

**REPORT ON ORPHAN WORKS BY
THE COPYRIGHT OFFICE**

HEARING
BEFORE THE
SUBCOMMITTEE ON COURTS, THE INTERNET,
AND INTELLECTUAL PROPERTY
OF THE
COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES
ONE HUNDRED NINTH CONGRESS
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REPORT ON ORPHAN WORKS BY THE COPYRIGHT OFFICE

WEDNESDAY, MARCH 8, 2006

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COURTS, THE INTERNET,
AND INTELLECTUAL PROPERTY,
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The Subcommittee met, pursuant to call, at 2:08 p.m., in Room 2141, Rayburn House Office Building, the Honorable Lamar Smith (Chairman of the Subcommittee) presiding.

Mr. SMITH. The Subcommittee on Courts, the Internet, and Intellectual Property will come to order.

Thank you all for your interest and for your in presence in being here. We will open with opening statements and then proceed directly to hear from our witnesses today as well.

I recognize myself.

Today's hearing is an oversight hearing on the Copyright Office Report on Orphan Work. The orphan works issue arises when someone who wants to use a copyrighted work cannot find the owner no matter how diligently they search. The owner may have moved several times, died, or in the case of corporate owners may have changed names or been bought out. This leaves the potential user with no options even though they want to do the right thing by paying a reasonable royalty to the copyright owner of a photograph, book, or other work.

Responding to this issue, the Copyright Office has released the adjusted statutory language that they believe will address the orphan works issue in a balanced manner. I have heard from a number of interested parties on the orphan works issue and the language suggested by the Copyright Office from potential owners and users of orphan works to others who are merely concerned about the impact of any new orphan works legislation on existing statutes.

I have long been a proponent of strong copyright protections. So I look forward to hearing from the witnesses today who are seeking to address the orphan works issue by limiting the remedies for specific uses of orphan works. It is important that copyright owners still receive a fair royalty under an effective system if the owner does reappear to claim ownership of his work.

Some copyright owners, such as photographers, illustrators, and artists have unique business issues that are different from those of other copyright owners. I look forward to hearing of their specific concerns and whether or not this adjusted language has adequately

addressed them or can be modified to do so in either statutory or report language. Numerous interested parties have been meeting in numerous areas to develop modifications to the copyright office language in order to better protect their interests. The successful completion of such negotiations will enable us to move an orphan works bill in the coming weeks.

Moving a bill in Congress does not require unanimity. Parties who feel that they can simply stop the legislative process by failing to negotiate in good faith or at all tend to be ignored. Maybe I should say left behind.

I look forward to working with other Members of the Committee and interested parties to advance a near consensus bill on the issue at hand.

That concludes my testimony. The gentleman from California, Mr. BERMAN is recognized for his.

Mr. BERMAN. Thank you very much, Mr. Chairman, for scheduling the hearing on the Copyright Office's report on orphan works. Unfortunately for me, perhaps fortunately for you and the other Members, I am going to have to leave a little early because of another hearing in a different Committee. So I would like to use the opening statement to raise some questions.

I want to start out by commending the Copyright Office on their legislative proposal. It's united a number of owner and user groups in search of a solution to the orphan works problem. The recommendation goes a long way to meeting users' concerns of making beneficial uses of works when copyright owners can't be found. This allows our society to be enriched by access to works that otherwise and most likely would be lost. All of this must coexist against the backdrop of continuing to maintain the incentive for creators to pursue their art.

So when it comes specifically to the category of owners of visual arts work such as photographers and illustrators, which seems to be a group that is most concerned about this proposal, I want to raise some questions about the affect of the Copyright Office proposal on an orphan works provision.

Currently, a user can begin a search by typing in search terms in a registry, be it in the Copyright Office or from musical works by contacting BMI or ASGAP. There is no collective registry, however, for photographic or illustration information which makes owner information in many instances almost impossible to find. According to this proposal, if a reasonable search and attribution allows one to qualify for a limitation of on remedies, will most owners of photographs be required to forego their normal remedies when the information can't be found? That issue shy is to me the large elephant remaining in the room.

Is the current copyright system layered by the orphan works provision adequate to protect visual arts owners. The most basic question seems unanswerable. Where does one even begin the process of finding the owner information for most illustrations or photographs? No doubt this question may be addressed in part by some non-legislative solutions or possibly legislative in that an appropriation is required.

For example, when I wrote to the Copyright Office about the orphan works issue, I requested that they explore the viability of cre-

ating an accurate, updated, and electronically searchable data base of copyright ownership, how much would such a data base cost. Currently on the Copyright Office's search file, unless one has a registration number, the title, or the author's name, one can't search for the work. Even with that all that information, the search feature is extremely rudimentary. With photographs, however, where often times there is no title of the work, there is currently no mechanism to search a description of the work and the possibility of matching the work is limited since there is no thumbnail of the photograph.

Granted, part of the problem has been exacerbated by attempts to accommodate the needs of the photographers by allowing group registration; however, if the orphan works provision limits an owner's right to reasonable compensation without access to statutory damages or attorneys fees, what's the motivation for photographers to register their works in the first place which gives them the opportunity to get those remedies?

While some have stated that this issue should be resolved outside the scope of this orphan works solution, I think we have to be somewhat wary of going down a road that small copyright owners claim will isolate them from the benefits of the copyright system and potentially harm them. Currently, copyright owners can use the threat of litigation with the possibility of statutory damages and attorneys fees to hinder unauthorized uses of their works. Under this orphan works provision, while the use is still considered infringement, the remedies are so limited that the likelihood of recovery of even reasonable compensation becomes questionable. The cost of litigation to determine reasonable compensation would often times far exceed the actual reasonable compensation.

To discuss the orphan works recommendation without addressing a core problem for major stakeholders in the process alters the balance in maintaining the exclusive rights for locatable copyright owners. Where but for the fact that there is no adequate data base, some of these children could be matched with their parents.

So the issues, I just wanted to raise. I know I'm taking a little longer, but I'll make up for it on the other end. I would hope the witnesses could address a few of these questions.

For cases in which the Copyright Office has a registration for a work with locatable information on its face, should there be an exception or carve-out to the orphan works provision? Should an owner, if able to show a registration, be able to reclaim his right to statutory damage or attorneys fees? What if the work was not only registered, but the owner took steps to make his work locatable by providing a description of the work? Would this make a difference? If the Copyright Office is proposing that this data base be a voluntary data base established by the photographers, should it we look at a later enactment date to allow time for the photographers to acclimate to this new scheme or perhaps provide a transition period? Finally, would the witness be amenable to having the option of a resolution of the orphan works issue in a small claims court to reduce the cost to small copyright owners?

There are some other issues to consider, but it is in this particular area that I thought that I would hope the witnesses might address this discrete problem that I see in the proposal, which I

generally commend and appreciate the Copyright Office submitting to us in response to our request.

Thank you Mr. Chairman.

Mr. SMITH. Thank you, Mr. Berman.

The gentlewoman from California, Ms. Lofgren, is recognized for an opening statement.

Ms. LOFGREN. Thank you, Mr. Chairman. I would ask unanimous consent to put my full statement in the record.

Mr. SMITH. Without objection, so ordered.

Ms. LOFGREN. To save time, I would just like to mention how interested I am in the Copyright Office proposal. I think that, as you know, I introduced a bill, H.R. 2408, that took a somewhat different approach than the one proposed by the Copyright Office. In my bill, I set forward a concept of a national registry system to avoid their works becoming orphaned. Under my bill, copyright holders would register their works in a national registry after 50 years.

I recently received a letter from Professor Lawrence Lessig of Stanford Law School in support of a registry system. I would like to make that a part of the record. It is not my proposal, but I am interested in what the witnesses might think. I think it's been on the web.

Mr. SMITH. Without objection, that proposal will be made a part of the record as well as any other items that the gentlewoman wants to submit as a part of her opening statement.

Ms. LOFGREN. Thank you.

I would just like to note that one of the values that I had hoped for in a registration approach is certainty on the of all parties. On the other hand, the Copyright Office's proposal has some benefits because it doesn't have the arbitrary 50-year date, and I think there's value in that. On the other hand, I'm not sure the certainty principle is there. So I'm interested in all of the witnesses talking about what further efforts could be made to provide certainty, and then certainly if you expend money, time, and effort on an orphan work, you want to have some level of certainty that you are doing so on firm ground. I'm not sure that the proposal before us really gives that level of certainty, and perhaps there is some way to do absent a registry system or maybe that is the better system.

So thank you, Mr. Chairman, for allowing me. I don't generally do opening statements, but I appreciate the opportunity to do so today.

Mr. SMITH. Thank you, Ms. Lofgren.

The gentleman from California, Mr. Issa, is recognized for an opening statement.

Mr. ISSA. Thank you, Mr. Chairman. I'll put my written statement into the record to save time.

I just want to compliment and echo Mr. Berman's comments by saying that if I can find what is unfindable on the Government site by going to Google, then, in fact, we're not living up to the expectations of the public, and I would hope that as we go through this legislation or proposal and in the future that we recognize that in a digital age, there should be nothing unsearchable including, to be honest, a digital image from a picture being matched with the entire data base of pictures. That technology exists today, and I

would hope during the statements, we could discuss if not today, then when would we have those capabilities so that there would not be a true orphan of intellectual property, copyright property, particularly in the Government's hands.

Thank you. I yield back.

Mr. SMITH. Thank you, Mr. Issa.

Would our panelists stand so that you all can be sworn in?

[Witnesses sworn.]

Mr. SMITH. Our first witness is Jule Sigall, the Associate Register for Policy and International Affairs at the U.S. Copyright Office. Mr. Sigall is the head of the Office of Policy and International Affairs which assists the Register of Copyrights in advising Congress and Executive Branch agencies on domestic and international copyright policy matters. Mr. Sigall is also an adjunct professor of law at the George Washington University Law School where he teaches copyright. Mr. Sigall is a graduate of Duke University and a *summa cum laude* graduate of the Catholic university School of Law.

Our next witness is Allan Adler, Vice President for Legal and Governmental Affairs for the Association of American Publishers which represents book and journal publishing industries. He deals with intellectual property, freedom of speech, new technology, and other industry-related issues. Mr. Adler holds a B.A. in history from the State University of New York at Binghamton and a J.D. from the George Washington University Law School.

Our next witness is David Trust, the Chief Executive Officer of the Professor Photographers of America. Founded in 1880, the PPA is the world's largest nonprofit trade association for professional photographers with 15,000 members. Mr. Trust is also the CEO of the Alliance of Visual Artists. The AVA is an umbrella group representing the interests of photographer organizations which also represents the International Association of Professional Event Photographers, Commercial Photographers International, and the Student Photographic Society as well. Mr. Trust graduated with a B.S. in journalism from the University of Georgia.

Our final witness is Maria Pallante, the Associate General Counsel and Director of Licensing at the Solomon R. Guggenheim Foundation where she has managed intellectual property and related business affairs since 1999. Ms. Pallante received her J.D. from the George Washington University Law School, and her B.A. from College Misericordia.

In closing, we should note, Mr. Trust, that you are at a slight disadvantage today since you are the only one with no connection to George Washington University School of Law. I don't remember coming this close, I think, before to a clean sweep by one law school with three having graduated from one. You may be outnumbered, but not out testified, but we'll find out.

Okay. Mr. Sigall we'll begin with you.

**TESTIMONY OF JULE L. SIGALL, ASSOCIATE REGISTER FOR
POLICY AND INTERNATIONAL AFFAIRS, COPYRIGHT OFFICE
OF THE UNITED STATES, THE LIBRARY OF CONGRESS**

Mr. SIGALL. Thank you, Mr. Chairman.

Chairman Smith, Mr. Berman, and Members of the Subcommittee, I am pleased to appear today on behalf of the Copyright Office to testify about our report on orphan works. We would like to thank Chairman Smith and Mr. Berman for supporting our study in the report which we published at the end of January.

As you summarized, Mr. Chairman, the term “orphan works” describes the situation where someone would like to use a copyrighted work, but cannot identify and locate the copyright owner. Even where the user makes a diligent effort to find the owner, if the owner is not found, the user faces a dilemma. She cannot determine whether the owner would permit the use. Where the proposed use is infringing, the user cannot reduce the risk of copyright liability because there is the possibility that a copyright owner could bring an infringement action after that use has begun.

In each situation, the productive and beneficial use may be forestalled, not because the owner has asserted exclusive rights or because the user and owner cannot agree on the terms of a license, but merely because the user cannot locate the owner. For many users, the risk of infringement liability even though remote is enough to prompt them not to make use of the work. This outcome is not in the public interest, especially where the owner no longer exists or otherwise does not care to restrain the use of the work.

Based on our study of this issue, we concluded the following: The orphan works problem is real, but it is illusive to quantify and describe comprehensively. Some orphan work situations may be addressed by existing law, but many are not, and legislation is necessary to provide a meaningful solution to the orphan works problem as we know it today. The report recommends with specific legislative language an amendment to the Copyright Act’s remedy section.

Our proposal is motivated by two primary goals. First, any system to deal with orphan works should seek to make it more likely a user finds the relevant owner in the first instance and negotiates a voluntary agreement over the use of the work. Second, where the user cannot identify and locate the owner after a reasonably diligent search, then the system should permit that user to make use of the work subject to provisions that resolve issues that arise if the owner surfaces after the use has commenced.

Our proposed amendment follows the core concept that many participants favor as an orphan works solution. If the user has performed a reasonably diligent search but does not locate that copyright owner, then the remedies for infringement by that user should be limited. Both our written testimony and the report go into the specifics of a recommendation. So I won’t spend much time on those details now. I would like to focus my remarks today on the reactions that interested parties have given to our report.

By and large, that reaction has been quite positive. A diverse array of copyright owners and users, book publishers, authors, libraries, archives, museums, motion picture studios, record companies, educational institutions, documentary film-makers and others all agree with our conclusion that the orphan works issue is real and needs to be addressed and they agree with the basic concept and structure of our proposed legislation. Some of these groups have made constructive suggestions for changes to the specific pro-

visions, and we are confident that further discussion among the interested parties can resolve any remaining issues.

Certain groups representing individual copyright owners, however, such as photographers, illustrators, and graphic artists oppose our proposal. They argue that many of their works will be inaccurately labeled orphan works because it is often difficult to find the owner of a visual image, usually because the name of the creator is not on copies of the work. As Mr. Berman pointed out, the Copyright Office records are text based and in many cases do not contain much, if any, description of the subject matter of the image in part because we have eased the registration requirements for photographers at that request. So even if a photographer has registered his works, a user may not be able to locate that owner.

In other words, these groups concede the very problem at the heart of the report. A user seeking to locate a photographer of an image that has no identifying information on it faces a daunting challenge. Our proposal provides safeguards for this problem in a number of ways. First, in most cases, including all commercial uses, the user of an orphan work must pay the copyright owner reasonable compensation if the owner resurfaces. Also, the user will not be able to continue making the use after the owner asserts his copyright except in defined circumstances and even in that case must pay reasonable compensation for that future use. So when critics say that our proposal would strip thousands of photographers and other visual artists of their rights, that is simply not true.

Photographers claim that bringing a lawsuit to collect reasonable compensation will be prohibitively expensive. We agree that legal actions to enforce copyrights are expensive just as any access to our court system is costly. However, this problem exists for visual images today regardless of whether orphan works legislation is passed or not. More over, there are nonlegal actions that photographers and others can take to protect their copyrights. These steps include consistent marking copies of their works, development of collective licensing mechanisms, and employing technology to allow effective searches where the user only has the image and no contextual information for the work. Steps like these will also ensure that visual images are locatable and that their works do not become orphan works.

Regarding the expense of litigation, we noted in the report that a new small claims procedure might also help individual owners protect their copyright generally and also allow them to obtain reasonable compensation if their work falls into the orphan category. We will be pleased to work with the Subcommittee and interested parties in exploring possible new procedures; however, the key to enhancing copyright protection in visual images is not increased litigation, but making it easier for owners and users to find each other, which our orphan work proposal encourages.

In conclusion, many users, especially cultural institutions like libraries, museums, and archives, made clear that any orphan work solution must include photograph and other visual images given the persistent orphan works problems that exist with these works. In fact, orphan works legislation may be the catalyst needed to prompt the nonlegal marketplace reforms that will most efficiently

address the problems identified by these creators. For this reason and others, Congress should not delay its consideration and enactment of orphan works legislation.

Thank you for the opportunity to testify today and I look forward to answering any questions that you might have.

[The prepared statement of Mr. Sigall follows:]

PREPARED STATEMENT OF JULE L. SIGALL

Chairman Smith, Ranking Member Berman, and Members of the Subcommittee, I am pleased to appear before you on behalf of the Copyright Office to testify about our *Report on Orphan Works*, published in January of this year. In this testimony, we provide a description of the orphan works issue and the contents of the Report, as well as a discussion of some of the reactions to the Report we have received from interested parties since its publication.

By and large the reaction has been quite positive. A broad and diverse array of interests from both copyright owner and user communities including book publishers, authors, libraries, archives, museums, motion picture studios, record companies, educational institutions, documentary filmmakers and others agree with the Copyright Office's conclusion that the orphan works issue is real and needs to be addressed, and they also agree in basic concept and structure with the legislative solution proposed by the Report. Some of these groups have made constructive suggestions for changes to specific provisions of our proposal, and we are confident that issues raised by these comments can be resolved with further discussion among the interested parties.

Some individual authors and creators, however, primarily in the photography and visual image industries, are opposed to our effort to solve the orphan works problem, despite the fact that the proposal does not remove copyright for orphan works, and requires, in most cases, that the user pay the copyright owner reasonable compensation for the use of the work. Their concerns stem mostly from the fact that legal action to enforce their copyrights is expensive, often prohibitively so. As described below and in the Report, the enforcement problems faced by these creators are real and should be addressed, but they exist whether or not orphan works legislation is passed. As a result, these concerns do not justify any delay in addressing the orphan works problem. In fact, enactment of orphan works legislation may be the catalyst necessary to prompt the non-legal, marketplace reforms that will most efficiently address the problems identified by photographers and creators of visual images.

I. DESCRIPTION OF THE REPORT

A. *Introduction and Background*

The Report addresses the important issue of "orphan works," a term used to describe the situation where the owner of a copyrighted work cannot be identified and located by someone who wishes to make use of the work in a manner that requires permission of the copyright owner. Even where the user has made a reasonably diligent effort to find the owner, if the owner is not found, the user faces uncertainty—she cannot determine whether or under what conditions the owner would permit use. Where the proposed use goes beyond an exemption or limitation to copyright, the user cannot reduce the risk of copyright liability for such use, because there is always a possibility, however remote, that a copyright owner could bring an infringement action after that use has begun.

Concerns have been raised that in such a situation, a productive and beneficial use of the work is forestalled—not because the copyright owner has asserted his exclusive rights in the work, or because the user and owner cannot agree on the terms of a license—but merely because the user cannot locate the owner. Many users of copyrighted works have indicated that the risk of liability for copyright infringement, however remote, is enough to prompt them not to make use of the work. Such an outcome is not in the public interest, particularly where the copyright owner is not locatable because he no longer exists or otherwise does not care to restrain the use of his work.

The Copyright Office has long shared these concerns, and considered the issue of orphan works to be worthy of further study. The Office was pleased that in January 2005, Chairman Smith and Mr. Berman expressed interest in the issue and supported the request from Senators Orrin Hatch and Patrick Leahy to study the orphan works issue in detail, and to provide a report with the Office's recommendations.

After that request, in January 2005, the Office issued a Notice of Inquiry initiating this study. We received over 850 written initial and reply comments from the public, and held three days of roundtable discussions in late July in Washington, D.C. and Berkeley, California. The Office subsequently met informally with various organizations separately, in a effort to explore more specific issues raised in the comments and roundtables; they were also invited to further express their individual concerns. Our Report is the culmination of those efforts.

II. DESCRIPTION OF ORPHAN WORKS SITUATIONS

Section III of the Report catalogs and organizes the various situations described in the comments as “orphan work” situations. The written initial and reply comments, most of which were authored by individuals, described an enormous variety of problems and proposed uses. It is difficult, however, to quantify the extent and scope of the orphan works problems from these comments, for several reasons. First, about 40% of the comments do not identify an instance in which someone could not locate a copyright owner, and another significant portion identified situations that were clearly not orphan work situations. Still, about 50% of the comments identified a situation that could fairly be categorized as an orphan works situation, and even more instances were collected in comments filed by trade associations and other groups. Thus, there is good evidence that the orphan works problem is real and warrants attention, and none of the commenters made any serious argument questioning that conclusion.

The Report describes the most common obstacles to successfully identifying and locating the copyright owner, such as (1) inadequate identifying information on a copy of the work itself; (2) inadequate information about copyright ownership because of a change of ownership or a change in the circumstances of the owner; (3) limitations of existing copyright ownership information sources; and (4) difficulties researching copyright information.¹ It then describes other situations raised by commenters that were alleged to be “orphan work” situations but upon closer inspection were outside the scope of the inquiry. These included situations where the user contacted the owner, but did not receive permission to use the work, either because the owner did not respond to the request, refused the request, or required a license fee that the user felt was too high. Other such problems included general difficulties determining the status of copyright protection for a given work, and problems related to the legal protection accorded pre-1972 sound recordings.²

Finally, the Report catalogs the proposed uses that the commenters indicated were most affected by the orphan works situations. In our view these uses fall into one of four general categories: (1) uses by subsequent creators who add some degree of their own expression to existing works to create a derivative work; (2) large-scale “access” uses where users primarily wish to bring large quantities of works to the public, usually via the Internet; (3) “enthusiast” or hobbyist uses, which usually involve specialized or niche works, and also appear frequently to involve posting works on the Internet; and (4) private uses among a limited number of people.³

III. LEGAL BACKGROUND

Section IV of the Report provides the legal backdrop for consideration of the orphan works issue.⁴ First, it sets out the historical factors that affect the orphan works problem by describing how the issue is, in some respects, a result of the omnibus revision to the Copyright Act in 1976. Specifically, the 1976 Act made obtaining and maintaining copyright protection substantially easier than the 1909 Act. Copyrighted works are protected the moment they are fixed in a tangible medium of expression, and do not need to be registered with the Copyright Office. Also, the 1976 Act changed the basic term of copyright from a term of fixed years from publication to a term of life of the author plus 50 (now 70) years. In so doing, the requirement that a copyright owner file a renewal registration in the 28th year of the term of copyright was essentially eliminated.

These changes were important steps toward the United States’ assumption of a more prominent role in the international copyright community, specifically through accession to the Berne Convention, which prohibits formalities like registration and renewal as a condition on the enjoyment and exercise of copyright. Moreover, there was substantial evidence presented during consideration of the 1976 Act that the

¹See UNITED STATES COPYRIGHT OFFICE, *Report on Orphan Works* 23–34 (Jan. 2006) [hereinafter “Report”].

²See Report at 34–46.

³See Report at 36–40.

⁴See Report at 41–68.

formalities such as renewal and notice, when combined with drastic penalties like forfeiture of copyright, served as a “trap for the unwary” and caused the loss of many valuable copyrights. These changes, however, exacerbate the orphan works issue, in that a user generally must assume that a work he wishes to use is subject to copyright protection, and often cannot confirm whether a work has fallen into the public domain by consulting the registration records of the Copyright Office.

Section IV of the Report then goes on to describe existing provisions of copyright law that might address the orphan works situation in certain circumstances. While U.S. copyright law does not contain an omnibus provision addressing all orphan works as such, it does contain a few provisions that permit certain users to make certain uses of certain classes of orphan works, and other provisions that reduce the risk in using an orphan work. These provisions include section 108(h), section 115(b), section 504(c)(2), and the termination provisions (sections 203, 304(c), and 304(d)). These existing sections provide models that may be useful in the development of an omnibus orphan works provision.

This discussion demonstrates that the current Copyright Act does not contain provision designed to address the orphan works situation that is the subject of the Report. While some provisions, like section 108(h), might address the question for some users in certain situations, in general a user faced with an orphan works situation will not find a specific section or other provision of the Act on which he might rely to make use of the work.

Nevertheless, we believe that the focus on developing legislative text to address orphan works should not obscure the fact that the Copyright Act and the marketplace for copyrighted works provide several alternatives to a user who is frustrated by the orphan works situation. Indeed, assessing whether the situations described to use in the comments were true “orphan works” situations was difficult, in part because there is often more than meets the eye in a circumstance presented as an “orphan works” problem.

For purposes of developing a legislative solution we have defined the “orphan works” situation to be one where the use goes beyond any limitation or exemption to copyright, such as fair use. However, in practice, most cases will not be so neatly defined, and a user may have a real choice among several alternatives that allow her to go forward with her project: making noninfringing use of the work, such as by copying only elements not covered by copyright; making fair use; seeking a substitute work for which she has permission to use; or a combination of these alternatives. Indeed, evidence presented to us indicates that users in the orphan works situation make exactly these types of choices. Section IV of the Report describes some of those alternatives and how they might be applicable to different scenarios described in the comments.

Finally, Section IV of the Report sets out the international law context for consideration of an orphan works solution. Specifically, it describes the obligations that the various international copyright treaties impose on the United States with respect to imposition of formalities to copyright, limitations and exceptions to copyright and copyright remedies.

IV. DESCRIPTION OF PROPOSED SOLUTIONS

Numerous comments received in the orphan works proceeding proposed solutions to the orphan works problem, and Section V of the Report catalogs and describes them. These solutions can be grouped into four categories:

- *Solutions that already exist under current law and practice.* These were usually noted only in passing; commenters (even commenters opposed to any orphan works provision) did not take the position that the existing law is sufficient to solve the orphan works problem.⁵
- *Non-legislative solutions.* An example of a solution in this category is a proposal for improved databases for locating owners of works. These solutions were also usually noted only in passing, and were not advanced as sufficient to fix the problem.⁶
- *Legislative solutions that involve a limitation on remedies when a user uses an orphan work.* The most substantive comments fell into this category, and most of the comments by professional organizations or academics fell into this category.⁷

⁵ See Report at 69.

⁶ See Report at 70.

⁷ See Report at 71–89.

- *Other legislative solutions.* Examples of proposed solutions in this category are deeming all orphaned works to be in the public domain, or changing the tax or bankruptcy codes to reduce the factors that cause orphan works to come into existence in the first place.⁸

As explained in Section V, most of the comments focused on various aspects of the third category, legislative proposals involving a limitation on remedies. Almost every commenter who advocated a limitation-on-remedies system agreed that a fundamental requirement for designation of a work as orphaned is that the prospective user have conducted a search for the owner of the work, and that the search results in the owner not being located. The commenters differed in the types of searches they would consider adequate.

Many commenters were in favor of determining whether a search was reasonable on an “ad hoc” or case-by-case basis, whereby each search is evaluated according to its circumstances. This approach was offered as having the advantage of flexibility to cover the wide variety of situations that depend on the type of work and type of use involved. Several others were in favor of a “formal” approach, whereby the copyright owner is required to maintain his contact information in a centralized location, and a user need only search those centralized locations to perform a reasonable search. That approach was offered as being more certain than the “ad hoc” approach.

The commenters also discussed the role that registries would play in an orphan works system. Some proposed a mandatory registry for owner information, which was opposed by several commenters as reinstating the problematic features of the pre-1976 copyright law, and might violate international obligations related to formalities. Many commenters expressed support for voluntary registries of owner information that could be consulted by users in performing their reasonable searches. Some copyright owners expressed concern about even voluntary registries as not offering much efficiency in certain cases, such as photographs. Some commenters proposed that user registries be established in which a user would file a notice that he intends to use a work for which he cannot locate an owner. Both voluntary and mandatory user registries were proposed. Concerns were raised as to whether user registries were unnecessarily burdensome on owners, who might have to consult the registry frequently to monitor use of their copyrights.

Other issues discussed by the commenters and described in Section V include whether the orphan works system should be limited based on the age of the work, on whether the work is unpublished, and on whether the work is of foreign origin. Many commenters expressed the view that none of these characteristics should disqualify any particular work; rather, these aspects of a work should be considered in the determination of whether the search for the owner was reasonable. Some commenters also proposed that the use of orphan works be limited to non-profit educational or cultural institutions.

Once a work has been designated as an orphan work, several comments addressed whether the user would have to pay any fees for the use of the work. A common suggestion was that the user be obligated to pay a reasonable license fee if the copyright owner surfaced after use began. Others proposed a low fixed statutory fee, such as \$100 per work used, and another suggestion was the actual damages caused by the use be limited by a low statutory cap. Some participants favored the use of an escrow that users would pay into upon use of the orphan work, with that money distributed to owners if they surfaced.

If an owner does appear and claim infringement, most commenters agreed that some limitation on the remedies for infringement is essential to enabling the use of the work. Most agreed that statutory damages and attorneys fees should not be available, because those remedies create the most uncertainty in the minds of users. With respect to injunctive relief, many commenters proposed that the orphan work user be permitted to continue the use he had been making before the owner surfaced, but that new uses of the work remain subject to injunction and full copyright remedies.

V. CONCLUSIONS AND RECOMMENDATIONS

Section VI of the Report contains the Copyright Office’s conclusions and recommendations.⁹ Our conclusions are:

- The orphan works problem is real.

⁸See Report at 89.

⁹See Report at 92.

- The orphan works problem is elusive to quantify and describe comprehensively.
- Some orphan works situations may be addressed by existing copyright law, but many are not.
- Legislation is necessary to provide a meaningful solution to the orphan works problem as we know it today.

The Report recommends that the orphan works issue be addressed by an amendment to the Copyright Act’s remedies section. The specific language we recommend is provided at the end of the Report.¹⁰

In considering the orphan works issue and potential solutions, the Office has kept in mind three overarching and related goals. First, any system to deal with orphan works should seek primarily to make it more likely that a user can find the relevant owner in the first instance, and negotiate a voluntary agreement over permission and payment, if appropriate, for the intended use of the work. Second, where the user cannot identify and locate the copyright owner after a reasonably diligent search, then the system should permit that specific user to make use of the work, subject to provisions that would resolve issues that might arise if the owner surfaces after the use has commenced. In the roundtable discussions, there seemed to be a clear consensus that these two goals were appropriate objectives in addressing the orphan works issues. Finally, efficiency is another overarching consideration we have attempted to reflect, in that we believe our proposed orphan works solution is the least burdensome on all the relevant stakeholders, such as copyright owners, users and the federal government.

The proposed amendment follows the core concept that many commenters favored as a solution to the orphan works problem: if the user has performed a reasonably diligent search for the copyright owner but is unable to locate that owner, then that user should enjoy the benefit of limitations on the remedies that a copyright owner could obtain against him if the owner showed up at a later date and sued for infringement. The recommendation has two main components:

- the threshold requirements of a reasonably diligent search for the copyright owner and attribution to the author and copyright owner; and
- the limitation of remedies that would be available if the user proves that he conducted a reasonably diligent search.

The details of the recommendation are set out in Section VI, followed by a discussion of some other proposals that we considered carefully, but ultimately decided not to recommend.¹¹

A. The Reasonably Diligent Search Requirement

Subsection (a) sets out the basic qualification the user of the orphan work must meet—he must perform a “reasonably diligent search” and have been unable to locate the owner of the copyright in the work. Such a search must be completed before the use of the work that constitutes infringement begins. The user has the burden of proving the search that was performed and that it was reasonable, and each user must perform a search, although it may be reasonable under the circumstances for one user to rely in part on the search efforts of another user.

Several commenters complained of the situation where a user identifies and locates the owner and tries to contact the owner for permission, but receives no response from the owner. They suggested that works in these situations should be considered orphan works. We have concluded that such a solution is not warranted, as it touches upon some fundamental principles of copyright, namely, the right of an author or owner to say no to a particular permission request, including the right to ignore permission requests. For this reason, once an owner is located, the orphan works provision becomes inapplicable.

The proposal adopts a very general standard for reasonably diligent search that will have to be applied on a case-by-case basis, accounting for all of the circumstances of the particular use. Such a standard is needed because of the wide variety of works and uses identified as being potentially subject to the orphan works issues, from an untitled photograph to an old magazine advertisement to an out-of-print novel to an antique postcard to an obsolete computer program. It was not possible for our Report to craft a standard that could be specific to all or even many of these circumstances. Moreover, the resources, techniques and technologies used to investigate the status of a work also differ among industry sectors and change

¹⁰ See Report at 127.

¹¹ See Report at 93–122.

over time, making it hard to specify the steps a user must take with any particularity.

Section VI contains a discussion of several factors that commenters identified as being relevant to the reasonableness of a search, including:

- The amount of identifying information on the copy of the work itself, such as an author's name, copyright notice, or title;
- Whether the work had been made available to the public;
- The age of the work, or the dates on which it was created and made available to the public;
- Whether information about the work can be found in publicly available records, such as the Copyright Office records or other resources;
- Whether the author is still alive, or the corporate copyright owner still exists, and whether a record of any transfer of the copyright exists and is available to the user; and
- The nature and extent of the use, such as whether the use is commercial or noncommercial, and how prominently the work figures into the activity of the user.

Importantly, our recommendation does not exclude any particular type of work from its scope, such as unpublished works or foreign works. Section VI explains why we believe that unpublished works should not be excluded from this recommendation, and how the unpublished nature of a work might figure into a reasonable search determination.

Our recommendation permits, and we encourage, interested parties to develop guidelines for searches in different industry sectors and for different types of works. Most commentators were supportive of voluntary development of such guidelines. When asked whether the Copyright Office should have authority to embody guidelines in more formal, binding regulations to provide certainty, we were surprised to hear that most user groups—whom we thought would desire more certain rules for searches—opposed the Copyright Office issuing rules related to search criteria. Based on our desire to maintain flexibility in the reasonable search standard and this expressed opposition to formal rulemaking, we have not proposed that the orphan works legislation provide the Office with any rulemaking authority.

B. The Attribution Requirement

We also recommend one other threshold requirement for a user to qualify for the orphan works limitations on remedies: throughout the use of the work, the user must provide attribution to the author and copyright owner of the work if such attribution is possible and as is reasonably appropriate under the circumstances. The idea is that the user, in the course of using a work for which he has not received explicit permission, should make it clear to the public that the work is the product of another author, and that the copyright in the work is owned by another. While only a handful of commenters proposed a requirement along these lines, we found several good reasons to support this requirement, described in Section VI, including the notion that attribution is critically important to authors, even those who consent to free use of their works. The requirement of attribution should be a flexible rule, and should not be interpreted in a strict way to create unnecessarily another obstacle to the use of orphan works.

C. Other Alternatives Considered

There were two other mechanisms proposed to help address the orphan works issue that we considered but ultimately concluded would not be appropriate to recommend at this time. First, as noted above, some commenters suggested that users should be required to file with the Copyright Office some public notice that they have conducted a reasonable search and intend to use an orphan work. While a centralized registry of user certifications or notice of intent to use sounds promising on the surface, upon closer examination there are potential pitfalls that outweigh the benefits at this time, for reasons that we describe in Section VI.

The other mechanism proposed by some commenters is a requirement that orphan works users pay into an escrow before commencing use. In our view, an escrow requirement in an “ad hoc” reasonable search system like we recommend would be highly inefficient. Every user would be required to make payment, but in the vast majority of cases, no copyright owner would resurface to claim the funds, which means the system would not in most cases actually facilitate payments between owners and users of orphan works. We are sympathetic to the concerns of individual authors about the high cost of litigation and how, in many cases, the individual creator may have little practical recourse in obtaining relief through the court system.

We believe that consideration of new procedures to address this situation, such as establishment of a “small claims” or other inexpensive dispute resolution procedure, would be an important issue for further study by Congress.

D. Limitation on Remedies

If a user meets his burden of demonstrating that he performed a reasonably diligent search and provided reasonable attribution to the author and copyright owner, then the recommended amendment would limit the remedies available in that infringement action in two primary ways: First, it would limit monetary relief to only reasonable compensation for the use, with an elimination of any monetary relief where the use was noncommercial and the user ceases the infringement expeditiously upon notice. Second, the proposal would limit the ability of the copyright owner to obtain full injunctive relief in cases where the user has transformed the orphan work into a derivative work like a motion picture or book, preserving the user’s ability to continue to exploit that derivative work. In all other cases, the court would be instructed to minimize the harm to the user that an injunction might impose, to protect the user’s interests in relying on the orphan works provision in making use of the work.

1. Monetary Relief

A vast majority of the commenters in our study agreed that the prospect of a large monetary award from an infringement claim, such as an award of statutory damages and attorneys’ fees, was a substantial deterrent to users who wanted to make use of an orphan work, even where the likelihood of a claim being brought was extremely low. Most of the proposals for addressing the orphan works problem called for clear limitations on the statutory damages and attorneys’ fees remedies in cases involving orphan works. Our recommendation follows this suggestion by limiting the possible monetary relief in these cases to only “reasonable compensation,” which is intended to represent the amount the user would have paid to the owner had they engaged in negotiations before the infringing use commenced. In most cases it would equal a reasonable license fee, as that concept is discussed in recent copyright case law.

