However, in the Amended Agreement, Google takes the engagement to grant on-site free access to higher education institutions and libraries, in the form of dedicated terminals. In this case Google will not pay any

315 Available at <http://www.googlebooksettlement.com/agreement.html>

316 Google Amended Settlement Agreement at 80: “For every Principal Work, Entire Insert or Partial Insert that Google Digitized on or before May 5, 2009 without the Rightsholder’s authorization and that is the subject of a validated claim pursuant to Article XIII (Settlement Administration Program), Google will make a Cash Payment to the Settlement Fund of at least sixty United States dollars (U.S. \$60) per Principal Work, fifteen United States dollars (U.S. \$15) per Entire Insert, and five United States dollars (U.S. \$5) per Partial Insert (each, a “Cash Payment”).”

317 Attachment C to the Google Books Amended Settlement Agreement, at 2.

318 *Ibid* at 55.

revenue to the rightholder or to the Registry.³¹⁹ Printing uses from these terminals will however be subject to a fee, part of which Google will correspond to the Registry, in order to be distributed to rightholders.³²⁰

The cost for Google to license an orphan work for non-commercial purposes to a non-profit organisation, therefore, would be next to zero.

Finally, it is interesting to note that access to the orphan work is not envisaged under the same conditions for commercial and non-commercial use (e.g. on line vs. on site).

For Scenario N. 5 (Mass digitisation of photographs by a public non-profit institution, with eventual sale of prints) the New York City Municipal Archives Online Gallery was taken as an example of a public institution digitising and offering for sale digital images of its own collection. The Online Gallery of the New York City Municipal Archives currently provides free research access to over 800,000 items digitised from their collections, including photographs, maps, motion-pictures and audio recordings. Patrons may order prints or digital files, and license images or film clips for commercial use. The New York City Municipal Archives responded to our consultation by declaring that they do not need to make any arrangement for orphan works because none of their works is orphan.

In conclusion, the general impression prompted by the above collection of data, and by the somewhat defensive attitude of the representatives consulted, is that in the absence of legislation in force on orphan works, American institutions tend to use the work of which the rightholder is unknown or unreachable, possibly after a reasonable search. An assumption can be made that they will probably reserve the right to appeal to fair use principles and copyright limits (e.g. inclusion in catalogues, education, research, parody, excerpts, display, etc.) in the case of an infringement claim.

This assumption is based on the line of defence of Google against the infringement claim of the Authors Guild³²¹, and on the defensive³²² line of Hathi Trust against the Australian Authors Guild (and others).³²³ Both defendants, in addition to fair use claims, maintain the universal value to culture and research of their projects of mass digitisation and publication online. They add that their projects, far from damaging unknown authors, help tracing them.

From the above defences it can be argued that the supporters of these mass digitisation projects consider the benefit for the public and the circulation of culture as outweighing the possible harm to unknown rightholders - which is anyway marginal, according to them.³²⁴

319 *Ibid* at 79 "Google may provide the Public Access Service to each not-for-profit Higher Education Institution and Public Library that so requests at no charge (and without any payment to the Rightsholders, through the Registry or otherwise [...])"

320 *Ibid*.

321 The Authors Guild Inc. v. Google, Inc., Case No. 05 CV 8136-DC. The complaint of the Plaintiffs is available here http://www.groklaw.net/pdf/Google_Complaint.pdf, and Google public statement in response is available here <http://googleblog.blogspot.fr/2005/09/google-print-and-authors-guild.html>

322 See the Hathi Trust statement, at <http://bushlibraryguides.hamline.edu/content.php?pid=75200&sid=2178825> and the Defendant's joint answer and defenses at <http://thepublicindex.org/docs/cases/hathitrust/answer.pdf>

323 The Authors Guild Inc et al v. Hathitrust et al, 11 CIV 651(HB) (JLC).

324 This is inferred by the public statements of Google and Hathitrust cited in footnotes above.

2.6 France

In France, a law on orphan works (law on the digital exploitation of the unavailable books of the XX century³²⁵) has been published on the French Official Journal on the 1st of March 2012. The IP code has been modified as of the 1st of September 2012.

