

What Shall We Do About 'Orphan Works'?



Law360, New York (September 29, 2015, 8:06 PM ET) -- On Sept. 22, a California federal judge ruled that Warner/Chappell Music Inc. does not own a valid copyright on "Happy Birthday To You," thereby adding one of the most recognizable English language songs to the millions of "orphan works." What should be done to more fairly enable the use of orphan works?

Naomi Jane Gray, Harvey Siskind LLP

The orphan works problem plagues many would-be users of works who cannot identify or locate the owners of works they may wish to license. This introduces uncertainty and risk into the creative process and can chill expression. There have been many calls for a legislative fix of this problem, including creation of a small-claims-type tribunal, excepting orphan works from liability for infringement if the user has conducted a diligent search, government-based licensing and collective licensing. Others argue that the existing fair use defense should be sufficient to protect users' interests. The Copyright Office has endorsed a "notice and use" proposal, whereby users would be eligible for limitations on remedies for infringement if they file a notice with the Copyright Office of their intent to use works and conduct a "good faith diligent search" for the owner. Remedies for infringement would then be limited to "reasonable compensation," envisioned to be comparable to a reasonable license fee. Each proposal has its limitations, but the "notice and use" proposal endorsed by the Copyright Office appears to strike an appropriate balance between efficiency, rights of copyright owners and risk management for would-be users.

Oren J. Warshavsky, BakerHostetler

Discussions concerning new paradigms for orphan works tend to focus on old works whose authors have long been forgotten. Examples abound of researchers in dusty archives stumbling upon rare photographs, which publishers then eschew due to risk of suit. Any solution to the orphan works dilemma has an obvious centerpiece: a compulsory license system. But an orphan work regime must also consider newer works and protect against works being opportunistically thrust into "orphanage." The proliferation of new media has resulted in all copyright owners — from the largest publishers to individual artists — finding their work exploited without license or attribution. Before treating a work as an "orphan," the new regime should require a diligent search — and eliminate the temptation to utilize unauthorized or uncredited uses of the copyrighted work as a predicate to labeling the work an "orphan" and subjecting its owner to a compulsory license. Diligence requirements vary by work; to balance competing concerns, diligence standards should be established by agreement among the government, rights holders and industry organizations. Once an unsuccessful, diligent search for the copyright owner is documented, a compulsory license to the orphan copyright should be made available.

Richard Z. Lehv, Fross Zelnick Lehrman & Zissu PC

An orphan work situation arises when, in the words of the Copyright Office, “a user’s ability to seek permission or to negotiate licensing terms is compromised by the fact that, despite his or her diligent efforts, the user cannot identify or locate the copyright owner.” U.S. Copyright Office, Orphan Works and Mass Digitization, June 2015. “Happy Birthday” would not seem to be an orphan work, since the owner of copyright can easily be found, and in fact, one of the plaintiffs in the case paid the copyright owner \$1,500 for a license. Moreover, the federal court found earlier this month that the song is in the public domain, didn’t it? Some say no, it did not. On close reading, the opinion says only that the predecessors in interest of the current copyright claimant never acquired the rights to the lyrics in the song, and therefore the current copyright claimant does not own a valid copyright. Thus, some unknown person or entity could still claim to own the copyright, and therefore the song is arguably an orphan work.

But isn’t the song in the public domain because of its age? Judge Richard Posner, in *Klinger v. Conan Doyle Estate*, stated the well-known rule that copyrights in works published before 1923 have all expired. Evidence in the “Happy Birthday” case showed that it was published in 1922, if not earlier. The problem is that court in the “Happy Birthday” case held that the pre-1923 publication rule applies only to works published with the permission of the authors, and there was insufficient evidence that the authors had authorized the 1922 publication. This means that the copyright could endure until 70 years after the death of the last author, which makes determining whether the work is in the public domain really difficult. Perhaps a simple solution is for Congress to say that all works published before 1923, with or without the authors’ consent, are in the public domain.

Andrew W. Stroud, Hanson Bridgett LLP

Although the *Rupa Marya* case involves an “adoptive parent” rather than an orphan work, it demonstrates the significant challenges presented in such cases. Trying to recreate a copyright chain of title is extremely difficult. I have handled orphan works cases and found that the cost of doing the legal and factual research required to establish copyright ownership can often exceed the value of the work itself, especially if the work was published before the 1976 Act became effective. As a result, many works remain unpublished for fear of incurring liability even when it appears none should exist. This defeats the objective of the Copyright Act of fostering creativity by promoting exploitation. In my view, the best solution is to establish an exception from infringement liability for bona fide purchasers of orphan works. If the work turns out to be subject to copyright protection, then ownership should be treated like a joint authorship, with both the copyright owner and the bona fide purchaser allowed to exploit the work equally.