While many commenters supported a general remedy like “reasonable compensation,” some expressed concern about the impact that *any* monetary remedy at all might have on their ability to go forward and use orphan works. For example, museum representatives explained that they would like to use hundreds or even thousands of orphan works in their collections, so the potential of even a minimal monetary award for each work, would, in their view, be prohibitive. Libraries and archives made similar observations, noting their desire to make large collections of orphan works accessible.

In our view, a general standard of reasonable compensation is the right solution to this problem, for several reasons. First, with respect to the concern about a chilling effect of any monetary remedy, it must be noted that in nearly all cases where a diligent search has been performed, the likelihood of a copyright owner resurfacing should be very low, so that no claim for compensation is ever made. Second, it should be clear that “reasonable compensation” may, in appropriate circumstances, be found to be zero, or a royalty-free license, if the comparable transactions in the marketplace support such a finding. Our discussions with museums, universities and libraries indicated that in many orphan works situations a low or zero royalty is likely to be the reasonable compensation.

In addition, to make absolutely sure that the concerns of nonprofit institutions like libraries, museums and universities about monetary relief are assuaged, we recommend an additional limitation on monetary relief where the user is making a non-commercial use of the work and expeditiously ceases the infringement after receiving notice of the infringement claim. In that case, there should be no monetary relief at all. Libraries, archives and museums indicated that posting material on the Internet was a primary use they would like to make of orphan works, and that they would take down any material if a copyright owner resurfaced. This additional provision provides certainty about their exposure in that circumstance. If the organization wishes to continue making use of the work, it would have to pay reasonable compensation for its past use, and, as described below, for future use of the work.

2. Injunctive Relief

In addition to the limits on monetary relief, several commenters in this proceeding suggested that limitations on injunctive relief were needed as well. Most specifically, users who would like to create derivative works based on orphan works, most notably filmmakers and book publishers, stressed that the fear of an untimely injunction—brought just as the book was heading to stores, or just before release of the

film—provides enough uncertainty that many choose not use the work, even though the likelihood of such injunction is small.

In light of these comments, we recommend that injunctive relief for infringement of an orphan work be limited in two ways. First, where the orphan work has been incorporated into a derivative work that also includes significant expression of the user, then injunctive relief will not be available to stop the use of the derivative work, provided the user pays reasonable compensation to the copyright owner. Second, in all other cases, full injunctive relief is available, but the court must account for and accommodate any reliance interest of the user that might be harmed by an injunction. For example a full injunction will still be available where a user simply republishes an orphan work, or posts it on the Internet without transformation of the content.

E. Administrative Provisions

We also recommend two other administrative provisions. First, a savings clause that makes clear that nothing in the new section on orphan works affects rights and limitations to copyright elsewhere in the Copyright Act, which is consistent with the structural approach of placing the provision in the remedies chapter. Second, we recommend that the provision sunset after ten years, which will allow Congress to examine whether and how the orphan works provision is working in practice, and whether any changes are needed.

F. International Context

The Notice of Inquiry asked questions about how any proposed solution to the orphan works issue would comport with the United States' international obligations in the various copyright treaties. Our recommendation does not exclude foreign works from its scope, so it must comport with the United States' international copyright obligations. We believe that one of the primary advantages of the ad hoc, reasonably diligent search approach is that it is fully compliant with international obligations.

G. Application to Types of Uses

To further explain how our recommendation would work in practice, Section VI takes the four general categories of users described in Section III and describes how the recommended limitation on remedies would apply in each scenario.¹² The Section describes how the Subsequent Creator, Large-Scale Access User, Enthusiast User and Personal User would proceed under the recommendation. We believe that nearly all orphan work situations are encompassed by one of those four categories, so that if our recommendation resolves these users' concerns in a satisfactory way, it will likely be a comprehensive solution to the orphan works situation.

VI. REACTIONS TO THE REPORT

The reactions we have heard to our Report, for the most part, have been overwhelmingly positive. A broad array of copyright owners and copyright users: book publishers, libraries, archives, museums, educational institutions, record companies, motion picture studios, independent filmmakers, software publishers and others, have praised the Report and support the basic concept and structure of the proposed legislation. Several of these groups have pointed out specific features of our recommendation that might create unintended consequences, or suggested modifications to the language to address specific concerns.

In this section of the testimony, we comment on some of these reactions and suggestions. As noted in the Report, we proposed specific legislative language to help clarify our conclusions and recommendations by giving interested parties a more concrete understanding of what our conclusions entail. We also recognized that interested parties might have suggested revisions that would improve the clarity of the text or avoid unintended consequences of the language that we proposed.¹³ In other words, we recognize that our proposal is likely a starting point for legislation to address orphan works, and would be pleased to work with the Committee, its staff and interested parties on modifying that language. In general, however, these groups are supportive of the overall approach, and the proposed changes are issues that very likely can be resolved with further discussion, and which will result in compromise draft legislation supported by the vast majority of copyright owner and user interests.

¹²See Report at 122–126.

¹³See Report at 93.

A. *The Problem of Photographs and Other Visual Images*

The one exception to the broad support for our proposed legislation involves certain groups representing individual copyright owners of visual works, such as photographers, illustrators, and graphic artists. They oppose our proposal, which was not unexpected, as many of them filed comments in our proceeding recommending that no change be made to the law to address the orphan works problem. They argue that many, if not most, of their works will be inaccurately labeled orphan works, because it is difficult and often impossible to find the copyright owner of a visual image, usually because the name of the creator is not on the copies of the works distributed to the public. Moreover, existing sources of ownership information are text-based and often not useful if the user only has the work, and not any other information about the work, before him.

In other words, these groups concede the very problem that is at the heart of the Report—a user seeking to locate a photographer or illustrator of an image that has no identifying information on the work itself faces a daunting challenge. The Copyright Office registration records are text-based, and in most cases registration records do not contain much, if any, description of the subject matter of the image. Indeed, efforts by the Office to accommodate photographers by making it easier to register photographs (*e.g.*, the recent regulations permitting group registration of published photographs), while responding to complaints from photographers about the difficulties they have had in registering their works, have probably made the registration system less useful for determining copyright ownership of particular photographs. So even if a photographer has registered his works with the Copyright Office, it may be the case that a user will not be able locate that owner.

Our proposal anticipates and provides safeguards for this situation in a number of ways, primarily by preserving meaningful remedies for owners of works that might be subject to the orphan works legislation. First, in most cases, including all commercial uses, the user of an orphan work is obligated to pay the copyright owner “reasonable compensation” for the use prior to the time the owner resurfaces. Also, the user will not generally not be able to continue making the use after the owner asserts his copyright, unless the user meets the requirements of Section 514(b)(2)(A), and even in that case will be required to pay reasonable compensation to the owner going forward. And in order for noncommercial users to avoid the requirement of reasonable compensation, they must cease the infringement expeditiously after the owner assert his rights, thus preserving future exploitation to the owner’s exclusive rights.

Despite being entitled to “reasonable compensation” and these remedies in most orphan work cases, photographers oppose the proposal because they claim that bringing a lawsuit to collect this compensation will be prohibitively expensive. We agree that *legal* actions to enforce copyrights in visual images are expensive for individual creators, just as any access to our court system is costly. However, this problem exists for copyrighted visual images regardless of whether orphan works legislation is passed or not. Moreover, there are *non-legal* actions that the photographers, illustrators and similar creators can take to enforce and exploit their copyrights, and at the same time, help eliminate the possibility that their works would fall into the orphan works system.

As a practical matter, a marketplace of licenses and permissions for use of photographs simply cannot exist where potential buyers cannot find the sellers of rights in visual images. Creators of visual images need to address the problem first and foremost, and primarily through non-legal actions—through more consistent marking of copies of their works, through development of mechanisms like collective licensing organizations that can provide ownership and licensing information to users, and by deploying technology to allow searches for owners where the user only has the image and no contextual information. Steps like these will help individual owners enforce and receive payment for their copyrighted images, and, at the same time, ensure that they are locatable and that their works do not become orphan works. It is important that any legislative solution to address orphan works include photographs and other visual images within its scope to resolve the numerous orphan works problems that exist with these types of works. Moreover, failing to include such works in the scope of the legislation would likely allow visual image copyright owners to avoid resolving these more fundamental problems with non-legal, marketplace reforms.

As to the legal actions that individual creators can take to enforce their rights, our Report acknowledges the real obstacle faced by photographers and other individual copyright owners from the expense of infringement lawsuits. We agree that a more efficient dispute resolution procedure, such as a “small claims” procedure for copyright infringement claims involving relatively small damage amounts, would offer individual owners better access to legal protection of their rights. Such a proce-

sure would also allow these owners to obtain the “reasonable compensation” they would be due under our orphan works proposal even if their works fall into the orphan category. We would be pleased to work with the Subcommittee and interested parties in exploring possible new procedures. It should be noted, however, that the key to creating a more efficient marketplace for copyrighted visual images is not increased litigation, but making it easier for owners and users to find each other, which our orphan works proposal encourages.

In sum, we understand the concerns of photographers and other visual image creators. They face difficulties exploiting their copyright, particularly in light of new technology like the Internet, and solutions to those problems, both legal and non-legal, should be explored and developed. That fact, however, does not deny that there is a very real problem of orphan works that needs to be addressed, and those issues should not delay Congress in its consideration and enactment of orphan works legislation.

B. Other Comments and Suggestions

The other comments and suggestions we have received concern specific provisions in the Report’s proposed language. First, some groups remain concerned that a general standard of “reasonable compensation” might result in high damage awards that would discourage use of orphan works. For reasons set out in the Report, we think this concern is unfounded, particularly in light of the exception that limits monetary relief to no compensation where the use is noncommercial and the user ceases the infringement when the owner resurfaces.

One suggestion made to address this issue is for the statute to define “reasonable compensation” with language from the Report that specifies that it “would equal what a reasonable willing buyer and reasonable willing seller in the positions of the owner and user would have agreed to at the time the use commenced, based predominantly by reference to evidence of comparable marketplace transactions.”¹⁴ We agree that including language like this in the legislation would be a helpful clarification. We also believe that legislative history providing examples of how reasonable compensation would be determined in different circumstances would also be helpful.

On the related question of whether the orphan work user’s activity is done “without direct or indirect commercial advantage,” which would make that user potentially eligible for no monetary relief, our Report attempts to recognize that some non-profit organizations engage in different types of activity, some of which is commercial and some non-commercial. Museums and other nonprofit organizations have asserted that their activities involving the sale of books or other items using copyrighted materials are simply a matter of “cost recovery” and should not be considered commercial for the purposes of our proposal. We cannot accept that proposition categorically, especially where the institution has paid other located copyright owners for the use of their works in the same book or product that contains the orphan work. Nevertheless, we agree the drawing lines between situations is difficult, and look forward to working with museums and others on illustrative examples that can be used in the legislative history to help draw those lines.

Second, some groups have expressed concern with our requirement that the orphan work user attribute the author and copyright owner during their use of the work. Specifically, museums and others have said that determining the copyright owner, as opposed to the author, is often difficult and confusing, and therefore it should not be required. In our view, however, as the Report explains, attributing the copyright owner, if possible, is an important piece of information that other users and the public should be able to learn from the orphan work user. It also will increase the likelihood that the owner will surface after use begins and voluntary agreement over the use can be reached. If the user is unsure of who owns the copyright, then it may not be possible for him to attribute the copyright owner. Also, the manner of attribution should be determined as is reasonable under the circumstances. These two considerations, embodied in our proposal, account for the concerns expressed about attributing the copyright owner, and thus it should remain a requirement.

Third, with respect to injunctive relief provision of proposed Section 514(b)(2)(A), some have expressed concern about what types of works would be included in that provision. Specifically, some are concerned that the use of the term “derivative work” might not be broad enough to encompass works that our Report explains should be included—the historical book which includes photographs or the inclusion of a sculpture in a scene of a motion picture—because these works do not necessarily “transform” or alter the underlying orphan work. As we note in the Report,

¹⁴ See Report at 116.

the concept behind this provision—with which we have not heard disagreement—was to capture the situation where the user creates a new work that relies to a significant extent on the underlying orphan work, as contrasted with the situation where the user merely republishes the orphan work, either alone or as part of a compilation. We agree that the language in this section could be more clear, and would be pleased to work with interested parties on ways it could be amended to better reflect the concept that underlies it.

Fourth, several groups have expressed concern about the sunset provision, and have questioned how it applies where a use begins before the 10-year period is over but continues afterward. It was our intent to allow any user who begins use in reliance on the proposed Section 514 before the 10-year period is over to be able to benefit from the provision, even after the 10-year period ends. Changing the word “occurring” to “commencing” would help make that clear, and we would be pleased to discuss further changes to clarify this point. As to whether a sunset provision is appropriate, it is likely that at least some minor—and perhaps some major—adjustments to the orphan works legislation will be advisable after we have had a few years’ worth of experience with it.¹⁵ We certainly do not believe that the provisions of the orphan works legislation should actually expire. But without a sunset provision, it may be difficult to persuade a future Congress to modify the existing legislation if it is deemed to be “good enough.” Requiring reauthorization after a reasonable number of years will ensure that Congress will, as a practical matter, have little choice but to ask itself at that point whether and how the existing regime can be improved.

As noted above, we would be pleased to work with the Committee, its staff and the interested parties on these or any other issues related to our proposal. We have been greatly encouraged by the generally positive reaction so far, and hope that balanced, comprehensive and effective legislation to address this important issue can be introduced and enacted in the near future.

Mr. SMITH. Thank you, Mr. Sigall.
Mr. Adler.

TESTIMONY OF ALLAN ADLER, VICE PRESIDENT FOR LEGAL AND GOVERNMENT AFFAIRS, ASSOCIATION OF AMERICAN PUBLISHERS, INC.

Mr. ADLER. Thank you, Mr. Chairman, Mr. Berman, Ms. Lofgren.

As both users and producers of copyrighted works, book publishers have considerable experience with the frustration caused by the orphan works problem in seeing necessary permissions to incorporate photos, illustrations, and other discrete third-party copyrighted works into the histories, biographies, and other kinds of literary works they publish. AAP was gratified to learn that the Copyright Office report recommended the same basic framework that the book publishing community has proposed, and we have been hopeful of reaching a consensus since learning that representatives of the library, higher education, museums, and scholarly society communities have endorsed an initiative that was strikingly similar to the AAP proposal in almost all key respects.

In general, we think the Copyright Office did an excellent job in its report, wisely rejecting a variety of orphan work proposals that seemed excessively complex, discriminatory, costly, or bureaucratic in favor of advocating a relatively straightforward flexible and self-executing scheme. By its terms, the Copyright Office proposal may be viewed as a fine-tuning of statutory law because it would not impose any new prerequisites for registration or enforcement of copyright or in any way affect the duration of copyright, the scope

¹⁵To that end, we would also welcome a study at some point before the end of the 10-year period to assess how the orphan works legislation is working, even if no sunset provision is enacted.

of copyright liability, or the applicability of fair use or other defenses against infringement.

However, AAP, like other orphan works stakeholders, does have some concerns about the Copyright Office's draft statutory language to implement its recommendations. With respect to the important issue of the conduct of a reasonably diligent search, AAP generally agrees with the Copyright Office approach and we think that the Copyright Office has provided helpful explanations and examples in its report which should be included in legislative history to inform how the analysis and factors will be employed in determining whether a particular search satisfies the statutory standard, but we have some questions regarding when it should be appropriate for an orphan work user to qualify for the statutory limitation on remedies in reliance on the results of a previous third-party search rather than a user's own reasonably diligent search, and we think that we need further detail in the statutory language and explanations and legislative history on three sets of issues:

First, clarifying that a reasonably diligent search conducted by the user's employees acting within the scope of their employment or by a third-party acting in an agency capacity on behalf of the user should qualify the user for statutory limitation on remedies in the same way as would a search conducted by a user.

Secondly, we want to clarify that any person who engages in a related infringing use of the same work as the user who conducted a reasonably diligent search should qualify for the statutory limitations on remedies based on the user's search without conducting their own reasonably diligent search at least where the related infringing use occurs pursuant to a license from the user or the user's licensee. The example in our industry would be if an author has conducted the reasonably diligent search, we would hope that the publisher, the printer, the licensee who is authorized to do paperback versions of the book would not all have to do their own separate reasonably diligent searches in order to rely on the limitation of remedies.

Third, there is the important other situation of so-called piggybacking on a previously conducted search, but in those instances, there would be a second user of the work who is not tied in any way to the original user by a license or other basis for asserting the claim of legal privity and the use of the work by the second user would be different from and unrelated to the use of the work by the original user. Our concern there is that if the standard is simply one of reasonableness under the circumstances, that may lead second users to do nothing other than determine whether a previous reasonably diligent search has been conducted by another user in which case they would perpetuate a mistaken notion that orphan works is a designation which adheres to the work in question and creates a status for the work that governs all of its future uses by any users. This would be contrary to the more accurate and appropriate view that orphan works designation actually applies to the work only in connection with a particular use by particular user or users.

The attribution requirement that the Copyright Office would also require in order for the user to be able to rely upon the statutory limitation of remedies is somewhat troubling. The attribution re-

quirement, predictably in these kinds of cases if we are trying to identify the author and the copyright owner, will be not terribly reliable, and in those circumstances, we are concerned that requiring attribution as a condition for obtaining the limitation on remedies is likely to mean that an emerging copyright owner will sue and basically attack the attribution to make the individual user not subject to the limitation on remedies. So we would hope that this could be clarified.

There are other respects in which we would hope to be able to clarify the plan proposed by the Copyright Office. We would hope most of that could be done through examples and illustrations contained in legislative history while retaining a fairly simple statutory framework for orphan works treatment.

[The prepared statement of Mr. Adler follows:]

PREPARED STATEMENT OF ALLAN ADLER

Thank you for inviting me to appear here today on behalf of the Association of American Publishers ("AAP") to discuss the U.S. Copyright Office *"Report on Orphan Works."*

As you may know, AAP is the principal national trade association of the U.S. book publishing industry, representing some 300 member companies and organizations that include most of the major commercial book and journal publishers in the United States, as well as many small and non-profit publishers, university presses and scholarly societies. AAP members publish hardcover and paperback books and journals in every field of human interest. In addition to publishing print materials, many AAP members are active in the emerging market for ebooks, and also produce computer programs, databases, Web sites and a variety of multimedia works for use in online and other digital formats.

BACKGROUND

AAP has been on the public record urging the need to resolve the problem of "orphan works" at least since the proceedings that resulted in the issuance of the Copyright Office *"Report on Copyright and Digital Distance Education"* in May 1999. Book publishers understand the central issue to concern how U.S. copyright law might permit uses of a copyrighted work that implicate the exclusive rights of the copyright owner, when the uses are not authorized by any of the statutory limitations or exceptions applicable to such rights and the would-be users cannot locate the copyright owner in order to obtain required permission.

As both users and producers of copyrighted works, book publishers have a fundamental interest in advocating the widespread availability and use of copyrighted works consistent with established principles of copyright law. They also have considerable experience in seeking necessary permissions to incorporate photographs, illustrations and other discrete, third-party copyrighted works into the histories, biographies and other kinds of copyrighted literary works they publish.

For these reasons, book publishers fully understand the frustration that can arise when the desire to incorporate a third-party work as part of a new work being prepared for publication is thwarted by a concern over potential infringement liability based not on the copyright owner's refusal to authorize such use of the third-party work but on the inability of the publisher—or author—of the new work to locate that copyright owner in order to request the permission that is necessary to legally make the intended use.

When the Copyright Office invited public comment on "orphan works" in a "Notice of Inquiry" published early last year, AAP (working jointly with the Association of American University Presses and the Software and Information Industry Association) submitted Comments and Reply Comments that urged modest revisions in copyright law to mitigate the risk of infringement liability, and thereby encourage otherwise infringing uses of copyrighted works, in the typical "orphan works" situation where permission for use is required by law but cannot be obtained due to the user's inability to locate the copyright owner. AAP and several member publishers subsequently participated in the public roundtable discussions of "orphan works" that were conducted by the Copyright Office.

THE COPYRIGHT OFFICE REPORT ON ORPHAN WORKS

When the Copyright Office published its “Report on Orphan Works” in January of this year, AAP was gratified to learn that the Report recommended the same basic framework that the book publishing community had proposed for dealing with the “orphan works” problem. AAP had been hopeful that a consensus would grow around that basic framework after its review of submitted Comments and Reply Comments made clear that numerous representatives of the library, higher education, museum and scholarly society communities had endorsed a proposal from the Glushko-Samuels Intellectual Property Clinic at American University that was strikingly similar to the AAP proposal in almost all key aspects.

In general, AAP believes that the Copyright Office did an excellent job of evaluating the diverse ideas that were proposed in submitted Comments and Reply Comments regarding how the uncertain status of “orphan works” might be addressed so that users of such works will not be needlessly discouraged from incorporating them in new creative efforts or making them available to the public.

From the perspective of the book publishing community, the Copyright Office wisely rejected a variety of proposed “orphan works” schemes that seemed excessively complex, discriminatory, costly or bureaucratic, in favor of advocating a relatively simple, uniform, flexible and self-executing way of addressing the problem. Its minimalist approach seems calculated to require the fewest possible changes to current U.S. copyright law, no impact on U.S. obligations under international copyright agreements, and the least possible bureaucratic impact on governmental entities, as well as on owners and users of copyrighted works. By its terms, it may be characterized as a “fine tuning” of statutory law that would not impose any new prerequisites for registration or enforcement of copyright, or in any way affect the duration of copyright, the scope of copyright liability, or the applicability of “fair use” or other defenses against infringement.

The core concept of the Copyright Office recommendation, which also constitutes the basic premise of the proposal advanced by AAP, is fairly straightforward:

If the infringing user of a copyrighted work has first performed a reasonably diligent but, ultimately, unsuccessful search to locate the copyright owner to obtain permission before engaging in an infringing use of the work, then that infringing user generally would be entitled to have the benefit of limitations on the compensation and injunctive remedies that the copyright owner could obtain if the owner turns up subsequent to the commencement of such infringing use and sues on the grounds of infringement.

Clearly, however, the Copyright Office draft legislative language, despite or, perhaps, because of its relative brevity, is already generating concerns regarding the potential implications of an enacted statutory scheme for different “orphan works” stakeholders, including book publishers.

For example:

Reasonably Diligent Search: AAP generally agrees with the Copyright Office that its requirement for the user to conduct a “good faith, reasonably diligent search” to locate the copyright owner, as one of two threshold eligibility requirements to qualify for the limitations on remedies, should be determined on a case-by-case basis measured against a flexible standard of reasonableness in the totality of the circumstances. Moreover, in our view, the Copyright Office Report contains a number of helpful explanations and examples that clarify the kind of analysis and factors to be employed in determining whether a particular “search” satisfies the statutory standard. The inclusion of this guidance in the legislative history of the related statutory language, combined with the prospect that private stakeholders will develop and highlight the availability of voluntary guidelines and ownership information resources on a sector-by-sector basis within the communities that use and produce copyrighted works, should make it unnecessary for Congress to provide a more detailed treatment of the standard in statutory language, especially if the legislative history is further developed to address other issues related to the meaning of the standard issue.

However, with respect to the question of when it should be appropriate for a would-be user to be eligible for the limitations on remedies in reliance upon the results of a previous third-party search, rather than the user’s own search efforts, AAP believes further detail in the statutory language, as well as explanations in the legislative history, may be warranted to address three sets of issues.

First, it should be made clear that a reasonably diligent search conducted by a would-be user’s employees acting within the scope of their employment, or by a third-party acting in an agency capacity on behalf of the user, will qualify the user for the statutory limitations on remedies in the same way as would such a search conducted by the user. Enactment of the proposed “orphan works” scheme will cre-

ate new business opportunities in the marketplace for third parties offering professional search services, and AAP believes the statutory language itself should anticipate such a development.

Second, it should be made clear that any person who engages in a related infringing use of the same work as the user who conducted a reasonably diligent search, should be able to qualify for the limitations on remedies based on the user's search where the related infringing use occurs pursuant to a license from the user or the user's licensee. For example, if the original user of the "orphan work" is an author who incorporates the work into a new work pursuant to conducting a search that meets the statutory standard, then the publisher of the new work, as well as the publisher's distributors and licensees, would also qualify for the limitations on remedies without having to each conduct their own search for the copyright owner of the original work. AAP urges that this form of "piggybacking" on a previously-conducted search should be addressed in the statutory language, with legislative history providing additional explanation and examples to clarify the kind of "related" infringing uses and users that would qualify for such reliance.

Third, if possible, the statutory language should address other instances of potential "piggybacking" on previously-conducted searches that will arise in situations where the second user of the work is not tied to the original user by any license or other basis for asserting a claim of legal privity, and the use of the work by the second user is different from and unrelated to the use of the work by the original user.

In its consideration of permissible reliance in the context of unrelated uses, the Copyright Office has taken the view that "the test is whether it was reasonable under the circumstances for that second user to do so—there should not be any *per se* rule preventing or permitting one user's 'piggybacking' on another's search." *See* Report, p. 96–97. While AAP is sympathetic to the idea of applying an objective "reasonableness" standard in these determinations, there is a real danger that this view of the second user's ability to use the work under the protection of the limitations on remedies may lead such users, as a matter of practice, to not make *any* independent effort to locate the copyright owner *other than* to determine whether a previous search was conducted by another user. This could have the unfortunate effect of perpetuating the mistaken notion that "orphan work" is a designation which, once applied, adheres to the *work* in question and creates a *status* for that work that governs all of its future uses by all users, instead of reflecting the more accurate and appropriate notion that the designation applies to the work only in connection with a particular *use* by a particular user or users.

AAP does not suggest that a subsequent unrelated user should *never* be permitted to reasonably rely on the results of a previous search conducted by another user. However, we urge that any treatment of this issue should avoid conveying the idea that a subsequent user would qualify for the limitations on remedies simply by reference to the previous search efforts of another user. The statutory language and supporting legislative history should make clear that, as a general rule, the responsibility to conduct a reasonably diligent search for the copyright owner prior to using an "orphan work" attaches to each *use* of the work, rather than to each user. This will help to ensure that a reasonable legal process established to provide for the use of "orphan works" without undue risks of infringement liability will not degenerate into a means by which such works are treated, in common practice, as though they were no longer subject to copyright protection.

Attribution: In addition to conducting a "good faith, reasonably diligent search" for the copyright owner, the Copyright Office recommendation requires that an infringing user of an "orphan work" must, "throughout the course of the infringement, provide attribution to the author and copyright owner of the work, if possible and as appropriate under the circumstances," in order to qualify for the limitations on remedies. Insofar as U.S. copyright law contains no general requirement for attribution when third-party works are used, it is unclear why attribution should be required for a use under "orphan work" treatment, especially since the "orphan work" situation will predictably be one in which the accuracy of any attribution to the copyright owner frequently will be inherently suspect.

In justifying its attribution requirement as a condition for obtaining the limitations on remedies, the Copyright Office claims that such notice will facilitate market transactions by alerting the author and copyright owner to the use of their work; preserve the author's ability to pursue "moral rights"-type interests in the work; curb abusive use of such works under the "orphan works" scheme; and not impose undue burdens on the user. But, given the circumstances in which such notice will be provided, it is likely that the provided attribution in many instances may be more misleading than informative.

The Copyright Office explains in its Report that the purpose of the attribution is not so much to identify the actual author or copyright owner, but to “make it as clear as possible to the public that the work is the product of another author, and that the copyright is owned by another.” See Report, p. 110. It also urges that the attribution requirement “should be a flexible rule, and should not be interpreted in a strict way to unnecessarily create another obstacle” to an “orphan works” use. See Report, p. 112. But, while the inclusion of such comments in the legislative history will be helpful to ensure that, as the Copyright Office states, “formalistic errors or similar omissions in the attribution should not be cause to disqualify the user from the orphan works category,” AAP remains concerned that requiring attribution as a condition for obtaining the limitations on remedies could make a questionable attribution a litigation target for an emergent copyright owner who may want to challenge the infringing user’s entitlement to such protection, notwithstanding the user’s satisfaction of the “reasonably diligent search” requirement. Congress should consider whether, in light of these concerns, if attribution is to be required at all pursuant to the “reasonable under the circumstances” standard urged by the Copyright Office, it should not be made a condition for obtaining the limitations on remedies.

Limitations on Remedies: Overall, AAP believes the Copyright Office has done a good job in developing and articulating proposed “limitations on remedies” policies. Its handling of the availability of “reasonable compensation” for the copyright owner who comes forward subsequent to the commencement of a qualifying “orphan work” use seems fair and reasonable in most respects, as does its approach to the availability of injunctive relief. However, AAP does have a few concerns about the Copyright Office recommendations.

Limitation on Remedies—Monetary Relief: Inherent in the very concept of “orphan work” treatment, as urged by AAP and recommended by the Copyright Office, is the expectation that the issue of “reasonable compensation” is unlikely to arise in the vast majority of cases. If the “reasonably diligent search” requirements for obtaining limitations of remedies are implemented in good faith by would-be users of “orphan works,” such users will seldom, if ever, subsequently encounter a claim for monetary relief by the copyright owner. Nevertheless, in those cases where a copyright owner does subsequently surface, the point of the “reasonable compensation” provision is to put the owner and user, to the greatest extent possible, in the respective positions they would have occupied in an ordinary marketplace negotiation occurring prior to the infringing use, where the amount paid to the owner by the user would represent what a reasonable willing user would have paid a reasonable willing owner based on knowledge and evidence of comparable marketplace transactions.

However, the copyright owners of certain types of works are apparently concerned that the proposed implementation of the limitations-on-remedies principle, which would eliminate the availability of an award of attorney fees and costs to the emergent copyright owner, as well as the availability of actual or statutory damages, may not provide sufficient economic incentive for them to pursue a claim of infringement in circumstances where the infringing user unreasonably refuses to pay reasonable compensation to the owner. For this reason, in the interest of fairness, AAP would support a revision of the Copyright Office’s proposed statutory language that would give the federal courts discretion to award reasonable attorney fees and costs to a prevailing plaintiff-owner if the court finds that such fees and costs were incurred as the result of bad faith or other unreasonable behavior on the part of the infringing user in dealing with an owner’s request for reasonable compensation.

In addition, even if they are not defined in statutory language, AAP would urge Congress to make sure that the practical meaning and application of “reasonable compensation,” “direct or indirect commercial advantage,” and other key terms that establish the limitations on monetary relief in the statutory scheme are fully explained in legislative history. Among other things, the legislative history should make clear that actions by the infringing user *other than* selling copies of the infringed work may constitute “commercial advantage,” and that the provision’s purpose in providing a safe harbor for infringing uses “performed without any purpose of direct or indirect commercial advantage” is not to lay a foundation for the assertion of a general “personal use” or “private use” exemption from infringement liability but only to effectuate the limitations on remedies for non-profit infringing uses that qualify for “orphan work” treatment, regardless of whether the user is an individual or an entity.

Limitation on Remedies—Injunctive Relief: AAP generally supports the distinctions that are drawn in the Copyright Office proposed statutory language regarding the availability of injunctive relief. However, AAP believes that the attempt by the Copyright Office to use the concept of “derivative works” in describing the circumstances where injunctive relief may not be awarded to “restrain the infringer’s

continued preparation and use” of a new work that “recasts, transforms or adapts” the infringed work is awkward, confusing and inconsistent with the kind of results that the Copyright Office seeks to effectuate as described in its Report. For example, although the discussion in the body of the Report clearly contemplates that this limitation shall apply where the infringed work is a photo or manuscript that the infringing user incorporates into a new literary work, such a use of the infringed work does not constitute the creation of a “derivative work” based on that infringed work. Moreover, it is questionable as to whether the concept of “incorporation” of the infringing work into a new work is in any meaningful way captured by the terms in the draft statutory language that characterize how the use of the infringed work in connection with the new work affects the infringed work (i.e., it is not clear that such use “recasts, transforms or adapts” the infringed work).

AAP believes that these issues are more drafting problems than disagreements over the concept of limiting injunctive relief, and believes they can be addressed in a manner that is consistent with the Copyright Office recommendation in this area. However, there is another issue regarding the limitation on injunctive relief that was not addressed in the Copyright Office report but warrants your consideration.

AAP believes that a serious problem of unfairness to copyright owners and, potentially, for U.S. adherence to its international treaty obligations will arise if State entities are permitted to claim the proposed “limitation of remedies” protection for their attempts to engage in “orphan works” use.

As the result of a series of federal court decisions on the sovereign immunity of States under the Eleventh Amendment, State entities cannot be liable for monetary damages resulting from their acts of copyright infringement. They may, however, be subject to injunctions prohibiting further infringing use of copyrighted works. Since the proposed “orphan work” scheme would, in some circumstances, allow the copyright owner of the infringed work to obtain monetary damages (in terms of court-determined “reasonable compensation”) but not injunctions, letting State entities avail themselves of the “orphan work” scheme would mean that a copyright owner who comes forward to confront a State entity that is an infringing user would be unable to get either an injunction (under the “orphan works” scheme) or, if the State entity balks at providing “reasonable compensation,” a monetary award (under the existing case law) and, thus, would be left with no recourse. This would be a patently unfair result, which almost certainly would violate U.S. obligations under the TRIPs Agreement, among others. Accordingly, in order to avoid this situation, the “orphan work” scheme should not be available to limit injunctive relief against a State entity unless the State is willing to waive its sovereign immunity in connection with its entities’ “orphan works” uses.

Sunset: The Copyright Office recommendation would “sunset” the “orphan works” scheme 10 years after the date of enactment. This makes no sense to AAP because the impact of such a “sunset” requirement is likely to be extremely disruptive to infringing users who have relied on the protection of the statutory “orphan works” scheme for ongoing infringing uses of infringed works. If the goal of the “sunset” requirement is to permit Congress to evaluate the way in which the “orphan works” scheme has operated, it makes more sense to impose a “Report to Congress” requirement whereby the Copyright Office can conduct its evaluation and report its findings to Congress without creating problems for infringing users in their reliance on “orphan works” treatment of their infringements.

Effective Date: Although the issue of an effective date for implementation of the statutory “orphan works” scheme was not addressed by the Copyright Office, AAP believes the effective date should be the date of enactment. However, we understand that some stakeholders may want to delay the effective date for implementation in order to provide time for their communities to become familiar with the intended operation of the enacted scheme, and to develop the voluntary guidelines and owner information resources that will help facilitate a fair and efficient implementation of “orphan works” treatment. Accordingly, AAP would not be opposed to a delayed effective date of one year after the date of enactment.

Conclusion

AAP is aware of problems that photographers, museums and certain other users and producers of copyrighted works claim the Copyright Office proposal will cause for their constituencies. Some of these stakeholder concerns may require only a tweaking of the Copyright Office draft legislative language so that it more accurately reflects and properly implements certain policy and operational objectives that are specifically discussed in the body of the Report; others, however, may require dealing with more organic complaints regarding the overall Copyright Office proposal and its alleged inadequacies from the perspective of these and other communities of users or producers of copyrighted works.

Book publishers are ready, willing and able to work with Congress, the Copyright Office and all interested stakeholders to refine the Copyright Office draft legislative language and implement its underlying core concept for addressing the “orphan works” problem. In the interest of avoiding the pitfalls of attempting to craft unnecessarily lengthy and detailed statutory language, AAP urges that efforts to resolve outstanding issues should focus, wherever appropriate and to the greatest extent possible, on the creation of a *negotiated consensus legislative history* that incorporates specific examples and illustrations to clarify the purpose and intended operation of the “orphan works” statutory scheme.

Once again, thank you for this opportunity to present AAP’s views on the Copyright Office “Report on Orphan Works.”

Mr. SMITH. Thank you, Mr. Adler.
Mr. Trust.

**TESTIMONY OF DAVID TRUST, CHIEF EXECUTIVE OFFICER,
PROFESSIONAL PHOTOGRAPHERS OF AMERICA, INC.**

Mr. TRUST. Thank you, Mr. Chairman.

Mr. Chairman and Ranking Member Berman and Members of the Committee, we thank you for the opportunity to testify concerning the Copyright’s report on orphan works. As you mentioned, I’m here representing Professional Photographers of America. We have also received endorsement or support from the American Society of Media Photographers, our good friends there. The Picture Archives Council of America, and the American Society of Picture Professionals have each contacted us separately to endorse the statement that we are about to make.

The 130,000 professional photographers in the United States are quite literally the copyright owner next door, earning on average less than \$35,000 a year. They are middle class American entrepreneurs found in every congressional district. While they are among the smallest copyright-owning businesses, photographers can easily create more than 20,000 works a year, each one having a relatively modest dollar value. They are the group most likely to have their works fall into the orphan category.

Now, some would have you believe that all orphan works are willfully abandoned, that photographers don’t value those works. It indicates a lack of understanding about the photographic industry. The truth is that an artist who marks his work and takes every reasonable step to make herself known can still have her images labeled as orphan. In the commercial context, this occurs at alarming frequency when editorial or advertising images are not properly credited or have metatags removed before publication to the internet.

For the retail photographer, the threat comes from both unauthorized copies that do not contain attribution as well as from clients who make the photographer’s contact information inaccessible by doing perfectly innocent things like gluing images into albums. Quite contrary to the Copyright Office’s statement, 90 percent of our members mark their work. They are available.

