

CONGRESS AND THE COPYRIGHT OFFICE FOCUS ON "ORPHAN WORKS"

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In January of this year, the Copyright Office (the Office) released its Report on Orphan Works (the Report).¹ The Report is the result of a study undertaken at the request of Congress to consider whether current copyright law places an undue burden on those who wish to use protected works when the relevant owners cannot be located after a reasonably diligent, good faith search. The focus on these so-called "orphan works" was precipitated by concerns that, in the absence of express permission to use an orphan work, a subsequent user may be forced to abandon or modify various creative and socially beneficial projects to avoid potential liability for copyright infringement. Congress has observed, in particular, that certain changes in the law — including the Copyright Term Extension Act of 1998 (which generally extended the terms of subsisting copyrights for 20 years) and the abandonment of formal requirements that used to play an important role in U.S. copyright law (i.e., publication, notice, renewal)— may have stemmed the flow of works into the public domain.

Last spring, the Office asked the public for comments on the orphan works issue. The Office received more than 850 written responses and held three days of roundtable discussions with interested parties in late July in Washington, D.C. and Berkeley, California.

The Office received input from numerous parties representing both "owner" and "user" interests across a broad spectrum of content categories. Groups and organizations that submitted comments included, among others, publishers (both literary and music), record companies, film studios, software and Internet companies, libraries, museums, academic organizations, authors, illustrators, photographers and filmmakers.

Many traditional "owner" interests, such as major film studios and those in the recording

industry, argued in their comments that orphan works are not significant problems in these industries. For example, the Motion Picture Association of America highlighted the fact that most of its member companies were "heavy users" of the Office's registration and recordation systems. Therefore, diligent searchers will usually be able to locate commercially released films to seek permission for a particular use. Similarly, the Recording Industry Association of America pointed out that because there are relatively comprehensive databases for searching music recordings made after 1972, orphan works issues arise in relatively limited circumstances. Other owner interests, while acknowledging that problems with orphan works do exist in some circumstances, expressed concerns over the costs and practical burdens of various potential "fixes," as discussed further below.

In contrast, many of the so-called "user" interests pointed to specific examples of the burdens and impediments to identifying owners and clearing rights to protected works. By way of example, producers of historical documentaries related the significant challenges they face in clearing rights to historical film footage, such as newsreels, vintage stock footage, and television network news footage. Radio broadcasters noted the practical and financial impediments to securing permission to air vintage radio shows and original audio theatre plays. Libraries, archives, and museums described the extensive allocation of resources to identify and locate the owners of important artwork, papers, letters, and other documents—often to no avail—so that they could make their collections available online for the benefit of the public. Software designers noted difficulties locating owners of codes created by businesses that had since filed for bankruptcy or otherwise ceased operations.

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In general, factors cited in the comments as obstacles to clearing the appropriate rights included inadequate copyright information on the work itself, lack of information relating to change in ownership or other circumstances affecting ownership, limitations of current information sources regarding copyright ownership, and difficulties in researching copyright information.

The Office synthesized all of these comments and has recommended that the Copyright Act be amended to limit the remedies available to a copyright owner provided the subsequent user of a work conducts a minimum level of due diligence to secure the necessary permission to use the work.² The Office's proposal involves two principal components. First, there is a threshold requirement that a subsequent user perform a "reasonably diligent search" for the copyright owner and also include an attribution to the copyright owner, if "appropriate under the circumstances." The standard for the reasonably diligent search is to be applied on a "case-by-case basis, accounting for all of the circumstances of the particular use." Relevant factors include identifying information on the work itself, its age, whether it has been made available to the public, whether the owner is still alive or in existence, and the nature of the use being made (i.e., whether the use is commercial or noncommercial).

Second, provided the threshold requirement of a reasonably diligent search is satisfied, a copyright owner may only recover "reasonable compensation" for the use of the work. Reasonable compensation, the Report explains, is "the amount the user would have paid to the owner had they engaged in negotiations before the infringing use commenced." In some instances, reasonable compensation may be zero. When the subsequent use is "non-commercial," and the user expeditiously ceases its use upon notice from the copyright owner, no monetary relief is available.

The proposed amendment would also limit the availability of injunctive relief in instances in which the orphan work is integrated into a derivative work, provided the subsequent user pays reasonable compensation. In all other cases, the court is directed to consider the reliance interest of the user in granting injunctive relief.

In crafting the proposed legislation, the Office considered, but ultimately rejected, alternative approaches suggested by some reviewers, including a registry where users would be required to file notices indicating intent to use the work and payment of reasonable compensation into an escrow account prior to use. The Office also declined suggestions to treat unpublished and published works differently and to exclude foreign works from the scope of its proposed approach.

On March 8, 2006, the House Judiciary Committee's Subcommittee on Courts, the Internet, and Intellectual Property held a hearing on the orphan works issue, and the Senate Judiciary Committee followed with a hearing on April 6, 2006. Both user and owner interests were represented in these hearings.

In his testimony before Congress, Jules Sigall, the Office's Associate Register for Policy and International Affairs, has indicated that the general reactions to the Report have been "overwhelmingly positive." Some groups, however, representing individual authors and creators, such as photographers, illustrators, and graphic artists, expressed strong opposition to the Office's proposed legislation. These parties argue that in many instances their works will be mislabeled as orphan works due to the fact that most existing sources of ownership information (including the Office's registration records) are text-based and fail to include any description of a work's subject matter. Under these circumstances, even a search of exceptional diligence may not yield the relevant owner information. These groups maintain that, as a consequence, the proposed legislation places a disproportionate practical and financial burden on them to create ownership databases separate and apart from the Office's registration system to protect their works adequately.

The Office's recommendations are intended to begin the dialogue in Congress about whether a legislative solution is required and, if so, what form it will take. Accordingly, the Report is far from the last word on the issue and it remains to be seen whether subjective standards like a "reasonably diligent search" and "reasonable compensation" can provide meaningful guidance to the public and minimize the uncertainty the proposal was intended to address.

What is clear, however, is that the ultimate contours of any legislation addressing orphan works will be of critical importance to a whole panoply of segments of the media industry, including companies with significant holdings of valuable copyright protected content, investors in these companies, and parties financing transitions involving such content, as well as companies with businesses involving the collection, aggregation, and dissemination of all manner of third-party content. ■

Endnotes:

¹ A full text of the Report can be found at <http://www.copyright.gov/orphan>.

² The proposed statutory language can be found on page 127 of the Report.

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