The new legislation envisages the institution of a special collecting society that will issue licences for “unavailable books” (including orphans). On 27th of February 2013 a Decree of the Conseil d’Etat³²⁶ charged the collecting society SOFIA with the issue of authorisation to exploit “unavailable books”. On the 21st of March 2013 a database of orphan works has been published on line³²⁷. Information on licensing prices of orphan works is therefore not yet available in France.

The new legislation envisages the institution of a special collecting society that will issue licenses for “unavailable books” (including orphans). However, the details regarding the licensing procedure and the composition of the collecting society are left to the forthcoming Decree. Information on licensing prices of orphan works is therefore not yet available in France. However, the study of current collecting societies regulations and pricing can be useful to obtain a reasonable idea of what could be the future licensing pricing of orphan works in this country.³²⁸ An assumption can be made that licensing prices for orphan works higher than current licensing prices for non-orphan works would be unfair for non-orphans rightholders, and lower licensing prices would be unfair for any reappearing authors. However, advantageous fares can be envisaged for mass digitisation, because normal licensing prices would compromise the viability of the mass digitisation project.³²⁹

France has twenty-two collecting societies. The ADAGP is the most representative of them, with the broadest inclusion of copyright works and the highest number of society members.

The ADAGP administers the collective management of copyright on visual arts. They collect revenues for the production of books, press products (journals, magazines, etc.), graphic works (posters, calendars, etc.) paintings, sculptures, photographs, multimedia, motion pictures (films, documentaries, advertisement, TV shows, etc.), Internet products (pay per view, websites, etc.).

For the purpose of our study, ADAGP would administer most of the rights involved in the implementation of the six scenarios outlined above, except the one relating to sound recordings (Scenario N. 3). For the latter, the Regulations of SACEM (Société des auteurs, compositeurs et éditeurs de musique) has been investigated. Below are the licensing prices as inferred by the study of the regulations of the above collecting societies, divided by scenario.

325 LOI n° 2012-287 du 1er mars 2012 relative à l’exploitation numérique des livres indisponibles du xxe siècle, available on [Legifrance.gouv.fr](http://legifrance.gouv.fr)

326 Décret n° 2013-182 du 27 février 2013 portant application des articles L. 134-1 à L. 134-9 du Code de la propriété intellectuelle et relatif à l’exploitation numérique des livres indisponibles du XXe siècle available at <http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000027119991>

327 <http://reire.bnf.fr/>

328 To this end, we have chosen the French collecting societies that would be competent for collecting revenues in each case envisaged by our six scenarios.

329 Korteweg and Hugenholtz 2011 at 5. In fact, to a certain extent, as we will see below (Scenarios 5 and 6) “mass” publication is already envisaged by current collecting societies regulations.

Scenario 1. Historical geographic maps for a mobile phone video game

The regulation of videogames is the object in France of an ongoing debate. Academics³³⁰ and politicians³³¹ lament the absence of suitable regulation and the need for a separate rule for this new category of copyright works. Also in the Regulations of the collecting societies, therefore, there is no specific section dedicated to videogames. The use of a map in a videogame, therefore, has to be assimilated to the publication of a picture on a website: only one image is published and offered to the public, but potentially an infinite number of copies can be accessed by the public thanks to caching copies of network transmission. The revenue for images on websites has therefore been considered (see Scenario N. 2).

Scenario 2. A private vintage postcard collection for web publication and eventual sale of prints

At the outset, we need to note that the price regulation relating to Internet web sites is intended for 100,000 pages viewed per month. A supplement of 10% applies for each supplementary 100,000 pages viewed per month.

A private collector willing to publish on her website from 11 to 50 postcards would have to pay 10 Euros per month for a non-commercial exploitation. Collections owned by private institutions, conversely would be required to pay 297 Euros per month (from 41 to 50 postcards)

Commercial exploitation by any institutions will require, for the publication of 41 to 50 items, the minimum amount of 149 Euros per month, supplemented with a percentage on the billing generated by the sale of the cards.