Now, because of their position in the marketplace and the ease with which their work falls into orphan status, a change in the law that might only cause a ripple for a large corporation is enough to capsize the person earning power of photographers and other visual artists. Unfortunately, it is our feeling that the Copyright Office proposal on orphan works while well-intended effectively tosses

independent visual artists over the side of the copyright boat. It attempts to correct a bad situation by creating another bad situation.

Of particular concern with the proposal is the limitation on and in some cases the elimination of monetary damages, the denial of any monetary relief if the infringer's use of the orphan work is not for commercial advantage and if the infringer stops the use when notified by the rightful owner. The proposal fails to recognize that for the vast majority of professional photographers, noncommercial personal use copying undermines the entire market for their work. In addition, most photography infringements have long been completed by the time they are discovered. So requiring that an infringer cease the infringement is at best meaningless.

If enacted, this provision would create the perverse result of a copyright owner proving infringement but receiving no monetary award at all, no compensation, no legal fees, no costs, no reasonable royalty, just a congratulatory handshake and a bill from her attorney. We find this to be patently unfair.

Now, we do understand that this elimination of damages for certain orphan infringements was included to address the concerns of nonprofit museums, libraries, and archives. We want to be part of finding a solution. However, we implore the Committee to use a scalpel rather than a chain saw when carving out an exemption for such uses. The standard in the proposal is simply too broad. Even in cases where reasonable royalty is called for, the Copyright Office proposal will not work in the real world. For almost all visual artists, and orphan works infringement will never generate enough in damages to make a suit economically viable or even to make a threat of such a lawsuit credible. There is no incentive for individuals of ill will not to claim every work is an orphan work.

Some creators have suggested making attorney fees available in order to solve this problem. While we believe this to be a reasonable solution, our friends in the user community don't. This apparent impasse points to a larger problem. The fact is individual copyright owners, whether of regular or orphan works, find it economically impossible to gain any sort of meaningful relief through the courts. Without access to statutory damages and attorney fees, enforcing rights in Federal District Court simply is not a real option.

In order to solve the damages issue for orphan works and to provide relief for individual copyright owners, we propose the creation of an optional administrative proceeding to decide low value copyright cases, a small claims-type procedure. Elements of our proposal were included in our response to the Copyright Office's Notice of Enquiry, and we've included proposed statutory language in our written testimony as well. We believe that orphan works and the accessibility of damages are inseparably linked. How could they not be? Without a mechanism for encouraging payment by infringers, the orphan works proposal is simply a way to skirt a creator's rights.

Concluding, we are eager to see the problem of orphan works solved. We recognize that it is a problem. However, we must ensure that our legislative cure for the problem is free of side effects that will do irreparable harm to an entire class of copyright owners. We urge you to consider the devastating affect this legislation would

have in its present form. Again, let us not try to solve a bad situation by creating another bad situation.

Mr. Chairman and Members of the Committee, again, we thank you for the opportunity to bring the problems of independent copyright owners to your attention.

[The prepared statement of Mr. Trust follows:]

PREPARED STATEMENT OF DAVID P. TRUST

Mr. Chairman, Ranking Member Berman and members of the committee, thank you for the opportunity to testify regarding the Copyright Office's proposal on orphan works.

As the CEO of Professional Photographers of America, I am here today representing 33,000 professional photographers. This includes PPA and its affiliates, as well as three other organizations that have endorsed our testimony: the International Association of Professional Event Photographers, Commercial Photographers International and the Student Photographic Society.

According to the latest available data, professional photography is a nearly \$18 billion a year industry. While the industry as a whole is a robust contributor to the economy, the individual businesses that make up the industry are fragile. The 129,000 individual professional photographers in the United States are quite literally the copyright owner next door. They work an average of 45 hours a week and earn less than \$35,000 a year. As middle-class Americans and entrepreneurs, photographers typically work in studios having less than three full-time employees and they can be found in every Congressional district.

While they are among the smallest copyright-owning businesses, photographers also produce a higher volume of works than other artists. While almost all other copyright industries are based on the mass distribution of a limited number of relatively lucrative copyrights, a photographer will create more than 20,000 works a year with each copyrighted image having a relatively modest dollar value.

Because of these business conditions, we believe photographers are also the group most likely to have their works fall into the orphan category. While some groups would have you believe that all orphan works are willfully abandoned, the truth is that a photographer or other visual artist who marks his work and takes every reasonable step to make himself known to the world can still have his images labeled as orphans. In the commercial context, this occurs with alarming frequency when images published in editorial or advertising spreads are not properly credited. For the retail photographer, the threat comes from both unauthorized copies that do not contain attribution, as well as clients who make the photographer's contact information inaccessible by doing perfectly innocent things like gluing images into albums.

This susceptibility to having their works labeled as orphans and the business model dictated by the marketplace, means that a change in the law that might only cause a ripple for a large corporate copyright owner is enough to capsize the earning power of photographers and other independent visual artists.

Unfortunately, we believe the Copyright Office proposal on orphan works, while certainly well intentioned, effectively tosses independent visual artists over the side of the copyright boat.

The fact remains, and the Copyright Office acknowledges in its report, that individual copyright owners often find it impossible to gain any sort of meaningful relief under the current copyright statute. The orphan works proposal makes a bad situation worse by exponentially increasing the risks for individual copyright owners who are forced to pursue an infringer in court.

That being said, PPA does not oppose the creation of a properly constructed orphan works regime. Such a system would still limit damages against infringers who have made a reasonable, good-faith search for the current owner of a work and have failed to locate them. However, it would also recognize the value of an artist's work and provide a mechanism that makes it economically feasible for artists to enforce their rights against infringers who refuse to pay a reasonable royalty.

Before providing PPA's proposal for such a system, we offer our comments and suggestions on the original proposal by the Copyright Office.

SECTION 514(A): SEARCH AND ATTRIBUTION REQUIREMENTS

We believe the Copyright Office's requirement of a good faith, reasonably diligent search combined and attribution when possible, provides a solid framework for determining if a use qualifies as an orphan work.

However, we do have two reservations regarding this section of the proposal. The first comes not from the statute itself, but from the Copyright Office's unwillingness to lead groups of creators and users to develop guidelines to assist courts in determining what constitutes a "good faith, reasonably diligent search" and when attribution is appropriate.

We agree wholeheartedly with the assessment that a statutory definition of a good faith, diligent search would be too rigid; however, the Copyright Office's notion of allowing various user and artists' groups to develop their own criteria independent of another provides too much opportunity for confusion and chaos. By having multiple "reasonable" search standards within the same industry, the Copyright Office proposal increases the probability of conflicting judicial decisions. This lack of guidance will make it more difficult for people of good faith to know when their search is sufficient, and allows those with less than noble intentions an opportunity to skirt the law.

While the development of search guidelines under the oversight of the Copyright Office is our preference, PPA is also willing to consider the inclusion of very concrete examples of what does and does not constitute a reasonable search in the legislative history of any orphan works bill that is passed. While such legislative history would not be all-inclusive, it would provide at least provide some minimal guidance to judges and yield greater predictability in their decisions.

Our second concern deals with the language of the subsection on attribution. We believe the requirement of attribution when "possible and as appropriate" serves the goal of making it easier for the rightful owner of an orphan work to discover its use. However, there have been some concerns regarding the possibility that a user would accidentally mislabel a work. The concern is that subsequent viewers of the work might be misled as to the true identity of the work's author. In order to mitigate this problem, PPA proposes that in addition to requiring attribution when appropriate, the statutory language should also require that user indicate that the work is being used as an orphan work. This will provide a clear signal that any attribution of ownership is provisional and should not necessarily be relied upon by subsequent users.

SECTION 514(B)(1): LIMITATIONS ON REMEDIES: MONETARY RELIEF

The limitation on remedies section is where we feel the Copyright Office proposal falls apart. While we firmly believe that some reduction in available damages is both necessary and desirable in an orphan works setting, those damages must also be accessible.

The language of the proposed statute puts the burden on the copyright owner to prove their work had fair-market value and creates a rapid race to the bottom when it comes to compensation for artists. Under this proposal, the less an infringer pays for other photography, the more advantageous their position when defending against an infringement claim.

The entire approach to this issue turns the traditional assessment of copyright damages on its head. Rather than look at the harm done to the copyright owner, this proposal attempts to impose the terms of a fictional transaction that looks primarily at what a reasonable buyer would have been willing to pay. In addition to giving a "buyer's veto" to an infringer, this approach completely ignores the fact that different artists use radically different business models. For instance, large corporate owners that license millions of royalty-free images a year, semi-professionals who are just happy to be published somewhere and independent professionals who normally sell only limited usage rights all suffer differing degrees of harm when their work is infringed. Unfortunately, the proposal at hand forces all of these copyright owners into a single mold, without regard for their individual circumstances.

In addition to ignoring the damage to the copyright owner, limiting compensation to a "reasonable royalty" creates a system in which it is impossible for independent artists to enforce their rights. While a "reasonable royalty" seems perfectly rational in theory, the reality is that when you are paying hundreds of dollars an hour in legal fees, the damages in this proposal become worthless. For almost all visual artists, an orphan works infringement will never generate enough in damages to make a suit economically viable or even to make the threat of such a lawsuit credible. As such, the Copyright Office proposal provides no incentive for an infringer to voluntarily pay for their use of an orphan work. We believe that any orphan works legislation must provide for compensation that is accessible in the event that an infringer refuses a reasonable request for payment.

If the "reasonable royalty" standard is ultimately adopted, PPA recommends that in addition to providing some cost-effective mechanism for collecting damages, that the burden of proving damages be shifted so that the only evidence the artist needs

to come forward with is the amount the artist, or an artist who is similarly situated, would normally charge for such a use. The burden would then be on the infringer to show that the claimed royalty is not a reasonable one.

While the reasonable royalty approach to damages is problematic, it pales in comparison to the damage that the elimination of all monetary relief for uses without any purpose of direct or indirect commercial advantage.

This provision ignores the fact that for many photographers eliminating monetary relief for non-commercial uses destroys the economic value of their works. That is to say, for the vast majority of professional photographers, allowing non-commercial personal use copying of purported orphan works would ravage the entire market for their work. In addition, most photography infringements have long been completed by the time they are discovered, so requiring that an infringer cease the infringement is, at best, meaningless.

This provision is particularly harmful in that it traps artists who make every reasonable effort to make themselves known to the world, but who fall victim to a third party who fails to properly identify the artist when distributing the work.

Two brief examples:

- *Scenario A:* A wedding photographer provides images to a client and properly marks the work. Later, the wedding client places the images in an album using adhesives that make viewing the copyright information impossible. A few years pass, and the memory of the client becomes clouded as to the exact identity of their photographer. At that point, the child of the client decides to distribute copies of the wedding album to the bride and grooms' descendants—finding it impossible to identify the photographer from the prints themselves or from his parents—he proceeds with his plan under the orphan works exception. The photographer discovers the distribution of the albums and attempts to seek redress for the infringement.
- *Scenario B:* A photographer's work is used in an advertising campaign. While the photographer leaves identifying metadata in the digital file and marks any prints that leave her studio, the standard in the advertising world is to not provide a credit line when an agency publishes the work. A subsequent user sees the image and wants to use it. Finding no credit line identifying the photographer, this subsequent user contacts the company whose product was advertised and perhaps even the ad agency, but no one who currently works there can recall who created the image or they simply refuse to take the time to talk to him. The subsequent user then posts the image his personal web page on an online community where the image is copied thousands of times over.

Under the proposed statute, neither of these photographers has a financial remedy for these infringements, even though they took reasonable steps to make themselves known or knowable to all subsequent users. In short, this provision of the statute creates not just a “trap for the unwary,” but for the savvy rights holder as well.

In its report, the Copyright Office alludes to the fact that this particular provision is designed to reduce the uncertainty non-profit libraries, museums and archives face when they display and reproduce massive collections of photographs legitimately believed to be orphaned. We are sympathetic to these concerns, but suggest that the legislative equivalent of a scalpel, rather than a chainsaw, be used to carve out a damages exception to address their concerns.

SECTION 514(B)(2): LIMITATIONS ON REMEDIES, INJUNCTIVE RELIEF

In contrast to the section on monetary relief, we believe that the limitation on injunctive relief is a reasonable one. We commend the Copyright Office for taking economic considerations into account and striking a fair balance between the rights of artists and the investment a subsequent user may make in creating derivatives from an orphaned work.

SECTION 512(C) AFFECT ON RIGHTS, LIMITATIONS AND DEFENSES

While we believe that this verbiage may simply be excess, we understand the desire of certain parties to make this point as clear as possible and we see no compelling reason to eliminate it.

SECTION 514(D)—THE SUNSET PROVISION

Based on the public comments of organizations on both sides of the orphan works issue, it appears that there is broad agreement that whatever legislation is passed should not have a 10-year sunset provision attached to it.

Rather than having all of the involved parties repeat their efforts in 2016, PPA supports language that would require the Copyright Office to report to the Congress on the effect of this legislation five years after passage. While it is our sincere hope that we will take the necessary time to develop legislative language that gets it right the first time, such a provision would afford a good opportunity to make any necessary adjustments to the legislation.

ADDITIONAL RECOMMENDATIONS FOR ORPHAN WORKS LEGISLATION

There are two items not contained in the Copyright Office proposal that we believe must be included in any legislation designed to address the issue of orphan works.

The first item is a window of time between any passage of the Act and its effective date. Such an interval would allow time for owner and user groups to work together and develop reasonable search guidelines. It would also provide an opportunity to for organizations to set-up, promote and populate voluntary artist registries. As such, we recommend that no orphan works legislation become effective until two years after the date of passage.

Our other recommendation is mentioned in the Copyright Office report on orphan works. It is our sincere belief that any orphan works legislation must contain provisions that make it possible for an independent artist to obtain the relief promised by the statute. Anything less would do significant harm to photographers, illustrators and other visual artists. Simply put, filing a federal copyright suit is simply not an option in any area where attorney fees and statutory damages are unavailable. Indeed, many photographers have discovered that under the current law the actual damages from almost all photographic infringements are too low to make a suit economically viable or even to make the threat of a suit credible. While this problem is currently limited to high-volume creators who find it practically impossible to register their work with the U.S. Copyright Office, the creation of an orphan works regime has the potential to put any copyright owner in this unenviable position.

Some creators have suggested making attorney fees available in order to solve this problem. While we believe this to be a reasonable solution, our friends in the user community are quick to point out that the possibility of paying a large award of attorney fees has the net effect of making orphan works unusable.

In order to solve this impasse, Professional Photographers of America proposes the creation of an administrative or other proceeding to decide low-value copyright cases; or, as some have called it a “small claims copyright court.”

THE COURT OF SMALL COPYRIGHT CLAIMS

Elements of our proposal for the administrative adjudication of small copyright claims were included in our initial response to the Copyright Office’s notice of inquiry. While the Copyright Office mentioned that this area was deserving of additional study in the orphan works report, it deemed the idea to be outside the scope of its assigned task. While that view may be technically correct, we believe that without some mechanism for making “reasonable royalty” damages accessible to artists, any proposed legislation on orphan works is simply unworkable.

Regardless of the actual mechanism employed, we envision a “court of small copyright claims” that would offer the following features:

- If the actual damages claimed by a copyright plaintiff are below a certain dollar limit, he or she may elect to submit the claim to the court of copyright claims, rather than federal district court.
- By submitting the dispute to this type of copyright proceeding, the plaintiff will not be eligible for statutory damages.
- Damage awards in this proceeding would be tied directly to the value of the infringement. In order to produce a sufficient deterrent to infringement, and to avoid the creation of a de facto compulsory licensing scheme, damages should be set at a small multiple of the actual damages, with a higher damages multiplier applied when infringement is found to be willful.
- A defendant in this administrative proceeding who successfully proves an orphan works or innocent infringement defense would only be liable for a reasonable royalty as determined by the tribunal.

- All other defenses available under Title 17 would apply.
- If the tribunal determines that an infringement claim was brought frivolously, or if the defendant offered no non-frivolous defense, the tribunal may award costs and fees to the opposing party.
- Copyright registration shall have no effect on the availability of damages available in this proceeding. However, in order to preserve and further the mission of the Copyright Office and Library of Congress a work must be registered prior to submitting a claim to this proceeding.

We should also point out that such a copyright small claims court could also be useful in deciding disputes related to counter-notifications issued under 17 U.S.C. §512(g). This will allow both sides to get an official determination as to whether online access to a particular work must be disabled in a timely fashion.

CONCLUSION

Professional Photographers of America is eager to see a solution to the problem of orphan works. However, any legislative prescription aimed at curing this particular ill should be free of damaging side effects that will do irreparable harm to an entire class of copyright owners. As such, we ask the committee to take great care and deliberation before moving forward.

We once again emphasize the fact that without an alternative to federal district court, the damages orphan works proposal will be impossible to obtain. As such, they provide no incentive to an infringer to honor a reasonable request for payment. This factor alone makes the Copyright Office's original orphan works proposal a vehicle for widespread harm to, and in some cases outright abuse of, the copyright interests of individual owners. We have attached sample legislative language detailing a mechanism that would make it possible to both limit damages against infringers of orphan works, while still making those damages accessible to a legitimate copyright owner.

As we move forward, it is our hope that we can work with all parties to develop a solution that encourages the use of truly orphaned works and provides adequate relief to copyright owners when they surface.

Mr. Chairman, Ranking Member Berman and members of the committee, we again thank you for the opportunity to bring the problems of independent copyright owners to your attention.

ATTACHMENT

**PPA's Proposal for an Alternative to
Federal District Court for Small Dollar Copyright Claims**

PPA proposes that the following language be inserted into any orphan works legislation in order to provide adequate accessibility to damages accessible in those instances when attorney fees and statutory damages are not available.

SECTION ____: ALTERNATIVE PROCEDURE FOR CERTAIN INFRINGEMENTS

(a) In any case where the damages claimed by a copyright owner in relation to a particular infringement are less than \$15,000, the copyright owner may elect to submit the infringement claim to an administrative proceeding, as described herein, in lieu of making a filing in federal district court.

(b) Prior to filing a claim with the administrative proceeding, the copyright owner must register his or her work with the United States Copyright Office. There is no requirement that a copyright owner register their work prior to an infringement in order to gain full relief as described in this section.

(c) The Copyright Office, through notice and comment rulemaking, shall develop standardized procedures for the administrative proceedings held under this Act. This shall be done with a focus on providing accurate decisions while minimizing costs involved to all parties.

(d) REMEDIES

(1) Monetary Damages

(A) Damages available to a successful copyright owner in this proceeding shall be calculated as being three times the actual damages. If the copyright owner successfully proves that the infringement was willful, the maximum damages shall be five times the actual damages.

(B) A defendant who proves that the infringement was innocent or that it complied with all of the requirements of 17 USC 514(a) shall only be liable for damages equal to a reasonable royalty as determined by this administrative proceeding.

(2) Injunctive Relief

(A) The administrative law judge presiding over this proceeding shall also have the power to provide injunctive relief identical to that described in sections 503 and 504 of Title 17.

(3) Costs and Fees

No costs or attorney fees shall be awarded in this proceeding unless the administrative law judge presiding over the proceeding shall determine that the losing party brought their claim or defense frivolously or in bad faith.

Mr. SMITH. Thank you, Mr. Trust.
Ms. Pallante.

**TESTIMONY OF MARIA PALLANTE, ASSOCIATE GENERAL
COUNSEL AND DIRECTOR OF LICENSING, THE SOLOMON R.
GUGGENHEIM FOUNDATION**

Ms. PALLANTE. Thank you, Chairman Smith, Members of the Subcommittee. I appreciate the invitation to be here today.

I would like to state for the record that my testimony has been endorsed by 18 cultural and educational organizations representing a combined 144,000 museums, libraries, universities, and archives and more than 135,000 independent historians, educators, artists, and scholars who want to make productive use of orphan works. It is our view that the orphan works amendment has one ultimate goal. It should help to make cultural heritage more broadly available to the public; therefore, it must give users the confidence necessary to take works out of obscurity.

Scholars, museums, libraries, and universities struggle every day to balance the rights of lost copyright holders on the one hand with the mission of making letters, manuscripts, and photographs available for educational purposes on the other hand. At times, we are all also custodians, that is we have millions of working works in our institutional collections and we care for these at our own expense to the ultimate benefit of the public. For us, the importance of an orphan works solution cannot be stressed enough.

We would like to recognize the Copyright Office for its leadership on this topic over the past year. Their report on orphan works is a tremendous contribution. On balance, we found it to be accurate, insightful, and comprehensive. In fact, we and a majority of parties who commented during the office proceedings completely agree with many of its findings. Such consensus is remarkable in an undertaking as innovative as an orphan works amendment.

For example, we agree with others that actual and statutory damages should be unavailable to a copyright claimant in an orphan works context. We agree that with respect to searching for a copyright owner, the standards of due diligence must be general and flexible. We agree that in order to be meaningful, orphan works must include unpublished works and works of foreign origin. And we agree that there should be some additional protection available to those of us who use orphan works for non-commercial purposes. These are complex points, but in our view, the Copyright Office got them right.

This said, we do have a few concerns with the proposed statutory language. I should note, however, that we have spoken with Julie in the Copyright Office as well as others in the copyright industry, including Allan and the publishers, and we are confident that these concerns can be addressed.

First, we believe the statutory language should define reasonable compensation. We like and suggest the definition that is quoted in the report itself. We also believe there must be clear and thoughtful legislative history with detailed examples of compensation, including illustrations where the user is a nonprofit library, museum, archive, university, small publisher, or independent scholar and the use is typically free.

Second, to qualify for this safe harbor provision, the copyright office suggests that a use must be made, quote, without any purpose of direct or direct commercial advantage, unquote. This phrase requires clarification. For example, as nonprofit institutions, we produce books in accordance with our educational missions, but we do sell them for the same reason we charge admissions to exhibitions, to cover the cost of production.

We need confirmation that the creation and sale of mission-related publications are uses undertaken without any purpose of direct or indirect commercial advantage. Likewise, though independent scholars may sometimes earn royalties, this does not make their activities commercial. On a related point with respect to the safe harbor, we agree that users should cease activity expeditiously if an owner emerges, but we hope the term can be clarified to allow users some time to actually verify the claims.

Third, because orphan works will often, perhaps most often, be incorporated into other works of authorship, we would like to see language that more clearly defines the circumstances under which a user may avoid an injunction in cases of books, films, art works, and web sites.

Fourth, we agree that users should credit authors when known but disagree that users should credit copyright owners. Crediting authors is a question of scholarship. The latter, crediting copyright owners, is pointing to err in the orphan context. We would hate to see additional confusion in the marketplace.

Fifth and last, we oppose a sunset provision, but would like to see a follow-up study by the Copyright Office within 7 years from the passage of legislation.

In closing, we recognize that orphan works legislation is a complicated undertaking which requires consideration of diverse constituencies. We appreciate the concerns of photographers in particular. Photography is important to the cultural sector. In past days, we have had conversations with several representatives of this important community, including David, in an effort to better understand their issues. We are quite confident that Congress can achieve a solution that is fair to all.

Thank you.

[The prepared statement of Ms. Pallante follows:]

PREPARED STATEMENT OF MARIA PALLANTE

GuggenheimMUSEUM

**Statement of Maria Pallante
Associate General Counsel and Director of Licensing
The Solomon R. Guggenheim Foundation (Guggenheim Museum)**

**Subcommittee on Courts, the Internet, and Intellectual Property
Committee on the Judiciary
U.S. House of Representatives
March 8th, 2006**

Re: Orphan Works

Chairman Smith, Ranking Member Berman and Members of the Subcommittee:

Thank you for the opportunity to address the important issue of orphan works. It is my honor to be here today on behalf of a broad constituency of copyright users.

I am Associate General Counsel and Director of Licensing of the Solomon R. Guggenheim Foundation in New York, a nonprofit, education corporation which oversees five art institutions and is commonly and collectively referred to as the "Guggenheim Museum." Like most museums, the Guggenheim has both an educational and charitable purpose: to educate the public about art, architecture and other manifestations of visual culture; to collect, preserve and research art objects; and to make them accessible to scholars through our museums, educational programs and publications. The Guggenheim is a tax-exempt, public charity under state and federal law.

My comments today represent the views of both institutional and individual copyright users, including the following, specific organizations: the *American Association of Law Libraries*; the *American Association of Museums*; the *American Council of Learned Societies*; the *American Historical Association*; the *American Library Association*; the *Art Libraries Society of North America*; the *Association of American Universities*; the *Association of Research Libraries*; the *College Art Association*; the *Medical Library Association*; the *Society of American Archivists*; the *Special Libraries Association*; and the *Visual Resources Association*. Their members include both a wide range of non-profit cultural institutions and a diverse collection of individual creators, scholars, educators and others.¹

What is especially noteworthy about these comments is the fact that they reflect a broad consensus among copyright constituencies who are disparate and at other times have competing copyright interests: from museums and libraries to publishers and other content owners. We are so pleased that so many parties participating in the Copyright

¹ The supporters of this statement would like to recognize the Glushko-Samuels Intellectual Property Clinic of Washington College of Law at American University, which under the direction of Professor Peter Jaszi has been instrumental in bringing this issue to the attention of the copyright community and in bringing interested parties together. Clinic students Lauren Bocanegra and Coric Wright assisted in the preparation of this statement.

Office proceeding recognized the problems raised by orphan works and that so many of us have largely agreed on how best to address that problem through an amendment to the Copyright Act.

My colleagues and I would like to recognize the Copyright Office for its tremendous contribution to the copyright community in producing the Report on Orphan Works. The staff's extensive work on this issue (including its collection and synthesis of public comments, facilitation of round-tables and informal meetings, legal study and written analysis) is commendable.

On balance, we found the Report to be accurate, insightful and comprehensive; we have remarkably little disagreement with its findings. On many points, we – and the large majority of the parties who commented during the proceedings – agree completely. For example, we support the conclusion that a solution to orphan works must be, as far as possible, coextensive with the problem. We embrace the recommendation that standards of due diligence in locating the owner of a copyrighted work must be general and flexible, so as to apply to multiple types of works, uses and industry practices. We applaud the conclusion that, in order to be meaningful, orphan works must include unpublished works as well as works of foreign origin. We support the decision that actual and statutory damages should be unavailable to a copyright owner who brings an action for infringement, provided the user has engaged in an unsuccessful, good faith, due diligence search. These are complex but critical points and, in our view, the Copyright Office got them exactly right.

Our comments here turn on the few areas in which we believe there is room for improvement--- areas where the Report's conclusions or the Copyright Office's recommended statutory language fall short of achieving the goals that we all believe the legislation should serve: helping to make cultural heritage more broadly available to the public, and promoting new uses of works that have fallen out of the information marketplace.

We recognize that orphan works legislation is a complicated undertaking which requires consideration of many diverse constituencies. Although there is a broad consensus in favor of the Report's conclusions, we know that some individual creators – including photographers, illustrators and graphic artists – have raised concerns about the proposal to limit the remedies available for uses of orphan works. We have had several conversations with representatives of this important community in an effort to better understand those concerns and consider how they may be addressed. We look forward to working with these individual creators as the legislative process progresses.

The importance to our communities of crafting an amendment to facilitate uses of orphan works cannot be understated. The Copyright Office approach, if clarified and modified along the lines discussed below, will directly affect the intellectual, historical and cultural life of all Americans. It will improve the work of individual artists, writers and filmmakers, as well as scholars, historians, librarians, archivists and curators, who regularly struggle to balance the rights of missing or unidentifiable copyright holders

with the mission of making letters, manuscripts, photographs and other culturally significant material available to the public. We have discussed our view of legislation with the publishers and the Copyright Office, and I am pleased to report that we are moving productively towards consensus.

We also recognize that while the ability to use orphan works when the owner cannot be found is culturally significant, it is preferable to find the copyright owner where possible. We hope that the development of an orphan works solution will create positive incentives for copyright owners to identify their works – and not let them become orphans. If so, users could find the rights holders and, where needed, obtain their permission for use. To this end, we expect that the limited remedies of the orphan works measure will be invoked infrequently, while the larger result of having less risk in the marketplace will be of enormous benefit to both users and the public.

Our specific suggestions appear below.

1. Reasonable Compensation.

The Report documents the fact that many users forgo positive uses of orphan works because a cloud of uncertainty hangs over them with respect to potential exposure to liability. Likewise, the Report affirms that only a legislative solution that promotes greater certainty will fulfill the goals of orphan works reform.

A central issue considered by the Copyright Office is what remedies would be available to the “parent” of an orphan work who emerges to claim ownership and successfully sues a user for copyright infringement. In these circumstances, many users, including most of those who have endorsed this statement, favored a statutory cap on the damages available to a copyright owner who emerges to claim his or her rights with respect to an orphan work. Unlike the “reasonable compensation” approach put forth by the Copyright Office, a cap would have provided users with a clear maximum for possible exposure.² “Reasonable compensation,” by contrast, is a flexible formula that has not received extensive interpretation in case law and one that can be assessed from many points of view. Adopting it does leave open the possibility that an orphan works amendment might perpetuate, rather than resolve, uncertainty.

That said, we note that the Copyright Office provides some helpful guidance with respect to the concept of “reasonable compensation.” The Report specifically emphasizes that the “burden is on the copyright owner to demonstrate that his work had fair market value,” and that it “is not enough for the copyright owner to simply assert the amount for which he would have licensed the work *ex post*; he must have evidence that he or similarly situated copyright owners have actually licensed similar uses for such amount.” The Report draws on a useful and applicable opinion of Judge Leval in *Davis v. the Gap*,

² Some museums and research institutions went even farther, requesting a complete exemption from liability, albeit for a limited period of time. These institutions felt this was necessary in order to provide sufficient comfort and confidence for instances where they use large numbers of orphan works, many of which are already under their custody and care.

Inc., and suggests a standard of reasonableness. We think that were this standard written into legislation, much of the uncertainty introduced by the concept of “reasonable compensation” would be eliminated. We therefore recommend the following provision be included in the statute, to make it clear how “reasonable compensation” is to be determined:

The copyright owner has the burden of establishing by competent evidence what a reasonable willing buyer and a reasonable willing seller in the positions of the owner and the infringing user would have agreed with respect to the infringing use of the work immediately prior to the commencement of the infringement.

For clarity’s sake, we also urge the Committee to include detailed examples of what might constitute reasonable compensation in the legislative history of orphan works legislation, with particular emphasis on situations where the user is a nonprofit library, museum, archive or university, or an independent scholar, artist or small publisher. Among other things, such examples would demonstrate that it is often the practice of nonprofits and users of works for scholarly purposes to negotiate royalty-free usage. (Indeed, it is not uncommon for the decision to use a particular work to turn on whether it is available for free.) This fact was not lost on the Copyright Office. In its discussion of nonprofits, the *Report* states, “it should be clear that “reasonable compensation” may, in appropriate circumstances, be found to be zero, or a royalty-free license, if the comparable transactions in the marketplace support such a finding.”

This point is of utmost importance to the user community, including libraries, archives and museums, as well as the individual working artist or hobbyist. It is critical not only in situations involving the use of a single orphan, but also in those characterized by large-scale use of multiple works. Large-scale use might include efforts by the Scripps Archives at the University of California to publish hundreds of personal photographs taken by people on oceanic voyages, or efforts by the United States Memorial Holocaust Museum to publish hundreds of personal letters sent from Nazi concentration camps. The Nation’s great nonprofit archives, libraries and museums have in their possession vaults of culturally and historically important orphan works like these. As custodians, they care for these works for years at their own expense. In order for institutions to have the confidence to take these works out of storage and put them into the hands of the public, they need a clear indicator that establishing reasonable compensation is not only a responsibility of the copyright owner, but also that it is context-specific; that is, it is tied to specific industry practices.

In particular, legislative history must clarify that the proper calculation of reasonable compensation must encompass the standards of the specific industry in which the use of the orphan work is being made, as well as the market history of the particular work at issue. We do not believe that “reasonable compensation” should be based on the market history of a different, widely-licensed work in the same medium or on the price that was paid for another work that is being used in the same context as the orphan work. For example, reasonable compensation for 50 orphaned photographs from a private family photo album will differ drastically from the value of works by Ansel

Adams, and if all of those photographs and Mr. Adam's works were published in the same book, there should be no suggestion that the licensing fee that might have been paid for the Ansel Adams works is relevant to "reasonable compensation" for the orphaned photographs.

2. Commercial Advantage

In its recommended statutory language, the Copyright Office has proposed a safe harbor from all monetary relief in certain limited instances where the use is made "without any purpose of direct or indirect commercial advantage" and the user "ceases the infringement expeditiously after receiving notice of the claim for infringement."³ We strongly endorse the intent to offer users complete immunity in certain, publicly-important circumstances. But, we have serious concerns with the phrase "without any purpose of direct or indirect commercial advantage" on which this immunity is conditioned. We therefore require assurances that it will not unduly exclude from the safe harbor the normal use of orphan works by this Nation's libraries, archives, museums, educators, historians, scholars and artists.

The phrase "without any purpose of direct or indirect commercial advantage" already appears several times in the Copyright Act -- somewhat inconsistently. We therefore think it is critical for Congress to provide some clear guidance on what it means in the orphan works context. In our view, the most analogous use of the phrase (and the one that has the most established case law) appears in section 110(4), where it is used to define the exemption for certain public performances of nondramatic literary or musical works. The House Report that accompanied section 110(4) makes clear that the general motivation of the user is the proper perspective in assessing whether the motive is to secure commercial advantage. *Even a performance or exhibition where admission is charged may be exempt provided the amounts left "after deducting the reasonable costs of producing the performance" are used solely for bona fide educational, religious or charitable purposes.* By contrast, courts have disqualified entities that are primarily commercial in purpose, even where the proceeds of the activity at issue may be for charitable purposes.

Museums, libraries, archives, educational institutions, non-profit publishers, academics and independent scholars are expected to educate the public. They do this by studying and writing about artworks, objects and historical material and by publishing their scholarly findings. The publications departments of non-profit institutions are staffed with underpaid writers and editors whose efforts are as critical to those institutions' nonprofit purposes as the exhibitions they display -- arguably more so because they reach many more people. Nonprofits sell publications for the same reason they charge admission fees: to defray the cost of operations and production. Nonprofit institutions in every state are under increasing pressure to be fiscally fit. We do not believe that these institutions should be disqualified from availing themselves of the certainty provided by the safe harbor if they both manage to achieve their missions and cover the expenses of their mission-fulfilling activities.

³ We address "expeditious" removal in topic number 3 hercof.

In its Report, the Copyright Office appears to disregard these circumstances, and characterizes the concept of “commercial advantage” in a way that appears inconsistent with existing provisions like section 110(4). The Report states that where a “museum essentially acts like a publisher and the infringement consists of selling books, DVDs or other materials,” the conduct would not qualify for the exemption and would require the museum to pay reasonable compensation. If allowed to stand, this characterization could have far-reaching consequences for nonprofit institutions and individuals who engage in activity that is essentially scholarly, educational and not undertaken for a commercial motive.

In light of this, we seek reassurances of what we would have hoped was obvious: that the creation and sale of mission-related publications by a museum (or for that matter, the sale of copies by a film archive or journal subscriptions by a nonprofit organization such as a learned society) are uses undertaken “without any purpose of direct or indirect commercial advantage.” This can be accomplished by removal of the clause “such as through the sale of copies or phonorecords of the infringed work” from section (b)(1)(A), and the inclusion of clear, illustrative examples of normal nonprofit activities, including mission-related publications and sales, in the legislative history of any amendment to the Copyright Act addressing orphan works.

3. Expeditious Take-Down.

In addition to the condition of noncommercial purpose (described above), the statutory language proposed by the Copyright Office limits its proposed safe harbor to instances where the user “ceases the infringement expeditiously after receiving notice of the claim for infringement.” We are concerned that this language, as written, fails to adequately address the common manner in which copyright infringement claims are made and received.

In practice, claims of ownership can be extremely complex and difficult to assess. Sometimes claims are made mistakenly or even falsely (by persons with questionable authority or motives). In these cases, a user must very carefully balance the claimant’s alleged interests with the integrity, reputation and interests of his institution or affiliation. All too frequently, claims contain insufficient information (about topics such as date of creation, place of origin, or publication history), and the institution must request more detail from the claimant. Alternatively, claims may contain information that is complex and requires confirmation from foreign cities or other affected parties. Such assessments take time, and users are often caught in a waiting game. If it is to serve its purpose, orphan works legislation should recognize these realities.

Because the point of a safe harbor is to truly protect users and give them some degree of confidence in the use of orphan works, we suggest the user be held to a reasonable standard. It is our view that the infringer must cease the infringement “as expeditiously as is practicable under the circumstances after receiving notice of the claim for infringement.” The user should not be forced to destroy a website or publication prematurely upon receipt of a mere demand, before the claimant has produced adequate factual information. It should be made clear that users are allowed to assess the merits of

any claim, in accordance with ordinary, reasonable practices, before ceasing infringement.