John A. Dragseth, Fish & Richardson PC

Congress has repeatedly rejected prior orphan works bills, but modernized versions of those bills could fix many problems. The big-picture goal is to protect good-faith users from massive legal liability, while not giving anyone a license to steal. Modern search technologies could be integrated into systems that require registration by rights holders or by users of works, so that users are protected only when they take reasonable actions (e.g., search a central registry) to make sure an owner of an old work has not claimed rights in it. The government will need a little technical help from Google for that though.

D. Bartley Eppenauer, Shook Hardy & Bacon LLP

This case shows how hard it is to establish basic facts about what works are copyrighted and who owns them. Rather than finding that the “Happy Birthday” lyrics are in the public domain, the district court judge only concluded that Warner/Chappell did not own the lyrics. However, it is highly unlikely that anyone else will be able to claim ownership of the lyrics now that decades have passed. More broadly,

property rights systems function best when ownership and scope of the property rights are clear and information about the rights is easily accessible. Copyright systems today are not sufficient to produce that information reliably since formalities requirements that encourage information production are prohibited by international treaties. Until copyright law develops better approaches to produce reliable copyright information that has legal significance, we will continue to have cases and circumstances like the "Happy Birthday" situation.

John C. Jarosz, Analysis Group Inc.

In June, the Copyright Office released its report on "Orphan Works and Mass Digitization." Balancing the input and interests of numerous stakeholders, the office appears to have adopted a carefully thought out and reasonable approach to properly encourage use of orphan works. It proposes adoption of a modified version of a legislative solution, one that has been considered and debated for years. In short, the draft legislation would limit remedies to reasonable compensation for eligible users who can establish that they engaged in a good faith diligent search. The order to pay reasonable compensation would not apply to certain entities for certain uses. And injunctions may be granted, subject to an exception where the use represents significant new expression. The office viewed judicial interpretation of fair use to be insufficient. Though not viewed as optimal in all quarters, the office's recommendations go a long way to responding to significant digital age developments.

Dr. Scott Kamholz, Foley Hoag LLP

The "Happy Birthday To You" case finally makes it easy for Congress to act. Legislators support an orphan works law but there has been little public interest so far. The fame of "Happy Birthday" brings the problem into focus and gives Congress the impetus to resolve concerns expressed by authors and users. Users fear liability; authors fear theft. A registration system for orphan works moderates those fears by retaining liability but providing a safe harbor from punitive damages. Whether it puts the filing burden on authors or users, or both, a registry will provide an orderly mechanism for allowing use of orphan works while securing owner's rights. The U.S. Copyright Office's 2015 discussion draft provides an excellent starting point for a robust orphan works system.

Floyd A. Mandell, Katten Muchin Rosenman LLP

The purpose of copyright law, to encourage the creation of art and culture by rewarding authors and artists with a set of exclusive rights, is not promoted when the risk of suit by an unknown party is present. With orphan works, it is difficult or impossible to know from whom to seek a license when attempting to incorporate such a work into another work, or in creating a derivative work based on a pre-existing work of unknown origin and authorship. A secondary problem is that since the author is unknown, it can be difficult if not impossible to calculate the term of copyright; i.e., when or if it fell into the public domain. Copyright law needs to be amended to avoid this problem and others not contemplated by the U.S. Constitution. One limited solution is some form of equitable "compulsory license" structure. The benefit is that the financial exposure of the party that used the orphan work would be limited to a predictable license fee.

Gary Morris, Morris & Kamlay LLP

Anyone should be able to apply to the Copyright Office to have a work declared to be an orphan work by certifying that the party was unable to identify and locate the owner of the work after diligent efforts to do so. The standard for such diligent efforts could be similar to those for a non-signing inventor, pre-America Invents Act. When the Copyright Office determines that the standards have been met, a notice to the effect that the work will be registered as an orphan work could be published in an official gazette, just as allowed trademark applications are published in the Trademark Official Gazette. Absent any objection within a prescribed time period, the work could pass to registration as an orphan work. Any

such registration could be later canceled by any party that can show the true ownership of the work. Any third parties that relied on the registered orphan status of the work before cancellation should be entitled to intervening rights, which could be similar to those enjoyed by third parties in relation to reissued patents. Fraud and abuse could be deterred with stiff penalties.

Gary A. Rosen, Law Offices of Gary A. Rosen PC

Ameliorating the orphan works problem to any meaningful extent will require revisiting two of its root causes — the over- extension of copyright terms and the over-relaxation of copyright formalities. For example, Congress could require registration of copyright claims within five years of first publication (with some grace period for pre-existing unregistered works), impose inflation-indexed copyright maintenance fees at 20-year intervals (a nominal fee at 20 years, but substantial, escalating amounts after that), and create a statutory safe harbor for those who rely in good faith on information contained in the copyright registration database. Maintenance fees could be used to reduce initial registration fees and to support a robust database. Active copyright owners could still enjoy their full statutory term; orphan works would move more quickly into the public domain. As an IP lawyer and as an author, I have confronted the orphan works problem from many angles. The reforms outlined above strike me as a reasonable balance of the competing interests. More importantly, they would give meaning to the twin constitutional requirements that copyrights “promote progress” and be for “limited times.”