Scenario 3. National folk tune recordings for multimedia/teaching (DVD)

According to SACEM, a non-commercial exploitation of a DVD featuring a copyright sound recording would cost a minimum of 5.85 Euros per DVD, whereas ADAGP requires 23 Euros for the realization of one work on DVD with the issue of less than 500 copies, for commercial exploitation.

Scenario 4. Re-issuing a 1960/70s TV series as part of a digital on-demand service

These licensing fares are not available. Interactive services are object of case-by-case negotiation between ADAGP and rightholders.

330 http://www.omnsh.org/IMG/pdf/Memoire_La_titularite_des_Droits_portant_sur_un_jeu_video_Marc_Vignoles.pdf

331 http://www.ddm.gouv.fr/IMG/pdf/rapport_statut_juridique_jeu_video_PLM_dec2011.pdf

Scenario 5. Mass digitisation of photographs (archives) by a public non-profit institution, with eventual sale of prints

According to ADAGP, the non-profit cultural or educational organisations such as museums, cultural centres, schools, etc. willing to publish on line their archives through databases have to pay 842 Euros per month for 40,001 to 50,000 items (maximum range). The same institutions can also publish part of their material online (not the whole archive) for 1,256 Euros per month (for 10,001 to 20,000 items). This is provided for a non-commercial exploitation, whereas for commercial exploitation general rules on for-profit publication apply (see Scenario 6 below).

Scenario 6. Mass digitisation of books by private institution, with eventual sale of books

The publication on line of copyright works (type unspecified) by for-profit institutions is licensed for the price of 3,047 Euros (minimum) per month for 5,001 to 10,000 items, increased with a percentage on the billing generated by the sale of the books, which is negotiated on a case-by-case basis.

For digitisation and publication for non-commercial purposes, conversely, the only available data regards the cultural institutions mentioned above (see Scenario 5). We might assume then that mass digitisation for non commercial purposes will cost a private company at least 1,256 Euros per month (for 10,001 to 20,000 items). The assumption is prompted by the consideration that the price for a private company is not likely to be lower than the price for a non-profit institution.

In conclusion, although not specifically envisaged for orphan works, the above licensing prices could help inferring the possible cost of using orphan works in France. Further research will be required after the entry into force of the new legislation and after the first issues of orphan works licences.

3. Data Analysis

The original idea triggering the licence clearing exercise was to generate a complete new dataset that would allow for cross-country comparisons. The six scenarios were designed to generate 72 fee data points. Unfortunately, not all country representatives responded directly to the suggested scenarios and only a few indications of fees were provided. We were able to gather 26 fee data points, including service charges and distributed across commercial and non-commercial uses. These conditions limit the scope for statistical analyses and all results reported below will need further investigation. Therefore below we provide a range of descriptive tables to present the data. If not indicated otherwise fee values are displayed in GBP.

First, as expected, across all jurisdictions fees for commercial licences were higher than for non-commercial uses. Nonetheless, mass digitisation projects are charged “per item” or “per page” resulting in prohibitively high costs for non-commercial uses. This potential downside of a “per item” / “per page” fee regime can be highlighted based on the information provided by the representative of Canada. Table 3.1 below displays the fees that are applied to our scenario 6, a mass digitisation of books.

The scenario asked for a potential licence fee for 100,000 books that are not commercially available anymore. The licence fee provided is CAD 0.25 per page for commercial and CAD 0.15 for non commercial use. However, our contact in the Canadian Copyright Board stated that the rate will be much lower (see FN 19). This was taken into account by discounting the reported fee by CAD 0.10 in both cases. Further, we assumed that the average size of a book would be 300 pages.

Table 3.1: Scenario 6, Licences based on Canadian Legislation

	reported (CAD)	applied (CAD)	no. Books (items)	average size (pages)	total pages	Licence fee reported (CAD)	Licence fee applied (CAD)
commercial	0.25	0.15	100,000	300	30,000,000	7,500,000	4,500,000
non commercial	0.15	0.05	100,000	300	30,000,000	4,500,000	1,500,000
						GBP	GBP
commercial						4,711,500	2,826,900
non commercial						2,826,900	942,300

It is also important to keep in mind that the fees displayed above are charged on an annual basis. This creates another difficulty because most mass digitisation projects, in particular when non-commercial, are only viable and will only be funded by governments or donors if they last for more than one year. Consequently, the costs for such initiatives increase substantially. One example is the prohibitively high costs for mass digitisation projects which could be of immense cultural value.