4. Orphan Works Incorporated in Other Copyrighted Works.

Orphan works will often, perhaps most frequently, be used in other works. A photograph or letter may be used in a book or a documentary motion picture. A museum may include all types of copyrighted works in connection with an on-line exhibition or on a website demonstrating the breadth of its archives.

In these situations, a user may well decide to incorporate the orphan work into another work based on having determined that there was no identifiable rights owner and that the work has been orphaned. If the copyright owner should emerge and sue for infringement, an injunction prohibiting such uses after that decision is made – barring the distribution of the book or motion picture or the maintenance and availability of the website – would often be disastrous for the user and the public. For this reason, we support the Report’s conclusion that the availability of injunctions against qualified users who incorporate orphan works into other works of authorship should be very limited. On the one hand, users here have relied on the availability of the orphan work. On the other hand, they have invested resources to create the larger work of which the orphan is one part. The only injunction that should be available is one that would require the payment of “reasonable compensation,” as discussed above.

In delineating this limitation on injunctive relief, it also is important to avoid any restrictive characterization of what new work can qualify or of how the orphan work must be transformed or recast. It should be enough that the orphan work is adapted for or incorporated into another work that is itself copyrightable. Any other approach will create metaphysical uncertainties with respect to the quantum of transformation of, or expression added to, the orphan work that is a prerequisite for the limited injunction. In other words, it should simply be enough for the user to have incorporated the orphan work into another work of authorship.

5. Attribution of Authors and Copyright Owners.

With respect to attribution, we support the premise that users should credit authors, when known, but disagree that users should credit copyright owners. Author attribution, has a scholarly context. The world of libraries, archives, museums, educators, historians and other scholars is one that turns on intellectual honesty. We routinely credit the authorship of others, when known, in the ordinary course of our exhibitions, publications, documentaries and scholarship. We therefore support the Copyright Office’s view that users should credit authors, when known. We note that providing such attribution may ultimately lead to owners being reunited, so to speak, with works that have been lost or discarded over time – as, for example, when descendents see a credit to their predecessor’s authorship. This, in fact, will help create markets for authors, where before there were none.

Attribution of copyright ownership is another matter, however. Determining ownership has a complex legal context; especially given the fact that our law allows for

free transfers of any copyright rights without formality, notice or any other sign visible to the public. In the typical orphan works scenario, as documented by the Copyright Office, the original authors of works may well be reasonably ascertainable, but the owner of the precise copyright at issue will be unlocatable as a rule; identifying them, therefore, will be a matter of guesswork at best. We believe that an obligation to attribute orphan works to copyright owners places an unjustified burden on users, and that the lack of verification will lead to confusion among subsequent users who may rely on such an attribution to their detriment.

6. Sunset

The integrity and the usefulness of a statutory amendment to limit remedies for uses of orphan works will be compromised if allowed to expire in 10 years, as recommended by the Copyright Office. The practical effect of a sunset clause will be to cause uncertainty and trepidation in the copyright community, the very thing we are hoping to reduce. Still, we agree with, and support, a basic premise that it is important to continue the study of orphan works, particularly as technology continues to evolve. We therefore oppose a sunset provision, but strongly recommend that the Copyright Office produce a follow-up study to its Report, within 7 years of the passage of legislation.

Conclusion

Mr. Chairman, in closing, I wish to thank you and the Subcommittee for the opportunity to share my views on orphan works legislation. Your leadership on the issue is greatly appreciated by the museums, libraries, archives, educators, historians and other scholars of this country. I invite you to call upon me again if I can be of any further assistance.

MARIA PALLANTE

Appendix Enclosed: Summary of Supporting Organizations

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APPENDIX**Summary of Supporting Organizations**

1. The American Association of Law Libraries (“AALL”) is a not-for-profit educational organization with over 5,000 members nationwide. AALL's mission is to promote and enhance the value of law libraries to the legal and public communities, to foster the profession of law librarianship, and to provide leadership in the field of legal information and information policy.
2. The American Association of Museums (“AAM”) is the national service organization representing the American museum community. Since its founding in 1906, AAM has grown to more than 19,800 members, including more than 13,500 individual members, 3,100 corporate members, and more than 2,800 museums. The AAM's mission is to enhance the value of museums to their communities through leadership, advocacy and service.
3. The American Council of Learned Societies (“ACLS”) is a federation of 68 scholarly organizations in the humanities and social sciences. The Council seeks to advance humanistic studies in all fields of learning.
4. The American Historical Association (“AHA”) was founded in 1884 and incorporated by Congress in 1889 for the promotion of historical studies, the collection and preservation of historical documents and artifacts, and the dissemination of historical research. The AHA currently serves more than 14,000 historians and 2,000 academic and historical institutions.
5. The American Library Association (“ALA”) is the oldest and largest library association in the world, with over 66,000 members representing school, public and academic libraries as well as library trustees and friends-of-libraries. ALA is dedicated to the improvement of library and information services and the public's right to a free and open information society.
6. The Art Libraries Society of North America (“ARLIS/NA”) is a growing, dynamic organization promoting the interests of nearly 1,000 members. The membership includes architecture and art librarians, visual resources professionals, artists, curators, educators, publishers, and others interested in visual arts information. To serve this diverse constituency, the Society provides a wide range of programs and services within an organizational structure that promotes participation at all levels.
7. The Association of American Universities (“AAU”) is an organization of 62 major public and private research universities. The mission of AAU is to provide a forum for the development and implementation of institutional and national policies promoting high-quality programs of research and scholarship and graduate and undergraduate education.

8. The Association of Research Libraries (“ARL”) is a not-for-profit association of 123 research libraries in North America. ARL’s mission is to influence the changing environment of scholarly communication and the policies that affect research libraries and the communities they serve.

9. The College Art Association (“CAA”) is a nonprofit membership organization representing more than 13,000 practitioners and interpreters of visual art and culture, including artists and scholars, who join together to cultivate the ongoing understanding of art as a fundamental form of human expression. Representing its members' professional needs, CAA is committed to the highest professional and ethical standards of scholarship, creativity, connoisseurship, criticism, and teaching.

10. The Medical Library Association (“MLA”) is a not-for-profit educational organization of more than 900 institutions and 3,800 individual members in the health sciences information field committed to educating health information professionals, supporting health information research, promoting access to the world's health sciences information, and working to ensure that the best health information is available to all.

11. The Society of American Archivists (“SAA”) provides services to, and represents the professional interests of, more than 4,500 individual archivists and institutions as they work to identify, preserve, and ensure access to the nation's historical record.

12. The Special Libraries Association (“SLA”) is a not-for-profit, educational organization serving more than 12,000 members of the information profession, including corporate, academic, and government information specialists.

13. The Visual Resources Association (“VRA”) is a multi-disciplinary community of image management professionals working in educational and cultural heritage environments. The Association is committed to providing leadership in the field, developing and advocating standards, and providing educational tools and opportunities for its members."

Mr. SMITH. Thank you, Ms. Pallante.

Let me say at the outset before I direct my questions to a particular witness that it is my impression there is, with the possible exception of the photographers, general agreement on say, 80 to 90 percent of the statutory language that has been offered by the Copyright Office. And we'll come back to the photographers in a minute, but I saw you nod your head, Ms. Pallante, and assume that's true, Mr. Adler, based upon your testimony as well.

Mr. Sigall, I just want to thank you for the work that the Copyright Office has done. Believe me, to achieve agreement on 80 to 90 percent is a high level of accomplishment, indeed. So we appreciate all the effort that you put into it. In just a minute, I'm going to give you Mr. Adler a chance to respond to some of the concerns that have been mentioned, but on the way there, Ms. Pallante, I had a first question for you.

Ms. PALLANTE. Yes.

Mr. SMITH. There were a number of examples that you gave where you felt that the statutory language could be improved if language was more clearly defined. One example you gave was reasonable compensation. I'm not sure you can define reasonable compensation. We'll see if they can come up with it. I think there's too many possible objects involved. I think usually we use the standard that's reasonable at that particular time involving that particular, as I say, object, and I don't know that you're going to be able to more clearly define that.

However, just the fact that you think that that's achievable and the language can be defined in such a way that it would be helpful to your membership, I think is good. Also, as you know, there's already a fairly large carve-out for a memberships such as yours, and they've gone a long ways, I think, to try to accommodate some of your concerns. But I'm pleased to hear how optimistic you are about taking those last final steps.

Mr. Trust, initially I was going to ask you to repeat all your concerns, but you did such a good job in your testimony, I think I'm going to skip directly to the response and give you a chance to respond to the suggestions that Mr. Sigall and Mr. Adler might make.

Gentlemen, I wanted to ask you if you would respond directly to the concern by the photographers. I do think we're going to get there in the end, and I know that there's good faith negotiations that are ongoing and I hope you all will be able to conclude those negotiations in the next week or two, and I'm sure you will be able to; but how do you propose addressing the concerns of the photographers, if you intend to address them at all, and as I understand it, there are some areas for compromise, and would you fairly quickly go into those areas too?

Mr. Sigall, we'll start with you and then go to Mr. Adler.

Mr. SIGALL. Thank you, Mr. Chairman, and thank you for the kind words. We are very pleased to have participated in this effort.

I think with respect, a part of our testimony was designed to make sure we understand the different areas where the photographers claims are relevant. Some of it is relevant to the orphan works proposal and some of it is relevant to larger questions about enforcement of copyright generally. With respect to our proposal

and the proposal to solve the orphan works problem, I think we've heard of two suggestions that might alleviate the problem.

The first would be some exception to the limitation on remedies for the situation where the user refuses to negotiate with the resurfacing owner in good faith. There is a question of how you define that and how you get that language right, but in that situation, where the owner resurfaces and asks for reasonable compensation and there is no good faith negotiation, then perhaps at that point statutory damages and attorneys fees might become available for photographers who have timely registered their copyrights before the infringement occurred. So the current status quo rules would still apply.

The caveat on that kind of solution is that you don't want to recreate the orphan works problem again by creating uncertainty in the mind of the user that they might be hit with that liability, but I think we can come to some language that avoids that.

The second suggestion, I think which was mentioned in Mr. Trust's testimony, was the one about delaying the effective date of any legislation for a short period of time, maybe a year, which I think would help both in terms of helping individual creators start developing systems so that they can be found and located and also help develop some of the criteria for reasonably diligent search for both users and creators to understand what the scope of the orphan works designation would be.

I think those are two suggestions to our proposal that would help address the problems.

Mr. SMITH. Thank you, Mr. Sigall.

Mr. Adler, do you have anything to add to that?

Mr. ADLER. I would only say that I think the book publishing industry would support the recommendations made by Jule just now with respect to both attorneys fees and perhaps a delayed implementation date, effective date for legislation. We are somewhat in conflict over this issue because, of course, photographs are precisely the kind of third-party copyrighted work that book publishers exhaust a great deal of effort and resources in having to license. I think that probably Mr. Trust would agree that book publishers generally are not a source of situations where these works are being published generally without attribution. For the most part, the works are licensed and they are attributed.

So I think we would have to think through what additional types of specific remedies we might be able to afford to them that would not have an adverse impact on the problem that already exists for book publishers with respect to photos that are orphan works.

Mr. SMITH. Okay. Mr. Trust, the two remedies that you heard Mr. Sigall just mention, how do they sound to you?

Mr. TRUST. Well, I think the exception to the remedies is certainly a step in the right direction, and we're grateful for that. We would like to pursue that, obviously, but please understand it still requires the filing of a lawsuit in Federal Court.

Mr. SMITH. Which, as you pointed out, not everybody can afford and especially if the royalty is so small it's hard to justify the cost?

Mr. TRUST. Yes, sir. If you're a \$30,000 a year photographer, \$35,000 a year photographer, \$300 is a lot of money.

Mr. SMITH. Right.

Mr. TRUST. \$300 determines whether or not your daughter gets to play soccer, your son gets to play baseball.

Mr. SMITH. What about a small claims court?

Mr. TRUST. Well, we're very much in favor of the idea of a small claims option for copyright issues. We think that that solves an awful lot of the problem. As far as the waiting period, that is wait a year, that is in our testimony. We're in favor of that.

Mr. SMITH. Okay. Thank you, Mr. Trust.

I just want to say that we have been joined by the gentleman from South Carolina, Mr. Inglis, but I turned around and that individual has been replaced by the gentleman from California who has already been recognized today. I appreciate his attendance, but I look forward to others returning as well.

The gentle woman from California, Ms. Lofgren, is recognized for her questions.

Ms. LOFGREN. Thank you, Mr. Chairman.

I think we've actually made some progress here and I think that's very—it is not exactly what I thought it would be, but I think it is important and probably workable, although I think we have a few more things yet to do.

One of the questions I had, it's easier conceptually to think about this in the context of nonprofit uses, frankly, than for profit uses, and yet the issue of orphan works isn't just about nonprofit use. It's about the culture being able to take advantage of material that's essentially been abandoned, and that is important for all of us, and sometimes that use will be a commercial use.

I'm wondering, Mr. Adler, about your comment about reliance, if I could just explore that. I was trying to think of a circumstance where you did a diligent search, couldn't find the copyright owner, and so the publisher and the printer and the like rely on this, and then later the screen writer relies on it and is not in the chain that you've described. Why shouldn't the screen writer be able to rely on that?

Mr. ADLER. Well, Ms. Lofgren, I wouldn't disagree with you. I think that what we've asked for is that, in particular legislative history more so than in the statutory language, that we try to provide examples of these kinds of successive chains of interest. You can't call them chains of title because there's really no ownership interest that passes from hand to hand, but there clearly are certain types of business models where one party with full expectation of the other is going to be relying on, for example, the fact that when an author transfers copyrights to a publisher, they will provide in the contract a warranty with respect to the fact that they're not infringing somebody else's copyright, and the publisher will rely on that.

Now, in contracts, there will be indemnification agreements that deal with the situations where those warranties fail. We don't have the ability to, I think, impose that on this kind of a process, but therefore I think it would be helpful if we could define the kinds of chains of relationships that should qualify for reliance upon a previously done reasonably diligent search in order to qualify for a subsequent limitation on remedies.

Ms. LOFGREN. I'm also thinking that when you get to reasonable damages, wouldn't it be important also in that to identify the risks

taken by the individual who exploited what they thought was an orphan work? For example, I think Justice Breyer—I don't know if he was right or not—identified that 95 percent of what is protected is not being exploited and a lot has just been abandoned. Some of that is film, and to restore film is very expensive, and you want to be sure before you sink that kind of money into it that you're not going to end up holding the bag for it financially.

So I think we need to make clear that reliance, good faith reliance, after following the rules of trying to determine ownership is going to be protected in the financial area. Does anybody disagree with that?

The other question I have is really whether the—I understand the language is purposely general, and I value that. On the other hand, having watched the patent courts go crazy with conjunctive relief, I'm a little bit nervous about things that aren't actually in statute and whether we can rely safely on examples and legislative history, because the one thing we do want to have is some certainty in the system. That's one of the values of a registration proposal that this would replace in my bill, and I don't have a problem with that because there are other values with this; but if we don't have certainty in the system so that people know if they do one, two, three, and four, that they're safe, then we really won't have achieved our goal.

Is there a thought about how we could have that certainty here?

Mr. SIGALL. That was an issue that came up a lot in the discussions at the roundtables and during our study, most on the question of what exactly does a reasonable search entail; and the conclusions, especially from the user-based community, was that it's better to take what—uncertainly is also sometimes called inflexibility of having—because the situations of use and the types of works being used is so varied and can happen in different situations, you need that.

What most people also agreed to do, though, was to start building voluntary criteria as to what a reasonable due diligent search is on a sector-by-sector basis for the film industry or for the photography industry.

Ms. LOFGREN. That makes sense.

Mr. SIGALL. And you can develop those. At some point, you can formalize those in some way to make clear. The question of exactly how to do that is one that's still open, but I think the best place to start is with the development of those kinds of criteria and then we can decide how to best—

Ms. LOFGREN. And that would be something the Copyright Office could take the lead on.

Mr. SIGALL. We could take the lead on it. Most user groups when we proposed having some sort of rule-making authority to codify these things were opposed to that, at least for now. So there's different mechanisms and vehicles by way that these criteria can be formalized, but at least we should start getting that out.

Ms. LOFGREN. You can do it in a collaborative manner.

Mr. SIGALL. I think that's right, and we can get that information out to both users and owners so they know a little bit more about what the scope of the statute is.

Ms. LOFGREN. I realize my time is over. I wonder if I could just say—I know Mr. Trust wants to say something, but I just want to thank Ms. Pallante for her comment about creators versus copyright owners. I hadn't really thought about that, but you're right. Michael Jackson isn't The Beatles and we ought to make a distinction between the creator and the copyright holder.

And I wonder if Mr. Trust had a final comment.

Mr. SMITH. Without objection, the gentlewoman is recognized for an additional minute, and that minute will be used by Mr. Trust, I think, to respond to the question.

Mr. TRUST. Congresswoman Lofgren, we certainly share some of your concern in that. We feel like there is some sort of, if not definition, some sort of samples or examples of what a reasonably diligent search would entail, if those don't exist, people of goodwill, good people who want to find the owners, won't know where to look in some cases people, and people who, frankly, just want to get around the issue, their feet won't be held to the fire, so to speak.

So we share your concern. We certainly think if not in the legislation where it could be loosely defined, there needs to be quite a bit in the legislative history. We're in favor of having something even loose in the legislation just to help the process.

Ms. LOFGREN. Finally, and I don't expect an answer now, Professor Lessig did raise the issue of the Berne Convention and that there might be problems relative to this proposal. I'm wondering if anybody has thought about that, and if you have thoughts after the hearing, if you could share them.

Mr. SMITH. Thank you, Ms. Lofgren.

The gentleman from California, Mr. Issa, is recognized for his questions.

Mr. ISSA. Thank you, Mr. Chairman.

You know, I always wrestle with copyright law because trademark is kind of easy to understand. You have affirmative responsibility if you're to keep your trademark and you can own it in perpetuity. Patents are easy to understand because they're for a finite period subject to renewal fees and they're published and they're very clear and they're available in a single searchable data bank, and then you have this infinite amount of things, some of them great creative works, some of them a snapshot technically. And I'm not trying to put all your photographers with snapshots, but I'm a snapshot. So I have to look and say are all my pieces anything other than whatever happened when the shutter opened, some of which look okay.

In the series of reforms that are being proposed, I have one particular question of why something isn't there, and that is in trademarks, we have constructive abandonment law. It's very clear that if you don't take reasonable steps, your trademark becomes abandoned. Now, that's obviously something you can end up in Federal Court debating because nobody ever thinks they abandon it. Even when they wrote "we're never going to make that product again and we hate that name", if somebody else starts using it, sometimes they change their mind.

Is it possible that, in fact, we can put more material—of course, we're not exactly talking about orphans. We're talking about things that were intended to be orphans. Can we, in fact, find language

that puts more into the public domain, more expeditiously by making it clear that, as Judge Breyer is paraphrased to have said, 95 percent of what is protected is, in fact, not in use?

Mr. Sigall.

Mr. SIGALL. I think the main impediment to a system like constructive abandonment and trademark law is the international copyright system which prohibits the imposition of formalities on the enjoyment and exercise of the copyright. So to the extent like in trademark law or in patent law there's a requirement that you have file something with a centralized office or do some other formal requirement to maintain or enjoy the protection, that would run afoul of the international system which is incorporated in the TRIPS agreement with the WTO system.

So there are external constraints on the kinds of mechanisms that you might apply to solve this problem, and a large part of our report is devoted to analyzing the various solutions that people have brought up and how they fit within that framework. Part of the reason we chose the recommendation that we did and I think for the reasons that the parties support it is because it avoids any of those problems, because it's an ad hoc case-by-case basis. It is somewhat more uncertain, but also more flexible, but it as avoids any problems or suggestion that we're imposing a formality or other requirement that is prohibit by the international system.

So that's, I think, the benefit of the proposal that we put out, is that it's perfectly consistent with that system.

Mr. ISSA. I appreciate that, but isn't that creative ambiguity erased when the court rules and precedent becomes there and it does the same thing as what legislation would have done? You say it's case by case, but as we all know, case makes case law which makes law.

Mr. SIGALL. If the courts were to impose a hard and fast requirement that someone would have to—has to put notice in order to avoid being an orphan work or something like that, those situations might arise, but the question, that really remains to be seen, and we'll have to see how the courts go with that. I would hope that the courts are mindful of international obligations that we do live under in the copyright system.

Mr. ISSA. Okay. Mr. Trust, I have a question for you. Particularly as to photographers, the fact that you're not going to get the normal statutory presumption, which is a value tool and does put people on the defensive when they simply take something and say, Well, I didn't know who owned it, would you feel more comfortable—and I know you've covered some of this in your testimony, but wouldn't you feel more comfortable if, in fact, we said set some—and we talked about examples, but we created something that made it clear that there are standards and if those standards of search are not reasonably conducted, then, in fact, statutory damages would apply? Is that something you would feel is worth our effort to continue looking for?

Mr. TRUST. Well, I think of course. I think all of photographers would be feel better knowing that before someone declared something that they created an orphan, that there was some standard that other people could look at and determine based on that standard whether they had actually conducted a search. Now, for some,

they may say, Well, I looked in the yellow pages; that was a search. You know what? It might be a search. In a specific case, that could actually be the search, but for the majority of works, yeah. I think photographers are nervous about that very fact, people saying I looked in the phone book, I didn't see the name that I thought might be there, therefore we used it because it was an orphan work. And if that's the case, the exact example that you're talking about will encourage people to participate more fully in the search process and conducting reasonably diligent searches.

Mr. ISSA. Can I suggest, and Mr. Chairman's indulgence, if, in fact, during a period of time somebody found you and paid you a royalty, would that be sufficient in your opinion for us to say that that should be codified as if somebody else could find you and somebody else negotiated and somebody else paid, then, in fact, there should be some peril that these eight people are finding you and paying and this one says he couldn't find you and thus says sorry?

Mr. TRUST. Clearly, yes. We think that there should be some peril if the others managed to find a photographer and then one claimed to have conducted a diligent search and couldn't find him. Now, the reason we say this is because photographers, active photographers, are not that hard to find. In this discussion, we're talking about works that have been created some time ago. Existing photographers, photographers who are in business, it will require little more than a Google search to find.

Mr. ISSA. Thank you for using my example.

Mr. TRUST. To find them. And so it won't take much to find active photographers. They're not hiding. These are active businesses. They want people to find them. They're not trying to keep themselves concealed.

The issue really is completely around works that were created some time back, and those photographers may or may not still be in business.

Mr. ISSA. Thank you, Mr. Chairman. Thanks for letting me make my point.

Mr. SMITH. Sure. Thank you, Mr. Issa.

Let me observe that I think there have been good questions today and reasonably enlightened answers, and this has been very helpful to me and I'm sure to others as well. Also, let me emphasize that I do hope that you all will come to an agreement on specific language that will help refine some of the terms that Mr. Adler mentioned and Ms. Pallante mentioned and Mr. Trust is worried about.

Is it reasonable to feel that by the last week of this month you could some kind of a general agreement on the statutory language and have reached accommodations? Mr. Sigall, does that sound like a possibility to you?

Mr. SIGALL. That certainly sounds like a possibility to us. Most of the discussions have been taking place between the private sector representatives, and we've been informed of them and we've started to participate in them. I think that sounds reasonable from the Copyright Office's perspective.

Mr. SMITH. Mr. Adler, does that sound reasonable to you?

Mr. ADLER. There are other stakeholders who are, of course, not necessarily represented.

Mr. SMITH. Right, not present.

Mr. ADLER. But we have begun conversations with them and we would hope to be able to continue the dialogue toward that end.

Mr. SMITH. And toward the end of the month.

And Ms. Pallante.

Ms. PALLANTE. Yes. Absolutely. The cultural sector is nothing if not reasonable.

Mr. SMITH. Okay. So you think by the end of the month is a reasonable amount of time?

Ms. PALLANTE. Absolutely.

Mr. SMITH. Okay. Mr. Trust, I obviously tried to box you in here.

Mr. TRUST. I hadn't noticed.

Mr. SMITH. What do you think?

Mr. TRUST. I would echo the comments of Mr. Adler. There are other stakeholders here that we don't represent.

Mr. SMITH. We know that. There's lots of them, but still—

Mr. TRUST. But we certainly feel like we can work with everyone to help pull them together.

Mr. SMITH. By the end of the month?

Mr. TRUST. And make substantial progress, yeah, and do it by the end of the month.

Mr. SMITH. Great. Thank you all. We look forward to your work product.

We stand adjourned.

[Whereupon, at 3:08 p.m., the Subcommittee was adjourned.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE HEARING RECORD

PREPARED STATEMENT OF THE HONORABLE HOWARD L. BERMAN, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF CALIFORNIA, AND RANKING MEMBER, SUB-
COMMITTEE ON COURTS, THE INTERNET, AND INTELLECTUAL PROPERTY

Mr. Chairman,

Thank you for scheduling this oversight hearing on the Copyright Office's report on orphan works. Unfortunately, I have to leave the hearing a little early, so my opening statement will be a little unconventional—in that it will consist of the questions I would like to ask, but may not get a chance to. Before I begin though, I must commend the Copyright Office on their legislative proposal, which seems to have united many owner and user groups in search of a solution to the orphan works problem.

Clearly, the recommendation goes a long way to meeting users concerns of making beneficial uses of works when copyright owners cannot be found. This allows our society to be enriched by access to works that otherwise, and most likely, would be lost. However, this must all co-exist against the backdrop of maintaining the incentive for creators to pursue their art. When it comes specifically to the category of owners of visual art works such as photographers and illustrators, I have some concerns about the effect of the orphan works provision.

Currently, a user can begin a search by typing in search terms in a registry, be it the copyright office, or for musical works by contacting BMI or ASCAP—however, there is no collective registry for photographic or illustration information making owner information, in many instances, almost impossible to find. Therefore, according to this proposal, if a reasonable search and attribution allows one to qualify for a limitation on remedies, will most owners of photographs be required to forgo their normal remedies when the information cannot be found?

This issue is the elephant in the room. Is the current copyright system layered by the orphan works provision adequate to protect visual arts owners? After all, the most basic question seems unanswerable: Where does one even *begin* the process of finding the owner information for most illustrations/photographs?

No doubt this question may be addressed in part by some non-legislative solutions—or possibly legislative in that an appropriation is required. For example, when I wrote to the Copyright Office about the orphan works issue I requested that they “explore the viability of creating an accurate, updated and electronically searchable database of copyright ownership.” How much would such a database cost?

Currently on the Copyright Office search site, unless one has a registration number, the title, or the author name, one cannot search for the work. Even with all that information, the search feature is extremely rudimentary. With photographs however, where often times there is no title to the work, there is currently no mechanism to search a description of the work and the possibility of matching the work is limited, since there is no thumbnail of the photograph. Granted, part of the problem has been exacerbated by attempts to accommodate the needs of the photographers by allowing group registration. However, if the orphan works provision limits an owner's right to reasonable compensation, without access to statutory damages or attorneys fees, what is the motivation for photographers to register their works in the first place?

While some have stated that this issue should be resolved outside the scope of this orphan works solution, I think we must be wary of going down a road that small copyright owners claim will isolate them from the benefits of the copyright system and potentially harm them. Currently, copyright owners can use the threat of litigation with the possibility of statutory damages and attorneys fees to hinder unauthorized uses of their works. Under this orphan works provision, while the use

is still considered infringement, the remedies are so limited that likelihood of recovery, of even reasonable compensation, becomes questionable. The cost of litigation to determine reasonable compensation would often-times far exceed the actual reasonable compensation.

To discuss the orphan works recommendation without addressing a core problem for major stakeholders in the process alters the balance in maintaining the exclusive rights for locatable copyright owners—where but for the fact that there is no adequate database—some of these children could be matched with their parents.

Some of the issues I would hope the witnesses could address are the following:

For cases in which the Copyright Office has a registration for a work with locatable information on its face, should there be an exception/carve-out to the orphan works provision? Should an owner, if able to show a registration, be able to reclaim his right to statutory damages or attorneys fees?

What if a work was not only registered, but the owner took the steps to make his work locatable by providing a description of the work—would this make a difference?

If the Copyright Office is proposing that this database be a voluntary database established by the photographers, should we look at a later effective date to allow time for the photographers to acclimate to this new scheme or perhaps provide a transition period?

Finally, would the witnesses be amendable to having the option of resolution of the orphan works issue in a small claims court to reduce the costs to small copyright owners?

Of course, there are additional issues to consider such as the definition of derivative work, sovereign immunity, the right of an “interested party” to reacquire or exploit the work, all I’m sure which be addressed during the on-going negotiations. This is a great first step and I look forward to working with the Chairman and the parties in moving ahead with orphan works legislation.

PREPARED STATEMENT OF THE HONORABLE ZOE LOFGREN, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA

I want to thank the Copyright Office for initiating its proceeding seeking comment on orphan works, and for issuing this report. I am glad to see that the Copyright Office recognizes a problem with orphan works, and glad to see such a comprehensive analysis based on the comments in its proceedings. There is nearly universal recognition that reforms in our copyright system are needed so that orphan works can reenter circulation to the public.

As you know, I have for quite some time believed that the problem of orphan works is a great one. In too many instances, libraries, museums, publishers, authors, filmmakers and others seek to reuse existing works, sometimes in derivative works, sometimes merely for such simple things as screening or displaying those works. But they are unable to find the original copyright holders, and out of fear of an infringement action that might arise down the road, these existing works and derivative works remain unused and inaccessible.

Just to give one particularly perverse example, I have heard of instances where library collections have sought to actually preserve original nitrate film masters, but cannot resolve the copyright ownership. As a result, they are unable to display the films in order to help secure funding for their preservation. It is an ironic result of copyright law indeed if it functions to lose historic works forever for posterity, rather than preserving them for the public.

I agree with the principles adopted in the Copyright Office’s report. Those seeking to use orphan works should use due diligence to find the copyright holder, and if they can’t locate the owner, they should be enabled to use the work without fear of infringement liability somewhere down the road.

I am interested in hearing more from the Copyright Office about the specific solution it proposed. My view of the Copyright Office proposal is that it essentially would create a new legal defense for the use of orphan works, a legal defense to the full range of monetary and injunctive relief available in an infringement lawsuit.

As you know, I introduced a bill, H.R. 2408, that took a somewhat different approach than the one proposed by the Copyright Office. In my bill, I set forward the concept of a national registry system. To avoid their works becoming orphaned, under my bill copyright holders would register their works in a national registry after 50 years.

I recently received a letter from Professor Lawrence Lessig of Stanford Law School in support of a registry system. His letter suggests some modifications to the

registry system I proposed in my bill. Mr. Chairman, with your permission I'd like to add Professor Lessig's letter to the record for this hearing, and I'd like to ask the witnesses for their reactions to Professor Lessig's proposal.

One of the values I had hoped for in a registration approach is that it would create certainty for both copyright holders and those wishing to use orphan works. On the other hand, one of the values I see in the Copyright Office's proposal is that it would allow the use of orphan works immediately, rather than only after waiting 50 years. I am eager to understand how we can create more legal certainty under the Copyright Office's proposal, for both copyright holders and users of orphan works. I want users of orphan works to be able to know as much as possible about what their rights and obligations are before making use of those orphan works. I am also interested in hearing from the other witnesses their thoughts on creating a registry system as opposed to a new defense to infringement, and how we can create legal certainty for copyright holders and users under either approach.

Thank you Mr. Chairman.

PREPARED STATEMENT OF THE HONORABLE MAXINE WATERS, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA

Chairman Smith and Ranking Member Berman, I thank you for holding today's hearing on orphan works. From the initial request for a report made by the Chairman, the Ranking Member, and Senators Hatch and Leahy to the actual issuance of the "Report on Orphan Works," due diligence has been undertaken in order to elicit a healthy analysis of the status of specific orphan works.

It is very important to the advancement of technology that orphan works either be utilized with proper permission or expounded upon after its entrance into the public domain. However, I do sympathize with those who advise lawmakers to keep some of the current regulations intact that ensure that copyright owners receive remuneration for unauthorized duplication or use of this property.

The draft statutory language crafted by the Copyright Office offers plenty of latitude for orphan works to be utilized. While the proposed 10-year sunset provision in section 514(d) has been widely criticized, it is prudent for this body to set a deadline by which it must assess the effectiveness of the new language. The sunset does not pose a threat to any parties; if, at the end of the sunset, it is determined that a sufficient number of parties benefit from the section, Congress will leave it intact, undoubtedly.

Today's hearing is important, not only insofar as this body reviews the Copyright Office's report. In addition, through the testimony of our distinguished witnesses and the record created by our queries to them, we will analyze the feasibility and need for other fixes required in the area of orphan works, such as the issue of digital rights to published works. The court dockets are replete with cases such as the ones against internet content giant Google where publishers argue that works are impermissibly featured on the site, while Google rebuts this contention by citing the orphan works dilemma. Our suggestion for improvements to the law must include proper treatment of this issue.

I thank the panel of witnesses and the Subcommittee leadership for today's hearing, and I yield back.

AMENDED "APPENDIX" TO THE PREPARED STATEMENT OF MARIA A. PALLANTE, ASSOCIATE GENERAL COUNSEL AND DIRECTOR OF LICENSING, THE SOLOMON R. GUGGENHEIM FOUNDATION

Subcommittee on Courts, the Internet, and Intellectual Property
Committee on the Judiciary, U.S. House of Representatives



**Amended List of Organizations
Supporting the Statement of Maria Pallante on Orphan Works
As of March 8, 2006**

APPENDIX

Summary of Supporting Organizations

The following organizations represent more than 144,000 museums, libraries, universities, and archives, and more than 135,000 independent scholars, historians, educators and artists:

1. The American Association of Law Libraries ("AALL") is a not-for-profit educational organization with over 5,000 members nationwide. AALL's mission is to promote and enhance the value of law libraries to the legal and public communities, to foster the profession of law librarianship, and to provide leadership in the field of legal information and information policy.
2. The American Association of Museums ("AAM") is the national service organization representing the American museum community. Since its founding in 1906, AAM has grown to more than 19,800 members, including more than 13,500 individual members, 3,100 corporate members, and more than 2,800 museums. The AAM's mission is to enhance the value of museums to their communities through leadership, advocacy and service.
3. The American Council of Learned Societies ("ACLS") is a federation of 68 scholarly organizations in the humanities and social sciences. The Council seeks to advance humanistic studies in all fields of learning.
4. The American Historical Association ("AHA") was founded in 1884 and incorporated by Congress in 1889 for the promotion of historical studies, the collection and preservation of historical documents and artifacts, and the dissemination of historical research. The AHA currently serves more than 14,000 historians and 2,000 academic and historical institutions.
5. The American Library Association ("ALA") is the oldest and largest library association in the world, with over 66,000 members representing school, public and academic libraries as well as library trustees and friends-of-libraries. ALA is dedicated to the improvement of library and information services and the public's right to a free and open information society. ALA, ARL, AALL, MLA and SLA together represent more than 139,000 libraries nationwide.

6. The Art Libraries Society of North America (“ARLIS/NA”) is a growing, dynamic organization promoting the interests of nearly 1,000 members. The membership includes architecture and art librarians, visual resources professionals, artists, curators, educators, publishers, and others interested in visual arts information. To serve this diverse constituency, the Society provides a wide range of programs and services within an organizational structure that promotes participation at all levels.

7. ARTstor Inc. (“ARTstor”) is a not-for-profit organization created by The Andrew W. Mellon Foundation that aims to utilize digital technologies to benefit education and scholarship. In furtherance of this mission, ARTstor assembles and makes available to not-for-profit organizations a digital library of images of art works and other materials. ARTstor serves universities and colleges, libraries, art schools, museums, and kindergarten through twelfth-grade schools.

8. The Association of American Universities (“AAU”) is an organization of 62 major public and private research universities. The mission of AAU is to provide a forum for the development and implementation of institutional and national policies promoting high-quality programs of research and scholarship and graduate and undergraduate education.

9. The Association of Research Libraries (“ARL”) is a not-for-profit association of 123 research libraries in North America. ARL’s mission is to influence the changing environment of scholarly communication and the policies that affect research libraries and the communities they serve.

10. The College Art Association (“CAA”) is a nonprofit membership organization representing more than 13,000 practitioners and interpreters of visual art and culture, including artists and scholars, who join together to cultivate the ongoing understanding of art as a fundamental form of human expression. Representing its members' professional needs, CAA is committed to the highest professional and ethical standards of scholarship, creativity, connoisseurship, criticism, and teaching.

11. Ithaka-Harbors, Inc. is a not-for-profit organization with a mission to help accelerate the adoption of productive and efficient uses of information technology for the benefit of the worldwide higher education community. Ithaka is currently incubating three initiatives: Portico, an effort to build a trusted and reliable archive of born-electronic journals; Aluka, a project to create an online database of historical and scholarly materials about the developing world for the benefit of scholars worldwide; and NITLE, an effort to help smaller colleges make full use of new technologies in their teaching and research.

12. JSTOR is a not-for-profit organization whose mission is to help the scholarly community take advantage of advances in information technology. As a component of its mission, JSTOR provides an online archive of the full back run of nearly 600 peer-reviewed academic journals. The JSTOR archive is available at approximately 2,700 libraries, universities, secondary schools, and other not-for-profit institutions in 100 countries.