Steven Wong, The Home Depot Inc.

There are significant opportunities afforded by current and emerging technologies that allow users to innovatively reuse and repurpose works. The strict application of current copyright law regarding orphan works is a roadblock that needs to be removed. That said, protections should continue to exist with copyright holders to ensure that works are not improperly labeled as orphaned. A model should provide a process whereby a work can be objectively labeled as orphan after requisite due diligence has been performed to identify the copyright holder. The public should have access to a list of orphaned works, and the copyright holder should be able to challenge the inclusion of a work on that list. Once the work has been labeled as orphan, then the users should have the freedom to use the work without the fear of substantial damages looming over them. The model should provide guidelines for fairly compensating the copyright holder if and when the copyright holder becomes aware of the use. The model should also exempt certain uses that are not for commercial gain.

Mark Scarsi, Milbank Tweed Hadley & McCloy LLP

The use of orphan works brings with it a lingering danger of copyright litigation that can stifle creation. One fairly simple solution would be the adoption of a registration system requiring the user to (1) perform a diligent search for the work and owner and demonstrate that either or both cannot be located, (2) register the work, and (3) use the work with a unique “orphaned work” symbol so that it can be subsequently claimed. Such a system would also provide protocols for handling disputes when “owners” surface. Several orphaned works bills have been introduced, but none have passed. Opponents of the failed bills take issue with some of the vagueness inherent in the definitions of “diligent effort.” However, the inefficiencies caused by the orphaned work problem outweigh any potential gamesmanship that opponents of past bills fear. Indeed in 2014, the United Kingdom implemented a successful orphaned works scheme with many of the features discussed above and have provided its creators with access to millions of orphaned works.

Robert Stoll, Drinker Biddle & Reath LLP

It can be daunting to identify and locate the owner of a specific work in order to compensate her; and failing to do so risks a finding of copyright infringement that can be costly financially and professionally unless the court finds that the use of the composition satisfies an analysis of the factors under the “fair

use” exemption. A recognized example of the “fair use” privilege is that libraries and schools are sometimes able to make copies for educational purposes without being liable for copyright infringement. While better record keeping at the Copyright Office is a good first step, providing a means for authors to incorporate orphan works into new works is an important goal that requires legislative action to also limit the harm to good faith users. The purpose of the legislation would be to ensure that good faith users who take reasonable steps to locate the copyright owner but are unsuccessful in that attempt can limit their liability and pay compensation if the owner is later found. The details as to what constitutes reasonable steps and how the compensation process would be administered and structured if the owner were ultimately located need to be developed with care. But it is in everyone’s interest to resolve the issues relating to orphan works fairly and to expand opportunities for new creativity while compensating those who have inspired and contributed to it.

Jeff Van Hoosear, Knobbe Martens Olson & Bear LLP

The ruling that Warner/Chappell does not have a valid copyright in the lyrics to the song “Happy Birthday” means they are now an orphan work. As no one but Warner/Chappell has claimed ownership of the copyright in the lyrics to “Happy Birthday” in the last 80 years, it is unlikely another entity will now come forward. However, this case shows the problems associated with the length of a U.S. copyright, and how difficult it is to determine who owns rights when ownership records may go back 100 years. Many countries have addressed orphan works, but attempts to address the issue in the U.S. have been unsuccessful. Legal uncertainty will remain for many copyrighted works until the U.S. does so. The U.S. must find a balance between the rights of those who have created works and those who want to create something new. An orphan works statute permitting the courts to consider the nature of the copyrighted work and the diligence that was done to locate the copyright owner, balanced against liability for statutory damages and attorneys’ fees, would provide legal guidance and further the promotion of “useful arts” as set forth in the U.S. Constitution.

Mark L. Hogge, Dentons

The liability for the use of orphan works has to be limited in a fair way, so that orphan works can be used and not just allowed to lay fallow. It is a complex issue involving both commercial and nonprofit interests, and legislation has been proposed more than once. Mechanisms to balance the risk are needed to establish a fair use defense developed by the federal courts as well as statutory authority added to Title 17 establishing thresholds of due diligence efforts. But the number of orphan works is large and eliminating liability for good faith use will promote the public policy of disclosure.

Looking for more insight from IP Law360's Voices of the Bar? Read the panel's responses regarding the most notorious IP litigation landmines.

The opinions expressed are those of the panelists and do not necessarily reflect the views of the firms, their clients, or Portfolio Media Inc., or any of their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.