Secondly, it is worthwhile looking at the differences between all the scenarios. Table 3.2 provides the descriptive statistics of the raw data provided by our country contacts for all of the six scenarios. Please note that Hungary provided two licence fee examples that fall outside our scenarios but are comparable to low scale commercial books reproduction and are therefore not included in Table 3.2.

Table 3.2: Descriptives by Scenario

	Scenario	Licence	Obs	Mean	Std. Dev.	Min	Max
1	National War Museum ³³³	commercial	2	842.34	856.32	236.83	1,447.85
		non-commercial	2	78.19	26.84	59.21	97.17
2	Private Collection	commercial	2	842.34	856.32	236.83	1,447.85
		non-commercial	2	78.19	26.84	59.21	97.17
3	Folk Music Archive	commercial	2	4,750.35	6,451.49	188.46	9,312.24
		non-commercial	3	583.82	460.40	188.46	1,089.30
4	TV Series	commercial	0				
		non-commercial	0				
5	City Archives	commercial	0				
		non-commercial	0				
6	Private Company Books ³³⁴	commercial	1	1,570.50	.	1,570.50	1,570.50
		non-commercial	2	1,602.23	44.87	1,570.50	1,633.95

In a next step all observations that did not indicate a licence fee for both commercial and non-commercial uses were deleted. In cases where only one of the licence fees (i.e. either commercial or non-commercial) was provided, the missing one was imputed according to the following logic: commercial licences were discounted by 20% in order to arrive at a potential value for a non-commercial licence and non-commercial licences were marked up by 20% to arrive at a potential value for a commercial licence. This enabled us to create two complete datasets, each one consisting of 13 observations mainly comparing France, Canada and Denmark whereas Hungary provided the alternative scenarios. Table 3.3 outlines the distribution of information across scenarios and countries:

332 Scenarios 1, 2 and 3: Minimum values originating from Canada, maximum values referring to France.

333 Scenario 5: Minimum values originating from Canada, maximum values referring to Denmark.

Table 3.3: Scenario Distribution

Country	National War Museum	Private Postcards	Folk Tunes	Archive Mass Digitization	Books Mass Digitization	Alternatives	Total
Canada	1	1	1	1	0	0	4
Hungary	0	0	0	0	0	2	2
Denmark	0	0	1	0	1	0	2
France	1	1	1	1	1	0	5
Total	2	2	3	2	2	2	13

The creation of this dataset allows us to compare the mean licence fee of the extended collective licensing scheme in place in Denmark with the individual licensing schemes operating in Canada and France by regrouping the sample. Hungary remains a special case as it comprises elements of both the individual and collective dataset. Thus, we create two subsamples of which one includes Hungary under the individual licensing and the other excludes it. From table 3.4 below it is evident that the mean fees for non-commercial licences tend to be similar across these groups. However, there is some variation in the fees for commercial uses.

Table 3.4: Comparing ECL and IL systems

Country	Type	Licence	Obs	Mean	Min	Max
Denmark	ECL	commercial	2	1,633.95	1307.16	1960.74
	ECL	non-commercial	2	1,361.62	1089.3	1633.95
Rest incl. Hungary	IL	commercial	10	2,488.89	188.46	9818.17
	IL	non-commercial	10	1,123.14	59.21	8181.82
Rest excl. Hungary	IL	commercial	8	3,032.34	188.46	9818.17
	IL	non-commercial	8	1,340.90	59.21	8181.82

A further level of comparison is achieved by comparing the Danish ECL against the two other subsamples when using effect sizes. Effect sizes are a standard measure in meta-analyses³³⁴ which usually compare and integrate the different findings of primary research studies. One advantage of effect sizes is that they are comparable across studies because they are calculated on a dimensionless scale.