13. The Medical Library Association ("MLA") is a not-for-profit educational organization of more than 900 institutions and 3,800 individual members in the health sciences information field committed to educating health information professionals, supporting health information research, promoting access to the world's health sciences information, and working to ensure that the best health information is available to all.

14. The Museum Computer Network ("MCN") is an organization of over 400 nonprofit institutions and individuals in the museum profession who use digital technologies to further the cultural aims of museums.

15. The National Humanities Alliance ("NHA") is an advocacy coalition dedicated to the advancement of humanities education, research, preservation, and public programs. Founded in 1981, NHA is supported by more than eighty national, state and local Member Organizations, including: scholarly and professional associations; higher education associations; organizations of museums, libraries, historical societies and state humanities councils; university-based and independent humanities research centers.

16. The Society of American Archivists ("SAA") provides services to, and represents the professional interests of, more than 4,500 individual archivists and institutions as they work to identify, preserve, and ensure access to the nation's historical record.

17. The Special Libraries Association ("SLA") is a not-for-profit, educational organization serving more than 12,000 members of the information profession, including corporate, academic, and government information specialists.

18. The Visual Resources Association ("VRA") is a multi-disciplinary community of image management professionals working in educational and cultural heritage environments. The Association is committed to providing leadership in the field, developing and advocating standards, and providing educational tools and opportunities for its members."

LETTER AND ACCOMPANYING PAPER FROM THE
ADVERTISING PHOTOGRAPHERS OF AMERICA (APA)

March 15, 2006

Mr. Joe Keeley, Counsel for the Majority
Ms. Shanna Winters, Counsel for the Minority
U.S. House of Representatives
Subcommittee on Courts, the Internet, and Intellectual Property

Dear Mr. Keeley and Ms. Winters:

On behalf of the Advertising Photographers of America and its members nation wide, we are submitting this letter and accompanying paper in response to the House Judiciary Subcommittee on Courts, The Internet, and Intellectual Property March 8, 2006 Oversight Hearing on the "Report on Orphan Works by the U. S. Copyright Office".

Clearly, a dilemma exists with respect to orphan works. We do not oppose an orphan works amendment, but have grave concerns with the proposed language as it is currently written. We would support an amendment that provides access to verified orphaned works for certain uses, by way of procedures that are clearly defined in the statute or regulations, while retaining remedies for use by copyright owners in the event of abuse.

If this amendment is enacted into law without significant revisions, it has the very real potential to destroy the businesses and livelihoods of thousands of artists, cost thousands of jobs, and result in a massive wave of litigation related to the use of orphan works. In its current form, this amendment is a disaster in the making.

We believe, however, that with constructive participation by all stakeholders in the orphan works issue, a solution can and will be reached. Toward that end, we respectfully submit the attached paper, "The Orphan Works Dilemma: Challenges and Recommendations," detailing our concerns with the language of the amendment as proposed, together with recommendations for potential solutions.

Given the complexity of this issue and the potential domestic and international repercussions involved in the enactment of this significant amendment to copyright law, we implore the Subcommittee to allow a more appropriate time period for the representatives of all stakeholders to adequately discuss the amendment and arrive at a consensus.

We appreciate the opportunity to submit the attached paper detailing our concerns and suggestions, and thank you for your consideration.

Sincerely,



Jeff Sedlik
Chief Advisor on Licensing & Copyright, Advertising Photographers of America



George Fulton,
National President, Advertising Photographers of America



Constance Evans
National Executive Director, Advertising Photographers of America

The Advertising Photographers of America (APA), a leading non-profit trade association representing the interests of professional photographers, promotes the highest standards and ethics in the photographic and advertising community, provides educational resources, and fosters an environment conducive to achieving success in the industry. The APA membership reflects the diverse creativity and extraordinary talent of advertising photographers from across the country.

The Orphan Works Dilemma: Challenges and Recommendations

As Congress revisits the challenge of creating equitable orphan works legislation, the livelihoods of hundreds of thousands of artists and other creators are at stake. For most artists, the ability to create new works, to operate their businesses, and to support their families is inextricably tied to the rights and protections afforded them by Congress under copyright law. The Copyright Office faced a tremendous challenge in attempting to analyze and address this issue, and we appreciate the efforts of all concerned.

Most artists are not in the business of selling art. Their medium may be photography or illustration, but their business – and often their sole means of generating income, is the licensing of the copyrights in their creations. Among the smallest of this nation's small businesses, artists are particularly vulnerable to any legislation that might serve to weaken or remove their rights or protections. In this time of rampant corporate consolidation and rapid market globalization, artists are more vulnerable than ever.

As you read this, many thousands of artists across this nation are struggling to pay their bills, fighting to earn enough revenue to keep their businesses afloat, to retain their employees, and for some - to simply earn enough so that they can afford to create new works.

Ironically, without the protections afforded creators by copyright law, artists could not afford to create new work, and the museums, libraries and scholars that have fought so hard to bring the orphan works issue to the fore would have no works to exhibit, no books to check out, and no art or literature to study. For many in Congress, the phrase "orphan work" might conjure up an image of a dusty, aged photograph of a long dead matriarch. But under the proposed amendment, works that are being created by artists working in their studios across this country right now, as you read this sentence, are destined to become "orphan works" under the law.

In recent years, and continuing this very day, there has been a torrent of legislation created expressly for the purpose of increasing the legal protection of the copyright interests of major corporations in the motion picture, music, and software industries. In that realm, there is an overwhelming legislative trend toward providing more and more protection, and greater and greater remedies for use by corporate giants in preventing the unauthorized copying of CDs, DVDs, screened films, and web downloads of songs and motion pictures. Anyone observing this never-ending festival of rights, watching bill after bill pass into law, year after year, closing every possible loophole that might allow a movie, song, or software program to be copied, could only conclude that the interests of copyright owners are held sacred.

Now, in a year in which Congress will consider and approve any number of enhancements to the copyright protections and remedies afforded to large corporate copyright owners, we have a proposed copyright law amendment on the table that will virtually eliminate all meaningful remedies afforded to individual artists in instances where an artist's name happens to be separated from an artwork, or where a search otherwise fails to locate the artist. The proposed amendment removes the remedies of actual damages, statutory damages, injunctive relief (for derivative works) and attorney's fees when an orphaned work is exploited without permission or license from its creator or owners. These remedies collectively represent the meaningful legal protections available to artists today and provide the protections that artists rely on to deter the unauthorized use of their works, encourage licensing, and generate the revenues on which they depend.

A Photograph, by any other Name, is an Orphan Work

The Copyright Office and others have suggested that artists and owners must bear the burden of identifying their works, and that artists are to be held accountable by the forfeiting of rights in the event that their names become separated from their works. The language of the proposed amendment conflicts with the both the spirit

and the letter of domestic and international copyright law, by not only requiring formalities as a condition for the enjoyment of property rights, but by effectively punishing artists when others remove attribution from their works.

Photographs, in contrast to most other protected works, are rarely published with credit to the author. With no author name attached, the vast majority of published photographs are destined to become orphan works immediately upon publication. Photographers have long been susceptible to the separation of authorship information from their works. Despite a photographer's best efforts, the author's name and contact information is frequently separated or removed from the photograph itself by parties handling the photographs after delivery of the work. This is particularly true with electronic copies of photographs, in which an author's name is often lost when the photograph is saved in various digital formats. Digital file names are frequently changed, and metadata bearing copyright information is often removed (intentionally or unintentionally), making the source of the files (along with the author's name) almost impossible to determine. Now more than ever, users combine (photo-compose) multiple photographs to create new works. One photograph of a couple on the beach may be combined with several other photographs of seagulls, a sunset, sand dunes, etc. to create a new composite photograph. In such instances, all attribution information from the individual photographs is lost, rendering each an orphan work.

A photograph delivered to a client in one format may eventually be distributed in a wide variety of electronic and printed media, and preservation of authorship information is the exception, not the rule. This is exacerbated by the fact that the United States is one of the few countries that recognizes intellectual property rights, but fails to guarantee all authors a right to attribution, as an element of moral rights. A review of published photographs reveals that the vast majority of photographs are printed today without authorship attribution. Even where a credit is provided in a

published work, the credit is rarely on the photograph itself, but is often in a separate location within the publication.

Over the protests of artists, the Copyright Office has ignored the fact that photography and illustration are particularly vulnerable to the loss of attribution information, and that after a work leaves an artist's hands, the retention of authorship information is entirely out of the artist's hands. The proposed amendment punishes artists when their names are separated from their works by others, even where artists religiously add their name to each and every work before distribution. The punishment is extremely severe and unjustified: i.e., the removal of all legal remedies for the unauthorized use of a work, and the removal of the artist's right to set the value of one's own work at his or her discretion. These measures are draconian when considered in the context of the trend toward increasing the rights and protections afforded other copyright owners – those owners of works that are not vulnerable to becoming orphans.

We suggest that Congress revise the amendment to impose severe penalties and enhanced remedies on those who willfully remove attribution from a photograph. The Digital Millennium Copyright Act (DMCA) provides the precedent, stipulating that statutory damages and attorney's fees are available in the event of the removal of copyright management information from digital files. We propose that the language of the DMCA remedies be applied to orphan works as well, whether digital or otherwise. We further propose that Congress treat anonymous works as a separate category of orphan works, and apply provisions specifically designed to address use of such anonymous works. Specifically, the right to exploit such works should be more restricted, and involve more significant deterrents against abuse, than the right to exploit works bearing attribution. Notwithstanding the need to provide access to orphan works, we suggest that Congress, in all good conscience, should not punish artists for the deeds of others.

There are a number of special interests involved in the orphan works discussion, but in determining the motivation behind the involvement of each group, we need only to follow the money. With respect to works of art subject to the orphan works amendment, there are essentially two groups:

- (1) Those who earn their living by investing their skill, time, effort and funds in the creation of works that are most likely to be orphaned, and those who have acquired ownership or rights of agency in such works.
- (2) Those who earn their living by exploiting, preserving, studying or otherwise making use of works created or owned by others, whether for benevolent purposes or for commercial gain, or both.

Group One: Includes photographers, illustrators and other artists, as well as the "stock" agencies engaged in creating and licensing artworks. We have addressed their motivation above.

Group Two: Includes libraries, educational institutions, scholars, researchers, museums, the motion picture industry and publishers, among others. While it is true that some of these entities, such as publishers, are also be copyright owners, most have minimal if any exposure to the "orphanization" of their works, and thus their primary motivation with respect to the promotion of orphan works legislation, is the use (benevolent or otherwise) of the works of others. For the publishers, it is true that orphan works legislation will permit publication of works that are not currently available for use and have historical value. However, the orphan works amendment will also make millions of works available for gratis use in all manner of publications, allowing publishers to avoid licensing works from artists and stock agencies, and thus generate a tremendous windfall of profits.

Libraries, museums, educational institutions, scholars and researchers provide invaluable service to our society and culture, and face tremendous challenges in

preserving deteriorating works, duplicating works for educational purposes and in making works easily accessible to the public. Without a doubt, these groups stand to benefit tremendously from an orphan works amendment, and rightfully so. However, it should be noted that while many museums and libraries operate under the IRS 501(c)(3) non-profit designation, these institutions are increasingly engaged in commercial activities typical of for-profit organizations, such as the packaging, publishing, and licensing of works in their collections, so as to generate sufficient revenues to pay staff salaries, maintain facilities, and acquire more works. We mention this in light of the fact that in some instances, the orphan works amendment will serve to allow these non-profit institutions the exploitation of artists' works for the purpose of generating operating funds, at the expense of artists' ability to pay themselves by licensing their works. We believe that the orphan works amendment should be structured to benefit libraries, museums, educational institutions, scholars and researchers, while limiting commercial use by those institutions and individuals.

In addition, group two includes others who will abuse the orphan works amendment by exploiting the loopholes that this legislation will create. With infringement remedies removed, there is no deterrent to unauthorized use, provided that a user fails to locate a copyright owner. The orphan works amendment creates an incentive to fail in searching for an artist. Rather than paying to license works, users will have every incentive not to find the artist, and can proceed to exploit the artist's work with abandon, knowing that even in the remote likelihood that the use is discovered, the artist will only be able to collect a minimal fee, and will have little means of enforcing payment, and no means of stopping the unauthorized use of the work, if the use is a derivative.

The Orphan Works Black Hole

The proposed amendment provides that, in the event that a search fails to find an artist, that artist forfeits the right to stop the unauthorized user from exploiting the artist's work in new works, if the new works transform, adapt or recast the original

work and represent a work of original authorship. While we understand the basis for this provision, the elimination of injunctive relief will serve to create a giant black hole allowing almost any user to bypass injunctive relief merely by transforming an orphan work before use. The proposed language sets up a legal quagmire over the thin line that separates a derivative work from a non-derivative work.

The threshold for original authorship under copyright law allows almost any fixed original expression to be deemed a protected work. While we support this threshold, its application to the determination of a derivative work as designated in the orphan works amendment is highly problematic. For example, one artist may acquire rights in another artist's work simply by failing to find that artist, and may then transform that work and offer it in competition with the original artist's work. The original artist will have no viable means of stopping such use. The amendment will thus force artists to compete with their own works.

A poster company may possess a box full of photographs previously submitted by artists for proposed publication, but separated from attribution in course of review.

Under the proposed amendment, that poster company could then exploit the photographs on posters for commercial sale without limitation, and need only to manipulate the photographs prior to use so as to eliminate potential injunctive relief.

We believe that the exemption from injunctive relief, while well intended, will be widely abused, and will allow any user to avoid the prospect of injunctive relief by simply transforming the work sufficiently to meet the minimum derivative threshold.

We urge Congress to reconsider this exemption and to more expressly define the circumstances under which it may be applied, by setting a higher threshold for original expression in this instance, by providing enhanced remedies in the event of abuse, and by expressly limiting the use of derivative works based upon orphan works to non-commercial applications.

The “Come-And-Get-It” Factor

There is a viral component to the orphan works amendment that must not be overlooked in re-drafting the language. Once one user identifies and uses an orphan work, such use will serve as a “come-and-get-it” beacon to other users. Though we understand Congress intends to require each user to complete a diligent search for the owner of a work (this intent needs to be more expressly memorialized in the amendment), in reality, public use of an orphan work by any one user will serve to inform all other users that a diligent search for the owner has failed. It is reasonable to assume that when secondary users conduct their required searches, the owner is highly unlikely to be found. Thus, any public use of an orphan work will signal all other potential users that the work is ripe for the picking.

Without changes to the proposed amendment, we will soon see orphan works aggregators enter the marketplace, specializing in offering ultra-fast search and clearance services for orphan works. Commercial interests will develop large websites where anyone can browse through hundreds of thousands of works that have failed an ownership search, and select any number of works for unauthorized exploitation, knowing that their subsequently required search is certain to fail. Within two weeks of the issuance of the Copyright Office Report on Orphan Works, nearly all of the domain names associated with orphan works were registered by commercial interests, in preparation for the profit-taking that will result if the legislation is passed without significant revision. Among them: orphanart.com, artorphanage.com, orphanedphotos.com, findorphanworks.com, and dozens of others.

While neither the Copyright Office nor Congress intends the orphan works amendment to result in the rampant exploitation of works, it is a certainty unless exclusions to commercial use and protections are restored. We are aware that the proposed amendment requires each user to clear the work, but where there is profit, the market will find its way. Therefore, we suggest very stringent language prohibiting the aggregation or offering (whether direct or indirect) of orphan works

under the amendment, including but not limited to the offering of paid access (whether by one-time-fee or by subscription) to collections of "cleared" or suspected orphan works. We propose that Congress provide enhanced remedies in the event of such use, including actual damages, disgorged profits, statutory damages, attorney's fees and injunctive relief, notwithstanding the copyright registration status of the work, thereby establishing a reasonable deterrent and providing artists with appropriate remedies in the event of abuse.

Orphan Works Free-for-All

The Copyright Office has proposed that non-commercial users of orphaned works should pay no fee when such use is discovered by artists. This effectively removes any barrier to exploitation of use and will result in users capitalizing on, profiting from, and taking credit for the works of other creators. Further, the distinction between commercial and non-commercial use is especially problematic. It is quite possible for a user of an orphan work to reap significant promotional benefit from the use of a work, while claiming that the use is non-commercial because no offering was made, and no commerce transacted. The amendment sets the stage for considerable litigation on this topic. We therefore suggest that Congress edit the language of the amendment so as to apply the precedent set by the Fair Use provisions of copyright law. Specifically, the use of an orphan work should be prohibited where such use might affect the market for or value of the work. We further suggest that the amendment expressly define commercial use, and limit the commercial use of orphan works.

A Model for Litigation: Rights of Publicity and Rights of Privacy

By opening the floodgates to unauthorized use of protected works, the proposed amendment will result in a tidal wave of litigation as the result of rampant and widespread violation of the rights of publicity and rights of privacy of persons pictured in the orphan works. A photographer's right to exploit copyright in a photograph (and to grant licensed rights to others) is effectively limited by the right of any person

appearing in the photograph to control or otherwise limit the use of his or her likeness. State laws governing rights of privacy and publicity very often require that permission be obtained from pictured subjects prior to the exploitation of a photograph bearing likenesses of persons. Such permission is most often granted to photographers and their clients by execution of agreements known as “model releases.” The terms and conditions of model release agreements often limit the use of the photographs, and may specify certain excluded uses. For example, some model releases prohibit commercial use or use related to tobacco or alcohol products, pornography, or political causes. When a photographer or copyright owner controls the use of a photograph, the photographer acts as a gauntlet through which all use of the photograph must be approved. In this way, photographers carefully control and limit such use so as to avoid the violation of rights of privacy and publicity of pictured persons. Under the proposed orphan works amendment, that gauntlet no longer exists, and that control goes out the window. Parties making use of orphan works will serially violate the rights of publicity and privacy of pictured persons. Photographers will be sued by models for allowing the works to “go orphan.” This wave of litigation between models, photographers and the users of orphan works over publicity and privacy rights will be a particularly disastrous consequence of the proposed amendment. We therefore propose that the amendment be revised so as to expressly limit the use of any orphan work bearing the likeness of a person or persons to personal, non-commercial use only, and to exclude the right to distribute, perform or create derivatives of such works, unless express written permission is obtained from the pictured subjects in advance.

In the Art World, “Fair Market Value” is an Oxymoron

As in other markets, pricing in the photography and illustration marketplace is determined by the fundamental market forces of supply and demand. In this free market, scarce, high quality images garner the highest fees, while the most common images typically garner the lowest fees. The market value of a particular license for a given photograph by a given photographer is often based upon a number of

contributing factors, most notably the quality and scarcity of the image and the location of the photographer, but also in great measure the brand equity of the photographer. In the proposed amendment, the Copyright Office upsets the apple cart of free market forces by legally sanctioning the flooding of the market with free product, and then mandating that upon discovering unauthorized use of a work, the owners are only entitled to receive "reasonable compensation" based upon a mythical "fair market value" of the work. The imposition of such artificial price controls will corrupt the entire marketplace, and is another disaster in the making.

The Copyright Office suggests that a license fee paid for a particular photograph or photographs determines the fair market value of reasonable compensation for the use of another photograph. The Copyright Office overlooks the fact that all photographs are not equal, and that by extension, the fees associated with the use of any one photograph or group of photographs does not necessarily determine the fair market value of the fees associated with the use of any other photograph. The Copyright Office also assumes that one photographer would agree to provide a particular license to a client at a certain price, or even for free, just because other photographers have done so. This assumption is both incorrect and unreasonable.

In a given publication, if one photograph pictures a seventy-one year old Elvis Presley, relaxing in seclusion at a Palm Springs estate, while another photograph features an egg on white background, would the reasonable compensation for both photographs be identical? Further, would a portrait by well-known photographer Richard Avedon garner the same "reasonable compensation" as a portrait by Joe's Passport Photo Emporium or your Aunt Ida? While one photographer's reasonable fee for a certain license might be \$25, another photographer's reasonable fee for that same license might be \$2500, and yet another's fee might be \$25,000 or even more. That amounts for a 100,000% variance in "fair market value" between licenses offered by different photographers, for different photographs. The Copyright Office proposal overlooks this considerable real diversity in fees.

The Copyright Office proposes that fair market value must be determined by the amount that a willing buyer would have paid a willing seller had they engaged in negotiations before the use commenced. In making this proposal, the Copyright Office relies heavily on *Davis v. The Gap Inc* 246 F 3d 152 (2d Cir 2001). We call your attention to *Sid & Marty Krofft Television Productions, Inc. v. McDonald's Corp.*, 562 F.2d 1157 (9th Cir. 1977), later cited in *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505 (9th Cir. 1985), in which the court determined fair market value to be the amount that a seller would have "reasonably required" a user to pay before the use commenced. The distinction is all important – the court in both the Krofft and Frank matters established that it is the seller's reasonable requirement, and not the buyer's willingness to pay, that sets the standard for Fair Market Value.

The application of fair market value to orphan works is problematic. Under the proposed amendment, upon discovering an unlicensed use, a copyright owner is not a willing participant, has no accurate means of determining the relevant facts (the extent of the use) and is required to act. In addition, the copyright owner has few practical remedies, given that injunctive relief (for derivative works), statutory damages and attorney's fees are eliminated by the proposed amendment.

It seems that the Copyright Office is proposing that fair market value be determined by the prevailing lowest fees for a particular use. This proposal is inconsistent with the definition of Fair Market Value, and is anything but "fair" to copyright owners.

Further, the determination of any prevailing fees would be problematic, as photographers are prohibited by anti-trust laws from discussing fees.

The proposed amendment effectively places all burden on the photographer to establish "reasonable compensation" based upon "fair market value." This requirement will force photographers to divulge confidential and proprietary information and financial records, such as income tax returns, past licenses to other

clients, accounting books, and contracts with third parties. Photographers will be required to do this for each and every party that uses a photograph under the proposed amendment. This places an undue burden on photographers, who have limited resources and whose clients often require confidentiality.

Notwithstanding these considerations, the provision for reasonable compensation is almost entirely useless to photographers, as photographers will have no leverage to collect such fees. Without the remedies of injunctive relief, statutory damages and attorney's fees, photographers cannot afford to retain legal representation or to otherwise pursue collections. The cost of a suit will far exceed the amount owed, invoices will go unpaid, and debts will be uncollectible. We have no viable suggestion for addressing this challenge, but stand ready to explore potential solutions with other industry groups.

A Court of Orphan Works?

We are aware of a proposal for the creation of a new small claims court system dedicated to litigation of orphan works matters, to address the storm of litigation that will, without question, result from the proposed amendment. This would be a classic example of the tail wagging the dog. We believe that it would be more fiscally appropriate to seek a solution to the orphan works issue that does not result in the need to create, operate and fund an entirely new federal court system, indefinitely. Further, we have significant doubt that copyright infringement matters can be adequately adjudicated in a small claims court environment. The federal rules of evidence and the discovery process are essential to determining the scope and circumstances involved in an infringement. The federal rules of evidence do not apply in small claims court matters. Without a discovery process, there can be no organized exchange of evidence, depositions, and information associated with the infringement. Nor can there be expert testimony as to industry standards and practices, or the fees that the seller would have reasonably required of the user under the circumstances. The court will have no means of making accurate determinations,

other than relying on hearsay and opposing statements and assumptions made by plaintiff and defendant.

In short, we believe that the proceedings will be a farce, and will place undue additional strain on an already overloaded court system. While small claims court may be an appropriate forum for landlord/tenant disputes and unpaid gardener's bills, intellectual property licensing issues based upon federal copyright law are far more complex, require considerable discovery and legal expertise, and have no place in such courts. We would, however, support the development of optional Alternative Dispute Resolution (ADR) for orphan works matters, only in situations where both the user and the owner agree to submit to ADR. This would avoid the need to establish a federal small claims court, and would provide a means of quickly and inexpensively resolving minor misunderstandings over small license fees associated simple uses of orphan works. If ADR is established for orphan works matters, artists must have the option of pursuing copyright remedies in federal court at the artist's sole discretion.

A Registry of Works and Authors

There are billions of photographs in existence, many of which have not been digitized, and millions of which have been published without attribution. There is no centralized registry of photographs or of photographers. The sheer numbers of photographs (both digitized and not) would almost certainly frustrate any effort to create a comprehensive registry allowing a meaningful search for the authors of anonymous orphaned works. The Copyright Office has no such database of images and to our knowledge has no plans to create such a database.

It has been proposed that centralized databases of orphan works inquiries be created, so that owners can monitor attempts to locate orphan works and connect with users. Most professional photographers have very limited resources, and to survive, must concentrate on creating and licensing photographs. At the same time, photographers must struggle to identify and police infringement of their works. This

challenge was difficult enough before the advent of the internet. Now that photographs may be easily scanned from printed matter and copied from the internet, the challenge is overwhelming. It is not reasonable to expect that photographers will dedicate precious limited resources to sift through huge numbers of orphan works inquiries in an attempt to identify their works and to reply before their works are exploited by third parties.

Imagine yourself a photographer. You create hundreds or thousands of images each month, tens of thousands of images each year. The Copyright Office proposes to remove copyright remedies unless you and your heirs undertake to monitor all requests for use of all of your many thousands of photographs, every day, for the rest of your life, and for 70 years after your death (the life of your copyright). Apparently the Copyright Office expects that you will wade through thousands upon thousands of such requests on a regular basis, with the hope that you might one day come across an inquiry that happens to describe one of your inventory of tens of thousands of photographs. Picture yourself scrolling through page after page of inquiries, including inquiries such as "I'm looking for the photographer who shot a picture of trees.

Please call me at..." or "I'm looking for the author of a picture of a man in a blue suit." The fact is that as the author of hundreds of thousands of images during your lifetime, you might not recognize your own photograph in such a list, even if you happened upon the description.

Now imagine that you are a photography stock agency, with millions of images in your inventory. How can you possibly recognize a description submitted by a party seeking to identify the author/licensor of one of those millions of photographs? By memory?

The proposed amendment strips photographers of statutory damages and attorney's fees in the event of unauthorized use of orphan works, even where the artists have registered their works with the Copyright Office in advance of the unlicensed use.

We find it extraordinary that the Copyright Office would move to eliminate the benefits of registering with the Copyright Office. An artist who has diligently complied with legal formalities so as to best protect his rights should not lose those rights based solely upon an utter stranger's desire to exploit the artist's protected works. As justification, the Copyright Office Report on Orphan Works asserts that registered works are unlikely to become orphan works, because a search of copyright registration claimants by name will locate the author. Unfortunately, this assertion by the Copyright Office is not rooted in the facts. Arguably, in the vast majority of cases involving orphan photographs, the name of the author will be unknown. In such situations, a successful search of copyright registrations without the author's name would be impossible. Even if a name were known, the contact information in an archived registration may not be current, and thus may not lead to the author. Further, searches by title are also nearly useless in locating specific photographs, due to non-specific titles used on copyright registrations of hundreds of works. Ironically, the Copyright Office has proposed the elimination of the primary incentives for copyright registration.

Primary Types of Visual Arts Orphan Works:

- (1) Attributed works (creator/owner name attached or known)
- (2) Anonymous works (works with no creator/owner name attached)

The considerations in addressing these two types of orphan works are entirely different, and should be treated separately under the amendment.

Regarding attributed works, a registry of authors/owners may be established using current technology and at minimal cost and burden to authors and owners. While such a registration requirement may be in conflict with international treaties, the benefits clearly outweigh the costs.

For anonymous works, the technology exists today that allows a search by image. The technology is currently imperfect and often requires human intervention. Thus, technology is not the answer to the current problem, and its usefulness should not be relied upon in drafting this amendment, as it does not allow for large scale/widespread mission-critical use at this time. Even if the technology were ready for such use, the burden on copyright owners would be far too great. Such a directory of works would by necessity need to include all works of all artists and copyright owners. Each copyright owner would need to digitize and upload many thousands of artworks, and to continue doing so on a continual basis. Even if the cost of registration were minimal, the costs in terms of preparation and registration would bankrupt most artists. Some artists, particularly photographers, have tens of thousands of works in undigitized form, and create works at such a pace that one or more full time employees would be required just to upload works to the registry.

We would support the creation of a registry of authors and owners by name, to allow users to locate authors/owners of attributed works. This, however, does not address the issue of locating the authors/owners of anonymous works, which is a very different and far more challenging task. We suggest that if Congress is to amend copyright law in such a way as to force the creation of registries so as to comply with the law, Congress should appropriate necessary funds for the creation and maintenance of the registry.

International Issues – A Pandora’s Box

With respect to this nation’s participation in international intellectual property treaties and agreements and our obligation to all other signatories, a Pandora’s Box of international conflict and bad faith dealing will be opened by exposing foreign works to exploitation under the orphan works amendment. The orphan works amendment conflicts with both the spirit and the letter of the Berne Convention, and will directly violate Article 13 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Specifically, the removal of copyright owner protections for orphan

works is a "limitation and exception to the exclusive rights" of copyright owners, and will both "conflict with the normal exploitation of the work," and "unreasonably prejudice the legitimate interests of the rights holder." In addition, by creating the expectation or requirement that owners of foreign and domestic works place attribution on their works and register themselves and their works so as to enjoy their exclusive rights, the orphan works amendment clearly violates both Berne and TRIPS. In the two following sections, we explain the effect of orphan works on the exclusive rights of the owner.

Loss of Exclusive Rights

Under copyright law, artists own the exclusive rights to copy, distribute, display, transform, and perform their works. Most artists earn their living by licensing elements of those rights to others, on an exclusive or non-exclusive basis. By allowing anyone to use a protected work simply by failing to locate the author, the proposed amendment effectively prohibits the granting of an exclusive license. When artists lack the ability to control and monitor use of their works, they will have no means to determine the use status of a work, and thus no means of guaranteeing or offering exclusivity to any customer. Without the ability to guarantee exclusivity to customers, the value of an artist's works is significantly diminished. This proposed elimination of the most fundamental rights of a certain class of copyright owners is not only inequitable, but is a travesty.

Unauthorized Use of an Orphan Work Diminishes its Value

The proposed amendment will allow users to exploit orphaned works without limitation, and without the owner's knowledge or permission. Each such unauthorized use will serve to diminish the value of the copyright in the work, by imposing limitations on the exclusive rights of the copyright holder. If an orphaned photograph were to be used on the cover of a book, it is highly unlikely that the copyright owner could ever interest another publisher in licensing the right to use that photograph on the cover of a book. In addition, certain objectionable uses of an

orphan work may damage or destroy the residual value of the exclusive rights in a work over its entire copyright life, leaving the owner with a worthless work. In such instances, and in many others, the limitations on rights and remedies imposed by the orphan works amendment conflict with the owner's normal exploitation of the work, and prejudice the legitimate interests of the owner, in direct violation of TRIPS.

Objectionable Use

Under the proposed amendment, an artist's work may be used by anyone, for any purpose, to promote any product, company or cause.

- A photographer whose wife died of lung cancer might discover that his photograph of a cowboy was used as an orphan work in tobacco company advertising to promote cigarette use.
- A photographer whose grandfather is a holocaust survivor might discover that his photographs were used under the orphan works amendment by the Aryan Nation to promote hatred of Jews.
- A mother's photograph of her infant daughter might be used under the orphan works amendment on an abortion website promoting pro-life or pro-choice, in opposition of the mother's views.

The orphan works amendment has no provision preventing the use of orphan works in a manner that might be held to be reprehensible by the owner. Thus, the orphan works amendment conflicts with the owner's enjoyment of his exclusive rights in his property -- another violation of TRIPS.

What Exactly is a "Good Faith, Reasonably Diligent Search?"

The Copyright Office proposes that users desiring to exploit a potential orphan work perform a "good faith, reasonably diligent search" to locate the owner. This description, if left unchanged, will mire both users and owners in litigation for years to

come. Specific procedures and requirements must be expressly defined for the required search. We look forward to working with all interested parties to arrive at an acceptable search. We further propose that a user's responsibility to locate the owner must not end with a single search prior to use. Rather, if the user is to acquire the right to exploit the work at no cost, we believe it is reasonable to expect that users will continue the search throughout the period of use of the work. We suggest that users be required to repeat the search every six months, indefinitely, until such time as the user locates the author, or ceases use of the work. We suggest that failure to comply with the search requirements should allow the author enhanced remedies in the event that the use is eventually discovered. Such enhanced remedies should include statutory damages, actual damages, profits, and injunctive relief, regardless of the copyright registration status of the work.

Mandatory Attribution

The Copyright Office has suggested that authors must bear the burden of including attribution in their works, so as to prevent their works from being orphaned. We discuss the problems with this suggestion elsewhere in this document. Setting Berne and current copyright law aside, if Congress is to amend copyright law in such a way as to create the expectation or requirement that artists must provide attribution on their works so as to avoid such works being orphaned, then it follows that to ensure the integrity of that attribution, Congress must also amend copyright law so as to require all users of all works (not just orphan works) to reproduce that attribution wherever works are copied, published, distributed, displayed, transformed or performed. We encourage Congress to provide artists with the remedies of statutory damages actual damages, profits, and attorney's fees in the event that a work is used without attribution. If Congress elects not to create such a burden on the users of works, then Congress cannot in good conscience pass the orphan works amendment, which leaves artists works completely exposed to being orphaned when works are used without attribution. We believe that the time has come to memorialize

the right of attribution in this nation, not just for limited edition works made for exhibition, but for all works.

Loss of Jobs

As an unintended result of the orphan works amendment, artists and other independent creators will suffer a significant loss of revenues, due to a preponderance of readily available of free orphan works on the marketplace. We expect that in this already challenging economy, the orphan works amendment will be the last straw for many of these small business owners. Many will be forced to lay off their employees and fold their businesses. While these small businesses typically employ between one and three staff members, the collective effect of numerous small businesses shedding their employees will have a significant impact on local economies. This unfortunate consequence will increase unemployment across this nation.

Conclusion

Clearly, the proposed orphan works amendment will require significant revision. In light of the aforementioned issues, we request your consideration in providing a suitable time period for all interested parties to discuss and explore the challenges presented by the proposed amendment, and to collectively arrive at a mutually acceptable solution. We request at minimum a six month period to address this very complex issue. We pledge to work steadfastly and in a cooperative spirit to resolve all issues.

Artists and their businesses hang by a thread, and that thread is copyright law. On behalf of thousands of artists across this nation, we implore you to leave the scissors on the table, and urge you to work with all parties towards the creation of an equitable orphan works amendment that provides access to certain works for certain use, while respecting the rights of artists and other copyright holders. Let's not kill the parents to save the orphans!

We thank you for your consideration, and request the opportunity to speak before any committees considering this amendment and any associated legislation.

Respectfully,

A handwritten signature in black ink, appearing to read 'JS', with a long horizontal flourish extending to the right.

Jeff Sedlik
Chief Advisor on Licensing & Copyright, Advertising Photographers of America

Edited by Constance Evans,
National Executive Director, Advertising Photographers of America

Jeff Sedlik serves as the Chief Advisor on Licensing and Copyright for the Advertising Photographers of America (APA). A past National President of the APA, Sedlik is a working professional photographer with twenty years experience, creating photographs for advertising and editorial use.

Constance Evans, National Executive Director of the Advertising Photographers of America, is also a working artist.

The Advertising Photographers of America (APA), a leading non-profit trade association representing the interests of professional photographers, promotes the highest standards and ethics in the photographic and advertising community, provides educational resources, and fosters an environment conducive to achieving success in the industry. The APA membership reflects the diverse creativity and extraordinary talent of advertising photographers from across the country.

PREPARED STATEMENT OF THE AMERICAN SOCIETY OF COMPOSERS,
AUTHORS AND PUBLISHERS (ASCAP)

Before the Subcommittee on Courts, the Internet, and Intellectual Property
Committee on the Judiciary
United States House of Representatives

COMMENTS OF
THE AMERICAN SOCIETY OF COMPOSERS, AUTHORS AND PUBLISHERS
ON THE
“REPORT ON ORPHAN WORKS” BY THE COPYRIGHT OFFICE

March 17, 2006

The American Society of Composers, Authors and Publishers (“ASCAP”) thanks the Subcommittee for the opportunity to comment on the Report on Orphan Works by the Copyright Office and the legislative proposals suggested by the Report.

Introduction

We commend the Copyright Office for its diligent and thorough work in examining the “orphan works” issue, and the Subcommittee for its timely hearing on the Report.

It is important at the outset to recognize a distinctive feature of the orphan works issue. Unlike many other copyright issues, the extent of any problem here varies widely depending on the type of copyrighted work involved. As was noted at the March 8 hearing, the very existence of orphan works varies by copyright “sector.” In simple illustrative terms, while it may be necessary to address the issue for graphic works, that necessity is not present when addressing the issue for music—this because of the different ways in which the artistic and commercial communities dealing with these different types of works have developed and operate. Therefore, as we detail further below, any legislation addressing the issue must be flexible enough to account for the differences in copyright sectors.