334 Ellis, P. D. (2010). *The Essential Guide to Effect Sizes*. Cambridge: Cambridge University Press. Lipsey, M. W., & Wilson, D. B. (2000). *Practical Meta-Analysis*. Thousand Oaks/London/New Dehli: Sage Publications. Stanley, T. D. (2001). Wheat from chaff: meta-analysis as quantitative literature review. *Journal of Economic Perspectives*, 15(3), 131-150.

Although we are not analysing primary studies here the setting allows us to use this methodological tool. Comparing the Danish ECL system to the remainder of the sample is conceptually equivalent to an experimental study design consisting of control group and treatment group. Therefore we can think of Denmark as being the control group whereas the remainder of the sample constitutes the treatment group. We ultimately analyse differences between these categories by calculating effect sizes and the respective confidence interval for each category.

Our preferred effect size is the standardised mean difference (Cohen's D) according to equation 1:

$$\text{Cohen's } d = \frac{M_1 - M_2}{SD_{\text{pooled}}}$$

In equation 1 M_1 and M_2 indicate the means of group 1 and group 2 respectively. SD_{pooled} denotes the pooled standard deviation of the two groups. Cohen's d must be interpreted in terms of standard deviation units, i.e. higher scores indicate larger effects. Effect sizes up to 0.2 are classified small, above 0.7 large and medium in between these intervals³³⁵. Table 3.5 displays the result of the analysis:

Table 3.5: Standardized Mean Difference

Type	Sample	Study	SMD	[95% Conf. Interval]	% weight
Commercial	ECL vs IL (HU)	1	-0.239	-1.76 1.283	25.51
Commercial	ECL vs IL (no HU)	2	-0.366	-1.926 1.194	24.28
Non-Commercial	ECL vs IL (HU)	3	0.10	-1.419 1.618	25.61
Non-Commercial	ECL vs IL (no HU)	4	0.008	-1.542 1.557	24.6
I-V pooled SMD			-0.122	-0.891 0.646	100

The pooled mean difference indicates a minimal difference between the two licensing regimes in place indicating slightly lower fees for ECL. However, the pooled mean difference falls below accepted threshold level and must be interpreted as being very small.

Finally, we were interested in isolating factors that potentially are able to affect the licence fee. In particular we envisaged a range of institutional characteristics that would be candidates for such factors. Thus, we decided to use a regression approach and coded a series of variables present in each of the scrutinized countries. Since we wanted to find price drivers our dependent variable is the licence fee.

335 See Cohen (1988), *Statistical Power Analysis for the Behavioral Sciences*, 2nd Edition, Hillsdale, NJ: Lawrence Erlbaum.

Independent variables were mostly dummies or categorical. First, a categorical variable designed to capture the legislative basis was created. It indicates whether legislation on orphan works is already in force (actual) or planned (potential). Secondly, a variable indicating the type of legislation in place or planned was created. This variable indicates whether a country uses an extended collective licensing scheme or whether individual licensing is preferred. A third variable captured whether there is a (planned) central register for orphan work's users (1=yes, 0=otherwise). A fourth variable distinguished between commercial and non-commercial usage. We also included dummy variables for the various scenarios.

Two additional variables were coded but had to be dropped due to low variation. One of those assessed whether collecting societies are involved in price negotiations for licences. But this was the case in all countries. The other one related to diligent search. As is evident from the comparative review of the treatment of orphan works accompanying this report all countries employ some kind of diligent search and specify requirements in a more or less detailed manner. Thus, the different requirement for diligent search procedures are candidates for qualitative comparison but difficult to integrate in this licence clearing exercise.

We estimated two models. The first model (results not presented here) passed the usual specification tests for normality and low variance inflation factors indicate absence of collinearity. The data was also screened for influential outliers using Cook's D. This resulted in the removal of one data point. However, the Cook-Weisberg test indicated heteroscedasticity. Therefore we ran a second model which is presented in table 5. Model 2 used a centred and standardised dependent variable. We ran this second model using robust standard errors to remove heteroscedasticity. It also passed the specification tests as described before.

Model 2 displayed below in table 3.6 found a positive effect on the licence fee when future legislation is planned or likely to be imposed in near future.