The Report includes proposed legislative language, which, as drafted, would affect all types of copyrighted works. For our purposes, however, we limit our comments to the impact of the proposed legislation on musical works, which are written and owned by ASCAP's more than 230,000 songwriter and music publisher members, and on the nondramatic public performances of these works that ASCAP licenses.

The Need for Legislation

We do not actively seek the enactment of orphan works legislation because, in ASCAP's experience, there is no substantial orphan works problem with regard to musical works or their nondramatic public performance.

When the clearance of nondramatic public performance rights is involved, very few, if any, musical works can be considered "orphaned." ASCAP's repertory contains millions of musical works, and licenses from ASCAP and the other United States performing rights organizations ("PROs") cover nondramatic public performance rights in, for all intents and purposes, every copyrighted musical work. ASCAP (like the other PROs) issues a bulk, collective license, which give access to the entire repertory for one fee, and importantly, does not require music users to contact individual copyright proprietors for permissions. A music user who holds licenses from ASCAP, BMI, and SESAC is certain to have cleared the nondramatic public performance rights to virtually all copyrighted musical works, without needing to locate or identify the authors or copyright proprietors.

Moreover, music users face relatively few difficulties in obtaining clearance information from us. The PROs maintain extensive databases of information about the musical works in their respective repertories, which creators and music users can freely access at any time and without charge to determine where to obtain rights and clearances.

ASCAP, for example, offers such information through its ACE database, located at <http://www.ascap.com/ace>. ACE contains all musical works in the ASCAP repertory that have appeared in any of ASCAP's domestic performance surveys since January 1, 1978, and all works registered with ASCAP since January 1, 1991, whether surveyed or not. It also includes copyrighted arrangements of public domain works and foreign compositions licensed by ASCAP in the United States. For each title, ACE maintains records of the identity of the ASCAP songwriters, including co-writers who are either affiliated with other PROs or not affiliated with any organization; the names, contact persons, addresses, and phone numbers of publishers or administrators of the works; and even the names of some of the performers who have made commercial recordings of the works. If a title or information is not available on ACE, music users can contact ASCAP's Repertory Clearance staff by telephone, e-mail, or traditional mail for additional information and assistance.¹ Each year, ASCAP processes thousands of such requests, and in the overwhelming majority of cases, ASCAP is able to provide the information sought. ASCAP is also continually innovating and enhancing its information database. For example, ASCAP members recently gained the ability to register and update information about their works online—further ensuring that the database remains reliable and up-to-date. Together, the musical works databases of the PROs and other music organizations are an invaluable resource that provide useful ownership information on virtually all copyrighted musical works.²

¹ Indeed, as the Subcommittee knows, ASCAP operates under an antitrust consent decree, the Second Amended Final Judgment entered in United States v. ASCAP, Civil Action No. 41-1395 (WCC) (S.D.N.Y. 2001) (“AFJ2”). Section X of AFJ2 requires ASCAP, upon written request, to inform any music user whether any work identified by title and writer is in the ASCAP repertory, or make a good faith effort to do so if other information is provided, and to make the ACE system available. ASCAP will also forward requests for licenses for particular works to the members-in-interest.

² A few commenters to the Copyright Office's Notice of Inquiry offered a handful of anecdotes in which individuals alleged they were dissuaded from using musical works due to orphan works

Despite these reservations, we welcome certain aspects of the drafted legislation. For one, ASCAP commends the Copyright Office and the drafters for properly defining an orphan work as a work whose copyright owner cannot be located, rather than one whose owner does not respond to requests for permission. (Orphan Works Report at 97.) We also agree with rejection of onerous new formalities, which Congress has deliberately reduced and eliminated as a precondition for copyright protection over the last decades, and which our nation's international obligations (through the Berne Convention and the TRIPs Agreement) proscribe. (*Id.* at 104-05.) Finally, the orphan works bill rightly refuses to divest copyright owners of all their rights as a consequence of a work becoming orphaned.

Though well-intentioned, these positive aspects do not outweigh ASCAP's belief that orphan works legislation is unnecessary with regard to musical works and their nondramatic public performance.

Safeguards for Writers and Publishers of Musical Works

Given the lack of a substantial problem in connection with musical works and their nondramatic performance, it is essential that any orphan works legislation not unfairly prejudice the rights of composers, lyricists, and music publishers. To this end, ASCAP recommends that, if the draft legislation is to be introduced, Congress clarify it in two respects.

issues. There is no evidence, however, of a real problem. No commenters identified any instance in which a person seeking a license to use musical works—for nondramatic public performance or otherwise—tried but failed to locate the copyright owner, subsequently used the work, and then was threatened with or sued for infringement. Furthermore, an orphan works problem only arises in the limited circumstances where none of the other limitations on and exceptions to copyright protection apply. Indeed, it may be for reasons such as these that the Copyright Office conceded that the “orphan works problem is elusive to quantify and describe comprehensively.” (Register of Copyrights, Report on Orphan Works, dated January 23, 2006 (“Orphan Works Report”) at 7, 92.)

1. Reasonably Diligent Search

As drafted, the proposed legislation fails to define what constitutes a “reasonably diligent search.” We believe the legislation—or at least the legislative history—should include some practical examples, or at least order the promulgation of regulations concerning the definition of a reasonably diligent search. To that end, a “reasonably diligent search” by a user of musical works must include a search of publicly-available ASCAP resources, as well as those offered by BMI, SESAC, and other music organizations like HFA. And such a search should not merely require the use of online resources, but also direct inquiry of the organizations if the online inquiry is unavailing. As explained above, ASCAP and these entities maintain and provide a crucial service for anyone who wants to use musical works—free, readily accessible, and easily searchable databases and “editing” services on virtually all copyrighted musical works in existence. These resources should form the backbone of any reasonable search. The Copyright Office endorses this approach:

One of the most important factors in determining whether a search was reasonable is the extent to which information about the copyright owner’s identity and location are available in publicly available registries, databases, or other sources.

. . .

[T]here currently exist other non-governmental resources with author and ownership information, which would likely be part of any reasonable search. For example, ASCAP and BMI are two primary resources for information about musical works [I]t would seem necessary that a reasonable search would include consulting these organizations for information about the work at issue.

(Orphan Works Report at 103.) Consistent with the Copyright Office’s stance, the draft legislation, or at the very least the legislative history, should clarify that a work is not orphaned if

the user has not reasonably searched both the online (i.e. ACE database) and offline records of ASCAP and the other PROs and music organizations.

2. Monetary Relief

In an action against the user of an orphaned musical work for its unauthorized nondramatic public performance, the legislation should clarify that monetary relief be in an amount no less than the music user would have paid for the appropriate licenses. As drafted, the proposed legislation requires that “no award for monetary damages (including actual damages, statutory damages, costs or attorneys’ fees) shall be made [against the user of an orphan work] other than an order requiring the infringer to pay reasonable compensation for the use of the infringed work” Draft 17 U.S.C. § 514(b)(1)(A) (emphasis added). Under the consent decree that governs ASCAP’s activities, ASCAP already grants music users access to its repertory for reasonable fees. See AFJ2 § IX. By definition, then, music users already benefit from reasonable fees, and their use of orphan works should not occur at a discount.

Conclusion

In its experience, ASCAP does not believe orphan works legislation is necessary for musical works or their nondramatic public performance, and consequently neither supports nor opposes enactment of such legislation. It is crucial, however, that any orphan works legislation provide adequate safeguards to ensure the Copyright Act continues to protect the rights of composers, lyricists, and music publishers.

We stand ready to assist the Subcommittee and the Copyright Office in whatever way we can.

LETTER AND PROPOSED LEGISLATIVE REVISION FROM THE
ARTISTS RIGHTS ALLIANCE (ARS)

A R S

ARTISTS RIGHTS SOCIETY

Mr. Joe Keeley
Counsel
Subcommittee on Courts, the Internet
and Intellectual Property
House Committee on the Judiciary
B-32 Rayburn
Washington, DC 20515

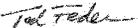
March 14, 2006

Dear Mr. Keely,

I am writing in my capacity as head of Artists Rights Society (ARS) regarding the Orphan Works legislation now before the Subcommittee. ARS represents the intellectual property rights interests of more than 40,000 painters, sculptors, and architects in the United States and abroad, including those of Picasso, Matisse, Pollock, Rothko, O'Keeffe, Calder, Stella (viz. www.arsny.com).

I am attaching a proposed revision of the text presently before the House, along with a black line version showing the suggested changes. Kindly make this written testimony part of the record. If you have any question, please do not hesitate to contact me.

Sincerely



Dr. Theodore Feder
President

C. Recommended Statutory Language

SECTION 514: LIMITATIONS ON REMEDIES: ORPHAN WORKS

(a) Notwithstanding sections 502 through 505, where ~~the~~ an infringer as defined in section 501(a):

(1) no less than ninety (90) days prior to the commencement of the infringement, performed and completed a good faith, ~~reasonably diligent~~ thorough search to locate the copyright owner or owner's authorized representative of the infringed ~~copyright~~ work, and provided the source of the infringed work is an authorized one, and the infringer did not locate that owner or owner's authorized representative, and

(2) throughout the course of the infringement, provided attribution to the author and copyright owner of the infringed work, ~~if possible and as appropriate under the circumstances,~~ the remedies for the infringement shall be limited as set forth in subsection (b).

(b) LIMITATIONS ON REMEDIES

(1) MONETARY RELIEF

(A) if the infringer is able to prove its compliance with subsection (a), no award for monetary damages (including actual damages, statutory damages, costs or attorney's fees) shall be made other than an ~~order requiring the infringer to pay~~ award of equitable reasonable compensation for the use of the infringed work; provided, however, that where the infringement is performed without any purpose of direct or indirect ~~commercial~~ monetary advantage, such as directly through the sale or authorizing the sale of copies or phonorecords of the infringed work or indirectly through sales of advertising in connection with the infringement, and the infringer ceases the infringement expeditiously after receiving notice of the claim for infringement, no award of monetary relief shall be made for sales made or authorized prior to the receipt of notice of the claim.

(2) INJUNCTIVE RELIEF

(A) if the infringer is able to prove its compliance with subsection (a),

in the case where the infringer has prepared ~~[or commenced preparation of]~~ a derivative work based on the infringed work in violation of section 106(2) ~~[that recasts, transforms or adapts the infringed work with]~~ including a significant amount of the infringer's expression, any injunctive or equitable relief granted by the court shall not restrain the infringer's continued ~~[preparation and]~~ use of the derivative work, provided that the infringer makes payment of reasonable compensation to the copyright owner for such ~~[preparation and]~~ ongoing use and provides attribution to the author and copyright owner ~~[in a manner determined by the court as reasonable under the circumstances]~~; and

(B) in all cases where the infringer has not prepared a derivative work including a significant amount of infringer's expression and the infringer is able to prove its compliance with subsection (a), other cases, the court may impose injunctive relief to prevent or restrain the infringement in its entirety, including all remedies available under section 502 and 503. [but the relief shall to the extent practicable account for any harm that the relief would cause the infringer due to the infringer's reliance on this section in making the infringing use.]

(c) Nothing in this section shall affect rights, limitations or defenses to copyright infringement, including fair use, under this title.

(d) This section shall not apply to any infringement commenced prior to the date of enactment of this section 514 of this Act or to infringement occurring after the date that is ten years from date of enactment of this section 514 of this Act.

C. Recommended Statutory Language

SECTION 514: LIMITATIONS ON REMEDIES: ORPHAN WORKS

(a) Notwithstanding sections 502 through 505, where ~~the~~ an infringer as defined in section 501(a):

(1) no less than ninety (90) days prior to the commencement of the infringement, performed and completed a good faith, thorough search to locate the copyright owner or owner's authorized representative of the infringed work, and provided the source of the infringed work is an authorized one, and the infringer did not locate that owner or owner's authorized representative, and

(2) throughout the course of the infringement, provided attribution to the author and copyright owner of the infringed work, the remedies for the infringement shall be limited as set forth in subsection (b).

(b) LIMITATIONS ON REMEDIES

(1) MONETARY RELIEF

(A) if the infringer is able to prove its compliance with subsection (a), no award for monetary damages (including actual damages, statutory damages, costs or attorney's fees) shall be made other than an award of equitable compensation for the use of the infringed work; provided, however, that where the infringement is performed without any purpose of direct or indirect monetary advantage, such as directly through the sale or authorizing the sale of copies or phonorecords of the infringed work or indirectly through sales of advertising in connection with the infringement, and the infringer ceases the infringement expeditiously after receiving notice of the claim for infringement, no award of monetary relief shall be made for sales made or authorized prior to the receipt of notice of the claim.

(2) INJUNCTIVE RELIEF

(A) if the infringer is able to prove its compliance with subsection (a), in the case where the infringer has prepared a derivative work based on the infringed work in violation of section 106(2) including a significant amount of the infringer's expression, any injunctive or

equitable relief granted by the court shall not restrain the infringer's continued use of the derivative work, provided that the infringer makes payment of reasonable compensation to the copyright owner for such ongoing use and provides attribution to the author and copyright owner; and

(B) in all cases where the infringer has not prepared a derivative work including a significant amount of infringer's expression and the infringer is able to prove its compliance with subsection (a), the court may impose injunctive relief to prevent or restrain the infringement in its entirety, including all remedies available under section 502 and 503.

(c) Nothing in this section shall affect rights, limitations or defenses to copyright infringement, including fair use, under this title.

(d) This section shall not apply to any infringement commenced prior to the date of enactment of this section 514 of this Act or to infringement occurring after the date that is ten years from date of enactment of this section 514 of this Act.

PREPARED STATEMENT OF BROADCAST MUSIC, INC. (BMI)

Chairman Smith, Ranking Member Berman, and Members of the Subcommittee, Broadcast Music, Inc. ("BMI") is pleased to submit its written comments for the hearing record on the Copyright Office's legislative proposal for how to deal with the problem of so-called "orphan works". BMI commends the Subcommittee for holding a hearing on the complex and important goal of creating a new copyright law system designed to facilitate the use of copyrighted content whose owners/creators cannot be located. BMI thanks Marybeth Peters and the Copyright Office for their extensive work on this subject made at your behest. BMI urges the Congress to proceed deliberately and with caution in this area, however, because any orphan works regime that Congress may adopt entails the risk of unfairly compromising the rights and economic interests of this country's creators.

STATEMENT

BMI is a music performing right licensing organization whose business centers on licensing of public performances of over 6.5 million musical works by a wide spectrum of users, including digital and analog broadcasting entities such as radio, broadcast television, cable, satellite and the Internet, as well as restaurants, stores, concerts, background music services, aerobics and dance studios, and many more. BMI's fundamental and lawful role is to license to these users the "public performing" right in musical works on behalf of its over 300,000 affiliated songwriters, composers and music publishers. The majority of these songwriters are neither performers nor major recording artists and therefore do not receive income from making sound recordings of their own music, or from concert tours, television appearances, commercial endorsements, sales of souvenirs or any other activities enjoyed by recording artists. As a result, the majority of BMI's affiliated songwriters and publishers are the consummate "small businessmen and women" who depend on their BMI royalties for a major portion of their income.

BMI also has entered into reciprocal license agreements with more than 70 foreign performing right societies worldwide that permit BMI to license in the U.S. the public performing right in many thousands of musical works by foreign songwriters and composers. Through these reciprocal agreements, BMI also collects royalties from those societies for performances of BMI musical works occurring overseas. BMI operates as a non-profit making business and does not retain earnings. Instead BMI returns all license fees collected, less operating expenses, as royalties to its affiliated songwriters, composers, and music publishers whose works are publicly performed.

Last year BMI submitted comments to the Copyright Office in its orphan works proceeding. In those comments, BMI contended that at least with respect to the public performing right in musical works, the orphan works scenario should not be a problem because the performing rights organizations, BMI, the American Society of Composers, Authors and Publishers ("ASCAP") and SESAC, together represent the rights to in excess of 99% of copyrighted music. The significance of this is that a user seeking to license the public performing right in music can obtain licenses from the performing rights organization whose repertoire includes that work.

BMI and ASCAP also maintain extensive proprietary databases of copyright information as well as contact information for their respective affiliates and members. BMI pioneered an online database greatly facilitating the public's ability to identify the copyright owners of BMI musical works. The Harry Fox Agency also submitted comments to the Office that it is able to identify publishers for purposes of mechanical rights licensing. In the circumstances, it is not likely that a user will encounter a work for which licensing and/or contact information is not available.

Although the Copyright Office's report takes notice of the existence and the efficacy of collective licensing organizations,¹ the Office's legislative proposal does not itself reflect the role that collective licensing organizations can play in reducing the incidents of orphan works problems. Jule Sigall did candidly acknowledge in his written testimony on behalf of the Office that the adoption of the proposed legislation by Congress might galvanize the non-music copyright industries to create collective licensing organizations similar to the music performing rights organizations. Mr. Sigall stated that: "In fact, enactment of orphan works legislation may be the catalyst necessary to prompt the non-legal marketplace reforms that will most efficiently address the problems identified by photographers and creators of visual images."² The logic of this statement is apparent.

While most commentators would agree that adherence to the Berne Convention would preclude any orphan works legislation that called for mandatory registration

¹ See Office Report at pp. 30-31.

² Sigall Testimony at page 2.

of works, it appears that the Office's proposal creates a scenario in which, for all practical purposes, a copyright owner must keep his or her address on file somewhere that is publicly available in order to preserve the economic value of his or her copyright rights. Even if the creator is capable of meeting this burden, the creator must ensure that the corporate entity owning or controlling the copyright (e.g., a work-for-hire owner) is similarly locatable. In addition to public access to contact information, there must be adequate assurance that someone coming across a copy of the work can reasonably link it to that particular creator or copyright owner. In this regard, concern has been expressed that the Office's proposal for attribution to copyright owners by orphan works users (which should be helpful to authors) may actually lead to improper or incorrect information being put on works by orphan works' users, which in turn could lead to reliance by subsequent orphan works users on incorrect data when they do their searches. All of this tends to argue for the creation of collective licensing organizations in non-music fields.

BMI is confident that the Committee will be able to address the many difficult issues presented by orphan works situations. BMI believes that any legislation adopted by Congress should, at a minimum, be accompanied by legislative history that addresses the case of a copyrighted work for which a license is available through a readily locatable collective licensing organization, such as the music performing rights organizations. The legislative history should clarify that: (1) a reasonably diligent good faith search to locate the owner should include research of databases of collective licensing organizations which may have the rights to license to the user; and (2) if a license is available from the collective (which itself is an "owner" of non-exclusive rights in the work) and is not taken, the work would not be considered "orphaned" (stated otherwise, the search would not be considered reasonable within the meaning of the Act). Such a provision would serve as a further incentive to the marketplace "reform" being advocated by the Copyright Office.

BMI also believes that orphan works treatment should not be allowed for any uses subject to statutory compulsory licenses (e.g. sections 111, 115, 118 and 119) where Congress has created the means of access to a license and the Copyright Royalty Board has established the fees, and there are established methods and practices for dealing with unidentified works.

David Trust of the Professional Photographers of America association testified that in the case of uses that have relatively small value, it will not be cost efficient for the owner of an orphan work to negotiate a reasonable fee when the incentives created by statutory damages and attorneys fees are removed from the negotiating equation. Jule Sigall testified that a "small claims" court for copyright owners could be the solution to this problem but the cost of going to even a small claims court is going to be relatively high in some cases. Attorneys fees should therefore be available to copyright owners who have to pursue legal remedies such as reasonable license fees for orphan works uses, at least in cases of flagrant and willful disregard of the owners' economic interest.

CONCLUSION

Mr. Chairman, BMI applauds your efforts and initiative—and those of the Copyright Office—in this challenging area of law. Collective licensing organizations such as BMI can serve as a cost-effective marketplace solution to orphan works licensing and BMI believes that at a minimum the legislative history to any orphan works bill should reflect this valuable role by specifying that reasonable searches include licensing through such organizations where available.

PREPARED STATEMENT OF REED STAGER, EXECUTIVE VICE PRESIDENT,
DIGIMARC CORPORATION

EXECUTIVE SUMMARY

In 2005, the U.S. Copyright Office embarked on a study of the issues raised by "orphan works"—copyrighted works whose owners may be impossible to identify and locate. Concerns had been raised that the uncertainty surrounding ownership of such works might needlessly discourage subsequent creators and users from incorporating such works in new creative efforts, or from making such works available to the public.

Digimarc is pleased to have the opportunity to submit written testimony to the Judiciary Committee Oversight Hearing on "The Report on Orphan Works by the Copyright Office" and the role digital watermarking technology can play in providing content identification and copyright communication to address the issue of orphan works.

Balancing the needs of consumers with the rights of content owners is of paramount importance. Consumers deserve to have access to the content options available to them. Content owners and artists deserve to be recognized and compensated for their work. But the rapid proliferation of technology has made this balancing act increasingly difficult. The U.S. Supreme Court recently tackled this issue in *Metro-Goldwyn-Mayer Studios v. Grokster*, in which the court ruled that file-sharing networks (also known as peer-to-peer or P2P networks) can be held liable when their users illegally exchange copyrighted material.

In its ruling, the Court identified digital watermarking as a technology that can be used by rights holders and file-sharing networks to communicate copyrights and deter piracy and illegal use of copyrighted entertainment content.

Digital watermarking technology is currently available from many suppliers such as Digimarc, Philips Electronics, Dolby Laboratories, Thomson, Verance, Activated Content, Verimatrix, Jura, Teletrax, GCS Research, Signum Technologies, Nielsen Media Research and others.

Digital watermarking can enable content identification and copyright communication on a broad scale and can provide a range of solutions for identifying, securing, managing and tracking digital images, audio, video, and printed materials. In fact, digital watermarking technology has already been adopted by many photographers, movie studios, record labels, television broadcasters, and corporate enterprises as a way to identify, protect and manage the rights to their content while still offering their consumers the convenience and portability they have become accustomed to.

Digital watermarks can identify copyrighted content and associated rights, during and after distribution, to determine copyright ownership enable rights management policy while enabling innovative new content distribution and usage models. Digital watermarks are broadly deployed with billions of watermarked objects and hundreds of millions of watermark detectors in the market, supporting various applications.

We believe that policy makers can facilitate the adoption of technologies such as digital watermarking to enable content owners and users to improve their level of collaboration to help address the challenge of orphan works. In particular, we urge the Committee to consider:

1. Amending Chapter 5 of the Copyright Act , expressly authorizing courts to consider whether a copied digital work included a publicly-readable digital watermark—by which the copyright owner could have been identified and contacted—in determining whether infringement of the work was “willful;”
2. If provisions akin to those proposed by the Glushko/Samuelson Copyright Clearance Initiative are adopted, then listing a search for a publicly-readable digital watermark—by which the copyright owner could have been identified and contacted—as one of the factors appropriate for consideration in determining whether a user’s inquiry was a “reasonable efforts search;” and
3. Recommending that the Copyright Office host a web page with information about digital watermark reader software that can be freely downloaded by the public, to check audio, video and image content for watermarked data by which the copyright owner of such content may be identified and contacted.

PROBLEM

Today, a large number of “orphan works”—presumably copyrighted works whose owners cannot be identified or located—exists. Typically, such works are excerpts or newly digitized versions of books, movies, photos, and music whose ownership information has been stripped away or lost during distribution, re-formatting or editing.

Unfortunately for those individuals and organizations seeking permission to use such works, much of this rich material ends up left untouched due to the fact that ownership cannot be determined.

In its study of the problem, the U.S. Copyright Office solicited responses from the public. From libraries and business to legal institutions and individuals, the problem of orphan works is clear. A few examples from the responses:

- 198 works from 397 were deemed to have unresolved copyright issues during the digitization of The Core Historical Literature of Agriculture by the A.R. Mann Library at Cornell University.
- More than 100,000 photographs made by participants on oceanographic voyages had no identifying photographer or copyright information, causing The Scripps Archives at the University of California, San Diego to only publish 4,000 of these images online.

- Countless other libraries, universities, artists, teachers and students have been unable to use works because of the inability to identify or locate copyright owners.

SOLUTION: IDENTIFYING COPYRIGHTED MATERIAL WITH DIGITAL WATERMARKING

When music, movies, images, programming or books are digitized, their identity (the detailed information about the content, its copyright ownership or the purchaser's rights) is often lost, having been reduced to ones and zeros that only computers can read. This makes the content difficult to manage, protect and track, leaving the door wide open for both casual—and malicious—digital piracy and copyright infringement.

As a result, content often circulates anonymously, without identification of the owner, or without an easy means to contact the owner/distributor to obtain rights for use.

The U.S. Supreme Court recently tackled this issue in *Metro-Goldwyn-Mayer Studios v. Grokster*, in which the court ruled that file sharing networks (also known as peer-to-peer or P2P networks) can be held liable when their users illegally exchange copyrighted material.

In its ruling, the Court identified digital watermarking as a technology that can be used by rights holders and file-sharing networks to communicate copyrights and deter piracy and illegal use of copyrighted entertainment content.

Digital watermarking is the science of hiding extra information, such as identification or control signals, in media content. For example, the digital “pixels” making up a movie or a photograph can be slightly altered in value to represent extra information, while not visibly impairing the appearance of the movie to human viewers.

The extra information represented by digital watermarks travels with the content—persisting through changes in file format, and through transformation between digital and analog form.

Digital watermarks enable copyright holders to communicate their ownership, usually with a public detector, enabling infringement detection and promoting licensing. A digital watermark embedded within a piece of content can carry a persistent copyright owner identifier that can be linked to information about the content owner and copyright information in an associated database or to appropriate usage rules and billing information. Digital watermarks are broadly deployed with billions of watermarked objects and hundreds of millions of detectors in the market, supporting various applications.

For example, photographs can be embedded with the photographer owner's ID to determine copyright information and usage rights. The same can occur with video (e.g., TV news and commercials), DVDs, and music.

CASE STUDY EXAMPLE: DIGITAL IMAGES

Millions of copies of Digimarc's digital watermark reader software are currently in distribution, and thousands of creative professionals, organizations and businesses use digital watermarking to embed copyright notification information into their content, such as images. Leading image-editing applications, from companies like Adobe, Cerious Software, Corel, Jasc software include Digimarc watermarking technology as a standard feature.

These Digimarc-aware applications are capable not only of embedding digital watermarks, but also of reading and detecting digital watermarks already embedded in digital images. When an image is opened within one of these applications, the Digimarc auto-detection software quickly scans the image for the presence of a digital watermark. If a digital watermark is present, the application displays a copyright symbol (c) in the title bar of the image window, providing an instant, visual cue that copyright and ownership information are available by reading the Digimarc digital watermark. The passive detection and proactive notification are key features of Digimarc's copyright communication system.

The digital watermark can provide a link to a publicly-accessible database, where complete contact details for the copyright holder or image distributor are stored. This makes it easy for the viewer to license the image, license another one like it, or commission new work.

In addition to the embedder and reader plug-ins within many image editing applications, Digimarc also offers its own stand-alone reader product for detecting digital watermarks within images on your desktop or on the web. This free reader download enables users to detect digitally watermarked images directly from Internet Explorer or Windows Explorer. If a digital watermark is present, the image displays a “D” symbol in the lower right corner of the image.

By simply clicking an “Image Info” button, the user viewing an image can link directly to the publicly accessible database, to obtain complete contact details for the image owner or distributor.

Once an image contains a digital watermark, it can be searched and monitored as the image is distributed over the public Internet to determine its location and compliance with usage rights.

The Digimarc MarcSpider image tracking service scans the web and reports to image owners and distributors where their digitally watermarked images are found. This service enables photographers, web content developers, stock photography libraries, corporations and other users and creators of digital images to discover both authorized and unauthorized uses of their works migrating across the web.

The core of Digimarc MarcSpider technology is a search engine that crawls through publicly accessible areas of the Internet looking for digitally watermarked images. It scans hundreds of millions of pieces of information, locating Digimarc-watermarked images and reporting back to their owners where and when they were found.

Through the information found in the digital watermark, anyone with a Digimarc “reader” (available in the stand-alone free software reader as well as in the plug-ins) can obtain complete contact details about an image’s creator and/or its distributor, making it simple to license the image, license another one like it, or commission new work.

Current digital watermarks are robust against attack. Attempts to impair a digital watermark require impairing the host content, e.g., making a movie blurry, or a song noisy. Moreover, such tampering with a copyright protection measure can trigger liability under the Digital Millennium Copyright Act.¹

IN SUMMARY: POLICY RECOMMENDATIONS

Digital watermarks are available and widely deployed today, and can help speed and facilitate deployment of online digital content by enabling identification of copyrighted content, facilitating rights management policy, and enhancing consumer experiences.

Content owners can digitally watermark image, audio and video now for forensic tracking, copyright notification and monitoring. We believe that policy makers can facilitate the adoption of technologies that can enable content owners and users to improve their level of collaboration to help address the challenge of orphan works. In particular, we urge the Committee to consider:

1. Amending Chapter 5 of the Copyright Act , expressly authorizing courts to consider whether a copied digital work included a publicly-readable digital watermark—by which the copyright owner could have been identified and contacted—in determining whether infringement of the work was “willful;”
2. If provisions akin to those proposed by the Glushko/Samuelson Copyright Clearance Initiative are adopted, then listing a search for a publicly-readable digital watermark—by which the copyright owner could have been identified and contacted—as one of the factors appropriate for consideration in determining whether a user’s inquiry was a “reasonable efforts search;” and
3. Recommending that the Copyright Office host a web page with information about digital watermark reader software that can be freely downloaded by the public, to check audio, video and image content for watermarked data by which the copyright owner of such content may be identified and contacted.

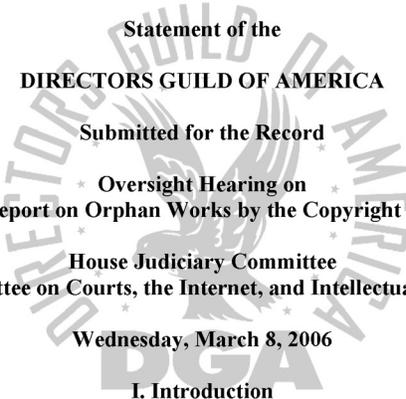
In addition to addressing these ideas through direct legislation, the avenue of legislative report language could also be considered. Courts, for instance, could be invited to consider an award of enhanced damages if an infringement plaintiff proves that it marked the copied content with a digital watermark by which the copyright owner of such content could have been identified and contacted. Similarly, courts could be invited to consider a defendant’s unsuccessful attempt to identify or contact a copyright owner by reference to such a digital watermark in assessing a reduced damages award. Private sector organizations, such as the various library associations, could be urged to develop best practice models leveraging advances in technology of the kind discussed above.

In conclusion, we appreciate the opportunity to share our thoughts on ways in which technology can be used to help address the growing challenge of orphan

¹E.g., Section 1202(b) provides “No person shall, without the authority of the copyright owner or the law, (1) intentionally remove or alter any copyright management information, . . . (3) distribute, import for distribution, or publicly perform works, copies of works, or phonorecords, knowing that copyright management information has been removed or altered . . .”

works. We stand ready to assist in whatever manner may be helpful as the Copyright Office and the Judiciary Committee address the orphan works issue.

PREPARED STATEMENT OF THE DIRECTORS GUILD OF AMERICA (DGA)



**Statement of the
DIRECTORS GUILD OF AMERICA
Submitted for the Record
* Oversight Hearing on *
“The Report on Orphan Works by the Copyright Office”
House Judiciary Committee
Subcommittee on Courts, the Internet, and Intellectual Property
Wednesday, March 8, 2006
I. Introduction**

The Directors Guild of America (DGA) commends the House Judiciary Subcommittee on Courts, the Internet, and Intellectual Property for convening a hearing to focus on the Copyright Office’s recent report on orphan works. DGA appreciates the opportunity to submit its views on this critically important issue.

Founded in 1936 by the most prominent directors of the period, DGA today represents 13,475 directors and members of the directorial team who work in feature motion pictures, television, commercials, documentaries and news. DGA’s mission is to protect the creative and economic rights of directors and members of the directorial team — working to advance their artistic freedom and ensure fair compensation for their work.

II. Copyright Office report

DGA submitted a comment letter to the Copyright Office on March 25, 2005 as part of that office’s review of the orphan works problem (a copy of the comment letter is attached). The essence of our position is that if the Copyright Office were to endorse a proposal increasing the public’s access to orphan motion pictures, the economic and creative rights of directors and screenwriters, as artist creators with contractual and other interests in such motion pictures, must be protected.

Since the names of the director and screenwriter are prominently displayed in each motion picture, DGA proposed a simple administrative process that could be established enabling the public, in situations where the copyright holder of a motion picture no longer existed or could not be determined, to seek an appropriate non-exclusive license from the director or screenwriter to use such motion picture. Under the DGA recommendation, in the event that a copyright holder subsequently emerged to claim ownership of a work identified as an orphan work, procedures would be established for restoring the copyright holder’s rights.

In its report, the Copyright Office declined to follow DGA's recommendations. They stated that "[t]o include such a provision in the recommendations would go well beyond the scope of this study, and touch upon fundamental issues about how rights and interests in the exploitation of motion pictures are apportioned."¹

The Copyright Office report continues: "The guilds' concern, however, about how directors' works might be used against their wishes in reliance on the orphan works provision, should prompt them to take steps, in their agreements with motion picture production companies, to ensure that the current copyright owner of a film is known and easily found from a reasonable search."²

Unfortunately, the Copyright Office 'solution' to the threat faced by directors and screenwriters by expanding the public's right to use orphan motion pictures ignores the business realities of the motion picture industry.

Rights in motion pictures, including the underlying copyright and fractionalized distribution rights, generally pass through many hands over the economic life of a motion picture. Production companies are routinely created to produce a single picture, the rights to that picture are transferred, and the production company dissolves. Subsequent rights holders often transfer partial or all rights to further transferees, and may well not record their transfers with the Copyright Office. Sometimes all distribution rights and other rights of economic exploitation are transferred, but the transferor technically retains the underlying copyright to a motion picture. These patterns are particularly pervasive when motion pictures are produced by independent producers that do not use a major studio to effectuate distribution in all markets or territories.

This business mode creates two issues: 1) a substantial likelihood that motion pictures will seem like orphans because the chain of title is too difficult to determine from public records; and 2) the problem of privity insofar as directors enter into a contract with the production company, but their economic and creative rights are harder to protect as the chain of title lengthens over time.

Congress recognized this privity issue through its passage of the Digital Millennium Copyright Act of 1998. That legislation contains a provision (Section 406) adding new protections upon the transfer of copyright ownership in a motion picture, subjecting the transferees to continuing obligations to make residual payments that were negotiated with producers under collective bargaining agreements. The law imposes such obligations if the transferee knows or has reason to know at the time of the transfer that a collective bargaining agreement was or will be applicable to the motion picture, and looks to databases maintained by each Guild as a basis for constructive knowledge of such coverage.

This same privity problem applies to orphan works. Any agreement that DGA, or individual directors, may reach with the original motion picture production company

¹ U.S. Copyright Office, "Report on Orphan Works," (fn. 365) p. 107.

² *Id.*

obliging that producer to ensure later copyright holders will be “known and easily found from a reasonable search” may only be binding on that particular producer. By transferring its economic rights in the film to another company, this duty to the directors and screenwriters would be rendered meaningless, as there may be no privity of contract between the director and the new holder of economic rights in the film.

Regardless of any agreements we might reach with the producer to prevent the film from becoming orphaned, if the producer in turn transfers its interest in the copyright to another entity we cannot easily defend the director’s interests if we lack privity of contract with the new copyright holder.

III. Rights of directors and screenwriters in motion pictures

Under typical industry practice in the United States, directors and screenwriters are employed by movie studios on a “work for hire” basis; accordingly, they do not hold the copyright to the movie. They do, however, have various economic and creative rights established both in the collective bargaining agreement negotiated by their respective guilds, and in specific contractual arrangements they enter into with the copyright holder.³ Screenwriters have similar continuing economic and creative interests in motion pictures.

DGA continues to believe that any expansion of the public’s right to access and use orphan motion pictures must take into account all existing legal and contractual rights of creative artists in connection with their interests in the economic proceeds and integrity of their work, and in rights of attribution concerning their creative role.

While in some cases a motion picture may be orphaned because the copyright holder determines the picture has no continuing economic value, or insufficient value to justify the expense of protecting the copyright, the motion picture will likely still have value to the creators.

For example, a multinational corporation copyright owner may lose interest in a motion picture producing modest revenue streams, but those ‘modest’ revenue streams will in all probability appear much more significant to individual directors and screenwriters. And regardless of the economic interests of the copyright holder in maintaining a copyright, the creators will also have a continuing interest in protecting the integrity of the motion

³ The DGA Basic Agreement establishes certain minimum economic benefits that apply to all guild directors working on motion pictures. Under the agreement, the DGA members have a right to the payment of residuals, which are payments, through the Guild, to the director from all non-theatrical revenue from the picture in perpetuity. Residual payments from copyright can extend for many years after a motion picture is released as long as the motion picture generates revenues.

In addition, the Basic Agreement establishes a number of creative rights for directors as the one individual who is in charge of all creative decisions in a film project. Those creative rights extend beyond the theatrical release of the film to include creative participation in subsequent edits of video, television, airline, and foreign market versions of motion pictures. Under the Basic Agreement, the director’s creative rights over a motion picture extend to all licensees, assignees and purchasers of a motion picture. There are also contractual obligations concerning attribution for the creative role.

picture from distortion and manipulation in such a way that undermines the creative reputation of the director and screenwriter, and, through attribution, in protecting recognition of their creative role.

IV. DGA recommendations

Any ‘reasonably diligent’ search must include the director and screenwriter.

DGA recommends that in any legislation implementing the Copyright Office recommendations, the legislative history specify that any ‘reasonably diligent’ search for the copyright holder (a precursor under the proposal to establish orphan work status) of a motion picture include, in addition to searching for the copyright holder of the film, searching for the director and screenwriters.

This simple procedural requirement would not create any new substantive rights under copyright law for directors and screenwriters of motion pictures, but it would certainly enable more effective searches for copyright holders, and would assist directors and screenwriters in protecting their continuing interests in their work.

In its scroll of credits, every motion picture contains information identifying the film’s director and screenwriters. Modern day search technology (i.e., the Internet) and databases easily enable an individual desiring to use a motion picture to track down either the director or screenwriter. Of course such a search could turn up no records of either the director or screenwriter, in which case, if the potential user also was unable to determine the copyright holder through its ‘reasonably diligent’ search, then the film could truly be considered an ‘orphan work.’ However, finding a director or screenwriter may well enable contact with the ultimate copyright holder. And consider when directing or screenwriting services were not provided on a “work-for-hire” basis; in such circumstances the search for a director or screenwriter will facilitate contact with the authors of the work.

Including a requirement in the statutory legislative history that a ‘reasonably diligent’ search include searching for the director or screenwriter makes policy sense because, given their economic and contractual interests in the use of their film in secondary markets and the residual payments that attach to that reuse, the director and screenwriter are highly motivated and situated to find, if they do not already know, the film’s copyright holder. Requiring potential users of an ‘orphan’ film to demonstrate a search for the director or screenwriter would ensure a simple, yet effective, back-stop against inappropriate ‘orphan works’ designations for motion pictures. It is also consistent with the pattern established by Sec. 406 of the DMCA, in which the ability to search Guild-maintained databases for information concerning Guild coverage contributes to “knowledge” under that statute.

V. Conclusion

The Directors Guild greatly appreciates review of the Copyright Office Orphan Works Report by the House Judiciary Subcommittee on Courts, the Internet, and Intellectual Property. This is a serious issue that deserves careful deliberation. As the process moves forward, DGA looks forward to demonstrating how the economic and creative interests of its Member directors are intimately connected with the films they create. Any orphan works legislation should take these concerns into account. The Guild stands ready to work with the Committee on this most important matter.

LETTER FROM THE GRAPHIC ARTISTS GUILD



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14 March 2006

U.S. House of Representatives
Committee On The Judiciary
Subcommittee on Courts, the Internet, and Intellectual Property
2138 Rayburn House Office Building
Washington, DC 20515

Re: Oversight Hearing on "The Report on Orphan Works by the Copyright Office."

Wednesday, March 8, 2006

The Graphic Artists Guild is currently working in collaboration with many other organizations representing American visual creators (illustrators, photographers, and other artists) to compose statutory language regarding orphan visual works that we would like amended to the Orphan Works proposal by the Copyright Office. We respectfully request that Congress give organizations representing visual creators more time. We agree with the request for an additional year made by David Trust of the Professional Photographers of America, who represented visual creators at this hearing.

The Honorable Howard Berman spoke of many of the concerns and issues that pertain uniquely to visual creators, and we are pleased that the Committee is aware of our unique circumstances. Included among our concerns are [but are not limited to]:

- Visual works are the least likely to have the artist or photographer's name on it, and are more likely to be orphaned, including very recent works.
- Performing a "due diligent search" for an orphaned work where the author's name is known is a far different situation than searching for and orphan visual work where the artist's or photographer's name is not known; there is no realistic way to search for those images.
- There is a big difference between non-profit use (and non-profit use without duplication of the work) and commercial or for-profit use, including derivative works.

- That the availability of virtually free-to-use images considered “orphan works” will drive the commercial value of our works down to nil.
- Any statute regarding orphan works must be in compliance with the terms of the Berne and TRIPS agreements, and be acceptable to international copyright authorities.

Respectfully,

John P. Schmelzer
National President

Lisa F. Shaftel
National Advocacy Committee Chair

Tricia McKiernan
Administrative Director

The Graphic Artists Guild promotes and protects the economic interests of its members. It is committed to improving conditions for all creators of graphic art and raising standards for the entire industry. The Guild is a national union that embraces creators at all level of skill and expertise who produce graphic art intended for presentation as originals or reproduction.

LETTER FROM THE ILLUSTRATORS' PARTNERSHIP

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March 14, 2006

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The Courts, Internet and Intellectual Property
B-352 Rayburn House Office Building
Washington, D.C. 20515

RE: Orphan Works Amendment to 1976 Copyright Act

Dear Mr. Keeley,

The Orphan Works proposal would legalize the infringement of any work of art, regardless of age, country of origin, published or unpublished, where the rights holder cannot be identified or located. This would affect illustrations and photographs disproportionately because images are commonly published without identifying information, signatures may be illegible and information can be removed by others. By exposing to infringement any work that cannot be sourced by "reasonable effort," the OW amendment risks orphaning millions of valuable copyrights that cannot otherwise be distinguished from true orphaned works.

The inability to distinguish between abandoned copyrights and those whose owners are simply hard to find is the *Catch 22 of the Orphan Works project*. When Congressmen wrote the 1976 Act, they considered the OW problem, but chose to leave it unresolved, citing "the near impossibility of distinguishing between types of works in fixing a statutory term." That Congress erred on the side of protecting private property. Unless this Congress can devise a reliable test to distinguish *true orphans*, it will err by encouraging potential users of art to unilaterally exploit – and possibly devalue - the self-created property of countless artists, both in the U.S. and abroad.

Many users responding to the OW Study have asserted that orphaned works have little or no commercial value. While this may be true of real orphaned work, it is not true of the numberless managed copyrights that will be caught in *the orphan works net*.

Non-profit organizations, which assert that only work of little or no commercial value will be affected, have not documented those assertions. Since non-profits typically offer

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rights holders little or no compensation for the work they solicit, government should not infer that such charitable donations by artists to non-profits reflect the commercial *market value* of the artists' work. Users who wish to exploit work royalty-free have every incentive to minimize its value. Congress should not rely on their assertions as *evidence* that the work has little or no value in commercial markets. Value is based on quality and demand, not on genre or age.

The use of any work without the author's permission violates the author's exclusive right to permit or deny usage. Similarly, *payment for use after the fact* violates a basic principal of negotiation: An author whose work has already been exploited has no leverage to negotiate for a fee higher than the user is willing to pay. *The Orphan Works amendment would act as a de facto compulsory license*, which is nowhere acknowledged in the OW Report.

Artists have the right to maintain the value of their work by keeping it out of downscale or inappropriate markets. The OW amendment would violate that right by giving users the unilateral privilege of exploiting another's property, regardless of the adverse effects this could have on the integrity or the value of the product.

Many artists in markets such as advertising and proprietary research enter into *exclusive* licensing arrangements with their clients. Because these artists are rarely permitted to sign and mark their work, this art would be subject to orphan status from its conception. This would destroy the artists' ability to guarantee exclusivity to a client, undermine the value of the art itself and retroactively jeopardize existing contracts of exclusivity between artists and clients.

Currently, copyright law is enforced by the threat of substantial penalties for infringement. By "limiting" these remedies, the OW amendment invites abuse of the law. Without effective remedies for infringement, a user might find it a rational business decision to infringe first and pay "reasonable compensation" only if the infringement is detected.

While the OW Report is concerned exclusively with the difficulty a user may now have in locating an author, it does not address the difficulty an author may have under OW law in *locating an infringer*.

The OW amendment would place an impossible burden of diligence on rights holders, who will never have the resources to police infringement, which could occur anytime, anywhere in the world. *We do not see how Congress can justify legislation that places an impossible burden on a property owner as a condition of protecting his property.*

Because of the "limitation on remedies," artists will never have the resources to go to court - as the OW amendment will require - to establish the case-by-case definition of a user's "reasonable search." This would constitute another impossible burden placed on rights holders and undermine any premise of fairness in the system.

The OW amendment will favor infringers by providing them with a no-fault defense. Since the infringer need only *show that a good faith effort was made to identify or locate*

the artist of an unmarked image - or need only assert that an artist's signature was illegible, a judge may be forced to uphold the majority of infringements, regardless of the ill effect it will have on the copyright holder and the value of his work.

Because every infringement of a managed copyright will create a family tree of potential successive infringements, samples of the infringed work will linger in the public domain even if a rights holder comes forward to stop the infringement. These orphans-of-orphans will be available to other would-be users, who would be justified by OW law in re-infringing the work. In this fashion, the effect of OW law could be *viral*.

A "take-down" of orphaned work posted online will be insufficient to restore its integrity. The Internet Archive, The Wayback Machine and Google Cache all provide access to defunct and removed web pages. These back-ups will allow falsely-designated orphans to remain in circulation, making it impossible for a rights holder to get back the rights to work unleashed into the public domain by the actions of others.

Because it would be *retroactive*, the OW amendment would betray artists, who for 28 years have published in the confidence that, even without formalities, their work enjoyed the basic protections guaranteed them by the 1976 Copyright Act. We do not think Congress should withdraw protections that have become settled expectations in the marketplace, especially as the remedies provided by the 1976 Act constitute the only enforcement mechanism artists now have for protecting their valuable copyrights.

Advocates of the OW amendment claim that copyright inhibits scholarship. But that was refuted by the authors of the 1976 Act:

“[I]t is important to realize that *the [1976] bill would not restrain scholars from using any work as source material or from making “fair use” of it*; the restrictions would extend only to the unauthorized reproduction or distribution of copies of the work, its public performance, or some other use that would actually infringe the copyright owner's exclusive rights. SOURCE: H.R. Rep. No. 94-1476, at 136 (1976) (Italics added)

The OW amendment in effect re-imposes formalities. By forcing the rights holder to rely on registries, metadata and notice as a condition of copyright protection *it violates the letter and spirit of the Berne Convention*.

The letter and spirit of Berne is addressed in this submission to the i2010 Digital Libraries project by the International Federation of Reproduction Rights Organizations (IFRRO):

“Digitisation is an act of reproduction subject to the authorisation of the copyright holder. On the basis of Article 5(2)(c) of the Directive 2 001/29, exceptions have been introduced in favour of libraries and archives that allow these institutions to reproduce works without prior consent of the rightsholders, mainly for preservation purposes. *These exceptions do not cover and should not be extended to cover reproductions on a mass scale, which would clearly conflict with the normal exploitation of works and prejudice the legitimate interests of the copyright holders*,

and would thus not pass the three step test of the Berne Convention and Article 5.5 of the Directive 2000/129 -p.2, (Spelling in the original, italics added).
[http://www.ifrro.org/show.aspx?pageid=home:](http://www.ifrro.org/show.aspx?pageid=home)

Professors Jane Ginsburg and Paul Goldstein have also warned that the Orphan Works provision must narrowly define the scope of the orphaned works or fail to meet the three-step test of TRIPS art. 13 and Article 5(2) of the Berne Convention:

"[T]he diversity of responses highlights the fundamental importance of precisely defining the category of "orphan" works. The broader the category, or the lower the bar to making the requisite showing of due diligence, the greater the risk of inconsistency with our international obligations to uphold authors' exclusive rights under copyright. Compliance with Berne/TRIPS is required by more than punctilio; these rules embody an international consensus of national norms that in turn rest on long experience with balancing the rights of authors and their various beneficiaries, and the public. Thus, in urging compliance with these technical-appearing rules, we are also urging compliance with longstanding practices that have passed the test of time." 1., p. 1, OWR0107-Ginsburg-Goldstein (Italics added)

In the OW Report, the authors state: "[W]e believe that registries are critically important, *if not indispensable*, to addressing the orphan works problem (p.106)." Yet they acknowledge (p.95) that the Copyright Office lacks the resources to create and administer them. If Congress cannot allocate funds to create the kind of registry that the OW amendment will make "indispensable," lawmakers should not be persuaded to impose that burden on rights holders as a condition of maintaining their copyrights. To do so will literally force artists to make their rights available to others at the risk of losing those rights to others by default.

At the Orphan Works roundtables, 7/26/05, Alexander MacGillivray of Google stated that "*Google strongly believes that these orphan works are both worthwhile, useful, and extremely valuable*" (p.119). Also, "*we expect that [Google's] use of these orphan works will likely be in the 1 million works range...*(p.166, italics added)." Since Google has already demonstrated their disregard for copyright by embarking on the Google Book Search project, there's no reason to believe that they, or a similar firm, will not take advantage of the OW amendment to harvest images wherever artists and photographers can be characterized as "difficult or impossible to locate." We do not believe that government should interfere with the free market exchange of goods and services by legislating a government-sanctioned royalty-free archive to compete with authors.

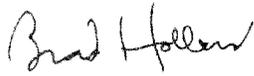
On page 14 of the OW Report, the authors write: "if our recommendation resolves **users' concerns** in a satisfactory way, it will likely be a **comprehensive** solution to the orphan works situation (our emphasis)." With all due respect, we believe a solution cannot be "comprehensive" if it "prejudices the legitimate interests of the copyright holders," and interferes with the free market principles on which our cottage industry is based.

Last year, the Illustrators' Partnership submitted a defense of existing copyright law to the Orphan Works Study. It was signed by nearly 2,000 individual artists and endorsed by 42

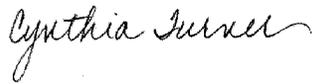
organizations representing countless thousands of other artists from around the world. This was an unprecedented expression of international concern that the principles of the Berne convention be respected as the foundation of international copyright law. These principles have been built up over centuries and should not be legislated away in haste to conform to a debatable theory that the internet has changed the nature of creativity and the value of private property.

For all of the above reasons, we strongly urge reconsideration of the statutory language developed by the Copyright Office, and we support the revisions submitted by Dr. Theodore Feder, President of the Artist Rights Society.

Respectfully submitted,



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On behalf of the Board and members of the Illustrators' Partnership of America

PREPARED STATEMENT OF ASSOCIATION OF INDEPENDENT VIDEO AND FILMMAKERS (AIVF), DOCULINK, FILM ARTS FOUNDATION, FIND (FILM INDEPENDENT), INTERNATIONAL DOCUMENTARY ASSOCIATION (IDA), IFP (INDEPENDENT FEATURE PROJECT), NATIONAL ALLIANCE FOR MEDIA ARTS AND CULTURE (NAMAC), NATIONAL VIDEO RESOURCES (NVR), AND PUBLIC KNOWLEDGE

**Statement of AIVF, Doculink, Film Arts Foundation,
FIND, IDA, IFP, NAMAC, NVR and Public Knowledge**

**Subcommittee on Courts, the Internet, and Intellectual Property
Committee on the Judiciary
U.S. House of Representatives
March 15, 2006**

Re: Orphan Works

Chairman Smith, Ranking Member Berman and Members of the Subcommittee,

Thank you for this opportunity to submit this statement for the record on the issue of orphan works. We are submitting this statement on behalf of the hundreds of thousands of independent and documentary filmmakers and other independent media producers who are members of, or represented by members of: Association of Independent Video and Filmmakers; Doculink; Film Arts Foundation; FIND (Film Independent); International Documentary Association; IFP (Independent Feature Project); National Alliance for Media Arts and Culture; National Video Resources; and Public Knowledge.

As a whole, we represent individuals and organizations that produce, exhibit, distribute, collect, preserve, and educate through independent film and media. Our group includes or represents filmmakers, video artists, production facilities, community technology centers, film festivals, media distributors, film archives, after-school programs, community-access television stations and individuals working in the field of film and media arts. We are grateful for the opportunity to express the viewpoint of independent and documentary filmmakers and other independent media producers, and are delighted to offer our perspective on the important issue of orphan works.

Introduction

Independent and documentary filmmakers create without the benefit of sustained, large-institution backing. Like many artists in the United States, we work with very limited resources, but with great passion and energy, in order to make films and other cultural products that nourish the unique American marketplace of ideas. We rely on our copyrights to protect our vision and allow us to monetize a labor of love, and believe in strong and clear copyright protection. At the same time, many artists and supporting organizations are affected by the uncertainty surrounding the use of copyrighted works for which the owner cannot be found. This is an issue that affects all artists; for small filmmakers, however, the ensuing risk can simply be crippling. Films—even with the exciting advent of digital and other new technologies—are expensive to make. The independent filmmaker must marshal all of his limited resources to raise funds; find locations; rent or purchase equipment; cast actors; hire the many workers needed to produce a film; obtain permits; search archives; license music and footage; travel; edit;

obtain insurance and legal representation; pay out funds to secure distribution channels for his work... and the list goes on.

When a filmmaker cannot clear an orphaned work, she is left with two choices under the present system: 1) proceed, using the work, with the knowledge that unknown liability costs—or even an injunction—may lie ahead; or 2) refrain from using the work. For the independent or documentary filmmaker today, there is no real choice. Without a large institution to help spread the monetary risk, with the knowledge that she will have to compete aggressively to sell her film to often risk-averse distributors and obtain insurance, and with the possibility of an injunction that could silence her film forever, she simply cannot use the orphaned work. As such, the creative work that she has conceived and would like to present to the public is compromised, and the orphaned work languishes in obscurity and silence.

For these reasons, we are delighted that Chairman Smith and Ranking Member Berman, along with Senators Leahy and Hatch, asked the Copyright Office to address the important issue of orphan works, and we are grateful to the Copyright Office for its sound efforts to understand and address the issue over the past year. The expertise, seriousness of purpose and care with which Register Peters, Associate Register Sigall and their team approached the issue are reflected in their thorough work in gathering information from affected parties across the user and copyright holder spectrum, and in their comprehensive, careful and thoughtful *Report on Orphan Works*. It has been a distinct pleasure to work with the Copyright Office and the many groups who are seeking a solution to the orphan works problem—rarely is there so much convergence on policy matters in the intellectual property realm as there is here, and all participants have been, and continue to be, thoughtful and creative in addressing the issue. As do others involved in this discussion, we agree with many of the *Report's* findings and suggestions.

We are, however, concerned about the *Report's* recommendations in three main areas:

- First, providing remedies of “reasonable compensation” without setting a statutory limit is not likely to provide much certainty to independent artists about the potential financial risks of using an orphaned work. Without certainty, independent artists will still be prevented from using orphaned works, and their situation will not have changed as a result of the *Report's* recommendations. As such, we maintain that providing a clear statutory cap on damages, as suggested by many comments to the Copyright Office, paves the way to certainty for all parties, and is superior to a “reasonable compensation” scheme.
- Second, denying commercial users a safe harbor which permits them to cease a use in order to avoid paying monetary damages simply enhances that uncertainty.
- Third, we worry about narrow readings or misunderstandings of the proposed Section 514(b)(2), which exempts qualified works from injunctive relief, that would unduly limit the intended protection. We applaud the Copyright Office's

effort to clarify this language. A clear, broad definition of a follow-on work that qualifies for this protection is crucial to filmmakers and other media artists.

In addition, we seek clarification as to when it should be appropriate for a user to be eligible for the limitations on remedies when she relies on the results of a previous third-party search. We also seek clear, unambiguous requirements for what constitutes a legitimate attribution, and, lastly, elimination of the proposed sunset provision.

**Achieving Certainty: Section 514(b) and “Reasonable Compensation”
Compared to a Statutory Cap on Damages**

The *Report* takes the discussion around orphan works precisely where it needs to go: how can orphan works owners’ rights be preserved while encouraging the use of culturally valuable materials? From our point of view, the answer to this question is to: award damages to compensate owners; and be as clear as possible about setting limits on the damages so that users know their potential liability in advance. The *Report* generally embraces this approach and proposes a limitation on remedies to “reasonable compensation,” after a user completes a “good faith, reasonably diligent search.”¹

We support the requirement of a good faith, reasonably diligent search and agree that standards of diligence should be flexible and not rigidly defined by statute. As copyright holders ourselves, we believe strongly that no copyright holder should be deprived of full remedies because a follow-on user cannot be bothered to engage in a reasonable search; as users of works, we understand that reasonable searching differs from medium to medium and from industry to industry, so that any standard must be flexible. We do recommend clarifications as to when a user can reasonably rely on a previously-conducted search. Please see our discussion of this issue below.

We also agree with the *Report* and the vast majority of proposals that a meaningful solution to the orphan works problem calls for “clear limitations on the statutory damages and attorneys’ fees remedies in cases involving orphan works.”² However, the *Report*’s proposed general remedy of “reasonable compensation” would not provide the necessary level of certainty or clarity to many orphan works users.

Statutory Cap

In order to give independent filmmakers the needed certainty to use orphan works, a statutory damages cap is imperative. The *Report* recognizes that the prospect of a large monetary award for an infringement claim, regardless of its likelihood, is a substantial deterrent for any user of an orphan work. It is understandable that “reasonable compensation” may be a meaningful option for some users, particularly those with the institutional ability to spread risk. For most independent artists, however, spreading risk across a larger organization or a multitude of projects is not an option, and neither is budgeting for the potential financial costs of adjudicating a claim. This greater

¹ *Report on Orphan Works*, United States Copyright Office, at p.127.

² *Id.* at 115.

risk is exacerbated by the fact that independent filmmakers and other small artists operate in a market where cost is relative and difficult to ascertain in advance. As such, greater certainty of potential financial risk is critical to their ability to use a work. Overall, the small filmmaker needs to be confident that her decision to make use of an orphan work will not engender unanticipated costs that could break her project. Without the certainty provided by a cap, many users simply could not properly measure their potential exposure, preventing them from using orphan works

A statutory damages cap not only gives valuable certainty to users, but also provides efficient compensation to owners. A cap facilitates the transaction between orphan works owners and users by eliminating the need for costly litigation. When a user can properly budget for an orphan works use, she will be in a better position to pay an emerging owner. Both the user and owner can avoid the costs and uncertainties of litigation, ensuring an economical return to the owner.³ The certainty of a cap provides clear incentives for owners to emerge (and reduces the number of orphan works overall) to collect their awards. It also invites users to create with advance knowledge of what the cost of use will be.

We understand that some may be concerned that a cap does not allow for situations where a copyright holder appears and can only recover an amount that is substantially less than she would have gotten through an arms-length license negotiation. However, this situation is likely to be exceedingly rare, as the follow-on user has already searched for the copyright holder and not found her. Though such instances may *rarely* occur, and would be unfortunate, the fact that independent users would otherwise not have the certainty to use *any* orphaned work seems the far greater harm. Additionally, the fact that the proposed limitation on remedies extends only to one use allows a copyright holder to extract value from his copyright (including any value added by attention to the follow-on user's work) beyond the limited remedies. Again, filmmakers and other artists are copyright holders, and certainly do not want to undermine the rights of those who wish to exploit their copyrights. But an orphan works scheme that is unusable for large numbers of artists would extract a far dearer price from our cultural heritage than one which, in rare situations, may not fully compensate a surfacing copyright holder.⁴

The surfacing owner and the user of an orphan work both suffer from the often prohibitive costs of litigation. Just as an owner might be barred from recovering a royalty because the costs of bringing a lawsuit are greater than the royalty itself, a user might be

³ During his Oversight Hearing Testimony, David Trust, speaking on behalf of the photographers, highlighted the challenge owners face when weighing the high costs of litigating against the possibly low monetary award. If the amount is certain, or within a clear range, then both parties are able to agree on a price and move on, without the need for expensive litigation.

⁴ For example, at the Oversight Hearing, David Trust mentioned that a \$300 licensing fee is a lot of money for the average photographer, who makes approximately \$35,000 a year and is unable to collect any compensation for her photographs. Many of the orphan works comments proposed a cap at \$500. Though the amount may need to be discussed further, it seems likely that a cap can encompass many reasonable fees, permitting a copyright holder to collect a reasonable amount without the prohibitive legal fees involved in determinations of "reasonable compensation."

barred from a use because of the threat of being dragged into a proceeding that is itself more expensive than the reasonable royalty. In fact, the risk of suit, regardless of the merits, is enough alone to prevent numerous creators from using an orphan work. For this reason, many orphan works users would be more, not less, willing to pay a capped amount and thereby avoid costly litigation. Like virtually every independent artist, independent filmmakers work with tight budgets that can restrain their creative endeavors. A monetary cap allows these users to properly budget for their use, and therefore, effectively pay a surfacing owner. Neither side desires to go to court, and a cap would mean, essentially, no reason to do so. Any copyright owner—whether a photographer, author, other filmmaker, or corporate holder of the copyright—would benefit from such a system.

We also understand concerns that a damages cap—or other remedy limitation—would cause some users to refuse to make any payment because the user would know that the costs of pursuing a damages award by the owner would greatly exceed the amount of the capped damages. At the March 8th, 2006, Oversight Hearing on orphan works, David Trust of the Professional Photographers of America voiced concerns about the proposed reasonable compensation scheme, fearing individuals of “ill will” who would claim every work as an orphan and decline to cooperate with owners.⁵ At the hearing, Mr. Sigall thoughtfully addressed these concerns by suggesting an exception to the limitation of remedies in cases where a user refuses “to negotiate in good faith.”⁶ Assuming that such an exception would be reserved for cases of bad faith, we wholeheartedly support the idea. (In fact, under proposed Section 514(a)(1), bad faith would vitiate the threshold test of a reasonable, good faith effort to find the owner. Such a victimized copyright owner would qualify for statutory damages and a judge should take the fraudulent conduct into consideration in setting such damages.) Regardless of the form the remedies limitation takes, an exception to the limitation of remedies would solve this economic incentive issue by preserving the right of an owner to claim attorneys’ fees, actual, and statutory damages against individuals who act in bad faith.⁷ Coupled with a statutory cap, an exception would encourage the user to negotiate in good faith and pay compensation in the form of capped damages, while at the same time providing a level of certainty essential to orphan works legislation.

Certainty regarding potential future costs is fundamentally important to filmmakers¹ and other independent media artists’ ability to use orphaned works. With a cap in place, neither party would have the uncertainty and expense associated with

⁵ David Trust, House Judiciary Committee Subcommittee on the Courts, the Internet, and Intellectual Property, *Oversight Hearing on the Report on Orphan Works by the Copyright Office*, March 8, 2006.

⁶ Jule Sigall, House Judiciary Committee Subcommittee on the Courts, the Internet, and Intellectual Property, *Oversight Hearing on the Report on Orphan Works by the Copyright Office*, March 8, 2006.

⁷ The statement from Allan Adler of the Association of American Publishers also suggests the preservation of conventional copyright damages in instances of user bad faith. “AAP would support a revision of the Copyright Office’s proposed statutory language that would give the federal courts discretion to award reasonable attorney fees and costs to a prevailing plaintiff-owner if the court finds that such fees and costs were incurred as the result of bad faith or other unreasonable behavior on the part of the infringing user in dealing with an owner’s request for reasonable compensation.”

litigation. Further, clarity creates the added benefit of limiting the costs and burdens to the judicial system, generally.

Determining “Reasonable Compensation”

All three of the priorities mentioned by the *Report* are facilitated by the certainty of a cap: reducing the number of orphan works; permitting use of existing orphan works; and reducing costs and burdens on all stakeholders dealing with an orphan works scenario. Though we strongly believe that a statutory cap is essential to an orphan works solution that is truly workable for many follow-on users, should Congress nonetheless adopt a “reasonable compensation” remedy, there are important changes that can be made to the *Report*’s definition of “reasonable compensation” that would provide some more comfort to an independent filmmaker or other artist using an orphan work. Most notably, we follow others in suggesting the addition of statutory language that makes clear how “reasonable compensation” is determined.

Although the Copyright Office’s recommended statutory language does not explain the term “reasonable compensation,” the *Report* provides noteworthy guidance on what it should represent.⁸ The *Report*’s explanation that, “the burden is on the copyright owner to demonstrate that his work had fair market value,” and that, “he must have evidence that he or similarly situated copyright owners have actually licensed similar uses for such amount” should be incorporated into the statute. Similarly, the *Report* states that, “it should be clear that ‘reasonable compensation’ may, in appropriate circumstances, be found to be zero, or a royalty-free license, if the comparable transactions in the marketplace support such a finding.” Indeed, the best way to make this clear is to include corresponding language in the statute. We recommend the addition of the same statutory language proposed in the statement of Maria Pallante-Hyun of the Solomon R. Guggenheim Foundation:

The copyright owner has the burden of establishing by competent evidence what a reasonable willing buyer and a reasonable willing seller in the positions of the owner and the infringing user would have agreed with respect to the infringing use of the work immediately prior to the commencement of the infringement.

We also agree with Ms. Pallante-Hyun that the legislative history of orphan works legislation should include examples of what might constitute reasonable compensation. In the legislative history, particular attention should be paid to independent artists and filmmakers and other non-institutional follow-on users, who will rely heavily on clear limitations on remedies in order to move forward with the use of an orphaned work. For example, it should be unmistakably clear that an independent filmmaker’s “reasonable compensation” to a surfacing owner of an orphan work should not be compared to what major motion picture studios pay owners of highly-managed works. An illuminative legislative history, demonstrating that it is often the practice of independent filmmakers

⁸ “Reasonable compensation would equal what a reasonable willing buyer and reasonable willing seller in the positions of the owner and user would have agreed to at the time the use commenced, based predominantly by reference to evidence of comparable marketplace transactions.” Report at 116.

to negotiate royalty-free or significantly discounted royalty rates, is crucial for independent artists and creators to confidently use orphan works.

Option to Cease Infringement and “Direct or Indirect Commercial Advantage”

The *Report’s* proposed legislation (§ 514 (b)(1)) grants users the option to cease use rather than pay reasonable compensation when the use is “without any purpose of direct or indirect commercial advantage.” These users are fortunate: they have a measure of control over what form relief takes, and can decide on the best option in the context of their particular projects. While we do not advocate for ceasing use (“takedown”) as an overall solution to the orphan works problem, we note the increasing importance of this option for follow-on users as monetary risk becomes more uncertain. As such, filmmakers and other users should also benefit from the option to “take down” an infringing work, particularly if the less-certain “reasonable compensation” payment is their remaining option.

We believe that the types of users benefiting from this exception under the Copyright Office suggestions are unnecessarily limited. Not every commercial user is a large movie studio or rich author. Many individual artists, including independent filmmakers, are not endowed with great resources, yet to the extent that their art is their livelihood, their use of orphan works is indeed commercial. Moreover, as Representative Lofgren articulated at the Oversight Hearing, thinking of orphan works in terms of profit versus nonprofit uses sets up a false dichotomy: the orphan works problem is essentially about opening access to cultural materials that are in effect abandoned, commercial use or not.⁹

Therefore, the option to cease an infringing use rather than pay monetary damages should be available to all users, most especially those who are least likely to have institutional funds to pay damages or defray risk. Dividing between commercial and non-commercial uses, as the *Report* attempts to do when it parses between uses that have “direct or indirect commercial advantage” and those that do not, is challenging and problematic. This is reflected in the *Report’s* explanation and was captured at the Summer 2005 roundtables, as well.¹⁰ A bright line still evades us, especially so in the context of media created by individuals who lack institutionally “non-profit” status, but who operate without a pure profit motive. For instance, what would be made of a film project undertaken by a filmmaker and submitted to a school-run film festival that goes on to garner awards at national festivals? There are simply too many areas that are technically commercial, but operate with such limited budgets and for the public good that the distinction fails. Likewise, there are not-for-profit organizations that are so large and successful that their ability to respond to damages and undertake risk mirrors their commercial counterparts. The option to take down should not be based on such a murky distinction.

⁹ Representative Zoe Lofgren, House Judiciary Committee Subcommittee on the Courts, the Internet, and Intellectual Property, *Oversight Hearing on the Report on Orphan Works by the Copyright Office*, March 8, 2006.

¹⁰ *Report on Orphan Works*, United States Copyright Office, p. 119 note 385.

In many cases, of course, it is impossible for a filmmaker to cease a use in a film that has already been finished, but in some cases, “takedown” may be a better choice for the filmmaker. Since independent filmmakers have such sensitive budgets and work on projects where the unique fair market value for a particular use might be hard to know in advance, they need the option of taking down the work. If they had been able to negotiate beforehand and known what the cost would be, they may not have ever used the work and should be able to preserve the right to take down. This is especially important when there are few useful market transaction guidelines, as in the case of experimental and avant-garde films or other new types of art. And, of course, all artists are not filmmakers, and most create work that could be considered commercial. For other types of artists, for example web artists or those working in other multi-media platforms, the option to take down may be even more important and useful than it is for filmmakers.

To be effective, a take-down provision should require that owners meet certain evidentiary thresholds in order to make a valid notice of infringement. This would guard against fictitious claims. Orphan works owners should bear the burden of substantiating their ownership before a user is expected to comply with the notice in an “expeditious” manner. We find ourselves in agreement with the testimony submitted by Maria Pallante-Hyun of the Guggenheim in this regard, which calls for the user to be held to a reasonable standard and cease the infringement “as expeditiously as is possible under the circumstances after receiving notice of the claim for infringement.”¹¹

Injunctive Relief and Orphan Works Incorporated in Other Copyrighted Works

So long as there is a broad threat of a catastrophic injunction, artists will be forced to shun the use of orphan works. As the *Report* acknowledges, one of the worst nightmares for any filmmaker is a last-minute injunction brought right before the release of a film.¹² Although takedown may in some cases be the best option in the face of a lawsuit to determine reasonable compensation, it will always be a second-best option for a filmmaker or other follow-on creator who has incorporated orphan works into new creations. As such, a meaningful limitation on injunctive relief is critical for filmmakers.

An orphan work may represent a little or a lot of the new creation, and may be impossible to remove from the overall work. We greatly appreciate the *Report’s* recognition that the fear of such a crippling injunction brought by a surfacing orphan works owner “provides enough uncertainty that many choose not use [sic] the work, even though the likelihood of such injunction is small.”¹³ We agree with the *Report’s* conclusion that injunctive relief should not be available against qualified users of orphan works except “where a user simply republishes an orphan work, or posts it on the Internet without transformation of the content.”¹⁴

¹¹ Statement of Maria Pallante-Hyun, p. 6.

¹² *Report on Orphan Works*, United States Copyright Office, at p. 119

¹³ *Id.* at p. 120

¹⁴ *Id.*

Although the *Report* thoughtfully speaks to the issue of limiting injunctive relief, the recommended statutory language is presently somewhat confusing and restrictive. A properly-drafted and expanded notion of what types of work can be protected from injunction is an important recognition of the risk and reliance undertaken by a user who wants to make use of an orphan work. Therefore, we again adopt the view represented in Maria Pallante-Hyun's statement, suggesting a less restrictive characterization of works protected from injunctions.¹⁵ It should be enough that the orphan work is adapted for or incorporated into another work that includes separate substantial expression.

We appreciate Copyright Office Principal Legal Advisor Robert Kasunic's comments at Professor Peter Jaszi's February 24th conference on orphan works that any ambiguity in Section 514(b)(2)(A) was unintentional and understand that the Copyright Office is presently undertaking a review of proposed Section 514(b)(2)(A) with the intent of addressing any confusion. We are grateful for this effort and look forward to the results, and to working with stakeholders on any remaining concerns.

"Chain of Interest" Protection and the Attribution Requirement

We agree with the *Report's* recommendation that the attribution requirement can function as a way to advertise the use of orphan works to potential owners, thus encouraging them to step forward. More generally, artists appreciate and follow the general convention of crediting authors and other creative contributors to a project, and we expect others to do the same for us. However, when an attribution is "appropriate under the circumstances" must be clarified in statutory language and legislative history so that the steps required to meet it are not unnecessarily complicated or vague. We echo the concerns voiced by Allan Adler of the American Association of Publishers at the Oversight Hearing: unless the attribution requirement is clear, the validity of the attribution might become a target for attack by an emerging owner seeking to disqualify the use of an orphan work from the purview of this proposed legislation.¹⁶

We also share the concerns voiced by Mr. Adler with regard to instances where a user could reasonably rely upon the results of a previous third party search. The mechanisms of many media industries require a downstream user to rely on the reasonable search efforts undertaken by another party, but still within the context of a single "use" of an orphaned work. For example, a film's distributor should not be required to conduct a brand new search after the filmmaker has already done so in order to obtain protection.¹⁷ Indeed, the *Report* mentions that it might be reasonable under certain circumstances for a user to rely on the search conducted by another.¹⁸ We agree with Mr. Adler that further clarification on this matter is required and support his recommendations.

¹⁵ Statement of Maria Pallante-Hyun, p. 7.

¹⁶ Allan Adler, testimony at *Oversight Hearing on the Report on Orphan Works by the Copyright Office*, March 8, 2006.

¹⁷ Allan Adler used the analogous example from the publishing industry of a book publisher and distributor.

¹⁸ *Report*, p. 9.