Table 3.6: Regression Results

VARIABLES	Fee(std)
Register	-0.0763 (0.188)
Usage	0.0945 (0.279)
Potential Leg.	0.913** (0.379)
Scene1_dummy	-0.461 (0.329)
Scene5_dummy	2.026 (1.167)
Scene3_dummy	0.332 (0.499)
Individual Lic.	0.947 (0.883)
Constant	-1.366 (0.964)
Observations	25
R-squared	0.582
Standard errors in parentheses, *** p<0.01, ** p<0.05, * p<0.1	

4. Limitations and Summary of Rights Clearance Exercise

The collection of the data displayed above presented a number of difficulties. First, consulted representatives were uncomfortable to unilaterally determine illustrative licensing prices because of the practice of negotiations between applicant and licensor. Reportedly, prices on licences are always decided in consequence of the examination of a number of arguments forwarded by the applicant, which affect the final decision of the application examiners. As a consequence, many representatives referred to real projects examined by their institutions, which not always corresponded or were comparable with the case scenarios we envisaged.

Secondly, the impact of some variables on the licensing price in the examined countries was difficult to assess for the lack of certainty and unclear definition of the variables at hand. For example, the requirement of diligent search of the rightholder before using an orphan work is not always clearly stated by the legislation; it is often implied in the definition of orphan works, without additional provisions. Moreover, the impact of prospective law, in countries without a specific legislation in force, would need further investigation.

Finally, when designing the study we hoped to be able to collect a larger dataset. As mentioned in the introduction to the data analysis section these conditions limit the scope for statistical analyses and all results reported need further investigation.

Notwithstanding the above limitations, the various parts of this report, i.e. the comparative legal review and the rights clearance exercise provide a more detailed picture about the orphan works issue as compared to what was available before.

For example, it is interesting to note that the economic situation of the applicant of a licence for using orphan works (the “budget” of the applicant) is taken into account in some of the examined jurisdictions. Denmark and Hungary, in particular, have reported that this is an important consideration when determining the price of the licence.

It is also interesting to note that Denmark and Hungary implement very different systems for orphan works licensing. The first implements extended collective licensing while the second mainly implements a central governmental licensing system. Despite this difference they seem interestingly similar when approaching the issue at hand.

Most interestingly, the research shows that all systems examined present an obvious discrepancy between the maturity of the individual licensing system and the comparative immaturity of collective licensing, especially in relation to mass digitisation needs. The licensing prices, the required formalities, the licensing duration, as they stand, present immense hurdles for private and public institutions willing to undertake mass digitisation projects on the example of the ones promoted by Google or by the New York Municipal Archives. Most examined licensing systems do not even envisage mass licensing for the number of items displayed by the above examples (e.g. more than 100,000 items). The practice in place in Denmark and Hungary, i.e. the consideration of the applicant’s budget has the potential to compensate for such prohibitively high costs for mass digitisation projects and would therefore be considered a compulsory component of any new legislation.

The existence in Europe of mass digitisation projects aimed at the preservation of national and international cultural patrimonies, for example Europeana, suggest a need for legal certainty and clarity in the field of large scale on-line publication of copyright works including orphan works. To this end, affordable fares, simplified procedures, and long-term or permanent duration³³⁶ of licences would appear desirable.

By the time of this writing the envisaged UK scheme to regulate orphan works includes a fixed term licence but not a permanent one. The UK government has assumed the position that issuing of a permanent licence prevents returning rightholders to exercise their rights. However, under the fixed term licence should rightholders re-appear during the licence usage would continue until the end of the licence (but the rightholder would be enabled to claim remuneration). Alternatively, if a long notice period is included a non-commercial user does not need to re-apply upon expiration of the fixed term licence but in case a rightholder re-appeared would need to cease use after for example a year – unless the rightholder gave them permission to continue.

5. Key Findings

The rights clearance exercise generated five major findings.

First, the “simulation” has shown little impact of the type of licensing system on licensing prices. In particular, licensing prices in extended collective licensing systems do not seem to be remarkably higher or lower than prices within other licensing systems. This implies that the associated cost with running collective and individual licensing systems may become an important criterion when implementing a new solution for the regulation of orphan works.

Secondly, there is no systematic recognition of the need for permanent licences. The rights clearance exercise revealed that licensing terms were very variable from country to country, ranging from a monthly to a 5 years licence, without the provision of a permanent licence. Permanent or long-term licensing seem particularly relevant in the case of mass digitisation projects, where a short-term licence would make the project too costly and therefore unviable.

Thirdly, the issue of high fees that discourage mass digitisation projects becomes obvious when aggregating the data under reasonable assumptions as highlighted in section 2.1 and table 3.1. Fees initially appearing very low and thus sustainable, e.g. the equivalent of 9 pence per page in the Canadian regime for a non-commercial license, may render mass-digitisation unviable for public and non-profit institutions. It is also worthwhile noting that for the calculations presented above the fees reported were further discounted by 40% in the case of commercial and roughly 66% for the non-commercial licence. From the analysis of the Google Books Settlement reported above it is evident that similar considerations have been applied for commercial purposes, too, resulting in a much lower licence fee payable by Google for books that have already been digitised and are thus available in large numbers.

Fourthly, an important issue is to consider the distribution of risks to the parties involved in licence clearing in relation to the behaviours a legislator aims to encourage through the provision of particular incentives.

336 Caveat: Permanent licenses would have to address the issue of a returning rightholder (so called *revenants*) who may not be able to regain control of the exploitation of their works.

The two dominant regimes governing orphan works rights clearing are limited liability where the applicant can make use of the work in good faith and after certain efforts have been made to identify the rightholder, as compared to up-front rights clearing by the applicant where the applicant pays a fee before use of the orphan work is granted.

Under limited liability the applicant does not have to bear any costs unless a rightholder reappears (which is unlikely).³³⁷ This situation creates an incentive for the applicant to make use of an orphaned artefact with a limited amount of effort dedicated to identifying the true rightholder (hoping the latter will not re-appear at all). In contrast, the up-front rights clearing regime is likely to provide an incentive for putting considerable effort into attempts to identify the rightholder, because otherwise a licence will not be granted or the applicant must put aside a sum for the potential compensation of a reappearing rightholder.

The evidence provided in this study underlines that the incentive problem is not mere speculation but reflected in actual user behaviour and shows that in particular in the US a limited liability system seems to enhance the availability of orphan works. It seems that actors such as the New York City Archives and the American Folklife Centre prefer the pragmatic approach of making the potentially orphaned works available and relying on the various defences of fair use and diligent search.

Ultimately a legislator must make a decision on what is deemed to be the desired behaviour.³³⁸ Thus, it seems feasible to consider both the limited liability and the up-front rights clearing as viable options but for different purposes. The limited liability system seems to have advantages for archives and other non-profit institutions exposed to orphan works enabling those organisations to actually share their stock of orphaned artefacts with the public. In contrast, up-front rights clearing seems to provide more appropriate incentives for commercial uses of orphaned artefacts guaranteeing that a re-appearing rightholder will be compensated for the exploitation of her work.

Finally, overall we find very little evidence for a common underlying economic rationale for the licensing of orphan works in the various jurisdictions. In fact, the only consistent finding is that in all cases commercial licence fees tend to exceed non-commercial ones. However, the fact that not all representatives could provide separate rates for all categories underlines the limitations of the current systems. For example a consistent fee scheme would allow any work to be priced and thus permit rights clearing for the applicant. Nonetheless, in none of the jurisdictions a fee for scenario 4, the re-issuing of an old TV series, was available.

337 There is very limited evidence for the reappearance of rightholders. Actually, as reported in Study I we were not able to identify any case law related to this issue. The US based class actions *Authors Guild v. Google* and *Australian Authors Guild v. Hathi Trust* (see section 2.5) appear to be the only reported cases.

338 Note that the UK Government stated that the idea of merely de-criminalising use of orphan works (i.e. limiting liability to civil penalties) is not something it can do because it would be condoning unlawful behavior (see also: Impact Assessment BIS1063 Orphan Works available from <http://www.ipo.gov.uk/pro-policy/consult/consult-closed/consult-closed-2011/consult-2011-copyright.htm>).

References Study I

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