Sunset Provision

We join the seemingly broad consensus that a Sunset Provision would not benefit the progress of orphan works legislation but instead create more confusion and disruption. As we move toward an orphan works paradigm that provides more certainty for owners and users, a sunset provision that would change the law in the future would fundamentally undermine the goal of these collective efforts. Before she can change the way she works and creates *vis a vis* orphan works, a filmmaker, like any user, would have to know that protections granted by new legislation are enduring.

We similarly support a follow-up *Report* requirement conducted by the Copyright Office on the effect of orphan works legislation. Understanding the relative successes of the legislation as it is applied, and gathering additional feedback from creators and owners so as to fine tune it, is a commendable goal.

Conclusion

In conclusion, we would like to thank Chairman Smith, Ranking Member Berman and members of the Subcommittee for the opportunity to address these important matters surrounding orphan works legislation. We would also like to thank the Copyright Office for its efforts and valuable insights, and all the stakeholders with whom we have been working toward the important goals of mapping and solving the loss of valuable cultural products caused by the orphaning of copyrighted works.¹⁹

Providing the public with broader exposure to valuable works from our cultural heritage is truly within reach. We commend Chairman Smith's efforts to bring parties together to collectively craft working legislation. We look forward to working with other stakeholders toward a mutual solution and are confident that under Chairman Smith's leadership we can achieve meaningful and effective orphan works legislation.

Coalition Organizations:

Association of Independent Video and Filmmakers (AIVF): a non-profit membership organization with 5,000 members serving local and international film and videomakers—from documentarians and experimental artists, to makers of narrative features—by providing a variety of informational services and other resources. (<http://www.aivf.org>)

Doculink: an association of Los Angeles documentary filmmakers that meet regularly to review the projects and problems of local filmmakers. (<http://www.doculink.org>)

(Coalition organizations are continued on the next page.)

¹⁹ We would also like to thank Jason Kakoyiannis and Kaveh Shakeri, students in Professor Jennifer Urban's Intellectual Property Clinic at the University of Southern California Gould School of Law, for their work in preparing this statement.

Coalition Organizations, continued:

Film Arts Foundation: a non-profit membership service providing comprehensive education, equipment, information, consultations, and exhibition opportunities to independent filmmakers. (<http://www.filmarts.org>)

FIND (Film Independent) (formerly IFP/Los Angeles): a non-profit membership organization that is home of the Spirit Awards and the Los Angeles Film Festival. (<http://www.filmindependent.org>)

International Documentary Association (IDA): a non-profit organization representing the interests of documentary filmmakers. IDA represents nearly 3000 members in 50 countries around the world. (<http://www.documentary.org>)

IFP (Independent Feature Project): a not-for-profit membership organization designed to foster a more sustainable infrastructure that supports independent filmmaking and ensures that the public has the opportunity to see films that more accurately reflect the full diversity of the American culture. Headquartered in NYC, there are IFP organizations in Chicago, Minneapolis/St. Paul, Seattle, and Phoenix. IFP is also part of an international network of organizations, each supporting their own national filmmaking efforts. (<http://www.ifp.org>)

National Alliance for Media Arts and Culture (NAMAC): a non-profit association dedicated to the support and advocacy of independent film, video, audio, and online/multimedia arts. NAMAC represents over 350 member organizations, which in turn represent at least 400,000 media artists and others working in the media field. (<http://www.namac.org>)

National Video Resources (NVR): an organization that provides grants to filmmakers and creates educational programming using film and video. NVR represents over 350 Media Artist Fellows in the United States, and its programs have been used in over 400 public libraries in 48 states. (<http://www.nvr.org>)

Public Knowledge is a public-interest advocacy organization dedicated to fortifying and defending a vibrant information commons. Public Knowledge works with wide spectrum of creative artists, including filmmakers, musicians, creative writers, dancers, and visual artists to ensure that their interests are represented in copyright and communications policy debates. (<http://www.publicknowledge.org>)

LETTER TO THE HONORABLE ZOE LOFGREN, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF CALIFORNIA, AND MEMBER, SUBCOMMITTEE ON COURTS, THE INTER-
NET, AND INTELLECTUAL PROPERTY FROM LAWRENCE LESSIG

March 6, 2006

The Honorable Zoe Lofgren
102 Cannon House Office Building
Washington, D.C. 20515

Dear Congresswoman Lofgren:

As you've requested, I am happy to provide my views about the Copyright Office's recent "Orphan Works Report" ("Report").¹ I recognize that this issue has been especially important to you. In large part, it has been your leadership that has helped to bring this issue to the fore. Your bill, the Public Domain Enhancement Act of 2003, was a direct response to an Internet petition that collected over 22,000 signatures, asking Congress to address the problem of orphan works. That bill then led Senators Leahy and Hatch to ask the Copyright Office to conduct the study that resulted in the "Orphan Works" report. I can therefore well understand your concern that the solutions proposed by the Copyright Office adequately address the concerns that originally motivated you.

In my view, the Copyright Office has done an excellent job validating the concerns that originally led you to act. Through an extraordinarily open set of proceedings, the Office gathered a wide range of views that addressed the costs of orphan works. The report does an excellent job in summarizing and analyzing those views. It embodies an integrity and balance that is essential for informed policy making. It will provide an important foundation for Congress' work as it addresses this issue.

The most significant contribution of the Copyright Office's Report is its implicit recognition that copyright owners have a responsibility to help make the copyright system function more efficiently. As I will describe in more detail below, the essence of its proposal is that unless a copyright owner is accessible after a "reasonably diligent search," the remedies available to that copyright owner will be curtailed. This rule means that the copyright owner bears some burden (the burden of maintaining accessibility) as a condition of getting the full benefits of copyright law's protection.

This, in my view, is an extraordinarily important principle now plainly acknowledged by the Copyright Office. Every property system places some burden on the property owner to help assure that the property system functions efficiently. For some time now, some had come to view copyright law as an exception to this general principle. Building on Article 5(2) of Berne, which states that "[t]he enjoyment and exercise of these rights shall

¹ I am offering my views of the Copyright Office Report in an individual capacity. I do not mean to speak for Creative Commons, which offered comments in the Copyright Office's proceedings.

not be subject to any formality,² some had argued that Berne-obligated governments could take no steps that would condition full protection of a copyright upon the copyright owner taking affirmative steps to maintain the vitality of his right. The Copyright Office's Report now plainly rejects that extreme view.

By recognizing that accessibility is an important value within the copyright system, and by indirectly placing upon the author some of the burden to maintain accessibility, the Report affirms that copyright owners have a role to play in making the copyright system function efficiently. In my view, this is the most significant contribution of the Copyright Office's Report. Everything else is detail.

Nonetheless, these details are also important. If we recognize the copyright owner has a role to play in maintaining accessibility, then the aim of the law should be to achieve that end (accessibility) with a minimum burden on both the copyright owner and a potential re-user. My concern with the Report is that it fails to achieve that end. Its rule is both too burdensome to the copyright owner, and too burdensome to the re-user. Or put differently, the reforms the Copyright Office proposes both go too far, and not far enough.

In this brief letter, I will address both concerns.

The Recommendations Go Too Far

The Copyright Office recommends that the Copyright Act be amended to limit the remedies available to a copyright owner when the infringer:

- (1) prior to the commencement of the infringement, performed a good faith, reasonably diligent search to locate the owner of the infringed copyright and the infringer did not locate that owner, and
- (2) throughout the course of the infringement, provided attribution to the author and copyright owner of the work, if possible and as appropriate under the circumstances, the remedies for the infringement shall be limited as set forth in subsection (b).

Significantly, this limitation on remedies does not apply to old works only. It applies to all copyrighted works from the beginning of the term of copyright. The proposal thus represents a fairly radical shift in the rules protecting the property right that copyright is. A "reasonably diligent search" privileges the use of a copyrighted work, even though the ordinary rule governing property requires permission from the property owner. The proposal thus places a burden on the copyright owner to maintain accessibility from the start, or lose full protection of his copyright.

This is a significant difference from your bill, the Public Domain Enhancement Act ("PDEA"). The PDEA targeted older works. The concern you addressed was not the general problem of securing permission to use a copyrighted work, but the particular problem of securing permission to use works whose owners were presumptively hard to find. The requirement that an owner register the work 50 years after it had been published was justified because of the real difficulty in identifying the owners of old copyrights. Your registration requirement would not have changed the obligations of current copyright owners at all.

² Berne Convention for the Protection of Literary and Artistic Works Article 5(2).

In my view, your more targeted, and conservative, response makes much more sense in this context—at least when the trigger for a privileged use of a copyrighted work (“reasonably diligent search”) is so vaguely defined. The Copyright Office celebrates the “flexibility” of its ad hoc approach. But “flexibility” means *ex ante* uncertainty, and uncertainty will impose costs both upon the users of orphaned works (What is a reasonable search?) and upon creators (How do I assure I can be found?). From the moment a work is created, a copyright owner will thus need to assure that others can locate him with a “reasonably diligent search.” But as the proposal reaches foreign work, and unpublished work, it is not clear how such authors could easily protect their legitimate copyright interests.

This sort of burden is one of the initial justifications for the Berne Convention’s rules against formalities. When the 1908 Berlin Convention added the requirement that “[t]he enjoyment and exercise of these rights shall not be subject to any formality,”³ one of the main concerns was the burdens such formalities would place upon foreign authors. It is obviously unreasonable to require an author, as a condition of securing copyright, to formally register his work in any number of foreign jurisdictions. Those same concerns should raise doubts about the generality of the Copyright Office’s proposal: uncertainty about how rights are to be secured is an even greater burden on the proper protection of a copyrighted work than is a formality, since it is clear how to respond to the latter, but unclear how to remedy the former.

I am also concerned about the relatively indiscriminate nature of the Report’s proposal—both its failure to distinguish among kinds of copyrighted works, and its failure to distinguish works published before 1978, and works fixed from 1978 on.

The burdens of the Report’s proposal are perfectly justifiable for works published before 1978—as the law at the time required those seeking copyright protection to take minimal steps to signal that desire. Works that failed to take those steps, and that therefore are more likely to be subject to the Report’s privilege, are reasonably burdened by that privilege.

But works fixed on or after January 1, 1978, were created under a rule that imposed no formal obligations on copyright owners whatsoever. The consequence of that change is to make such work more difficult to trace. Yet it seems unfair to so vaguely burden copyright owners with a difficulty induced by Congress’ own action. At least with respect to works not amenable to simple registration or identification given current technologies—photographs, for example—retroactive application of the Report’s privilege raises legitimate concerns of fairness.

Finally, I am also concerned about the effect of this proposal on unpublished work fixed after 1977. I recognize that Congress has deemed it appropriate to treat published and unpublished works alike. But I am less convinced of the justice of subjecting unpublished works to an “orphan work” analysis. In our tradition, when one publishes a work to the world, the benefits of copyright protection are balanced by the reasonable burdens the rule places upon the copyright owner. I don’t see an equivalent justice in burdens imposed upon copyright owners of unpublished work. I understand that historically, copyright law found it difficult to draw a meaningful line between published and unpublished works. That difficulty was one reason for eliminating it in 1976. But in the context of an orphan works rem-

³ Berne Convention for the Protection of Literary and Artistic Works Article 5(2).

edy, the weight that a distinction between published and unpublished work would have to bear is significantly less. The only consequence of a copyright owner finding his work on the “published” side of the line is that he would need to take steps to make sure he was accessible.

The Proposal Does Not Go Far Enough

In my view, the real problem of orphaned works is tied to old works. Any proposal to address that problem should therefore be triggered by the age of a work. The PDEA set 50 years as the trigger for an obligation by the copyright owner to take steps to maintain his copyright. The Copyright Office’s proposal is significantly more demanding, as the trigger for its obligation gets pulled immediately.

In light of the Copyright Office’s concern about current as well as older work, I would suggest you modify the term that triggers an obligation on the copyright owner from 50 years to 14 years—the initial term of copyright set by the First Congress. A presumptive 14 year term far exceeds the time during which the vast majority of work earns any commercial return at all. The danger of forfeiting a commercially valuable interest because of an orphan works remedy is therefore significantly lessened by a 14 year trigger. Thus, under this rule, any work less than 15 years old would be governed by the existing copyright rules. Any domestic work more than 14 years old would be subject to an orphan works remedy.

The question then is what that “orphan works remedy” should be. It is here that I believe the Copyright Office has not gone far enough. For again, the core of its proposal—triggering the privilege to use an “orphaned work” upon a “reasonably diligent search”—adds significant costs to the process of using, or reusing, old works. Those costs are born by both the copyright owner and the potential re-user: At least until there is extensive litigation clarifying the question, the copyright owner needs to guess about what steps are adequate to avoiding the orphan works remedy; and so too must the potential re-user guess about how much search is “reasonably diligent.”

A less burdensome rule (1) would more affirmatively specify the steps a copyright owner must take—after the 14 year term—to adequately maintain his copyright, and (2) would more clearly specify the remedies available to a copyright owner who fails to maintain properly his copyright. I describe each component below.

(1) The Responsibility to Maintain the Copyright

Background

Copyright is property. As with any property, it is supported within a property system. That system imposes certain reasonable responsibilities upon property owners, as a means to increase the value of property generally. Land owners must record their property claims. Automobile owners must register their ownership. State abandonment laws impose significant duties on property owners to keep ownership records current. And in some legal traditions, even to keep a grave site, the family must periodically register the grave.⁴

⁴ According to 1999/XLIII Hungarian Law on cemeteries and burials, and pursuant to the 145/1999 (X. 1) ordinance of the Government, concerning the implementation of the that Law (published in Issue 87. of the Official Hungarian Gazette, on 1 October, 1999), “Twenty five years following the burial, the graves

Such owner-based responsibilities are common within federal intellectual property law as well. A patent issues only upon an application; the grant then serves as a registration. After that initial grant, the patent owner must pay significant fees to the Patent Office to “maintain” his patent. And likewise, trademark owners have the responsibility to take affirmative steps to defend their mark, again in part to preserve the clarity of the trademark system.

Copyright stands out as an exception to this general rule governing property systems. While for 186 years of the American tradition of copyright, the law imposed upon copyright owners certain responsibilities to keep title to their work clear,⁵ beginning in 1976, Congress took steps to abandon that tradition, and adopt instead the Berne rule that forbids formalities. As I suggested at the start, some had viewed Berne as an absolute bar on owner-based obligations. Again, the great virtue of the Copyright Office Report is that it rejects that extreme view.

Nonetheless, there continues to be confusion about the Berne rule about formalities. In my view, that rule serves an important and obviously sensible objective—to protect foreign works against burdens that would be, within a global copyright system, unreasonable. It does not stand for the principle that copyright owners, alone among property owner, bear no responsibility to help make the copyright system function efficiently.

The Berne Rule Against Formalities

The rule against formalities limits the ability of a government to impose upon owners of *foreign works* obligations as a condition of the “enjoyment and exercise of” the copyright.⁶ It is not a limitation on the ability of a nation to impose obligations on owners of domestic works. Thus, United States, for example, imposes burdens upon “United States works” that it does not impose upon foreign works. The law requires that to bring an action for infringement of a “United States work,” that work must be registered.⁷ This “condition” on the “exercise of” a copyright is not a violation of Berne because the obligation is not imposed on foreign works.

It was this understanding precisely that led you in the Public Domain Enhancement Act to impose your 50 year registration requirement on domestic works only. Once the value of such a system was obvious, other nations could impose similar requirements on their own domestic works. Eventually, an international registry could be built out of local registrations. I continue to agree with you that this strategy is the simplest way to address the orphan works problem: A maintenance requirement applied to domestic works only,

site should be registered, and the entitlement, after having paid the required redemption, renewed.” I am grateful to Istvan Rev for this point.

⁵See Christopher Sprigman, *Reform(alizing) Copyright*, 57 STAN. L. REV. 485 (2004).

⁶United States law is already in tension with the most extreme interpretation of the rule against formalities. For example, as the Copyright Office’s Report notes (without drawing the obvious point of noncompliance), §115 of the Copyright Act requires owners of copyrights in musical compositions to register their ownership as a condition to receiving any royalties under the compulsory licensing regime for sound recordings. Likewise, the requirement that a copyright owner register to get the benefits of statutory damages will often render a foreign work effectively unprotected, unless it complies with that formality.

⁷See 17 U.S.C. §411.

supplemented perhaps by an equitable power to cure any failure to properly maintain a work.

The Copyright Office Report rejects any solution that distinguishes between foreign and domestic works.⁸ Its reasons are not, in my view, convincing. First, the Report argues that such a distinction would leave too many foreign works inaccessible. That, however, assumes that foreign governments wouldn't also enact an orphan works remedy. If solving the orphan works problem is sensible for the United States, there's no reason to expect it won't be sensible for nations as well.

Second, the report asserts the distinction would add complexity. No doubt it would add some burden. But so too does the Report's remedy add some burden to the copyright system. Between a clear prescription of steps taken to maintain a copyright, and an inherently vague "reasonably diligent search" standard, in my view, your system would be much less of a burden on copyright owners and re-users.

Third, and most importantly, the Report suggests such a solution would "discriminate against United States copyright owners." This criticism, in my view, is simply misconceived.

The problem that the Berne rule addressed was the obviously irrational situation in which every country required every copyright owner to register in that country in order to gain the benefits of copyright protection. Such a rule would cripple the protection of copyright internationally, since each copyright owner would need to register in more than a hundred jurisdictions. But Berne does not limit the opportunity for countries to implement a plainly rational alternative: That each nation require of its own copyright owners that they register locally, and that those registries be available internationally.

Your proposal would be a first step to this international regime. As nations recognized the cost of the orphan works problem, the solution you proposed would become increasingly salient. Local registries that could be coordinated internationally would minimize the burden on a copyright owner to maintain his work, while enabling re-users from around the world to identify the holders of particular copyrights.

Thus, following the structure of your original bill, a better orphan works remedy would be for Congress to require that 14 years after a domestic work was published, a copyright owner must take steps "to maintain" his or her copyright. Those steps would be specified through rule making by the Copyright Office. The Copyright Office would be free to modify those requirements in light of current technological and market conditions.

Thus, for example, the Copyright Office might determine that registering within a registry maintained by the government was the necessary step to "maintain" the copyright. I would not favor that requirement, but it is certainly a reasonable one. Alternatively—and I believe this is likely to be the better solution—the Copyright Office could develop a set of minimum protocols for private copyright registries, and require that a copyright owner of a domestic work register his work with one of many competing registries. Such protocols would assure that searches could be made across copyright registries. They would encourage innovation in the development of new registry techniques.

⁸ See Report at 59.

In this way, a copyright registry could function analogously to the Internet’s “domain name system” (DNS). As you know, to maintain a domain name, the owner must pay a fee for each year the domain name is held. That fee is paid to one of many DNS registrars. These registrars feed the necessary information to a central registry. That registry is then publicly available to resolve DNS addresses.

An analogous copyright registry would function very similarly. Once a protocol was set for registering copyrighted works, competing registries could offer copyright owners registry services. Some would no doubt specialize in particular types of copyrighted material—photographs, or published books, for example. Those specialized registries could provide added services that would enhance the value of the registration. But each would comply with interoperability protocols that would enable the data collected by each to be universally accessible. The result would be a very efficient system for identifying the owners of copyrighted works who wish to maintain full copyright remedies.

The advantage to this private registry system is the advantage of competition within a market for services. The government would play an important role in creating the demand for these services, and facilitating a protocol to assure interoperability. But once it had established the protocol, the investment necessary to build this registry, and the innovation necessary to keep it up to date, would come without the government. And as you know, there are already private entities that are working to build just such a registry system.

The Copyright Office report is skeptical of the value of a registry, as were the majority of comments submitted to the Copyright Office. But none of those comments considered a registry as I’ve described here. For example, the concerns about the burden of registration under the 1909 Act reflected the burden of the requirement of an immediate registration, and the burden of a costly technology for registration. This proposal would require no immediate registration when a work is copyrighted, and it would take advantage of digital technologies that have radically reduced the transaction costs of registration.

Likewise, the report identified the inequity of the 1909 system of formalities, calling that system a “trap for the unwary.”⁹ As the report concluded “it is likely that the mandatory registration requirements in the proposed systems would contain similar traps.”¹⁰ But there are many obvious ways to avoid the “traps” and inequities of the old system of formalities. For example, the law could include an equitable procedure to cure any failure to register properly. More particularly, and as I describe more below, it could protect the owner’s interest by requiring the payment of a royalty for any commercially exploited work that had failed to register in a timely fashion.

In short, there are many ways the burdens of a registration system—both technical and equitable—could be mitigated. And as no one is promoting a system that is as harsh as the system established by the 1909 Act, it is unclear why anyone would expect it “likely” that a newly created registration requirement would recreate the same “traps.”

⁹ *Id.* at 43, 105.

¹⁰ *Id.* at 105.

(2) Limitation in Remedies

Once an orphan works remedy identifies the steps the copyright owner must take to preserve the full protection of his right, it must then specify the consequences of failing properly to maintain a copyright. The Copyright Office's Report recommends that the failure to maintain a copyright properly (by being accessible to a "reasonable diligent search") means a limitation in the remedies that a copyright owner would be entitled to under the Copyright Act. Your proposal was both clearer and most consequential—the failure properly to register would mean the copyrighted work would pass into the public domain.

Your solution is plainly the simpler one. It draws a clear line between works governed by copyright, and works not. And it balances Congress' recent practice of extending the term of copyright.

I continue to believe that your solution is the right one. But if you followed the alternative of the Copyright Office (and the recommendation of Congresswoman Bono to amend the Public Domain Enhancement Act)—by limiting remedies as the consequence for failing adequately to maintain a copyright—then I believe the Report's particular limitations are much more complicated than is necessary.

Part of the reason for this complexity relates again to the problem I identified at first—that the Report's recommendations apply to all copyrighted work, regardless of its age. If the focus of Orphan Work reform were on old works only, then the pressure to preserve traditional remedies would be reduced, and the resulting system could be much simpler.

Thus in my view, a better solution would be to specify a very minimal royalty rate for any commercial use of a work that has not been properly registered. That rate would be set by rule, and would differ depending upon the use. The rule could either require that funds collected under this provision be held in trust for a limited period of time, or deposited in the Copyright Office. After that period elapsed, the funds would return to the re-user.

The advantages of this system are many. First, by liquidating precisely the exposure a re-user faces, it becomes possible for a business to build that cost into their cost of production. Second, by shifting funds into a trust, the system could create an incentive to locate lost copyright owners, and help them reclaim their rights. Third, by setting the rates in advance, the system would avoid the uncertainty that the Report's "reasonable compensation" standard would produce. A clear rule would again facilitate better protection for the underlying works.

A Proposed Alternative

The PDEA embodied most of the virtues that I have identified here. It would have produced a clear line between the public domain and copyrighted works. It would have targeted its reform on old works. But in light of the findings of the Copyright Office, I would suggest that you consider a modified version of your proposal. That modified proposal would require:

- (1) A maintenance requirement: In the fifteenth year after a domestic work has been published, and every ten years afterwards, the copyright owner must take steps to maintain the copyright by following the then existing procedures specified by the Copyright Office.

(2) A limited remedy: The remedies for an unmaintained work shall be limited to the royalty rates specified by the Copyright Office. The royalties for such works shall be paid into a trust, and if unclaimed shall be returned to the user after 5 years.

(3) Equitable curing: The Copyright Office shall specify procedures by which a copyright owner who fails properly to maintain his copyright can, within 2 years of that failure, cure the failure to maintain the copyright. Upon that curing, the rights of the copyright owner to full copyright remedies shall be restored. But those rights shall only extend to works or uses made after the date of restoration, and shall not extend to any derivative work made during an "orphan" period.

This alternative would address the concerns about uncertainty that the Public Domain Enhancement Act addressed. Like the PDEA, it is focused upon works likely to be no longer commercially valuable. And it creates the possibility that the Copyright Office could induce far more efficient registration technologies that in the end would benefit both authors and the public alike.

Finally, and most importantly, this alternative would avoid much of the uncertainty and burden created by the Copyright Office's proposal. Lawyers love rules that turn upon "reasonableness." They especially love rules that determine "reasonableness" on the basis of six-factor balancing tests. But what lawyers love is not necessarily what makes systems more efficient. In this case, the ad hoc balancing that the Copyright Office Report calls for is a recipe for molasses in a context in which the public needs clarity. I would urge you to continue your leadership to achieve something more than the uncertainty this proposal would create.

With kind regards,

Lawrence Lessig

CC: Congressman Rick Boucher

PREPARED STATEMENT OF JERRY BRITO, LEGAL FELLOW, MERCATUS CENTER AT
 GEORGE MASON UNIVERSITY, AND BRIDGET DOOLING, EDITOR-IN-CHIEF, FEDERAL
 CIRCUIT BAR JOURNAL

Mr. Chairman and Members of the Committee:

We appreciate the opportunity to enter written testimony into the record of the Committee's hearing on orphan works. Jerry Brito is a research fellow with the Regulatory Studies Program of the Mercatus Center, a 501(c)(3) research, educational, and outreach organization affiliated with George Mason University. Bridget Dooling is a law student and the editor-in-chief of the Federal Circuit Bar Journal, a legal journal at George Mason University.¹

We recently completed an analysis of the orphan works problem and evaluated several of the leading proposed solutions. Our study, which is published in the current issue of the *Michigan Telecommunications and Technology Law Review*, is attached as an appendix to this testimony.²

While our proposed legislative solution differs from the one proposed by the Copyright Office, we concur with the analysis in its Report on Orphan Works. We would like to highlight a few conclusions of our own analysis that we think might be helpful to your deliberations.

- The orphan works problem was created in large part by the elimination of formalities that resulted from the United States' ascension to the Berne Convention. While the reintroduction of formalities into U.S. Copyright law might help fix the orphan works problem, it is not a practical solution unless we are prepared to abrogate Berne and other international intellectual property treaties.
- The Supreme Court has made clear in at least 74 years of jurisprudence that the grant of temporary monopoly rights to creators is a secondary concern of the Constitution's Copyright Clause. The primary aim is the furtherance of creative innovation that benefits the public at large.³ With that in mind, it is not unthinkable for a reasonable solution to the orphan works problem to impinge somewhat on the existing rights of authors if doing so serves the public interest.
- An efficient solution to the orphan works problem will create an incentive for authors to take every reasonable step to identify themselves so that would-be users of their works can find them and seek their permission.
- An efficient solution to the orphan works problem will create an incentive for would-be users of a work to take every reasonable step, in good faith, to identify the work's copyright owner in order to acquire permission to use the work. Perfunctory attempts to seek permission, or sham attempts made in bad faith, should not qualify a user for protection.
- To protect both copyright owners and would-be users, courts should apply any orphan works protection on a case-by-case basis. Only through case-by-case analysis can would-be users' claims that they could not locate an owner be fairly judged. A categorical approach-defining a class of works as orphan works and automatically limiting liability for using works in that class-impinges on authors' rights more than is necessary to address the orphan works problem.
- If a user of an orphan work is found by a court to have conducted a reasonable search in good faith, she should not be subject to any monetary liability. This will help create the needed incentive for authors to take steps to make themselves locatable. Additionally, it would eliminate the need for courts to have to speculate on what would be reasonable compensation for use of a

¹This testimony reflects only the views of its authors and does not represent an official position of George Mason University or their other affiliations.

²The study can also be found at 12 Mich. Telecomm. Tech. L. Rev. 75 (2005).

³*Fox Film Corp. v. Doyal*, 286 U.S. 123, 127 (1932) ("[T]he primary object in conferring the [copyright] monopoly lie[s] in the general benefits derived by the public from the labors of authors."); *United States v. Paramount Pictures, Inc.*, 334 U.S. 131, 158 (1948) ("The copyright law . . . makes reward to the owner a secondary consideration."); *Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975) ("The immediate aim of our copyright law is to secure a fair return for an 'author's' creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the general public good."); *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 349-50 (1991) ("The primary objective of copyright is not to reward the labor of authors but 'to promote the Progress of Science and the useful Arts.'"); *Fogerty v. Fantasy Inc.*, 510 U.S. 517, 524 (1994) ("The primary objective of the Copyright Act is to encourage the production of original literary, artistic, and musical expression for the good of the public.").

work. Of course, users should have to acquire permission before they can make future uses of the work.

- If a user of an orphan work is found by a court to have conducted a reasonable search in good faith, she should not be subject to injunction where the orphan work is part of a derivative work that includes her own expression. This will help create the incentive for authors to take steps to make themselves locatable. Additionally, it will foster the creation of new works that would otherwise go unrealized if the possibility of injunction existed.
- Orphan works are not a transitory problem. Additionally, Congress may modify the Copyright Act any time it becomes necessary. Therefore, there is no reason why an orphan works amendment to the Copyright Act should include a sunset provision.

The orphan works problem undermines the purpose of copyright law, which is “[t]o promote the Progress of Science”⁴ to ensure “broad public availability of literature, music, and the other arts.”⁵ It stifles this goal by putting a large swath of the public domain in doubt and by making it practically impossible to locate many rightsholders to license their works. Some have suggested solutions that require an overhaul of U.S. copyright law, but these solutions are impractical and unnecessary. Recognizing this, Congress should enact a safe harbor from copyright infringement liability for those who conduct a reasonable search in good faith for a work’s copyright holder before using the work. Doing so would remove the unfortunate choice between using an orphan work and bearing the risk of infringement litigation, or abstaining from the very derivative use that the copyright laws are intended to encourage.

We hope our findings are useful to the Committee as it weighs various options for orphan works reform.

PREPARED STATEMENT OF GERARD COLBY, PRESIDENT, NATIONAL WRITERS UNION

The National Writers Union—UAW Local 1981 welcomes the U.S. Copyright Office study of orphan works. Freelance writers’ ownership rights have long been ignored and abused. The lawsuit *New York Times v. Tasini* and the related class action lawsuits, as well as similar lawsuits won by freelancers in recent years, indicate that this situation has led to freelancers losing considerable income. A major contributor to this abuse and loss of income is the difficulty of keeping track of rights owners when the owners are individuals and small businesses.

The National Writers Union maintains that a registry and licensing agency (or agencies) are essential to ease of use of copyrighted works in compliance with the law. As Justice Ruth Bader Ginsberg explained in the majority decision in *New York Times v. Tasini*, there is a simple way for prospective users to gain access to copyrighted material: pay for it. Private licensing agencies already exist and are ready means to access copyrighted material, including when the individual rights owner may not be available for one reason or another.

Remedies such as the Canadian Copyright Board are partial and insufficient. At best, they allow others to use a work. They do not insure that rights owners get the income that such use earns. While allowing others to use a work is a critical goal of copyright law, the law must also relieve the harm done to infringed rights owners and protect them against further harm. As the summary to the present study makes clear, current means of relieving the harm have largely failed. There seems no means of relieving that harm other than a registry and licensing agency.

It would be inappropriate of a government agency, including the Copyright Office to establish either of these functions either as a monopoly or in competition with private enterprise.

While we sincerely applaud Congress and the Copyright Office for undertaking this study, we also note that the study would be unnecessary if the publishing industry had the same protections as the music and entertainment industries. In these industries, use and protection alike are facilitated by registries, licensing agencies, unions, and associations. Little such facilitation exists in the publishing industry, leading to problems such as the one presently under study. The above industries provide a ready model for the publishing industry, one that, if it were adopted, would remove the obstacles to lawful use that lay the foundation for such lawsuits as *New York Times v. Tasini*.

⁴U.S. CONST. art. I, § 8.

⁵*Twentieth Century Music Corp. v. Aiken*, 422 U.S. 151, 156 (1975).

SPECIFIC QUESTIONS:

1. Nature of the Problems Faced by Subsequent Creators and Users

Identification and communication with the current owner of the desired right is the key difficulty. The owner is often not the registered copyright holder, and there are often multiple owners of multiple rights to a single work. For instance, newspapers and magazines that obtain first serial rights to freelance writers' contributions will register the issue but not the individual works under the copyright holder. A potential user only knows of the publication, and the publication will not know the name or location of the owner or owners of the works' remaining rights. Even if a freelancer registers the work separately, it is highly unlikely that s/he will go to the expense of re-registering the work every time s/he changes address or makes modifications to an original work. However, s/he would maintain a current address with a registry/licensing agency that was paying her royalties for uses of the work.

2. Nature of "Orphan Works": Identification and Designation

Any passive system that allows use without actively contacting the rights owner and soliciting her agreement is not only inadequate for protecting the rights of the owner of the work; it is standing copyright law on its head, asserting a form of eminent domain for private use that has already alarmed much of the nation when applied to real estate. Such permitted use will violate the purpose and meaning of the copyright clause of the Constitution "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." Article 1, Section 8.

This guarantee of exclusive ownership for a limited time was designed to encourage the growth of culture and commerce of the new nation, and it has, until recent times, worked well for the nation. Now this constitutional right is under attack by those who seek to use technology's advances in digital reproduction and Internet communication and commerce for their own commercial gain through advertising sales and fees by employing only a "good faith effort" to find the rightsowner and secure permission to use the rightsowner's property. Post facto compensation does not remove the legal burden under the Constitution to secure the rightsowner's permission. Nor will such change in copyright law protect the rights owner but will allow practices that will mislead the intellectual property community and the broader citizenry into believing permission by the rightsowner exists and that traditional copyright protection under the Constitution is still honored in this land.

3. Formal Approach

A registry should be a private rather than government enterprise. A registry can only work if it is policed, and, in this case, private enterprise in the form of licensing agencies would be adequate to meet most market demands (Here we leave aside the problem of widespread copying and recopying over the Internet for commercial gain, which licensing agencies and even government agencies are challenged to address).

Likewise, elaborate systems of optional registration will not serve to facilitate use by marketers to end users, and, further, will confuse rights owners. In the National Writers Union's quarter century of experience, many freelancers and even some publishers often assume that registration with the Copyright Office is unnecessary because copyright is automatic once the work is put into tangible form. But when the complicated system of additional protections, legal deadlines, compensatory versus statutory damages, and so on, that are provided by registration are explained to them, their eyes often glaze over and they either defer or look for lawyers. The present system, in fact, is one that only a lawyer can like, with the exception that requiring registration to gain access to the full protection of the law (statutory damages) creates an onerous and unnecessary burden on the rights owner which, unless undertaken, does not attract lawyers to take up the rights owner's plea for relief. Yet another complicated system of optional registration would compound the problems that the system already fails to remedy.

4. Nature of "Orphan Works": Age

Adjusting requirements according to the age of a work is a needless complication that further interferes with understanding and compliance. KISS should be the watchword.

5. Effect of a Work Being Designated "Orphaned"

Official designation of a copyrighted work as "orphaned" would, of course, be unnecessary in a system of registries and licensing agencies, which can better assure legal use of copyrighted work and compliance with the law. Arbitrarily declaring a copyrighted work, the property of a citizen, an "orphan" merely sets the stage for the work being effectively declared a ward of the state as a prelude to a rights grab

by a third party seeking to exploit the “orphan” for commercial advantage. Let us be sure, instead, that the United States is not moving business practices back in time to when kidnapping and exploiting of “orphans” was tolerated, never mind legally condoned.

LETTER FROM DAVID SANGER, PRESIDENT, THE STOCK ARTISTS ALLIANCE (SAA)



March 14, 2006

Honorable Lamar S. Smith, Chairman
U.S. House of Representatives Committee on the Judiciary
Subcommittee on Courts, Internet, and Intellectual Property
2184 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Smith,

On behalf of the Board of Directors and members of Stock Artists Alliance, the professional association of stock photographers, I am writing to you with concern about the newly proposed "Orphan Works" amendment to the Copyright Act as it applies to the business of licensing stock photography.

The stock photography industry is estimated at \$1.5 billion a year worldwide. Our clients, photo buyers, stock distributors and photographers all rely on a robust copyright regime to protect the commercial licensing of images.

Our members are all independent businesses and we work with over 150 of the largest stock photo distributors worldwide. Our livelihoods and retirement depend on the confidence we have placed in copyright law to protect our rights to exploit our images in the commercial and editorial marketplace.

We have been working with our fellow organizations, ASMP, PPA and PACA who have represented us in discussions with the Copyright Office over the last few days, and we fully support their efforts.

- The images offered for license by professional stock photographers and our distributors are all, by definition, currently being exploited by the copyright owners.
• Photographs are often published without attribution; online published images almost never have a credit line; copyright info embedded in digital files is easily removed, inadvertently or on purpose.
• We hold as a principle that any image which is being actively marketed ought not to be used under this statute without payment of the copyright owner's customary licensing fees.
• We believe the possibilities for abuse of this statute are considerable and that such misuses would have a severe negative impact on our businesses and on those of our photo buyers.
• The Copyright Office specifically warned against "abuse of the orphan works exception by users who may conduct superficial searches merely as a pretext for exploiting a protected work." They emphasized "the primary purpose of the orphan works system is...not to provide a way for users to avoid contacting copyright owners"

We urge you to work with our colleagues in the visual arts to ensure that our images in the commercial marketplace continue to be protected with viable and affordable remedies against infringements.

Respectfully submitted,

Handwritten signature of David Sanger

David Sanger, President

510-526-0800

cc. Honorable Howard L. Berman, Ranking Member

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